

ITEM: ACCEPTANCE OF THE CITY OF LATHROP ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2022

RECOMMENDATION: Adopt a Resolution Accepting the City of Lathrop Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ending June 30, 2022

SUMMARY:

The City's auditor, Lance, Soll & Lunghard, LLP, has completed the review of the annual financial statements for the fiscal year ending June 30, 2022. The audited financial statements are incorporated into an Annual Comprehensive Financial Report (ACFR). The auditors have issued an unmodified ("clean") audit opinion. An unmodified opinion indicates that the financial data of the City is fairly presented in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States. These standards require that they plan and perform the audits to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

In addition to the opinion letter included in the ACFR document, Lance, Soll & Lunghard, LLP has prepared two separate reports on the required communications and the Memorandum on Internal Control (MOIC) to the City Council. Staff received the finalized required communication report and the finalized MOIC from Lance, Soll & Lunghard, LLP on March 31, 2023. The purpose of these reports to the City Council is to communicate the scope of audit procedures performed, significant findings, and other information, such as any disagreements with management, audit adjustments, and significant estimates that have not been communicated in the audited financial statements.

BACKGROUND:

Best financial practices as well as various financing covenants and regulations associated with restricted funding sources require the City to publish a complete set of financial statements each year presented in conformance with Generally Accepted Accounting Principles (GAAP). 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 Lance, Soll & Lunghard, LLP. The firm was contracted 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, Lance, Soll & Lunghard, LLP presents the results of their assessment of the adequacy of internal accounting controls and the quality of financial reporting directly to the City Council.

**APRIL 10, 2023 CITY COUNCIL REGULAR MEETING
ACCEPT THE CITY OF LATHROP ANNUAL COMPREHENSIVE FINANCIAL
REPORT (ACFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

The Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022 has been prepared by the City and audited by the certified public accounting firm of Lance, Soll & Lunghard, LLP. The ACFR and audit of the City's financial statements were completed on March 31, 2023, and posted on the City's website at that time. Lance, Soll & Lunghard, LLP has issued an unmodified ("clean") opinion of the ACFR which states that the financial statements are presented fairly, in all material respects.

In addition to the opinion letter included in the ACFR document, Lance, Soll & Lunghard, LLP has prepared two separate reports on the required communications and the Memorandum on Internal Control (MOIC) to the City Council. Staff received the finalized required communication report and the finalized MOIC from Lance, Soll & Lunghard, LLP on March 31, 2023. The purpose of these reports to the City Council is to communicate the scope of audit procedures performed, significant findings, and other information, such as any disagreements with management, audit adjustments, and significant estimates that have not been communicated in the audited financial statements.

Following completion of the ACFR, it was submitted to the Governmental Finance Officers Association (GFOA) for the Certificate for Excellence in Financial Reporting program. The GFOA is a nationally recognized nonprofit professional association serving more than 20,000 finance professionals in the United States and Canada, and the Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The City of Lathrop has been awarded the prestigious Certificate for Excellence in Financial Reporting for 24 consecutive years. A Certificate of Achievement is valid for a period of one year only.

The City's financial statements provide information about the finances of the City in its entirety, as well as information about individual funds. The ACFR is organized into the three sections summarized below.

- The Introductory section includes this transmittal letter and general information on the City's government structure and services provided. It includes a list of principal officials, an organizational chart, and the Government Finance Officers Associations (GFOA) Certificate of Achievement for Excellence in Financial Reporting.
- The Financial section contains the independent auditor's report on the financial statement audit, the MD&A, basic financial statements, required supplementary information, and combined and individual fund presentations and supplementary information.
- The Statistical section includes selected financial and demographic information generally presented on a multi-year basis. This information includes financial

CITY MANAGER'S REPORT **PAGE 3**
APRIL 10, 2023 CITY COUNCIL REGULAR MEETING
ACCEPT THE CITY OF LATHROP ANNUAL COMPREHENSIVE FINANCIAL
REPORT (ACFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2022

trends, revenue capacity, debt capacity, demographics and economic and operating information.

REASON FOR RECOMMENDATION:

The auditors have issued an unmodified ("clean") audit opinion. An unmodified opinion indicates that the financial data of the City is fairly presented in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

FISCAL IMPACT:

There is no fiscal impact associated with this action. Unmodified audit reports are an indication that City funds are being spent appropriately and as intended by the City Council, grantor agencies, and federal and State laws. They also help maintain the City's favorable ratings for current and future debt issuances.

ATTACHMENTS:

- A. Resolution Accepting the City of Lathrop Annual Comprehensive Financial Report (ACFR) for Fiscal Year Ending June 30, 2022.
- B. City of Lathrop Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ending June 30, 2022.
- C. City of Lathrop Memorandum on Internal Control for the Fiscal Year Ending June 30, 2022
- D. City of Lathrop June 30, 2022 Required Communications

CITY MANAGER'S REPORT
APRIL 10, 2023 CITY COUNCIL REGULAR MEETING
ACCEPT THE CITY OF LATHROP ANNUAL COMPREHENSIVE FINANCIAL
REPORT (ACFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2022

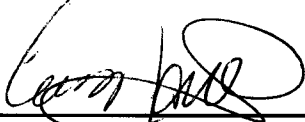
APPROVALS:



Thomas Hedegard
Deputy Finance Director

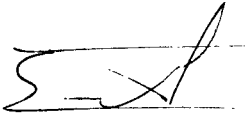
4/3/2023

Date


Cari James
Director of Finance

4/3/2023

Date



Salvador Navarrete
City Attorney

4.3.2023

Date



Stephen J Salvatore
City Manager

4.4.23

Date

RESOLUTION NO. 23 - _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP
ACCEPTING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

WHEREAS, the financial statements of the City of Lathrop for the fiscal year ended June 30, 2022, have been prepared by the City's Finance Department; and

WHEREAS, the annual financial statements were examined by the independent public accounting firm of Lance, Soll & Lunghard, LLP; and

WHEREAS, the City prepared the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022 and the auditor's opinion is included therein; and

WHEREAS, it is the opinion of the auditors that the financial statements present fairly the financial position of the City as of June 30, 2022, and that the statements were prepared in accordance with accounting principles generally accepted in the United States of America; and

WHEREAS, the auditors have issued an unmodified ("clean") audit opinion; and

WHEREAS, in addition to the opinion letter included in the ACFR document, Lance, Soll & Lunghard, LLP has prepared two separate reports on the required communications and the Memorandum on Internal Control (MOIC) to the City Council. Staff received the finalized required communication report and the finalized MOIC from Lance, Soll & Lunghard, LLP on March 31, 2023.

NOW, THEREFORE, BE IT RESOLVED that the City Council does hereby accept the Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2022.

The foregoing resolution was passed and adopted this 10th day of April 2023, by the following vote of the City Council, to wit:

AYES:

NOES:

ABSENT:


ABSTAIN:

Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

Teresa Vargas, City Clerk



Salvador Navarrete, City Attorney

City of Lathrop

390 Towne Centre Drive
Lathrop, CA 95330
<https://www.ci.lathrop.ca.us/>



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CITY OF LATHROP, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022

Prepared By
The Finance Department

Cari James Director of Finance

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CITY OF LATHROP, CALIFORNIA
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FISCAL YEAR ENDED JUNE 30, 2022

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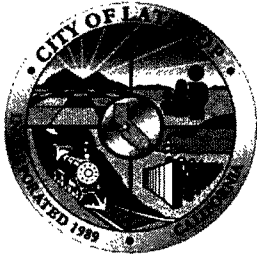
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City of Lathrop

Department of Finance
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March 31, 2023

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

The Annual Comprehensive Financial Report of the City of Lathrop for the fiscal year (FY) ended June 30, 2022 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.

This Annual Comprehensive Financial Report includes a summary of funds for the City of Lathrop and 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, deferred outflows/ inflows of resources, 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.

The Annual Comprehensive 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) and the Governmental Accounting Standards Board (GASB) and includes the report of the City's independent certified public accountants, Lance, Soll and Lunghard, LLP. Based on the audit, the independent auditors concluded that there was reasonable basis for rendering an unmodified opinion which states that the City's financial statements for the fiscal year ended June 30, 2022, 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

To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is 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 GAAP 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.

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 Lance, Soll and Lunghard, LLP. 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, Lance, Soll and Lunghard, LLP 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.

REPORT ORGANIZATION:

The report is organized in three sections: introductory, financial, and statistical.

1. The Introductory section includes this transmittal letter and general information on the City's government structure and services provided. It includes a list of principal officials, an organizational chart, and the Government Finance Officers Associations (GFOA) Certificate of Achievement for Excellence in Financial Reporting.
2. The Financial section contains the independent auditor's report on the financial statement audit, the MD&A, basic financial statements, required supplementary information, and combined and individual fund presentations and supplementary information.
3. The Statistical section includes selected financial and demographic information generally presented on a multi-year basis. This information includes financial trends, revenue capacity, debt capacity, demographics and economic and operating information.

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 Highway 120 Freeway. As of January 1, 2022, the City had an estimated population of 31,331.

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 public safety, water and sewer utilities, street maintenance, community services, 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.

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. This has benefited Lathrop due to its strategic location at the intersection of three major freeways. The City continues to experience a period of growth with consistently strong demand 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. Permit issuance remained strong in FY 2021/22 with building permits continuing to be issued at a rate consistent with an agency that is one of the fastest growing in the State. 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 has recently begun to enjoy a strong economic base from years of smart growth and planning initiatives resulting in stable property tax revenue, modest transient occupancy taxes and diverse sales tax revenues. The City's sales tax revenues remain stable and, over the past several years, have continued to experience 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.

Like all government agencies throughout California, the City is faced with increased ongoing annual operating costs and rising retirement related liabilities. For Lathrop, some of these challenges include increased funding needs for pavement maintenance, facility and park maintenance, new programs and departments, additional personnel, retiree health care costs, and rising pension costs due to new funding policies adopted by the California Public Employees Retirement System (CalPERS). While the City has been successful over the years in balancing these issues with its strategic use of contract staffing and services, the City will continue to experience rising costs. Additionally, with the anticipation of significant impacts to revenues in the coming year, coupled with ongoing growth in expenditures over the next five years, the City will be challenged.

Sales tax growth in Lathrop was moored to commercial development throughout 2022 and is expected to stabilize throughout 2023. Sales tax is the General Fund's largest source of revenue and has largely recovered to pre-pandemic levels however the state of the economy from high inflation, supply chain challenges and ongoing world events remains concerning as we head into FY 2023. The City is currently navigating an unprecedented inflation situation that has not been encountered in recent history. The ability to budget conservatively has paid dividends with the uncertainty that has come with recent economic events. This creates challenges but we remain vigilantly optimistic about Lathrop's long-term outlook. The City's future looks bright; with the creation of the City's own Police Department opening in July of 2022.

City Council and Staff are dedicated to the Community and our commitment to prudently manage the City's finances. This commitment has contributed to our ability to endure these challenging times. The financial impacts of the pandemic have largely subsided compared to the prior fiscal year.

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 the fiscal year. City staff presents General Fund budgets for City Council consideration that maintain an unassigned fund balance between 10-50% of the annual operating appropriations and transfers. Lathrop maintains adequate fund balances for emergencies in a majority of its governmental operations funds and proprietary funds.

The adopted budget serves as the foundation for the City of Lathrop's financial planning and control system. All departments of the City submit requests for appropriations to the City Manager. The City Manager uses these requests as a starting point for developing a proposed budget. The Council holds public hearings on the proposed budget and then ultimately adopts a formal budget. The budget is adopted by fund, department, program, and line-item.

The Council periodically reviews the City's actual financial activity in relation to the original budget, and as necessary, adjustments are made to ensure that expenditures are not outpacing anticipated revenues. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the fund and department level with more stringent control over capital assets and fund balance categories, which are

maintained at the line item level. The City Council must approve amendments or transfers of appropriations between funds or departments as well as items related to capital assets or fund balances. The City Council has delegated authority to the City Manager to approve transfers of appropriations between programs and divisions within a City department and between appropriation units (e.g., salaries and benefits, services and supplies, and capital outlay) within programs, excluding special designation or project appropriations.

LONG-TERM FINANCIAL PLANNING

The City incorporates long-term financial planning into its budget process in several ways. During the biennial budget process the City Council receives an updated General Fund Ten-Year Forecast and CIP Five-Year Forecast that includes all special revenue funds associated with each project. The long-term financial model used for the General Fund and CIP looks forward ten years, because of the volatile nature of tax revenues in a commercial growth-based economy, and various one-time special revenue funds associated with development activity making it difficult to predict revenues with any certainty beyond the immediate term. The forecast is used as a tool and maintained by Finance staff.

These projections allow management to see what the future could look like given a set of assumptions and is evaluated in the context of whether decisions are sustainable over the long term. The ten-year financial forecast is a tool for strategic decision making and presents further context for balancing short-term and long-term goals and provides an "order of magnitude" feel for the General Fund's ability to continue services and preserve fiscal sustainability. Management encourages its departments to project their resource needs for a period longer than the traditional biennial budget period. In addition, the City faces increasing expenses in several areas of operations, including the creation of the 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 manageable.

As the economy readjusts post-pandemic, inflation continues to be a key issue in 2023. Despite higher prices and concerns over a potential recession, consumer demand has remained consistent. Property tax revenue has not been affected yet as the assessed values do not show the impact of economic volatility in a short period. Moreover, affordability and a short supply of homes available for sale has kept the local real estate market steady. Vulnerable to an economic downturn are sales tax, TOT and development-related revenues. Economic development continues to thrive as new businesses are motivated to locate in Lathrop due to its location, amenities, economic vibrancy, and high quality of life for residents.

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 2020/21, 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 partially funded the startup of Lathrop's own Police Department, as well as 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) has awarded the Certificate of Achievement for Excellence in Financial Reporting to City of Lathrop for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. The ACFR has been judged by an impartial panel to meet the uppermost standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the ACFR. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. This was the 24th consecutive year that the City of Lathrop has received this prestigious award.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive 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.

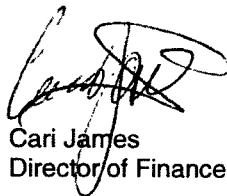
ACKNOWLEDGEMENTS

The preparation of the Annual Comprehensive 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 the Mayor and City Councilmembers for their continued efforts in stewarding the financial operations of the City in a responsible and enterprising manner.

Respectfully submitted,



Stephen J. Salvatore
City Manager



Cari James
Director of Finance

City of Lathrop Organizational Chart FY 2021-22

CITIZENS OF LATHROP



Paul Akinjo
Councilmember

Jennifer Torres-
O'Callaghan
Councilmember

Sonny Dhaliwal
Mayor

Minnie Diallo
Councilmember

Diane Lazard
Vice Mayor



Commissions

City Manager

City Attorney

Government Services &
City Clerk

Human Resources

Finance

Information Technology

Public Works

Community Development

Parks, Recreation &
Maintenance Services

Police Department

DIRECTORY OF OFFICIALS AND ADVISORY BODIES

CITY COUNCIL

Sonny Dhaliwal, Mayor
Jennifer Torres-O'Callaghan, Council Member
Paul Akinjo, Council Member
Minnie Diallo, Council Member
Diane Lazard, Vice Mayor

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 HEADS

City Manager/ Treasurer
City Attorney
Assistant City Manager
City Engineer
Director of Government Services/ City Clerk
Director of Finance
Director of Human Resources
Director of Parks, Recreation & Maintenance Services
Chief of Police
Director of Community Development
Chief Building Official

Stephen J. Salvatore
Salvador Navarrete
Michael King
Brad Taylor
Teresa Vargas
Cari James
Vacant
Todd Sebastian
Raymond Bechler
Mark Meissner
Ed Short

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lathrop, California, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 8 to the financial statements, in the fiscal year ended June 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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



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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund and major special revenue funds, and required pension and other post-employment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

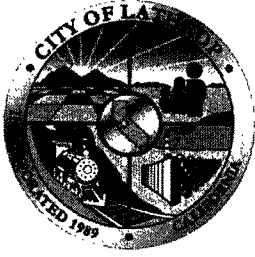
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll & Loughard, LLP".

Brea, California
March 31, 2023

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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

March 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lathrop, we offer readers of the City of Lathrop's (City) financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. Please read the information presented in conjunction with additional information that we have furnished in our letter of transmittal, beginning on page i, and the financial statements and disclosure notes beginning on page 41.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2022 by \$667.7 million (net position). Of this amount, \$118.5 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 \$70.7 million due in large part to \$22.6 million in sales and use taxes collected in the Fiscal Year.
- The total revenue from all sources increased \$124.7 million from the prior year due to the recovering impacts associated with the coronavirus restrictions at the State and Federal level.
- The General Fund reported excess revenues over expenditures (including transfers) of \$.4 million, thereby increasing the fund balance.
- Sales and use tax collections increased by \$4.4 million, a 24.3 percent increase from the prior year.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances of \$142.8 million, an increase of \$37.0 million in comparison with June 30, 2021. Of this \$142.8 million total amount, \$5.9 million or 4.1 percent is unassigned fund balance.
- At June 30, 2022, the unassigned fund balance for the General Fund was \$5.7 million, compared to last year's unassigned actual fund balance of \$6.7 million. The decrease is due to capital projects committed to during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the financial statements of the City. This comprehensive annual financial report is comprised of five parts: (1) this management's discussion and analysis (Pages 5 – 18), (2) the basic financial statements and notes to the financial statements (Pages 21 - 72), (3) statements of revenue, expenditures and changes in fund balance-budget to actual of major governmental funds (Pages 80 - 87), and postemployment benefits other than pensions trend information (Note 9, Pages 74 – 79), (4) other combining statements for non-major governmental funds and agency funds (Pages 100 - 156) and (5) the statistical section (Pages 160 - 191).

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, 2022 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, 2022 on a government-wide basis.

Fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

- **Statements for Governmental Funds** – these present the major governmental funds such as the general fund, developers projects special revenue fund, capital facilities fee special revenue fund, building and safety special revenue fund, development engineering special revenue 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.

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'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's finances using accounting methods similar to a private-sector business.

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

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 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 include general government, community development, public safety, public works, culture and leisure, and debt service. The business-type activities of the City include the City's water and sewer utility enterprise functions.

The government-wide financial statements include the operations of the City itself and the blended component unit of the Lathrop Public Facilities Financing Corporation. There are no discrete or component units. The government-wide financial statements can be found on Pages 21 – 25 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, 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 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 maintained 42 individual governmental funds in 2022. 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, developers projects special revenue fund, capital facilities fee special revenue fund, building and safety special revenue fund, development engineering special revenue fund, all of which are designated as major funds. Data from the remaining 37 non-major governmental funds are shown as other supplementary information.

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

The governmental fund financial statements are found on Pages 26 - 33 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 for 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 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 34 – 37 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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has 12 fiduciary funds. The fiduciary fund financial statements can be found on Page 38 of this report.

Notes to the financial statements

The notes provide additional information that are essential to a full understanding of the data provided in the government-wide, governmental, proprietary, and fiduciary fund financial statements. The notes to the financial statements are found on Pages 41 - 73 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 37 non-major governmental funds and 12 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 91 - 151 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, assets exceeded liabilities by \$668 million at the close of Fiscal Year 2021/22.

Compared to the previous year, the City's total net position increased by 15.6 percent. This increase is primarily due to developer contributions of capital assets that took place in Fiscal Year 2021/22.

By far the largest portion of this year's net position reflects the City's investment in capital assets of \$424 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 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'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 \$125 million or 18.0 percent of total net position. The remaining balance of \$118.5 million (23.5 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, deferred outflows/ inflows of resources and net position for both fiscal years ended June 30, 2021 and 2022.

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

	Governmental		Business-Type		Total Primary		Total Percent Change
	Activities		Activities		Government		
	2021	2022	2021	2022	2021	2022	
Assets:							
Capital assets	\$ 221,944	\$ 253,479	\$ 184,986	\$ 190,802	\$ 406,930	\$ 444,281	9.18%
Other assets	163,284	198,957	58,165	76,957	221,449	275,914	24.59%
Total Assets	385,228	452,436	243,151	267,759	628,379	720,195	14.61%
Deferred Outflows							
Deferred Outflows Related to Pension	2,310	2,329	288	316	2,598	2,645	1.81%
Liabilities:							
Current liabilities	18,929	22,361	3,097	3,987	22,026	26,348	19.62%
Long-term liabilities	11,657	7,837	19,139	17,171	30,796	25,008	-18.79%
Total Liabilities	30,586	30,198	22,236	21,158	52,822	51,356	-2.78%
Deferred Inflows							
Deferred Inflows Related to Pension	630	3,317	86	418	716	3,735	421.65%
Net Position:							
Net Investment in Capital Assets	218,894	250,605	156,963	174,059	375,857	424,664	12.99%
Restricted	103,965	122,950	1,651	1,653	105,616	124,603	17.98%
Unrestricted	33,463	47,696	62,503	70,785	95,966	118,481	23.46%
Total Net Position	\$ 356,322	\$ 421,251	\$ 221,117	\$ 246,497	\$ 577,439	\$ 667,748	15.64%

At the end of the fiscal year, the City 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 15.6 percent this year, from \$577.4 million at June 30, 2021 to \$667.7 million at June 30, 2022.

Although the net position of the City's business-type activities are \$246.5 million, the City generally can only use unrestricted net position to finance the continuing operations of the business-type activities.

Changes in net position

The City's total program expenses of \$61.9 million are less than the total revenues of \$152.2 million for an increase in net position as of June 30, 2022 of \$90.3 million. The table on the next page shows the summarized revenues and expenses for both fiscal years 2020/21 and 2021/22.

The City's fiscal year 2021/22 change in net position was 39.5 percent higher than fiscal year 2020/21, due to an increase of 19.4 percent in total revenues and a decrease of 1.5 percent in total expenditures in fiscal year 2021/22. The expenditure decrease is largely found in the governmental activities, which is a result of operating savings in the area.

Governmental program activities and general revenues of \$117.7 million and transfers out of \$5.8 million, supported expenses of \$46.9 million, for a total net increase in net position in tax-supported activities of \$64 million. The reason for the increase in the governmental net position is due to an increase in one-time capital contributions from development activity.

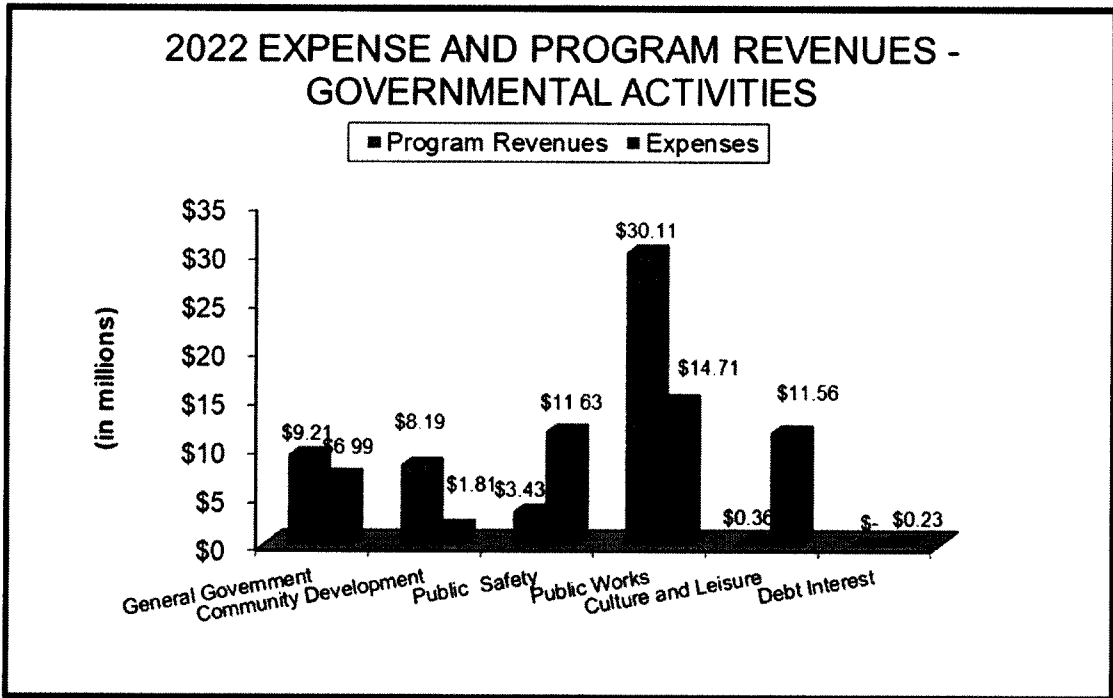
Business-type activities revenues of \$34.5 million supported expenses of \$14.9 million and transfers in of \$5.8 million, for a total change in net position in utility enterprise activities of \$25.4 million. The reason for the increase in the business-type net position is due to the continued growth of the City's customer base paired with developer contributions of capital assets. The increase of net position of \$25.4 million is available for future water and sewer improvement needs as required by projected City population increases and development needs.

