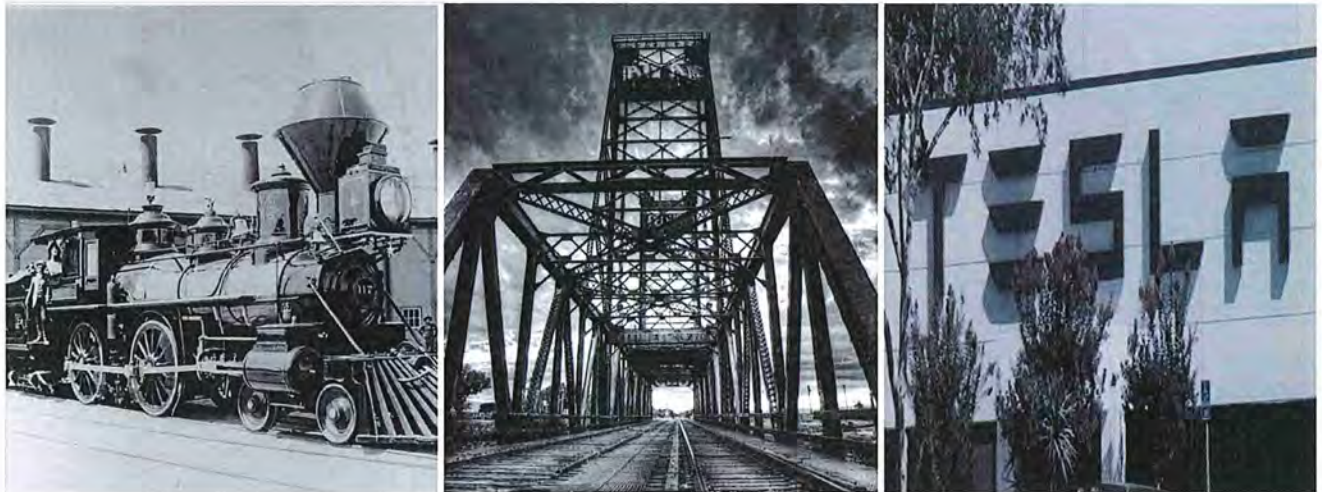


# City of Lathrop California

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018



*Lathrop – Past, Present, Future*



City of Lathrop  
390 Towne Centre Drive  
Lathrop, CA 95330

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CITY OF  
**LATHROP, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018

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## City of Lathrop

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

December 28, 2018

***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, 2018 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, 2018, 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, 2018, the City had an estimated population of 24,268.

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 2017/18 at 152 permits and a 14.5% 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, 2018 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 2018, the General Fund unassigned available fund balance was 39% 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.

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 2017/18, 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, 2017. 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

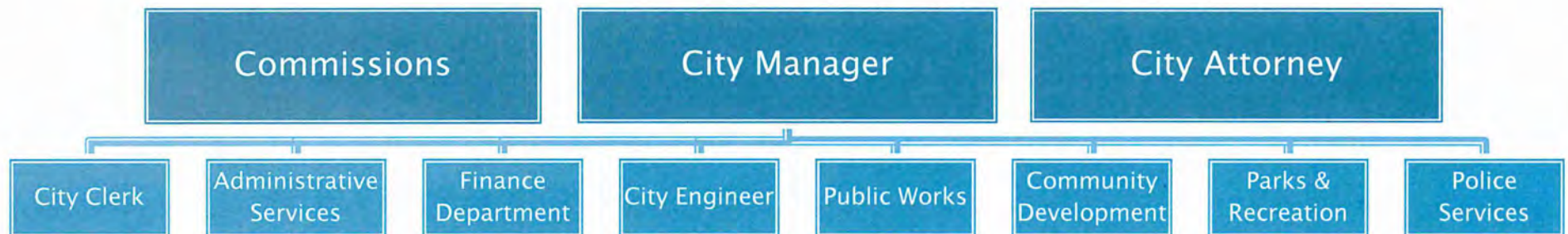


Steve Dresser  
Councilmember



Paul Akinjo  
Vice Mayor

xi



## **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   | Mark Meissner      |



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, 2017**

*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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Change in Accounting Principle*

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements and required the restatement of net position as discussed in Note 7D.

### *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  
December 28, 2018



## City of Lathrop

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

December 10, 2018

## 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, 2018. Please read the information presented in conjunction with additional information that we have furnished in our letter of transmittal, beginning on page v, and the financial statements and disclosure notes beginning on page 37.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Lathrop exceeded its liabilities at June 30, 2018 by \$375 million (net position). Of this amount, \$83.3 million (unrestricted net position) 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 \$7.2 million due to better than expected one-time use tax collections.
- The total revenue from all sources decreased \$23.4 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 \$4.5 million, thereby increasing the fund balance.
- Sales and use tax collections increased by \$2.9 million, a 45.4 percent increase from the prior year.
- At June 30, 2018, the City's governmental funds reported combined ending fund balances of \$67.7 million, an increase of \$3.8 million in comparison with June 30, 2017. Of this \$67.7 million total amount, \$21.5 million or 31.8 percent is unassigned fund balance.
- At June 30, 2018, the unassigned fund balance for the General Fund was \$21.5 million, compared to last year's unassigned actual fund balance of \$16.5 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 – 5), (2) the basic financial statements and notes to the financial statements (Pages 17 - 65), (3) schedules of revenues, expenditures and changes in fund balance-budget to actual of major governmental funds (Pages 73 - 75), and postemployment benefits other than pensions trend information (Note 9, Pages 59 – 63), (4) other combining statements for non-major governmental funds and agency funds (Pages 89 - 126) and (5) the statistical section (Pages 127 - 149).

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

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

- **Statement of Net Position** – a statement that combines the financial position as of June 30, 2018 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, 2018 on a government-wide basis.

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

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

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

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

**Government-wide financial statements**

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

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

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

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

The government-wide financial statements include solely the operations of the City of Lathrop itself. There are no additional discrete or blended component units. The government-wide financial statements can be found on Pages 19 – 21 of this report.

**Fund financial statements**

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

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

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

The City of Lathrop maintained 87 individual governmental funds in 2018. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in funds balances for the general fund, landscape maintenance special revenue fund, developer projects special revenue fund, and streets and roads capital projects fund, all of which are designated as major funds. Data from the remaining 73 non-major governmental funds are shown as other supplementary information.

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

The governmental fund financial statements are found on Pages 24 - 28 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 55 fiduciary funds. The fiduciary fund financial statements can be found on Page 34 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 - 65 of this report.

### **Required and other information**

Additional information is included that provides both more detail, and complements the financial data provided in the previous financial statements. The combining statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements on the City's 73 non-major governmental funds and 55 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 79 - 126 of this report.

# GOVERNMENT-WIDE FINANCIAL ANALYSIS

## Summary of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position since it represents the difference between the City's resources and its obligations. In the case of the City of Lathrop, assets exceeded liabilities by \$375 million at the close of Fiscal Year 2017/18.

Compared to the previous year, the City's total net position increased by 4.8 percent. This increase is primarily due to cost savings measures carried through the years.

By far the largest portion of this year's net position reflects the City's investment in capital assets of \$280 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 net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional capital asset information can be found in the Capital Asset and Debt Administration section of this report.

A portion of the City of Lathrop's total net position represent resources that are subject to external and internal restrictions (Municipal Code and/or State mandates and reserves required by debt obligation covenants) on how they may be used. Restricted net position amount to \$12 million or 3.2 percent of total net position. The remaining balance of \$83 million (22 percent of total net position) is unrestricted and may be used to meet the City's ongoing obligations to residents and creditors.

The table below shows the government-wide assets, liabilities and net position for both fiscal years ended June 30, 2017 and 2018.

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

|                                      | Governmental      |                   | Business-Type     |                   | Total Primary     |                   | Total<br>Percent<br>Change |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|
|                                      | Activities        |                   | Activities        |                   | Government        |                   |                            |
|                                      | 2017              | 2018              | 2017              | 2018              | 2017              | 2018              |                            |
| <b>Assets:</b>                       |                   |                   |                   |                   |                   |                   |                            |
| Capital assets                       | \$ 47,159         | \$ 163,367        | \$ 47,206         | \$ 142,884        | \$ 94,365         | \$ 306,251        | 224.54%                    |
| Other assets                         | 187,493           | 82,894            | 124,751           | 35,509            | 312,244           | 118,403           | -62.08%                    |
| <b>Total Assets</b>                  | <b>234,652</b>    | <b>246,261</b>    | <b>171,957</b>    | <b>178,393</b>    | <b>406,609</b>    | <b>424,654</b>    | <b>4.44%</b>               |
| <b>Deferred Outflows</b>             |                   |                   |                   |                   |                   |                   |                            |
| Deferred Outflows Related to Pension | 1,398             | 2,316             | 169               | 212               | 1,567             | 2,528             | 61.33%                     |
| <b>Liabilities:</b>                  |                   |                   |                   |                   |                   |                   |                            |
| Current liabilities                  | 9,869             | 15,224            | 6,435             | 3,927             | 16,304            | 19,151            | 17.46%                     |
| Long-term liabilities                | 10,195            | 9,884             | 23,094            | 21,772            | 33,289            | 31,656            | -4.91%                     |
| <b>Total Liabilities</b>             | <b>20,064</b>     | <b>25,108</b>     | <b>29,529</b>     | <b>25,699</b>     | <b>49,593</b>     | <b>50,807</b>     | <b>2.45%</b>               |
| <b>Deferred Inflows</b>              |                   |                   |                   |                   |                   |                   |                            |
| Deferred Inflows Related to Pension  | 389               | 937               | 49                | 58                | 438               | 995               | 127.17%                    |
| <b>Net Position:</b>                 |                   |                   |                   |                   |                   |                   |                            |
| Net Investment in Capital Assets     | 155,971           | 159,727           | 103,696           | 120,279           | 259,667           | 280,006           | 7.83%                      |
| Restricted                           | 11,858            | 408               | 1,706             | 1,650             | 13,564            | 2,058             | -84.83%                    |
| Unrestricted                         | 47,769            | 62,397            | 37,146            | 30,920            | 84,915            | 93,317            | 9.89%                      |
| <b>Total Net Position</b>            | <b>\$ 215,598</b> | <b>\$ 222,532</b> | <b>\$ 142,548</b> | <b>\$ 152,849</b> | <b>\$ 358,146</b> | <b>\$ 375,381</b> | <b>4.81%</b>               |

At the end of the fiscal year, the City of Lathrop is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. Combined net position of the primary government increased by 4.8 percent this year, from \$358.1 million at June 30, 2017 to \$375.3 million at June 30, 2018.

Although the net position of the City's business-type activities are \$152.8 million, the City generally can only use net position to finance the continuing operations of the business-type activities.

### **Changes in net position**

The City's total program expenses of \$37.8 million are less than the revenues of \$55.3 million for an increase in net position as of June 30, 2018 of \$17.4 million. The table on the next page shows the summarized revenues and expenses for both fiscal years 2016/17 and 2017/18.

The City's fiscal year 2017/18 change in net position was 53.4 percent lower than fiscal year 2016/17, due to a decrease of 29.8 percent in total revenues and a decrease of 8.3 percent in total expenditures in fiscal year 2017/18. The expenditure decrease is largely found in the Business-Type activities, which is a result of capital projects in the area.

Governmental program activities and general revenues of \$38.9 million and transfers out of \$138 thousand, supported expenses of \$31.6 million, for a total net increase in net position in tax-supported activities of \$7 million. The reason for the increase in the governmental net position is due to an increase in one-time use taxes.

Business-type activities revenues of \$16.5 million supported expenses of \$6.2 million and transfers in of \$138 thousand, for a total change in net position in utility enterprise activities of \$10.3 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 \$10.3 million is available for future water and sewer improvement needs as required by projected City population increases and development needs.

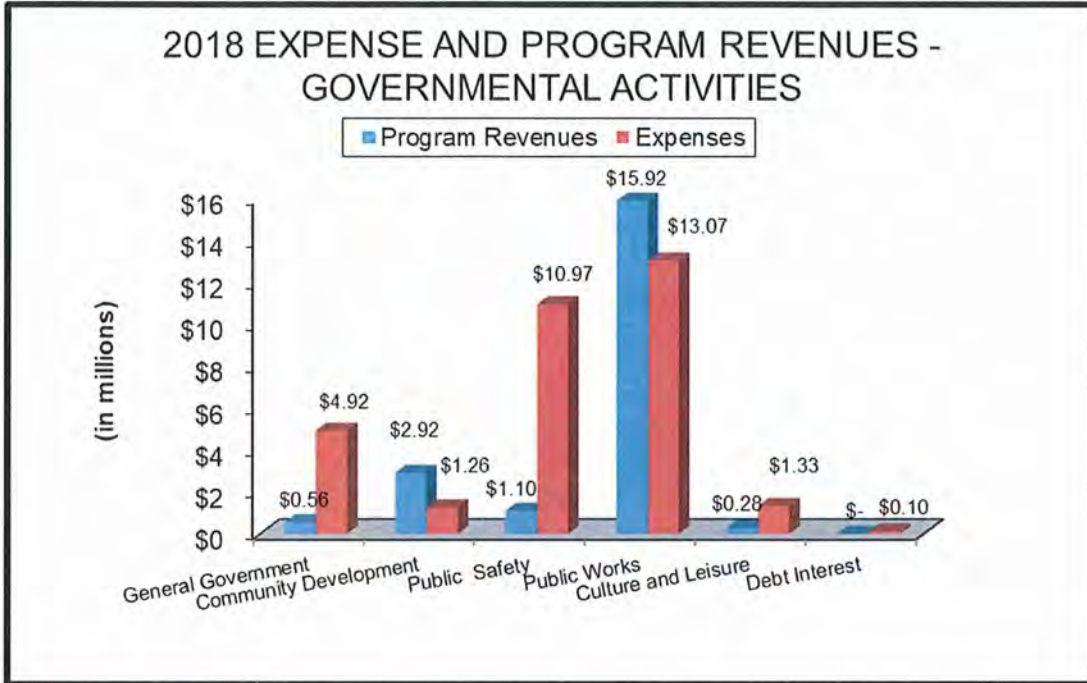
**City of Lathrop Changes in Net Position**  
**For the Fiscal Years Ended June 30**  
*(in Thousands)*

|                                    | Governmental      |                   | Business-Type     |                   | Total Primary     |                   | Total<br>Percent<br>Change |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|
|                                    | Activities        |                   | Activities        |                   | Government        |                   |                            |
|                                    | 2017              | 2018              | 2017              | 2018              | 2017              | 2018              |                            |
| <b>Revenues:</b>                   |                   |                   |                   |                   |                   |                   |                            |
| <i>Program revenues:</i>           |                   |                   |                   |                   |                   |                   |                            |
| Charges for services               | \$ 5,807          | \$ 5,244          | \$ 12,647         | \$ 14,865         | \$ 18,454         | \$ 20,109         | 8.97%                      |
| Operating grants and contributions | 4,841             | 5,460             | -                 | -                 | 4,841             | 5,460             | 12.79%                     |
| Capital grants and contributions   | 30,838            | 10,102            | 160               | 160               | 30,998            | 10,262            | -66.89%                    |
| <i>General revenues:</i>           |                   |                   |                   |                   |                   |                   |                            |
| Sales and use taxes                | 6,337             | 9,211             | -                 | -                 | 6,337             | 9,211             | 45.35%                     |
| Property taxes                     | 3,981             | 4,286             | -                 | -                 | 3,981             | 4,286             | 7.66%                      |
| Franchise taxes                    | 771               | 878               | 864               | 908               | 1,635             | 1,786             | 9.24%                      |
| Transient occupancy taxes          | 566               | 634               | -                 | -                 | 566               | 634               | 12.01%                     |
| Other taxes                        | -                 | -                 | -                 | -                 | -                 | -                 |                            |
| Motor Vehicle in lieu              | 1,555             | 1,795             | -                 | -                 | 1,555             | 1,795             | 15.43%                     |
| Other miscellaneous                | 10,090            | 380               | -                 | -                 | 10,090            | 380               | -96.23%                    |
| Unrestricted investment earnings   | 19                | 979               | 215               | 405               | 234               | 1,384             | 491.45%                    |
| <b>Total Revenues</b>              | <b>64,805</b>     | <b>38,969</b>     | <b>13,886</b>     | <b>16,338</b>     | <b>78,691</b>     | <b>55,307</b>     | <b>-29.72%</b>             |
| <b>Expenses:</b>                   |                   |                   |                   |                   |                   |                   |                            |
| <i>Governmental activities:</i>    |                   |                   |                   |                   |                   |                   |                            |
| General government                 | 4,580             | 4,918             | -                 | -                 | 4,580             | 4,918             | 7.38%                      |
| Community development              | 994               | 1,257             | -                 | -                 | 994               | 1,257             | 26.46%                     |
| Public safety                      | 9,684             | 10,966            | -                 | -                 | 9,684             | 10,966            | 13.24%                     |
| Public works                       | 13,125            | 13,067            | -                 | -                 | 13,125            | 13,067            | -0.44%                     |
| Culture and leisure                | 1,301             | 1,332             | -                 | -                 | 1,301             | 1,332             | 2.38%                      |
| Interest on long-term debt         | 319               | 100               | -                 | -                 | 319               | 100               | -68.65%                    |
| <i>Business-type activities:</i>   |                   |                   |                   |                   |                   |                   |                            |
| Water enterprise                   | -                 | -                 | 5,828             | 4,970             | 5,828             | 4,970             | -14.72%                    |
| Sewer enterprise                   | -                 | -                 | 5,394             | 1,205             | 5,394             | 1,205             | -77.66%                    |
| <b>Total expenses</b>              | <b>30,003</b>     | <b>31,640</b>     | <b>11,222</b>     | <b>6,175</b>      | <b>41,225</b>     | <b>37,815</b>     | <b>-8.27%</b>              |
| <b>Excess before transfers</b>     | <b>34,802</b>     | <b>7,329</b>      | <b>2,664</b>      | <b>10,163</b>     | <b>37,466</b>     | <b>17,492</b>     | <b>-53.31%</b>             |
| Transfers                          | (16,843)          | (138)             | 16,843            | 138               | -                 | -                 |                            |
| <b>Change in Net Position</b>      | <b>17,959</b>     | <b>7,191</b>      | <b>19,507</b>     | <b>10,301</b>     | <b>37,466</b>     | <b>17,492</b>     | <b>-53.31%</b>             |
| Net Position - Beginning           | 197,640           | 215,599           | 123,042           | 142,549           | 320,682           | 358,148           | 11.68%                     |
| Prior Period Adjustment            | -                 | -                 | -                 | -                 | -                 | -                 | -                          |
| Net Position, Beginning, Restated  | 197,640           | 215,599           | 123,042           | 142,549           | 320,682           | 358,148           | 11.68%                     |
| <b>Net Position - Ending</b>       | <b>\$ 215,599</b> | <b>\$ 222,790</b> | <b>\$ 142,549</b> | <b>\$ 152,850</b> | <b>\$ 358,148</b> | <b>\$ 375,640</b> | <b>4.88%</b>               |

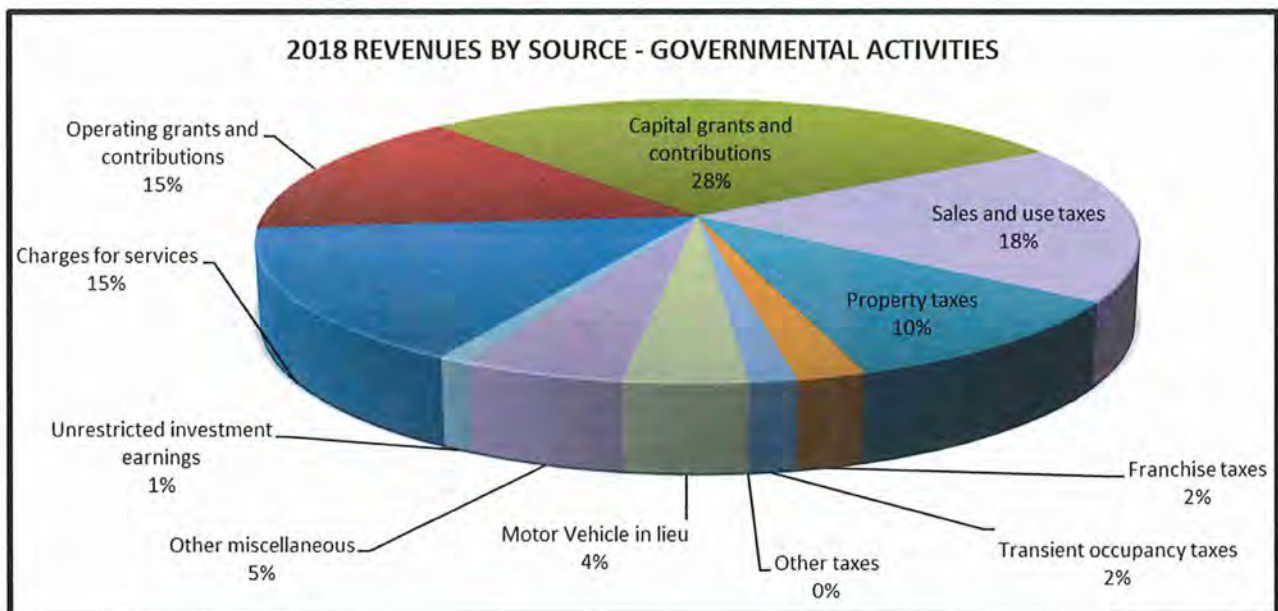


**Governmental Activities**

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 \$2.9 million. General government services and public safety delivery costs exceeded program revenues by \$4.4 million and \$9.9 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 2017/18, property tax revenues increased by \$305 thousand.

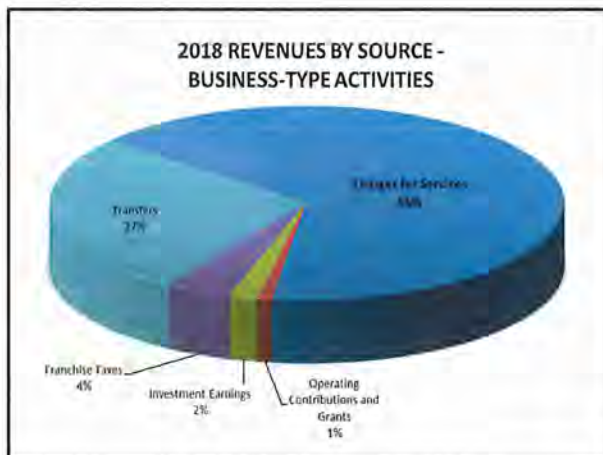
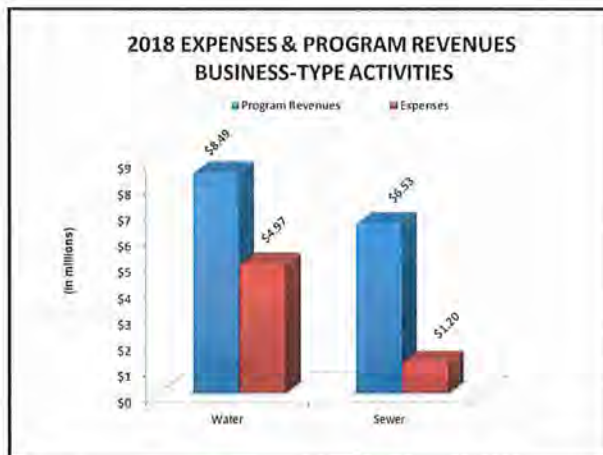
The following table shows the cost of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The cost of all governmental activities this year was \$31.6 million. The net cost of all services indicates that the overall cost of government is less than revenue generated to support it. However, the lower revenue reflected in FY2017/18 is due to the absence of one-time contributions from the Wastewater Treatment Facility expansion project collected in the prior year.

**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 |                    |                 |
|-----------------------|------------------------|------------------|----------------|-----------------------------------|--------------------|-----------------|
|                       | 2017                   | 2018             | Percent Change | 2017                              | 2018               | Percent Change  |
| General government    | \$ 4,580               | \$ 4,918         | 7.38%          | \$ (3,982)                        | \$ (4,361)         | 9.52%           |
| Community development | 994                    | 1,257            | 26.46%         | 2,138                             | 1,660              | -22.36%         |
| Public safety         | 9,684                  | 10,966           | 13.24%         | (9,182)                           | (9,865)            | 7.44%           |
| Public works          | 13,125                 | 13,067           | -0.44%         | 23,844                            | 2,884              | -87.90%         |
| Culture and leisure   | 1,301                  | 1,332            | 2.38%          | (1,016)                           | (1,051)            | 3.44%           |
| Other                 | 319                    | 100              | -68.65%        | (319)                             | (100)              | -68.65%         |
| <b>Total</b>          | <b>\$ 30,003</b>       | <b>\$ 31,640</b> | <b>5.46%</b>   | <b>\$ 11,483</b>                  | <b>\$ (10,833)</b> | <b>-194.34%</b> |

**Business-type Activities**

Business-type activities increased the City's net position by \$10.3 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 \$3.5 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 \$8.3 million. This shows operating revenues exceeding operating expenditures by \$3.5 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 \$5.3 million. Program revenues excluding developer contributions were \$6.5 million, showing that operating revenues exceed operating expenditures by \$5.3 million. This signifies that sewer operating income is 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, 2018, the City of Lathrop's governmental funds (general, special revenue, and capital project funds) reported combined ending fund balances of \$67.7 million, an increase of \$3.7 million in comparison with the prior fiscal year. Approximately 31.8 percent of this total amount (\$21.5 million) constitutes unassigned fund balance, which is available for spending, at the City's governing body's discretion. Of the remainder fund balance, \$5.7 million is nonspendable, \$3.8 million is restricted, \$36 million is committed and \$0.6 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 2018 fiscal year, fund balance of the general fund was \$27.2 million, of which \$21.5 million is unassigned fund balance. The increase in unassigned fund balance of the General Fund for Fiscal Year 2017/18 was \$5 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 114.2 percent of total General Fund expenditures of \$18.8 million in 2018. This means the City's general governmental operations could continue for about 14-months without any additional revenue generation.

In Fiscal Year 2017/18, taxes are the General Fund's largest source of revenue at 65.7 percent, or \$15 million, of total revenues of \$22.9 million. Property taxes represent 28.6 percent, or \$4.3 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, 2018. 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 fund balance of \$23.8 million as of June 30, 2018. 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 Streets and Roads fund had an ending fund balance of \$3.5 million as of June 30, 2018. The monies in this fund are collected from state and federal funding sources for specific projects. The committed fund balance can only be used to fund specific streets and roads 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 position and the statement of revenues, expenses, and changes in net position. In addition, these proprietary funds also present a statement of cash flows.

In Fiscal Year 2017/18, the water utility enterprise fund increased its net position from \$54.7 million to \$58.2 million. Unrestricted net position at the end of the fiscal year amounted to \$19.5 million, and are available for future capital water system improvements. \$37 million of the Water Fund's net position in net investment in capital assets and are not available for liquidation to support operations. The remaining \$1.7 million is restricted to satisfy debt service obligations and covenants.

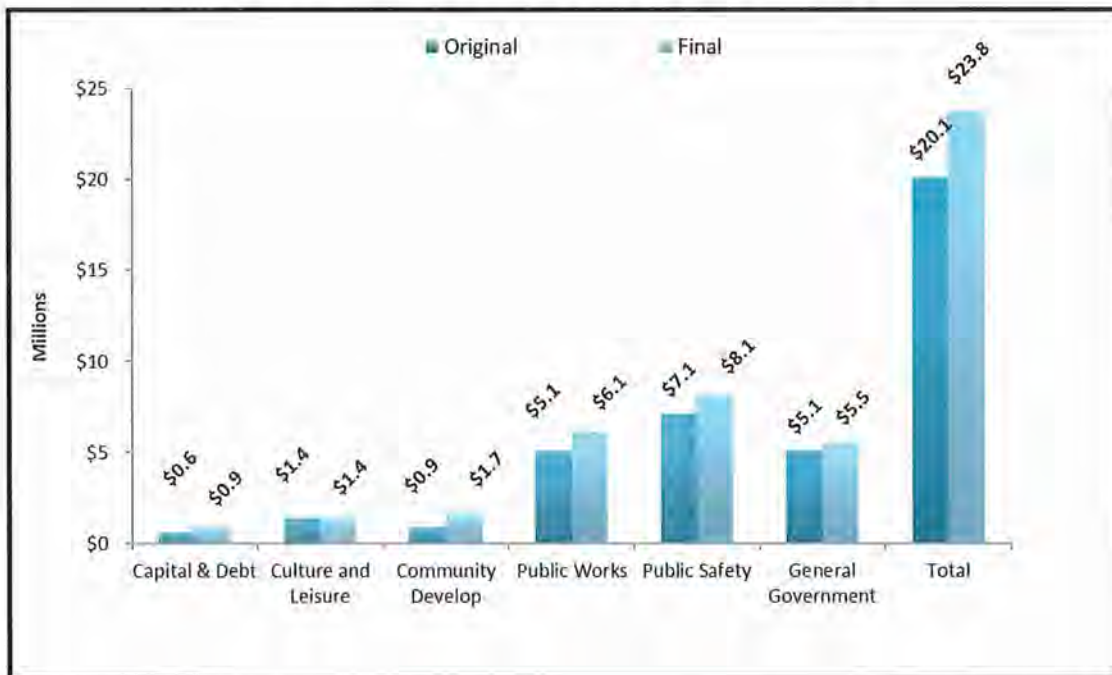
In Fiscal Year 2017/18, the sewer utility fund increased its net position from \$87.8 million to \$94.7 million. Unrestricted net position at the end of the fiscal year amounted to \$11.4 million and, are available for future capital sewer system improvements. \$83.3 million of the Sewer Fund's net position in net investment in capital assets 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 2017/18, the General Fund's original budgeted expenditures of \$20 million increased to \$23.8 million at Final Amended Budget. Original adopted revenue estimates were \$18.2 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 2017/18.

**GENERAL FUND FISCAL YEAR 2017/18 ORIGINAL AND FINAL BUDGETS BY GOVERNMENTAL FUNCTION CATEGORY**



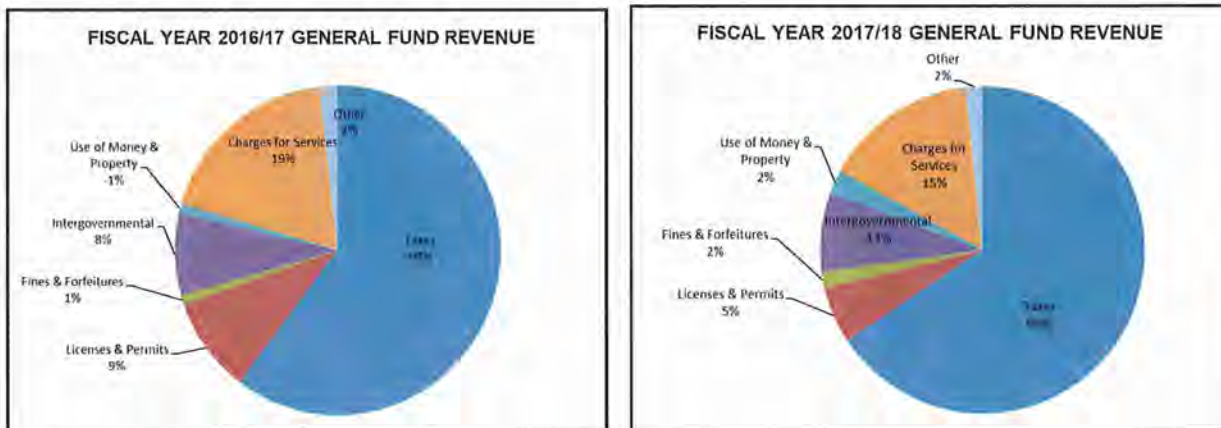
Over the course of the year, the City Council revised the City budget with adjustments that are comprised within the following two categories:

- 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 \$3.7 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 \$1.2 million to reflect revenues collected through Measure C.