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

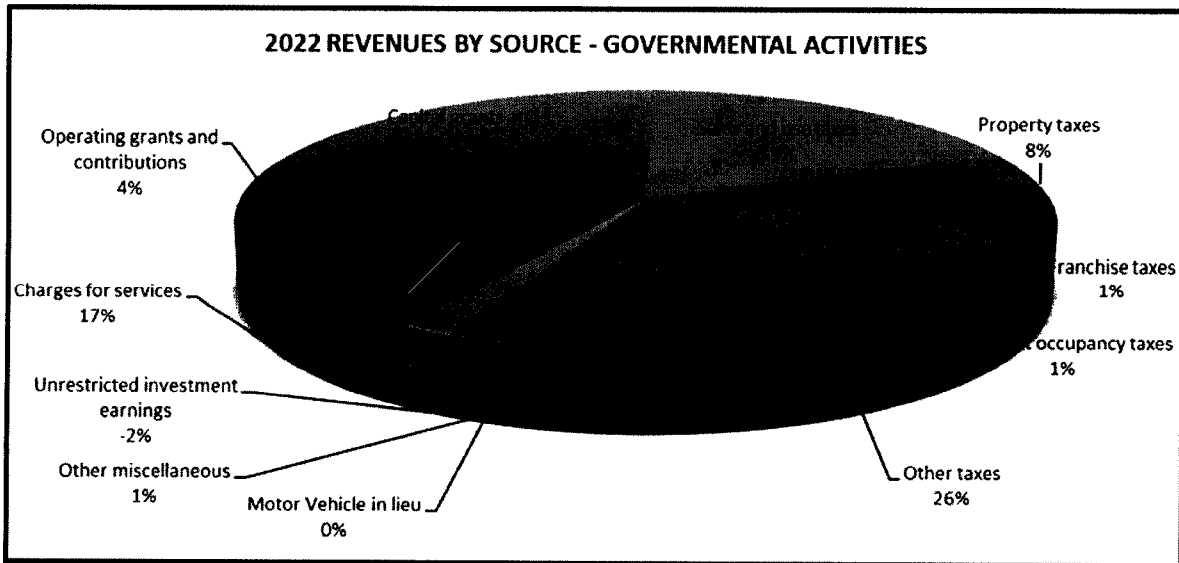
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent Change
	2021	2022	2021	2022	2021	2022	
Revenues:							
<i>Program revenues:</i>							
Charges for services	\$ 14,791	\$ 20,692	\$ 19,016	\$ 19,900	\$ 33,807	\$ 40,592	20.07%
Operating grants and contributions	2,710	5,237	-	-	2,710	5,237	93.25%
Capital grants and contributions	16,740	25,390	6,863	4,993	23,603	30,383	28.73%
<i>General revenues:</i>							
Sales and use taxes	18,190	22,602	-	-	18,190	22,602	24.26%
Property taxes	8,613	9,738	-	-	8,613	9,738	13.06%
Franchise taxes	1,531	1,640	5,692	9,461	7,223	11,101	53.69%
Transient occupancy taxes	739	1,041	-	-	739	1,041	40.87%
Other taxes	30,621	32,094	-	-	30,621	32,094	
Other miscellaneous	945	1,344	-	5	945	1,349	42.75%
Unrestricted investment earnings	701	(2,101)	364	216	1,065	(1,885)	-277.00%
Total Revenues	95,581	117,677	31,935	34,575	127,516	152,252	19.40%
Expenses:							
<i>Governmental activities:</i>							
General government	6,544	6,994	-	-	6,544	6,994	6.88%
Community development	8,228	1,805	-	-	8,228	1,805	-78.06%
Public safety	11,729	11,628	-	-	11,729	11,628	-0.86%
Public works	19,893	14,711	-	-	19,893	14,711	-26.05%
Culture and leisure	1,466	11,559	-	-	1,466	11,559	688.47%
Interest on long-term debt	241	234	-	-	241	234	-2.90%
<i>Business-type activities:</i>							
Water enterprise	-	-	6,767	7,099	6,767	7,099	4.91%
Sewer enterprise	-	-	7,926	7,854	7,926	7,854	-0.91%
Total expenses	48,101	46,931	14,693	14,953	62,794	61,884	-1.45%
Excess before transfers	47,480	70,746	17,242	19,622	64,722	90,368	39.62%
Transfers	1,778	(5,818)	(1,778)	5,818	-	-	
Change in Net Position	49,258	64,928	15,464	25,440	64,722	90,368	39.62%
Net Position - Beginning	309,230	356,322	205,506	221,117	514,736	577,439	12.18%
Prior Period Adjustment	(2,166)	-	147	-	(2,019)	-	-
Net Position, Beginning, Restated	307,064	356,322	205,653	221,117	512,717	577,439	12.62%
Net Position - Ending	\$ 356,322	\$ 421,251	\$ 221,117	\$ 246,557	\$ 577,439	\$ 667,808	15.65%

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 resulted in expenditures in excess of revenues. General government services delivery costs exceeded program revenues by \$4.4 million.



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 2021/22, property tax revenues increased by \$1.1 million.

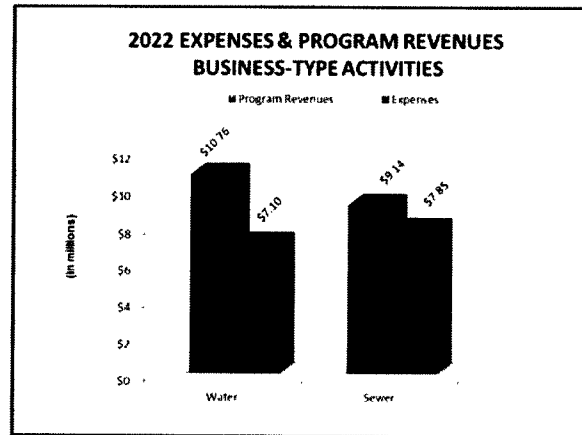
The following table shows the cost of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The cost of all governmental activities this year was \$46.9 million. The net cost of all services indicates that the overall cost of government is less than revenue generated to support it. However, the higher revenue reflected in FY2021/22 is due to the contributions from developer built capital improvement projects.

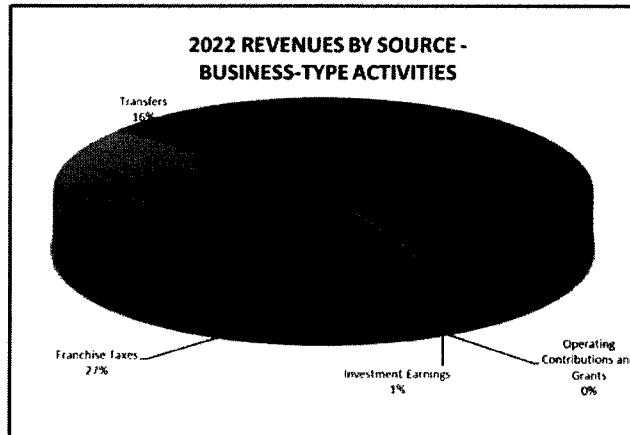
**City of Lathrop Net Cost of Governmental Activities
For the Fiscal Years Ended June 30
(in Thousands)**

	Total Cost of Services			Net (Expense) Revenue of Services		
	2021	2022	Percent Change	2021	2022	Percent Change
General government	\$ 6,545	\$ 6,994	6.86%	\$ 1,320	\$ 2,218	68.03%
Community development	8,228	1,805	-78.06%	(4,167)	6,389	-253.32%
Public safety	11,730	11,628	-0.87%	(11,282)	(8,194)	-27.37%
Public works	19,893	14,711	-26.05%	1,850	15,404	732.65%
Culture and leisure	1,466	11,559	688.47%	(1,342)	(11,196)	734.28%
Other	241	234	-2.90%	(241)	(234)	-2.90%
Total	\$ 48,103	\$ 46,931	-2.44%	\$ (13,862)	\$ 4,387	-131.65%

Business-type Activities

Business-type activities increased the City's net position by \$25.4 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 \$3.7 million. In the Water Utility Enterprise Fund, a monthly service availability fee and usage rate is charged to residential and commercial customers to meet the Water Fund’s operating expenses. Under full accrual accounting, developer contributions are program revenues, yet contributed assets are not shown as a corresponding expense. Program revenues excluding developer contributions and bond proceeds were \$10.7 million. This shows operating revenues exceeding operating expenses by \$3.7 million. In 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 expenditures exceeding program revenues by \$1.3 million. This signifies that sewer operating income is meeting standard operating and infrastructure renewal and replacement costs. In February 2016, the City adopted a 5-Year sewer rate program based on the Sewer Rate Study findings.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

Governmental funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the City’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, 2022, the City’s governmental funds (general, special revenue, and capital project funds) reported combined ending fund balances of \$174.7 million, an increase of \$31.9 million in comparison with the prior fiscal year. Approximately 9.5 percent of this total amount (\$16.7 million) constitutes unassigned

fund balance, which is available for spending, at the City's governing body's discretion. Of the remainder fund balance, \$2.4 million is nonspendable, \$122.9 million is restricted and \$32.7 million is committed and is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the 2022 fiscal year, fund balance of the general fund was \$56.7 million, of which \$17.7 million is unassigned fund balance. The increase in unassigned fund balance of the General Fund for Fiscal Year 2021/22 was due to increase sales and property taxes collected due to the economic recovery from Fiscal Year 2020/21. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Total general fund balance represents 305 percent of total General Fund expenditures of \$18.5 million in 2022. This means the City's general governmental operations could continue for about 37-months without any additional revenue generation.

The Developer Projects fund had an ending fund balance of \$.4 million at June 30, 2022. 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 \$55.0 million as of June 30, 2022. 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 Building Safety and Inspection and Development Engineering funds had a combined ending fund balance of \$8.9 million as of June 30, 2022. The monies in these fund are collected from cost recovery fee sources for specific projects and operations associated with the fee nexus. The committed fund balance can only be used to fund specific projects in future fiscal years.

Proprietary funds

The City proprietary funds provide similar information to that which is found in the government-wide financial statements, but in more detail. Each fund's 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 2021/22, the water utility enterprise fund increased its net position from \$79.9 million to \$88.4 million. Unrestricted net assets at the end of the fiscal year amounted to \$37.3 million, and are available for future capital water system improvements. \$49.4 million of the Water Fund's net position are 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.

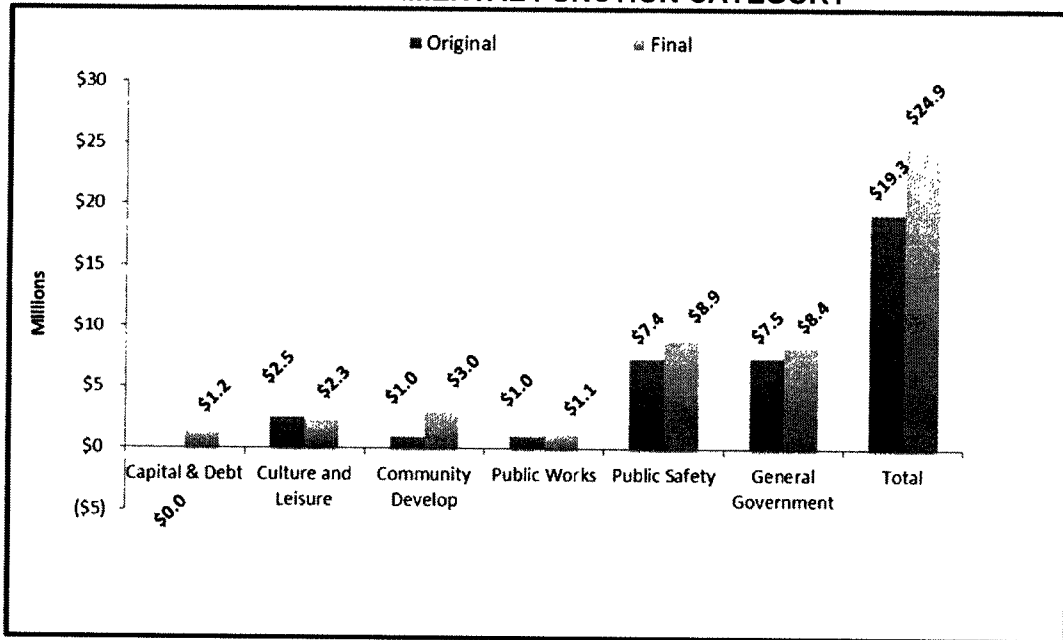
In Fiscal Year 2021/22, the sewer utility fund increased its net position from \$141.2 million to \$158.1 million. Unrestricted net position at the end of the fiscal year amounted to \$33.5 million and, are available for future capital sewer system improvements. \$124.6 million of the Sewer Fund's net position are net investment in capital asset 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'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 2021/22, the General Fund's original budgeted expenditures of \$19.3 million increased to \$24.9 million at Final Amended Budget. Original adopted revenue estimates were \$20.9 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 2021/22.

**GENERAL FUND FISCAL YEAR 2021/22 ORIGINAL AND FINAL BUDGETS
BY GOVERNMENTAL FUNCTION CATEGORY**



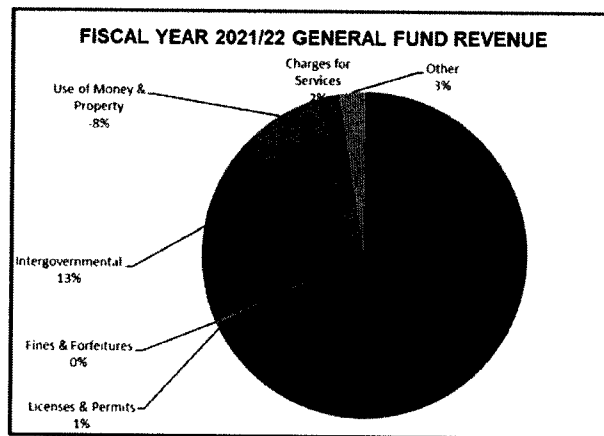
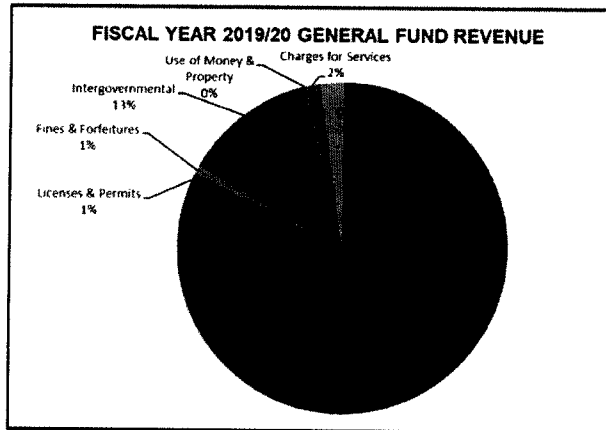
Over the course of the year, the City Council revised the City budget with adjustments that are comprised within the following two categories:

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

Amendments to the General Fund increased budgeted expenditures by \$5.5 million and are primarily a result of increased costs to carry out operations for public purposes and the purchase of replacement fleet vehicles. Budgeted General Fund revenues were increased by \$5.8 million to reflect revenues collected through increases in Measure C, Property and Sales Taxes.

After taking these adjustments into account, actual expenditures came in 25 percent below the final budget, at \$18.6 million. Capital Outlay expenditure savings contributed to this reduced spending level. Actual revenues in the General Fund were \$10.5 million higher than the final budget revenue estimate. The result of the higher revenues and significantly lower spending increased the ending fund balance of the General Fund.

The City's General Fund revenue structure slightly changed compared to Fiscal Year 2020/21. The two pie charts below present total actual revenues for Fiscal Years 2020/21 and 2021/22 by revenue category. Total actual taxes comprised 81 percent of total General Fund revenues in Fiscal Year 2020/21 and 67 percent in Fiscal Year 2021/22.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2021/22, the City had \$444.2 million (net of accumulated depreciation) invested in a broad range of capital assets, including equipment, vehicles, buildings, parks, streets, water and sewer transmission and distribution systems. This amount represents a net increase (including additions and deductions) of \$37.3 million, or a 9.2 percent increase, over Fiscal Year 2020/21.

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			
	2021	2022	2021	2022	2021	2022
Capital Assets Not Being Depreciated						
Land	\$ 9,630	\$ 10,560	\$ 3,565	\$ 3,565	\$ 13,195	\$ 14,125
Construction in progress	19,874	21,012	6,190	10,635	26,064	31,647
Depreciable Capital Assets						
Buildings	7,956	20,708	-	-	7,956	20,708
Improvements	50,383	55,425	174,658	176,060	225,041	231,485
Equipment and vehicles	1,486	2,619	575	541	2,061	3,160
Infrastructure	132,616	143,155	-	-	132,616	143,155
Total	\$ 221,945	\$ 253,479	\$ 184,988	\$ 190,801	\$ 406,933	\$ 444,280

This year's major capital additions included:

- Infrastructure \$ 14,768,797
- Water and Sewer Systems Improvements \$ 4,706,352
- Equipment & Vehicles \$ 561,145

More detailed information about the City's capital assets is presented in Note 4 to the financial statements on Pages 56 - 57.

Debt Administration

At the end of the current fiscal year, the City had a total of \$19.5 million in outstanding debt. The total outstanding in the business type activities at June 30, 2022 was \$16.7 million. Overall in Fiscal Year 2021/22, the City's outstanding debt was reduced by \$1.8 million.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2022	2021	2022	2021	2022
2017 Bank Loan	\$ -	\$ -	\$ 8,874	\$ 8,178	\$ 8,874	\$ 8,178
State Revolving Fund Loan	-	-	6,010	5,554	6,010	5,554
Compass Bank Loan	-	-	3,384	3,010	3,384	3,010
Capital Loan - City Hall	3,050	2,745	-	-	3,050	2,745
Total	\$ 3,050	\$ 2,745	\$ 18,268	\$ 16,742	\$ 21,318	\$ 19,487

The City continues to maintain its credit ratings on all of its rated debt. Note 6 to the financial statements presents more detail about the debt position of the City on Pages 58 - 60.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City Council considered many factors when setting the Fiscal Year 2021/22 budget. The City primarily relies on property tax and sales tax revenues to provide services and amenities to the community. Lathrop's population has experienced significant growth. Just last year, the City experienced a 6.3 percent increase in its population making it one of the fastest growing cities in California. While higher population is an exciting sign of growth, the City also recognizes some of the challenges such growth brings in the planning and management of serving our new residents. With City Council's guidance, the City has built strong financial reserves to draw from in unknown times, we have been able to maintain our sound financial position.

In March of 2021, the City Council approved moving forward to establish a new City of Lathrop Police Department. This important decision has not been made quickly; in fact, years of financial analysis have indicated the City can save money and provide more staff in police services tailored to meet the needs of the community. The City Council's decision reflects a commitment to take action when it is in the long-term interest of our citizens.

Over the past decade, the City Council and City staff have focused on ensuring a sustainable economic future for the City of Lathrop supporting steady growth projections for the future. The City has a goal to provide an environment for strong industrial, commercial and residential growth that has resulted in a solid financial foundation. The California State Auditor Office, in its most recent report, has ranked Lathrop in the top 3% of fiscally sound cities, out of 471 cities throughout California. This has been possible because of stability in City Hall staffing, with a skilled and committed City staff team. These factors have positioned the City to be able to stand up a new Police Department to provide services that continue to meet the needs of residents, businesses, schools, community groups and visitors in Lathrop in a cost-effective manner.

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 924 in Fiscal Year 2021/22, this level exceeds the 334 issued years earlier in Fiscal Year 2006/07 during the height of the previous housing boom.

These major economic indicators were all considered when adopting the General Fund budget for Fiscal Year 2021/22.

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.

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 focuses the reader on the composition of the City's net position, by subtracting total liabilities and deferred inflows from total assets and deferred outflows and 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 and Capital Projects Funds. Since the City's Internal Service Fund services 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, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 188,466,155	\$ 73,744,039	\$ 262,210,194
Receivables:			
Accounts (net of allowance for uncollectibles)	7,965,993	3,928,423	11,894,416
Notes and loans	20,350	-	20,350
Accrued interest	98,274	37,922	136,196
Internal balances	2,405,864	(2,405,864)	-
Restricted assets:			
Cash with fiscal agent	-	1,652,915	1,652,915
Capital assets not being depreciated	31,612,137	14,200,417	45,812,554
Capital assets, net of depreciation	221,867,009	176,601,105	398,468,114
Total Assets	452,435,782	267,758,957	720,194,739
Deferred Outflows of Resources:			
Deferred pension related items	1,760,282	225,752	1,986,034
Deferred OPEB related items	569,133	90,040	659,173
Total Deferred Outflows of Resources	2,329,415	315,792	2,645,207
Liabilities:			
Accounts payable	8,581,249	2,528,410	11,109,659
Accrued liabilities	795,214	-	795,214
Accrued interest	-	101,245	101,245
Unearned revenue	7,160,835	-	7,160,835
Deposits payable	5,823,626	1,058,254	6,881,880
Due to other governments	-	298,787	298,787
Noncurrent liabilities:			
Due within one year			
Compensated absences	314,246	12,230	326,476
Long-term Debt & loans payable	315,000	1,570,205	1,885,205
Leases Payable	37,177	-	37,177
Due in more than one year			
Compensated absences	1,780,728	69,307	1,850,035
Long-term Debt & loans payable	2,430,000	15,171,896	17,601,896
Leases Payable	91,958	-	91,958
Net pension liability	2,653,445	314,215	2,967,660
Net OPEB liability	214,064	33,867	247,931
Total Liabilities	30,197,542	21,158,416	51,355,958
Deferred Inflows of Resources:			
Deferred pension related items	2,488,552	287,454	2,776,006
Deferred OPEB related items	828,089	131,007	959,096
Total Deferred Inflows of Resources	3,316,641	418,461	3,735,102
Net Position:			
Net investment in capital assets	250,605,011	174,059,421	424,664,432
Restricted for:			
Community development	2,088,980	-	2,088,980
Public safety	1,064,058	-	1,064,058
Culture and leisure	1,483,378	-	1,483,378
Public works	117,148,650	-	117,148,650
Capital projects	1,164,924	-	1,164,924
Debt service	-	1,652,915	1,652,915
Unrestricted	47,696,013	70,785,536	118,481,549
Total Net Position	\$ 421,251,014	\$ 246,497,872	\$ 667,748,886

CITY OF LATHROP

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ 6,994,053	\$ 9,212,336	\$ -	\$ -
Public safety	11,628,050	139,111	3,295,283	-
Community development	1,805,271	8,161,272	33,200	-
Culture and leisure	11,559,470	363,671	-	-
Public works	14,711,011	2,816,090	1,908,139	25,390,248
Interest on long-term debt	233,740	-	-	-
Total Governmental Activities	46,931,595	20,692,480	5,236,622	25,390,248
Business-Type Activities:				
Water	7,099,213	10,758,681	-	2,947,675
Sewer	7,853,576	9,141,235	-	1,985,352
Total Business-Type Activities	14,952,789	19,899,916	-	4,933,027
Total Primary Government	\$ 61,884,384	\$ 40,592,396	\$ 5,236,622	\$ 30,323,275
General Revenues:				
Taxes:				
Property taxes, levied for general purpose				
Transient occupancy taxes				
Sales taxes				
Franchise taxes				
Other taxes & assessments				
Use of money and property				
Other				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 2,218,283	\$ -	\$ 2,218,283
(8,193,656)	-	(8,193,656)
6,389,201	-	6,389,201
(11,195,799)	-	(11,195,799)
15,403,466	-	15,403,466
(233,740)	-	(233,740)
4,387,755	-	4,387,755
-	6,607,143	6,607,143
-	3,273,011	3,273,011
-	9,880,154	9,880,154
4,387,755	9,880,154	14,267,909
9,737,910	-	9,737,910
1,041,501	-	1,041,501
22,602,105	-	22,602,105
1,640,212	-	1,640,212
32,094,375	9,460,928	41,555,303
(2,101,280)	216,580	(1,884,700)
1,344,184	5,176	1,349,360
(5,818,160)	5,818,160	-
60,540,847	15,500,844	76,041,691
64,928,602	25,380,998	90,309,600
356,322,412	221,116,874	577,439,286
\$ 421,251,014	\$ 246,497,872	\$ 667,748,886

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FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2021. 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.

DEVELOPER PROJECTS SPECIAL REVENUE FUND

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

CAPITAL FACILITY 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.

BUILDING SAFETY & INSPECTION SPECIAL REVENUE FUND

This fund accounts for building safety and inspection permit fee revenue and activity.

DEVELOPMENT ENGINEERING SPECIAL REVENUE FUND

This fund accounts for the development engineering fee revenue and activity.

DEVELOPER DEPOSITS SPECIAL REVENUE FUND

This fund accounts for the activity relating to developer deposits for development projects ongoing within the City.