After taking these adjustments into account, actual expenditures came in 21 percent below the final budget, at \$18.9 million. Capital Outlay expenditure savings contributed to this reduced spending level. Actual revenues in the General Fund were \$3.5 million higher than the final budget revenue estimate, or 18.3 percent over the final budgeted revenue estimate. The result of the higher revenues and significantly lower spending increased the ending fund balance of the General Fund by \$4.5 million.

The City's General Fund revenue structure slightly changed compared to Fiscal Year 2016/17. The two pie charts below present total actual revenues for Fiscal Years 2016/17 and 2017/18 by revenue category. Total actual taxes comprised 60 percent of total General Fund revenues in Fiscal Year 2016/17 and 66 percent in Fiscal Year 2017/18.



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of Fiscal Year 2017/18, the City had \$306.3 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 \$18.7 million, or a 6.5 percent, over Fiscal Year 2016/17.

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

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

|   | Governmental      |                   | Business-Type     |                   | Total             |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | Activities        |                   | Activities        |                   |                   |                   |
|   | 2017              | 2018              | 2017              | 2018              | 2017              | 2018              |
| <b>Capital Assets Not Being Depreciated</b> |                   |                   |                   |                   |                   |                   |
| Land  | \$ 9,630          | \$ 9,630          | \$ 3,565          | \$ 3,565          | \$ 13,195         | \$ 13,195         |
| Construction in progress                    | 37,529            | 24,657            | 43,641            | 55,705            | 81,170            | 80,362            |
| <b>Depreciable Capital Assets</b>           |                   |                   |                   |                   |                   |                   |
| Buildings                                   | 8,887             | 8,659             | 10                | 9                 | 8,897             | \$8,668           |
| Improvements                                | 24,187            | 41,729            | 80,133            | 83,343            | 104,320           | 125,072           |
| Equipment and vehicles                      | 1,419             | 1,337             | 306               | 262               | 1,725             | 1,599             |
| Infrastructure                              | 78,244            | 77,355            | -                 | -                 | 78,244            | 77,355            |
| <b>Total</b>                                | <b>\$ 159,896</b> | <b>\$ 163,367</b> | <b>\$ 127,655</b> | <b>\$ 142,884</b> | <b>\$ 287,551</b> | <b>\$ 306,251</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 47 - 49.

**Debt Administration**

At the end of the current fiscal year, the City had a total of \$26.2 million in outstanding debt. The total outstanding at June 30, 2017 was \$27.9 million. Overall in Fiscal Year 2017/18, the City's outstanding debt was reduced by \$1.6 million.

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

|                           | Governmental    |                 | Business-Type    |                  | Total            |                  |
|---------------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
|                           | Activities      |                 | Activities       |                  |                  |                  |
|                           | 2017            | 2018            | 2017             | 2018             | 2017             | 2018             |
| Revenue Bonds - Water     | \$ -            | \$ -            | \$ -             | \$ -             | \$ -             | \$ -             |
| 2017 Bank Loan            | -               | -               | 11,455           | 10,846           | 11,455           | 10,846           |
| State Revolving Fund Loan | -               | -               | 7,749            | 7,328            | 7,749            | 7,328            |
| Compass Bank Loan         | -               | -               | 4,756            | 4,430            | 4,756            | 4,430            |
| Capital Lease - City Hall | 3,925           | 3,640           | -                | -                | 3,925            | 3,640            |
| <b>Total</b>              | <b>\$ 3,925</b> | <b>\$ 3,640</b> | <b>\$ 23,960</b> | <b>\$ 22,604</b> | <b>\$ 27,885</b> | <b>\$ 26,244</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 49 - 51.

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

The City Council considered many factors when setting the Fiscal Year 2017/18 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 \$40,458 in Fiscal Year 2016/17 to \$42,822 in Fiscal Year 2017/18 (See Demographic and Economic Statistics in the statistical section on Page 141.)

While Lathrop's population grew from 23,110 in 2017 to 24,268 during 2018, the growth rate signaled a slower growth trend compared to prior years. Complementary to this trend, a total of 152 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 152 in Fiscal Year 2017/18, is still 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 2018/19. Revenues in the General Fund budget are projected at \$18.8 million for Fiscal Year 2018/19; an increase of 0.2 percent over the Fiscal Year 2017/18 adopted revenues of \$18.8 million.

General Fund budget operating expenditures are expected to increase by 3.1 percent, to \$19 million from \$18.4 million in Fiscal Year 2017/18 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 2018/19 is 3%. The Fiscal Year 2018/19 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 2018/19 are estimated to be at \$15.5 million. These revenues make up 94.6 percent of total utility enterprise estimated revenues in Fiscal Year 2018/19. 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 2018/19 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, 2018

|  | Governmental<br>Activities | Business-type<br>Activities | Totals                |
|--|----------------------------|-----------------------------|-----------------------|
| <b>ASSETS</b>  |                            |                             |                       |
| Cash and investments (Note 2)  | \$ 73,244,872              | \$ 33,898,651               | \$ 107,143,523        |
| Cash and investments, restricted, with fiscal agents (Note 2)                  |                            | 1,650,031                   | 1,650,031             |
| Accounts receivable  | 3,822,532                  | 5,540,551                   | 9,363,083             |
| Interest receivable  | 156,578                    | 69,824                      | 226,402               |
| Loans receivable   | 20,350                     |                             | 20,350                |
| Internal balances (Note 3C)  | 5,650,104                  | (5,650,104)                 |                       |
| Capital assets, not being depreciated (Note 4)                                 | 34,286,574                 | 59,270,475                  | 93,557,049            |
| Capital assets, being depreciated,<br>net of accumulated depreciation (Note 4) | 129,080,730                | 83,613,735                  | 212,694,465           |
| <b>Total assets</b>  | <b>246,261,740</b>         | <b>178,393,163</b>          | <b>424,654,903</b>    |
| <b>DEFERRED OUTFLOWS</b>   |                            |                             |                       |
| Related to pension (Note 8)  | 1,782,774                  | 212,496                     | 1,995,270             |
| Related to OPEB (Note 9)   | 532,798                    |                             | 532,798               |
| <b>Total deferred outflows</b>   | <b>2,315,572</b>           | <b>212,496</b>              | <b>2,528,068</b>      |
| <b>LIABILITIES</b>   |                            |                             |                       |
| Accounts payable   | 4,138,129                  | 1,467,222                   | 5,605,351             |
| Accrued payroll and benefits   | 251,527                    |                             | 251,527               |
| Accrued interest   |                            | 189,568                     | 189,568               |
| Due to others  |                            |                             |                       |
| Deposits payable   | 2,074,343                  | 801,832                     | 2,876,175             |
| Unearned revenue   | 7,517,127                  | 58,494                      | 7,575,621             |
| Compensated absences (Note 1G):  |                            |                             |                       |
| Due within one year  | 186,385                    | 3,480                       | 189,865               |
| Due in more than one year  | 1,056,185                  | 19,720                      | 1,075,905             |
| Long-term debt (Note 5):   |                            |                             |                       |
| Due within one year  |                            | 1,406,339                   | 1,406,339             |
| Due in more than one year  | 3,640,000                  | 21,198,440                  | 24,838,440            |
| Net pension liabilities, due in more than one year (Note 8)                    | 4,646,172                  | 553,796                     | 5,199,968             |
| Net OPEB liabilities, due in more than one year (Note 9)                       | 1,598,333                  |                             | 1,598,333             |
| <b>Total liabilities</b>   | <b>25,108,201</b>          | <b>25,698,891</b>           | <b>50,807,092</b>     |
| <b>DEFERRED INFLOWS</b>  |                            |                             |                       |
| Related to pension (Note 8)  | 482,856                    | 57,554                      | 540,410               |
| Related to OPEB (Note 9)   | 453,859                    |                             | 453,859               |
| <b>Total deferred inflows</b>  | <b>936,715</b>             | <b>57,554</b>               | <b>994,269</b>        |
| <b>NET POSITION (Note 7)</b>   |                            |                             |                       |
| Net investment in capital assets   | 159,727,304                | 120,279,431                 | 280,006,735           |
| Restricted for:  |                            |                             |                       |
| Debt service   |                            | 1,650,031                   | 1,650,031             |
| Parks  | 263,353                    |                             | 263,353               |
| Public safety  | 54,829                     |                             | 54,829                |
| Community development  | 4,863,504                  |                             | 4,863,504             |
| Streets  | 5,226,486                  |                             | 5,226,486             |
| <b>Total restricted net positions</b>  | <b>10,408,172</b>          | <b>1,650,031</b>            | <b>12,058,203</b>     |
| Unrestricted   | 52,396,920                 | 30,919,752                  | 83,316,672            |
| <b>Total net positions</b>   | <b>\$ 222,532,396</b>      | <b>\$ 152,849,214</b>       | <b>\$ 375,381,610</b> |

See accompanying notes to financial statements

CITY OF LATHROP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

|                                | Expenses             | Program Revenues     |                                    |                                  |
|--------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                |                      | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| Governmental activities:       |                      |                      |                                    |                                  |
| General government             | \$ 4,917,617         | \$ 438,974           | \$ 117,487                         | \$ -                             |
| Community development          | 1,256,506            | 2,916,089            |                                    |                                  |
| Public safety                  | 10,965,814           | 424,909              | 189,298                            | 486,917                          |
| Public works                   | 13,066,756           | 1,184,297            | 5,151,660                          | 9,614,856                        |
| Culture and leisure            | 1,331,811            | 279,505              | 1,066                              |                                  |
| Interest on long-term debt     | 100,088              |                      |                                    |                                  |
| Total governmental activities  | <u>31,638,592</u>    | <u>5,243,774</u>     | <u>5,459,511</u>                   | <u>10,101,773</u>                |
| Business-type activities:      |                      |                      |                                    |                                  |
| Water                          | 4,969,618            | 8,331,835            |                                    | 159,854                          |
| Sewer                          | 1,204,762            | 6,533,098            |                                    |                                  |
| Total business-type activities | <u>6,174,380</u>     | <u>14,864,933</u>    |                                    | <u>159,854</u>                   |
| Total government               | <u>\$ 37,812,972</u> | <u>\$ 20,108,707</u> | <u>\$ 5,459,511</u>                | <u>\$ 10,261,627</u>             |

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

Change in net position

Net Position, beginning (as restated, Note 7D)

Net Position, ending

See accompanying notes to financial statements

Net (Expense) Revenue and  
Changes in Net Position

| Governmental<br>Activities | Business-type<br>Activities | Totals                |
|----------------------------|-----------------------------|-----------------------|
| \$ (4,361,156)             | \$ -                        | \$ (4,361,156)        |
| 1,659,583                  |                             | 1,659,583             |
| (9,864,690)                |                             | (9,864,690)           |
| 2,884,057                  |                             | 2,884,057             |
| (1,051,240)                |                             | (1,051,240)           |
| (100,088)                  |                             | (100,088)             |
| <u>(10,833,534)</u>        |                             | <u>(10,833,534)</u>   |
|                            | 3,522,071                   | 3,522,071             |
|                            | 5,328,336                   | 5,328,336             |
|                            | 8,850,407                   | 8,850,407             |
| <u>(10,833,534)</u>        | <u>8,850,407</u>            | <u>(1,983,127)</u>    |
| 4,285,832                  |                             | 4,285,832             |
| 9,211,228                  |                             | 9,211,228             |
| 634,335                    |                             | 634,335               |
| 877,633                    | 907,527                     | 1,785,160             |
| 1,794,526                  |                             | 1,794,526             |
| 979,493                    | 405,014                     | 1,384,507             |
| 379,591                    |                             | 379,591               |
| (137,582)                  | 137,582                     |                       |
| <u>18,025,056</u>          | <u>1,450,123</u>            | <u>19,475,179</u>     |
| 7,191,522                  | 10,300,530                  | 17,492,052            |
| <u>215,340,874</u>         | <u>142,548,684</u>          | <u>357,889,558</u>    |
| <u>\$ 222,532,396</u>      | <u>\$ 152,849,214</u>       | <u>\$ 375,381,610</u> |

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|                                  |
|----------------------------------|
| <b>FUND FINANCIAL STATEMENTS</b> |
|----------------------------------|

**MAJOR GOVERNMENTAL FUNDS**

The funds described below were determined to be Major Funds by the City in fiscal year 2018. 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.

**STREETS AND ROADS FUND CAPITAL PROJECTS FUND**

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

CITY OF LATHROP  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2018

|  | General              | Developers<br>Projects | Capital<br>Facilities Fee | Streets<br>and Roads | Other<br>Governmental<br>Funds | Totals               |
|--|----------------------|------------------------|---------------------------|----------------------|--------------------------------|----------------------|
| <b>Assets</b>                              |                      |                        |                           |                      |                                |                      |
| Cash and investments (Note 2)              | \$ 28,685,561        | \$ 1,720,549           | \$ 23,673,864             | \$ 5,196,994         | \$ 12,750,930                  | \$ 72,027,898        |
| Receivables:                               |                      |                        |                           |                      |                                |                      |
| Accounts                                   | 2,202,135            | 48,472                 | 106,223                   | 28                   | 1,465,674                      | 3,822,532            |
| Interest                                   | 64,392               | 4,003                  | 49,747                    | 8,772                | 29,664                         | 156,578              |
| Due from other funds (Note 3D)             | 374,566              |                        |                           |                      |                                | 374,566              |
| Loans                                      |                      |                        |                           |                      | 20,350                         | 20,350               |
| Advances to other funds (Note 3A)          | 5,650,104            |                        |                           |                      |                                | 5,650,104            |
| <b>Total Assets</b>                        | <b>\$ 36,976,758</b> | <b>\$ 1,773,024</b>    | <b>\$ 23,829,834</b>      | <b>\$ 5,205,794</b>  | <b>\$ 14,266,618</b>           | <b>\$ 82,052,028</b> |
| <b>Liabilities</b>                         |                      |                        |                           |                      |                                |                      |
| Accounts payable                           | \$ 1,582,803         | \$ -                   | \$ -                      | \$ 1,741,660         | \$ 813,666                     | \$ 4,138,129         |
| Accrued payroll and benefits               | 251,527              |                        |                           |                      |                                | 251,527              |
| Due to other funds (Note 3D)               |                      |                        |                           |                      | 374,566                        | 374,566              |
| Deposits payable                           | 456,979              | 1,480,509              |                           |                      | 136,855                        | 2,074,343            |
| Unearned revenue                           | 7,496,980            |                        |                           |                      | 20,147                         | 7,517,127            |
| <b>Total Liabilities</b>                   | <b>9,788,289</b>     | <b>1,480,509</b>       |                           | <b>1,741,660</b>     | <b>1,345,234</b>               | <b>14,355,692</b>    |
| <b>Fund Balances (Note 7)</b>              |                      |                        |                           |                      |                                |                      |
| Nonspendable                               | 5,650,104            |                        |                           |                      |                                | 5,650,104            |
| Restricted                                 |                      |                        |                           |                      | 3,797,087                      | 3,797,087            |
| Committed                                  |                      | 292,515                | 23,829,834                | 3,464,134            | 8,460,623                      | 36,047,106           |
| Assigned                                   |                      |                        |                           |                      | 663,674                        | 663,674              |
| Unassigned                                 | 21,538,365           |                        |                           |                      |                                | 21,538,365           |
| <b>Total Fund Balances</b>                 | <b>27,188,469</b>    | <b>292,515</b>         | <b>23,829,834</b>         | <b>3,464,134</b>     | <b>12,921,384</b>              | <b>67,696,336</b>    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 36,976,758</b> | <b>\$ 1,773,024</b>    | <b>\$ 23,829,834</b>      | <b>\$ 5,205,794</b>  | <b>\$ 14,266,618</b>           | <b>\$ 82,052,028</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, 2018

Total fund balance reported on the Governmental Funds Balance Sheet \$ 67,696,336

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

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet. 163,367,304

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

|  |    |                    |                    |
|--|----|--------------------|--------------------|
| Capital lease payable  | \$ | (3,640,000)        |                    |
| Compensated absences   |    | (25,596)           |                    |
| Net pension liability and related deferred outflows and inflows of resources |    | (3,346,254)        |                    |
| Net OPEB liability and related deferred outflows and inflows of resources    |    | <u>(1,519,394)</u> | <u>(8,531,244)</u> |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 222,532,396

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, 2018

|  | General              | Developers<br>Projects | Capital<br>Facilities Fee | Streets<br>and Roads | Other<br>Governmental<br>Funds | Totals               |
|--|----------------------|------------------------|---------------------------|----------------------|--------------------------------|----------------------|
| <b>Revenues</b>  |                      |                        |                           |                      |                                |                      |
| Taxes and assessments                                    | \$ 15,009,028        | \$ -                   | \$ 3,692,168              | \$ -                 | \$ 3,902,010                   | \$ 22,603,206        |
| Licenses and permits                                     | 1,266,197            |                        |                           |                      |                                | 1,266,197            |
| Fines, forfeitures, and penalties                        | 374,854              |                        |                           |                      | 1,862,826                      | 2,237,680            |
| Intergovernmental  | 1,794,526            |                        |                           |                      | 2,625,735                      | 4,420,261            |
| Use of money and property                                | 524,113              | 20,130                 | 234,364                   | 62,512               | 525,041                        | 1,366,160            |
| Charges for current services                             | 3,508,608            |                        |                           |                      |                                | 3,508,608            |
| Contributions from developments (Note 11)                |                      | 2,751,850              |                           |                      |                                | 2,751,850            |
| Other  | 375,254              | 73,810                 |                           |                      | 364,670                        | 813,734              |
| <b>Total Revenues</b>                                    | <b>22,852,580</b>    | <b>2,845,790</b>       | <b>3,926,532</b>          | <b>62,512</b>        | <b>9,280,282</b>               | <b>38,967,696</b>    |
| <b>Expenditures</b>                                      |                      |                        |                           |                      |                                |                      |
| <b>Current:</b>  |                      |                        |                           |                      |                                |                      |
| General government                                       | 4,770,853            |                        |                           |                      |                                | 4,770,853            |
| Community development                                    | 1,105,611            |                        |                           |                      | 4,103                          | 1,109,714            |
| Public safety  | 6,314,364            |                        |                           |                      | 4,410,059                      | 10,724,423           |
| Public works   | 4,775,212            | 106,249                |                           |                      | 2,166,555                      | 7,048,016            |
| Culture and leisure                                      | 1,275,334            |                        |                           |                      |                                | 1,275,334            |
| Capital outlay   | 226,484              | 72,585                 |                           | 7,923,589            | 1,539,332                      | 9,761,990            |
| <b>Debt service:</b>                                     |                      |                        |                           |                      |                                |                      |
| Principal  | 285,000              |                        |                           |                      |                                | 285,000              |
| Interest   | 100,088              |                        |                           |                      |                                | 100,088              |
| <b>Total Expenditures</b>                                | <b>18,852,946</b>    | <b>178,834</b>         |                           | <b>7,923,589</b>     | <b>8,120,049</b>               | <b>35,075,418</b>    |
| <b>Excess (Deficiency) of Revenues over Expenditures</b> | <b>3,999,634</b>     | <b>2,666,956</b>       | <b>3,926,532</b>          | <b>(7,861,077)</b>   | <b>1,160,233</b>               | <b>3,892,278</b>     |
| <b>Other Financing Sources (Uses)</b>                    |                      |                        |                           |                      |                                |                      |
| Transfers in (Note 3B)                                   | 4,239,027            |                        |                           | 4,602,662            | 3,547,714                      | 12,389,403           |
| Transfers out (Note 3B)                                  | (3,726,838)          | (2,632,045)            | (21,668)                  | (5,133)              | (6,141,301)                    | (12,526,985)         |
| <b>Total Other Financing Sources (Uses)</b>              | <b>512,189</b>       | <b>(2,632,045)</b>     | <b>(21,668)</b>           | <b>4,597,529</b>     | <b>(2,593,587)</b>             | <b>(137,582)</b>     |
| <b>Net Changes in Fund Balances</b>                      | <b>4,511,823</b>     | <b>34,911</b>          | <b>3,904,864</b>          | <b>(3,263,548)</b>   | <b>(1,433,354)</b>             | <b>3,754,696</b>     |
| <b>Fund Balances</b>                                     | <b>22,676,646</b>    | <b>257,604</b>         | <b>19,924,970</b>         | <b>6,727,682</b>     | <b>14,354,738</b>              | <b>63,941,640</b>    |
| <b>Fund Balances, End of the Year</b>                    | <b>\$ 27,188,469</b> | <b>\$ 292,515</b>      | <b>\$ 23,829,834</b>      | <b>\$ 3,464,134</b>  | <b>\$ 12,921,384</b>           | <b>\$ 67,696,336</b> |

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, 2018

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 \$ 3,754,696

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                                      | \$ 9,761,990       |           |
| Non-capitalized capital outlay expenditures were reclassified to various governmental activities | (438,371)          |           |
| Depreciation expense not reported in governmental funds  | <u>(5,852,361)</u> | 3,471,258 |

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 | 285,000 |
|---|---------|

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   | 5,772          |  |
| Net pension liability and related deferred outflows and inflows of resources | (503,992)      |  |
| Net OPEB liability and related deferred outflows and inflows of resources    | <u>178,788</u> |  |

|   |                            |
|---|----------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 7,191,522</u></u> |
|---|----------------------------|

See accompanying notes to financial statements

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## **MAJOR PROPRIETARY FUNDS**

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

### **ENTERPRISE FUNDS:**

#### **Water Fund**

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

#### **Sewer Fund**

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

### **INTERNAL SERVICES FUND:**

#### **Compensated Absences Fund**

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

CITY OF LATHROP  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 June 30, 2018

|  | <u>Business-type Activities-Enterprise Funds</u> |                      |                       | Governmental<br>Activities-<br>Compensated<br>Absences<br>Internal Service |
|--|--|----------------------|-----------------------|--|
|  | <u>Water</u>                                     | <u>Sewer</u>         | <u>Totals</u>         | <u>Fund</u>  |
| <b>Assets</b>  |  |                      |                       |  |
| Current Assets:  |  |                      |                       |  |
| Cash and investments (Note 2)  | \$ 17,438,711                                    | \$ 16,459,940        | \$ 33,898,651         | \$ 1,216,974   |
| Restricted cash and investments, with fiscal agents (Note 2)                   | 1,650,031  |                      | 1,650,031             |  |
| Receivables:   |  |                      |                       |  |
| Accounts   | 4,782,078  | 758,473              | 5,540,551             |  |
| Interest   | 36,979   | 32,845               | 69,824                |  |
| Total Current Assets   | <u>23,907,799</u>                                | <u>17,251,258</u>    | <u>41,159,057</u>     | <u>1,216,974</u>   |
| Noncurrent Assets:   |  |                      |                       |  |
| Capital assets, not being depreciated (Note 4)                                 | 16,177,654                                       | 43,092,821           | 59,270,475            |  |
| Capital assets, being depreciated,<br>net of accumulated depreciation (Note 4) | <u>43,429,529</u>                                | <u>40,184,206</u>    | <u>83,613,735</u>     |  |
| Total Noncurrent Assets  | <u>59,607,183</u>                                | <u>83,277,027</u>    | <u>142,884,210</u>    |  |
| Total Assets   | <u>83,514,982</u>                                | <u>100,528,285</u>   | <u>184,043,267</u>    | <u>1,216,974</u>   |
| <b>Deferred Outflows</b>   |  |                      |                       |  |
| Related to pension (Note 8)  | <u>101,160</u>                                   | <u>111,336</u>       | <u>212,496</u>        |  |
| <b>Liabilities</b>   |  |                      |                       |  |
| Current Liabilities:   |  |                      |                       |  |
| Accounts payable   | 535,046  | 932,176              | 1,467,222             |  |
| Accrued interest payable   | 189,568  |                      | 189,568               |  |
| Due to other governments   |  |                      |                       |  |
| Unearned revenue   | 58,494   |                      | 58,494                |  |
| Deposits payable   | 770,544  | 31,288               | 801,832               |  |
| Current portion of compensated absences (Note 1G)                              | 1,342  | 2,138                | 3,480                 | 182,546  |
| Current portion of long-term liabilities (Note 5)                              | <u>1,406,339</u>                                 |                      | <u>1,406,339</u>      |  |
| Total Current Liabilities  | <u>2,961,333</u>                                 | <u>965,602</u>       | <u>3,926,935</u>      | <u>182,546</u>   |
| Noncurrent Liabilities:  |  |                      |                       |  |
| Compensated absences (Note 1G)   | 7,606  | 12,114               | 19,720                | 1,034,428  |
| Advances from other funds (Note 3A)  | 962,868  | 4,687,236            | 5,650,104             |  |
| State revolving fund loan (Note 5)   | 6,897,278  |                      | 6,897,278             |  |
| Compass bank loan payable (Note 5)   | 4,093,638  |                      | 4,093,638             |  |
| 2017 bank loan (Note 5)  | 10,207,524                                       |                      | 10,207,524            |  |
| Net pension liabilities (Note 8)   | <u>263,638</u>                                   | <u>290,158</u>       | <u>553,796</u>        |  |
| Total Long-Term Liabilities  | <u>22,432,552</u>                                | <u>4,989,508</u>     | <u>27,422,060</u>     | <u>1,034,428</u>   |
| Total Liabilities  | <u>25,393,885</u>                                | <u>5,955,110</u>     | <u>31,348,995</u>     | <u>1,216,974</u>   |
| <b>Deferred Inflows</b>  |  |                      |                       |  |
| Related to pension (Note 8)  | <u>27,399</u>                                    | <u>30,155</u>        | <u>57,554</u>         |  |
| <b>Net Position (Note 7)</b>   |  |                      |                       |  |
| Net investment in capital assets   | 37,002,404                                       | 83,277,027           | 120,279,431           |  |
| Restricted for debt service  | 1,650,031  |                      | 1,650,031             |  |
| Unrestricted   | <u>19,542,423</u>                                | <u>11,377,329</u>    | <u>30,919,752</u>     |  |
| Total Net Position   | <u>\$ 58,194,858</u>                             | <u>\$ 94,654,356</u> | <u>\$ 152,849,214</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, 2018

|  | <u>Business-type Activities-Enterprise Funds</u> |                      |                       | <u>Governmental<br/>Activities-<br/>Compensated<br/>Absences<br/>Internal Service<br/>Fund</u> |
|--|--|----------------------|-----------------------|--|
|  | <u>Water</u>                                     | <u>Sewer</u>         | <u>Totals</u>         |  |
| Operating Revenues                         |  |                      |                       |  |
| Service charges                            | \$ 8,246,526                                     | \$ 6,431,146         | \$ 14,677,672         | \$ -   |
| Other income                               | 85,309   | 101,952              | 187,261               |  |
| Total Operating Revenues                   | <u>8,331,835</u>                                 | <u>6,533,098</u>     | <u>14,864,933</u>     |  |
| Operating Expenses                         |  |                      |                       |  |
| General and administrative                 | 553,761  | 658,307              | 1,212,068             |  |
| Maintenance and operations                 | 2,451,995  | (782,311)            | 1,669,684             |  |
| Depreciation                               | 1,461,626  | 1,328,766            | 2,790,392             |  |
| Total Operating Expenses                   | <u>4,467,382</u>                                 | <u>1,204,762</u>     | <u>5,672,144</u>      |  |
| Operating Income                           | <u>3,864,453</u>                                 | <u>5,328,336</u>     | <u>9,192,789</u>      |  |
| Non-Operating Revenues (Expenses)          |  |                      |                       |  |
| Investment earnings                        | 185,552  | 219,462              | 405,014               |  |
| Taxes and assessments                      | 737,057  | 170,470              | 907,527               |  |
| Interest expense                           | (502,236)  |                      | (502,236)             |  |
| Total Non-Operating Revenues (Expenses)    | <u>420,373</u>                                   | <u>389,932</u>       | <u>810,305</u>        |  |
| Income Before Contributions and Transfers  | 4,284,826  | 5,718,268            | 10,003,094            |  |
| Developer contributions                    | 159,854  |                      | 159,854               |  |
| Transfers:                                 |  |                      |                       |  |
| Transfers in (Note 3B)                     | 2,468,485  | 3,585,613            | 6,054,098             |  |
| Transfers out (Note 3B)                    | (3,457,399)                                      | (2,459,117)          | (5,916,516)           |  |
| Changes in Net Position                    | 3,455,766  | 6,844,764            | 10,300,530            |  |
| Net Position, Beginning of the Fiscal Year | <u>54,739,092</u>                                | <u>87,809,592</u>    | <u>142,548,684</u>    |  |
| Net Position, End of the Fiscal Year       | <u>\$ 58,194,858</u>                             | <u>\$ 94,654,356</u> | <u>\$ 152,849,214</u> | <u>\$ -</u>  |

See accompanying notes to financial statements

CITY OF LATHROP  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2018

|  | Business-type<br>Activities-Enterprise Funds |                      |                      | Governmental<br>Activities-                         |
|--|--|----------------------|----------------------|---|
|  | Water  | Sewer                | Totals               | Compensated<br>Absences<br>Internal Service<br>Fund |
| <b>Cash Flows from Operating Activities</b>  |  |                      |                      |   |
| Receipts from customers  | \$ 7,882,364                                 | \$ 6,489,684         | \$ 14,372,048        | \$ 94,980   |
| Payments to suppliers and users  | (2,842,143)                                  | (1,384,984)          | (4,227,127)          |   |
| Payments to employees and benefits   | (532,042)                                    | (631,941)            | (1,163,983)          |   |
| Net Cash Provided (Used) by Operating Activities   | <u>4,508,179</u>                             | <u>4,472,759</u>     | <u>8,980,938</u>     | <u>94,980</u>                                       |
| <b>Cash Flows from Noncapital Financing Activities</b>   |  |                      |                      |   |
| Taxes and assessments  | 737,057                                      | 170,470              | 907,527              |   |
| Interfund payments   |  | (429,476)            | (429,476)            |   |
| Transfers in   | 2,468,485                                    | 3,585,613            | 6,054,098            |   |
| Transfers (out)  | (3,457,399)                                  | (2,459,117)          | (5,916,516)          |   |
| Net Cash Provided (Used) by Noncapital Financing Activities                                    | <u>(251,857)</u>                             | <u>867,490</u>       | <u>615,633</u>       |   |
| <b>Cash Flows from Capital and Related Financing Activities</b>                                |  |                      |                      |   |
| Principal repayments   | (1,355,321)                                  |                      | (1,355,321)          |   |
| Interest paid  | (502,236)                                    |                      | (502,236)            |   |
| Developer contributions  | 159,854                                      |                      | 159,854              |   |
| Purchase of capital assets   | (202,342)                                    | (17,816,327)         | (18,018,669)         |   |
| Net Cash Provided (Used) by Capital and Related Financing Activities                           | <u>(1,900,045)</u>                           | <u>(17,816,327)</u>  | <u>(19,716,372)</u>  |   |
| <b>Cash Flows from Investing Activities</b>  |  |                      |                      |   |
| Interest received  | 163,173                                      | 218,145              | 381,318              |   |
| Net Cash Provided by Investing Activities  | <u>163,173</u>                               | <u>218,145</u>       | <u>381,318</u>       |   |
| Net Increase (Decrease) in Cash and Cash Equivalents   | 2,519,450                                    | (12,257,933)         | (9,738,483)          | 94,980  |
| Cash and Cash Equivalents at the Beginning of the Year   | <u>16,569,292</u>                            | <u>28,717,873</u>    | <u>45,287,165</u>    | <u>1,121,994</u>                                    |
| Cash and Cash Equivalents at the End of the Year   | <u>\$ 19,088,742</u>                         | <u>\$ 16,459,940</u> | <u>\$ 35,548,682</u> | <u>\$ 1,216,974</u>                                 |
| <b>Reconciliation of Cash and Cash Equivalents to Statement of Net Position:</b>               |  |                      |                      |   |
| Cash and investments   | \$ 17,438,711                                | \$ 16,459,940        | \$ 33,898,651        | \$ 1,216,974  |
| Restricted cash and investments  | 1,650,031                                    |                      | 1,650,031            |   |
| Total Cash and Cash Equivalents  | <u>\$ 19,088,742</u>                         | <u>\$ 16,459,940</u> | <u>\$ 35,548,682</u> | <u>\$ 1,216,974</u>                                 |
| <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b> |  |                      |                      |   |
| Operating income   | \$ 3,864,453                                 | \$ 5,328,336         | \$ 9,192,789         | \$ -  |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: |  |                      |                      |   |
| Depreciation   | 1,461,626                                    | 1,328,766            | 2,790,392            |   |
| (Increase) Decrease in Operating Assets:   |  |                      |                      |   |
| Accounts receivable  | (449,471)                                    | (43,414)             | (492,885)            |   |
| Increase (Decrease) in Operating Liabilities:  |  |                      |                      |   |
| Accounts payable   | (112,437)                                    | (2,153,027)          | (2,265,464)          |   |
| Accrued payroll and benefits   | (13,061)                                     | (14,268)             | (27,329)             |   |
| Due to other governments   | (298,107)                                    |                      | (298,107)            |   |
| Deposits payable   | 33,457                                       |                      | 33,457               |   |
| Pension liability  | 28,598                                       | 31,475               | 60,073               |   |
| Compensated absences   | (6,879)                                      | (5,109)              | (11,988)             | 94,980  |
| Net Cash Provided (Used) by Operating Activities   | <u>\$ 4,508,179</u>                          | <u>\$ 4,472,759</u>  | <u>\$ 8,980,938</u>  | <u>\$ 94,980</u>                                    |

See accompanying notes to financial statements



|                        |
|------------------------|
| <b>FIDUCIARY FUNDS</b> |
|------------------------|

**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, 2018

|   | Agency<br>Funds |
|---|-----------------|
| <b>ASSETS</b>   |                 |
| Cash and investments (Note 2)                                 | \$ 5,565,428    |
| Cash and investments, restricted, with fiscal agents (Note 2) | 3,431,732       |
| Accounts receivable   | 2,711,927       |
| Interest receivable   | 13,537          |
| Total assets  | \$ 11,722,624   |
| <b>LIABILITIES</b>  |                 |
| Accounts payable  | \$ 437,188      |
| Deposits payable  | 268,753         |
| Due to developers   | 3,594,463       |
| Due to bondholders  | 7,422,220       |
| Total liabilities   | \$ 11,722,624   |

See accompanying notes to financial statements

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018**

**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.

**STREETS AND ROADS FUND CAPITAL PROJECTS FUND**

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

**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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**INTERNAL SERVICE FUND**

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

**FIDUCIARY FUNDS**

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

**D. Basis of Accounting**

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

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

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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

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

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

**E. Property Tax**

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

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

**F. Use of Estimates**

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

**G. Compensated Absences**

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

Changes in compensated absences for the year ended June 30, 2018, were as follows:

|                   | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|-------------------|----------------------------|-----------------------------|---------------------|
| Beginning Balance | \$ 1,153,362               | \$ 35,188                   | \$ 1,188,550        |
| Additions         | 94,980                     |                             | 94,980              |
| Payments          | (5,772)                    | (11,988)                    | (17,760)            |
| Ending Balance    | <u>\$ 1,242,570</u>        | <u>\$ 23,200</u>            | <u>\$ 1,265,770</u> |
| Current Portion   | <u>\$ 186,385</u>          | <u>\$ 3,480</u>             | <u>\$ 189,865</u>   |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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

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

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

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

**I. *New 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, 2018:

GASB Statement No. 75 - In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in statement 75 are effective for fiscal years beginning after June 15, 2017. The City has implemented this statement. See additional information in Note 9.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement is effective for reporting periods beginning after December 15, 2016, and should be applied retroactively. This statement had no impact on the City's financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. This statement is effective for reporting periods beginning after December 15, 2017. The City has implemented this statement. See additional information in Note 9.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

GASB Statement No. 86 – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement is effective for reporting periods beginning after June 15, 2017. This statement had no impact on the City’s financial statements.