STREETS AND ROADS CAPITAL PROJECTS FUND

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

CITY OF LATHROP

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds			
	General	Developer Projects	Capital Facility Fees	Building Safety & Inspection
Assets:				
Pooled cash and investments	\$ 49,225,306	\$ 2,905,411	\$ 55,010,991	\$ 13,232,206
Receivables:				
Accounts (net of allowance for uncollectibles)	5,027,580	30,207	4,027	-
Notes and loans	-	-	-	-
Accrued interest	26,082	2,302	27,637	6,693
Due from other funds	28,058	-	-	-
Advances to other funds	2,405,864	-	-	-
Total Assets	\$ 56,712,890	\$ 2,937,920	\$ 55,042,655	\$ 13,238,899
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,701,703	\$ -	\$ 27,776	\$ 281,155
Accrued liabilities	795,214	-	-	-
Unearned revenues	709,697	-	-	3,719,512
Deposits payable	631,964	2,497,309	-	246,753
Due to other funds	-	-	-	-
Total Liabilities	3,838,578	2,497,309	27,776	4,247,420
Fund Balances (Deficits):				
Nonspendable:				
Nonspendable	2,405,864	-	-	-
Restricted	-	440,611	55,014,879	8,991,479
Committed	44,763,906	-	-	-
Unassigned	5,704,542	-	-	-
Total Fund Balances (Deficits)	52,874,312	440,611	55,014,879	8,991,479
Total Liabilities and Fund Balances (Deficits)	\$ 56,712,890	\$ 2,937,920	\$ 55,042,655	\$ 13,238,899

CITY OF LATHROP

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>Special Revenue Funds</u>			
	<u>Development Engineering</u>	<u>Developer Deposits</u>	<u>General CIP Projects</u>	<u>Other Governmental Funds</u>
Assets:				
Pooled cash and investments	\$ 10,909,180	\$ 1,420,953	\$ 10,740,734	\$ 43,196,435
Receivables:				
Accounts (net of allowance for uncollectibles)	-	1,022,732	-	1,881,447
Notes and loans	-	-	-	20,350
Accrued interest	5,704	994	6,529	22,333
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Total Assets	<u>\$ 10,914,884</u>	<u>\$ 2,444,679</u>	<u>\$ 10,747,263</u>	<u>\$ 45,120,565</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 104,332	\$ 720,007	\$ 1,741,187	\$ 4,005,089
Accrued liabilities	-	-	-	-
Unearned revenues	2,731,626	-	-	-
Deposits payable	1,800	2,256,945	-	188,855
Due to other funds	-	-	-	28,058
Total Liabilities	<u>2,837,758</u>	<u>2,976,952</u>	<u>1,741,187</u>	<u>4,222,002</u>
Fund Balances (Deficits):				
Nonspendable:				
Nonspendable	-	-	-	-
Restricted	8,077,126	-	9,006,076	41,419,819
Committed	-	-	-	-
Unassigned	-	(532,273)	-	(521,256)
Total Fund Balances (Deficits)	<u>8,077,126</u>	<u>(532,273)</u>	<u>9,006,076</u>	<u>40,898,563</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 10,914,884</u>	<u>\$ 2,444,679</u>	<u>\$ 10,747,263</u>	<u>\$ 45,120,565</u>

CITY OF LATHROP

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>Total Governmental Funds</u>
Assets:	
Pooled cash and investments	\$ 186,641,216
Receivables:	
Accounts (net of allowance for uncollectibles)	7,965,993
Notes and loans	20,350
Accrued interest	98,274
Due from other funds	28,058
Advances to other funds	<u>2,405,864</u>
Total Assets	<u>\$ 197,159,755</u>
Liabilities and Fund Balances:	
Liabilities:	
Accounts payable	\$ 8,581,249
Accrued liabilities	795,214
Unearned revenues	7,160,835
Deposits payable	5,823,626
Due to other funds	<u>28,058</u>
Total Liabilities	<u>22,388,982</u>
Fund Balances (Deficits):	
Nonspendable:	
Nonspendable	2,405,864
Restricted	122,949,990
Committed	44,763,906
Unassigned	<u>4,651,013</u>
Total Fund Balances (Deficits)	<u>174,770,773</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 197,159,755</u>

CITY OF LATHROP

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Fund balances of governmental funds		\$ 174,770,773
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		253,479,146
Long-term debt and compensated absences that are not due and payable in the current period, and therefore, are not reported in the funds:		
Long-term debt payable	\$ (2,745,000)	
Lease Liabilities	(129,135)	
Compensated absences	<u>(270,035)</u>	(3,144,170)
Deferred outflows related to the net pension liability:		
Differences between expected & actual experience	297,362	
Adjustment due to differences in proportions	399,099	
Net difference between projected and actual earnings on pension plan investments	171,417	
Contributions made subsequent to measurement date	<u>892,404</u>	1,760,282
Deferred inflows related to the net pension liability:		
Difference in actual to proportionate share contribution	(260,100)	
Changes of assumptions	<u>(2,228,452)</u>	(2,488,552)
Net pension liability		(2,653,445)
Deferred outflows related to the net OPEB liability:		
Changes of assumptions	19,242	
Net difference between projected and actual earnings on OPEB plan investments	97,572	
Contributions made subsequent to measurement date	<u>452,319</u>	569,133
Deferred inflows related to the net OPEB liability:		
Differences between expected & actual experience	(287,216)	
Changes of assumptions	<u>(540,873)</u>	(828,089)
Net OPEB liability		(214,064)
Net Position of Governmental Activities		<u>\$ 421,251,014</u>

CITY OF LATHROP

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	General	Developer Projects	Capital Facility Fees	Building Safety & Inspection
Revenues:				
Taxes and assessments	\$ 31,794,406	\$ -	\$ 21,211,818	\$ -
Licenses and permits	330,991	-	-	-
Intergovernmental	5,813,592	-	-	-
Charges for services	711,444	-	-	7,466,065
Use of money and property	(2,534,483)	23,538	162,902	37,419
Fines and forfeitures	99,871	-	-	-
Developer participation	-	9,535,249	-	-
Miscellaneous	804,209	-	-	14,221
Total Revenues	37,020,030	9,558,787	21,374,720	7,517,705
Expenditures:				
Current:				
General government	7,124,908	-	-	-
Public safety	7,122,399	-	-	-
Community development	1,687,299	-	-	-
Culture and leisure	1,655,832	-	-	-
Public works	949,071	-	243,763	2,369,205
Capital outlay	1,636,478	-	-	-
Debt service:				
Principal retirement	305,000	-	-	-
Lease principal retirement	47,316	-	-	-
Interest and fiscal charges	73,886	-	-	-
Total Expenditures	20,602,189	-	243,763	2,369,205
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,417,841	9,558,787	21,130,957	5,148,500
Other Financing Sources (Uses):				
Transfers in	6,102,401	-	-	-
Transfers out	(9,410,896)	(10,150,279)	(7,608,980)	(404,270)
Lease proceeds	137,918	-	-	-
Total Other Financing Sources (Uses)	(3,170,577)	(10,150,279)	(7,608,980)	(404,270)
Net Change in Fund Balances	13,247,264	(591,492)	13,521,977	4,744,230
Fund Balances, Beginning of Year	39,627,048	1,032,103	41,492,902	4,247,249
Fund Balances (Deficit), End of Year	\$ 52,874,312	\$ 440,611	\$ 55,014,879	\$ 8,991,479

CITY OF LATHROP

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALAN
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds		Capital Project Funds	
	Development Engineering	Developer Deposits	General CIP Projects	Other Governmental Funds
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 14,109,879
Licenses and permits	-	-	-	55,475
Intergovernmental	-	-	-	4,281,195
Charges for services	5,681,724	-	-	-
Use of money and property	32,257	6,204	39,099	131,784
Fines and forfeitures	-	-	-	1,488,745
Developer participation	-	1,086,202	-	-
Miscellaneous	102,475	-	-	423,279
Total Revenues	5,816,456	1,092,406	39,099	20,490,357
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	4,430,454
Community development	1,082	-	-	34,504
Culture and leisure	-	-	-	1,749,641
Public works	2,329,580	861,155	1,712,768	8,151,874
Capital outlay	-	-	18,930,484	3,700,676
Debt service:				
Principal retirement	-	-	-	-
Lease principal retirement	-	-	-	-
Interest and fiscal charges	-	159,854	-	-
Total Expenditures	2,330,662	1,021,009	20,643,252	18,067,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,485,794	71,397	(20,604,153)	2,423,208
Other Financing Sources (Uses):				
Transfers in	-	-	10,084,494	10,228,750
Transfers out	-	-	-	(4,659,380)
Lease proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	10,084,494	5,569,370
Net Change in Fund Balances	3,485,794	71,397	(10,519,659)	7,992,578
Fund Balances, Beginning of Year	4,591,332	(603,670)	19,525,735	32,905,985
Fund Balances (Deficit), End of Year	\$ 8,077,126	\$ (532,273)	\$ 9,006,076	\$ 40,898,563

CITY OF LATHROP

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Total Governmental Funds</u>
Revenues:	
Taxes and assessments	\$ 67,116,103
Licenses and permits	386,466
Intergovernmental	10,094,787
Charges for services	13,859,233
Use of money and property	(2,101,280)
Fines and forfeitures	1,588,616
Developer participation	10,621,451
Miscellaneous	1,344,184
	<u>102,909,560</u>
Total Revenues	102,909,560
Expenditures:	
Current:	
General government	7,124,908
Public safety	11,552,853
Community development	1,722,885
Culture and leisure	3,405,473
Public works	16,617,416
Capital outlay	24,267,638
Debt service:	
Principal retirement	305,000
Lease principal retirement	47,316
Interest and fiscal charges	233,740
	<u>65,277,229</u>
Total Expenditures	65,277,229
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>37,632,331</u>
Other Financing Sources (Uses):	
Transfers in	26,415,645
Transfers out	(32,233,805)
Lease proceeds	137,918
	<u>(5,680,242)</u>
Total Other Financing Sources (Uses)	(5,680,242)
Net Change in Fund Balances	31,952,089
Fund Balances, Beginning of Year	<u>142,818,684</u>
Fund Balances (Deficit), End of Year	<u>\$ 174,770,773</u>

CITY OF LATHROP

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net change in fund balances - total governmental funds \$ 31,952,089

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$ 25,622,100	
Developer contributions	14,768,797	
Depreciation	<u>(8,985,289)</u>	31,405,608

Repayment of long-term debt and leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments on long-term debt		305,000
Proceeds from the issuance of leases		-

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

46,609

Pension obligation expenses are expenditures in governmental funds, but reduce the net pension liability in the statement of net position.

872,246

OPEB obligation expenses are expenditures in governmental funds, but reduce the net OPEB liability in the statement of net position.

347,050

Change in Net Position of Governmental Activities

\$ 64,928,602

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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.

NONMAJOR INTERNAL SERVICE FUND

INTERNAL SERVICE 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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Compensated Absences Internal Service Fund
Assets:				
Current:				
Cash and investments	\$ 37,869,247	\$ 35,874,792	\$ 73,744,039	\$ 1,824,939
Receivables:				
Accounts	2,460,375	1,468,048	3,928,423	-
Accrued interest	19,356	18,566	37,922	-
Restricted:				
Cash with fiscal agent	1,652,915	-	1,652,915	-
Total Current Assets	42,001,893	37,361,406	79,363,299	1,824,939
Noncurrent:				
Capital assets, not being depreciated	3,877,263	10,323,154	14,200,417	-
Capital assets, net of depreciation	62,320,658	114,280,447	176,601,105	-
Total Noncurrent Assets	66,197,921	124,603,601	190,801,522	-
Total Assets	108,199,814	161,965,007	270,164,821	1,824,939
Deferred Outflows of Resources:				
Deferred pension related items	139,492	86,260	225,752	-
Deferred OPEB related items	55,016	35,024	90,040	-
Total Deferred Outflows of Resources	194,508	121,284	315,792	-
Liabilities:				
Current:				
Accounts payable	1,287,661	1,240,749	2,528,410	-
Accrued interest	101,245	-	101,245	-
Deposits payable	1,026,966	31,288	1,058,254	-
Due to other governments	298,787	-	298,787	-
Accrued compensated absences	8,200	4,030	12,230	273,741
Loans payable	1,570,205	-	1,570,205	-
Total Current Liabilities	4,293,064	1,276,067	5,569,131	273,741
Noncurrent:				
Advances from other funds	-	2,405,864	2,405,864	-
Accrued compensated absences	46,466	22,841	69,307	1,551,198
Net pension liability	188,408	125,807	314,215	-
Net OPEB liability	20,693	13,174	33,867	-
Loans payable	15,171,896	-	15,171,896	-
Total Noncurrent Liabilities	15,427,463	2,567,686	17,995,149	1,551,198
Total Liabilities	19,720,527	3,843,753	23,564,280	1,824,939
Deferred Inflows of Resources:				
Deferred pension related items	176,700	110,754	287,454	-
Deferred OPEB related items	80,048	50,959	131,007	-
Total Deferred Inflows of Resources	256,748	161,713	418,461	-
Net Position:				
Net investment in capital assets	49,455,820	124,603,601	174,059,421	-
Restricted for debt service	1,652,915	-	1,652,915	-
Unrestricted	37,308,312	33,477,224	70,785,536	-
Total Net Position	\$ 88,417,047	\$ 158,080,825	\$ 246,497,872	\$ -

See Notes to Financial Statement.

CITY OF LATHROP

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Compensated Absences Internal Service Fund
Operating Revenues:				
Sales and service charges	\$ 10,758,681	\$ 9,141,235	\$ 19,899,916	\$ -
Other income	5,176	-	5,176	-
Total Operating Revenues	10,763,857	9,141,235	19,905,092	-
Operating Expenses:				
General and administrative	933,092	565,289	1,498,381	-
Maintenance and operations	3,828,030	4,204,012	8,032,042	-
Depreciation expense	1,830,469	3,084,275	4,914,744	-
Total Operating Expenses	6,591,591	7,853,576	14,445,167	-
Operating Income (Loss)	4,172,266	1,287,659	5,459,925	-
Nonoperating Revenues (Expenses):				
Taxes and assessments	3,192,522	6,268,406	9,460,928	-
Investment earnings	117,334	99,246	216,580	-
Interest expense	(507,622)	-	(507,622)	-
Contributions	2,947,675	1,985,352	4,933,027	-
Total Nonoperating Revenues (Expenses)	5,749,909	8,353,004	14,102,913	-
Income (Loss) Before Transfers	9,922,175	9,640,663	19,562,838	-
Transfers in	6,627,678	14,372,540	21,000,218	-
Transfers out	(8,054,378)	(7,127,680)	(15,182,058)	-
Changes in Net Position	8,495,475	16,885,523	25,380,998	-
Net Position:				
Beginning of Year	79,921,572	141,195,302	221,116,874	-
End of Fiscal Year	\$ 88,417,047	\$ 158,080,825	\$ 246,497,872	\$ -

CITY OF LATHROP

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Compensated Absences Internal Service Fund
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 10,732,125	\$ 8,938,922	\$ 19,671,047	\$ -
Cash paid to suppliers for goods and services	(3,255,065)	(4,032,166)	(7,287,231)	-
Cash paid to employees for services	(1,012,509)	(622,307)	(1,634,816)	-
Cash received from (payments to) others	5,176	-	5,176	288,924
Net Cash Provided (Used) by Operating Activities	6,469,727	4,284,449	10,754,176	288,924
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	6,627,678	14,372,540	21,000,218	-
Cash transfers out	(8,054,378)	(7,127,680)	(15,182,058)	-
Repayment made to other funds	-	(532,559)	(532,559)	-
Taxes and assessments	3,192,522	6,268,406	9,460,928	-
Advance to other funds	-	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,765,822	12,980,707	14,746,529	-
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	2,947,675	1,985,352	4,933,027	-
Acquisition and construction of capital assets	(4,135,129)	(6,595,052)	(10,730,181)	-
Principal paid on capital debt	(1,526,152)	-	(1,526,152)	-
Interest paid on capital debt	(507,622)	-	(507,622)	-
Net Cash Provided (Used) by Capital and Related Financing Activities:	(3,221,228)	(4,609,700)	(7,830,928)	-
Cash Flows from Investing Activities:				
Interest received	107,179	87,342	194,521	-
Net Cash Provided (Used) by Investing Activities	107,179	87,342	194,521	-
Net Increase (Decrease) in Cash and Cash Equivalents	5,121,500	12,742,798	17,864,298	288,924
Cash and Cash Equivalents at Beginning of Year	34,400,662	23,131,994	57,532,656	1,536,015
Cash and Cash Equivalents at End of Year	\$ 39,522,162	\$ 35,874,792	\$ 75,396,954	\$ 1,824,939
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 4,172,266	\$ 1,287,659	\$ 5,459,925	\$ -
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,830,469	3,084,275	4,914,744	-
(Increase) decrease in accounts receivable	(171,306)	(202,313)	(373,619)	-
Increase (decrease) in accounts payable	572,965	171,846	744,811	-
Increase (decrease) in deposits payable	144,750	-	144,750	-
Increase (decrease) in compensated absences	9,672	3,166	12,838	288,924
Total Adjustments	2,297,461	2,996,790	5,294,251	288,924
Net Cash Provided (Used) by Operating Activities	\$ 6,469,727	\$ 4,284,449	\$ 10,754,176	\$ 288,924
Non-Cash Investing, Capital, and Financing Activities:				
Accrued interest adjustment	\$ -	\$ -	\$ -	\$ -

FIDUCIARY FUNDS

Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments, that are not held in a trust or equivalent arrangement. 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

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

	<u>Custodial Funds</u>
Assets:	
Pooled cash and investments	\$ 5,847,920
Receivables:	
Accrued interest	2,145
Restricted assets:	
Cash and investments with fiscal agents	<u>3,298,580</u>
Total Assets	<u>10,833,688</u>
Liabilities:	
Accounts payable	162,108
Deposits payable	30,747
Due to other governments	<u>6,343,635</u>
Total Liabilities	<u>6,536,490</u>
Net Position (Deficit):	
Restricted for:	
Individuals, organizations and other governments	<u>4,297,198</u>
Total Net Position (Deficit)	<u>\$ 4,297,198</u>

CITY OF LATHROP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>
Additions:	
Collections for assessment districts	\$ 6,342,475
Investment earnings	10,609
	<hr/>
Total Additions	6,353,084
	<hr/>
Deductions:	
Administrative expenses	62,214
Contractual services	87,528
Interest expense	5,568,196
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Total Deductions	5,717,938
	<hr/>
Changes in Net Position	635,146
Net Position - Beginning of the Year	(66,113,260)
Restatements	69,775,312
	<hr/>
Net Position (Deficit) - Beginning of the Year, as restated	3,662,052
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Net Position (Deficit) - End of the Year	\$ 4,297,198
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CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

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 Facility Fees 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.

Buildings Safety & Inspection Special Revenue Fund

This fund accounts for building safety and inspection permit fee revenue and activity.

Development Engineering Special Revenue Fund

This fund accounts for the development engineering fee revenue and activity.

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Developer Deposits Special Revenue Fund

This fund accounts for the activity relating to developer deposits for development projects ongoing within the City.

General CIP Projects Fund

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

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

Water Fund

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

Sewer Fund

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

The City also reports the following fund types:

Internal Service Fund

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

Fiduciary Funds

Custodial funds are used to account for assets held by the City as a custodian for certain special assessment districts. 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, proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

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

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

e. Property Tax

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1: Summary of Significant Accounting Policies (Continued)

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. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

h. Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Federal and state grants are considered receivable and accrue as revenue when reimbursable costs are incurred. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available.

i. Prepaid Expenses

Prepaid items are also recognized under the consumption method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

j. Capital Assets

The accounting treatment over property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at the estimated acquisition value on the date contributed. 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.

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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. Generally accepted accounting principles require 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	10 - 30 years
Improvements	5 - 50 years
Equipment and Vehicles	5 - 30 years
Infrastructure	5 - 40 years

The City capitalizes all capital assets with a useful life of more than one year. Prior to July 1, 2019, the City capitalized all capital assets with a cost greater than \$3,000. Subsequent to that date, the City capitalizes all land purchases and all other capital assets as follows:

Land Improvements	\$ 50,000
Buildings	50,000
Building Improvements	50,000
Infrastructure	50,000
Equipment, Furniture and Vehicles	10,000
Intangible Assets	10,000
Leasehold Improvements	50,000
Construction in Progress for Year End Reporting	50,000 will exceed at completion

k. 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.

i. Long Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term liabilities, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements the face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1: Summary of Significant Accounting Policies (Continued)

m. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

n. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

o. 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 assets 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

p. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

q. Net Position and Fund Balance

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.

Fund Balance

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.

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Further detail about the City's fund balance classification is described in Note 8.

r. New, Closed and Renamed Funds

The following funds were established during the fiscal year:

The State Grants Special Revenue Fund is used to account for state grant expenditures and related activities.

s. New Accounting Pronouncement

In FY 2020/21, the City of Lathrop implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. This statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating agency funds and replacing them with Custodial Funds. Under this guidance, all fiduciary funds will now report a net position and a statement of changes in net position. Implementation of this guidance resulted in reclassification of several programs in governmental activities to fiduciary activities and the creation of additional funds to account for these programs. The change in accounting principle resulted in a prior period adjustment in the amount of \$(67,638,062) being reported for the custodial funds in the Statement of Changes in Fiduciary Net Position, and of \$(1,369,020) in the Statement of Revenues, Expenditures and Changes in Fund Balances.

In FY 2020/21, the City of Lathrop adopted the provisions of GASB Statement No. 98, *the Annual Comprehensive Financial Report*. This statement establishes the annual comprehensive financial report and ACFR in generally accepted accounting principles (GAAP) for state and local governments and eliminates the prior name and acronym.

The following pronouncements have been postponed as a temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date are reflected in the following fiscal years:

GASB 87 – Leases – The requirements of this statement are effective for reporting periods beginning on or after June 15, 2021.

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

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 fair 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, 2022, are as follows:

City cash and investments in primary government:	
Cash and investments	\$ 262,210,194
Cash and investments, restricted, with fiscal agents	<u>1,652,915</u>
Total Cash	<u>263,863,109</u>
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments	5,847,920
Cash and investments, restricted, with fiscal agents	<u>3,298,580</u>
Total Fiduciary Funds cash and investments	<u>9,146,500</u>
Total cash and investments	<u>\$ 273,009,609</u>

Cash and Investments as of June 30, 2022, consist of the following:

Cash on hand	\$ 6,260
Cash with financial institutions	113,541,176
Investments	<u>159,462,173</u>
Total Cash and Investments	<u>\$ 273,009,609</u>

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 2: Cash and Investments (Continued)

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage/ Amount of Portfolio	Maximum Investment in One Issuer	Minimum Credit Ratings
Local Government Bonds	5 years	30%	None	A
State Bonds	5 years	30%	None	A
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 ("LAIF")	N/A	None	None	N/A
Joint Power Authority Pool	N/A	None	None	N/A
Supranational Obligations	5 years	30%	None	AA

d. Investments Authorized by Debt Agreements

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

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 2: Cash and Investments (Continued)

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 ("LAIF")	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	Measurement Input			
	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
U.S. Treasury Obligations	\$ 4,861,830	\$ 25,165,930	\$ 29,078,510	\$ 59,106,270
U.S. Government Agencies Issues	3,255,779	6,833,767	-	10,089,546
Supranational Obligations	1,063,284	589,686	439,434	2,092,404
Local Agency Investment Fund	74,090,622	-	-	74,090,622
Asset Management Program	10,282,387	-	-	10,282,387
Money Market Mutual Funds	2,910,837	-	-	2,910,837
Investments in County Pool	400,986	-	-	400,986
Certificate of Deposit	489,121	-	-	489,121
Total Investments	<u>\$ 97,354,846</u>	<u>\$ 32,589,383</u>	<u>\$ 29,517,944</u>	159,462,173
Cash in Banks and On Hand				113,547,436
Total City Cash and Investments				<u>\$ 273,009,609</u>

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

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. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. 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, 2022, these investments have an average maturity of 191 days.

Money market mutual funds are available for withdrawal on demand and at June 30, 2022, have an average maturity of 105 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, 2022:

<i>Investments by Fair Value Level:</i>	Level 1	Level 2	Total
U.S. Treasury Obligations	\$ 59,106,270	\$ -	\$ 59,106,270
U.S. Government Agencies Issues	-	10,089,546	10,089,546
Supranational Obligations	-	2,092,404	2,092,404
Total Investments by Fair Value Level	\$ 59,106,270	\$ 12,181,950	71,288,220
<i>Investments Measured at Amortized Cost:</i>			
Local Agency Investment Fund			74,090,622
Asset Management Program			10,282,387
Money Market Mutual Funds			2,910,837
Investments in County Pool			400,986
Certificates of Deposit			489,121
<i>Cash in Banks and On Hand</i>			113,547,436
Total City Cash and Investments			\$ 273,009,609

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 2: Cash and Investments (Continued)

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. For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker dealer quotes, issuer spreads and benchmark securities, among others. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

g. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2022, as provided by Standard and Poor's, are as follows:

Investment Type	AAAm	AA+	AAA	Total
Supranational Obligations	\$ -	\$ -	\$ 2,092,404	\$ 2,092,404
Money Market Mutual Funds	2,910,837	-	-	2,910,837
Totals	<u>\$ 2,910,837</u>	<u>\$ -</u>	<u>\$ 2,092,404</u>	<u>5,003,241</u>
Not Rated:				
Local Agency Investment Fund				74,090,622
Asset Management Program				10,282,387
Investments in County Pool				400,986
Certificates of Deposit				489,121
Exempt from Credit Rating Disclosure:				
U.S. Government Agencies Issues				10,089,545
US Treasury Obligations				<u>59,106,270</u>
Total Investments				<u>\$ 159,462,172</u>

h. Concentration of Credit Risk

There were no 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 at June 30, 2022.

Note 3: Interfund Transactions

a. Long-Term Advances

As of June 30, 2022, the General Fund had advanced \$2,405,864 to the Sewer Enterprise 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.