**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.

**K. New and Closed Funds**

In fiscal year 2018, the City established the Department of Water Resources (DWR) Grant – Urban Level of Flood Protection (ULOP) Project Special Revenue Fund to account for revenues and expenditures associated with the Urban Level of Flood Protection plan.

In fiscal year 2018, the City closed the Asset Forfeiture Special Revenue Fund and Universal Hiring Grant Special Revenue Fund.



**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**NOTE 2 - CASH AND INVESTMENTS**

**A. Policies**

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

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

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

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

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

**B. Classification**

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments. Cash and investments as of June 30, 2018, are as follows:

|   |                |
|---|----------------|
| City cash and investments in primary government:              |                |
| Cash and investments  | \$ 107,143,523 |
| Cash and investments, restricted, with fiscal agents          | 1,650,031      |
| Total City cash and investments in primary government         | 108,793,554    |
| Cash and investments in Fiduciary Funds (separate statement): |                |
| Cash and investments,   | 5,565,428      |
| Cash and investments, restricted, with fiscal agents          | 3,431,732      |
| Total Fiduciary Funds cash and investments                    | 8,997,160      |
| Total cash and investments                                    | \$ 117,790,714 |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

Cash and investments as of June 30, 2018, consist of the following:

|                                  |    |             |
|----------------------------------|----|-------------|
| Cash on hand                     | \$ | 2,760       |
| Cash with financial institutions |    | 28,282,906  |
| Investments                      |    | 89,505,048  |
| Total Cash and Investments       | \$ | 117,790,714 |

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

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

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

| Authorized Investment Type                   | Maximum Maturity | Maximum Percentage/<br>Amount<br>of Portfolio | Maximum Investment<br>In One Issuer | Minimum Credit<br>Ratings |
|--|------------------|---|-------------------------------------|---------------------------|
| Local Government Bonds                       | 5 years          | 30%   | None                                | A                         |
| State Bonds                                  | 5 years          | 30%   | None                                | A                         |
| US Treasury Obligations                      | 5 years          | None  | None                                | N/A                       |
| US 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%                                 | A                         |
| Negotiable Certificates of Deposit           | 5 years          | 30%   | None                                | N/A                       |
| Repurchase and Reverse Repurchase Agreements | 30 days          | None  | None                                | A                         |
| Medium-Term Notes                            | 5 years          | 30%   | 10%                                 | A                         |
| Money Market Funds                           | N/A              | 20%   | None                                | AAAm                      |
| Mutual Funds                                 | 5 years          | 20%   | 10%                                 | AAAm                      |
| Local Agency Investment Fund (State Pool)    | N/A              | None  | None                                | N/A                       |
| Joint Power Authority Pool                   | N/A              | None  | None                                | N/A                       |
| Supranational Obligations                    | 5 years          | 30%   | None                                | AA                        |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

**D. Investments Authorized by Debt Agreements**

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

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

**E. Interest Rate Risk**

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

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 Obligations                 | \$ 592,032           | \$ 8,557,484         | \$ 10,569,678        | \$ 19,719,194         |
| US Government Agencies Issues           | 5,718,025            | 4,710,578            | 445,396              | 10,873,999            |
| California Local Agency Investment Fund | 50,930,719           |                      |                      | 50,930,719            |
| Money Market Mutual Funds               | 7,229,185            |                      |                      | 7,229,185             |
| Investments in County Pool              | 262,468              |                      |                      | 262,468               |
| Certificates of Deposit                 | 489,483              |                      |                      | 489,483               |
| <b>Total Investments</b>                | <b>\$ 65,221,912</b> | <b>\$ 13,268,062</b> | <b>\$ 11,015,074</b> | <b>89,505,048</b>     |
| <b>Cash in Banks and on hand</b>        |                      |                      |                      | <b>28,285,666</b>     |
| <b>Total City Cash and Investments</b>  |                      |                      |                      | <b>\$ 117,790,714</b> |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

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, 2018, these investments have an average maturity of 193 days.

Money market mutual funds are available for withdrawal on demand and at June 30, 2018, have an average maturity of 37 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.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2018:

| <i>Investments by Fair Value Level:</i>            | <u>Level 1</u>       | <u>Level 2</u>       | <u>Total</u>          |
|--|----------------------|----------------------|-----------------------|
| US Treasury Obligations                            | \$ 19,719,194        | \$ -                 | \$ 19,719,194         |
| US Government Agencies Issues                      |                      | <u>10,873,999</u>    | <u>10,873,999</u>     |
| Total Investments                                  | <u>\$ 19,719,194</u> | <u>\$ 10,873,999</u> | 30,593,193            |
| <br><i>Investments Measured at Amortized Cost:</i> |                      |                      |                       |
| California Local Agency Investment Fund            |                      |                      | 50,930,719            |
| Money Market Mutual Funds                          |                      |                      | 7,229,185             |
| Investments in County Pool                         |                      |                      | 262,468               |
| Certificates of Deposit                            |                      |                      | 489,483               |
| <i>Cash in banks and on hand</i>                   |                      |                      | <u>28,285,666</u>     |
| Total Cash and investments                         |                      |                      | <u>\$ 117,790,714</u> |

US Treasury Obligations classified in Level 1 of the fair value hierarchy are valued using a quoted price in an active market for an identical asset. US Government Agencies Issues 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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

**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, 2018, as provided by Standard and Poor's, are as follows:

| Investment Type                         | AAAm                | AA+                  | Total                |
|---|---------------------|----------------------|----------------------|
| US Government Agencies Issues           | \$ -                | \$ 10,873,999        | \$ 10,873,999        |
| Money Market Mutual Funds               | 7,229,185           |                      | 7,229,185            |
| Totals                                  | <u>\$ 7,229,185</u> | <u>\$ 10,873,999</u> | 18,103,184           |
| <i>Not Rated:</i>                       |                     |                      |                      |
| US Treasury Obligations                 |                     |                      | 19,719,194           |
| California Local Agency Investment Fund |                     |                      | 50,930,719           |
| Investments in County Pool              |                     |                      | 262,468              |
| Certificates of Deposit                 |                     |                      | <u>489,483</u>       |
| Total Investments                       |                     |                      | <u>\$ 89,505,048</u> |

**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, 2018:

| Issuer                                 | Investment Type             | Reported Amount |
|--|-----------------------------|-----------------|
| Federal Home Loan Bank                 | Federal Agencies Securities | \$ 2,123,899    |
| Federal National Mortgage Association  | Federal Agencies Securities | 6,095,455       |
| Federal Home Loan Mortgage Corporation | Federal Agencies Securities | 2,294,747       |

**NOTE 3 - INTERFUND TRANSACTIONS**

**A. Long-Term Advances**

As of June 30, 2018, the General Fund had advanced \$4,687,236 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, 2018, 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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

**B. Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2018, were as follows:

|                              | <u>Transfers In</u>  | <u>Transfer Out</u>  |
|------------------------------|----------------------|----------------------|
| Major Governmental Funds:    |                      |                      |
| General                      | \$ 4,239,027         | \$ 3,726,838         |
| Developer Projects           |                      | 2,632,045            |
| Capital Facilities Fee       |                      | 21,668               |
| Streets and Roads            | 4,602,662            | 5,133                |
| Major Enterprise Funds:      |                      |                      |
| Water                        | 2,468,485            | 3,457,399            |
| Sewer                        | 3,585,613            | 2,459,117            |
| Non Major Governmental Funds | 3,547,714            | 6,141,301            |
| Total Interfund Transfers    | <u>\$ 18,443,501</u> | <u>\$ 18,443,501</u> |

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

**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, 2018, Due To (From) Other Funds were as follows:

| <u>Due From Other Funds</u> | <u>Due To Other Funds</u>              | <u>Amount</u>     |
|-----------------------------|--|-------------------|
| General Fund                | Streets and Roads Special Revenue Fund | \$ 168,857        |
|                             | Federal Grant Special Revenue Fund     | 86,325            |
|                             | CLSP Service CFD Special Revenue Fund  | 119,384           |
|                             | Total                                  | <u>\$ 374,566</u> |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 4 – CAPITAL ASSETS**

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. 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, 2018**

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

**A. Capital Asset Additions and Retirements**

Capital assets activity for the year ended June 30, 2018, is as follows:

|  | Balance at<br>June 30, 2017 | Additions           | Retirements | Transfers    | Balance at<br>June 30, 2018 |
|--|-----------------------------|---------------------|-------------|--------------|-----------------------------|
| <b>Governmental Activities</b>               |                             |                     |             |              |                             |
| Capital assets not being depreciated:        |                             |                     |             |              |                             |
| Land   | \$ 9,629,503                | \$ -                | \$ -        | \$ -         | \$ 9,629,503                |
| Construction in Progress                     | 37,529,031                  | 7,865,451           |             | (20,737,411) | 24,657,071                  |
| Total capital assets not being depreciated   | 47,158,534                  | 7,865,451           |             | (20,737,411) | 34,286,574                  |
| Capital assets being depreciated:            |                             |                     |             |              |                             |
| Buildings                                    | 11,784,121                  |                     |             |              | 11,784,121                  |
| Improvements                                 | 38,945,416                  | 31,656              |             | 19,816,333   | 58,793,405                  |
| Equipment and Vehicles                       | 4,540,912                   | 306,590             | (77,625)    |              | 4,769,877                   |
| Infrastructure                               | 132,896,477                 | 1,119,922           |             | 921,078      | 134,937,477                 |
| Total capital assets being depreciated       | 188,166,926                 | 1,458,168           | (77,625)    | 20,737,411   | 210,284,880                 |
| Less accumulated depreciation:               |                             |                     |             |              |                             |
| Buildings                                    | 2,897,362                   | 227,146             |             |              | 3,124,508                   |
| Improvements                                 | 14,758,143                  | 2,305,477           |             |              | 17,063,620                  |
| Equipment and Vehicles                       | 3,121,747                   | 389,115             | (77,625)    |              | 3,433,237                   |
| Infrastructure                               | 54,652,162                  | 2,930,623           |             |              | 57,582,785                  |
| Total accumulated depreciation               | 75,429,414                  | 5,852,361           | (77,625)    |              | 81,204,150                  |
| Net capital assets being depreciated         | 112,737,512                 | (4,394,193)         |             | 20,737,411   | 129,080,730                 |
| Governmental Activities Capital Assets, Net  | <u>\$ 159,896,046</u>       | <u>\$ 3,471,258</u> | <u>\$ -</u> | <u>\$ -</u>  | <u>\$ 163,367,304</u>       |
| <b>Business-type Activities</b>              |                             |                     |             |              |                             |
| Capital assets, not being depreciated:       |                             |                     |             |              |                             |
| Land   | \$ 3,565,179                | \$ -                | \$ -        | \$ -         | \$ 3,565,179                |
| Construction in Progress                     | 43,641,156                  | 13,499,654          |             | (1,435,514)  | 55,705,296                  |
| Total capital assets not being depreciated   | 47,206,335                  | 13,499,654          |             | (1,435,514)  | 59,270,475                  |
| Capital assets, being depreciated:           |                             |                     |             |              |                             |
| Buildings                                    | 65,773                      |                     |             |              | 65,773                      |
| Improvements                                 | 119,502,997                 | 4,508,802           |             | 1,435,514    | 125,447,313                 |
| Equipment and Vehicles                       | 1,321,440                   | 10,213              | (8,759)     |              | 1,322,894                   |
| Net capital assets being depreciated         | 120,890,210                 | 4,519,015           | (8,759)     | 1,435,514    | 126,835,980                 |
| Less accumulated depreciation for:           |                             |                     |             |              |                             |
| Buildings                                    | 56,526                      | 632                 |             |              | 57,158                      |
| Improvements                                 | 39,369,416                  | 2,734,117           |             |              | 42,103,533                  |
| Equipment and Vehicles                       | 1,014,670                   | 55,643              | (8,759)     |              | 1,061,554                   |
| Total accumulated depreciation               | 40,440,612                  | 2,790,392           | (8,759)     |              | 43,222,245                  |
| Net capital assets being depreciated         | 80,449,598                  | 1,728,623           |             | 1,435,514    | 83,613,735                  |
| Business-type Activities Capital Assets, Net | <u>\$ 127,655,933</u>       | <u>\$15,228,277</u> | <u>\$ -</u> | <u>\$ -</u>  | <u>\$ 142,884,210</u>       |



**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**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:

|                                       |                            |
|---------------------------------------|----------------------------|
| <b>Governmental Activities</b>        |                            |
| General governments                   | \$ 87,642                  |
| Community development                 | 132,315                    |
| Public safety                         | 101,774                    |
| Public works                          | 5,490,213                  |
| Culture and leisure                   | <u>40,417</u>              |
| <b>Total Governmental Activities</b>  | <u><u>\$ 5,852,361</u></u> |
| <br><b>Business-Type Activities</b>   |                            |
| Water                                 | \$ 1,461,626               |
| Sewer                                 | <u>1,328,766</u>           |
| <b>Total Business-Type Activities</b> | <u><u>\$ 2,790,392</u></u> |

**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, 2018, is as follows:

|   | Balance<br>June 30, 2017   | Retirements              | Balance<br>June 30, 2018   | Current<br>Portion |
|---|----------------------------|--------------------------|----------------------------|--------------------|
| <b>Governmental Activities Long-Term Debt</b> |                            |                          |                            |                    |
| <i>Capital Lease Obligation</i>               |                            |                          |                            |                    |
| 2016 Lease Agreement                          |                            |                          |                            |                    |
| 2.55%, due 07/15/2029                         | \$ 3,925,000               | \$ 285,000               | \$ 3,640,000               | \$ -               |
| <b>Total Governmental Activities</b>          | <u><u>\$ 3,925,000</u></u> | <u><u>\$ 285,000</u></u> | <u><u>\$ 3,640,000</u></u> | <u><u>\$ -</u></u> |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

|   | Balance<br>June 30, 2017 | Retirements         | Balance<br>June 30, 2018 | Current<br>Portion  |
|---|--------------------------|---------------------|--------------------------|---------------------|
| <b><i>Business-type Activities Long-Term Debt</i></b> |                          |                     |                          |                     |
| 2017 Bank Loan  |                          |                     |                          |                     |
| 2.89%, due 06/01/2032                                 | \$ 11,455,000            | \$ 608,855          | \$ 10,846,145            | \$ 638,621          |
| State Revolving Fund Loan                             |                          |                     |                          |                     |
| 2.3086%, due 7/1/2032                                 | 7,749,237                | 421,091             | 7,328,146                | 430,868             |
| Compass Bank Loan                                     |                          |                     |                          |                     |
| 3.500%, due 6/1/2029                                  | 4,755,863                | 325,375             | 4,430,488                | 336,850             |
| <b>Total Business-type Activities</b>                 | <b>\$ 23,960,100</b>     | <b>\$ 1,355,321</b> | <b>\$ 22,604,779</b>     | <b>\$ 1,406,339</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, 2018:

| For The Year<br>Ending June 30 | Governmental<br>Activities |                   | Business-Type Activities |                     |                              |                     |                     |                   |
|--------------------------------|----------------------------|-------------------|--------------------------|---------------------|------------------------------|---------------------|---------------------|-------------------|
|                                | City Hall Lease            |                   | Revenue Bonds            |                     | State Revolving<br>Fund Loan |                     | Compass Bank Loan   |                   |
|                                | Principal                  | Interest          | Principal                | Interest            | Principal                    | Interest            | Principal           | Interest          |
| 2019                           | \$ -                       | \$ 96,453         | \$ 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                           | 315,000                    | 65,981            | 716,293                  | 231,167             | 472,301                      | 125,272             | 387,001             | 101,999           |
| 2024 - 2028                    | 1,695,000                  | 204,192           | 3,906,649                | 830,655             | 2,531,186                    | 456,683             | 2,149,864           | 295,136           |
| 2029 - 2033                    | 735,000                    | 18,934            | 3,554,995                | 234,849             | 2,540,227                    | 148,854             | 473,171             | 12,432            |
| <b>Total</b>                   | <b>\$ 3,640,000</b>        | <b>\$ 630,169</b> | <b>\$10,846,145</b>      | <b>\$ 2,418,306</b> | <b>\$ 7,328,146</b>          | <b>\$ 1,336,669</b> | <b>\$ 4,430,488</b> | <b>\$ 945,115</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, 2018**

**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, commenced December 1, 2017.

**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 started 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.

**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, 2018 is as follows:

|   |                |
|---|----------------|
| Mossdale Assessment District Refunding 2015   | \$ 5,935,000 * |
| Lathrop Financing Authority Special Tax Revenue Bonds (Mossdale Village Reassessment District No. 2013-1) 2013 Series A | 9,930,000      |
| Lathrop Financing Authority Special Tax Revenue Bonds (Community Facilities No. 2003-1) 2013 Series A                   | 5,920,000      |
| Crossroad Assessment District Series 2015   | 10,080,000     |
| Joint Wastewater Project CFD 2003-2   | 5,905,000      |
| North Harlan Water  | 240,000        |
| Lathrop Sanitary Sewer Assessment District No.1   | 750,000        |
| Community Facilities District No. 2006-1  | 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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 7 - NET POSITION AND FUND BALANCES**

**A. Net Position**

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 Position 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 Position 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 Position 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:

*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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

*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.

Detailed classifications of the City's fund balances, as of June 30, 2018, are below:

|   | General<br>Fund      | Developer<br>Projects | Capital<br>Facilities Fee | Streets<br>and Roads | Other<br>Governmental<br>Funds | Total                |
|---|----------------------|-----------------------|---------------------------|----------------------|--------------------------------|----------------------|
| <b>Nonspendables:</b>                     |                      |                       |                           |                      |                                |                      |
| Items not in spendable form:              |                      |                       |                           |                      |                                |                      |
| Advances to other funds                   | \$ 5,650,104         | \$ -                  | \$ -                      | \$ -                 | \$ -                           | \$ 5,650,104         |
| <b>Total Nonspendable</b>                 | <u>5,650,104</u>     |                       |                           |                      |                                | <u>5,650,104</u>     |
| <b>Restricted for:</b>                    |                      |                       |                           |                      |                                |                      |
| Recycling projects                        |                      |                       |                           |                      | 539,051                        | 539,051              |
| Community improvements                    |                      |                       |                           |                      | 8,456                          | 8,456                |
| Public safety                             |                      |                       |                           |                      | 54,829                         | 54,829               |
| Traffic and transportation                |                      |                       |                           |                      | 34,085                         | 34,085               |
| MBR operations and maintenance            |                      |                       |                           |                      | 46,874                         | 46,874               |
| Parks and recreation                      |                      |                       |                           |                      | 276,048                        | 276,048              |
| Streets and roads contracts               |                      |                       |                           |                      | 2,190,316                      | 2,190,316            |
| Measure K                                 |                      |                       |                           |                      | 647,428                        | 647,428              |
| <b>Total Restricted</b>                   |                      |                       |                           |                      | <u>3,797,087</u>               | <u>3,797,087</u>     |
| <b>Committed to:</b>                      |                      |                       |                           |                      |                                |                      |
| Traffic and transportation                |                      |                       |                           |                      | 3,790,546                      | 3,790,546            |
| Landscaping maintenance                   |                      |                       |                           |                      | 1,351                          | 1,351                |
| Storm drains operation<br>and maintenance |                      |                       |                           |                      | 502,550                        | 502,550              |
| Community Facility Districts              |                      |                       |                           |                      | 9,212                          | 9,212                |
| Capital projects                          |                      | 292,515               | 23,829,834                | 3,464,134            | 268,687                        | 27,855,170           |
| Street lighting contract                  |                      |                       |                           |                      | 1,611,290                      | 1,611,290            |
| Storm drain contracts                     |                      |                       |                           |                      | 334,648                        | 334,648              |
| Code enforcement                          |                      |                       |                           |                      | 8,143                          | 8,143                |
| Building permits                          |                      |                       |                           |                      | 241,312                        | 241,312              |
| North Lathrop Transportation              |                      |                       |                           |                      | 452,649                        | 452,649              |
| Stewart Economic<br>Development Fee 80%   |                      |                       |                           |                      | 33,367                         | 33,367               |
| Stewart Economic<br>Development Fee 20%   |                      |                       |                           |                      | 779,694                        | 779,694              |
| River Islands CFD 2013-1                  |                      |                       |                           |                      | 125,265                        | 125,265              |
| DWR Grant Project                         |                      |                       |                           |                      | 301,909                        | 301,909              |
| <b>Total Committed</b>                    |                      | <u>292,515</u>        | <u>23,829,834</u>         | <u>3,464,134</u>     | <u>8,460,623</u>               | <u>36,047,106</u>    |
| <b>Assigned to:</b>                       |                      |                       |                           |                      |                                |                      |
| Landscape maintenance                     |                      |                       |                           |                      | 663,674                        | 663,674              |
| <b>Total Assigned</b>                     |                      |                       |                           |                      | <u>663,674</u>                 | <u>663,674</u>       |
| <b>Unassigned:</b>                        |                      |                       |                           |                      |                                |                      |
| Economic uncertainty                      | 5,284,153            |                       |                           |                      |                                | 5,284,153            |
| Exposure and emergency                    | 3,244,666            |                       |                           |                      |                                | 3,244,666            |
| Capital Equipment                         | 1,074,224            |                       |                           |                      |                                | 1,074,224            |
| Residual fund balance                     | 11,935,322           |                       |                           |                      |                                | 11,935,322           |
| <b>Total Unassigned</b>                   | <u>21,538,365</u>    |                       |                           |                      |                                | <u>21,538,365</u>    |
| <b>Total Fund Balances</b>                | <u>\$ 27,188,469</u> | <u>\$ 292,515</u>     | <u>\$ 23,829,834</u>      | <u>\$ 3,464,134</u>  | <u>\$ 12,921,384</u>           | <u>\$ 67,696,336</u> |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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 adjusted 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, 2018, 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 associated 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, 2018, the Exposure and Emergency Reserves amounted to \$3,244,666.

**D. *Net Position Restatement***

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), which became effective during the year ended June 30, 2018. In June 2015, GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees – both active employees and inactive employees – are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of the Statement required the City to make prior period adjustments. As a result, the beginning net position of the Governmental Activities was restated and reduced by \$259,044. See Note 9 for additional information.

**E. *Encumbrances***

The City utilized an encumbrance system during fiscal year 2018 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, 2018, that will be carried over to fiscal year 2019:

|                 |              |
|-----------------|--------------|
| General Fund    | \$ 2,664,061 |
| Non-major Funds | 1,130,861    |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**NOTE 8 – PENSION PLAN**

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

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

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Tier I, Tier II and 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, 2018, 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      | 7.00%                | 7.00%                  | 6.25%               |
| Required employer contribution rates      | 8.418%               | 7.200%                 | 6.533%              |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

*Contributions* – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the City’s contributions to the Plan were as follows:

|                          |               |
|--------------------------|---------------|
|                          | Miscellaneous |
| Contributions - employer | \$ 465,746    |

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

As of June 30, 2018, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

|                             |   |
|-----------------------------|---|
|                             | Proportionate Share<br>of Net Pension Liability |
| Miscellaneous               | \$ 5,199,968                                    |
| Total Net Pension Liability | \$ 5,199,968                                    |

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

|                              |               |
|------------------------------|---------------|
|                              | Miscellaneous |
| Proportion - June 30, 2016   | 0.1241%       |
| Proportion - June 30, 2017   | 0.1319%       |
| Change - Increase (Decrease) | (0.0078%)     |



**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

For the year ended June 30, 2018, the City recognized pension expense of \$610,057. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date   | \$ 465,746                        | \$ -                             |
| Differences between actual and expected experience   | 8,021                             | (114,916)                        |
| Changes in assumptions   | 995,219                           | (75,886)                         |
| Change in employer's proportion and differences between<br>the employer's contributions and the employer's<br>proportionate share of contributions | 301,206                           | (349,608)                        |
| Net differences between projected and actual earnings<br>on plan investments   | 225,078                           |                                  |
| Total  | <u>\$ 1,995,270</u>               | <u>\$ (540,410)</u>              |

\$465,746 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, 2019. 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<br>June 30 | Annual<br>Amortization |
|-----------------------|------------------------|
| 2019                  | \$ 231,171             |
| 2020                  | 551,646                |
| 2021                  | 339,929                |
| 2022                  | (133,632)              |

**Actuarial Assumptions** – For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability is based on the following actuarial methods and assumptions:

|                                  | All Plans   |
|----------------------------------|---|
| Valuation Date                   | June 30, 2016   |
| Measurement Date                 | June 30, 2017   |
| Actuarial Cost Method            | Entry-Age Normal in accordance with the requirements of GASB Statement No. 68   |
| Actuarial Assumptions:           |   |
| Discount Rate                    | 7.15%   |
| Inflation                        | 2.75%   |
| Projected Salary Increases       | Depending on age, service and type of employment  |
| Mortality Rate Table             | Derived using CalPERS Membership Data for all Funds (1)   |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

(1) 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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

All other actuarial assumptions used in the June 30, 2017 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 2017-2018.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15% 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% 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.

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<br>Allocation | Real Return<br>Years 1 - 10(a) | Real Return<br>Years 11+(b) |
|-------------------------------|------------------------------|--------------------------------|-----------------------------|
| Global Equity                 | 47.0%                        | 4.90%                          | 5.38%                       |
| Global Fixed Income           | 19.0%                        | 0.80%                          | 2.27%                       |
| Inflation Sensitive           | 6.0%                         | 0.60%                          | 1.39%                       |
| Private Equity                | 12.0%                        | 6.60%                          | 6.63%                       |
| Real Estate                   | 11.0%                        | 2.80%                          | 5.21%                       |
| Infrastructure and Forestland | 3.0%                         | 3.90%                          | 5.36%                       |
| Liquidity                     | 2.0%                         | -0.40%                         | -0.90%                      |
| 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, 2018

**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           | 6.15%                |
| Net Pension Liability | \$ 8,480,495         |
| Current Discount Rate | 7.15%                |
| Net Pension Liability | \$ 5,199,968         |
| 1% Increase           | 8.15%                |
| Net Pension Liability | \$ 2,482,978         |

***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**

**A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan**

***Plan Description*** – The City’s Post Employment Benefit Plan is an agent-multiple-employer defined benefit OPEB plan.

By resolution and through agreements with its labor units, the City provides certain health care benefits for retired employees. The City in the CalPERS health care plan, which is governed under the California Public Employees Health and Medical Care Act (PEMCHA). The City also participates in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is an agent multiple-employer defined benefit other postemployment benefits plan administrated by CalPERS, and is managed by an appointed board not under the control of the City Council. CERBT consists of participating employers of the State of California and public agencies. Individual employers may establish more than one plan.

The CERBT was established by Chapter 331 of the 1988 California Statutes, and employers elect to participate in the CERBT to pre-fund health, dental, and other non-pension postemployment benefits for their retirees and survivors. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers’ plans. There are three CalPERS Board approved investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by participating employers.

The CERBT Trusts are not considered a component unit by the City or District and have been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**Benefits Provided** – The following is a summary of Plan benefits by employee group as of June 30, 2018:

| Tier | Hire Date       | Retirement Date         | Eligibility                         | Benefit Prior to Retiree's (or Surviving Spouse's) Eligibility for Medicare  | Benefit After Retiree's (or Surviving Spouse's) Eligibility for Medicare |
|------|-----------------|-------------------------|-------------------------------------|--|--|
| 1    | Before 7/1/2014 | On or before 12/31/2014 | Age 50 with 5 years of PERS service | Benefit According to previous Unequal PEMHCA Resolution (i.e., no change for this group). 100% of premium for the retiree and any eligible covered dependents, up to \$1,536 per month in 2018, increasing by \$100 future calendar year until such time as it is equal to active employee per month in each City contribution |  |
| 2    | Before 7/1/2014 | After 12/31/2014        | Age 50 with 5 years of PERS service | PEMHCA Minimum Employer Contribution (MEC)   | PEMHCA Minimum Employer Contribution (MEC)                               |
|      |                 |                         | Age 55 with 5 years of PERS service | 100% of the premium for retiree plus one, up to the monthly cap for active employees*  |  |
| 2    | After 7/1/2014  | Any                     | Age 50 with 5 years of PERS service | PEMHCA Minimum Employer Contribution (MEC)   | PEMHCA Minimum Employer Contribution (MEC)                               |
|      |                 |                         | Age 55 with 5 years of PERS service | 100% of the premium for retiree and dependents, up to the following percentages of the monthly cap for active employees*<br>5 years of service: 25%<br>10 years of service: 50%<br>15 years of service: 100%   |  |

\* In 2018, the City contributes a maximum of \$1,684 per month toward medical coverage for active employees and their dependents. This amount will increase annually by 50% of premium increase for the median cost medical plan, not to exceed 5.5% per year.

For the year ended June 30, 2018, the City's contributions to the Plan were \$495,719.

**Employees Covered by Benefit Terms** – Membership in the plan consisted of the following at the measurement date of June 30, 2017:

|  |    |
|--|----|
| Active employees   | 61 |
| Inactive employees or beneficiaries currently receiving benefit payments | 21 |
| Inactive employees entitled to but not yet receiving benefit payments    | -  |
| Total  | 82 |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

**B. Net OPEB Liability**

*Actuarial Methods and Assumptions* – The City’s net OPEB liability was measured as of June 30, 2017 the total OPEB liability was determined by an actuarial valuation dated June 30, 2017. These are the following actuarial methods and assumptions:

|                           | Actuarial Assumptions   |
|---------------------------|---|
| Valuation Date            | June 30, 2017   |
| Measurement Date          | June 30, 2017   |
| Actuarial Cost Method     | Entry Age Normal Cost, level percent of pay   |
| Actuarial Assumptions:    |   |
| Discount Rate             | 7.00%   |
| Inflation                 | 2.75%   |
| Payroll Growth            | 3.25%   |
| Investment Rate of Return | 7.00%   |
| Mortality Rate            | Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008, then projected. |
| Healthcare Trend Rate     | 7.5% and grade down to 5% for years 2024 and thereafter   |

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

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class                              | Target Allocation | Long-Term Expected Real Rate of Return |
|--|-------------------|--|
| Global Equity                            | 57.0%             | 8.32%                                  |
| Fixed Income                             | 27.0%             | 4.87%                                  |
| Treasury Inflation Protection Securities | 5.0%              | 3.94%                                  |
| Real Estate Investment Trusts            | 8.0%              | 6.75%                                  |
| Commodities                              | 3.0%              | 4.84%                                  |
| Total                                    | 100.0%            | 6.94%                                  |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

**Discount Rate** – The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability

**C. Changes in Net OPEB Liability**

The changes in the total OPEB liability follows:

|  | Increase (Decrease)            |                                       |  |
|--|--------------------------------|---------------------------------------|--|
|  | Total OPEB<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability/(Asset)<br>(a) - (b) |
| Balance at Measurement Date 6/30/2016          | \$ 5,154,131                   | \$ 2,984,872                          | \$ 2,169,259                               |
| Changes Recognized for the Measurement Period: |                                |                                       |  |
| Service Cost                                   | 228,075                        |                                       | 228,075                                    |
| Interest on the total OPEB liability           | 366,257                        |                                       | 366,257                                    |
| Expected investment income                     |                                | 214,876                               | (214,876)                                  |
| Contributions from the employer                |                                | 471,077                               | (471,077)                                  |
| Changes in benefit terms                       |                                |                                       |  |
| Administrative expenses                        |                                | (1,576)                               | 1,576                                      |
| Benefit payments                               | (299,940)                      | (299,940)                             |  |
| Changes of assumptions                         | 42,010                         |                                       | 42,010                                     |
| Plan experience                                | (430,189)                      |                                       | (430,189)                                  |
| Investment experience                          |                                | 92,702                                | (92,702)                                   |
| Net changes                                    | (93,787)                       | 477,139                               | (570,926)                                  |
| Balance at Measurement Date 6/30/2017          | \$ 5,060,344                   | \$ 3,462,011                          | \$ 1,598,333                               |

**D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

| Net OPEB Liability/(Asset)   |                          |                              |
|------------------------------|--------------------------|------------------------------|
| Discount Rate -1%<br>(6.00%) | Discount Rate<br>(7.00%) | Discount Rate +1%<br>(8.00%) |
| \$ 2,143,575                 | \$ 1,598,333             | \$ 1,135,624                 |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

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

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

| Net OPEB Liability/(Asset)                                    |   |   |
|---|---|---|
| Healthcare Cost   |   |   |
| 1% Decrease   | Trend Rates   | 1% Increase   |
| 7.5% and grade down to<br>5% for years 2024 and<br>thereafter | 7.5% and grade down to<br>5% for years 2024 and<br>thereafter | 7.5% and grade down to<br>5% for years 2024 and<br>thereafter |
| \$ 1,057,143  | \$ 1,598,333  | \$ 2,316,276  |

**E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2018, the City recognized OPEB expense of \$178,788. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Employer contributions made subsequent to the measurement date               | \$ 495,719                        | \$ -                             |
| Differences between actual and expected experience                           |                                   | (379,697)                        |
| Changes of assumptions   | 37,079                            |                                  |
| Net differences between projected and actual earnings on<br>plan investments |                                   | (74,162)                         |
| Total  | \$ 532,798                        | \$ (453,859)                     |

\$495,719 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

| Year<br>Ended June 30 | Annual<br>Amortization |
|-----------------------|------------------------|
| 2019                  | \$ (64,101)            |
| 2020                  | (64,101)               |
| 2021                  | (64,101)               |
| 2022                  | (64,103)               |
| 2023                  | (45,561)               |
| Thereafter            | (114,813)              |
| Total                 | \$ (416,780)           |

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**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 |
|----------------------------------|-----------------|-------------|------------------|
| Workers' compensation            | \$ 25,000       | \$ 500,000  | \$ 50,000,000    |
| 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          |             |                  |

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 CSJVRMA premiums and ERMA premiums totaling \$845,164 during the fiscal year ended June 30, 2018. 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 did not record a liability for outstanding claims at fiscal year-end, as the claims were 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.



**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)**

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

| Vendor           | Project                                 | Project<br>Authorization |
|------------------|---|--------------------------|
| GSE Construction | Crossroads Wastewater Decommissioning   | \$ 49,940                |
| GSE Construction | Lathrop Consolidated Facility Expansion | 16,990,561               |
| GSE Construction | Sewer Plant Upgrade                     | 662,026                  |
|                  |   | <u>\$ 17,702,527</u>     |

During the fiscal year, developers contributed \$2,751,850 to help fund the City's Wastewater Treatment Facility expansion project.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Lathrop**  
**Cost-Sharing Multiple-Employer Defined Pension Plan – Miscellaneous Plan**  
**As of June 30, 2018**

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

City of Lathrop Miscellaneous Rate; a Cost Sharing-Employer Defined Pension Plan  
 Last 10 Years\*

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**

|   | <u>6/30/2014</u> | <u>6/30/2015</u> | <u>6/30/2016</u> | <u>6/30/2017</u> |
|---|------------------|------------------|------------------|------------------|
| Plan's proportion of the Net Pension Liability (Asset)  | 0.1453%          | 0.1140%          | 0.1241%          | 0.1319%          |
| Plan's proportion share of the Net Pension Liability (Asset)  | \$ 3,590,219     | \$ 3,127,249     | \$ 4,309,662     | \$ 5,199,968     |
| Plan's Covered Payroll  | 4,501,607        | 4,364,310        | 5,148,017        | 5,568,372        |
| <br>  |                  |                  |                  |                  |
| Plan's Proportionate Share of the Net Pension Liability/(Asset)<br>as a Percentage of its Covered Payroll         | 79.75%           | 71.66%           | 83.71%           | 93.38%           |
| Plan's Proportionate Share of the Fiduciary Net Position as a<br>Percentage of the Plan's Total Pension Liability | 80.08%           | 83.43%           | 83.19%           | 78.20%           |

**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, 2018**

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

City of Lathrop Miscellaneous Plan, a Cost Sharing-Employer Defined Pension Plan  
Last 10 Years\*

**SCHEDULE OF CONTRIBUTIONS**

| <u>Fiscal Year Ended June 30</u>                                      | <u>2015</u>      | <u>2016</u>      | <u>2017</u>      | <u>2018</u>      |
|---|------------------|------------------|------------------|------------------|
| Actuarially determined contribution                                   | \$ 523,329       | \$ 369,225       | \$ 434,033       | \$ 465,746       |
| Contributions in relation to the actuarially determined contributions | <u>(523,329)</u> | <u>(369,225)</u> | <u>(434,033)</u> | <u>(465,746)</u> |
| Contribution deficiency (excess)                                      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Covered payroll   | \$ 4,364,310     | \$ 5,148,017     | \$ 5,568,372     | \$ 6,004,176     |
| Contributions as a percentage of covered payroll                      | 11.99%           | 7.17%            | 7.79%            | 7.76%            |

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

**City of Lathrop**  
**OPEB Plan – Single Employer**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**For the Fiscal Year Ended June 30, 2018**  
**Last 10 Years\***

| <b>Measurement Date</b>   | <u><b>6/30/17</b></u>     |
|---|---------------------------|
| <b>Total OPEB Liability</b>   |                           |
| Service Cost  | \$228,075                 |
| Interest  | 366,257                   |
| Changes in benefit terms  |                           |
| Differences between expected and actual experience                      | (430,189)                 |
| Changes of assumptions  | 42,010                    |
| Benefit payments  | <u>(299,940)</u>          |
| <b>Net change in total OPEB liability</b>                               | <u>(93,787)</u>           |
| <b>Total OPEB liability - beginning</b>                                 | <u>5,154,131</u>          |
| <br>  |                           |
| <b>Total OPEB liability - ending (a)</b>                                | <u><u>\$5,060,344</u></u> |
| <br>  |                           |
| <b>Plan fiduciary net position</b>                                      |                           |
| Contributions - employer  | \$471,077                 |
| Contributions - employee  |                           |
| Net investment income   | 307,578                   |
| Administrative expense  | (1,576)                   |
| Benefit payments  | <u>(299,940)</u>          |
| <b>Net change in plan fiduciary net position</b>                        | <u>477,139</u>            |
| <b>Plan fiduciary net position - beginning</b>                          | <u>2,984,872</u>          |
| <br>  |                           |
| <b>Plan fiduciary net position - ending (b)</b>                         | <u><u>\$3,462,011</u></u> |
| <br>  |                           |
| Net OPEB liability - ending (a)-(b)                                     | <u><u>\$1,598,333</u></u> |
| <br>  |                           |
| Plan fiduciary net position as a percentage of the total OPEB liability | 68.41%                    |
| <br>  |                           |
| Covered-employee payroll  | <u><u>\$5,982,337</u></u> |
| <br>  |                           |
| Net OPEB liability as a percentage of covered-employee payroll          | <u><u>26.72%</u></u>      |

\* Fiscal year 2018 was the first year of implementation.

**City of Lathrop  
OPEB Plan – Single Employer  
Schedule of Contributions  
For the Fiscal Year Ended June 30, 2018  
Last 10 years\***

| Fiscal Year Ended June 30,  | 2018        |
|---|-------------|
| Actuarially determined contribution                                     | \$389,509   |
| Contributions in relation to the<br>actuarially determined contribution | 495,719     |
| Contribution deficiency (excess)  | (\$106,210) |
| Covered-employee payroll  | \$6,377,387 |
| Contributions as a percentage of<br>covered-employee payroll            | 7.77%       |

Valuation date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial Assumptions:

|                           |       |
|---------------------------|-------|
| Discount Rate             | 7.00% |
| Inflation                 | 2.75% |
| Payroll Growth            | 3.25% |
| Investment Rate of Return | 7.00% |

Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008, then projected.

Mortality Rate

Healthcare Trend Rate

7.5% and grade down to 5% for years 2024 and thereafter

\* Fiscal year 2018 was the first year of implementation.

CITY OF LATHROP  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018

|                                   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-------------------------|-------------------|-------------------|---|
|                                   | <u>Original</u>         | <u>Final</u>      |                   | <u>(Negative)</u>                                       |
| Revenues                          |                         |                   |                   |   |
| Taxes                             |                         |                   |                   |   |
| Property taxes                    | \$ 3,675,000            | \$ 3,675,000      | \$ 4,285,832      | \$ 610,832  |
| Sales and use taxes               | 6,150,000               | 6,150,000         | 9,211,228         | 3,061,228   |
| Transient occupancy taxes         | 450,000                 | 450,000           | 634,335           | 184,335   |
| Franchise taxes                   | 710,000                 | 710,000           | 877,633           | 167,633   |
| Licenses and permits              | 1,482,669               | 1,482,669         | 1,266,197         | (216,472)   |
| Fines, forfeitures, and penalties | 92,375                  | 92,375            | 374,854           | 282,479   |
| Intergovernmental                 | 1,610,000               | 1,645,480         | 1,794,526         | 149,046   |
| Use of money and property         | 113,360                 | 113,360           | 524,113           | 410,753   |
| Charges for current services      | 3,036,183               | 4,103,514         | 3,508,608         | (594,906)   |
| Other                             | 845,575                 | 898,687           | 375,254           | (523,433)   |
| Total Revenues                    | <u>18,165,162</u>       | <u>19,321,085</u> | <u>22,852,580</u> | <u>3,531,495</u>  |
| Expenditures                      |                         |                   |                   |   |
| Current                           |                         |                   |                   |   |
| General government                |                         |                   |                   |   |
| City council                      | 70,125                  | 101,725           | 89,327            | 12,398  |
| City manager                      | 558,184                 | 587,673           | 543,759           | 43,914  |
| City clerk                        | 187,284                 | 256,107           | 218,291           | 37,816  |
| City attorney                     | 628,892                 | 770,892           | 567,210           | 203,682   |
| Personnel                         | 348,589                 | 332,226           | 332,193           | 33  |
| Central services                  | 465,037                 | 480,337           | 381,187           | 99,150  |
| Finance                           | 1,356,059               | 1,407,843         | 1,302,555         | 105,288   |
| Information systems               | 1,104,816               | 1,190,171         | 1,065,540         | 124,631   |
| Animal control                    | 349,054                 | 408,154           | 270,791           | 137,363   |
| Total General Government          | <u>5,068,040</u>        | <u>5,535,128</u>  | <u>4,770,853</u>  | <u>764,275</u>  |
| Public safety                     |                         |                   |                   |   |
| Administration                    | <u>7,096,802</u>        | <u>8,108,102</u>  | <u>6,314,364</u>  | <u>1,793,738</u>  |
| Total Public Safety               | <u>7,096,802</u>        | <u>8,108,102</u>  | <u>6,314,364</u>  | <u>1,793,738</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, 2018  
(Continued)

|   | Budgeted Amounts |                | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|----------------|---------------|---|
|   | Original         | Final          |               |   |
| Expenditures                                      |                  |                |               |   |
| Current   |                  |                |               |   |
| Community development                             |                  |                |               |   |
| Planning  | \$ 856,036       | \$ 1,652,238   | \$ 1,105,611  | \$ 546,627  |
| Total Community Development                       | 856,036          | 1,652,238      | 1,105,611     | 546,627   |
| Public works                                      |                  |                |               |   |
| Administration                                    | 712,362          | 727,757        | 698,906       | 28,851  |
| Construction management                           | 949,660          | 1,387,440      | 1,221,687     | 165,753   |
| Land development engineering                      | 926,129          | 1,185,695      | 835,473       | 350,222   |
| City hall   | 244,907          | 292,495        | 211,857       | 80,638  |
| Utility engineering                               | 201,511          | 201,511        | 186,945       | 14,566  |
| Utility engineering                               | 1,247,329        | 1,548,208      | 1,060,214     | 487,994   |
| Code compliance                                   | 288,673          | 191,007        | 115,183       | 75,824  |
| Building maintenance                              | 231,066          | 281,976        | 184,096       | 97,880  |
| Park and landscape maintenance                    | 288,531          | 328,832        | 250,011       | 78,821  |
| Total Public Works                                | 5,090,168        | 6,144,921      | 4,764,372     | 1,380,549   |
| Culture and leisure                               |                  |                |               |   |
| Administration                                    | 336,050          | 360,188        | 346,908       | 13,280  |
| Senior center                                     | 97,150           | 106,096        | 100,368       | 5,728   |
| Special events                                    | 100,344          | 129,698        | 122,200       | 7,498   |
| Day camp kid's club                               | 512,421          | 492,976        | 432,181       | 60,795  |
| Youth development teens                           |                  | 656            |               | 656   |
| Youth and adult sports                            | 347,061          | 328,195        | 273,677       | 54,518  |
| Library   | 1,325            | 1,325          |               | 1,325   |
| Total Culture and Leisure                         | 1,394,351        | 1,419,134      | 1,275,334     | 143,800   |
| Capital outlay                                    | 217,356          | 540,421        | 237,324       | 303,097   |
| Debt service                                      |                  |                |               |   |
| Principal   | 265,000          | 265,000        | 285,000       | (20,000)  |
| Interest  | 103,467          | 103,467        | 100,088       | 3,379   |
| Total Debt Service                                | 368,467          | 368,467        | 385,088       | (16,621)  |
| Total Expenditures                                | 20,091,220       | 23,768,411     | 18,852,946    | 4,915,465   |
| Excess (Deficiency) of Revenues over Expenditures | (1,926,058)      | (4,447,326)    | 3,999,634     | 8,446,960   |
| Other Financing Sources (Uses)                    |                  |                |               |   |
| Transfers in                                      | 3,969,654        | 3,969,654      | 4,239,027     | 269,373   |
| Transfers (out)                                   | (1,951,510)      | (3,149,478)    | (3,726,838)   | (577,360)   |
| Total Other Financing Sources (Uses)              | 2,018,144        | 820,176        | 512,189       | (307,987)   |
| Net Changes in Fund Balance                       | \$ 92,086        | \$ (3,627,150) | 4,511,823     | \$ 8,138,973  |
| Fund Balance, Beginning of the Year               |                  |                | 22,676,646    |   |
| Fund Balance, End of the Year                     |                  |                | \$ 27,188,469 |   |

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, 2018

|                                      | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | Variance with                          |
|--------------------------------------|-------------------------|--------------------|--------------------|--|
|                                      | <u>Original</u>         | <u>Final</u>       |                    | Final Budget<br>Positive<br>(Negative) |
| Revenues:                            |                         |                    |                    |  |
| Use of money and property            | \$ 1,550                | \$ 1,550           | \$ 20,130          | \$ 18,580                              |
| Developer contribution               | 3,408,568               | 3,594,437          | 2,751,850          | (842,587)                              |
| Other                                | 998,500                 | 998,500            | 73,810             | (924,690)                              |
| Total Revenues                       | <u>4,408,618</u>        | <u>4,594,487</u>   | <u>2,845,790</u>   | <u>(1,748,697)</u>                     |
| Expenditures:                        |                         |                    |                    |  |
| Current                              |                         |                    |                    |  |
| Public works                         | 55,871                  | 55,871             | 106,249            | (50,378)                               |
| Capital outlay                       | 433,000                 | 433,000            | 72,585             | 360,415                                |
| Debt service:                        |                         |                    |                    |  |
| Interest and fiscal charges          | 511,629                 | 511,629            |                    | 511,629                                |
| Total Expenditures                   | <u>1,000,500</u>        | <u>1,000,500</u>   | <u>178,834</u>     | <u>821,666</u>                         |
| Other Financing Sources (Uses):      |                         |                    |                    |  |
| Transfers (out)                      | <u>(3,409,354)</u>      | <u>(3,595,223)</u> | <u>(2,632,045)</u> | <u>963,178</u>                         |
| Total Other Financing Sources (Uses) | <u>(3,409,354)</u>      | <u>(3,595,223)</u> | <u>(2,632,045)</u> | <u>963,178</u>                         |
| Net Changes in Fund Balance          | <u>\$ (1,236)</u>       | <u>\$ (1,236)</u>  | 34,911             | <u>\$ 36,147</u>                       |
| Fund Balance, Beginning of the Year  |                         |                    | <u>257,604</u>     |  |
| Fund Balance, End of the Year        |                         |                    | <u>\$ 292,515</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, 2018

|                                      | Budgeted Amounts |              | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|------------------|--------------|---------------|---|
|                                      | Original         | Final        |               |   |
| Revenues:                            |                  |              |               |   |
| Intergovernmental revenue            | \$ 6,626,529     | \$ 6,626,529 | \$ 3,692,168  | \$ (2,934,361)  |
| Use of money and property            |                  |              | 234,364       | 234,364   |
| Total Revenues                       | 6,626,529        | 6,626,529    | 3,926,532     | (2,699,997)   |
| Other Financing Sources (Uses):      |                  |              |               |   |
| Transfers (out)                      | (583,167)        | (583,167)    | (21,668)      | 561,499   |
| Total Other Financing Sources (Uses) | (583,167)        | (583,167)    | (21,668)      | 561,499   |
| Net Changes in Fund Balance          | \$ 6,043,362     | \$ 6,043,362 | 3,904,864     | \$ (2,138,498)  |
| Fund Balance, Beginning of the Year  |                  |              | 19,924,970    |   |
| Fund Balance, End of the Year        |                  |              | \$ 23,829,834 |   |

|   |
|---|
| <b>NOTES TO REQUIRED SUPPLEMENTAL INFORMATION</b> |
|---|

***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 \$2,041,953.

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

| Fund                     | Excess of<br>Expenditures Over |
|--------------------------|--------------------------------|
| Developers Projects Fund |                                |
| Public Works             | (\$50,378)                     |

**SUPPLEMENTAL INFORMATION**

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## **GENERAL FUND**

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, 2018

|   | General<br>Purpose Fund  | Measure C               | Totals                   |
|---|--------------------------|-------------------------|--------------------------|
| <b>Assets</b>                           |                          |                         |                          |
| Cash and investments                    | \$ 25,625,818            | \$ 3,059,743            | \$ 28,685,561            |
| Receivables:                            |                          |                         |                          |
| Accounts                                | 1,432,848                | 769,287                 | 2,202,135                |
| Interest                                | 56,344                   | 8,048                   | 64,392                   |
| Due from other funds                    | 374,566                  |                         | 374,566                  |
| Advances to other funds                 | 5,650,104                |                         | 5,650,104                |
|   | <u>5,650,104</u>         |                         | <u>5,650,104</u>         |
| <br>Total Assets                        | <br><u>\$ 33,139,680</u> | <br><u>\$ 3,837,078</u> | <br><u>\$ 36,976,758</u> |
| <b>Liabilities</b>                      |                          |                         |                          |
| Accounts payable                        | \$ 1,286,825             | \$ 295,978              | \$ 1,582,803             |
| Accrued payroll and benefits            | 251,527                  |                         | 251,527                  |
| Deposits payable                        | 456,979                  |                         | 456,979                  |
| Unearned revenue                        | 7,496,980                |                         | 7,496,980                |
|   | <u>7,496,980</u>         |                         | <u>7,496,980</u>         |
| <br>Total Liabilities                   | <br><u>9,492,311</u>     | <br><u>295,978</u>      | <br><u>9,788,289</u>     |
| <b>Fund Balances</b>                    |                          |                         |                          |
| Nonspendable                            | 5,650,104                |                         | 5,650,104                |
| Unassigned                              | 17,997,265               | 3,541,100               | 21,538,365               |
|   | <u>17,997,265</u>        | <u>3,541,100</u>        | <u>21,538,365</u>        |
| <br>Total Fund Balances                 | <br><u>23,647,369</u>    | <br><u>3,541,100</u>    | <br><u>27,188,469</u>    |
| <br>Total Liabilities and Fund Balances | <br><u>\$ 33,139,680</u> | <br><u>\$ 3,837,078</u> | <br><u>\$ 36,976,758</u> |



CITY OF LATHROP  
GENERAL FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018

|   | General<br>Purpose Fund | Measure C           | Totals               |
|---|-------------------------|---------------------|----------------------|
| <b>Revenues</b>                                   |                         |                     |                      |
| Taxes and assessments                             | \$ 9,965,991            | \$ 5,043,037        | \$ 15,009,028        |
| Licenses and permits                              | 1,266,197               |                     | 1,266,197            |
| Fines, forfeitures, and penalties                 | 374,854                 |                     | 374,854              |
| Intergovernmental                                 | 1,794,526               |                     | 1,794,526            |
| Use of money and property                         | 487,310                 | 36,803              | 524,113              |
| Charges for current services                      | 3,508,608               |                     | 3,508,608            |
| Other   | 375,254                 |                     | 375,254              |
| <b>Total Revenues</b>                             | <b>17,772,740</b>       | <b>5,079,840</b>    | <b>22,852,580</b>    |
| <b>Expenditures</b>                               |                         |                     |                      |
| Current:  |                         |                     |                      |
| General government                                | 4,770,853               |                     | 4,770,853            |
| Community development                             | 1,105,611               |                     | 1,105,611            |
| Public safety                                     | 4,404,122               | 1,910,242           | 6,314,364            |
| Public works                                      | 4,764,372               | 10,840              | 4,775,212            |
| Culture and leisure                               | 1,275,334               |                     | 1,275,334            |
| Capital outlay                                    | 226,484                 |                     | 226,484              |
| Debt service:                                     |                         |                     |                      |
| Principal   | 285,000                 |                     | 285,000              |
| Interest  | 100,088                 |                     | 100,088              |
| <b>Total Expenditures</b>                         | <b>16,931,864</b>       | <b>1,921,082</b>    | <b>18,852,946</b>    |
| Excess (Deficiency) of Revenues over Expenditures | 840,876                 | 3,158,758           | 3,999,634            |
| <b>Other Financing Sources (Uses)</b>             |                         |                     |                      |
| Transfers in                                      | 4,239,027               |                     | 4,239,027            |
| Transfers out                                     | (1,561,820)             | (2,165,018)         | (3,726,838)          |
| <b>Total Other Financing Sources (Uses)</b>       | <b>2,677,207</b>        | <b>(2,165,018)</b>  | <b>512,189</b>       |
| <b>Net Change in Fund Balances</b>                | <b>3,518,083</b>        | <b>993,740</b>      | <b>4,511,823</b>     |
| Fund Balances, Beginning of the Year              | 20,129,286              | 2,547,360           | 22,676,646           |
| <b>Fund Balances, End of the Year</b>             | <b>\$ 23,647,369</b>    | <b>\$ 3,541,100</b> | <b>\$ 27,188,469</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, 2018

|                                    | General Purpose Fund |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|----------------------|-------------------|-------------------|---|
|                                    | Budgeted Amounts     |                   | Actual            |   |
|                                    | Original             | Final             |                   |   |
| <b>Revenues:</b>                   |                      |                   |                   |   |
| Taxes                              |                      |                   |                   |   |
| Property taxes                     | \$ 3,675,000         | \$ 3,675,000      | \$ 4,285,832      | \$ 610,832  |
| Sales and use taxes                | 2,800,000            | 2,800,000         | 4,168,191         | 1,368,191   |
| Transient occupancy taxes          | 450,000              | 450,000           | 634,335           | 184,335   |
| Franchise taxes                    | 710,000              | 710,000           | 877,633           | 167,633   |
| Licenses and permits               | 1,482,669            | 1,482,669         | 1,266,197         | (216,472)   |
| Fines, forfeitures, and penalties  | 92,375               | 92,375            | 374,854           | 282,479   |
| Intergovernmental                  | 1,610,000            | 1,645,480         | 1,794,526         | 149,046   |
| Use of money and property          | 113,360              | 113,360           | 487,310           | 373,950   |
| Charges for current services       | 3,036,183            | 4,103,514         | 3,508,608         | (594,906)   |
| Other                              | 845,575              | 898,687           | 375,254           | (523,433)   |
| <b>Total Revenues</b>              | <b>14,815,162</b>    | <b>15,971,085</b> | <b>17,772,740</b> | <b>1,801,655</b>  |
| <b>Expenditures</b>                |                      |                   |                   |   |
| Current                            |                      |                   |                   |   |
| General government                 |                      |                   |                   |   |
| City council                       | 70,125               | 101,725           | 89,327            | 12,398  |
| City manager                       | 558,184              | 587,673           | 543,759           | 43,914  |
| City clerk                         | 187,284              | 256,107           | 218,291           | 37,816  |
| City attorney                      | 628,892              | 770,892           | 567,210           | 203,682   |
| Personnel                          | 348,589              | 332,226           | 332,193           | 33  |
| Central services                   | 465,037              | 480,337           | 381,187           | 99,150  |
| Finance                            | 1,356,059            | 1,407,843         | 1,302,555         | 105,288   |
| Information systems                | 1,104,816            | 1,190,171         | 1,065,540         | 124,631   |
| Animal control                     | 349,054              | 408,154           | 270,791           | 137,363   |
| <b>Total General Government</b>    | <b>5,068,040</b>     | <b>5,535,128</b>  | <b>4,770,853</b>  | <b>764,275</b>  |
| Public safety                      |                      |                   |                   |   |
| Administration                     | 4,988,904            | 6,000,204         | 4,404,122         | 1,596,082   |
| <b>Total Public Safety</b>         | <b>4,988,904</b>     | <b>6,000,204</b>  | <b>4,404,122</b>  | <b>1,596,082</b>  |
| Community development              |                      |                   |                   |   |
| Planning                           | 856,036              | 1,652,238         | 1,105,611         | 546,627   |
| <b>Total Community Development</b> | <b>856,036</b>       | <b>1,652,238</b>  | <b>1,105,611</b>  | <b>546,627</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, 2018

|   | <u>Budgeted Amounts</u> |                       |                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|-----------------------|----------------------|---|
|   | <u>Original</u>         | <u>Final</u>          | <u>Actual</u>        |   |
| Public works                                      |                         |                       |                      |   |
| Administration                                    | \$ 712,362              | \$ 727,757            | \$ 698,906           | \$ 28,851   |
| Construction management                           | 949,660                 | 1,387,440             | 1,221,687            | 165,753   |
| Land development engineering                      | 926,129                 | 1,185,695             | 835,473              | 350,222   |
| City hall   | 244,907                 | 292,495               | 211,857              | 80,638  |
| Utility engineering                               | 201,511                 | 201,511               | 186,945              | 14,566  |
| Building  | 1,247,329               | 1,548,208             | 1,060,214            | 487,994   |
| Code compliance                                   | 288,673                 | 191,007               | 115,183              | 75,824  |
| Building maintenance                              | 231,066                 | 281,976               | 184,096              | 97,880  |
| Park and landscape maintenance                    | 288,531                 | 328,832               | 250,011              | 78,821  |
| Total Public Works                                | <u>5,090,168</u>        | <u>6,144,921</u>      | <u>4,764,372</u>     | <u>1,380,549</u>  |
| Culture and leisure                               |                         |                       |                      |   |
| Administration                                    | 336,050                 | 360,188               | 346,908              | 13,280  |
| Senior center                                     | 97,150                  | 106,096               | 100,368              | 5,728   |
| Special events                                    | 100,344                 | 129,698               | 122,200              | 7,498   |
| Day camp kid's club                               | 512,421                 | 492,976               | 432,181              | 60,795  |
| Youth development teens                           |                         | 656                   |                      | 656   |
| Youth and adult sports                            | 347,061                 | 328,195               | 273,677              | 54,518  |
| Library   | 1,325                   | 1,325                 |                      | 1,325   |
| Total Culture and Leisure                         | <u>1,394,351</u>        | <u>1,419,134</u>      | <u>1,275,334</u>     | <u>143,800</u>  |
| Capital outlay                                    | <u>205,475</u>          | <u>528,540</u>        | <u>226,484</u>       | <u>302,056</u>  |
| Debt service                                      |                         |                       |                      |   |
| Principal   | 265,000                 | 265,000               | 285,000              | (20,000)  |
| Interest  | 103,467                 | 103,467               | 100,088              | 3,379   |
| Total Debt Service                                | <u>368,467</u>          | <u>368,467</u>        | <u>385,088</u>       | <u>(16,621)</u>   |
| Total Expenditures                                | <u>17,971,441</u>       | <u>21,648,632</u>     | <u>16,931,864</u>    | <u>4,716,768</u>  |
| Excess (Deficiency) of Revenues over Expenditures | <u>(3,156,279)</u>      | <u>(5,677,547)</u>    | <u>840,876</u>       | <u>6,518,423</u>  |
| Other Financing Sources (Uses):                   |                         |                       |                      |   |
| Transfers in                                      | 3,969,654               | 3,969,654             | 4,239,027            | 269,373   |
| Transfers (out)                                   | (430,150)               | (1,628,118)           | (1,561,820)          | 66,298  |
| Total Other Financing Sources (Uses)              | <u>3,539,504</u>        | <u>2,341,536</u>      | <u>2,677,207</u>     | <u>335,671</u>  |
| Net Change in Fund Balances                       | <u>\$ 383,225</u>       | <u>\$ (3,336,011)</u> | <u>3,518,083</u>     | <u>\$ 6,854,094</u>                                     |
| Fund Balances, Beginning of the Year              |                         |                       | <u>20,129,286</u>    |   |
| Fund Balances, End of the Year                    |                         |                       | <u>\$ 23,647,369</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, 2018