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General	\$ 6,102,401	\$ 9,410,896
Developer Projects Special Revenue Fund	-	10,150,279
Capital Facilities Fee Special Revenue Fund	-	7,608,980
Building Safety & Inspection Special Revenue Fund	-	404,270
General CIP Projects Fund	10,084,494	-
Major Enterprise Funds:		
Water	6,627,678	8,054,378
Sewer	14,372,540	7,127,680
Non Major Governmental Funds	10,228,750	4,659,380
Total Interfund Transfers	<u>\$ 47,415,863</u>	<u>\$ 47,415,863</u>

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

c. Internal Balances

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

d. Due To (From) Other Funds

The City provides short-term interfund loans to cover cash flows which are expected to be repaid within the next year. As of June 30, 2022, 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	Nonmajor Governmental Funds	<u>\$ 28,058</u>
		<u>\$ 28,058</u>

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 4: Capital Assets

a. Capital Asset Additions and Retirements

Capital assets activity for the year ended June 30, 2022, is as follows:

Governmental Activities	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 9,629,503	\$ 970,226	\$ -	\$ -	\$ 10,599,729
Construction in Progress	19,874,190	9,575,854	-	(8,437,636)	21,012,408
Total capital assets not being depreciated	<u>29,503,693</u>	<u>10,546,080</u>	<u>-</u>	<u>(8,437,636)</u>	<u>31,612,137</u>
Capital assets being depreciated/amortized:					
Buildings	11,716,095	12,124,759	-	1,268,699	25,109,553
Improvements	75,019,874	1,378,485	-	7,168,937	83,567,296
Equipment and Vehicles	3,936,970	1,525,460	(18,771)	-	5,443,659
Infrastructure	200,810,823	14,768,797	-	-	215,579,620
Right-to-use Leased Assets	73,010	137,918	-	-	210,928
Total capital assets being depreciated/amortized	<u>291,556,772</u>	<u>29,935,419</u>	<u>(18,771)</u>	<u>8,437,636</u>	<u>329,911,056</u>
Less accumulated depreciation/amortization:					
Buildings	3,759,863	642,090	-	-	4,401,953
Improvements	24,637,182	3,504,885	-	-	28,142,067
Equipment and Vehicles	2,450,664	561,145	(18,771)	-	2,993,038
Infrastructure	68,195,343	4,229,853	-	-	72,425,196
Right-to-use Leased Assets	34,477	47,316	-	-	81,793
Total accumulated depreciation/amortization	<u>99,077,529</u>	<u>8,985,289</u>	<u>(18,771)</u>	<u>-</u>	<u>108,044,047</u>
Net capital assets being depreciated/amortization	<u>192,479,243</u>	<u>20,950,130</u>	<u>-</u>	<u>8,437,636</u>	<u>221,867,009</u>
Governmental Activities Capital Assets, Net	<u>\$ 221,982,936</u>	<u>\$ 31,496,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,479,146</u>
Business-type Activities	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 3,565,179	\$ -	\$ -	\$ -	3,565,179
Construction in Progress	6,189,191	5,955,289	-	(1,509,242)	10,635,238
Total capital assets not being depreciated	<u>9,754,370</u>	<u>5,955,289</u>	<u>-</u>	<u>(1,509,242)</u>	<u>14,200,417</u>
Capital assets being depreciated:					
Buildings	3,072	-	-	-	3,072
Improvements	229,599,657	4,706,352	-	1,509,242	235,815,251
Equipment and Vehicles	1,574,339	68,540	(12,514)	-	1,630,365
Net capital assets being depreciated	<u>231,177,068</u>	<u>4,774,892</u>	<u>(12,514)</u>	<u>1,509,242</u>	<u>237,448,688</u>
Less accumulated depreciation:					
Buildings	3,028	14	-	-	3,042
Improvements	54,942,438	4,812,310	-	-	59,754,748
Equipment and Vehicles	999,887	102,420	12,514	-	1,089,793
Total accumulated depreciation	<u>55,945,353</u>	<u>4,914,744</u>	<u>12,514</u>	<u>-</u>	<u>60,847,583</u>
Net capital assets being depreciated	<u>175,231,715</u>	<u>(139,852)</u>	<u>-</u>	<u>1,509,242</u>	<u>176,601,105</u>
Business-type Activities Capital Assets, Net	<u>\$ 184,986,085</u>	<u>\$ 5,815,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,801,522</u>

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

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:

Governmental Activities		
General government	\$	181,386
Community development		201,998
Public safety		155,521
Public works		8,384,712
Culture and leisure		61,672
Total Governmental Activities	\$	8,985,289
Business-Type Activities		
Water	\$	1,830,469
Sewer		3,084,277
Total Business-Type Activities	\$	4,914,746

Note 5: Compensated Absences

The following is a summary of changes in the City's compensated absences for the fiscal year ended June 30, 2022:

	Balance June 30, 2021	Net Change	Balance June 30, 2022	Due within one year
Governmental activities	\$ 1,852,659	\$ 242,315	\$ 2,094,974	\$ 314,246
Business-type activities	68,699	12,838	81,537	12,230
Total	\$ 1,921,358	\$ 255,153	\$ 2,176,511	\$ 326,476

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 6: Loans Payable & Other 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 Loans Payable & Other Long-Term Debt

The City's long-term debt activities for the year ended June 30, 2022, is as follows:

Governmental Activities Long-Term Debt	Balance June 30, 2020	Retirements	Balance June 30, 2021	Current Portion
Financing Agreement Obligation				
2016 Financing Agreement				
2.55%, due 07/15/2029	\$ 3,050,000	\$ 305,000	\$ 2,745,000	\$ 315,000
Total Governmental Activities	\$ 3,050,000	\$ 305,000	\$ 2,745,000	\$ 315,000
Business-type Activities Long-Term Debt	Balance June 30, 2020	Retirements	Balance June 30, 2021	Current Portion
Capital Loan Obligation				
2017 Bank Loan				
2.89%, due 06/01/2032	\$ 8,873,968	\$ 696,032	\$ 8,177,936	\$ 716,293
State Revolving Fund Loan				
2.3086%, due 07/01/2032	6,010,445	456,317	5,554,128	466,911
Compass Bank Loan				
3.50%, due 06/01/2029	3,383,840	373,803	3,010,037	387,001
Total Business-type Activities	\$ 18,268,253	\$ 1,526,152	\$ 16,742,101	\$ 1,570,205

Debt Service Requirements

Future principal and interest payments on all Governmental and Business-type long-term debt were as follows at June 30, 2022:

For the Year Ending June 30	Governmental Activities				Business-Type Activities			
	Direct Borrowings				Direct Borrowings			
	City Hall Loan		2017 Bank Loan		State Revolving Fund Loan		Compass Bank Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 315,000	\$ 65,981	\$ 716,293	\$ 231,167	\$ 466,911	\$ 125,272	\$ 387,001	\$ 101,999
2024	320,000	57,885	737,145	210,316	483,267	114,306	400,664	88,336
2025	330,000	49,598	758,604	188,857	494,489	103,084	414,810	74,190
2026	340,000	41,055	780,687	166,774	500,217	97,376	429,456	59,544
2027	350,000	32,512	803,412	144,048	511,811	85,763	444,102	44,898
2028 - 2032	1,090,000	42,076	4,381,795	355,510	2,779,626	198,111	934,004	40,600
2033	-	-	-	-	317,807	6,896	-	-
Total	\$ 2,745,000	\$ 289,107	\$ 8,177,936	\$ 1,296,672	\$ 5,554,128	\$ 730,808	\$ 3,010,037	\$ 409,567

Description of the City's Loans Payable & Other 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

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 6: Loans Payable & Other Long-Term Debt (Continued)

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. Due to the timing of debt service payments on July 15th of each year, the City prepays the principal and interest.

The 2016 City Hall Lease is secured by the City Hall building at 390 Towne Centre Drive, Lathrop, California. The outstanding lease amount contains a provision that in an event of default, Lathrop Financing Authority may terminate the lease, re-lease all or any portion of the leased property or hold the City liable for the payment of all base rental obligations and be reimbursed for any deficiency arising out of re-leasing the property.

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. 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 water system 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.

The 2017 Bank Loan and Compass Bank Loan are secured by a pledge of and lien on the net revenues of the Water System. The outstanding loan amount contains a provision that in an event of default, the loan will bear interest at the default rate, a rate of interest equal to the interest rate plus 3 percent and 5 percent respectively or the outstanding loan amount may become immediately due and payable.

The State Revolving Fund Loan is secured by a promissory note. The outstanding loan amount contains a provision that in an event of default, the State can declare the City's obligation immediately due and payable.

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 6: Loans Payable & Other Long-Term Debt (Continued)

For the fiscal year 2022, net revenues of the Water Enterprise Fund amounted to \$4,172,266 which represented coverage of 3.90 over the \$1,069,835 debt service on the 2017 Bank Loan and Compass Bank Loan.

Note 7: 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, 2022 is as follows:

Mosssdale Assessment District Refunding 2015	\$ 4,890,000 *
Lathrop Financing Authority Special Tax Revenue Bonds (Mosssdale Village Reassessment District No. 2013-1) 2013 Series	8,105,000
Lathrop Financing Authority Special Tax Revenue Bonds (Community Facilities No. 2003-1) 2013 Series A	5,000,000
Crossroad Assessment District Series 2015	8,960,000
Joint Wastewater Project CFD 2003-2	4,960,000
Lathrop Sanitary Sewer Assessment District No. 1	520,000
City Hall Refinancing	2,745,000
Community Facilities District No. 2018-1	45,640,000 **

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

**The Community Facilities District No. 2018-1 and 2018-2 bond issues were issued to restructure and extinguish the Communities Facilities District No. 2006-1.

Note 8: Leases

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance June 30, 2022
SAN Store	11/27/2019	3 years	\$ 2,028	0.00%	\$ 73,010	\$ 10,372
VMWare	1/21/2022	3 years	1,469	0.00%	52,896	45,551
Bl. Server	1/21/2022	3 years	2,362	0.00%	85,022	73,212
Total Lease Agreements						<u>\$ 129,135</u>

The SAN Storage was leased through Hewlett-Packard Financial Services by the Information Systems Department for use by all Departments, beginning in November 27, 2019 for a term of three years at a fixed interest rate of 0.00%. This lease is not renewable and the City maintains the option to acquire the equipment for \$1 at the end of the three year term.

The VMWare was leased through Hewlett-Packard Financial Services by the Information Systems Department for use by all Departments, beginning in January 21, 2022 for a term of three years at a fixed interest rate of 0.00%. This lease is not renewable and the City maintains the option to acquire the equipment for \$1 at the end of the three year term.

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 8: Leases (Continued)

The Blade Server was leased through Hewlett-Packard Financial Services by the Information Systems Department for use by all Departments, beginning in January 21, 2022 for a term of three years at a fixed interest rate of 0.00%. This lease is not renewable and the City maintains the option to acquire the equipment for \$1 at the end of the three year term.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending	Principal	Interest
June 30		
2022	\$ 37,177	\$ -
2023	45,972	-
2024	45,986	-
	<u>\$ 129,135</u>	<u>\$ -</u>

Note 9: Fund Balances

Detailed classifications of the City's fund balances, as of June 30, 2022, are below:

	General Fund	Developer Projects	Capital Facilities Fee	Building Safety & Inspection	Development Engineering	Developer Deposits	General CIP Projects	Other Governmental Funds	Total
Nonspendables:									
Items not in spendable form:									
Advances to other funds	\$ 2,405,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,405,864
Total Nonspendable	<u>2,405,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,405,864</u>
Restricted for:									
Recycling projects	-	-	-	-	-	-	-	1,131,435	1,131,435
Capital projects	-	440,611	55,014,879	-	-	-	9,006,076	35,670,193	100,131,759
Public safety	-	-	-	8,991,479	-	-	-	1,064,058	10,055,537
Traffic and transportation	-	-	-	-	-	-	-	112,479	112,479
Parks and recreation	-	-	-	-	-	-	-	1,483,378	1,483,378
Streets and roads contracts	-	-	-	-	8,077,126	-	-	1,326,643	9,403,769
Measure K	-	-	-	-	-	-	-	631,633	631,633
Total Restricted	<u>-</u>	<u>440,611</u>	<u>55,014,879</u>	<u>8,991,479</u>	<u>8,077,126</u>	<u>-</u>	<u>9,006,076</u>	<u>41,419,819</u>	<u>122,949,990</u>
Committed to:									
Contingency/emergency	7,045,537	-	-	-	-	-	-	-	7,045,537
Economic stability	1,850,000	-	-	-	-	-	-	-	1,850,000
Capital projects	10,010,189	-	-	-	-	-	-	-	10,010,189
Animal shelter	8,000,000	-	-	-	-	-	-	-	8,000,000
Landscape reserves	1,130,000	-	-	-	-	-	-	-	1,130,000
Retirement stability	3,500,000	-	-	-	-	-	-	-	3,500,000
Water bonds	747,725	-	-	-	-	-	-	-	747,725
Capital equipment	3,324,674	-	-	-	-	-	-	-	3,324,674
Measure C essential city services	5,457,147	-	-	-	-	-	-	-	5,457,147
Economic development	438,896	-	-	-	-	-	-	-	438,896
American Rescue Plan Act	3,259,738	-	-	-	-	-	-	-	3,259,738
Total Committed	<u>44,763,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,763,906</u>
Unassigned:									
Fund deficits	-	-	-	-	-	(532,273)	-	(521,256)	(1,053,529)
Residual fund balance	5,704,542	-	-	-	-	-	-	-	5,704,542
Total Unassigned	<u>5,704,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(532,273)</u>	<u>-</u>	<u>(521,256)</u>	<u>4,651,013</u>
Total Fund Balances	<u>\$ 52,874,312</u>	<u>\$ 440,611</u>	<u>\$ 55,014,879</u>	<u>\$ 8,991,479</u>	<u>\$ 8,077,126</u>	<u>\$ (532,273)</u>	<u>\$ 9,006,076</u>	<u>\$ 40,898,563</u>	<u>\$ 174,770,773</u>

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 9: Fund Balances (Continued)

a. Minimum Fund Balance Policies

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

The Economic Uncertainty Reserve consists of 75% of the Contingency Reserve Balance. It will be maintained to minimize the effects of major economic uncertainties, including local disasters, State budget deficits and other severe financial hardships or unforeseen changes in revenues and/or expenditures and will be available for budget stabilization. At June 30, 2022, the Economic Uncertainty Reserve amounted to \$5,284,153.

The Exposure and Emergency Reserves consist of 25% of the Contingency Reserve Balance. Exposure Reserves will be maintained to minimize the immediate financial impact of potential costs not covered by the City's insurance program, such as claim costs within the City's deductibles, major costs associate with disasters and other events which will not be reimbursable by insurance or Federal or State Government. Emergency Reserve will be maintained to minimize all unforeseen events not covered in the Economic Uncertainty Reserve and Exposure Reserves. At June 30, 2022, the Exposure and Emergency Reserves amounted to \$1,761,384.

b. Encumbrances

The City utilized an encumbrance system during fiscal year 2021 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, 2022, that will be carried over to fiscal year 2022:

General Fund	\$ 6,237,688
Building Safety & Inspection Special Revenue Fund	644,055
Development Engineering Special Revenue Fund	965,125
Developer Deposits Special Revenue Fund	58,644
General CIP Projects	7,557,205
Non-Major Funds	10,880,608

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 10: Pension Plan

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, 2022, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	Tier 3
Hire date	Prior to July 1, 2010	July 1, 2010 to December 31, 2012	After December 31, 2012
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of annual salary	1.426%-2.418%	1.092%-2.418%	1.0%-2.5%
Required employee contribution rates	7.00%	7.00%	6.75%
Required employer contribution rates	10.34%	8.65%	7.59%
Required Unfunded Actuarial Liability Contribution	\$ 463,648	\$ 20,791	\$ 10,659

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis, or the City can elect a lump sum payment option. The City’s required contributions for the unfunded liability in the Plan totaled \$408,049, as noted in the table above, which were made under the annual payment option.

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 10: 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, 2022, the City’s total contributions to the Plan were \$1,200,271.

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

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 Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 9: Pension Plan (Continued)

As of June 30, 2022, the city reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 2,967,660</u>
Total Net Position Liability	<u>\$ 2,967,660</u>

The governmental activities net pension liability is liquidated primarily by the General Fund.

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, 2020, 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, 2019, rolled forward to June 30, 2020, 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, 2019, and 2020 was as follows:

	Miscellaneous
Proportion - June 30, 2019	<u>0.0590%</u>
Proportion - June 30, 2020	<u>0.0549%</u>
Change - Increase (Decrease)	<u>-0.0041%</u>

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 10: Pension Plan (Continued)

For the year ended June 30, 2022, the City recognized pension expense of \$959,001. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,200,271	\$ -
Differences between actual and expected experience	332,791	-
Adjustments due to differences in proportions	452,972	-
Difference in proportionate share of contributions	-	(192,631)
Net difference projected and actual investment earnings	-	(2,583,375)
Total	<u>\$ 1,986,034</u>	<u>\$ (2,776,006)</u>

\$1,200,271 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2023	\$ (346,889)
2024	(409,795)
2025	(524,884)
2026	(708,675)

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liability were based on the following actuarial methods and assumptions for all benefit tiers:

	All Plans
Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% ⁽¹⁾
Mortality	Derived usin CalPERS Membership Data for all Funds ⁽²⁾
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter.

(1) Net of pension plan investment and administrative expenses, including inflation.
 (2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Note 10: Pension Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return - 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 and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rate of return by asset class.

Asset Class ^(a)	Current Target Allocation	Real Return Years 1 - 10 ^(b)	Real Return Years 11+ ^(c)
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%
Total	100%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2022

Note 10: Pension Plan (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	\$ 7,242,897
Current Discount Rate	7.15%
Net Pension Liability	\$ 2,967,660
1% Increase	8.15%
Net Pension Liability	\$ (566,617)

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

Note 11: 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 Trust is not considered a component unit by the City and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, California 94229-2709.

CITY OF LATHROP

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Note 11: Other Post - Employment Benefits (Continued)

Benefits Provided – The following is a summary of Plan benefits by employee group as of June 30, 2022:

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 within 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 each 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 within 5 years of PERS service	PEMHCA Minimum Employer Contribution (MEC)	PEMHCA Minimum Employer Contribution (MEC)
			Age 55 within 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 within 5 years of PERS service	PEMHCA Minimum Employer Contribution (MEC)	PEMHCA Minimum Employer Contribution (MEC)
			Age 55 within 5 years of PERS service	100% of the premium for retiree and dependants, up to the following percentages of the monthly cap for active employees* 5 years of service: 25% 10 years of service: 50% 15 years of service: 100%	

*In 2020, the City contributes a maximum of \$1,755 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, 2022, the City's contributions to the Plan were \$517,163, which were comprised of contributions to the trust of \$368,885 and implicit subsidy payments of \$148,278.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2022:

Active Employees	83
Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	109
Total	<u>218</u>

b. Net OPEB Liability

Actuarial Methods and Assumptions – The City's net OPEB liability was measured as of June 30, 2020 the total OPEB liability was determined by an actuarial valuation dated June 30, 2021. These are the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	6.10%
Inflation	2.50%
Payroll Growth	3.00%
Investment Rate of Return	6.10%
Mortality Rate	MacLeod Watts Scale 2022 applied generationally from 2015
Healthcare Trend Rate	4.00%

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 11: Other Post - Employment Benefits (Continued)

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for a different basis used to project future mortality improvements. Mortality rates used were the published CalPERS rates, adjusted to back out 20 years of Scale BB to central year 2008.

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
Global Equity	49%
Fixed Income	23%
Treasury Inflation Protection Securities	20%
Real Estate Investment Trusts	5%
Commodities	3%
Total	100%

Change of Assumptions – For the measurement date of June 30, 2021, there were no changes in assumptions.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.10%. 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.

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 11: Other Post - Employment Benefits (Continued)

c. Changes in Net OPEB Liability

The changes in the total OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at Measurement Date 6/30/2020	\$ 5,648,255	\$ 4,508,902	\$ 1,139,353
Changes Recognized for the Measurement Period:			
Service Cost	254,871	-	254,871
Interest on the total OPEB liability	388,811	-	388,811
Expected investment income	(45,156)	1,195,508	(1,240,664)
Contributions from the employer	-	435,828	(435,828)
Changes in benefit terms	-	-	-
Administrative expenses	-	(1,642)	1,642
Other Expenses (one time)	-	-	-
Benefit payments	(370,644)	(370,644)	-
Changes of assumptions	139,746	-	139,746
Plan experience	-	-	-
Investment experience	-	-	-
Net changes	367,628	1,259,050	(891,422)
Balance at Measurement Date 6/30/2021	\$ 6,015,883	\$ 5,767,952	\$ 247,931

d. Sensitivity of the Net 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 (5.80%) or 1- percentage-point higher (7.80%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate	Discount Rate	Discount Rate
-1% (5.10%)	(6.10%)	+1% (7.10%)
\$ 862,751	\$ 247,931	\$ (278,328)

The following presents the net OPEB liability of the City, as well as what the City's net 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 Trend Rates		
1% Decrease	Current Rate	1% Increase
\$ (365,788)	\$ 247,931	\$ 979,750

CITY OF LATHROP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Note 11: Other Post - Employment Benefits (Continued)

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, 2022, the City recognized OPEB expense of \$554,388. At June 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions made subsequent to the measurement date	\$ 517,163	\$ -
Differences between actual and expected experience	-	(307,330)
Changes in assumptions	142,010	(41,417)
Net differences projected and actual earnings on plan investments	-	(610,349)
Total	<u>\$ 659,173</u>	<u>\$ (959,096)</u>

\$435,328 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, 2023. 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 Ended June 30,	Annual Amortization
2023	\$ (202,310)
2024	(196,761)
2025	(206,329)
2026	(212,947)
2027	(11,906)
Thereafter	13,167
Total	<u>\$ (817,086)</u>

Note 12: 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.

CITY OF LATHROP

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Note 12: Risk Management (Continued)

The City's deductibles and maximum coverage follows:

Coverage	Deductible	CSJVRMA	Excess Liability	ERMA
Workers Compensation	\$ 25,000	\$ 500,000	Statutory Limits	\$ -
General and automobile liability	25,000	1,000,000	\$ 54,000,000	-
Property damage	5,000 or 10,000	25,000	1,000,000,000	-
High value auto program	2,000	10,000 or 50,000	1,000,000,000	-
Boiler and machinery	Various	1,000,000,000	-	-
Employment Practices Liability	25,000	-	2,000,000	1,000,000

The City contributes its pro rata share of anticipated losses to a pool administered by CSJVRMA. Should actual losses among participants be greater than the anticipated losses, the City will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro rata share of the excess. The City paid CSJVRMA premiums and ERMA premiums totaling \$1,078,841 during the fiscal year ended June 30, 2022. 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 13: 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LATHROP

**COST SHARING MULTIPLE EMPLOYER PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Miscellaneous Rate Plan				
Rate Plan's Proportion of the Net Pension Liability	0.05770%	0.04556%	0.04980%	0.05243%
Rate Plan's Proportionate Share of the Net Pension Liability	\$ 3,590,219	\$ 3,127,249	\$ 4,309,662	\$ 5,199,968
Rate Plan's Covered Payroll	\$ 4,501,607	\$ 4,364,310	\$ 5,148,017	\$ 5,568,372
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	79.75%	71.66%	83.71%	93.38%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%	73.31%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2019, 2020 and 2021 there were no changes. 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

2019	2020	2021	2022
0.05269%	0.05586%	0.05897%	0.05487%
\$ 5,077,307	\$ 5,723,799	\$ 6,416,539	\$ 2,967,660
\$ 6,004,176	\$ 6,384,728	\$ 6,808,162	\$ 7,021,189
84.56%	89.65%	94.25%	42.27%
75.26%	75.26%	75.10%	88.29%

CITY OF LATHROP

**COST SHARING MULTIPLE-EMPLOYER PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015	2016	2017	2018
Miscellaneous Rate Plan				
Actuarially Determined Contribution	\$ 523,329	\$ 369,225	\$ 434,033	\$ 465,746
Contribution in Relation to the Actuarially Determined Contribution	(523,329)	(369,225)	(434,033)	(465,746)
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%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

Note to Schedule:

Valuation Date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal cost method

Amortization method/period: Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
	Investment	Non-investment			
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.750%	2.750%	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Assets valuation method

Market Value

Inflation

2.50%

Salary Increases

Varies by Entry age and Service

Payroll Growth

2.75%

Investment rate of return

7.15%, net of pension plan investment expenses, including inflation.

Retirement age

The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Mortality

The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of scale MP-2016 published by the Society of Actuaries.

2019	2020	2021	2022
\$ 766,989	\$ 917,576	\$ 1,062,215	\$ 1,200,271
(766,989)	(917,576)	(1,062,215)	(1,200,271)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,384,728	\$ 6,808,162	\$ 7,021,189	\$ 8,113,507
12.01%	13.48%	15.13%	14.79%

CITY OF LATHROP

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 228,075	\$ 231,377	\$ 238,897	\$ 247,448	\$ 254,871
Interest on the total OPEB liability	366,257	359,416	378,925	372,499	388,811
Differences between expected and actual experiences	(430,189)	-	(134,660)	-	94,590
Changes in assumptions	42,010	-	(62,441)	-	-
Benefit payments	(299,940)	(314,423)	(324,785)	(404,342)	(370,644)
Net change in total OPEB liability	(93,787)	276,370	95,936	215,605	367,628
Total OPEB liability - beginning	5,154,131	5,060,344	5,336,714	5,432,650	5,648,255
Total OPEB liability - ending (a)	5,060,344	5,336,714	5,432,650	5,648,255	6,015,883
Plan Fiduciary Net Position					
Contributions - employer	471,077	495,719	459,510	486,383	435,828
Net investment income	307,578	276,193	230,777	151,173	308,766
Benefit payments	(299,940)	(314,423)	(324,785)	(404,342)	(370,644)
Other expense	-	(4,582)	-	-	886,742
Administrative expense	(1,576)	(1,813)	(825)	(2,094)	(1,642)
Net change in plan fiduciary net position	477,139	451,094	364,677	231,120	1,259,050
Plan fiduciary net position - beginning	2,984,872	3,462,011	3,913,105	4,277,782	4,508,902
Plan fiduciary net position - ending (b)	3,462,011	3,913,105	4,277,782	4,508,902	5,767,952
Net OPEB Liability - ending (a) - (b)	\$ 1,598,333	\$ 1,423,609	\$ 1,154,868	\$ 1,139,353	\$ 247,931
Plan fiduciary net position as a percentage of the total OPEB liability	68.41%	73.32%	78.74%	79.83%	95.88%
Covered-employee payroll	\$ 5,982,337	\$ 6,377,387	\$ 6,358,722	\$ 6,549,484	\$ 7,838,544
Net OPEB liability as a percentage of covered-employee payroll	26.72%	22.32%	18.16%	17.40%	3.16%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available

CITY OF LATHROP

**SCHEDULE OF OPEB CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially Determined Contribution	\$ 389,509	\$ 359,460	\$ 369,969	\$ 361,138	\$ 368,885
Contribution in Relation to the Actuarially Determined Contributions	(495,719)	(459,510)	(396,085)	(435,828)	(517,163)
Contribution Deficiency (Excess)	<u>\$ (106,210)</u>	<u>\$ (100,050)</u>	<u>\$ (26,116)</u>	<u>\$ (74,690)</u>	<u>\$ (148,278)</u>
Covered-employee payroll	\$ 6,377,387	\$ 6,358,722	\$ 6,549,484	\$ 7,838,544	\$ 9,931,244
Contributions as a percentage of covered-employee payroll	7.77%	7.23%	6.05%	5.56%	5.21%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for fiscal year 2022 were from the June 30, 2021 actuarial

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value
Discount rate	6.70%
Inflation	2.50%
Salary increases	3.00% annually
Mortality Rate*	Derived using CalPERS' membership
Pre-Retirement Turnover**	Derived using CalPERS' membership
Healthcare Trend Rate	Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the ultimate trend of 5.0% per year.

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 17,230,000	\$ 22,305,922	\$ 31,794,406	\$ 9,488,484
Licenses and permits	243,820	243,820	330,991	87,171
Intergovernmental	2,020,000	2,079,890	5,813,592	3,733,702
Charges for services	673,308	673,308	711,444	38,136
Use of money and property	232,457	232,457	(2,534,483)	(2,766,940)
Fines and forfeitures	120,000	120,000	99,871	(20,129)
Miscellaneous	345,875	929,464	804,209	(125,255)
Total Revenues	20,865,460	26,584,861	37,020,030	10,435,169
Expenditures				
Current:				
General Government				
City council	64,340	97,340	66,405	30,935
City manager	929,708	1,039,165	850,778	188,387
City clerk	356,202	366,609	343,495	23,114
City attorney	766,453	766,453	712,281	54,172
Personnel	476,477	476,477	350,441	126,036
Central services	1,025,550	1,025,550	768,606	256,944
Finance	1,780,847	2,231,047	1,766,512	464,535
Information technology	2,085,873	2,349,212	2,266,390	82,822
Total General Government	7,485,450	8,351,853	7,124,908	1,226,945
Public Safety				
Administration	9,174,666	11,575,545	7,056,082	4,519,463
Community Services	737,138	73,400	66,317	7,083
Total Public Safety	9,911,804	11,648,945	7,122,399	4,526,546
Community Development				
Planning	961,290	2,990,148	1,687,299	1,302,849
Total Community Development	961,290	2,990,148	1,687,299	1,302,849
Culture and Leisure				
Administration	233,154	775,841	489,566	286,275
Senior center	165,373	437,833	339,979	97,854
Recreation programs	80,833	104,333	95,826	8,507
Special events	131,582	138,582	133,031	5,551
Day camp kid's club	542,258	529,258	418,671	110,587
Youth and adult sports	218,987	211,987	130,996	80,991
Facilities and library	1,152,219	107,925	47,763	60,162
Total Culture and Leisure	2,524,406	2,305,759	1,655,832	649,927

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works				
Administration	757,474	862,869	698,742	164,127
Utility engineering	263,745	276,655	250,329	26,326
Total Public Works	<u>1,021,219</u>	<u>1,139,524</u>	<u>949,071</u>	<u>190,453</u>
Capital outlay	(408,420)	1,059,223	1,636,478	(577,255)
Debt service:				
Principal	305,000	305,000	305,000	-
Lease principal	-	-	47,316	(47,316)
Interest	74,000	74,000	73,886	114
Total Debt Service	<u>379,000</u>	<u>379,000</u>	<u>426,202</u>	<u>(47,202)</u>
Total Expenditures	<u>21,874,749</u>	<u>27,874,452</u>	<u>20,602,189</u>	<u>7,272,263</u>
Other Financing Sources (Uses):				
Transfers in	6,310,070	6,310,070	6,102,401	(207,669)
Transfers out	(6,217,245)	(9,410,897)	(9,410,896)	1
Lease proceeds	-	-	137,918	(137,918)
Total Other Financing Sources (Uses)	<u>92,825</u>	<u>(3,100,827)</u>	<u>(3,170,577)</u>	<u>(345,586)</u>
Net Change in Fund Balances	(916,464)	(4,390,418)	13,247,264	2,817,320
Fund Balances, Beginning of Year, as restated	<u>39,627,048</u>	<u>39,627,048</u>	<u>39,627,048</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 38,710,584</u>	<u>\$ 35,236,630</u>	<u>\$ 52,874,312</u>	<u>\$ 2,817,320</u>

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DEVELOPER PROJECTS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 23,538	\$ 23,538
Developer participation	2,276,343	12,416,084	9,535,249	(2,880,835)
Total Revenues	2,276,343	12,416,084	9,558,787	(2,857,297)
Other Financing Sources (Uses):				
Transfers out	(2,277,983)	(12,417,724)	(10,150,279)	2,267,445
Total Other Financing Sources (Uses)	(2,277,983)	(12,417,724)	(10,150,279)	2,267,445
Net Change in Fund Balances	(1,640)	(1,640)	(591,492)	(589,852)
Fund Balances, Beginning of Year	1,032,103	1,032,103	1,032,103	-
Fund Balances, End of Year	\$ 1,030,463	\$ 1,030,463	\$ 440,611	\$ (589,852)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CAPITAL FACILITY FEES
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 28,389,170	\$ 28,389,170	\$ 21,211,818	\$ (7,177,352)
Use of money and property	-	-	162,902	162,902
Total Revenues	28,389,170	28,389,170	21,374,720	(7,014,450)
Expenditures				
Current:				
Public works	243,763	243,763	243,763	-
Total Expenditures	243,763	243,763	243,763	-
Other Financing Sources (Uses)				
Transfers out	(5,434,580)	(7,608,980)	(7,608,980)	-
Total Other Financing Sources (Uses)	(5,434,580)	(7,608,980)	(7,608,980)	-
Net Change in Fund Balances	22,710,827	20,536,427	13,521,977	(7,014,450)
Fund Balances, Beginning of Year	41,492,902	41,492,902	41,492,902	-
Fund Balances, End of Year	\$ 64,203,729	\$ 62,029,329	\$ 55,014,879	\$ (7,014,450)

CITY OF LATHROP

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUILDING SAFETY & INSPECTION
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits	\$ 2,314,342	\$ 2,314,342	\$ -	\$ (2,314,342)
Charges for services	863,059	863,059	7,466,065	6,603,006
Use of money and property	-	-	37,419	37,419
Miscellaneous	-	-	14,221	14,221
Total Revenues	3,177,401	3,177,401	7,517,705	4,340,304
Expenditures				
Current:				
Public works	2,287,030	3,069,258	2,369,205	700,053
Total Expenditures	2,287,030	3,069,258	2,369,205	700,053
Other Financing (Uses)				
Transfers out	(404,270)	(404,270)	(404,270)	-
Total Other Financing (Uses)	(404,270)	(404,270)	(404,270)	-
Net Change in Fund Balances	486,101	(296,127)	4,744,230	5,040,357
Fund Balances, Beginning of Year	4,247,249	4,247,249	4,247,249	-
Fund Balances, End of Year	\$ 4,733,350	\$ 3,951,122	\$ 8,991,479	\$ 5,040,357

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DEVELOPMENT ENGINEERING
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 1,325,104	\$ 1,485,174	\$ 5,681,724	\$ 4,196,550
Use of money and property	-	-	32,257	32,257
Miscellaneous	-	-	102,475	102,475
Total Revenues	1,325,104	1,485,174	5,816,456	4,331,282
Expenditures				
Current:				
Public works	2,422,842	4,512,432	2,329,580	2,182,852
Total Expenditures	2,425,842	4,515,432	2,330,662	2,184,770
Net Change in Fund Balances	(1,100,738)	(3,030,258)	3,485,794	6,516,052
Fund Balances, Beginning of Year	4,591,332	4,591,332	4,591,332	-
Fund Balances, End of Year	\$ 3,490,594	\$ 1,561,074	\$ 8,077,126	\$ 6,516,052

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DEVELOPER DEPOSITS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ 33,500	\$ 33,500	\$ 6,204	\$ (27,296)
Developer participation	1,044,916	1,284,902	1,086,202	(198,700)
Total Revenues	1,078,416	1,318,402	1,092,406	(225,996)
Expenditures				
Current:				
Public works	918,416	1,204,542	861,155	343,387
Debt service:				
Interest and fiscal charges	160,000	160,000	159,854	146
Total Expenditures	1,078,416	1,364,542	1,021,009	343,533
Net Change in Fund Balances	-	(46,140)	71,397	117,537
Fund Balances (Deficits), Beginning of Year	(603,670)	(603,670)	(603,670)	-
Fund Balances (Deficits), End of Year	\$ (603,670)	\$ (649,810)	\$ (532,273)	\$ 117,537

CITY OF LATHROP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

Budgets and Budgetary Accounting

The City establishes annual budgets for the General and certain Special Revenue Funds, which are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets for the General and certain 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 \$31,192,901 in revenues and \$52,333,139 in expenditures.

Adopted Budgets

For the fiscal year ending June 30, 2022, the Historic Lathrop Loan Program (HLLP), the Central Lathrop Specific Plan (CLSP) Services CFD, the North Lathrop Transportation, the Lathrop Land Acquisitions, the DWR Grant – ULOP Project, The Stewart Economic Dev Fee 80% and the TOT Trust Special Revenue Funds did not adopt an annual budget.

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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.

ECONOMIC DEVELOPMENT FUND

To account for small business assistance grants approved by Council. The fund was reactivated in fiscal year 2020 due to the impacts of COVID-19.

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, 2022

	<u>General Purpose Fund</u>	<u>Economic Development</u>	<u>Measure C</u>	<u>Totals</u>
Assets:				
Cash and investments	\$ 45,319,873	\$ 438,663	\$ 3,466,770	\$ 49,225,306
Receivables:				
Accounts	2,853,657	233	2,173,690	5,027,580
Accrued interest	23,712	-	2,370	26,082
Due from other funds	28,058	-	-	28,058
Advances to other funds	2,405,864	-	-	2,405,864
Total Assets	<u>\$ 50,631,164</u>	<u>\$ 438,896</u>	<u>\$ 5,642,830</u>	<u>\$ 56,712,890</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,516,020	\$ -	\$ 185,683	\$ 1,701,703
Accrued liabilities	795,214	-	-	795,214
Unearned revenues	709,697	-	-	709,697
Deposits payable	631,964	-	-	631,964
Total Liabilities	<u>3,652,895</u>	<u>-</u>	<u>185,683</u>	<u>3,838,578</u>
Fund Balances:				
Nonspendable	2,405,864	-	-	2,405,864
Committed	38,867,863	438,896	5,457,147	44,763,906
Unassigned	5,704,542	-	-	5,704,542
Total Fund Balances	<u>46,978,269</u>	<u>438,896</u>	<u>5,457,147</u>	<u>52,874,312</u>
Total Liabilities and Fund Balances	<u>\$ 50,631,164</u>	<u>\$ 438,896</u>	<u>\$ 5,642,830</u>	<u>\$ 56,712,890</u>

CITY OF LATHROP

**GENERAL FUND
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	General Purpose Fund	Economic Development	Measure C	Totals
Revenues:				
Taxes and assessments	\$ 20,918,484	\$ -	\$ 10,875,922	\$ 31,794,406
Licenses and permits	330,991	-	-	330,991
Intergovernmental	5,813,592	-	-	5,813,592
Charges for services	711,444	-	-	711,444
Use of money and property	(2,549,445)	1,446	13,516	(2,534,483)
Fines and forfeitures	99,871	-	-	99,871
Miscellaneous	804,209	-	-	804,209
Total Revenues	26,129,146	1,446	10,889,438	37,020,030
Expenditures:				
Current:				
General government	7,124,908	-	-	7,124,908
Public safety	5,191,407	-	1,930,992	7,122,399
Community development	1,687,299	-	-	1,687,299
Culture and leisure	1,655,832	-	-	1,655,832
Public works	949,071	-	-	949,071
Capital outlay	1,563,462	-	73,016	1,636,478
Debt service:				
Principal retirement	305,000	-	-	305,000
Lease principal retirement	47,316	-	-	47,316
Interest and fiscal charges	73,886	-	-	73,886
Total Expenditures	18,598,181	-	2,004,008	20,602,189
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,530,965	1,446	8,885,430	16,417,841
Other Financing Sources (Uses):				
Transfers in	6,102,401	-	-	6,102,401
Transfers out	(3,232,765)	-	(6,178,131)	(9,410,896)
Lease proceeds	137,918	-	-	137,918
Total Other Financing Sources (Uses)	3,007,554	-	(6,178,131)	(3,170,577)
Net Change in Fund Balances	10,538,519	1,446	2,707,299	13,247,264
Fund Balances, Beginning of Year	36,439,750	437,450	2,749,848	39,627,048
Fund Balances, End of Year	\$ 46,978,269	\$ 438,896	\$ 5,457,147	\$ 52,874,312

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL PURPOSE FUND
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 11,230,000	\$ 11,430,000	\$ 20,918,484	\$ 9,488,484
Licenses and permits	243,820	243,820	330,991	87,171
Intergovernmental	2,020,000	2,079,890	5,813,592	3,733,702
Charges for services	673,308	673,308	711,444	38,136
Use of money and property	232,457	232,457	(2,549,445)	(2,781,902)
Fines and forfeitures	120,000	120,000	99,871	(20,129)
Miscellaneous	345,875	929,464	804,209	(125,255)
Total Revenues	14,865,460	15,708,939	26,129,146	10,420,207
Expenditures				
Current:				
General Government				
City council	64,340	97,340	66,405	30,935
City manager	929,708	1,039,165	850,778	188,387
City clerk	356,202	366,609	343,495	23,114
City attorney	766,453	766,453	712,281	54,172
Personnel	476,477	476,477	350,441	126,036
Central services	1,025,550	1,025,550	768,606	256,944
Finance	1,780,847	2,231,047	1,766,512	464,535
Information technology	2,085,873	2,349,212	2,266,390	82,822
Total General Government	7,485,450	8,351,853	7,124,908	1,226,945
Public Safety				
Administration	6,635,206	8,782,184	5,125,090	3,657,094
Community services	737,138	73,400	66,317	7,083
Total Public Safety	7,372,344	8,855,584	5,191,407	3,664,177
Community Development				
Planning	961,290	2,990,148	1,687,299	1,302,849
Total Community Development	961,290	2,990,148	1,687,299	1,302,849
Culture and Leisure				
Administration	233,154	775,841	489,566	286,275
Senior center	165,373	437,833	339,979	97,854
Recreation programs	80,833	104,333	95,826	8,507
Special events	131,582	138,582	133,031	5,551
Day camp kid's club	542,258	529,258	418,671	110,587
Youth and adult sports	218,987	211,987	130,996	80,991
Facilities and library	1,152,219	107,925	47,763	60,162
Total Culture and Leisure	2,524,406	2,305,759	1,655,832	649,927

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL PURPOSE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works				
Administration	757,474	862,869	698,742	164,127
Utility engineering	263,745	276,655	250,329	26,326
Total Public Works	<u>1,021,219</u>	<u>1,139,524</u>	<u>949,071</u>	<u>190,453</u>
Capital outlay	(408,420)	859,223	1,563,462	(704,239)
Debt service:				
Principal	305,000	305,000	305,000	-
Interest	74,000	74,000	73,886	114
Lease principal	-	-	47,316	(47,316)
Total Debt Service	<u>379,000</u>	<u>379,000</u>	<u>426,202</u>	<u>(47,202)</u>
Total Expenditures	<u>19,335,289</u>	<u>24,881,091</u>	<u>18,598,181</u>	<u>6,282,910</u>
Other Financing Sources (Uses):				
Transfers in	6,310,070	6,310,070	6,102,401	(207,669)
Transfers out	(934,765)	(3,232,765)	(3,232,765)	-
Lease proceeds	-	-	137,918	137,918
Total Other Financing Sources (Uses)	<u>5,375,305</u>	<u>3,077,305</u>	<u>3,007,554</u>	<u>(69,751)</u>
Net Change in Fund Balances	905,476	(6,094,847)	10,538,519	4,067,546
Fund Balances, Beginning of Year, as restated	<u>36,439,750</u>	<u>36,439,750</u>	<u>36,439,750</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 37,345,226</u>	<u>\$ 30,344,903</u>	<u>\$ 46,978,269</u>	<u>\$ 4,067,546</u>

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 MEASURE C
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 6,000,000	\$ 10,875,922	\$ 10,875,922	\$ -
Use of money and property	-	-	13,516	13,516
Total Revenues	6,000,000	10,875,922	10,889,438	13,516
Expenditures				
Current:				
General Government				
Public Safety				
Administration	2,539,460	2,793,361	1,930,992	862,369
Total Public Safety	2,539,460	2,793,361	1,930,992	862,369
Capital outlay	-	200,000	73,016	126,984
Total Expenditures	2,539,460	2,993,361	2,004,008	989,353
Other Financing Sources (Uses):				
Transfers out	(5,282,480)	(6,178,132)	(6,178,131)	1
Total Other Financing Sources (Uses)	(5,282,480)	(6,178,132)	(6,178,131)	1
Net Change in Fund Balances	(1,821,940)	1,704,429	2,707,299	(975,836)
Fund Balances, Beginning of Year	2,749,848	2,749,848	2,749,848	-
Fund Balances, End of Year	\$ 927,908	\$ 4,454,277	\$ 5,457,147	\$ (975,836)

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 Woodfield Landscape, Stonebridge Landscape and Mossdale 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 federal grant expenditures and activity.

HISTORIC LATHROP LOAN PROGRAM (HLLP) FUND

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

NON - MAJOR GOVERNMENTAL FUNDS (Continued)

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.

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).

OFFICE OF TRAFFIC SAFETY FUND

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

RTIF SAN JOAQUIN COUNTY FUND

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

RTIF LATHROP LOCAL WEST FUND

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

RTIF SJCOG FUND

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

RTIF LATHROP LOCAL EAST FUND

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

NON - MAJOR GOVERNMENTAL FUNDS (Continued)

CENTRAL LATHROP SPECIFIC PLAN (CLSP) SERVICES CFD FUND

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

LATHROP MANTECA FIRE DISTRICT MEASURE C FUND

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

STATE GRANTS FUND

To account for revenues and expenditures associated with state grants.

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.

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

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

CLSP OFF-SITE ROADWAY IMPROVEMENTS FUND

To account for improvements in the Central Lathrop Development.

NON - MAJOR GOVERNMENTAL FUNDS

SOUTH LATHROP CFD 2019-1 FUND

To account for revenue and expenditures related to the maintenance of South Lathrop.

CENTRAL LATHROP CFD 2019-2 FUND

To account for revenue and expenditures related to the maintenance of Central Lathrop.

TOT TRUST FUND

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

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.

GENERAL CIP PROJECTS FUND

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

STORM DRAIN FUND

To account for expenditures for storm drain capital projects.

PARK IN-LIEU 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

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Special Revenue Funds			
	Landscape Maintenance	Gas Tax	Traffic Safety	Local Street
Assets:				
Pooled cash and investments	\$ 1,367,664	\$ 441,501	\$ 108,885	\$ 836,090
Receivables:				
Accounts	-	108,100	3,537	334
Notes and loans	-	-	-	-
Accrued interest	669	473	57	477
Total Assets	\$ 1,368,333	\$ 550,074	\$ 112,479	\$ 836,901
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 275,287	\$ -	\$ -	\$ 54,769
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	275,287	-	-	54,769
Fund Balances:				
Restricted	1,093,046	550,074	112,479	782,132
Unassigned	-	-	-	-
Total Fund Balances	1,093,046	550,074	112,479	782,132
Total Liabilities and Fund Balances	\$ 1,368,333	\$ 550,074	\$ 112,479	\$ 836,901

CITY OF LATHROP

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	Public Nuisance	Measure K	Transit LTF	Streets and Roads
Assets:				
Pooled cash and investments	\$ 10,301	\$ 463,338	\$ -	\$ 146,382
Receivables:				
Accounts	2,019	168,081	201,577	1,180,161
Notes and loans	-	-	-	-
Accrued interest	5	214	-	100
Total Assets	\$ 12,325	\$ 631,633	\$ 201,577	\$ 1,326,643
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted	12,325	631,633	201,577	1,326,643
Unassigned	-	-	-	-
Total Fund Balances	12,325	631,633	201,577	1,326,643
Total Liabilities and Fund Balances	\$ 12,325	\$ 631,633	\$ 201,577	\$ 1,326,643

CITY OF LATHROP

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds			
	Federal Grant	Historic Lathrop Loan Program (HLLP)	Storm Drain	Street Light
Assets:				
Pooled cash and investments	\$ 893,990	\$ 232,063	\$ 353,749	\$ 1,630,225
Receivables:				
Accounts	60,931	-	-	16,243
Notes and loans	-	20,350	-	-
Accrued interest	-	124	188	893
Total Assets	\$ 954,921	\$ 252,537	\$ 353,937	\$ 1,647,361
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 893,990	\$ -	\$ 21,924	\$ 84,569
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	893,990	-	21,924	84,569
Fund Balances:				
Restricted	60,931	252,537	332,013	1,562,792
Unassigned	-	-	-	-
Total Fund Balances	60,931	252,537	332,013	1,562,792
Total Liabilities and Fund Balances	\$ 954,921	\$ 252,537	\$ 353,937	\$ 1,647,361

CITY OF LATHROP

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	AB939 Recycling	Community Development Block Grant	Scholarship Fund	COPS
Assets:				
Pooled cash and investments	\$ 1,110,949	\$ 2,178	\$ 19,190	\$ 301,587
Receivables:				
Accounts	22,191	-	2,543	-
Notes and loans	-	-	-	-
Accrued interest	567	1	10	-
Total Assets	\$ 1,133,707	\$ 2,179	\$ 21,743	\$ 301,587
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,272	\$ 5,000	\$ -	\$ 4,192
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	2,272	5,000	-	4,192
Fund Balances:				
Restricted	1,131,435	-	21,743	297,395
Unassigned	-	(2,821)	-	-
Total Fund Balances	1,131,435	(2,821)	21,743	297,395
Total Liabilities and Fund Balances	\$ 1,133,707	\$ 2,179	\$ 21,743	\$ 301,587

CITY OF LATHROP

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Special Revenue Funds			
	Office of Traffic and Safety	RTIF San Joaquin County	RTIF Lathrop Local West	RTIF SJCOG
Assets:				
Pooled cash and investments	\$ -	\$ 276,979	\$ 11,427,050	\$ 415,540
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	107	5,776	160
Total Assets	\$ -	\$ 277,086	\$ 11,432,826	\$ 415,700
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 277,086	\$ 2,716	\$ 415,700
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	277,086	2,716	415,700
Fund Balances:				
Restricted	-	-	11,430,110	-
Unassigned	-	-	-	-
Total Fund Balances	-	-	11,430,110	-
Total Liabilities and Fund Balances	\$ -	\$ 277,086	\$ 11,432,826	\$ 415,700

CITY OF LATHROP

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	RTIF Lathrop Local East	Central Lathrop Specific Plan (CLSP) Services CFD	LMFD Measure C	State Grants
Assets:				
Pooled cash and investments	\$ 2,616,618	\$ -	\$ 1,175,042	\$ -
Receivables:				
Accounts	-	-	-	28,058
Notes and loans	-	-	-	-
Accrued interest	1,390	-	108	-
Total Assets	\$ 2,618,008	\$ -	\$ 1,175,150	\$ 28,058
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to other funds	-	-	-	28,058
Total Liabilities	-	-	-	28,058
Fund Balances:				
Restricted	2,618,008	-	1,175,150	-
Unassigned	-	-	-	-
Total Fund Balances	2,618,008	-	1,175,150	-
Total Liabilities and Fund Balances	\$ 2,618,008	\$ -	\$ 1,175,150	\$ 28,058