|                                   | Measure C        |           |           |   |
|-----------------------------------|------------------|-----------|-----------|---|
|                                   | Budgeted Amounts |           |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|                                   | Original         | Final     | Actual    |   |
| <b>Revenues:</b>                  |                  |           |           |   |
| Taxes                             |                  |           |           |   |
| Property taxes                    | \$ -             | \$ -      | \$ -      | \$ -  |
| Sales and use taxes               | 3,350,000        | 3,350,000 | 5,043,037 | 1,693,037   |
| Transient occupancy taxes         |                  |           |           |   |
| Franchise taxes                   |                  |           |           |   |
| Licenses and permits              |                  |           |           |   |
| Fines, forfeitures, and penalties |                  |           |           |   |
| Intergovernmental                 |                  |           |           |   |
| Use of money and property         |                  |           | 36,803    | 36,803  |
| Charges for current services      |                  |           |           |   |
| Other                             |                  |           |           |   |
| Total Revenues                    | 3,350,000        | 3,350,000 | 5,079,840 | 1,729,840   |
| <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                    | 2,107,898        | 2,107,898 | 1,910,242 | 197,656   |
| Total Public Safety               | 2,107,898        | 2,107,898 | 1,910,242 | 197,656   |
| 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, 2018

|   | <u>Budgeted Amounts</u> |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|---------------------|---------------------|---|
|   | <u>Original</u>         | <u>Final</u>        | <u>Actual</u>       |   |
| Public works                                      |                         |                     |                     |   |
| Administration                                    | \$ -                    | \$ -                | \$ -                | \$ -  |
| Construction management                           |                         |                     |                     |   |
| Land development engineering                      |                         |                     |                     |   |
| City hall   |                         |                     |                     |   |
| Utility engineering                               |                         |                     |                     |   |
| Building  |                         |                     |                     |   |
| Code compliance                                   |                         |                     |                     |   |
| Building maintenance                              |                         |                     |                     |   |
| Park and landscape maintenance                    |                         |                     |                     |   |
| Total Public Works                                |                         |                     |                     |   |
| Culture and leisure                               |                         |                     |                     |   |
| Administration                                    |                         |                     |                     |   |
| Senior center                                     |                         |                     |                     |   |
| Special events                                    |                         |                     |                     |   |
| Day camp kid's club                               |                         |                     |                     |   |
| Youth development teens                           |                         |                     |                     |   |
| Youth and adult sports                            |                         |                     |                     |   |
| Library   |                         |                     |                     |   |
| Total Culture and Leisure                         |                         |                     |                     |   |
| Capital outlay                                    | 11,881                  | 11,881              | 10,840              | 1,041   |
| Debt service                                      |                         |                     |                     |   |
| Principal   |                         |                     |                     |   |
| Interest  |                         |                     |                     |   |
| Total Debt Service                                |                         |                     |                     |   |
| Total Expenditures                                | 2,119,779               | 2,119,779           | 1,921,082           | 198,697   |
| Excess (Deficiency) of Revenues over Expenditures | 1,230,221               | 1,230,221           | 3,158,758           | 1,928,537   |
| Other Financing Sources (Uses):                   |                         |                     |                     |   |
| Transfers in                                      |                         |                     |                     |   |
| Transfers (out)                                   | (1,521,360)             | (1,521,360)         | (2,165,018)         | (643,658)   |
| Total Other Financing Sources (Uses)              | (1,521,360)             | (1,521,360)         | (2,165,018)         | (643,658)   |
| Net Change in Fund Balances                       | <u>\$ (291,139)</u>     | <u>\$ (291,139)</u> | 993,740             | <u>\$ 1,284,879</u>                                     |
| Fund Balances, Beginning of the Year              |                         |                     | 2,547,360           |   |
| Fund Balances, End of the Year                    |                         |                     | <u>\$ 3,541,100</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, 2018

|                                    | Total              |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|--------------------|-------------------|-------------------|---|
|                                    | Budgeted Amounts   |                   | Actual            |   |
|                                    | Original<br>Budget | Final<br>Budget   |                   |   |
| <b>Revenues:</b>                   |                    |                   |                   |   |
| <b>Taxes</b>                       |                    |                   |                   |   |
| Property taxes                     | \$ 3,675,000       | \$ 3,675,000      | \$ 4,285,832      | \$ 610,832  |
| Sales and use taxes                | 6,150,000          | 6,150,000         | 9,211,228         | 3,061,228   |
| Transient occupancy taxes          | 450,000            | 450,000           | 634,335           | 184,335   |
| Franchise taxes                    | 710,000            | 710,000           | 877,633           | 167,633   |
| Licenses and permits               | 1,482,669          | 1,482,669         | 1,266,197         | (216,472)   |
| Fines, forfeitures, and penalties  | 92,375             | 92,375            | 374,854           | 282,479   |
| Intergovernmental                  | 1,610,000          | 1,645,480         | 1,794,526         | 149,046   |
| Use of money and property          | 113,360            | 113,360           | 524,113           | 410,753   |
| Charges for current services       | 3,036,183          | 4,103,514         | 3,508,608         | (594,906)   |
| Other                              | 845,575            | 898,687           | 375,254           | (523,433)   |
| <b>Total Revenues</b>              | <b>18,165,162</b>  | <b>19,321,085</b> | <b>22,852,580</b> | <b>3,531,495</b>  |
| <b>Expenditures</b>                |                    |                   |                   |   |
| <b>Current</b>                     |                    |                   |                   |   |
| <b>General government</b>          |                    |                   |                   |   |
| City council                       | 70,125             | 101,725           | 89,327            | 12,398  |
| City manager                       | 558,184            | 587,673           | 543,759           | 43,914  |
| City clerk                         | 187,284            | 256,107           | 218,291           | 37,816  |
| City attorney                      | 628,892            | 770,892           | 567,210           | 203,682   |
| Personnel                          | 348,589            | 332,226           | 332,193           | 33  |
| Central services                   | 465,037            | 480,337           | 381,187           | 99,150  |
| Finance                            | 1,356,059          | 1,407,843         | 1,302,555         | 105,288   |
| Information systems                | 1,104,816          | 1,190,171         | 1,065,540         | 124,631   |
| Animal control                     | 349,054            | 408,154           | 270,791           | 137,363   |
| <b>Total General Government</b>    | <b>5,068,040</b>   | <b>5,535,128</b>  | <b>4,770,853</b>  | <b>764,275</b>  |
| Public safety                      |                    |                   |                   |   |
| Administration                     | 7,096,802          | 8,108,102         | 6,314,364         | 1,793,738   |
| <b>Total Public Safety</b>         | <b>7,096,802</b>   | <b>8,108,102</b>  | <b>6,314,364</b>  | <b>1,793,738</b>  |
| Community development              |                    |                   |                   |   |
| Planning                           | 856,036            | 1,652,238         | 1,105,611         | 546,627   |
| <b>Total Community Development</b> | <b>856,036</b>     | <b>1,652,238</b>  | <b>1,105,611</b>  | <b>546,627</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, 2018

|   | <u>Budgeted Amounts</u>    |                         | <u>Actual</u>        | Variance with                          |
|---|----------------------------|-------------------------|----------------------|--|
|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> |                      | Final Budget<br>Positive<br>(Negative) |
| Public works                                      |                            |                         |                      |  |
| Administration                                    | \$ 712,362                 | \$ 727,757              | \$ 698,906           | \$ 28,851                              |
| Construction management                           | 949,660                    | 1,387,440               | 1,221,687            | 165,753                                |
| Land development engineering                      | 926,129                    | 1,185,695               | 835,473              | 350,222                                |
| City hall   | 244,907                    | 292,495                 | 211,857              | 80,638                                 |
| Utility engineering                               | 201,511                    | 201,511                 | 186,945              | 14,566                                 |
| Building  | 1,247,329                  | 1,548,208               | 1,060,214            | 487,994                                |
| Code compliance                                   | 288,673                    | 191,007                 | 115,183              | 75,824                                 |
| Building maintenance                              | 231,066                    | 281,976                 | 184,096              | 97,880                                 |
| Park and landscape maintenance                    | 288,531                    | 328,832                 | 250,011              | 78,821                                 |
| Total Public Works                                | <u>5,090,168</u>           | <u>6,144,921</u>        | <u>4,764,372</u>     | <u>1,380,549</u>                       |
| Culture and leisure                               |                            |                         |                      |  |
| Administration                                    | 336,050                    | 360,188                 | 346,908              | 13,280                                 |
| Senior center                                     | 97,150                     | 106,096                 | 100,368              | 5,728                                  |
| Special events                                    | 100,344                    | 129,698                 | 122,200              | 7,498                                  |
| Day camp kid's club                               | 512,421                    | 492,976                 | 432,181              | 60,795                                 |
| Youth development teens                           |                            | 656                     |                      | 656                                    |
| Youth and adult sports                            | 347,061                    | 328,195                 | 273,677              | 54,518                                 |
| Library   | 1,325                      | 1,325                   |                      | 1,325                                  |
| Total Culture and Leisure                         | <u>1,394,351</u>           | <u>1,419,134</u>        | <u>1,275,334</u>     | <u>143,800</u>                         |
| Capital outlay                                    | <u>217,356</u>             | <u>540,421</u>          | <u>237,324</u>       | <u>303,097</u>                         |
| Debt service                                      |                            |                         |                      |  |
| Principal   | 265,000                    | 265,000                 | 285,000              | (20,000)                               |
| Interest  | 103,467                    | 103,467                 | 100,088              | 3,379                                  |
| Total Debt Service                                | <u>368,467</u>             | <u>368,467</u>          | <u>385,088</u>       | <u>(16,621)</u>                        |
| Total Expenditures                                | <u>20,091,220</u>          | <u>23,768,411</u>       | <u>18,852,946</u>    | <u>4,915,465</u>                       |
| Excess (Deficiency) of Revenues over Expenditures | <u>(1,926,058)</u>         | <u>(4,447,326)</u>      | <u>3,999,634</u>     | <u>8,446,960</u>                       |
| Other Financing Sources (Uses):                   |                            |                         |                      |  |
| Transfers in                                      | 3,969,654                  | 3,969,654               | 4,239,027            | 269,373                                |
| Transfers (out)                                   | (1,951,510)                | (3,149,478)             | (3,726,838)          | (577,360)                              |
| Total Other Financing Sources (Uses)              | <u>2,018,144</u>           | <u>820,176</u>          | <u>512,189</u>       | <u>(307,987)</u>                       |
| Net Change in Fund Balances                       | <u>\$ 92,086</u>           | <u>\$ (3,627,150)</u>   | <u>4,511,823</u>     | <u>\$ 8,138,973</u>                    |
| Fund Balances, Beginning of the Year              |                            |                         | <u>22,676,646</u>    |  |
| Fund Balances, End of the Year                    |                            |                         | <u>\$ 27,188,469</u> |  |

CITY OF LATHROP  
STREETS AND ROADS CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018

|                                      | <u>Budgeted Amounts</u> |                       | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--------------------------------------|-------------------------|-----------------------|---------------------|---|
|                                      | <u>Original</u>         | <u>Final</u>          |                     |   |
| Revenues:                            |                         |                       |                     |   |
| Use of money and property            | \$ -                    | \$ -                  | \$ 62,512           | \$ 62,512   |
| Total Revenues                       |                         |                       | 62,512              | 62,512  |
| Expenditures:                        |                         |                       |                     |   |
| Capital outlay                       | \$ 15,056,963           | \$ 16,186,963         | \$ 7,923,589        | \$ (8,263,374)  |
| Total Expenditures                   | 15,056,963              | 16,186,963            | 7,923,589           | (8,263,374)   |
| Other Financing Sources (Uses):      |                         |                       |                     |   |
| Transfers in                         | 9,255,044               | 10,385,044            | 4,602,662           | (5,782,382)   |
| Transfers (out)                      | (5,133)                 | (5,133)               | (5,133)             |   |
| Total Other Financing Sources (Uses) | 9,249,911               | 10,379,911            | 4,597,529           | (5,782,382)   |
| Net Changes in Fund Balance          | <u>\$ (5,807,052)</u>   | <u>\$ (5,807,052)</u> | (3,263,548)         | <u>\$ 2,543,504</u>   |
| Fund Balance, Beginning of the Year  |                         |                       | <u>6,727,682</u>    |   |
| Fund Balance, End of the Year        |                         |                       | <u>\$ 3,464,134</u> |   |



## 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.

#### **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.

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

**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).

**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.

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

**DEPARTMENT OF WATER RESOURCES (DWR) GRANT – URBAN LEVEL OF FLOOD PROTECTION (ULOP) PROJECT**

To account for revenues and expenditures associated with the Urban Level of Flood Protection plan.

**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.

**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, 2018

SPECIAL REVENUE FUNDS

|  | <u>Landscape<br/>Maintenance</u> | <u>Gas Tax</u>    | <u>Traffic<br/>Safety</u> | <u>Local<br/>Street</u> | <u>Public<br/>Nuisance</u> |
|--|----------------------------------|-------------------|---------------------------|-------------------------|----------------------------|
| <b>Assets</b>                              |                                  |                   |                           |                         |                            |
| Cash and investments                       | \$ 1,025,938                     | \$ 607,587        | \$ 36,503                 | \$ 587,927              | \$ 9,602                   |
| Receivables:                               |                                  |                   |                           |                         |                            |
| Accounts                                   |                                  | 20,096            | 851                       | 11,927                  | (1,481)                    |
| Interest                                   | 2,020                            | 507               | 82                        | 1,561                   | 22                         |
| Loans                                      |                                  |                   |                           |                         |                            |
| <b>Total Assets</b>                        | <u>\$ 1,027,958</u>              | <u>\$ 628,190</u> | <u>\$ 37,436</u>          | <u>\$ 601,415</u>       | <u>\$ 8,143</u>            |
| <b>Liabilities</b>                         |                                  |                   |                           |                         |                            |
| Accounts payable                           | \$ 362,933                       | \$ -              | \$ 3,456                  | \$ 70,774               | \$ -                       |
| Due to other funds                         |                                  |                   |                           |                         |                            |
| Deposits payable                           |                                  |                   |                           |                         |                            |
| Unearned revenue                           |                                  |                   |                           |                         |                            |
| <b>Total Liabilities</b>                   | <u>362,933</u>                   |                   | <u>3,456</u>              | <u>70,774</u>           |                            |
| <b>Fund Balances</b>                       |                                  |                   |                           |                         |                            |
| Restricted                                 |                                  | 628,190           | 33,980                    | 530,641                 |                            |
| Committed                                  | 1,351                            |                   |                           |                         | 8,143                      |
| Assigned                                   | 663,674                          |                   |                           |                         |                            |
| <b>Total Fund Balances</b>                 | <u>665,025</u>                   | <u>628,190</u>    | <u>33,980</u>             | <u>530,641</u>          | <u>8,143</u>               |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 1,027,958</u>              | <u>\$ 628,190</u> | <u>\$ 37,436</u>          | <u>\$ 601,415</u>       | <u>\$ 8,143</u>            |

SPECIAL REVENUE FUNDS

| Measure K         | Transit LTF      | Streets<br>and Roads | Federal<br>Grant | HLLP              | Storm<br>Drain    | Street<br>Light     | AB939<br>Recycling |
|-------------------|------------------|----------------------|------------------|-------------------|-------------------|---------------------|--------------------|
| \$ 553,514        | \$ 20,206        | \$ -                 | \$ -             | \$ 220,460        | \$ 339,723        | \$ 1,648,918        | \$ 526,407         |
| 92,649            |                  | 768,565              | 86,325           |                   |                   | 2,160               | 12,423             |
| 1,265             | 46               | 2,968                |                  | 502               | 907               | 3,635               | 1,175              |
|                   |                  |                      |                  | 20,350            |                   |                     |                    |
| <u>\$ 647,428</u> | <u>\$ 20,252</u> | <u>\$ 771,533</u>    | <u>\$ 86,325</u> | <u>\$ 241,312</u> | <u>\$ 340,630</u> | <u>\$ 1,654,713</u> | <u>\$ 540,005</u>  |
| \$ -              | \$ -             | \$ -                 | \$ -             | \$ -              | \$ 5,982          | \$ 43,423           | \$ 954             |
|                   |                  | 168,857              | 86,325           |                   |                   |                     |                    |
|                   | 20,147           |                      |                  |                   |                   |                     |                    |
|                   | 20,147           | 168,857              | 86,325           |                   | 5,982             | 43,423              | 954                |
| 647,428           | 105              | 602,676              |                  | 241,312           | 334,648           | 1,611,290           | 539,051            |
| 647,428           | 105              | 602,676              |                  | 241,312           | 334,648           | 1,611,290           | 539,051            |
| <u>\$ 647,428</u> | <u>\$ 20,252</u> | <u>\$ 771,533</u>    | <u>\$ 86,325</u> | <u>\$ 241,312</u> | <u>\$ 340,630</u> | <u>\$ 1,654,713</u> | <u>\$ 540,005</u>  |

(Continued)

CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2018

|                                     | SPECIAL REVENUE FUNDS |                               |             |           |                               |
|-------------------------------------|-----------------------|-------------------------------|-------------|-----------|-------------------------------|
|                                     | CDBG                  | Mossdale<br>Standby<br>2005-1 | Scholarship | COPS      | RTIF<br>San Joaquin<br>County |
| <b>Assets</b>                       |                       |                               |             |           |                               |
| Cash and investments                | \$ 5,896              | \$ -                          | \$ 12,668   | \$ 54,712 | \$ 75,586                     |
| Receivables:                        |                       |                               |             |           |                               |
| Accounts                            | 5,932                 |                               |             |           |                               |
| Interest                            | 85                    |                               | 27          | 117       | 90                            |
| Loans                               |                       |                               |             |           |                               |
| Total Assets                        | \$ 11,913             | \$ -                          | \$ 12,695   | \$ 54,829 | \$ 75,676                     |
| <b>Liabilities</b>                  |                       |                               |             |           |                               |
| Accounts payable                    | \$ 3,457              | \$ (46,874)                   | \$ -        | \$ -      | \$ 75,676                     |
| Due to other funds                  |                       |                               |             |           |                               |
| Deposits payable                    |                       |                               |             |           |                               |
| Unearned revenue                    |                       |                               |             |           |                               |
| Total Liabilities                   | 3,457                 | (46,874)                      |             |           | 75,676                        |
| <b>Fund Balances</b>                |                       |                               |             |           |                               |
| Restricted                          | 8,456                 | 46,874                        | 12,695      | 54,829    |                               |
| Committed                           |                       |                               |             |           |                               |
| Assigned                            |                       |                               |             |           |                               |
| Total Fund Balances                 | 8,456                 | 46,874                        | 12,695      | 54,829    |                               |
| Total Liabilities and Fund Balances | \$ 11,913             | \$ -                          | \$ 12,695   | \$ 54,829 | \$ 75,676                     |



SPECIAL REVENUE FUNDS

| RTIF<br>Lathrop<br>Local West | RTIF<br>SJCOG     | RTIF<br>Lathrop<br>Local East | CLSP<br>Service<br>CFD | STIP<br>Augmentation | Lathrop Manteca<br>Fire District<br>Measure C | North Lathrop<br>Transportation<br>CFF |
|-------------------------------|-------------------|-------------------------------|------------------------|----------------------|---|--|
| \$ 3,694,051                  | \$ 113,379        | \$ 88,480                     | \$ -                   | \$ -                 | \$ 428,809                                    | \$ 451,620                             |
| 7,813                         | 136               | 201                           | 132,318<br>2           |                      |   | 1,029                                  |
| <u>\$ 3,701,864</u>           | <u>\$ 113,515</u> | <u>\$ 88,681</u>              | <u>\$ 132,320</u>      | <u>\$ -</u>          | <u>\$ 428,809</u>                             | <u>\$ 452,649</u>                      |
| \$ -                          | \$ 113,514        | \$ -                          | \$ 3,724<br>119,384    | \$ -                 | \$ -  | \$ -                                   |
|                               | <u>113,514</u>    |                               | <u>123,108</u>         |                      |   |  |
| 3,701,864                     | 1                 | 88,681                        | 9,212                  |                      | 428,809                                       | 452,649                                |
| <u>3,701,864</u>              | <u>1</u>          | <u>88,681</u>                 | <u>9,212</u>           |                      | <u>428,809</u>                                | <u>452,649</u>                         |
| <u>\$ 3,701,864</u>           | <u>\$ 113,515</u> | <u>\$ 88,681</u>              | <u>\$ 132,320</u>      | <u>\$ -</u>          | <u>\$ 428,809</u>                             | <u>\$ 452,649</u>                      |

(Continued)

CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2018

|                                 | SPECIAL REVENUE FUNDS                             |  |                             |                              |                            |
|---------------------------------|---|--|-----------------------------|------------------------------|----------------------------|
|                                 | Stewart<br>Economic<br>Development<br>Fee 80% CFF | Citywide<br>Economic<br>Development<br>Fee 20% CFF | River Islands<br>CFD 2013-1 | Lathrop Land<br>Acquisitions | ULOP RD-17<br>Levee Impact |
| <b>Assets</b>                   |   |  |                             |                              |                            |
| Cash and investments            | \$ 125,367  | \$ 778,021   | \$ 124,085                  | \$ 13,240                    | \$ 73,121                  |
| Receivables:                    |   |  |                             |                              |                            |
| Accounts                        | 32,000  |  |                             |                              |                            |
| Interest                        |   | 1,673  | 1,180                       | 30                           | 177                        |
| Loans                           |   |  |                             |                              |                            |
| Total Assets                    | <u>\$ 157,367</u>                                 | <u>\$ 779,694</u>                                  | <u>\$ 125,265</u>           | <u>\$ 13,270</u>             | <u>\$ 73,298</u>           |
| <b>Liabilities</b>              |   |  |                             |                              |                            |
| Accounts payable                | \$ -  | \$ -   | \$ -                        | \$ -                         | \$ -                       |
| Due to other funds              |   |  |                             |                              |                            |
| Deposits payable                | 124,000   |  |                             | 12,855                       |                            |
| Unearned revenue                |   |  |                             |                              |                            |
| Total Liabilities               | <u>124,000</u>                                    |  |                             | <u>12,855</u>                |                            |
| <b>Fund Balances</b>            |   |  |                             |                              |                            |
| Restricted                      |   |  |                             |                              |                            |
| Committed                       | 33,367  | 779,694  | 125,265                     | 415                          | 73,298                     |
| Assigned                        |   |  |                             |                              |                            |
| Total Fund Balances             | <u>33,367</u>                                     | <u>779,694</u>                                     | <u>125,265</u>              | <u>415</u>                   | <u>73,298</u>              |
| Total Liabilities Fund Balances | <u>\$ 157,367</u>                                 | <u>\$ 779,694</u>                                  | <u>\$ 125,265</u>           | <u>\$ 13,270</u>             | <u>\$ 73,298</u>           |

| SPECIAL<br>REVENUE<br>FUNDS | CAPITAL PROJECTS FUNDS |                   |                      |                      |
|-----------------------------|------------------------|-------------------|----------------------|----------------------|
| DWR Grant -<br>ULOP Project | Capital<br>Projects    | Storm<br>Drainage | Park In-Lieu<br>Fees | Totals               |
| \$ -                        | \$ 273,723             | \$ 598,632        | \$ 262,755           | \$ 12,750,930        |
| 301,909                     | 736                    | 1,080             | 598                  | 1,465,674            |
|                             |                        |                   |                      | 29,664               |
|                             |                        |                   |                      | 20,350               |
| <u>\$ 301,909</u>           | <u>\$ 274,459</u>      | <u>\$ 599,712</u> | <u>\$ 263,353</u>    | <u>\$ 14,266,618</u> |
| \$ -                        | \$ 6,187               | \$ 170,460        | \$ -                 | \$ 813,666           |
|                             |                        |                   |                      | 374,566              |
|                             |                        |                   |                      | 136,855              |
|                             |                        |                   |                      | 20,147               |
|                             | 6,187                  | 170,460           |                      | 1,345,234            |
| 301,909                     | 268,272                | 429,252           | 263,353              | 3,797,087            |
|                             |                        |                   |                      | 8,460,623            |
|                             |                        |                   |                      | 663,674              |
| <u>301,909</u>              | <u>268,272</u>         | <u>429,252</u>    | <u>263,353</u>       | <u>12,921,384</u>    |
| <u>\$ 301,909</u>           | <u>\$ 274,459</u>      | <u>\$ 599,712</u> | <u>\$ 263,353</u>    | <u>\$ 14,266,618</u> |

CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018

|  | SPECIAL REVENUE FUNDS    |            |                   |                 |                    |
|--|--------------------------|------------|-------------------|-----------------|--------------------|
|  | Landscape<br>Maintenance | Gas Tax    | Traffic<br>Safety | Local<br>Street | Public<br>Nuisance |
| Revenues   |                          |            |                   |                 |                    |
| Taxes and assessments                                | \$ 2,437,301             | \$ -       | \$ -              | \$ -            | \$ -               |
| Fines, forfeitures, and penalties                    |                          |            | 24,930            |                 |                    |
| Intergovernmental                                    |                          | 595,612    |                   |                 |                    |
| Use of money and property                            | 12,208                   | 4,634      | 402               | 6,232           | 111                |
| Other  |                          |            |                   | 29,835          |                    |
| Total Revenues                                       | 2,449,509                | 600,246    | 25,332            | 36,067          | 111                |
| Expenditures   |                          |            |                   |                 |                    |
| Current  |                          |            |                   |                 |                    |
| Community development                                |                          |            |                   |                 |                    |
| Public safety  | 2,251,315                |            | 24,704            |                 |                    |
| Public works   |                          |            |                   | 555,208         | 360                |
| Capital outlay                                       | 38,027                   |            |                   | 71,856          |                    |
| Total Expenditures                                   | 2,289,342                |            | 24,704            | 627,064         | 360                |
| Excess (Deficiency) of Revenues over<br>Expenditures | 160,167                  | 600,246    | 628               | (590,997)       | (249)              |
| Other Financing Sources (Uses)                       |                          |            |                   |                 |                    |
| Transfers in   | 20,543                   |            |                   | 820,000         |                    |
| Transfers (out)                                      | (299,824)                | (324,526)  | (4,031)           | (166,444)       |                    |
| Total Other Financing Sources (Uses)                 | (279,281)                | (324,526)  | (4,031)           | 653,556         |                    |
| Net Change in Fund Balances                          | (119,114)                | 275,720    | (3,403)           | 62,559          | (249)              |
| Fund Balances, Beginning of the Year                 | 784,139                  | 352,470    | 37,383            | 468,082         | 8,392              |
| Fund Balances, End of the Year                       | \$ 665,025               | \$ 628,190 | \$ 33,980         | \$ 530,641      | \$ 8,143           |

SPECIAL REVENUE FUNDS

| Measure K         | Transit LTF   | Streets<br>and Roads | Federal<br>Grant | HLLP              | Storm<br>Drain    | Street<br>Light     | AB939<br>Recycling |
|-------------------|---------------|----------------------|------------------|-------------------|-------------------|---------------------|--------------------|
| \$ -              | \$ -          | \$ -                 | \$ -             | \$ -              | \$ -              | \$ -                | \$ 129,673         |
| 7,721             |               | 768,565              | 199,859          |                   | 351,055           | 903,644             |                    |
| 375,042           | 225           | 18,328               | (3)              | 2,457             | 4,614             | 16,889              | 5,517              |
|                   |               |                      |                  |                   |                   | 2,160               |                    |
| <u>382,763</u>    | <u>225</u>    | <u>786,893</u>       | <u>199,856</u>   | <u>2,457</u>      | <u>355,669</u>    | <u>922,693</u>      | <u>135,190</u>     |
|                   |               |                      |                  |                   |                   |                     |                    |
|                   |               |                      |                  |                   |                   | 137,039             |                    |
|                   |               |                      |                  |                   | 285,406           | 662,025             | 46,308             |
|                   |               |                      |                  |                   | 43,430            |                     |                    |
|                   |               |                      |                  |                   |                   |                     |                    |
|                   |               |                      |                  |                   | 328,836           | 799,064             | 46,308             |
|                   |               |                      |                  |                   |                   |                     |                    |
| <u>382,763</u>    | <u>225</u>    | <u>786,893</u>       | <u>199,856</u>   | <u>2,457</u>      | <u>26,833</u>     | <u>123,629</u>      | <u>88,882</u>      |
|                   |               |                      |                  |                   |                   |                     |                    |
| (404,919)         |               | (2,128,427)          | (199,860)        |                   | 22,852            | 28,255              |                    |
|                   |               |                      |                  |                   | (158,050)         | (147,264)           | (17,977)           |
| (404,919)         |               | (2,128,427)          | (199,860)        |                   |                   |                     |                    |
|                   |               |                      |                  |                   | (135,198)         | (119,009)           | (17,977)           |
| (22,156)          | 225           | (1,341,534)          | (4)              | 2,457             | (108,365)         | 4,620               | 70,905             |
| 669,584           | (120)         | 1,944,210            | 4                | 238,855           | 443,013           | 1,606,670           | 468,146            |
| <u>\$ 647,428</u> | <u>\$ 105</u> | <u>\$ 602,676</u>    | <u>\$ -</u>      | <u>\$ 241,312</u> | <u>\$ 334,648</u> | <u>\$ 1,611,290</u> | <u>\$ 539,051</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, 2018

|   | SPECIAL REVENUE FUNDS |                               |             |           |                               |
|---|-----------------------|-------------------------------|-------------|-----------|-------------------------------|
|   | CDBG                  | Mossdale<br>Standby<br>2005-1 | Scholarship | COPS      | RTIF<br>San Joaquin<br>County |
| Revenues  |                       |                               |             |           |                               |
| Taxes and assessments                             | \$ -                  | \$ -                          | \$ -        | \$ -      | \$ 96,736                     |
| Fines, forfeitures, and penalties                 |                       |                               |             |           |                               |
| Intergovernmental                                 | 120,276               |                               | 2,174       | 129,298   |                               |
| Use of money and property                         | 156                   |                               | 134         | 455       | 348                           |
| Other   |                       |                               | 1,066       |           |                               |
| Total Revenues                                    | 120,432               |                               | 3,374       | 129,753   | 97,084                        |
| Expenditures                                      |                       |                               |             |           |                               |
| Current   |                       |                               |             |           |                               |
| Community development                             | 4,103                 |                               |             |           |                               |
| Public safety                                     |                       |                               |             | 101,097   |                               |
| Public works                                      |                       |                               |             |           | 97,075                        |
| Capital outlay                                    |                       |                               |             |           |                               |
| Total Expenditures                                | 4,103                 |                               |             | 101,097   | 97,075                        |
| Excess (Deficiency) of Revenues over Expenditures | 116,329               |                               | 3,374       | 28,656    | 9                             |
| Other Financing Sources (Uses)                    |                       |                               |             |           |                               |
| Transfers in                                      |                       |                               |             |           |                               |
| Transfers (out)                                   | (174,882)             |                               | (2,877)     |           |                               |
| Total Other Financing Sources (Uses)              | (174,882)             |                               | (2,877)     |           |                               |
| Net Change in Fund Balances                       | (58,553)              |                               | 497         | 28,656    | 9                             |
| Fund Balances, Beginning of the Year              | 67,009                | 46,874                        | 12,198      | 26,173    | (9)                           |
| Fund Balances, End of the Year                    | \$ 8,456              | \$ 46,874                     | \$ 12,695   | \$ 54,829 | \$ -                          |

SPECIAL REVENUE FUNDS

| RTIF<br>Lathrop<br>Local West | RTIF<br>SJCOG  | RTIF<br>Lathrop<br>Local East | CLSP<br>Service<br>CFD | STIP<br>Augmentation | Lathrop Manteca<br>Fire District<br>Measure C | North Lathrop<br>Transportation<br>CFF |
|-------------------------------|----------------|-------------------------------|------------------------|----------------------|---|--|
| \$ 698,650                    | \$ 145,103     | \$ 12,357                     | \$ -<br>353,718        | \$ -<br>392,422      | \$ -  | \$ 29,730                              |
| 35,926                        | 511            | 6,252                         | 59                     |                      | 761   | 4,852                                  |
| <u>734,576</u>                | <u>145,614</u> | <u>18,609</u>                 | <u>353,777</u>         | <u>392,422</u>       | <u>761</u>                                    | <u>34,582</u>                          |
| 539                           | 145,613        | 539                           | 302,600                |                      | 1,895,904                                     |  |
| <u>539</u>                    | <u>145,613</u> | <u>539</u>                    | <u>302,600</u>         |                      | <u>1,895,904</u>                              |  |
| <u>734,037</u>                | <u>1</u>       | <u>18,070</u>                 | <u>51,177</u>          | <u>392,422</u>       | <u>(1,895,143)</u>                            | <u>34,582</u>                          |
| <u>(57,350)</u>               |                | <u>(880,000)</u>              | <u>(42,137)</u>        | <u>(434,430)</u>     | 2,017,215                                     |  |
| <u>(57,350)</u>               |                | <u>(880,000)</u>              | <u>(42,137)</u>        | <u>(434,430)</u>     | 2,017,215                                     |  |
| 676,687                       | 1              | (861,930)                     | 9,040                  | (42,008)             | 122,072                                       | 34,582                                 |
| <u>3,025,177</u>              |                | <u>950,611</u>                | <u>172</u>             | <u>42,008</u>        | <u>306,737</u>                                | <u>418,067</u>                         |
| <u>\$ 3,701,864</u>           | <u>\$ 1</u>    | <u>\$ 88,681</u>              | <u>\$ 9,212</u>        | <u>\$ -</u>          | <u>\$ 428,809</u>                             | <u>\$ 452,649</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, 2018

|   | SPECIAL REVENUE FUNDS                             |  |                                |                                 |                            |
|---|---|--|--------------------------------|---------------------------------|----------------------------|
|   | Stewart<br>Economic<br>Development<br>Fee 80% CFF | Citywide<br>Economic<br>Development<br>Fee 20% CFF | River<br>Islands<br>CFD 2013-1 | Lathrop<br>Land<br>Acquisitions | ULOP RD-17<br>Levee Impact |
| Revenues  |   |  |                                |                                 |                            |
| Taxes and assessments                             | \$ -  | \$ 258,000   | \$ -                           | \$ -                            | \$ 94,460                  |
| Fines, forfeitures, and penalties                 |   |  | 229,479                        |                                 |                            |
| Intergovernmental                                 |   | 50,475   |                                |                                 |                            |
| Use of money and property                         | 541   | 7,151  | 3,728                          | 147                             | 972                        |
| Other   |   |  | 331,609                        |                                 |                            |
| Total Revenues                                    | <u>541</u>  | <u>315,626</u>                                     | <u>564,816</u>                 | <u>147</u>                      | <u>95,432</u>              |
| Expenditures                                      |   |  |                                |                                 |                            |
| Current   |   |  |                                |                                 |                            |
| Community development                             |   |  |                                |                                 |                            |
| Public safety                                     |   |  |                                |                                 |                            |
| Public works                                      |   |  | 20,882                         |                                 | 50,000                     |
| Capital outlay                                    |   |  |                                |                                 |                            |
| Total Expenditures                                |   |  | <u>20,882</u>                  |                                 | <u>50,000</u>              |
| Excess (Deficiency) of Revenues over Expenditures | <u>541</u>  | <u>315,626</u>                                     | <u>543,934</u>                 | <u>147</u>                      | <u>45,432</u>              |
| Other Financing Sources (Uses)                    |   |  |                                |                                 |                            |
| Transfers in                                      |   |  |                                |                                 |                            |
| Transfers (out)                                   |   | (50,475)   | (554,044)                      |                                 |                            |
| Total Other Financing Sources (Uses)              |   | <u>(50,475)</u>                                    | <u>(554,044)</u>               |                                 |                            |
| Net Change in Fund Balances                       | 541   | 265,151  | (10,110)                       | 147                             | 45,432                     |
| Fund Balances, Beginning of the Year              | <u>32,826</u>                                     | <u>514,543</u>                                     | <u>135,375</u>                 | <u>268</u>                      | <u>27,866</u>              |
| Fund Balances, End of the Year                    | <u>\$ 33,367</u>                                  | <u>\$ 779,694</u>                                  | <u>\$ 125,265</u>              | <u>\$ 415</u>                   | <u>\$ 73,298</u>           |



| SPECIAL REVENUE FUNDS    |                   | CAPITAL PROJECTS FUNDS |                   |                      |  |
|--------------------------|-------------------|------------------------|-------------------|----------------------|--|
| DWR Grant - ULOP Project | Capital Projects  | Storm Drainage         | Park In-Lieu Fees | Totals               |  |
| \$ -                     | \$ -              | \$ -                   | \$ -              | \$ 3,902,010         |  |
|                          |                   |                        |                   | 1,862,826            |  |
| 359,333                  |                   |                        |                   | 2,625,735            |  |
|                          | 7,260             | 6,201                  | 2,931             | 525,041              |  |
|                          |                   |                        |                   | 364,670              |  |
| <u>359,333</u>           | <u>7,260</u>      | <u>6,201</u>           | <u>2,931</u>      | <u>9,280,282</u>     |  |
|                          |                   |                        |                   | 4,103                |  |
|                          |                   |                        |                   | 4,410,059            |  |
|                          |                   |                        |                   | 2,166,555            |  |
|                          | 793,715           | 592,304                |                   | 1,539,332            |  |
|                          | <u>793,715</u>    | <u>592,304</u>         |                   | <u>8,120,049</u>     |  |
| <u>359,333</u>           | <u>(786,455)</u>  | <u>(586,103)</u>       | <u>2,931</u>      | <u>1,160,233</u>     |  |
|                          | 195,454           | 443,395                |                   | 3,547,714            |  |
| (57,424)                 | (35,288)          | (1,072)                |                   | (6,141,301)          |  |
| <u>(57,424)</u>          | <u>160,166</u>    | <u>442,323</u>         |                   | <u>(2,593,587)</u>   |  |
| 301,909                  | (626,289)         | (143,780)              | 2,931             | (1,433,354)          |  |
|                          | 894,561           | 573,032                | 260,422           | 14,354,738           |  |
| <u>\$ 301,909</u>        | <u>\$ 268,272</u> | <u>\$ 429,252</u>      | <u>\$ 263,353</u> | <u>\$ 12,921,384</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, 2018

SPECIAL REVENUE FUNDS

|  | LANDSCAPE MAINTENANCE |                   |                                    | GAS TAX             |                   |                                    |
|--|-----------------------|-------------------|------------------------------------|---------------------|-------------------|------------------------------------|
|  | Final<br>Budget       | Actual            | Variance<br>Positive<br>(Negative) | Final<br>Budget     | Actual            | Variance<br>Positive<br>(Negative) |
| Revenues:  |                       |                   |                                    |                     |                   |                                    |
| Taxes and assessments                                | \$ 2,461,099          | \$ 2,437,301      | \$ (23,798)                        | \$ -                | \$ -              | \$ -                               |
| Fines, forfeitures, and penalties                    |                       |                   |                                    |                     |                   |                                    |
| Intergovernmental                                    |                       |                   |                                    | 620,800             | 595,612           | (25,188)                           |
| Use of money and property                            | 3,000                 | 12,208            | 9,208                              |                     | 4,634             | 4,634                              |
| Other  |                       |                   |                                    |                     |                   |                                    |
| Total Revenues                                       | <u>2,464,099</u>      | <u>2,449,509</u>  | <u>(14,590)</u>                    | <u>620,800</u>      | <u>600,246</u>    | <u>(20,554)</u>                    |
| Expenditures:  |                       |                   |                                    |                     |                   |                                    |
| Current:   |                       |                   |                                    |                     |                   |                                    |
| Community development                                |                       |                   |                                    |                     |                   |                                    |
| Public safety  |                       |                   |                                    |                     |                   |                                    |
| Public works   | 2,517,742             | 2,251,315         | 266,427                            |                     |                   |                                    |
| Capital outlay                                       | 50,480                | 38,027            | 12,453                             |                     |                   |                                    |
| Total Expenditures                                   | <u>2,568,222</u>      | <u>2,289,342</u>  | <u>278,880</u>                     |                     |                   |                                    |
| Excess (Deficiency) of Revenues over<br>Expenditures | <u>(104,123)</u>      | <u>160,167</u>    | <u>264,290</u>                     | <u>620,800</u>      | <u>600,246</u>    | <u>(20,554)</u>                    |
| Other Financing Sources (Uses):                      |                       |                   |                                    |                     |                   |                                    |
| Transfers in   | 20,543                | 20,543            |                                    |                     |                   |                                    |
| Transfers (out)                                      | <u>(347,492)</u>      | <u>(299,824)</u>  | <u>47,668</u>                      | <u>(905,993)</u>    | <u>(324,526)</u>  | <u>581,467</u>                     |
| Total Other Financing Sources (Uses)                 | <u>(326,949)</u>      | <u>(279,281)</u>  | <u>47,668</u>                      | <u>(905,993)</u>    | <u>(324,526)</u>  | <u>581,467</u>                     |
| Net Change in Fund Balances                          | <u>\$ (431,072)</u>   | <u>(119,114)</u>  | <u>\$ 311,958</u>                  | <u>\$ (285,193)</u> | 275,720           | <u>\$ 560,913</u>                  |
| Fund Balances, Beginning of the Year                 |                       | <u>784,139</u>    |                                    |                     | <u>352,470</u>    |                                    |
| Fund Balances, End of the Year                       |                       | <u>\$ 665,025</u> |                                    |                     | <u>\$ 628,190</u> |                                    |

SPECIAL REVENUE FUNDS

| TRAFFIC SAFETY  |           |                                    | LOCAL STREET    |            |                                    | PUBLIC NUISANCE |          |                                    |
|-----------------|-----------|------------------------------------|-----------------|------------|------------------------------------|-----------------|----------|------------------------------------|
| Final<br>Budget | Actual    | Variance<br>Positive<br>(Negative) | Final<br>Budget | Actual     | Variance<br>Positive<br>(Negative) | Final<br>Budget | Actual   | Variance<br>Positive<br>(Negative) |
| \$ -            | \$ -      | \$ -                               | \$ -            | \$ -       | \$ -                               | \$ -            | \$ -     | \$ -                               |
| 25,000          | 24,930    | (70)                               |                 |            |                                    |                 |          |                                    |
|                 | 402       | 402                                |                 | 6,232      | 6,232                              |                 | 111      | 111                                |
|                 |           |                                    |                 | 29,835     | 29,835                             |                 |          |                                    |
| 25,000          | 25,332    | 332                                |                 | 36,067     | 36,067                             |                 | 111      | 111                                |
|                 |           |                                    |                 |            |                                    |                 |          |                                    |
| 25,969          | 24,704    | 1,265                              |                 |            |                                    |                 |          |                                    |
|                 |           |                                    | 902,844         | 555,208    | 347,636                            |                 | 360      | (360)                              |
|                 |           |                                    | 135,598         | 71,856     | (63,742)                           |                 |          |                                    |
| 25,969          | 24,704    | 1,265                              | 1,038,442       | 627,064    | 283,894                            |                 | 360      | (360)                              |
|                 |           |                                    |                 |            |                                    |                 |          |                                    |
| (969)           | 628       | 1,597                              | (1,038,442)     | (590,997)  | 447,445                            |                 | (249)    | (249)                              |
|                 |           |                                    |                 |            |                                    |                 |          |                                    |
| (4,031)         | (4,031)   |                                    | 820,000         | 820,000    |                                    |                 |          |                                    |
|                 |           |                                    | (166,444)       | (166,444)  |                                    |                 |          |                                    |
| (4,031)         | (4,031)   |                                    | 653,556         | 653,556    |                                    |                 |          |                                    |
| \$ (5,000)      | (3,403)   | \$ 1,597                           | \$ (384,886)    | 62,559     | \$ 447,445                         | \$ -            | (249)    | \$ (249)                           |
|                 |           |                                    |                 |            |                                    |                 |          |                                    |
|                 | 37,383    |                                    |                 | 468,082    |                                    |                 | 8,392    |                                    |
|                 | \$ 33,980 |                                    |                 | \$ 530,641 |                                    |                 | \$ 8,143 |                                    |

(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, 2018

SPECIAL REVENUE FUNDS

|   | MEASURE K           |                   |                                    | TRANSIT LTF        |               |                                    |
|---|---------------------|-------------------|------------------------------------|--------------------|---------------|------------------------------------|
|   | Final<br>Budget     | Actual            | Variance<br>Positive<br>(Negative) | Final<br>Budget    | Actual        | Variance<br>Positive<br>(Negative) |
| Revenues:   |                     |                   |                                    |                    |               |                                    |
| Taxes and assessments                             | \$ -                | \$ -              | \$ -                               | \$ -               | \$ -          | \$ -                               |
| Fines, forfeitures, and penalties                 |                     |                   |                                    |                    |               |                                    |
| Intergovernmental                                 | 325,000             | 375,042           | 50,042                             |                    |               |                                    |
| Use of money and property                         |                     | 7,721             | 7,721                              |                    | 225           | 225                                |
| Other   |                     |                   |                                    |                    |               |                                    |
| Total Revenues                                    | <u>325,000</u>      | <u>382,763</u>    | <u>57,763</u>                      |                    | <u>225</u>    | <u>225</u>                         |
| Expenditures:                                     |                     |                   |                                    |                    |               |                                    |
| Current:  |                     |                   |                                    |                    |               |                                    |
| Community development                             |                     |                   |                                    |                    |               |                                    |
| Public safety                                     |                     |                   |                                    |                    |               |                                    |
| Public works                                      |                     |                   |                                    | 19,955             |               | 19,955                             |
| Capital outlay                                    |                     |                   |                                    |                    |               |                                    |
| Total Expenditures                                |                     |                   |                                    | <u>19,955</u>      |               | <u>19,955</u>                      |
| Excess (Deficiency) of Revenues over Expenditures | <u>325,000</u>      | <u>382,763</u>    | <u>57,763</u>                      | <u>(19,955)</u>    | <u>225</u>    | <u>20,180</u>                      |
| Other Financing Sources (Uses):                   |                     |                   |                                    |                    |               |                                    |
| Transfers in                                      |                     |                   |                                    |                    |               |                                    |
| Transfers (out)                                   | (433,602)           | (404,919)         | 28,683                             |                    |               |                                    |
| Total Other Financing Sources (Uses)              | <u>(433,602)</u>    | <u>(404,919)</u>  | <u>28,683</u>                      |                    |               |                                    |
| Net Change in Fund Balances                       | <u>\$ (108,602)</u> | <u>(22,156)</u>   | <u>\$ 86,446</u>                   | <u>\$ (19,955)</u> | <u>225</u>    | <u>\$ 20,180</u>                   |
| Fund Balances, Beginning of the Year              |                     | <u>669,584</u>    |                                    |                    | <u>(120)</u>  |                                    |
| Fund Balances, End of the Year                    |                     | <u>\$ 647,428</u> |                                    |                    | <u>\$ 105</u> |                                    |

SPECIAL REVENUE FUNDS

| STREETS AND ROADS    |                   |                              | FEDERAL GRANT |                |                              | HLLP         |                  |                              |
|----------------------|-------------------|------------------------------|---------------|----------------|------------------------------|--------------|------------------|------------------------------|
| Final Budget         | Actual            | Variance Positive (Negative) | Final Budget  | Actual         | Variance Positive (Negative) | Final Budget | Actual           | Variance Positive (Negative) |
| \$ -                 | \$ -              | \$ -                         | \$ -          | \$ -           | \$ -                         | \$ -         | \$ -             | \$ -                         |
| 902,474              | 768,565<br>18,328 | (133,909)<br>18,328          | 4,155,387     | 199,859<br>(3) | (3,955,528)<br>(3)           |              | 2,457            | 2,457                        |
| 902,474              | 786,893           | (115,581)                    | 4,155,387     | 199,856        | (3,955,531)                  |              | 2,457            | 2,457                        |
| 902,474              | 786,893           | (115,581)                    | 4,155,387     | 199,856        | (3,955,531)                  |              | 2,457            | 2,457                        |
| (2,692,330)          | (2,128,427)       | 563,903                      | (4,155,387)   | (199,860)      | 3,955,527                    |              |                  |                              |
| (2,692,330)          | (2,128,427)       | 563,903                      | (4,155,387)   | (199,860)      | 3,955,527                    |              |                  |                              |
| <u>\$(1,789,856)</u> | (1,341,534)       | <u>\$ 448,322</u>            | <u>\$ -</u>   | (4)            | <u>\$ (4)</u>                | <u>\$ -</u>  | 2,457            | <u>\$ 2,457</u>              |
|                      | <u>1,944,210</u>  |                              |               | <u>4</u>       |                              |              | <u>238,855</u>   |                              |
|                      | <u>\$ 602,676</u> |                              |               | <u>\$ -</u>    |                              |              | <u>\$241,312</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, 2018

| SPECIAL REVENUE FUNDS                             |                     |                   |                                    |                     |                     |                                    |
|---|---------------------|-------------------|------------------------------------|---------------------|---------------------|------------------------------------|
| STORM DRAIN                                       |                     |                   | STREET LIGHT                       |                     |                     |                                    |
|   | Final<br>Budget     | Actual            | Variance<br>Positive<br>(Negative) | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
| Revenues:   |                     |                   |                                    |                     |                     |                                    |
| Taxes and assessments                             | \$ -                | \$ -              | \$ -                               | \$ -                | \$ -                | \$ -                               |
| Fines, forfeitures, and penalties                 | 352,393             | 351,055           | (1,338)                            | 906,581             | 903,644             | (2,937)                            |
| Intergovernmental                                 |                     |                   |                                    |                     |                     |                                    |
| Use of money and property                         |                     | 4,614             | 4,614                              |                     | 16,889              | 16,889                             |
| Other   |                     |                   |                                    | 7,000               | 2,160               | (4,840)                            |
| <b>Total Revenues</b>                             | <b>352,393</b>      | <b>355,669</b>    | <b>3,276</b>                       | <b>913,581</b>      | <b>922,693</b>      | <b>9,112</b>                       |
| Expenditures:                                     |                     |                   |                                    |                     |                     |                                    |
| Current:  |                     |                   |                                    |                     |                     |                                    |
| Community development                             |                     |                   |                                    |                     |                     |                                    |
| Public safety                                     |                     |                   |                                    | 183,739             | 137,039             | 46,700                             |
| Public works                                      | 426,038             | 285,406           | 140,632                            | 963,945             | 662,025             | 301,920                            |
| Capital outlay                                    | 43,930              | 43,430            | 500                                | 7,000               |                     | 7,000                              |
| <b>Total Expenditures</b>                         | <b>469,968</b>      | <b>328,836</b>    | <b>141,132</b>                     | <b>1,154,684</b>    | <b>799,064</b>      | <b>355,620</b>                     |
| Excess (Deficiency) of Revenues over Expenditures | (117,575)           | 26,833            | 144,408                            | (241,103)           | 123,629             | 364,732                            |
| Other Financing Sources (Uses):                   |                     |                   |                                    |                     |                     |                                    |
| Transfers in                                      | 22,852              | 22,852            |                                    | 28,255              | 28,255              |                                    |
| Transfers (out)                                   | (158,050)           | (158,050)         |                                    | (147,264)           | (147,264)           |                                    |
| <b>Total Other Financing Sources (Uses)</b>       | <b>(135,198)</b>    | <b>(135,198)</b>  |                                    | <b>(119,009)</b>    | <b>(119,009)</b>    |                                    |
| <b>Net Change in Fund Balances</b>                | <b>\$ (252,773)</b> | <b>(108,365)</b>  | <b>\$ 144,408</b>                  | <b>\$ (360,112)</b> | <b>4,620</b>        | <b>\$ 364,732</b>                  |
| Fund Balances, Beginning of the Year              |                     | 443,013           |                                    |                     | 1,606,670           |                                    |
| Fund Balances, End of the Year                    |                     | <u>\$ 334,648</u> |                                    |                     | <u>\$ 1,611,290</u> |                                    |

SPECIAL REVENUE FUNDS

| AB939 RECYCLING  |                   |                              | CDBG             |                  |                              | MOSSDALE STANDBY 2005-1 |                  |                              |
|------------------|-------------------|------------------------------|------------------|------------------|------------------------------|-------------------------|------------------|------------------------------|
| Final Budget     | Actual            | Variance Positive (Negative) | Final Budget     | Actual           | Variance Positive (Negative) | Final Budget            | Actual           | Variance Positive (Negative) |
| \$ 80,000        | \$ 129,673        | \$ 49,673                    | \$ -             | \$ -             | \$ -                         | \$ -                    | \$ -             | \$ -                         |
| 5,500            | 5,517             | (5,500)<br>5,517             | 188,116          | 120,276<br>156   | (67,840)<br>156              |                         |                  |                              |
| <u>85,500</u>    | <u>135,190</u>    | <u>49,690</u>                | <u>188,116</u>   | <u>120,432</u>   | <u>(67,684)</u>              |                         |                  |                              |
|                  |                   |                              |                  | 4,103            | (4,103)                      |                         |                  |                              |
| 55,850           | 46,308            | 9,542                        |                  |                  |                              |                         |                  |                              |
| <u>55,850</u>    | <u>46,308</u>     | <u>9,542</u>                 |                  | <u>4,103</u>     | <u>(4,103)</u>               |                         |                  |                              |
| 29,650           | 88,882            | 59,232                       | 188,116          | 116,329          | (71,787)                     |                         |                  |                              |
| <u>(17,977)</u>  | <u>(17,977)</u>   |                              | <u>(188,116)</u> | <u>(174,882)</u> | <u>13,234</u>                |                         |                  |                              |
| <u>(17,977)</u>  | <u>(17,977)</u>   |                              | <u>(188,116)</u> | <u>(174,882)</u> | <u>13,234</u>                |                         |                  |                              |
| <u>\$ 11,673</u> | 70,905            | <u>\$ 59,232</u>             | <u>\$ -</u>      | (58,553)         | <u>\$ (58,553)</u>           | <u>\$ -</u>             |                  | <u>\$ -</u>                  |
|                  | <u>468,146</u>    |                              |                  | <u>67,009</u>    |                              |                         | <u>46,874</u>    |                              |
|                  | <u>\$ 539,051</u> |                              |                  | <u>\$ 8,456</u>  |                              |                         | <u>\$ 46,874</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, 2018

|   | SPECIAL REVENUE FUNDS |                  |                                    |                 |                  |                                    |
|---|-----------------------|------------------|------------------------------------|-----------------|------------------|------------------------------------|
|   | SCHOLARSHIP           |                  |                                    | COPS            |                  |                                    |
|   | Final<br>Budget       | Actual           | Variance<br>Positive<br>(Negative) | Final<br>Budget | Actual           | Variance<br>Positive<br>(Negative) |
| Revenues:   |                       |                  |                                    |                 |                  |                                    |
| Taxes and assessments                             | \$ -                  | \$ -             | \$ -                               | \$ -            | \$ -             | \$ -                               |
| Fines, forfeitures, and penalties                 |                       |                  |                                    |                 |                  |                                    |
| Intergovernmental                                 | 5,000                 | 2,174            | (2,826)                            | 110,000         | 129,298          | 19,298                             |
| Use of money and property                         |                       | 134              | 134                                |                 | 455              | 455                                |
| Other   | 900                   | 1,066            | 166                                |                 |                  |                                    |
| Total Revenues                                    | <u>5,900</u>          | <u>3,374</u>     | <u>(2,526)</u>                     | <u>110,000</u>  | <u>129,753</u>   | <u>19,753</u>                      |
| Expenditures:                                     |                       |                  |                                    |                 |                  |                                    |
| Current:  |                       |                  |                                    |                 |                  |                                    |
| Community development                             |                       |                  |                                    |                 |                  |                                    |
| Public safety                                     |                       |                  |                                    | 101,600         | 101,097          | 503                                |
| Public works                                      |                       |                  |                                    |                 |                  |                                    |
| Capital outlay                                    |                       |                  |                                    | 8,400           |                  | 8,400                              |
| Total Expenditures                                |                       |                  |                                    | <u>110,000</u>  | <u>101,097</u>   | <u>8,903</u>                       |
| Excess (Deficiency) of Revenues over Expenditures | <u>5,900</u>          | <u>3,374</u>     | <u>(2,526)</u>                     |                 | <u>28,656</u>    | <u>28,656</u>                      |
| Other Financing Sources (Uses):                   |                       |                  |                                    |                 |                  |                                    |
| Transfers in                                      |                       |                  |                                    |                 |                  |                                    |
| Transfers (out)                                   | <u>(5,000)</u>        | <u>(2,877)</u>   | <u>2,123</u>                       |                 |                  |                                    |
| Total Other Financing Sources (Uses)              | <u>(5,000)</u>        | <u>(2,877)</u>   | <u>2,123</u>                       |                 |                  |                                    |
| Net Change in Fund Balances                       | <u>\$ 900</u>         | 497              | <u>\$ (403)</u>                    | <u>\$ -</u>     | 28,656           | <u>\$ 28,656</u>                   |
| Fund Balances, Beginning of the Year              |                       | <u>12,198</u>    |                                    |                 | <u>26,173</u>    |                                    |
| Fund Balances, End of the Year                    |                       | <u>\$ 12,695</u> |                                    |                 | <u>\$ 54,829</u> |                                    |



SPECIAL REVENUE FUNDS

| RTIF SAN JOAQUIN COUNTY |               |                                    | RTIF LATHROP LOCAL WEST |                     |                                    | RTIF SJCOG      |                |                                    |
|-------------------------|---------------|------------------------------------|-------------------------|---------------------|------------------------------------|-----------------|----------------|------------------------------------|
| Final<br>Budget         | Actual        | Variance<br>Positive<br>(Negative) | Final<br>Budget         | Actual              | Variance<br>Positive<br>(Negative) | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
| \$ 140,779              | \$ 96,736     | \$ (44,043)                        | \$ 601,730              | \$ 698,650          | \$ 96,920                          | \$ 211,168      | \$ 145,103     | \$ (66,065)                        |
|                         | 348           | 348                                |                         | 35,926              | 35,926                             |                 | 511            | 511                                |
| <u>140,779</u>          | <u>97,084</u> | <u>(43,695)</u>                    | <u>601,730</u>          | <u>734,576</u>      | <u>132,846</u>                     | <u>211,168</u>  | <u>145,614</u> | <u>(65,554)</u>                    |
| 140,779                 | 97,075        | 43,704                             | 5,000                   | 539                 | 4,461                              | 211,168         | 145,613        | 65,555                             |
| <u>140,779</u>          | <u>97,075</u> | <u>43,704</u>                      | <u>5,000</u>            | <u>539</u>          | <u>4,461</u>                       | <u>211,168</u>  | <u>145,613</u> | <u>65,555</u>                      |
|                         | 9             | 9                                  | 596,730                 | 734,037             | 137,307                            |                 | 1              | 1                                  |
|                         |               |                                    | (57,350)                | (57,350)            |                                    |                 |                |                                    |
|                         |               |                                    | (57,350)                | (57,350)            |                                    |                 |                |                                    |
| <u>\$ -</u>             | <u>9</u>      | <u>\$ 9</u>                        | <u>\$ 539,380</u>       | 676,687             | <u>\$ 137,307</u>                  | <u>\$ -</u>     | 1              | <u>\$ 1</u>                        |
|                         | (9)           |                                    |                         | 3,025,177           |                                    |                 |                |                                    |
|                         | <u>\$ -</u>   |                                    |                         | <u>\$ 3,701,864</u> |                                    |                 | <u>\$ 1</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, 2018

| SPECIAL REVENUE FUNDS                             |                         |                  |                                    |                     |                 |                                    |
|---|-------------------------|------------------|------------------------------------|---------------------|-----------------|------------------------------------|
|   | RTIF LATHROP LOCAL EAST |                  |                                    | CLSP SERVICE CFD    |                 |                                    |
|   | Final<br>Budget         | Actual           | Variance<br>Positive<br>(Negative) | Final<br>Budget     | Actual          | Variance<br>Positive<br>(Negative) |
| Revenues:   |                         |                  |                                    |                     |                 |                                    |
| Taxes and assessments                             | \$ 432,990              | \$ 12,357        | \$ (420,633)                       | \$ -                | \$ -            | \$ -                               |
| Fines, forfeitures, and penalties                 |                         |                  |                                    | 221,400             | 353,718         | 132,318                            |
| Intergovernmental                                 |                         |                  |                                    |                     |                 |                                    |
| Use of money and property                         |                         | 6,252            | 6,252                              |                     | 59              | 59                                 |
| Other   |                         |                  |                                    |                     | -               |                                    |
| Total Revenues                                    | <u>432,990</u>          | <u>18,609</u>    | <u>(414,381)</u>                   | <u>221,400</u>      | <u>353,777</u>  | <u>132,377</u>                     |
| Expenditures:                                     |                         |                  |                                    |                     |                 |                                    |
| Current:  |                         |                  |                                    |                     |                 |                                    |
| Community development                             |                         |                  |                                    |                     |                 |                                    |
| Public safety                                     |                         |                  |                                    |                     |                 |                                    |
| Public works                                      | 5,000                   | 539              | 4,461                              | 302,600             | 302,600         |                                    |
| Capital outlay                                    |                         |                  |                                    |                     |                 |                                    |
| Total Expenditures                                | <u>5,000</u>            | <u>539</u>       | <u>4,461</u>                       | <u>302,600</u>      | <u>302,600</u>  |                                    |
| Excess (Deficiency) of Revenues over Expenditures | <u>427,990</u>          | <u>18,070</u>    | <u>(409,920)</u>                   | <u>(81,200)</u>     | <u>51,177</u>   | <u>132,377</u>                     |
| Other Financing Sources (Uses):                   |                         |                  |                                    |                     |                 |                                    |
| Transfers in                                      |                         |                  |                                    |                     |                 |                                    |
| Transfers (out)                                   | <u>(880,000)</u>        | <u>(880,000)</u> |                                    | <u>(42,137)</u>     | <u>(42,137)</u> |                                    |
| Total Other Financing Sources (Uses)              | <u>(880,000)</u>        | <u>(880,000)</u> |                                    | <u>(42,137)</u>     | <u>(42,137)</u> |                                    |
| Net Change in Fund Balances                       | <u>\$ (452,010)</u>     | <u>(861,930)</u> | <u>\$ (409,920)</u>                | <u>\$ (123,337)</u> | 9,040           | <u>\$ 132,377</u>                  |
| Fund Balances, Beginning of the Year              |                         | <u>950,611</u>   |                                    |                     | <u>172</u>      |                                    |
| Fund Balances, End of the Year                    |                         | <u>\$ 88,681</u> |                                    |                     | <u>\$ 9,212</u> |                                    |