CITY OF LATHROP

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Special Revenue Funds			
	North Lathrop Transportation	Citywide Economic Dev Fee 20%	River Islands CFD 2013-1	Lathrop Land Acquisitions
Assets:				
Pooled cash and investments	\$ 11,431	\$ 2,081,640	\$ 119,770	\$ 13,937
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	6	1,067	519	-
Total Assets	\$ 11,437	\$ 2,082,707	\$ 120,289	\$ 13,937
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 8
Deposits payable	-	-	-	12,855
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	12,863
Fund Balances:				
Restricted	11,437	2,082,707	120,289	1,074
Unassigned	-	-	-	-
Total Fund Balances	11,437	2,082,707	120,289	1,074
Total Liabilities and Fund Balances	\$ 11,437	\$ 2,082,707	\$ 120,289	\$ 13,937

CITY OF LATHROP

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	ULOP RD-17 Levee Impact	DWR Grant - ULOP Project	CLSP Off-Site Roadway Improvement	South Lathrop CFD 2019-1
Assets:				
Pooled cash and investments	\$ 317,509	\$ 3	\$ 124,555	\$ 1,164,067
Receivables:				
Accounts	-	62,995	-	-
Notes and loans	-	-	-	-
Accrued interest	156	-	62	588
Total Assets	\$ 317,665	\$ 62,998	\$ 124,617	\$ 1,164,655
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 317,665	\$ 581,433	\$ 164	\$ 15,367
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	317,665	581,433	164	15,367
Fund Balances:				
Restricted	-	-	124,453	1,149,288
Unassigned	-	(518,435)	-	-
Total Fund Balances	-	(518,435)	124,453	1,149,288
Total Liabilities and Fund Balances	\$ 317,665	\$ 62,998	\$ 124,617	\$ 1,164,655

CITY OF LATHROP

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Special Revenue Funds			
	Central Lathrop CFD 2019-2	Stewart Economic Dev Fee 80%	TOT Trust	Gateway Business Park
Assets:				
Pooled cash and investments	\$ 246,277	\$ 182,188	\$ 1,213,533	\$ 51,843
Receivables:				
Accounts	11,585	-	13,041	-
Notes and loans	-	-	-	-
Accrued interest	114	85	637	21
Total Assets	\$ 257,976	\$ 182,273	\$ 1,227,211	\$ 51,864
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 27,366	\$ -	\$ -	\$ 25
Deposits payable	-	176,000	-	-
Due to other funds	-	-	-	-
Total Liabilities	27,366	176,000	-	25
Fund Balances:				
Restricted	230,610	6,273	1,227,211	51,839
Unassigned	-	-	-	-
Total Fund Balances	230,610	6,273	1,227,211	51,839
Total Liabilities and Fund Balances	\$ 257,976	\$ 182,273	\$ 1,227,211	\$ 51,864

CITY OF LATHROP

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Capital Projects Funds	Capital Project Funds		Total Governmental Funds
	Streets and Roads	Storm Drain	Park in Lieu	
Assets:				
Pooled cash and investments	\$ 12,051,906	\$ 640,828	\$ 1,147,627	\$ 43,196,435
Receivables:				
Accounts	51	-	-	1,881,447
Notes and loans	-	-	-	20,350
Accrued interest	6,879	340	540	22,333
Total Assets	\$ 12,058,836	\$ 641,168	\$ 1,148,167	\$ 45,120,565
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,025,556	\$ -	\$ -	\$ 4,005,089
Deposits payable	-	-	-	188,855
Due to other funds	-	-	-	28,058
Total Liabilities	1,025,556	-	-	4,222,002
Fund Balances:				
Restricted	11,033,280	641,168	1,148,167	41,419,819
Unassigned	-	-	-	(521,256)
Total Fund Balances	11,033,280	641,168	1,148,167	40,898,563
Total Liabilities and Fund Balances	\$ 12,058,836	\$ 641,168	\$ 1,148,167	\$ 45,120,565

CITY OF LATHROP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Landscape Maintenance	Gas Tax	Traffic Safety	Local Street
Revenues:				
Taxes and assessments	\$ 2,888,936	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	1,249,587	-	-
Use of money and property	9,335	2,939	333	2,143
Fines and forfeitures	-	-	39,240	-
Miscellaneous	-	-	-	54,681
Total Revenues	2,898,271	1,252,526	39,573	56,824
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	9,596	-
Community development	-	-	-	-
Culture and leisure	-	-	-	1,077,118
Public works	2,175,466	-	-	-
Capital outlay	75,758	-	-	-
Total Expenditures	2,251,224	-	9,596	1,077,118
Excess (Deficiency) of Revenues Over (Under) Expenditures	647,047	1,252,526	29,977	(1,020,294)
Other Financing Sources (Uses):				
Transfers in	48,014	-	-	1,521,851
Transfers out	(335,440)	(1,333,970)	(2,440)	(169,220)
Total Other Financing Sources (Uses)	(287,426)	(1,333,970)	(2,440)	1,352,631
Net Change in Fund Balances	359,621	(81,444)	27,537	332,337
Fund Balances, Beginning of Year	733,425	631,518	84,942	449,795
Fund Balances, End of Year	\$ 1,093,046	\$ 550,074	\$ 112,479	\$ 782,132

CITY OF LATHROP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	Public Nuisance	Measure K	Transit LTF	Streets and Roads
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	720,588	201,577	1,180,161
Use of money and property	32	1,647	-	600
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	32	722,235	201,577	1,180,761
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	32	722,235	201,577	1,180,761
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(717,616)	-	(41,289)
Total Other Financing Sources (Uses)	-	(717,616)	-	(41,289)
Net Change in Fund Balances	32	4,619	201,577	1,139,472
Fund Balances, Beginning of Year	12,293	627,014	-	187,171
Fund Balances, End of Year	\$ 12,325	\$ 631,633	\$ 201,577	\$ 1,326,643

CITY OF LATHROP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Federal Grant	Historic Lathrop Loan Program (HLLP)	Storm Drain	Street Light
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	695,355	-	-	-
Use of money and property	-	766	1,058	5,134
Fines and forfeitures	-	-	352,535	1,096,970
Miscellaneous	-	-	3,365	34,059
Total Revenues	695,355	766	356,958	1,136,163
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	150,935
Community development	-	-	-	-
Culture and leisure	595,415	-	-	-
Public works	-	-	346,388	876,985
Capital outlay	-	-	-	-
Total Expenditures	595,415	-	346,388	1,027,920
Excess (Deficiency) of Revenues Over (Under) Expenditures	99,940	766	10,570	108,243
Other Financing Sources (Uses):				
Transfers in	-	-	50,000	31,900
Transfers out	(371,426)	-	(67,090)	(139,590)
Total Other Financing Sources (Uses)	(371,426)	-	(17,090)	(107,690)
Net Change in Fund Balances	(271,486)	766	(6,520)	553
Fund Balances, Beginning of Year	332,417	251,771	338,533	1,562,239
Fund Balances, End of Year	\$ 60,931	\$ 252,537	\$ 332,013	\$ 1,562,792

CITY OF LATHROP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	AB939 Recycling	Community Development Block Grant	Scholarship Fund	COPS
Revenues:				
Taxes and assessments	\$ 219,744	\$ -	\$ -	\$ -
Licenses and permits	55,475	-	-	-
Intergovernmental	7,390	27,434	5,766	161,285
Use of money and property	3,369	17	60	849
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	3,699	-
Total Revenues	285,978	27,451	9,525	162,134
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	98,722
Community development	-	34,504	-	-
Culture and leisure	77,108	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	77,108	34,504	-	98,722
Excess (Deficiency) of Revenues Over (Under) Expenditures	208,870	(7,053)	9,525	63,412
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(14,560)	-	(2,306)	-
Total Other Financing Sources (Uses)	(14,560)	-	(2,306)	-
Net Change in Fund Balances	194,310	(7,053)	7,219	63,412
Fund Balances, Beginning of Year	937,125	4,232	14,524	233,983
Fund Balances, End of Year	\$ 1,131,435	\$ (2,821)	\$ 21,743	\$ 297,395

CITY OF LATHROP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Office of Traffic and Safety	RTIF San Joaquin County	RTIF Lathrop Local West	RTIF SJCOG
Revenues:				
Taxes and assessments	\$ -	\$ 498,404	\$ 3,345,663	\$ 747,701
Licenses and permits	-	-	-	-
Intergovernmental	3,994	-	-	-
Use of money and property	-	627	32,971	947
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	3,994	499,031	3,378,634	748,648
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	12,002	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Public works	-	499,032	14,127	748,648
Capital outlay	-	-	-	-
Total Expenditures	12,002	499,032	14,127	748,648
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,008)	(1)	3,364,507	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(8,008)	(1)	3,364,507	-
Fund Balances, Beginning of Year	8,008	1	8,065,603	-
Fund Balances, End of Year	\$ -	\$ -	\$ 11,430,110	\$ -

CITY OF LATHROP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	RTIF Lathrop Local East	Central Lathrop Specific Plan (CLSP) Services CFD	LMFD Measure C	State Grants
Revenues:				
Taxes and assessments	\$ 317,493	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	28,058
Use of money and property	8,295	-	642	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	325,788	-	642	28,058
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	4,159,199	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Public works	3,985	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	3,985	-	4,159,199	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	321,803	-	(4,158,557)	28,058
Other Financing Sources (Uses):				
Transfers in	-	-	4,350,369	-
Transfers out	-	-	-	(56,398)
Total Other Financing Sources (Uses)	-	-	4,350,369	(56,398)
Net Change in Fund Balances	321,803	-	191,812	(28,340)
Fund Balances, Beginning of Year	2,296,205	-	983,338	28,340
Fund Balances, End of Year	\$ 2,618,008	\$ -	\$ 1,175,150	\$ -

CITY OF LATHROP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	North Lathrop Transportation	Citywide Economic Dev Fee 20%	River Islands CFD 2013-1	Lathrop Land Acquisitions
Revenues:				
Taxes and assessments	\$ -	\$ 604,000	\$ 673,572	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	37	6,119	2,217	46
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	299,684	-
Total Revenues	37	610,119	975,473	46
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Public works	-	-	21,381	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	21,381	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	37	610,119	954,092	46
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(1,358,625)	-
Total Other Financing Sources (Uses)	-	-	(1,358,625)	-
Net Change in Fund Balances	37	610,119	(404,533)	46
Fund Balances, Beginning of Year	11,400	1,472,588	524,822	1,028
Fund Balances, End of Year	\$ 11,437	\$ 2,082,707	\$ 120,289	\$ 1,074

CITY OF LATHROP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	ULOP RD-17 Levee Impact	DWR Grant - ULOP Project	CLSP Off-Site Roadway Improvement	South Lathrop CFD 2019-1
Revenues:				
Taxes and assessments	\$ 2,249,868	\$ -	\$ 67,186	\$ 542,423
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	-	3	331	3,106
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	2,249,868	3	67,517	545,529
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Public works	2,249,868	518,438	-	128,056
Capital outlay	-	-	-	-
Total Expenditures	2,249,868	518,438	-	128,056
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(518,435)	67,517	417,473
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(9,180)
Total Other Financing Sources (Uses)	-	-	-	(9,180)
Net Change in Fund Balances	-	(518,435)	67,517	408,293
Fund Balances, Beginning of Year	-	-	56,936	740,995
Fund Balances, End of Year	\$ -	\$ (518,435)	\$ 124,453	\$ 1,149,288

CITY OF LATHROP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Central Lathrop CFD 2019-2	Stewart Economic Dev Fee 80%	TOT Trust	Gateway Business Park
Revenues:				
Taxes and assessments	\$ 947,092	\$ -	\$ 119,701	\$ 83,545
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	363	535	3,851	82
Fines and forfeitures	-	-	-	-
Miscellaneous	27,791	-	-	-
Total Revenues	975,246	535	123,552	83,627
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Public works	534,859	-	-	31,788
Capital outlay	-	-	-	-
Total Expenditures	534,859	-	-	31,788
Excess (Deficiency) of Revenues Over (Under) Expenditures	440,387	535	123,552	51,839
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(40,160)	-	-	-
Total Other Financing Sources (Uses)	(40,160)	-	-	-
Net Change in Fund Balances	400,227	535	123,552	51,839
Fund Balances, Beginning of Year	(169,617)	5,738	1,103,659	-
Fund Balances, End of Year	\$ 230,610	\$ 6,273	\$ 1,227,211	\$ 51,839

CITY OF LATHROP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Capital Projects Funds			Total Governmental Funds
	Streets and Roads	Storm Drain	Park in Lieu	
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ 804,551	\$ 14,109,879
Licenses and permits	-	-	-	55,475
Intergovernmental	-	-	-	4,281,195
Use of money and property	38,928	1,785	2,617	131,784
Fines and forfeitures	-	-	-	1,488,745
Miscellaneous	-	-	-	423,279
Total Revenues	38,928	1,785	807,168	20,490,357
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	4,430,454
Community development	-	-	-	34,504
Culture and leisure	-	-	-	1,749,641
Public works	2,853	-	-	8,151,874
Capital outlay	3,624,918	-	-	3,700,676
Total Expenditures	3,627,771	-	-	18,067,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,588,843)	1,785	807,168	2,423,208
Other Financing Sources (Uses):				
Transfers in	3,976,616	250,000	-	10,228,750
Transfers out	-	(70)	-	(4,659,380)
Total Other Financing Sources (Uses)	3,976,616	249,930	-	5,569,370
Net Change in Fund Balances	387,773	251,715	807,168	7,992,578
Fund Balances, Beginning of Year	10,645,507	389,453	340,999	32,905,985
Fund Balances, End of Year	\$ 11,033,280	\$ 641,168	\$ 1,148,167	\$ 40,898,563

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 LANDSCAPE MAINTENANCE
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 2,749,025	\$ 2,749,025	\$ 2,888,936	\$ 139,911
Use of money and property	3,000	3,000	9,335	6,335
Total Revenues	2,752,025	2,752,025	2,898,271	146,246
Expenditures				
Current:				
Public works	2,518,556	2,798,808	2,175,466	623,342
Capital outlay	to -	101,894	75,758	26,136
Total Expenditures	2,518,556	2,900,702	2,251,224	649,478
Other Financing Sources (Uses)				
Transfers in	48,014	48,014	48,014	-
Transfers out	(335,440)	(335,440)	(335,440)	-
Total Other Financing Sources (Uses)	(287,426)	(287,426)	(287,426)	-
Net Change in Fund Balances	(53,957)	(436,103)	359,621	795,724
Fund Balances, Beginning of Year	733,425	733,425	733,425	-
Fund Balances, End of Year	\$ 679,468	\$ 297,322	\$ 1,093,046	\$ 795,724

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GAS TAX
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,126,708	\$ 1,204,088	\$ 1,249,587	\$ 45,499
Use of money and property	-	-	2,939	2,939
Total Revenues	1,126,708	1,204,088	1,252,526	48,438
Other Financing Sources (Uses)				
Transfers out	(674,970)	(1,333,970)	(1,333,970)	-
Total Other Financing Sources (Uses)	(674,970)	(1,333,970)	(1,333,970)	-
Net Change in Fund Balances	451,738	(129,882)	(81,444)	48,438
Fund Balances, Beginning of Year	631,518	631,518	631,518	-
Fund Balances, End of Year	\$ 1,083,256	\$ 501,636	\$ 550,074	\$ 48,438

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 TRAFFIC SAFETY
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 333	\$ 333
Fines and forfeitures	30,000	30,000	39,240	9,240
Total Revenues	30,000	30,000	39,573	9,573
Expenditures				
Current:				
Public safety	46,500	46,500	9,596	36,904
Total Expenditures	46,500	46,500	9,596	36,904
Other Financing Sources (Uses)				
Transfers out	(2,440)	(2,440)	(2,440)	-
Total Other Financing Sources (Uses)	(2,440)	(2,440)	(2,440)	-
Net Change in Fund Balances	(18,940)	(18,940)	27,537	46,477
Fund Balances, Beginning of Year	84,942	84,942	84,942	-
Fund Balances, End of Year	\$ 66,002	\$ 66,002	\$ 112,479	\$ 46,477

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 LOCAL STREET
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 2,143	\$ 2,143
Miscellaneous	-	82,764	54,681	(28,083)
Total Revenues	-	82,764	56,824	(25,940)
Expenditures				
Current:				
Public works	1,207,631	-	-	-
Capital outlay	10,000	-	-	-
Total Expenditures	1,217,631	1,875,687	1,077,118	798,569
Other Financing Sources (Uses)				
Transfers in	1,386,851	1,521,851	1,521,851	-
Transfers out	(169,220)	(169,220)	(169,220)	-
Total Other Financing Sources (Uses)	1,217,631	1,352,631	1,352,631	-
Net Change in Fund Balances	-	(440,292)	332,337	772,629
Fund Balances, Beginning of Year	449,795	449,795	449,795	-
Fund Balances, End of Year	\$ 449,795	\$ 9,503	\$ 782,132	\$ 772,629

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 PUBLIC NUISANCE
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 32	\$ 32
Total Revenues	-	-	32	32
Expenditures				
Current:				
Public safety	4,000	4,000	-	4,000
Total Expenditures	4,000	4,000	-	4,000
Net Change in Fund Balances	(4,000)	(4,000)	32	4,032
Fund Balances, Beginning of Year	12,293	12,293	12,293	-
Fund Balances, End of Year	\$ 8,293	\$ 8,293	\$ 12,325	\$ 4,032

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 MEASURE K
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 560,000	\$ 560,000	\$ 720,588	\$ 160,588
Use of money and property	-	-	1,647	1,647
Total Revenues	560,000	560,000	722,235	162,235
Other Financing Sources (Uses):				
Transfers out	(728,682)	(728,682)	(717,616)	11,066
Total Other Financing Sources (Uses)	(728,682)	(728,682)	(717,616)	11,066
Net Change in Fund Balances	(168,682)	(168,682)	4,619	173,301
Fund Balances, Beginning of Year	627,014	627,014	627,014	-
Fund Balances, End of Year	\$ 458,332	\$ 458,332	\$ 631,633	\$ 173,301

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 STREETS AND ROADS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 884,851	\$ 884,851	\$ 1,180,161	\$ 295,310
Use of money and property	-	-	600	600
Total Revenues	884,851	884,851	1,180,761	295,910
Other Financing Sources (Uses):				
Transfers out	(191,174)	(1,299,157)	(41,289)	1,257,868
Total Other Financing Sources (Uses)	(191,174)	(1,299,157)	(41,289)	1,257,868
Net Change in Fund Balances	693,677	(414,306)	1,139,472	1,553,778
Fund Balances, Beginning of Year	187,171	187,171	187,171	-
Fund Balances, End of Year	\$ 880,848	\$ (227,135)	\$ 1,326,643	\$ 1,553,778

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FEDERAL GRANT
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 4,430,496	\$ 5,425,911	\$ 695,355	\$ (4,730,556)
Total Revenues	4,430,496	5,425,911	695,355	(4,730,556)
Expenditures				
Current:				
Culture and leisure	-	595,415	595,415	-
Total Expenditures	-	595,415	595,415	-
Other Financing Sources (Uses)				
Transfers out	(4,430,496)	(4,830,496)	(371,426)	4,459,070
Total Other Financing Sources (Uses)	(4,430,496)	(4,830,496)	(371,426)	4,459,070
Net Change in Fund Balances	-	-	(271,486)	(271,486)
Fund Balances, Beginning of Year	332,417	332,417	332,417	-
Fund Balances, End of Year	\$ 332,417	\$ 332,417	\$ 60,931	\$ (271,486)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 STORM DRAIN
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 1,058	\$ 1,058
Fines and forfeitures	352,506	352,506	352,535	29
Total Revenues	352,506	355,871	356,958	1,087
Expenditures				
Current:				
Public works	421,810	608,628	346,388	262,240
Capital outlay	-	-	-	-
Total Expenditures	421,810	608,628	346,388	262,240
Other Financing (Uses)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(67,090)	(67,090)	(67,090)	-
Total Other Financing (Uses)	(17,090)	(17,090)	(17,090)	-
Net Change in Fund Balances	(86,394)	(269,847)	(6,520)	263,327
Fund Balances, Beginning of Year	338,533	338,533	338,533	-
Fund Balances, End of Year	\$ 252,139	\$ 68,686	\$ 332,013	\$ 263,327

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 STREET LIGHT
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 5,134	\$ 5,134
Fines and forfeitures	1,097,909	1,097,909	1,096,970	(939)
Miscellaneous	-	10,750	34,059	23,309
Total Revenues	1,097,909	1,108,659	1,136,163	27,504
Expenditures				
Current:				
Public safety	173,360	279,170	150,935	128,235
Public works	1,013,150	1,225,036	876,985	348,051
Total Expenditures	1,186,510	1,504,206	1,027,920	476,286
Other Financing (Uses)				
Transfers in	31,900	31,900	31,900	-
Transfers out	(139,590)	(139,590)	(139,590)	-
Total Other Financing (Uses)	(107,690)	(107,690)	(107,690)	-
Net Change in Fund Balances	(196,291)	(503,237)	553	503,790
Fund Balances, Beginning of Year	1,562,239	1,562,239	1,562,239	-
Fund Balances, End of Year	\$ 1,365,948	\$ 1,059,002	\$ 1,562,792	\$ 503,790

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 AB939 RECYCLING
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 170,000	\$ 170,000	\$ 219,744	\$ 49,744
Licenses and permits	-	-	55,475	55,475
Intergovernmental	5,000	5,000	7,390	2,390
Use of money and property	-	-	3,369	3,369
Total Revenues	175,000	175,000	285,978	110,978
Expenditures				
Current:				
Culture and leisure	-	188,571	77,108	111,463
Public works	132,971	-	-	-
Total Expenditures	132,971	188,571	77,108	111,463
Other Financing (Uses)				
Transfers out	(14,560)	(14,560)	(14,560)	-
Total Other Financing (Uses)	(14,560)	(14,560)	(14,560)	-
Net Change in Fund Balances	27,469	(28,131)	194,310	222,441
Fund Balances, Beginning of Year	937,125	937,125	937,125	-
Fund Balances (Deficits), End of Year	\$ 964,594	\$ 908,994	\$ 1,131,435	\$ 222,441

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 114,736	\$ 27,434	\$ (87,302)
Use of money and property	-	-	17	17
Total Revenues	-	114,736	27,451	(87,285)
Expenditures				
Current:				
Community development	-	32,435	34,504	(2,069)
Total Expenditures	-	32,435	34,504	(2,069)
Other Financing Sources (Uses):				
Transfers out	-	(82,301)	-	82,301
Total Other Financing Sources (Uses)	-	(82,301)	-	82,301
Net Change in Fund Balances	-	-	(7,053)	(7,053)
Fund Balances, Beginning of Year	4,232	4,232	4,232	-
Fund Balances, End of Year	\$ 4,232	\$ 4,232	\$ (2,821)	\$ (7,053)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 SCHOLARSHIP FUND
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 5,766	\$ 766
Use of money and property	-	-	60	60
Miscellaneous	200	200	3,699	3,499
Total Revenues	5,200	5,200	9,525	4,325
Other Financing Sources (Uses):				
Transfers out	(5,000)	(5,000)	(2,306)	2,694
Total Other Financing Sources (Uses)	(5,000)	(5,000)	(2,306)	2,694
Net Change in Fund Balances	200	200	7,219	7,019
Fund Balances, Beginning of Year	14,524	14,524	14,524	-
Fund Balances, End of Year	\$ 14,724	\$ 14,724	\$ 21,743	\$ 7,019