SPECIAL REVENUE FUNDS

LATHROP MANTECA

| STIP AUGMENTATION |                 |                                    | FIRE DISTRICT MEASURE C |                   |                                    | NORTH LATHROP TRANSPORTATION |                   |                                    |
|-------------------|-----------------|------------------------------------|-------------------------|-------------------|------------------------------------|------------------------------|-------------------|------------------------------------|
| Final<br>Budget   | Actual          | Variance<br>Positive<br>(Negative) | Final<br>Budget         | Actual            | Variance<br>Positive<br>(Negative) | Final<br>Budget              | Actual            | Variance<br>Positive<br>(Negative) |
| \$ -              | \$ -            | \$ -                               | \$ -                    | \$ -              | \$ -                               | \$ 446,260                   | \$ 29,730         | \$ (416,530)                       |
| 512,548           | 392,422         | (120,126)                          |                         | 761               | 761                                |                              | 4,852             | 4,852                              |
| <u>512,548</u>    | <u>392,422</u>  | <u>(120,126)</u>                   |                         | <u>761</u>        | <u>761</u>                         | <u>446,260</u>               | <u>34,582</u>     | <u>(411,678)</u>                   |
|                   |                 |                                    | 1,340,000               | 1,895,904         | (555,904)                          |                              |                   |                                    |
|                   |                 |                                    | <u>1,340,000</u>        | <u>1,895,904</u>  | <u>(555,904)</u>                   |                              |                   |                                    |
| 512,548           | 392,422         | (120,126)                          | (1,340,000)             | (1,895,143)       | (555,143)                          | 446,260                      | 34,582            | (411,678)                          |
| (512,548)         | (434,430)       | 78,118                             | 1,340,000               | 2,017,215         | 677,215                            |                              |                   |                                    |
| (512,548)         | (434,430)       | 78,118                             | 1,340,000               | 2,017,215         | 677,215                            |                              |                   |                                    |
| <u>\$ -</u>       | <u>(42,008)</u> | <u>\$ (42,008)</u>                 | <u>\$ -</u>             | 122,072           | <u>\$ 122,072</u>                  | <u>\$ 446,260</u>            | 34,582            | <u>\$ (411,678)</u>                |
|                   | <u>42,008</u>   |                                    |                         | <u>306,737</u>    |                                    |                              | <u>418,067</u>    |                                    |
|                   | <u>\$ -</u>     |                                    |                         | <u>\$ 428,809</u> |                                    |                              | <u>\$ 452,649</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, 2018

|  | SPECIAL REVENUE FUNDS                       |                  |                                    |  |                   |                                    |
|--|---|------------------|------------------------------------|--|-------------------|------------------------------------|
|  | STEWART ECONOMIC<br>DEVELOPMENT FEE 80% CFF |                  |                                    | CITYWIDE ECONOMIC<br>DEVELOPMENT FEE 20% CFF |                   |                                    |
|  | Final<br>Budget                             | Actual           | Variance<br>Positive<br>(Negative) | Final<br>Budget                              | Actual            | Variance<br>Positive<br>(Negative) |
| <b>Revenues:</b>   |   |                  |                                    |  |                   |                                    |
| Taxes and assessments                                    | \$ -  | \$ -             | \$ -                               | \$ 200,000                                   | \$ 258,000        | \$ 58,000                          |
| Fines, forfeitures, and penalties                        |   |                  |                                    |  | 50,475            | 50,475                             |
| Intergovernmental  |   | 541              | 541                                |  | 7,151             | 7,151                              |
| Use of money and property                                |   |                  |                                    |  |                   |                                    |
| Other  |   |                  |                                    |  |                   |                                    |
| <b>Total Revenues</b>                                    |   | <u>541</u>       | <u>541</u>                         | <u>200,000</u>                               | <u>315,626</u>    | <u>115,626</u>                     |
| <b>Expenditures:</b>                                     |   |                  |                                    |  |                   |                                    |
| <b>Current:</b>  |   |                  |                                    |  |                   |                                    |
| Community development                                    |   |                  |                                    |  |                   |                                    |
| Public safety  |   |                  |                                    |  |                   |                                    |
| Public works   |   |                  |                                    |  |                   |                                    |
| Capital outlay   |   |                  |                                    |  |                   |                                    |
| <b>Total Expenditures</b>                                |   |                  |                                    |  |                   |                                    |
| <b>Excess (Deficiency) of Revenues over Expenditures</b> |   | <u>541</u>       | <u>541</u>                         | <u>200,000</u>                               | <u>315,626</u>    | <u>115,626</u>                     |
| <b>Other Financing Sources (Uses):</b>                   |   |                  |                                    |  |                   |                                    |
| Transfers in   |   |                  |                                    |  |                   |                                    |
| Transfers (out)  |   |                  |                                    |  | (50,475)          | (50,475)                           |
| <b>Total Other Financing Sources (Uses)</b>              |   |                  |                                    |  | <u>(50,475)</u>   | <u>(50,475)</u>                    |
| <b>Net Change in Fund Balances</b>                       | <u>\$ -</u>                                 | <u>541</u>       | <u>\$ 541</u>                      | <u>\$ 200,000</u>                            | <u>265,151</u>    | <u>\$ 65,151</u>                   |
| <b>Fund Balances, Beginning of the Year,</b>             |   | <u>32,826</u>    |                                    |  | <u>514,543</u>    |                                    |
| <b>Fund Balances, End of the Year</b>                    |   | <u>\$ 33,367</u> |                                    |  | <u>\$ 779,694</u> |                                    |

SPECIAL REVENUE FUNDS

| RIVER ISLANDS CFD 2013-1 |                   |                              | LATHROP LAND ACQUISITIONS |               |                              | DWR GRANT - ULOP PROJECT |                   |                              |
|--------------------------|-------------------|------------------------------|---------------------------|---------------|------------------------------|--------------------------|-------------------|------------------------------|
| Final Budget             | Actual            | Variance Positive (Negative) | Final Budget              | Actual        | Variance Positive (Negative) | Final Budget             | Actual            | Variance Positive (Negative) |
| \$ -                     | \$ -              | \$ -                         | \$ -                      | \$ -          | \$ -                         | \$ -                     | \$ -              | \$ -                         |
| 296,337                  | 229,479           | (66,858)                     |                           |               |                              |                          |                   |                              |
|                          | 3,728             | 3,728                        |                           | 147           | 147                          | 5,000,000                | 359,333           | (4,640,667)                  |
|                          | 331,609           | 331,609                      |                           |               |                              |                          |                   |                              |
| 296,337                  | 564,816           | 268,479                      |                           | 147           | 147                          | 5,000,000                | 359,333           | (4,640,667)                  |
| 23,701                   | 20,882            | 2,819                        |                           |               |                              |                          |                   |                              |
| 23,701                   | 20,882            | 2,819                        |                           |               |                              |                          |                   |                              |
| 272,636                  | 543,934           | 271,298                      |                           | 147           | 147                          | 5,000,000                | 359,333           | (4,640,667)                  |
| (282,547)                | (554,044)         | (271,497)                    |                           |               |                              | (5,000,000)              | (57,424)          | 4,942,576                    |
| (282,547)                | (554,044)         | (271,497)                    |                           |               |                              | (5,000,000)              | (57,424)          | 4,942,576                    |
| <u>\$ (9,911)</u>        | <u>(10,110)</u>   | <u>\$ (199)</u>              | <u>\$ -</u>               | <u>147</u>    | <u>\$ 147</u>                | <u>\$ -</u>              | <u>301,909</u>    | <u>\$ 301,909</u>            |
|                          | 135,375           |                              |                           | 268           |                              |                          |                   |                              |
|                          | <u>\$ 125,265</u> |                              |                           | <u>\$ 415</u> |                              |                          | <u>\$ 301,909</u> |                              |

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## AGENCY FUNDS

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

### CSCDA LEASE REVENUE BONDS FUND

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

### LOUISE AVENUE FUND

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

### MOSSDALE VILLAGE ASSESSMENT DISTRICT FUND

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

### CROSSROADS ASSESSMENTS FUND

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

### JOINT WASTEWATER COMMUNITY FACILITIES DISTRICT FUND

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

### NORTH HARLAN WATER IMPROVEMENT FUND

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

### LATHROP SANITARY SEWER ASSESSMENT DISTRICT NO.1 FUND

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

### TOT TRUST FUND

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

### COMMUNITY FACILITIES DISTRICT 2006-1 CLSP INFRASTRUCTURE FUND

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

### DEVELOPERS' DEPOSIT AND PILOT FLYING J FUNDS

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

### 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 Mosssdale Village District.

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 June 30, 2018

|   | CSCDA<br>Lease<br>Revenue<br>Bonds | Louise<br>Avenue | Mossdale<br>Village<br>Assessment<br>District | Crossroads<br>Assessments | Joint<br>Wastewater<br>Community<br>Facilities<br>District |
|---|------------------------------------|------------------|---|---------------------------|--|
| <b>ASSETS</b>                           |                                    |                  |   |                           |  |
| Cash and investments                    | \$ 572                             | \$ -             | \$ 990,710                                    | \$ 586,742                | \$ 661,048   |
| Cash and investments with fiscal agents |                                    |                  | 951,585                                       | 826,870                   | 721,884  |
| Accounts receivable                     |                                    |                  |   | 1,560,729                 |  |
| Interest receivable                     |                                    |                  | 1,947   | 1,207                     | 1,329  |
|   | <u>572</u>                         | <u>-</u>         | <u>1,943,623</u>                              | <u>2,975,548</u>          | <u>1,253,165</u>   |
| Total Assets                            | <u>\$ 572</u>                      | <u>\$ -</u>      | <u>\$ 1,944,242</u>                           | <u>\$ 2,975,548</u>       | <u>\$ 1,384,261</u>  |
| <b>LIABILITIES</b>                      |                                    |                  |   |                           |  |
| Accounts payable                        | \$ -                               | \$ -             | \$ 619  | \$ -                      | \$ 131,096   |
| Deposits payable                        |                                    |                  |   |                           |  |
| Due to developers                       |                                    |                  |   |                           |  |
| Due to bondholders                      | 572                                | -                | 1,943,623                                     | 2,975,548                 | 1,253,165  |
|   | <u>572</u>                         | <u>-</u>         | <u>1,943,623</u>                              | <u>2,975,548</u>          | <u>1,253,165</u>   |
| Total Liabilities                       | <u>\$ 572</u>                      | <u>\$ -</u>      | <u>\$ 1,944,242</u>                           | <u>\$ 2,975,548</u>       | <u>\$ 1,384,261</u>  |



| North Harlan<br>Water<br>Improvement | Lathrop<br>Sanitary<br>Sewer<br>Assessment<br>District No. 1 | TOT<br>Trust      | Community<br>Facilities<br>District<br>2006-1 CLSP<br>Infrastructure | Developers'<br>Deposits | Pilot<br>Flying J | Mossdale<br>Village<br>Reassessment<br>2015-1 | Totals               |
|--------------------------------------|--|-------------------|--|-------------------------|-------------------|---|----------------------|
| \$ 165,210                           | \$ 5,191   | \$ 784,196        | \$ 108,871   | \$ 1,646,040            | \$ 552            | \$ 616,296                                    | \$ 5,565,428         |
| 92,638                               | 262,468  |                   | 334,716  |                         |                   | 241,571                                       | 3,431,732            |
|                                      |  | 13,589            |  | 1,137,609               |                   |   | 2,711,927            |
| 354                                  | 26   | 1,766             | 297  | 5,357                   | 1                 | 1,253   | 13,537               |
| <u>\$ 258,202</u>                    | <u>\$ 267,685</u>  | <u>\$ 799,551</u> | <u>\$ 443,884</u>  | <u>\$ 2,789,006</u>     | <u>\$ 553</u>     | <u>\$ 859,120</u>                             | <u>\$ 11,722,624</u> |
| \$ 243,922                           | \$ (1,068)   | \$ -              | \$ 8,403   | \$ 27                   | \$ -              | \$ 54,189                                     | \$ 437,188           |
|                                      | 268,753  |                   |  |                         |                   |   | 268,753              |
|                                      |  |                   |  | 2,788,979               | 553               | 804,931                                       | 3,594,463            |
| 14,280                               |  | 799,551           | 435,481  |                         |                   |   | 7,422,220            |
| <u>\$ 258,202</u>                    | <u>\$ 267,685</u>  | <u>\$ 799,551</u> | <u>\$ 443,884</u>  | <u>\$ 2,789,006</u>     | <u>\$ 553</u>     | <u>\$ 859,120</u>                             | <u>\$ 11,722,624</u> |

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

|  | Balance<br>July 01, 2017 | Additions         | Deletions         | Balance<br>June 30, 2018 |
|--|--------------------------|-------------------|-------------------|--------------------------|
| <b><u>CSCDA Lease Revenue Bonds</u></b>            |                          |                   |                   |                          |
| <b>ASSETS</b>                                      |                          |                   |                   |                          |
| Cash and investments                               | \$ 572                   | \$ 572            | \$ 572            | \$ 572                   |
| Total Assets                                       | <u>\$ 572</u>            | <u>\$ 572</u>     | <u>\$ 572</u>     | <u>\$ 572</u>            |
| <b>LIABILITIES</b>                                 |                          |                   |                   |                          |
| Due to bondholders                                 | \$ 572                   | \$ 572            | \$ 572            | \$ 572                   |
| Total Liabilities                                  | <u>\$ 572</u>            | <u>\$ 572</u>     | <u>\$ 572</u>     | <u>\$ 572</u>            |
| <br>   |                          |                   |                   |                          |
| <b><u>Louise Avenue</u></b>                        |                          |                   |                   |                          |
| <b>ASSETS</b>                                      |                          |                   |                   |                          |
| Accounts receivable                                | \$ 119,698               | \$ -              | \$ 119,698        | \$ -                     |
| Total Assets                                       | <u>\$ 119,698</u>        | <u>\$ -</u>       | <u>\$ 119,698</u> | <u>\$ -</u>              |
| <b>LIABILITIES</b>                                 |                          |                   |                   |                          |
| Due to bondholders                                 | \$ 119,698               | \$ -              | \$ 119,698        | \$ -                     |
| Total Liabilities                                  | <u>\$ 119,698</u>        | <u>\$ -</u>       | <u>\$ 119,698</u> | <u>\$ -</u>              |
| <br>   |                          |                   |                   |                          |
| <b><u>Mossdale Village Assessment District</u></b> |                          |                   |                   |                          |
| <b>ASSETS</b>                                      |                          |                   |                   |                          |
| Cash and investments                               | \$ 943,116               | \$ 990,710        | \$ 943,116        | \$ 990,710               |
| Cash and investments with fiscal agents            | 986,797                  |                   | 35,212            | 951,585                  |
| Interest receivable                                | 836                      | 1,947             | 836               | 1,947                    |
| Total Assets                                       | <u>\$ 1,930,749</u>      | <u>\$ 992,657</u> | <u>\$ 979,164</u> | <u>\$ 1,944,242</u>      |
| <b>LIABILITIES</b>                                 |                          |                   |                   |                          |
| Accounts payable                                   | \$ 1,086                 | \$ 619            | \$ 1,086          | \$ 619                   |
| Due to bondholders                                 | 1,929,663                | 992,038           | 978,078           | 1,943,623                |
| Total Liabilities                                  | <u>\$ 1,930,749</u>      | <u>\$ 992,657</u> | <u>\$ 979,164</u> | <u>\$ 1,944,242</u>      |

(Continued)

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (Continued)

| <u>Crossroads Assessments</u>                                | Balance<br>July 01, 2017 | Additions           | Deletions           | Balance<br>June 30, 2018 |
|--|--------------------------|---------------------|---------------------|--------------------------|
| <b>ASSETS</b>  |                          |                     |                     |                          |
| Cash and investments   | \$ 205,304               | \$ 586,742          | \$ 205,304          | \$ 586,742               |
| Cash and investments with fiscal agents                      | 5,092,078                |                     | 4,265,208           | 826,870                  |
| Accounts receivable  |                          | 1,560,729           |                     | 1,560,729                |
| Interest receivable  | 212                      | 1,207               | 212                 | 1,207                    |
| Total Assets   | <u>\$ 5,297,594</u>      | <u>\$ 2,148,678</u> | <u>\$ 4,470,724</u> | <u>\$ 2,975,548</u>      |
| <b>LIABILITIES</b>   |                          |                     |                     |                          |
| Accounts payable   | \$ 2,324,997             | \$ -                | \$ 2,324,997        | \$ -                     |
| Due to bondholders   | 2,972,597                | 2,148,678           | 2,145,727           | 2,975,548                |
| Total Liabilities  | <u>\$ 5,297,594</u>      | <u>\$ 2,148,678</u> | <u>\$ 4,470,724</u> | <u>\$ 2,975,548</u>      |
| <br>   |                          |                     |                     |                          |
| <b><u>Joint Wastewater Community Facilities District</u></b> |                          |                     |                     |                          |
| <b>ASSETS</b>  |                          |                     |                     |                          |
| Cash and investments   | \$ 638,785               | \$ 22,263           | \$ -                | \$ 661,048               |
| Cash and investments with fiscal agents                      | 719,523                  | 721,884             | 719,523             | 721,884                  |
| Interest receivable  | 584                      | 1,329               | 584                 | 1,329                    |
| Total Assets   | <u>\$ 1,358,892</u>      | <u>\$ 745,476</u>   | <u>\$ 720,107</u>   | <u>\$ 1,384,261</u>      |
| <b>LIABILITIES</b>   |                          |                     |                     |                          |
| Accounts payable   | \$ 131,096               | \$ -                | \$ -                | \$ 131,096               |
| Due to bondholders   | 1,227,796                | 745,476             | 720,107             | 1,253,165                |
| Total Liabilities  | <u>\$ 1,358,892</u>      | <u>\$ 745,476</u>   | <u>\$ 720,107</u>   | <u>\$ 1,384,261</u>      |
| <br>   |                          |                     |                     |                          |
| <b><u>North Harlan Water Improvement</u></b>                 |                          |                     |                     |                          |
| <b>ASSETS</b>  |                          |                     |                     |                          |
| Cash and investments   | \$ 160,326               | \$ 165,210          | \$ 160,326          | \$ 165,210               |
| Cash and investments with fiscal agents                      | 92,297                   | 92,638              | 92,297              | 92,638                   |
| Interest receivable  | 156                      | 354                 | 156                 | 354                      |
| Total Assets   | <u>\$ 252,779</u>        | <u>\$ 258,202</u>   | <u>\$ 252,779</u>   | <u>\$ 258,202</u>        |
| <b>LIABILITIES</b>   |                          |                     |                     |                          |
| Accounts payable   | \$ 238,309               | \$ 5,613            | \$ -                | \$ 243,922               |
| Due to bondholders   | 14,470                   | 252,589             | 252,779             | 14,280                   |
| Total Liabilities  | <u>\$ 252,779</u>        | <u>\$ 258,202</u>   | <u>\$ 252,779</u>   | <u>\$ 258,202</u>        |

(Continued)

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (Continued)

| <u>Lathrop Sanitary Sewer Assessment District No.1</u>          | Balance<br>July 01, 2017 | Additions         | Deletions         | Balance<br>June 30, 2018 |
|---|--------------------------|-------------------|-------------------|--------------------------|
| <b>ASSETS</b>   |                          |                   |                   |                          |
| Cash and investments  | \$ -                     | \$ 5,191          | \$ -              | \$ 5,191                 |
| Cash and investments with fiscal agents                         | 317,540                  | 262,468           | 317,540           | 262,468                  |
| Interest receivable   | 2                        | 26                | 2                 | 26                       |
| Total Assets  | <u>\$ 317,542</u>        | <u>\$ 267,685</u> | <u>\$ 317,542</u> | <u>\$ 267,685</u>        |
| <b>LIABILITIES</b>  |                          |                   |                   |                          |
| Accounts payable  | \$ -                     | \$ -              | \$ 1,068          | \$ (1,068)               |
| Deposits payable  | 317,542                  | 267,685           | 316,474           | 268,753                  |
| Total Liabilities   | <u>\$ 317,542</u>        | <u>\$ 267,685</u> | <u>\$ 317,542</u> | <u>\$ 267,685</u>        |
| <br>  |                          |                   |                   |                          |
| <b>TOT Trust</b>  |                          |                   |                   |                          |
| <b>ASSETS</b>   |                          |                   |                   |                          |
| Cash and investments  | \$ 692,905               | \$ 91,291         | \$ -              | \$ 784,196               |
| Accounts receivable   | 8,380                    | 13,589            | 8,380             | 13,589                   |
| Interest receivable   | 718                      | 1,766             | 718               | 1,766                    |
| Total Assets  | <u>\$ 702,003</u>        | <u>\$ 106,646</u> | <u>\$ 9,098</u>   | <u>\$ 799,551</u>        |
| <b>LIABILITIES</b>  |                          |                   |                   |                          |
| Due to bondholders  | \$ 702,003               | \$ 106,646        | \$ 9,098          | \$ 799,551               |
| Total Liabilities   | <u>\$ 702,003</u>        | <u>\$ 106,646</u> | <u>\$ 9,098</u>   | <u>\$ 799,551</u>        |
| <br>  |                          |                   |                   |                          |
| <b>Community Facilities District 2006-1 CLSP Infrastructure</b> |                          |                   |                   |                          |
| <b>ASSETS</b>   |                          |                   |                   |                          |
| Cash and investments  | \$ 87,976                | \$ 2,678          | \$ (18,217)       | \$ 108,871               |
| Cash and investments with fiscal agents                         | 513,888                  |                   | 179,172           | 334,716                  |
| Interest receivable   | 104                      | 193               |                   | 297                      |
| Total Assets  | <u>\$ 601,968</u>        | <u>\$ 2,871</u>   | <u>\$ 160,955</u> | <u>\$ 443,884</u>        |
| <b>LIABILITIES</b>  |                          |                   |                   |                          |
| Accounts payable  | \$ 176                   | \$ 8,403          | \$ 176            | \$ 8,403                 |
| Due to bondholders  | 601,792                  | (5,532)           | 160,779           | 435,481                  |
| Total Liabilities   | <u>\$ 601,968</u>        | <u>\$ 2,871</u>   | <u>\$ 160,955</u> | <u>\$ 443,884</u>        |

(Continued)

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (Continued)

| <u>Developers' Deposits</u>                            | <u>Balance</u><br><u>July 01, 2017</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance</u><br><u>June 30, 2018</u> |
|--|--|---------------------|---------------------|--|
| <b>ASSETS</b>  |  |                     |                     |  |
| Cash and investments                                   | \$ 1,831,387                           | \$ 1,646,040        | \$ 1,831,387        | \$ 1,646,040                           |
| Accounts receivable                                    | 895,512                                | 1,137,609           | 895,512             | 1,137,609                              |
| Interest receivable                                    | 2,579                                  | 5,357               | 2,579               | 5,357                                  |
|  | <u>2,729,478</u>                       | <u>2,789,006</u>    | <u>2,729,478</u>    | <u>2,789,006</u>                       |
| Total Assets   | <u>\$ 2,729,478</u>                    | <u>\$ 2,789,006</u> | <u>\$ 2,729,478</u> | <u>\$ 2,789,006</u>                    |
| <b>LIABILITIES</b>                                     |  |                     |                     |  |
| Accounts payable                                       | \$ 5,275                               | \$ 27               | \$ 5,275            | \$ 27                                  |
| Due to developers                                      | 2,724,203                              | 2,788,979           | 2,724,203           | 2,788,979                              |
|  | <u>2,729,478</u>                       | <u>2,789,006</u>    | <u>2,729,478</u>    | <u>2,789,006</u>                       |
| Total Liabilities                                      | <u>\$ 2,729,478</u>                    | <u>\$ 2,789,006</u> | <u>\$ 2,729,478</u> | <u>\$ 2,789,006</u>                    |
| <br><b><u>Pilot Flying J</u></b>                       |  |                     |                     |  |
| <b>ASSETS</b>  |  |                     |                     |  |
| Cash and investments                                   | \$ 25,693                              | \$ 552              | \$ 25,693           | \$ 552                                 |
| Interest receivable                                    | 27                                     | 1                   | 27                  | 1                                      |
|  | <u>25,720</u>                          | <u>553</u>          | <u>25,720</u>       | <u>553</u>                             |
| Total Assets   | <u>\$ 25,720</u>                       | <u>\$ 553</u>       | <u>\$ 25,720</u>    | <u>\$ 553</u>                          |
| <b>LIABILITIES</b>                                     |  |                     |                     |  |
| Accounts payable                                       | \$ 25,194                              | \$ -                | \$ 25,194           | \$ -                                   |
| Due to developers                                      | 526                                    | 553                 | 526                 | 553                                    |
|  | <u>25,720</u>                          | <u>553</u>          | <u>25,720</u>       | <u>553</u>                             |
| Total Liabilities                                      | <u>\$ 25,720</u>                       | <u>\$ 553</u>       | <u>\$ 25,720</u>    | <u>\$ 553</u>                          |
| <br><b><u>Mossdale Village reassessment 2015-1</u></b> |  |                     |                     |  |
| <b>ASSETS</b>  |  |                     |                     |  |
| Cash and investments                                   | \$ 608,044                             | \$ 616,296          | \$ 608,044          | \$ 616,296                             |
| Cash and investments with fiscal agents                | 240,666                                | 241,571             | 240,666             | 241,571                                |
| Interest receivable                                    | 562                                    | 1,253               | 562                 | 1,253                                  |
|  | <u>849,272</u>                         | <u>859,120</u>      | <u>849,272</u>      | <u>859,120</u>                         |
| Total Assets   | <u>\$ 849,272</u>                      | <u>\$ 859,120</u>   | <u>\$ 849,272</u>   | <u>\$ 859,120</u>                      |
| <b>LIABILITIES</b>                                     |  |                     |                     |  |
| Accounts payable                                       | \$ 54,534                              | \$ 54,189           | \$ 54,534           | \$ 54,189                              |
| Due to developers                                      | 794,738                                | 804,931             | 794,738             | 804,931                                |
|  | <u>849,272</u>                         | <u>859,120</u>      | <u>849,272</u>      | <u>859,120</u>                         |
| Total Liabilities                                      | <u>\$ 849,272</u>                      | <u>\$ 859,120</u>   | <u>\$ 849,272</u>   | <u>\$ 859,120</u>                      |

(Continued)

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (Continued)

| <b><u>Total Agency Funds</u></b>        | <u>Balance</u><br><u>July 01, 2017</u> | <u>Additions</u>            | <u>Deletions</u>            | <u>Balance</u><br><u>June 30, 2018</u> |
|---|--|-----------------------------|-----------------------------|--|
| <b>ASSETS</b>                           |  |                             |                             |  |
| Cash and investments                    | \$ 5,194,108                           | \$ 4,127,545                | \$ 3,756,225                | \$ 5,565,428                           |
| Cash and investments with fiscal agents | 7,962,789                              | 1,318,561                   | 5,849,618                   | 3,431,732                              |
| Accounts receivable                     | 1,023,590                              | 2,711,927                   | 1,023,590                   | 2,711,927                              |
| Interest receivable                     | 5,780                                  | 13,433                      | 5,676                       | 13,537                                 |
|   | <u>                    </u>            | <u>                    </u> | <u>                    </u> | <u>                    </u>            |
| Total Assets                            | <u>\$ 14,186,267</u>                   | <u>\$ 8,171,466</u>         | <u>\$ 10,635,109</u>        | <u>\$ 11,722,624</u>                   |
| <b>LIABILITIES</b>                      |  |                             |                             |  |
| Accounts payable                        | \$ 2,780,667                           | \$ 68,851                   | \$ 2,412,330                | \$ 437,188                             |
| Deposits payable                        | 317,542                                | 267,685                     | 316,474                     | 268,753                                |
| Due to developers                       | 3,519,467                              | 3,594,463                   | 3,519,467                   | 3,594,463                              |
| Due to bondholders                      | 7,568,591                              | 4,240,467                   | 4,386,838                   | 7,422,220                              |
|   | <u>                    </u>            | <u>                    </u> | <u>                    </u> | <u>                    </u>            |
| Total Liabilities                       | <u>\$ 14,186,267</u>                   | <u>\$ 8,171,466</u>         | <u>\$ 10,635,109</u>        | <u>\$ 11,722,624</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)

|  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  | 2018                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental activities:</b>                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investments in capital assets                  | \$ 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        | \$ 159,727,304        |
| Restricted   | 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            | 10,408,172            |
| Unrestricted                                       | 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            | 52,396,920            |
| <b>Total governmental activities net position</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>\$ 222,532,396</b> |
| <b>Business-type activities:</b>                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investments in capital assets                  | 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           | 120,279,431           |
| Restricted   | 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             | 1,650,031             |
| Unrestricted                                       | 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            | 30,919,752            |
| <b>Total business-type activities net position</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>\$ 152,849,214</b> |
| <b>Primary government:</b>                         |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investments in capital assets                  | 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           | 280,006,735           |
| Restricted   | 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            | 12,058,203            |
| Unrestricted                                       | 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            | 83,316,672            |
| <b>Total Primary government net position</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> | <b>\$ 375,381,610</b> |

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



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

|  | 2009                  | 2010                   | 2011                  | 2012                   | 2013                  | 2014                 | 2015                 | 2016                  | 2017                 | 2018                  |
|--|-----------------------|------------------------|-----------------------|------------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|
| <b>Expenses:</b>   |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| <b>Governmental activities:</b>                            |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| General government   | \$ 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         | \$ 4,917,617          |
| Public safety  | 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            | 10,965,814            |
| Public works   | 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           | 13,066,756            |
| Culture and leisure  | 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            | 1,331,811             |
| Community development                                      | 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              | 1,256,506             |
| Interest on long-term debt                                 | 8,077                 | 22,940                 | 393,819               | 382,402                | 369,832               | 924,941              | 340,120              | 880,036               | 319,164              | 100,088               |
| <b>Total governmental activities expense</b>               | <b>22,911,543</b>     | <b>26,096,684</b>      | <b>19,234,997</b>     | <b>23,472,639</b>      | <b>21,608,937</b>     | <b>28,119,743</b>    | <b>26,998,770</b>    | <b>25,514,747</b>     | <b>30,003,271</b>    | <b>31,638,592</b>     |
| <b>Business-type activities:</b>                           |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| Water  | 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            | 4,969,618             |
| Wastewater   | 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            | 1,204,762             |
| <b>Total business-type activities expenses</b>             | <b>10,261,608</b>     | <b>10,123,095</b>      | <b>10,911,112</b>     | <b>10,725,169</b>      | <b>11,078,817</b>     | <b>13,665,821</b>    | <b>9,541,572</b>     | <b>8,529,447</b>      | <b>11,222,138</b>    | <b>6,174,380</b>      |
| <b>Total primary government expenses</b>                   | <b>\$ 33,173,151</b>  | <b>\$ 36,219,779</b>   | <b>\$ 30,146,109</b>  | <b>\$ 34,197,808</b>   | <b>\$ 32,687,754</b>  | <b>\$ 41,785,564</b> | <b>\$ 36,540,342</b> | <b>\$ 34,044,194</b>  | <b>\$ 41,225,410</b> | <b>\$ 37,812,972</b>  |
| <b>Program revenues:</b>                                   |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| <b>Governmental activities:</b>                            |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| <b>Charges for services:</b>                               |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| General Government   | 185,340               | 729,695                | 383,128               | 277,653                | 335,511               | 397,607              | 491,076              | 551,613               | 462,696              | 438,974               |
| Public Safety  | 315,634               | 182,863                | 438,919               | 159,813                | 174,862               | 716,360              | 356,989              | 365,009               | 231,164              | 424,909               |
| Public Works   | 924,262               | 358,900                | 93,291                | 79,604                 | 178,087               | 202,488              | 248,089              | 258,005               | 1,697,831            | 1,184,297             |
| Culture and leisure  | 143,945               | 372,150                | 166,066               | 153,052                | 152,739               | 242,500              | 220,963              | 205,376               | 283,662              | 279,505               |
| Community development                                      | 236,648               | 712,323                | 531,273               | 809,268                | 1,515,837             | 2,189,603            | 2,551,889            | 3,947,881             | 3,131,768            | 2,916,089             |
| Operating grants and contributions                         | 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            | 5,459,511             |
| Capital grants and contributions                           | 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           | 10,101,773            |
| <b>Total governmental activities program revenues</b>      | <b>14,256,387</b>     | <b>16,978,198</b>      | <b>10,326,647</b>     | <b>10,831,051</b>      | <b>15,737,494</b>     | <b>31,811,299</b>    | <b>30,993,917</b>    | <b>20,103,247</b>     | <b>41,486,337</b>    | <b>20,805,058</b>     |
| <b>Business-type activities:</b>                           |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| <b>Charges for services:</b>                               |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| Water  | 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            | 8,331,835             |
| Wastewater   | 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            | 6,533,098             |
| Operating grants and contributions                         | -                     | -                      | -                     | -                      | 3,710,000             | 12,002,670           | -                    | -                     | -                    | -                     |
| Capital grants and contributions                           | 1,339,611             | 188,710                | 1,025,014             | 263,903                | 159,854               | 159,854              | 159,854              | 159,854               | 159,854              | 159,854               |
| <b>Total business-type activities program revenues</b>     | <b>11,105,160</b>     | <b>8,708,467</b>       | <b>11,077,646</b>     | <b>10,785,246</b>      | <b>15,349,697</b>     | <b>24,541,912</b>    | <b>11,932,519</b>    | <b>11,243,657</b>     | <b>12,807,037</b>    | <b>15,024,787</b>     |
| <b>Total primary government program revenues</b>           | <b>\$ 25,361,547</b>  | <b>\$ 25,686,665</b>   | <b>\$ 21,404,293</b>  | <b>\$ 21,616,297</b>   | <b>\$ 31,087,191</b>  | <b>\$ 56,353,211</b> | <b>\$ 42,926,436</b> | <b>\$ 31,346,904</b>  | <b>\$ 54,293,374</b> | <b>\$ 35,829,845</b>  |
| <b>Net revenues (expenses):</b>                            |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| <b>Governmental activities</b>                             | <b>(8,655,156)</b>    | <b>(9,118,486)</b>     | <b>(8,908,350)</b>    | <b>(12,641,588)</b>    | <b>(5,871,443)</b>    | <b>3,691,556</b>     | <b>3,995,147</b>     | <b>(5,411,500)</b>    | <b>11,483,066</b>    | <b>(10,833,534)</b>   |
| <b>Business-type activities</b>                            | <b>843,552</b>        | <b>(1,414,628)</b>     | <b>166,534</b>        | <b>60,077</b>          | <b>4,270,880</b>      | <b>10,876,091</b>    | <b>2,390,947</b>     | <b>2,714,210</b>      | <b>1,584,898</b>     | <b>8,850,407</b>      |
| <b>Total net revenues (expenses)</b>                       | <b>\$ (7,811,604)</b> | <b>\$ (10,533,114)</b> | <b>\$ (8,741,816)</b> | <b>\$ (12,581,511)</b> | <b>\$ (1,600,563)</b> | <b>\$ 14,567,647</b> | <b>\$ 6,386,094</b>  | <b>\$ (2,697,290)</b> | <b>\$ 13,067,964</b> | <b>\$ (1,983,127)</b> |
| <b>General revenues and other changes in net position:</b> |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| <b>Governmental activities:</b>                            |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| <b>Taxes:</b>  |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| Property tax   | 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            | 4,285,832             |
| Sales and use taxes  | 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            | 9,211,228             |
| Franchise taxes  | 723,827               | 695,644                | 662,429               | 679,295                | 667,509               | 705,405              | 685,140              | 518,183               | 771,288              | 877,633               |
| Other taxes  | 267,385               | 230,842                | 231,125               | 232,204                | 466,328               | 419,267              | 449,950              | 743,896               | 565,715              | 634,335               |
| Motor vehicle in lieu, unrestricted                        | 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            | 1,794,526             |
| Investment income  | 866,211               | 281,441                | 168,650               | 104,018                | 38,959                | 67,431               | 80,844               | 346,915               | 19,282               | 979,493               |
| Other general revenues                                     | 751,456               | 301,700                | 55,824                | 63,662                 | 262,023               | 395,810              | 301,192              | 1,745,978             | 10,090,096           | 379,591               |
| Transfers  | 770,169               | (371,206)              | 1,297,654             | 1,200,418              | 763,094               | (5,628,465)          | (84,391)             | (421,353)             | (16,842,538)         | (137,582)             |
| <b>Total governmental activities</b>                       | <b>11,154,065</b>     | <b>7,458,641</b>       | <b>8,658,730</b>      | <b>8,713,663</b>       | <b>9,213,509</b>      | <b>6,703,014</b>     | <b>11,891,159</b>    | <b>14,033,474</b>     | <b>6,476,613</b>     | <b>18,025,056</b>     |
| <b>Business-type activities:</b>                           |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| Investment income  | 444,690               | 161,045                | 111,034               | 178,169                | 59,419                | 49,915               | 63,492               | 200,063               | 214,510              | 405,014               |
| Miscellaneous  | 1,414,311             | 2,309,689              | 2,640,839             | 1,560,928              | 1,545,739             | 1,392,651            | 675,204              | 416,119               | 864,319              | 907,527               |
| Transfers  | (770,169)             | 371,206                | (1,297,654)           | (1,200,418)            | (763,094)             | 5,626,465            | 84,391               | 421,353               | 16,842,538           | 137,582               |
| <b>Total business-type activities</b>                      | <b>1,088,832</b>      | <b>2,841,940</b>       | <b>1,454,219</b>      | <b>538,679</b>         | <b>842,064</b>        | <b>7,069,031</b>     | <b>823,087</b>       | <b>1,037,535</b>      | <b>17,921,367</b>    | <b>1,450,123</b>      |
| <b>Total primary government</b>                            | <b>\$ 12,242,897</b>  | <b>\$ 10,300,581</b>   | <b>\$ 10,112,949</b>  | <b>\$ 9,252,342</b>    | <b>\$ 10,055,573</b>  | <b>\$ 13,772,045</b> | <b>\$ 12,714,246</b> | <b>\$ 15,071,009</b>  | <b>\$ 24,397,980</b> | <b>\$ 19,475,179</b>  |
| <b>Changes in net position</b>                             |                       |                        |                       |                        |                       |                      |                      |                       |                      |                       |
| <b>Governmental activities</b>                             | <b>2,498,909</b>      | <b>(1,659,845)</b>     | <b>(249,620)</b>      | <b>(3,927,925)</b>     | <b>3,342,066</b>      | <b>10,394,570</b>    | <b>15,886,306</b>    | <b>8,621,974</b>      | <b>17,959,679</b>    | <b>7,191,522</b>      |
| <b>Business-type activities</b>                            | <b>1,932,384</b>      | <b>1,427,312</b>       | <b>1,620,753</b>      | <b>598,756</b>         | <b>5,112,944</b>      | <b>17,945,122</b>    | <b>3,214,034</b>     | <b>3,751,745</b>      | <b>19,506,265</b>    | <b>10,300,530</b>     |
| <b>Total primary government</b>                            | <b>\$ 4,431,293</b>   | <b>\$ (232,533)</b>    | <b>\$ 1,371,133</b>   | <b>\$ (3,329,169)</b>  | <b>\$ 8,455,010</b>   | <b>\$ 28,339,692</b> | <b>\$ 19,100,340</b> | <b>\$ 12,373,719</b>  | <b>\$ 37,465,944</b> | <b>\$ 17,492,052</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.

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

|   | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>General fund:</b>                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved                                  | \$ 7,514,520         | \$ 7,078,292         | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Undesignated                              | 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            | 5,650,104            |
| 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           | 21,538,365           |
| <b>Total general fund</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>\$ 27,188,469</b> |
| <b>All other governmental funds:</b>      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved                                  | 592,526              | 403,736              | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Undesignated, reported in:                |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Designated special revenue funds          | 26,883               | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Special revenue funds                     | 20,578,392           | 12,202,368           | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Capital projects funds                    | 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            | 3,797,087            |
| Committed                                 | -                    | -                    | 18,976,921           | 19,727,430           | 19,333,997           | 12,977,322           | 22,534,880           | 25,829,474           | 35,779,675           | 36,047,106           |
| Assigned                                  | -                    | -                    | -                    | -                    | 264,923              | 930,347              | 880,383              | 975,042              | 784,139              | 663,674              |
| Unassigned                                | -                    | -                    | -                    | 259,533              | -                    | -                    | (364)                | (233)                | (120)                | -                    |
| <b>Total all other governmental funds</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> | <b>\$ 40,507,867</b> |

In fiscal year ended June 30, 2011, the City implemented GASB 54, which changed the classification of fund balances.

Source: City of Lathrop, California

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

|  | 2009                  | 2010                  | 2011                 | 2012                  | 2013                 | 2014                  | 2015                 | 2016                  | 2017                   | 2018                 |
|--|-----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|------------------------|----------------------|
| <b>Revenues:</b>   |                       |                       |                      |                       |                      |                       |                      |                       |                        |                      |
| Taxes and assessments  | \$ 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          | \$ 22,603,206        |
| Licenses and permits   | 296,080               | 602,334               | 466,256              | 406,819               | 634,934              | 749,845               | 1,373,909            | 1,283,193             | 1,808,623              | 1,266,197            |
| Fines, forfeitures, and penalties                                | 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              | 2,237,680            |
| Intergovernmental  | 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              | 4,420,261            |
| Use of Money & Property  | 766,184               | 281,441               | 212,076              | 135,177               | 62,939               | 116,968               | 159,262              | 382,724               | 392,493                | 1,366,160            |
| Charges for current services                                     | 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              | 3,508,608            |
| Contributions  | 1,301,135             | -                     | -                    | -                     | -                    | 9,779,408             | 1,094,140            | -                     | 19,675,946             | 2,751,850            |
| Other  | 247,248               | 2,198,731             | 409,088              | 1,633,542             | 1,275,270            | 536,779               | 4,202,190            | 3,523,548             | 1,353,215              | 813,734              |
| <b>Total revenues</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>\$ 38,967,696</b> |
| <b>Expenditures</b>  |                       |                       |                      |                       |                      |                       |                      |                       |                        |                      |
| Current:   |                       |                       |                      |                       |                      |                       |                      |                       |                        |                      |
| General government   | 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              | 4,770,853            |
| Community development  | 2,048,158             | 2,332,574             | 854,670              | 987,494               | 1,222,152            | 1,323,932             | 1,254,836            | 1,657,178             | 784,763                | 1,109,714            |
| Public safety  | 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              | 10,724,423           |
| Public works   | 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              | 7,048,016            |
| Culture and leisure  | 985,869               | 930,548               | 879,453              | 1,043,340             | 1,069,332            | 1,063,957             | 1,048,531            | 1,296,370             | 1,226,638              | 1,275,334            |
| Capital Outlay   | 7,285,105             | 552,469               | 989,761              | 480,929               | 3,795,717            | 9,334,496             | 1,604,530            | 4,361,924             | 2,920,897              | 9,761,990            |
| Debt service:  |                       |                       |                      |                       |                      |                       |                      |                       |                        |                      |
| Principal retirement   | 291,923               | 277,060               | 237,211              | 249,347               | 262,103              | 274,370               | 289,709              | 1,683,347             | 265,000                | 285,000              |
| Interest and fiscal charges                                      | 8,077                 | 22,940                | 393,819              | 382,402               | 369,832              | 924,941               | 340,120              | 390,710               | 319,164                | 100,088              |
| <b>Total expenditures</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>\$ 35,075,418</b> |
| <b>Excess (deficiency) of revenues over (under) expenditures</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>\$ 3,892,278</b>  |
| <b>Other financing sources (uses):</b>                           |                       |                       |                      |                       |                      |                       |                      |                       |                        |                      |
| Proceeds from issuance of long-term debt                         | -                     | -                     | -                    | -                     | -                    | -                     | -                    | (1,191,652)           | -                      | -                    |
| Transfers in   | 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             | 12,389,403           |
| Transfers out  | (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)           | (12,526,985)         |
| <b>Total other financing sources (uses)</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>\$ (137,582)</b>  |
| <b>Net change in fund balances</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>\$ 3,754,696</b>  |
| <b>Debt service as a percentage of noncapital expenditures</b>   | <b>1.7%</b>           | <b>1.5%</b>           | <b>3.8%</b>          | <b>3.3%</b>           | <b>3.3%</b>          | <b>4.1%</b>           | <b>1.9%</b>          | <b>9.6%</b>           | <b>2.5%</b>            | <b>1.5%</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  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>Taxes Levied for the Fiscal Year</b> | <b>Collected within the Fiscal Year of Levy</b> |                        | <b>Collection in Subsequent Years</b> | <b>Total Collection to Date</b> |                        |
|--------------------|---|---|------------------------|---------------------------------------|---------------------------------|------------------------|
|                    |   | <b>Amount</b>                                   | <b>Percent of Levy</b> |                                       | <b>Amount</b>                   | <b>Percent of Levy</b> |
| 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%                |
| 2018               | 4,125,753                               | 4,125,753                                       | 100.00%                | -                                     | 4,125,753                       | 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   |                  |                            |                       |
| 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%                |
| 2018        | 2,930,927,027                | 174,127,391 | 6,170,020 | (7,886,582)      | 3,103,337,856              | 0.133%                |

**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**

| <b>Taxpayer</b>                   | <b>2018</b>                   |   | <b>2009</b>                   |   |
|-----------------------------------|-------------------------------|---|-------------------------------|---|
|                                   | <b>Taxable Assessed Value</b> | <b>Percent of Total City Taxable Assessed Value</b> | <b>Taxable Assessed Value</b> | <b>Percent of Total City Taxable Assessed Value</b> |
| Tesla Motors Inc                  | \$ 184,111,149                | 5.93%   | -                             | 0.00%   |
| Lit Industrial LP                 | 113,041,562                   | 3.64%   | -                             | 0.00%   |
| River Island Development LLC      | 73,723,460                    | 2.38%   | -                             | 0.00%   |
| J.R. Simplot Company Corp.        | 64,247,100                    | 2.07%   | 38,758,964                    | 1.61%   |
| Super Stores Industries           | 61,419,356                    | 1.98%   | 55,523,104                    | 2.31%   |
| Califia LLC                       | 51,961,962                    | 1.67%   | 53,587,612                    | 2.23%   |
| Centerpoint Properties Trust      | 49,783,500                    | 1.60%   | -                             | 0.00%   |
| California Natural Products Corp. | 49,180,003                    | 1.58%   | -                             | 0.00%   |
| LCP Remainder Trust ETAL          | 43,833,960                    | 1.41%   | -                             | 0.00%   |
| Thomson Logistics Assets          | 32,568,149                    | 1.05%   | -                             | 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> |
|--------------------|--|------------------------------|------------------|-------------------|
| 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%          |
| 2018               | 1.00000%                                     | 0.13030%                     | 0.00000%         | 1.13030%          |

**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> |
|--------------------|-------------------------|-----------------------|----------------------------------|--|--------------------------------|---------------------------------|--------------|
| 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%        |
| 2018               | 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**

|   | <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>           | <u>2018</u>           |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Gross Assessed Valuation  | \$ 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      | \$ 3,111,224,438      |
| 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)   | \$ 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        | \$ 116,670,916        |
| Less: total net debt applicable to limit:<br>General obligation bonds   | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                  | \$ -                  |
| Net Legal Debt Margin   | <u>\$ 90,359,993</u> | <u>\$ 76,236,367</u> | <u>\$ 74,213,793</u> | <u>\$ 72,325,256</u> | <u>\$ 70,678,682</u> | <u>\$ 73,596,661</u> | <u>\$ 82,006,903</u> | <u>\$ 89,886,308</u> | <u>\$ 102,347,437</u> | <u>\$ 116,670,916</u> |
| Total debt applicable to the the limit<br>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 |                               |                   |                           |                |                                |                          |                               |                     |
|-------------|-------------------------|-------------------------------|---------------------|--------------------------|-------------------------------|-------------------|---------------------------|----------------|--------------------------------|--------------------------|-------------------------------|---------------------|
|             | 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 | Percentage of Personal Income | Debt Per Capita (3) |
| 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               |
| 2018        | 3,640,000               | 3,640,000                     | 10,846,145          | (4)                      | -                             | 4,430,488         | 7,328,146                 | -              | 22,604,779                     | 26,244,779               | 82.22%                        | 1,081.46            |

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, 2018**

|  |                         |
|--|-------------------------|
| FY 2017/18 City Assessed Valuation         | \$ 3,103,337,882        |
| Redevelopment Agency Incremental Valuation | \$ -                    |
| Adjusted Assessed Valuation                | <u>\$ 3,103,337,882</u> |

| Overlapping Tax and Assessment Debt   | Total Debt<br>6/30/18        | Percentage<br>Applicable to<br>City of<br>Lathrop (1) | City's Share of<br>Debt 6/30/2018 |
|---|------------------------------|---|-----------------------------------|
| San Joaquin Delta Community College District                                      | \$ 154,305,582               | 4.013%  | \$ 6,192,283                      |
| Manteca Unified School District   | 157,329,885                  | 20.176%   | 31,742,878                        |
| Tracy Unified School District   | 38,120,000                   | 2.355%  | 897,726                           |
| Banta School District   | 535,000                      | 48.921%   | 261,727                           |
| Manteca Unified School District Community Facility District No. 1989-2            | 26,210,000                   | 20.850%   | 5,464,785                         |
| Banta School District Community Facilities District No. 2011-1                    | 4,290,000                    | 100.000%  | 4,290,000                         |
| River Islands Public Financing Authority Community Facilities District No. 2003-1 | 154,480,000                  | 100.000%  | 154,480,000                       |
| 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                           | 5,920,000                    | 100.000%  | 5,920,000                         |
| City of Lathrop Community Facilities District No 2003-2                           | 5,905,000                    | 100.000%  | 5,905,000                         |
| City of Lathrop Community Facilities District No 2006-1                           | 49,750,000                   | 100.000%  | 49,750,000                        |
| City of Lathrop 1915 Act Bonds  | 26,935,000                   | 100.000%  | 26,935,000                        |
| Reclamation District No. 17 Assessment District                                   | 23,188,598                   | 48.639%   | 11,278,702                        |
| <b>Total Overlapping Tax and Assessment Debt</b>                                  | <b><u>\$ 896,969,065</u></b> |   | <b><u>\$ 553,118,101</u></b>      |

**Ratios to FY 2016/17 Assessed Valuation:**  
**Total Overlapping Tax and Assessment Debt** **17.82%**

| Direct and Overlapping General Fund Obligation Debt           |            |          |                           |
|---|------------|----------|---------------------------|
| San Joaquin County Certificates of Participation              | 92,370,000 | 4.379%   | 4,044,882                 |
| Manteca Unified School District Certificates of Participation | 23,964,000 | 20.176%  | 4,834,977                 |
| 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>12,804,859</u></b>  |
| <b>Total Direct Debt</b>                                      |            |          | <b><u>3,925,000</u></b>   |
| <b>Total Overlapping Debt</b>                                 |            |          | <b><u>561,997,960</u></b> |
| <b>Combined Total Debt</b>                                    |            |          | <b><u>565,922,960</u></b> |

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

**Ratios to Adjusted Assessed Valuation**

|                            |               |
|----------------------------|---------------|
| <b>Total Direct Debt</b>   | <b>0.13%</b>  |
| <b>Combined Total Debt</b> | <b>18.24%</b> |

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**

| 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 |
| 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%    |
| 2018        | 8,491,689  | 4,969,618                   | 3,522,071             | 325,363      | 163,637  | 7.20%    | 3,033,071   | 421,091      | 926,699   | 2.25%    |

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**

| <b>Calendar Year</b> | <b>Population (1)</b> | <b>Personal Income (in thousands) (2)</b> | <b>Per Capita Personal Income (2)</b> | <b>Unemployment Rate (2)</b> |
|----------------------|-----------------------|---|---------------------------------------|------------------------------|
| 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%                         |
| 2018                 | 24,268                | 31,920,185                                | 42,822                                | 7.0%                         |

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>2018</b>                    |  | <b>2009</b>                    |  |
|------------------------------|--------------------------------|--|--------------------------------|--|
|                              | <b>Number of<br/>Employees</b> | <b>Percent of<br/>Total<br/>Employment</b> | <b>Number of<br/>Employees</b> | <b>Percent of<br/>Total<br/>Employment</b> |
| California Natural Products  | 450                            | 5.29%                                      | 245                            | 3.95%                                      |
| Super Store Industries       | 450                            | 5.29%                                      | 450                            | 7.26%                                      |
| Diamond Pet Foods Inc        | 200                            | 2.35%                                      | 0                              | 0.00%                                      |
| Swiss American Sausage CO    | 200                            | 2.35%                                      | 0                              | 0.00%                                      |
| J R Simplot CO               | 200                            | 2.35%                                      | 190                            | 3.06%                                      |
| Smart Refrigerated Transport | 200                            | 2.35%                                      | 0                              | 0.00%                                      |
| In-N-Out Burger              | 200                            | 2.35%                                      | 0                              | 0.00%                                      |
| Cbc Steel Buildings          | 150                            | 1.76%                                      | 0                              | 0.00%                                      |
| Home Depot                   | 150                            | 1.76%                                      | 440                            | 7.10%                                      |
| Target                       | 150                            | 1.76%                                      | 0                              | 0.00%                                      |
| Food 4 Less Warehouse        | 150                            | 1.76%                                      | 0                              | 0.00%                                      |
| Pflug                        | 150                            | 1.76%                                      | 130                            | 2.10%                                      |
| Cen Cal Plastering           | 100                            | 1.18%                                      | 0                              | 0.00%                                      |
| Engeo Inc                    | 100                            | 1.18%                                      | 0                              | 0.00%                                      |
| Save Mart                    | 75                             | 0.88%                                      | 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**

| <b>Function</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>   | <b>2018</b>   |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government                    | 29.30         | 24.30         | 24.50         | 25.50         | 25.50         | 26.00         | 26.50         | 26.50         | 21.60         | 21.60         |
| Neighborhood & Community Services (1) | 0.00          | 5.00          | 5.00          | 5.00          | 5.00          | 5.40          | 5.10          | 5.10          | 6.00          | 6.00          |
| Public Safety (2)                     | 32.00         | 32.00         | 30.33         | 30.33         | 30.33         | 33.20         | 34.98         | 34.98         | 35.98         | 35.98         |
| Public Works                          | 26.00         | 26.00         | 26.00         | 26.00         | 26.00         | 25.83         | 29.83         | 29.83         | 32.80         | 31.80         |
| Community Development                 | 20.75         | 20.75         | 23.75         | 23.75         | 23.75         | 22.42         | 24.42         | 24.42         | 17.85         | 17.85         |
| Culture & Leisure                     | 19.12         | 19.12         | 19.64         | 19.64         | 20.64         | 19.74         | 22.53         | 22.53         | 23.54         | 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          | 10.00         | 10.00         |
| Wastewater (3)                        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          |
| <b>Total Positions</b>                | <b>142.17</b> | <b>142.17</b> | <b>144.22</b> | <b>145.22</b> | <b>146.22</b> | <b>147.59</b> | <b>158.36</b> | <b>158.36</b> | <b>153.77</b> | <b>152.77</b> |
| less Unfunded Positions               | 18.21         | 35.54         | 50.54         | 52.61         | 53.61         | 46.28         | 43.28         | 43.28         | 35.28         | 34.28         |
| <b>Net Employees</b>                  | <b>123.96</b> | <b>106.63</b> | <b>93.68</b>  | <b>92.61</b>  | <b>92.61</b>  | <b>101.31</b> | <b>115.08</b> | <b>115.08</b> | <b>118.49</b> | <b>118.49</b> |

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

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

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

Source: City of Lathrop, California Annual Adopted Budgets.

**CITY OF LATHROP**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

|   | <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> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Police:</b>                                      |             |             |             |             |             |             |             |             |             |             |
| Arrests   | 648         | 850         | 775         | 612         | 670         | 489         | 708         | 572         | 705         | 550         |
| Parking Citations issues                            | 1,397       | 1,034       | 759         | 567         | 291         | 380         | 444         | 696         | 1,385       | 1,084       |
| <b>Code Enforcement</b>                             |             |             |             |             |             |             |             |             |             |             |
| Housing Cases                                       | 140         | 144         | 31          | 21          | 40          | 20          | 35          | 29          | 28          | 54          |
| Public Nuisance Cases                               | 304         | 336         | 459         | 185         | 213         | 61          | 206         | 287         | 345         | 204         |
| Vehicle Cases                                       | 45          | 85          | 54          | 21          | 28          | 12          | 11          | 67          | 193         | 140         |
| Weed Abatement Cases                                | 787         | 677         | 520         | 31          | -           | 5           | -           | 2           | 108         | 122         |
| <b>Building Permits</b>                             |             |             |             |             |             |             |             |             |             |             |
| Single Family Dwellings                             | 34          | 169         | 87          | 63          | 146         | 130         | 350         | 220         | 291         | 152         |
| <b>Parks and recreation:</b>                        |             |             |             |             |             |             |             |             |             |             |
| Number of recreation classes                        | 41          | 46          | 40          | 49          | 49          | 202         | 34          | 56          | 67          | 116         |
| Number of facility rentals                          | 186         | 192         | 231         | 302         | 675         | 1,870       | 542         | 450         | 390         | 1,598       |
| <b>Water:</b>                                       |             |             |             |             |             |             |             |             |             |             |
| New connections                                     | 36          | 168         | 93          | 38          | 140         | 190         | 266         | 179         | 163         | 200         |
| Average daily consumption<br>(thousands of gallons) | 3,441       | 3,230       | 3,267       | 3,110       | 4,014       | 3,550       | 3508        | 3052        | 3274        | 4200        |
| <b>Sewer:</b>                                       |             |             |             |             |             |             |             |             |             |             |
| New connections                                     | 36          | 168         | 93          | 38          | 140         | 190         | 266         | 179         | 163         | 200         |

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**

|  | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Police:</b>   |        |        |        |        |        |        |        |        |        |        |
| Stations   | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| <b>Fire:</b>   |        |        |        |        |        |        |        |        |        |        |
| Fire Stations (1)  | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| <b>Public works:</b>                                       |        |        |        |        |        |        |        |        |        |        |
| Streets (miles)  | 79.48  | 79.81  | 79.81  | 72.74  | 82.80  | 82.80  | 84.20  | 84.20  | 84.20  | 92.90  |
| Streetlights   | 869    | 905    | 905    | 1,433  | 1,433  | 1,433  | 1,448  | 1,472  | 1,472  | 1,835  |
| <b>Parks and recreation:</b>                               |        |        |        |        |        |        |        |        |        |        |
| Parks  | 13     | 13     | 13     | 13     | 14     | 16     | 16     | 16     | 16     | 16     |
| Community centers  | 1      | 1      | 1      | 1      | 1      | 2      | 2      | 2      | 2      | 2      |
| Senior centers   | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| <b>Water:</b>  |        |        |        |        |        |        |        |        |        |        |
| Water mains (miles)  | 72.75  | 73.08  | 73.08  | 73.08  | 101.40 | 99.60  | 101.80 | 101.80 | 101.80 | 101.80 |
| Maximum daily capacity<br>(thousands of gallons)           | 20,126 | 20,126 | 20,126 | 20,126 | 21,700 | 15,250 | 15,250 | 15,250 | 15,250 | 15,250 |
| <b>Wastewater:</b>   |        |        |        |        |        |        |        |        |        |        |
| Sanitary sewer (miles)                                     | 56.83  | 57.16  | 57.16  | 57.16  | 60.40  | 62.03  | 71.00  | 71.00  | 71.00  | 71.00  |
| Miles of Reclaimed Water Lines                             | 18.00  | 18.33  | 18.33  | 18.33  | 18.33  | 21.40  | 21.80  | 21.80  | 21.80  | 21.80  |
| Maximum daily treatment capacity<br>(thousands of gallons) | 2,140  | 2,140  | 2,140  | 2,140  | 2,416  | 2,416  | 2,200  | 2,200  | 1,450  | 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>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>      | <b>2018</b>      |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Residential                            | 673,212          | 645,140          | 675,141          | 656,723          | 740,938          | 690,963          | 671,095          | 628,208          | 625,187          | 745,359          |
| Industrial                             | 297,483          | 244,561          | 266,145          | 263,466          | 329,816          | 291,935          | 343,231          | 283,410          | 278,985          | 395,110          |
| Commercial                             | 72,595           | 73,962           | 75,107           | 68,559           | 107,530          | 116,496          | 91,599           | 71,396           | 101,549          | 139,290          |
| Governmental                           | 194,348          | 167,846          | 135,512          | 129,524          | 265,931          | 157,119          | 172,972          | 177,791          | 139,511          | 149,952          |
| Construction                           | 18,422           | 47,495           | 40,465           | 16,720           | 20,995           | 39,058           | 1,615            | -                | 49,923           | 103,309          |
| <b>Total</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> | <b>1,533,020</b> |
| Total direct rate<br>per 1,000 gallons | \$ 2.00          | \$ 2.11          | \$ 2.24          | \$ 2.45          | \$ 2.45          | \$ 2.63          | \$ 2.63          | \$ 3.04          | \$ 3.49          | \$ 3.99          |

Source: City of Lathrop, California Public Works Department

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

| <u>Fiscal Year</u> | <u>Monthly<br/>Base Rate</u> | <u>Rate per<br/>1,000 Gallons</u> | <u>CSCDA<br/>Loan (1)</u> | <u>SCSWSP<br/>Facility<br/>Charge (2)</u> |
|--------------------|------------------------------|-----------------------------------|---------------------------|---|
| 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                                      |
| 2018               | 16.30                        | 3.99                              | -                         | 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>2018</u>          |  | <u>2009</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            | \$ 884,080           | 10.87%                                 | 272,082              | 29.60%                                |
| City of Lathrop                        | 458,789              | 5.64%                                  | 188,078              | 20.46%                                |
| Manteca Unified School District        | 261,876              | 3.22%                                  | 130,866              | 14.24%                                |
| Super Store Industries                 | 145,671              | 1.79%                                  | 61,222               | 6.66%                                 |
| River Islands Public Finance Authority | 134,297              | 1.65%                                  | -                    | 0.00%                                 |
| Teichert Construction                  | 74,505               | 0.92%                                  | -                    | 0.00%                                 |
| Tesla Motors Inc                       | 72,488               | 0.89%                                  | -                    | 0.00%                                 |
| Camino Real Mobile Estates             | 53,273               | 0.65%                                  | 29,938               | 3.26%                                 |
| IN-N-OUT Burger #804                   | 52,022               | 0.64%                                  | -                    | 0.00%                                 |
| Banta Elementary School District       | 50,197               | 0.62%                                  | -                    | 0.00%                                 |

*Source: City of Lathrop, California Finance Department*

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

| 2018                                |                           | 2009                        |                            |
|-------------------------------------|---------------------------|-----------------------------|----------------------------|
| Business Name                       | Business Category         | Business Name               | Business Category          |
| Arco AM PM                          | Service Stations          | Amcors Pet Packaging        | Light Industrial/Printers  |
| Boral Roofing                       | Contractors               | Anderson Truss              | Contractors                |
| CBC Steel Buildings                 | Contractors               | Arco AM PM                  | Service Stations           |
| 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           |
| Flying J Travel Plaza               | Service Stations          | Circle K Union 76           | Service Stations           |
| ISI Design & Installation Solutions | Furnishings               | Creative Touch Interiors    | Home Furnishings           |
| Joes Travel Plaza                   | Service Stations          | Dragon Products             | Heavy Industrial           |
| Material Handling Systems           | Warehse/Farm/Const/Equip  | Eagles Nest Harley Davidson | Boats/Motorcycles          |
| McDonalds                           | Quick-Service Restaurants | Fast Lane                   | Service Stations           |
| Nationwide Fleet Powersports        | Boats/Motorcycles         | Joes Travel Plaza           | Service Stations           |
| Pape Kenworth                       | New Motor Vehicle Dealers | Lathrop Chevron             | Service Stations           |
| Save Mart                           | Grocery Stores            | Lathrop Shell               | Service Stations           |
| Shell                               | Service Stations          | Lumbermens                  | Lumber/Building Materials  |
| Target                              | Discount Dept Stores      | McDonalds                   | Quick-Service Restaurants  |
| Tec Equipment                       | Trailers/Auto Parts       | Mobile Mini                 | Repair Shop/Equip. Rentals |
| Tesla Motors                        | New Motor Vehicle Dealers | Save Mart                   | Grocery Stores Liquor      |
| Top Gun Drywall Supply              | Building Materials        | Target                      | Discount Dept Stores       |
| Totten Tubes                        | Heavy Industrial          | Top Gun Drywall Supply      | Building Materials         |
| Tower Market                        | Service Stations          | Tower Mart                  | Service Stations           |
| Tuff Boy Sales                      | Trailers/RVs              | Two Guys Food & Fuel        | Service Stations           |
| USAMotors.Com                       | Used Automotive Dealers   | USAMotors.Com               | Used Automotive Dealers    |
| Utility Trailer Sales               | Trailers/RVs              | Utility Trailer Sales       | Trailers/RVs               |
| Valero                              | Service Stations          | Walgreens                   | Drug Stores                |

\* Firms Listed Alphabetically

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office.

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