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 COPS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 161,285	\$ (338,715)
Use of money and property	-	-	849	849
Total Revenues	500,000	500,000	162,134	(337,866)
Expenditures				
Current:				
Public safety	500,000	500,000	98,722	401,278
Total Expenditures	500,000	585,000	98,722	486,278
Net Change in Fund Balances	-	(85,000)	63,412	(824,144)
Fund Balances, Beginning of Year	233,983	233,983	233,983	-
Fund Balances, End of Year	\$ 233,983	\$ 148,983	\$ 297,395	\$ (824,144)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 OFFICE OF TRAFFIC AND SAFETY
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 3,994	\$ (36,006)
Total Revenues	40,000	40,000	3,994	(36,006)
Expenditures				
Current:				
Public safety	40,000	40,000	12,002	27,998
Total Expenditures	40,000	40,000	12,002	27,998
Net Change in Fund Balances	-	-	(8,008)	(8,008)
Fund Balances, Beginning of Year	8,008	8,008	8,008	-
Fund Balances, End of Year	\$ 8,008	\$ 8,008	\$ -	\$ (8,008)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 RTIF SAN JOAQUIN COUNTY
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 642,239	\$ 642,239	\$ 498,404	\$ (143,835)
Use of money and property	-	-	627	627
Total Revenues	642,239	642,239	499,031	(143,208)
Expenditures				
Current:				
Public works	642,239	642,239	499,032	143,207
Total Expenditures	642,239	642,239	499,032	143,207
Net Change in Fund Balances	-	-	(1)	(1)
Fund Balances, Beginning of Year	1	1	1	-
Fund Balances, End of Year	\$ 1	\$ 1	\$ -	\$ (1)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 RTIF LATHROP LOCAL WEST
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 4,198,377	\$ 4,198,377	\$ 3,345,663	\$ (852,714)
Use of money and property	-	-	32,971	32,971
Total Revenues	4,198,377	4,198,377	3,378,634	(819,743)
Expenditures				
Current:				
Public works	5,000	14,130	14,127	3
Total Expenditures	5,000	14,130	14,127	3
Net Change in Fund Balances	4,193,377	4,184,247	3,364,507	(819,740)
Fund Balances, Beginning of Year	8,065,603	8,065,603	8,065,603	-
Fund Balances, End of Year	\$ 12,258,980	\$ 12,249,850	\$ 11,430,110	\$ (819,740)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 RTIF SJCOG
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 963,359	\$ 963,359	\$ 747,701	\$ (215,658)
Use of money and property	-	-	947	947
Total Revenues	963,359	963,359	748,648	(214,711)
Expenditures				
Current:				
Public works	963,359	963,359	748,648	214,711
Total Expenditures	963,359	963,359	748,648	214,711
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 RTIF LATHROP LOCAL EAST
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 522,079	\$ 522,079	\$ 317,493	\$ (204,586)
Use of money and property	-	-	8,295	8,295
Total Revenues	522,079	522,079	325,788	(196,291)
Expenditures				
Current:				
Public works	5,000	5,000	3,985	1,015
Total Expenditures	5,000	5,000	3,985	1,015
Net Change in Fund Balances	517,079	517,079	321,803	(195,276)
Fund Balances, Beginning of Year	2,296,205	2,296,205	2,296,205	-
Fund Balances, End of Year	\$ 2,813,284	\$ 2,813,284	\$ 2,618,008	\$ (195,276)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 LMFD MEASURE C
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 642	\$ 642
Total Revenues	-	-	642	642
Expenditures				
Current:				
Public safety	2,400,000	4,350,370	4,159,199	191,171
Total Expenditures	2,400,000	4,350,370	4,159,199	191,171
Other Financing Sources (Uses):				
Transfers in	2,400,000	4,350,370	4,350,369	(1)
Total Other Financing Sources (Uses)	2,400,000	4,350,370	4,350,369	(1)
Net Change in Fund Balances	-	-	191,812	191,812
Fund Balances, Beginning of Year	983,338	983,338	983,338	-
Fund Balances, End of Year	\$ 983,338	\$ 983,338	\$ 1,175,150	\$ 191,812

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 STATE GRANTS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 428,346	\$ 401,276	\$ 28,058	\$ (373,218)
Total Revenues	428,346	401,276	28,058	(373,218)
Other Financing Sources (Uses):				
Transfers out	(428,346)	(401,276)	(56,398)	344,878
Total Other Financing Sources (Uses)	(428,346)	(401,276)	(56,398)	344,878
Net Change in Fund Balances	-	-	(28,340)	(28,340)
Fund Balances, Beginning of Year	28,340	28,340	28,340	-
Fund Balances, End of Year	\$ 28,340	\$ 28,340	\$ -	\$ (28,340)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CITYWIDE ECONOMIC DEV FEE 20%
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 765,000	\$ 765,000	\$ 604,000	\$ (161,000)
Use of money and property	-	-	6,119	6,119
Total Revenues	765,000	765,000	610,119	(154,881)
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	765,000	765,000	610,119	(154,881)
Fund Balances, Beginning of Year	1,472,588	1,472,588	1,472,588	-
Fund Balances, End of Year	\$ 2,237,588	\$ 2,237,588	\$ 2,082,707	\$ (154,881)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 RIVER ISLANDS CFD 2013-1
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 606,551	\$ 606,551	\$ 673,572	\$ 67,021
Use of money and property	-	-	2,217	2,217
Miscellaneous	400,449	400,449	299,684	(100,765)
Total Revenues	1,007,000	1,007,000	975,473	(31,527)
Expenditures				
Current:				
Public works	18,500	18,500	21,381	(2,881)
Total Expenditures	18,500	18,500	21,381	(2,881)
Other Financing Sources (Uses):				
Transfers out	(988,500)	(988,500)	(1,358,625)	(370,125)
Total Other Financing Sources (Uses)	(988,500)	(988,500)	(1,358,625)	(370,125)
Net Change in Fund Balances	-	-	(404,533)	(404,533)
Fund Balances, Beginning of Year	524,822	524,822	524,822	-
Fund Balances, End of Year	\$ 524,822	\$ 524,822	\$ 120,289	\$ (404,533)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ULOP RD-17 LEVEE IMPACT
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 4,036,020	\$ 4,036,020	\$ 2,249,868	\$ (1,786,152)
Use of money and property	-	-	-	-
Total Revenues	4,036,020	4,036,020	2,249,868	(1,786,152)
Expenditures				
Current:				
Public works	4,036,020	4,036,020	2,249,868	1,786,152
Total Expenditures	4,036,020	4,036,020	2,249,868	1,786,152
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CLSP OFF-SITE ROADWAY IMPROVEMENT
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 125,259	\$ 125,259	\$ 67,186	\$ (58,073)
Use of money and property	-	-	331	331
Total Revenues	125,259	125,259	67,517	(57,742)
Net Change in Fund Balances	125,259	125,259	67,517	(57,742)
Fund Balances, Beginning of Year	56,936	56,936	56,936	-
Fund Balances, End of Year	\$ 182,195	\$ 182,195	\$ 124,453	\$ (57,742)

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 SOUTH LATHROP CFD 2019-1
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 542,423	\$ 542,423	\$ 542,423	\$ -
Use of money and property	-	-	3,106	3,106
Total Revenues	542,423	542,423	545,529	3,106
Expenditures				
Current:				
Public works	289,320	314,604	128,056	186,548
Capital outlay	230,000	230,000	-	230,000
Total Expenditures	519,320	544,604	128,056	416,548
Net Change in Fund Balances	13,923	(11,361)	408,293	419,654
Fund Balances, Beginning of Year	740,995	740,995	740,995	-
Fund Balances, End of Year	\$ 754,918	\$ 729,634	\$ 1,149,288	\$ 419,654

CITY OF LATHROP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CENTRAL LATHROP CFD 2019-2
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 860,000	\$ 860,000	\$ 947,092	\$ 87,092
Use of money and property	-	-	363	363
Total Revenues	860,000	876,200	975,246	99,046
Expenditures				
Current:				
Public works	605,840	666,423	534,859	131,564
Total Expenditures	605,840	666,423	534,859	131,564
Other Financing Sources (Uses)				
Transfers out	(40,160)	(40,160)	(40,160)	-
Total Other Financing Sources (Uses)	(40,160)	(40,160)	(40,160)	-
Net Change in Fund Balances	214,000	169,617	400,227	230,610
Fund Balances (Deficits), Beginning of Year	(169,617)	(169,617)	(169,617)	-
Fund Balances (Deficits), End of Year	\$ 44,383	\$ -	\$ 230,610	\$ 230,610

CUSTODIAL FUNDS

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

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.

COMMUNITY FACILITIES DISTRICT CLSP INFRASTRUCTURE FUND

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

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.

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

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2022

	Mossdale Village Assessment District	Crossroads Assessments	Joint Wastewater Community Facilities District	North Harlan Water Improvement
Assets:				
Pooled cash and investments	\$ 1,701,358	\$ 572,069	\$ 799,796	\$ 60,148
Receivables:				
Accounts	-	1,685,043	-	-
Accrued interest	329	249	383	32
Restricted assets:				
Cash and investments with fiscal agents	32	742,231	700,728	3
Total Assets	1,701,719	2,999,592	1,500,907	60,183
Liabilities:				
Accounts payable	-	-	121,180	40,928
Deposits payable	-	-	-	-
Due to other governments	1,608,303	-	1,113,490	(5,175)
Total Liabilities	1,608,303	-	1,234,670	35,753
Net Position (Deficit):				
Restricted for:				
Individuals, organizations and other governments	93,416	2,999,592	266,237	24,430
Total Net Position (Deficit)	\$ 93,416	\$ 2,999,592	\$ 266,237	\$ 24,430

CITY OF LATHROP

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2022

	Community Facilities District CLSP Infrastructure	Sewer Assessment District #1	Mossdale Village Reassessment 2015-1	Totals
Assets:				
Pooled cash and investments	\$ 1,668,173	\$ 1,944	\$ 1,044,432	\$ 5,847,920
Receivables:				
Accounts	-	-	-	1,685,043
Accrued interest	626	5	521	2,145
Restricted assets:				
Cash and investments with fiscal agents	1,214,230	400,986	240,370	3,298,580
Total Assets	2,883,029	402,935	1,285,323	10,833,688
Liabilities:				
Accounts payable	-	-	-	162,108
Deposits payable	30,747	-	-	30,747
Due to other governments	2,367,728	386,150	873,139	6,343,635
Total Liabilities	2,398,475	386,150	873,139	6,536,490
Net Position (Deficit):				
Restricted for:				
Individuals, organizations and other governments	484,554	16,785	412,184	4,297,198
Total Net Position (Deficit)	\$ 484,554	\$ 16,785	\$ 412,184	\$ 4,297,198

CITY OF LATHROP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 YEAR ENDED JUNE 30, 2022

	Mossdale Village Assessment District	Crossroads Assessments	Joint Wastewater Community Facilities District	North Harlan Water Improvement
Additions:				
Collections for assessment districts	\$ 969,476	\$ 757,344	\$ 1,432,936	\$ -
Investment earnings	1,498	1,118	2,039	199
Total Additions	970,974	758,462	1,434,975	199
Deductions:				
Administrative expenses	12,594	9,298	11,122	-
Contractual services	21,990	9,036	13,565	-
Interest expense	1,303,512	729,093	1,239,730	-
Total Deductions	1,338,096	747,427	1,264,417	-
Changes in Net Position	(367,122)	11,035	170,558	199
Net Position - Beginning of the Year	(6,539,172)	(7,946,486)	(3,822,662)	19,056
Restatements	6,999,710	10,935,043	3,918,341	5,175
Net Position (Deficit) - Beginning of the Year, as Restated	460,538	2,988,557	95,679	24,231
Net Position (Deficit) - End of the Year	\$ 93,416	\$ 2,999,592	\$ 266,237	\$ 24,430

CITY OF LATHROP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 YEAR ENDED JUNE 30, 2022

	Community Facilities District CLSP Infrastructure	Sewer Assesment District #1	Mossdale Village Reassessment 2015-1	Totals
Additions:				
Collections for assessment districts	\$ 2,657,754	\$ 20,236	\$ 504,729	\$ 6,342,475
Investment earnings	2,922	28	2,805	10,609
Total Additions	2,660,676	20,264	507,534	6,353,084
Deductions:				
Administrative expenses	9,120	7,486	12,594	62,214
Contractual services	24,833	-	18,104	87,528
Interest expense	2,199,980	-	95,881	5,568,196
Total Deductions	2,233,933	7,486	126,579	5,717,938
Changes in Net Position	426,743	12,778	380,955	635,146
Net Position - Beginning of the Year	(43,311,251)	(196,748)	(4,315,997)	(66,113,260)
Restatements	43,369,062	200,755	4,347,226	69,775,312
Net Position (Deficit) - Beginning of the Year, as Restated	57,811	4,007	31,229	3,662,052
Net Position (Deficit) - End of the Year	\$ 484,554	\$ 16,785	\$ 412,184	\$ 4,297,198

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STATISTICAL SECTION

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. 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. Ten Largest Water Customers
7. Top 25 Sales Tax Producers

Sources

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:				
Net investments in capital assets	\$ 127,600,645	\$ 140,357,523	\$ 145,671,748	\$ 148,474,931
Restricted	6,989,280	4,865,583	7,733,824	10,223,760
Unrestricted	<u>31,954,985</u>	<u>31,716,374</u>	<u>35,612,693</u>	<u>38,941,548</u>
Total governmental activities net position	<u>\$ 166,544,910</u>	<u>\$ 176,939,480</u>	<u>\$ 189,018,265</u>	<u>\$ 197,640,239</u>
Business-type activities:				
Net investments in capital assets	\$ 76,371,218	\$ 88,125,585	\$ 92,350,319	\$ 93,906,914
Restricted	2,865,251	2,696,850	2,995,846	2,698,250
Unrestricted	<u>19,333,520</u>	<u>25,692,676</u>	<u>23,944,509</u>	<u>26,437,255</u>
Total business-type activities net position	<u>\$ 98,569,989</u>	<u>\$ 116,515,111</u>	<u>\$ 119,290,674</u>	<u>\$ 123,042,419</u>
Primary government:				
Net investments in capital assets	\$ 203,971,863	\$ 228,483,108	\$ 238,022,067	\$ 242,381,845
Restricted	9,854,531	7,562,433	10,729,670	12,922,010
Unrestricted	<u>51,288,505</u>	<u>57,409,050</u>	<u>59,557,202</u>	<u>65,378,803</u>
Total Primary government net position	<u>\$ 265,114,899</u>	<u>\$ 293,454,591</u>	<u>\$ 308,308,939</u>	<u>\$ 320,682,658</u>

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

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 155,971,046	\$ 159,727,304	\$ 179,501,255	\$ 206,211,349	\$ 218,894,403	\$ 250,605,011
11,858,920	10,376,172	13,552,647	16,013,046	103,964,923	122,949,990
47,769,952	52,396,920	72,645,973	87,005,385	33,463,086	47,696,013
<u>\$ 215,599,918</u>	<u>\$ 222,500,396</u>	<u>\$ 265,699,875</u>	<u>\$ 309,229,780</u>	<u>\$ 356,322,412</u>	<u>\$ 421,251,014</u>
\$ 103,695,833	\$ 120,279,431	\$ 150,452,677	\$ 160,481,074	\$ 156,963,462	\$ 174,059,421
1,706,637	1,650,031	1,652,234	1,651,396	1,650,648	1,652,915
37,146,214	30,919,752	34,710,083	43,373,359	62,502,764	70,785,536
<u>\$ 142,548,684</u>	<u>\$ 152,849,214</u>	<u>\$ 186,814,994</u>	<u>\$ 205,505,829</u>	<u>\$ 221,116,874</u>	<u>\$ 246,497,872</u>
\$ 259,666,879	\$ 280,006,735	\$ 329,953,932	\$ 366,692,423	\$ 375,857,865	\$ 424,664,432
13,565,557	12,026,203	15,204,881	17,664,442	105,615,571	124,602,905
84,916,166	83,316,672	107,356,056	130,378,744	95,965,850	118,481,549
<u>\$ 358,148,602</u>	<u>\$ 375,349,610</u>	<u>\$ 452,514,869</u>	<u>\$ 514,735,609</u>	<u>\$ 577,439,286</u>	<u>\$ 667,748,886</u>

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

	2013	2014	2015	2016	2017
Expenses:					
Governmental activities:					
General government	\$ 3,733,840	\$ 4,680,110	\$ 7,449,500	\$ 5,614,173	\$ 4,580,381
Public safety	4,624,518	5,940,125	6,962,351	8,048,625	9,683,636
Public works	10,246,951	13,888,678	10,864,104	7,864,470	13,125,373
Culture and leisure	1,161,712	1,111,917	779,976	1,395,287	1,300,832
Community development	1,472,084	1,573,972	602,719	1,712,156	993,885
Interest on long-term debt	369,832	924,941	340,120	880,036	319,164
Total governmental activities expense	<u>21,608,937</u>	<u>28,119,743</u>	<u>26,998,770</u>	<u>25,514,747</u>	<u>30,003,271</u>
Business-type activities:					
Water	7,090,866	7,376,261	5,108,071	4,941,845	5,828,411
Wastewater	3,987,951	6,289,560	4,433,501	3,587,602	5,393,728
Total business-type activities expenses	<u>11,078,817</u>	<u>13,665,821</u>	<u>9,541,572</u>	<u>8,529,447</u>	<u>11,222,139</u>
Total primary government expenses	<u>\$ 32,687,754</u>	<u>\$ 41,785,564</u>	<u>\$ 36,540,342</u>	<u>\$ 34,044,194</u>	<u>\$ 41,225,410</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General Government	\$ 335,511	\$ 397,607	\$ 491,076	\$ 551,613	\$ 462,696
Public Safety	174,862	716,360	356,989	365,009	231,164
Public Works	178,087	202,488	248,089	258,005	1,697,831
Culture and leisure	152,379	242,500	220,963	205,376	283,662
Community development	1,515,837	2,189,603	2,551,889	3,947,881	3,131,768
Operating grants and contributions	5,076,581	4,947,223	4,969,720	5,016,283	4,841,037
Capital grants and contributions	8,304,237	23,115,518	22,155,191	9,759,080	30,838,179
Total governmental activities program revenues	<u>15,737,494</u>	<u>31,811,299</u>	<u>30,993,917</u>	<u>20,103,247</u>	<u>41,486,337</u>
Business-type activities:					
Charges for services:					
Water	6,293,790	6,551,486	6,042,517	5,849,963	6,856,028
Wastewater	5,186,053	5,827,902	5,730,148	5,233,840	5,791,155
Operating grants and contributions	3,710,000	12,002,670	-	-	-
Capital grants and contributions	159,854	159,854	159,854	159,854	159,854
Total business-type activities program revenues	<u>15,349,697</u>	<u>24,541,912</u>	<u>11,932,519</u>	<u>11,243,657</u>	<u>12,807,037</u>
Total primary government program revenues	<u>\$ 31,087,191</u>	<u>\$ 56,353,211</u>	<u>\$ 42,926,436</u>	<u>\$ 31,346,904</u>	<u>\$ 54,293,374</u>
Net revenues (expenses):					
Governmental activities	\$ (5,871,443)	\$ 3,691,556	\$ 3,995,147	\$ (5,411,500)	\$ 11,483,066
Business-type activities	4,270,880	10,876,091	2,390,947	2,714,210	1,584,898
Total net revenues (expenses)	<u>\$ (1,600,563)</u>	<u>\$ 14,567,647</u>	<u>\$ 6,386,094</u>	<u>\$ (2,697,290)</u>	<u>\$ 13,067,964</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property tax	\$ 2,810,704	\$ 2,946,083	\$ 3,273,006	\$ 3,566,656	\$ 3,980,606
Sales and use taxes	3,128,882	6,676,994	5,947,812	6,209,105	6,337,138
Franchise taxes	667,509	705,405	685,140	518,183	771,288
Other taxes	466,328	419,267	449,950	743,896	565,715
Motor vehicle in lieu, unrestricted	1,076,010	1,118,489	1,237,606	1,324,094	1,555,026
Investment income (loss)	38,959	67,431	80,844	346,915	19,282
Other general revenues	262,023	395,810	301,192	1,745,978	10,090,096
Transfers	763,094	(5,626,465)	(84,391)	(421,353)	(16,842,538)
Total governmental activities	<u>9,213,509</u>	<u>6,703,014</u>	<u>11,891,159</u>	<u>14,033,474</u>	<u>6,476,613</u>
Business-type activities:					
Investment income (loss)	59,419	49,915	63,492	200,063	214,510
Miscellaneous	1,545,739	1,392,651	675,204	416,119	864,319
Transfers	(763,094)	5,626,465	84,391	421,353	16,842,538
Total business-type activities	<u>842,064</u>	<u>7,069,031</u>	<u>823,087</u>	<u>1,037,535</u>	<u>17,921,367</u>
Total primary government	<u>\$ 10,055,573</u>	<u>\$ 13,772,045</u>	<u>\$ 12,714,246</u>	<u>\$ 15,071,009</u>	<u>\$ 24,397,980</u>
Changes in net position					
Governmental activities	\$ 3,342,066	\$ 10,394,570	\$ 15,886,306	\$ 8,621,974	\$ 17,959,679
Business-type activities	5,112,944	17,945,122	3,214,034	3,751,745	19,506,265
Total primary government	<u>\$ 8,455,010</u>	<u>\$ 28,339,692</u>	<u>\$ 19,100,340</u>	<u>\$ 12,373,719</u>	<u>\$ 37,465,944</u>

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

2018	2019	2020	2021	2022
\$ 4,917,617	\$ 5,307,052	\$ 5,944,111	\$ 6,544,720	\$ 6,994,053
10,965,814	11,284,963	12,121,072	11,729,668	11,628,050
13,066,756	16,835,406	19,195,792	19,892,748	14,711,011
1,331,811	1,442,202	1,468,471	1,466,177	11,559,470
1,256,506	977,552	1,317,693	8,227,717	1,805,271
100,088	46,410	89,123	241,454	233,740
<u>31,638,592</u>	<u>35,893,585</u>	<u>40,136,262</u>	<u>48,102,484</u>	<u>46,931,595</u>
4,969,618	6,303,489	6,906,021	6,767,503	7,099,213
1,204,762	9,206,503	7,476,439	7,926,063	7,853,576
<u>6,174,380</u>	<u>15,509,992</u>	<u>14,382,460</u>	<u>14,693,566</u>	<u>14,952,789</u>
<u>\$ 37,812,972</u>	<u>\$ 51,403,577</u>	<u>\$ 54,518,722</u>	<u>\$ 62,796,050</u>	<u>\$ 61,884,384</u>
\$ 438,974	\$ 528,673	\$ 465,303	\$ 6,961,502	\$ 9,212,336
424,909	775,581	504,277	243,035	139,111
1,184,297	1,874,445	473,036	3,581,829	2,816,090
279,505	341,016	285,143	124,652	363,671
2,916,089	3,880,593	6,507,913	3,880,053	8,161,272
5,459,511	5,674,834	6,105,531	2,709,984	5,236,622
10,069,773	40,920,445	43,291,735	16,740,299	25,390,248
<u>20,773,058</u>	<u>53,995,587</u>	<u>57,632,938</u>	<u>34,241,354</u>	<u>51,319,350</u>
8,331,835	9,052,906	10,352,614	10,239,976	10,758,681
6,533,098	7,923,942	8,633,545	8,776,287	9,141,235
-	-	-	-	-
159,854	32,556,339	11,691,580	6,862,837	4,933,027
<u>15,024,787</u>	<u>49,533,187</u>	<u>30,677,739</u>	<u>25,879,100</u>	<u>24,832,943</u>
<u>\$ 35,797,845</u>	<u>\$ 103,528,774</u>	<u>\$ 88,310,677</u>	<u>\$ 60,120,454</u>	<u>\$ 76,152,293</u>
\$ (10,865,534)	\$ 18,102,002	\$ 17,496,676	\$ (13,861,130)	\$ 4,387,755
8,850,407	34,023,195	16,295,279	11,185,534	9,880,154
<u>\$ (2,015,127)</u>	<u>\$ 52,125,197</u>	<u>\$ 33,791,955</u>	<u>\$ (2,675,596)</u>	<u>\$ 14,267,909</u>
\$ 4,285,832	\$ 4,710,374	\$ 5,333,918	\$ 8,613,482	\$ 9,737,910
9,211,228	12,001,476	10,501,615	18,190,475	23,643,606
877,633	1,204,106	1,241,635	1,530,878	1,640,212
634,335	666,791	582,552	30,620,998	31,355,667
1,794,526	1,898,011	2,193,976	738,708	738,708
979,493	1,996,503	2,786,291	701,941	(2,101,280)
379,591	149,364	184,705	945,547	1,344,184
(137,582)	2,439,302	3,255,411	1,777,930	(5,818,160)
<u>18,025,056</u>	<u>25,065,927</u>	<u>26,080,103</u>	<u>63,119,959</u>	<u>60,540,847</u>
405,014	782,839	741,372	364,403	216,580
907,527	1,599,048	4,909,595	5,692,221	9,466,104
137,582	(2,439,302)	(3,255,411)	(1,777,930)	5,818,160
<u>1,450,123</u>	<u>(57,415)</u>	<u>2,395,556</u>	<u>4,278,694</u>	<u>15,500,844</u>
<u>\$ 19,475,179</u>	<u>\$ 25,008,512</u>	<u>\$ 28,475,659</u>	<u>\$ 67,398,653</u>	<u>\$ 76,041,691</u>
\$ 7,159,522	\$ 43,167,929	\$ 43,576,779	\$ 49,258,829	\$ 64,928,602
10,300,530	33,965,780	18,690,835	15,464,228	25,380,998
<u>\$ 17,460,052</u>	<u>\$ 77,133,709</u>	<u>\$ 62,267,614</u>	<u>\$ 64,723,057</u>	<u>\$ 90,309,600</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund:				
Nonspendable	\$ 7,175,257	\$ 6,380,018	\$ 6,852,691	\$ 6,665,677
Committed	-	-	-	2,233,234
Assigned	1,229,504	-	-	-
Unassigned	<u>9,784,715</u>	<u>16,234,527</u>	<u>11,091,860</u>	<u>12,861,107</u>
Total general fund	<u>\$ 18,189,476</u>	<u>\$ 22,614,545</u>	<u>\$ 17,944,551</u>	<u>\$ 21,760,018</u>
All other governmental funds:				
Restricted	\$ 4,142,620	\$ 3,890,049	\$ 6,823,678	\$ 4,513,322
Committed	19,333,997	12,977,322	22,534,880	25,829,474
Assigned	264,923	930,347	880,383	975,042
Unassigned	<u>-</u>	<u>-</u>	<u>(364)</u>	<u>(233)</u>
Total all other governmental funds	<u>\$ 23,741,540</u>	<u>\$ 17,797,718</u>	<u>\$ 30,238,577</u>	<u>\$ 31,317,605</u>

* FY2021 reflects the implementation of GASB 84.

Source: *City of Lathrop, California*

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021*</u>	<u>2022</u>
\$ 6,180,434	\$ 5,650,104	\$ 5,225,742	\$ 3,470,982	\$ 3,282,311	\$ 2,405,864
-	-	-	29,678,802	29,664,824	44,763,906
-	-	-	2,616,835	-	-
<u>16,496,212</u>	<u>21,538,365</u>	<u>31,169,562</u>	<u>4,289,278</u>	<u>6,679,913</u>	<u>5,704,542</u>
<u>\$ 22,676,646</u>	<u>\$ 27,188,469</u>	<u>\$ 36,395,304</u>	<u>\$ 40,055,897</u>	<u>\$ 39,627,048</u>	<u>\$ 52,874,312</u>
\$ 4,701,300	\$ 3,797,087	\$ 4,701,645	\$ 9,116,860	\$ 103,964,923	\$ 122,949,990
35,779,675	36,015,106	49,619,728	58,214,668	-	-
784,139	663,674	549,720	572,817	-	-
<u>(120)</u>	<u>-</u>	<u>(163,756)</u>	<u>(2,500)</u>	<u>(773,287)</u>	<u>(1,053,529)</u>
<u>\$ 41,264,994</u>	<u>\$ 40,475,867</u>	<u>\$ 54,707,337</u>	<u>\$ 67,901,845</u>	<u>\$ 103,191,636</u>	<u>\$ 121,896,461</u>

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

	2013	2014	2015	2016
Revenues:				
Taxes and assessments	\$ 12,092,527	\$ 15,462,332	\$ 21,268,849	\$ 18,494,460
Licenses and permits	634,934	749,845	1,373,909	1,283,193
Fines, forfeitures, and penalties	1,564,795	1,476,258	1,486,888	1,658,639
Intergovernmental	7,107,760	13,291,995	11,177,149	5,489,546
Use of Money & Property	62,939	116,968	159,262	382,724
Charges for current services	1,449,684	2,727,193	2,207,080	3,725,964
Contributions (Developer)		9,779,408	1,094,140	-
Other	1,275,270	536,779	4,202,190	3,523,548
Total revenues	<u>24,187,909</u>	<u>44,140,778</u>	<u>42,969,467</u>	<u>34,558,074</u>
Expenditures				
Current:				
General government	3,318,835	4,240,661	8,063,724	4,675,898
Community development	1,222,152	1,323,932	1,254,836	1,657,178
Public safety	4,510,204	5,829,809	7,030,624	7,297,872
Public works	9,197,006	17,040,900	15,482,137	6,687,275
Culture and leisure	1,069,332	1,063,957	1,048,531	1,296,370
Capital Outlay	3,795,717	9,334,496	1,604,530	4,361,924
Debt service:				
Principal retirement	262,103	274,370	289,709	1,683,347
Interest and fiscal charges	369,832	924,941	340,120	390,710
Total expenditures	<u>23,745,181</u>	<u>40,033,066</u>	<u>35,114,211</u>	<u>28,050,574</u>
Excess (deficiency) of revenues over (under) expenditures	442,728	4,107,712	7,855,256	6,507,500
Other financing sources (uses):				
Proceeds from issuance of long-term debt	-	-	-	(1,191,652)
Transfers in	9,379,077	18,471,301	17,566,636	12,971,420
Transfers out	(8,615,983)	(24,097,766)	(17,651,027)	(13,392,773)
Total other financing sources (uses)	<u>763,094</u>	<u>(5,626,465)</u>	<u>(84,391)</u>	<u>(1,613,005)</u>
Net change in fund balances	<u>\$ 1,205,822</u>	<u>\$ (1,518,753)</u>	<u>\$ 7,770,865</u>	<u>\$ 4,894,495</u>
Debt service as a percentage of noncapital expenditures	3.3%	4.1%	1.9%	9.6%

* FY2021 reflects the implementation of GASB 84.

Source: City of Lathrop, California Comprehensive Annual

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021*</u>	<u>2022</u>
\$ 22,885,183	\$ 22,571,206	\$ 35,307,490	\$ 32,969,640	\$ 59,694,541	\$ 67,116,103
1,808,623	1,266,197	1,823,951	2,930,344	3,191,727	386,466
1,949,910	2,237,680	2,542,551	1,973,138	1,628,103	1,588,616
3,134,272	4,420,261	4,373,978	5,281,487	7,045,036	10,094,787
392,493	1,366,160	2,433,126	3,299,084	701,941	(2,101,280)
3,605,846	3,508,608	4,656,065	4,523,327	6,208,805	13,859,233
19,675,946	2,751,850	536,277	357,105	7,595,547	10,621,451
1,353,215	813,734	550,982	657,995	945,547	1,344,184
<u>54,805,488</u>	<u>38,935,696</u>	<u>52,224,420</u>	<u>51,992,120</u>	<u>87,011,247</u>	<u>102,909,560</u>
4,406,106	4,770,853	5,137,588	5,748,979	6,241,381	7,124,908
784,763	1,109,714	838,993	1,153,119	1,220,515	1,722,885
9,560,119	10,724,423	11,222,012	12,001,225	11,507,852	11,552,853
7,616,246	7,048,016	9,984,165	10,701,329	19,627,773	16,617,416
1,226,638	1,275,334	1,384,798	1,411,336	1,323,042	3,405,473
2,920,897	9,761,990	2,643,451	6,950,445	11,300,021	24,267,638
265,000	285,000	-	290,000	300,000	352,316
319,164	100,088	46,410	89,123	241,454	233,740
<u>27,098,933</u>	<u>35,075,418</u>	<u>31,257,417</u>	<u>38,345,556</u>	<u>51,762,038</u>	<u>65,277,229</u>
27,706,555	3,860,278	20,967,003	13,646,564	35,249,209	37,632,331
-	-	-	-	-	137,918
10,394,523	12,389,403	14,380,867	24,940,959	35,131,963	26,415,645
<u>(27,237,061)</u>	<u>(12,526,985)</u>	<u>(11,941,565)</u>	<u>(21,685,548)</u>	<u>(33,354,033)</u>	<u>(32,233,805)</u>
<u>(16,842,538)</u>	<u>(137,582)</u>	<u>2,439,302</u>	<u>3,255,411</u>	<u>1,777,930</u>	<u>(5,680,242)</u>
<u>\$ 10,864,017</u>	<u>\$ 3,722,696</u>	<u>\$ 23,406,305</u>	<u>\$ 16,901,975</u>	<u>\$ 37,027,139</u>	<u>\$ 31,952,089</u>
2.5%	1.5%	0.2%	1.2%	1.4%	1.4%

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of Levy</u>		<u>Collection in Subsequent Years</u>	<u>Total Collection to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
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%
2019	4,309,587	4,309,587	100.00%	-	4,309,587	100.00%
2020	4,812,631	4,812,631	100.00%	-	4,812,631	100.00%
2021	5,326,609	5,326,609	100.00%	-	5,326,609	100.00%
2022	5,853,282	5,853,282	100.00%	-	5,853,282	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					
	Gross Taxable Assessed Value			Less: Exemptions	Net Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	SBE Nonunitary			
2013	\$ 1,732,727,557	\$ 166,654,824	\$ 2,596,710	\$ (17,214,244)	\$ 1,884,764,847	0.142%
2014	1,839,562,001	136,568,139	5,070,340	(18,622,849)	1,962,577,631	0.144%
2015	2,028,168,720	148,658,207	5,070,340	(19,297,974)	2,162,599,293	0.143%
2016	2,188,540,780	198,130,929	5,070,340	(18,624,442)	2,373,117,607	0.141%
2017	2,559,643,198	163,451,777	6,170,020	(18,624,442)	2,710,640,553	0.138%
2018	2,941,872,358	174,127,391	6,170,020	(18,831,913)	3,103,337,856	0.133%
2019	3,117,977,243	190,538,705	6,170,020	-	3,314,685,968	0.130%
2020	3,554,886,516	282,202,562	6,170,020	-	3,843,259,098	0.125%
2021	4,139,024,746	280,821,500	15,952,158	-	4,435,798,404	0.120%
2022	4,787,945,754	304,082,430	15,952,158	-	5,107,980,342	0.115%

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.

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CITY OF LATHROP
Principal Property Taxpayers
Current Year and Ten Years Ago

<u>Taxpayer</u>	<u>2022</u>		<u>2013</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>
TESLA MOTORS INC	\$ 228,225,850	4.47%	\$ -	0.00%
LIT INDUSTRIAL LP	187,602,039	3.67%	-	0.00%
TRIPPOINT LOGISTICS CENTER ILP	130,336,440	2.55%	-	0.00%
CALIFIA LLC	90,697,079	1.78%	49,965,185	2.65%
UNITED PARCEL SERVICE INC	79,841,690	1.56%	-	0.00%
PW FUND B DEVELOPMENT LLC	73,506,837	1.44%	-	0.00%
COLONY 2019 2 BULK INDUSTRIAL LLC	65,956,300	1.29%	-	0.00%
SUPER STORE INDUSTRIES	64,375,930	1.26%	41,233,898	2.19%
CENTERPOINT PROPERTIES TRUST	63,889,754	1.25%	36,188,233	1.92%
J R SIMPLOT COMPANY CORP	62,292,003	1.22%	43,410,125	2.30%

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

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

Fiscal Year	Basic County-wide Levy ⁽¹⁾	School ⁽²⁾	All Other	Total Rate
2013	1.00000%	0.09610%	0.00000%	1.09610%
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%
2019	1.00000%	0.12280%	0.00000%	1.12280%
2020	1.00000%	0.11400%	0.00000%	1.11400%
2021	1.00000%	0.10490%	0.00000%	1.10490%
2022	1.00000%	0.13820%	0.00000%	1.13820%

NOTE:

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

Source: San Joaquin County Assessor 2011/12 - 2020/21 Tax Rate Table

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

Fiscal Year	City Direct Rate	Measure K Rate	Measure C General Purpose		Transportation Development Act Rate	San Joaquin County Rate	State of California Rate	Total
2013	1.00%	0.50%	1.00%	**	0.25%	1.00%	5.25%	9.00%
2014	1.00%	0.50%	1.00%	**	0.25%	1.00%	5.25%	9.00%
2015	1.00%	0.50%	1.00%	**	0.25%	1.00%	5.25%	9.00%
2016	1.00%	0.50%	1.00%	**	0.25%	1.00%	5.25%	9.00%
2017	1.00%	0.50%	1.00%	**	0.25%	1.00%	5.00%	8.75%
2018	1.00%	0.50%	1.00%	**	0.25%	1.00%	5.00%	8.75%
2019	1.00%	0.50%	1.00%	**	0.25%	1.00%	5.00%	8.75%
2020	1.00%	0.50%	1.00%	**	0.25%	1.00%	5.00%	8.75%
2021	1.00%	0.50%	1.00%	**	0.25%	1.00%	5.00%	8.75%
2022	1.00%	0.50%	1.00%	**	0.25%	1.00%	5.00%	8.75%

NOTE:

* 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.

** 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

	2013	2014	2015	2016
Gross Assessed Valuation	\$ 1,884,764,847	\$ 1,962,577,631	\$ 2,162,599,293	\$ 2,373,117,607
Debt Margin Ratio (1)	3.75%	3.75%	3.75%	3.75%
Debt Margin (Limit)	70,678,682	73,596,661	81,097,473	88,991,910
Net Legal Debt Margin	\$ 70,678,682	\$ 73,596,661	\$ 81,097,473	\$ 88,991,910
Total debt applicable to the the limit as a percentage of debt limit	0%	0%	0%	0%

Notes

(1) The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel.) The computation shown above reflects a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state. The limit shown is 3.75% (one-fourth of the previous limit of 15%)

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

CITY OF LATHROP
Legal Debt Margin Information
Last Ten Fiscal Years

2017	2018	2019	2020	2021	2022
<u>\$ 2,710,640,553</u>	<u>\$ 3,103,337,856</u>	<u>\$ 3,314,685,968</u>	<u>\$ 3,843,259,098</u>	<u>\$ 4,435,798,404</u>	<u>\$ 5,107,980,342</u>
3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
<u>101,649,021</u>	<u>116,375,170</u>	<u>124,300,724</u>	<u>144,122,216</u>	<u>166,342,440</u>	<u>191,549,263</u>
<u>\$ 101,649,021</u>	<u>\$ 116,375,170</u>	<u>\$ 124,300,724</u>	<u>\$ 144,122,216</u>	<u>\$ 166,342,440</u>	<u>\$ 191,549,263</u>
0%	0%	0%	0%	0%	0%

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

Fiscal Year	Governmental Activities		Business-type Activities			
	Capital Leases (1)	Total Governmental Activities	Water Revenue Bonds	Notes	Certificates of Participation	PNC Bank Loan (2)
2013	\$ 7,139,752	\$ 7,139,752	\$ 24,945,000		-	\$ 5,950,203
2014	6,865,382	6,865,382	12,970,000		-	5,667,004
2015	6,599,319	6,599,319	12,635,000		-	5,373,806
2016	4,190,000	4,190,000	12,635,000		-	5,070,256
2017	3,925,000	3,925,000	11,455,000	(4)	-	4,755,863
2018	3,640,000	3,640,000	10,846,145		-	4,430,488
2019	3,640,000	3,640,000	10,207,524		-	4,093,638
2020	3,350,000	3,350,000	9,550,312		-	3,744,895
2021	3,050,000	3,050,000	8,873,969		-	3,383,839
2022	2,745,000	2,745,000	8,197,626		-	3,022,784

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 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
Outstanding Debt
Last Ten Fiscal Years**

Business-type Activities					
State Revolving Fund Loan	Capital Leases	Total Business- type Activities	Total Primary Government	Percentage of Personal Income	Debt Per Capita (3)
\$ 9,340,188	\$ 23,717	\$ 40,259,108	\$ 47,398,860	143.22%	2,390
8,956,038	-	27,593,042	34,458,424	105.13%	1,742
8,562,968	-	26,571,774	33,171,094	93.63%	1,500
8,160,773	-	25,866,029	30,056,029	82.47%	1,301
7,749,237	-	23,960,100	27,885,100	69.04%	1,149
7,328,146	-	22,604,779	26,244,779	57.43%	1,081
6,897,278	-	21,198,440	24,838,440	47.89%	996
6,456,406	-	19,751,613	23,101,613	44.54%	861
6,005,297	-	18,263,105	21,313,105	37.65%	748
5,538,385	-	16,758,795	19,503,795	30.90%	623

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CITY OF LATHROP
Computation of Direct and Overlapping Debt
June 30, 2022

FY 2020/21 City Assessed Valuation	\$ 5,107,980,342
Adjusted Assessed Valuation	<u>\$ 5,107,980,342</u>

Overlapping Tax and Assessment Debt	Total Debt 6/30/22	Percentage Applicable to City of Lathrop (1)	City's Share of Debt 6/30/2022
San Joaquin Delta Community College District	\$ 188,480,000	5.189%	\$ 9,780,227
Manteca Unified School District	225,734,885	20.848%	47,061,209
Tracy Unified School District	31,345,000	5.426%	1,700,780
Banta School District	370,000	68.919%	255,000
Manteca Unified School District Community Facility District No. 1989-2	19,520,000	20.749%	4,050,205
Manteca Unified School District Community Facility District No. 2005-4	4,945,000	100.000%	4,945,000
Banta School District Community Facilities District No. 2011-1	4,240,000	100.000%	4,240,000
River Islands Public Financing Authority Community Facilities District No. 2003-1	251,248,493	100.000%	251,248,493
River Islands Public Financing Authority Community Facilities District No. 2015-1	185,110,000	100.000%	185,110,000
River Islands Public Financing Authority Community Facilities District No. 2019-1	63,625,000	100.000%	63,625,000
River Islands Public Financing Authority Community Facilities District No. 2021-1	35,640,000	100.000%	35,640,000
City of Lathrop Community Facilities District No 2003-1	5,000,000	100.000%	5,000,000
City of Lathrop Community Facilities District No 2003-2	4,960,000	100.000%	4,960,000
City of Lathrop Community Facilities District No 2018-1, I.A.s 1-5	45,640,000	100.000%	45,640,000
City of Lathrop 1915 Act Bonds	22,475,000	100.000%	22,475,000
Reclamation District No. 17 Assessment District	21,086,256	55.209%	11,641,511
California Statewide Community Development Authority 1915 Act Bonds	1,902,000	100.000%	1,902,000
Total Overlapping Tax and Assessment Debt	<u>\$ 1,111,321,634</u>		<u>\$ 699,274,425</u>
Ratios to FY 2020/21 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt	13.69%		
Direct and Overlapping General Fund Obligation Debt			
San Joaquin County Certificates of Participation	60,400,000	5.623%	3,396,292
Manteca Unified School District General Fund Obligations	15,976,000	20.848%	3,330,676
City of Lathrop General Fund Obligations	2,745,000	100.000%	2,745,000
Lathrop-Manteca Rural Fire Protection District Certificates of Participation	3,490,000	77.225%	2,695,153
Total Direct and Overlapping General Fund Debt			<u>\$ 12,167,121</u>
Total Direct Debt			<u>\$ 2,745,000</u>
Total Overlapping Debt			<u>\$ 708,696,546</u>
Combined Total Debt			<u>\$ 711,441,546</u>

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to Adjusted Assessed Valuation	
Total Direct Debt	0.05%
Combined Total Debt	13.93%

Source: California Municipal Statistics, Inc.

**CITY OF LATHROP
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	2000 Certificates of Participation/ PNC Bank Loan (1)					
	Water Revenue (3)	Less Operating Expenses (4)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2013	7,803,287	3,989,183	3,814,104	252,797	236,203	7.80
2014	7,884,887	3,815,990	4,068,897	283,199	205,801	8.32
2015	6,642,758	3,484,902	3,157,856	293,198	195,802	6.46
2016	6,385,191	3,479,010	2,906,181	303,550	185,450	5.94
2017	7,834,887	4,366,161	3,468,726	314,393	174,733	7.09
2018	8,491,689	4,969,618	3,522,071	325,363	163,637	7.20
2019	9,212,760	6,303,489	2,909,271	336,850	152,150	5.95
2020	10,949,739	5,539,228	5,410,511	348,743	140,257	11.06
2021	10,241,182	6,216,829	4,024,353	361,056	127,944	8.23
2022	10,763,857	6,591,591	4,172,266	373,803	115,197	8.53

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

Source: City of Lathrop, California Finance Department

**CITY OF LATHROP
Pledged-Revenue Coverage
Last Ten Fiscal Years**

2003 COP's/ Pacific Premier Bank Loan & SRF Loan (2)			
Net Available Revenue (5)	Debt Service		Coverage
	Principal	Interest	
3,325,104	650,000	1,713,603	1.41
3,579,897	680,000	1,681,102	1.52
2,668,856	728,070	954,719	1.59
2,417,181	402,196	945,592	1.79
2,979,600	411,536	936,254	2.21
3,033,071	421,091	926,699	2.25
2,420,271	1,069,489	475,545	1.57
4,921,511	1,093,053	451,981	3.19
3,535,353	1,122,305	422,729	2.29
3,683,266	1,152,348	392,686	2.38

CITY OF LATHROP
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (2)
2012	19,209	358,594	18,668	10.4%
2013	19,831	330,960	16,689	9.4%
2014	19,786	327,775	16,566	10.3%
2015	22,112	354,280	16,022	8.5%
2016	23,110	364,434	15,769	7.8%
2017	24,268	403,896	16,643	6.3%
2018	24,936	457,006	18,327	5.2%
2019	26,833	518,675	19,329	4.3%
2020	28,503	566,062	19,859	9.6%
2021	31,331	631,164	20,145	5.4%

Sources: (1) California State Department of Finance
(2) 2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey

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

Employer	2022		2013	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Tesla	3000	29.13%	0	0.00%
United Parcel Service (UPS)	1500	14.56%	0	0.00%
Pflug Packaging	450	4.37%	200	3.03%
Army Air Force Exchange Services	400	3.88%	0	0.00%
Wayfair	400	3.88%	0	0.00%
Super Store Industries (SSI)	375	3.64%	401	6.08%
California Natural Products (CNP)	375	3.64%	250	3.79%
Simwon America	336	3.26%	0	0.00%
MUSD (Lathrop Schools)	333	3.23%	0	0.00%
CBC Steel Buildings	203	1.97%	100	1.52%
In-N-Out Burger	200	1.94%	0	0.00%
Ashley Furniture	190	1.84%	0	0.00%
Target	177	1.72%	150	2.27%
Diamond Pet Foods	163	1.58%	100	1.52%
City of Lathrop	158	1.53%	92	1.39%

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

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

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

<u>Function</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government	25.50	23.40	23.60	24.60
Neighborhood & Community Services (1)	5.00	-	-	-
Public Safety (2)	30.33	32.00	36.98	36.98
Public Works	41.00	21.83	22.83	29.50
Community Development	23.75	8.34	6.67	4.00
Culture & Leisure	20.64	18.41	20.76	21.00
Total Positions	<u>146.22</u>	<u>103.98</u>	<u>110.84</u>	<u>116.08</u>
less Unfunded Positions (3)	<u>53.61</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Employees	<u>92.61</u>	<u>103.98</u>	<u>110.84</u>	<u>116.08</u>

(1) The Neighborhood & Community Services Department was created in March 2010 and later collapsed into Public Works/ Community Development.

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

(3) Fiscal Year 2013 was the last year of allocating and tracking unfunded positions.

Source: City of Lathrop, California Annual Adopted Budgets.

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
23.60	23.60	24.60	26.60	28.63	30.63
-	-	-	-	-	-
37.98	35.98	36.98	36.98	36.98	53.68
30.80	33.80	40.47	40.47	42.47	45.47
3.10	4.10	4.43	4.43	4.40	5.40
20.56	21.01	21.01	21.01	28.60	30.60
<u>116.04</u>	<u>118.49</u>	<u>127.49</u>	<u>129.49</u>	<u>141.08</u>	<u>165.78</u>
-	-	-	-	-	-
<u>116.04</u>	<u>118.49</u>	<u>127.49</u>	<u>129.49</u>	<u>141.08</u>	<u>165.78</u>

CITY OF LATHROP
Operating Indicators by Function
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Police:										
Arrests	670	489	708	572	705	550	558	554	624	*
Parking Citations Issued	291	380	444	696	1,385	1,084	1,389	1,237	1,489	*
Code Enforcement										
Housing Cases	40	20	35	29	28	54	74	64	55	62
Public Nuisance Cases	213	61	206	287	345	204	126	165	210	176
Vehicle Cases	28	12	11	67	193	140	118	129	145	133
Weed Abatement Cases	-	5	-	2	108	122	126	124	120	123
Building Permits										
Single Family Dwellings	146	130	350	220	291	392	381	649	879	924
Parks and recreation:										
Number of recreation classes	49	202	34	56	67	116	126	95	72	176
Number of facility rentals	675	1,870	542	450	390	1,598	1,388	1,041	617	206
Water:										
New connections	140	190	266	179	163	392	381	649	879	924
Average daily consumption (thousands of gallons)	4,014	3,550	3,508	3,052	3,274	4,200	4,128	4,128	4,742	4,812
Sewer:										
New connections	140	190	266	179	163	392	381	649	879	924

* Transition to City of Lathrop, Police Department

Source: City of Lathrop, California departmental sources.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	82.80	82.80	84.20	84.20	84.20	92.90	92.90	97.90	109.70	113.70
Streetlights	1,433	1,433	1,448	1,472	1,472	1,835	1,835	1,835	2,135	2,135
Parks and recreation:										
Parks (2)	14	16	16	16	16	18	20	22	25	25
Community centers	1	2	2	2	2	2	2	2	2	2
Senior centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	101.40	99.60	101.80	101.80	101.80	101.80	142.00	147.00	159.00	163.00
Maximum daily capacity (thousands of gallons)	21,700	15,250	15,250	15,250	15,250	15,250	16,500	16,500	16,500	16,500
Wastewater:										
Sanitary sewer (miles)	60.40	62.03	71.00	71.00	71.00	71.00	91.80	96.80	108.80	111.80
Miles of Reclaimed Water Lines	18.33	21.40	21.80	21.80	21.80	21.80	21.80	25.80	27.80	29.80
Maximum daily treatment capacity (thousands of gallons)	2,416	2,416	2,200	2,200	1,450	1,450	3,140	3,140	3,140	3,140

NOTE:

- (1) The City of Lathrop's fire protection is provided by the Lathrop-Manteca Fire District.
- (2) Source: City of Lathrop, Parks and Recreation Guide

Source: City of Lathrop, California departmental sources.

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

Type of Customer:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential	740,938	690,963	671,095	628,208	625,187	745,359	738,530	794,181	907,150	939,163
Industrial	329,816	291,935	343,231	283,410	278,985	395,110	415,471	406,181	435,637	433,258
Commercial	107,530	116,496	91,599	71,396	101,549	139,290	135,130	145,195	152,476	157,053
Governmental	265,931	157,119	172,972	177,791	139,511	149,952	126,761	144,421	199,298	187,615
Construction	20,995	39,058	1,615	-	49,923	103,309	91,038	85,601	36,154	39,357
Total	1,465,210	1,295,571	1,280,512	1,160,805	1,195,155	1,533,020	1,506,930	1,575,579	1,730,715	1,756,446
Total direct rate per 1,000 gallons	\$ 2.45	\$ 2.63	\$ 2.63	\$ 3.04	\$ 3.49	\$ 3.99	\$ 3.99	\$ 3.99	\$ 3.99	\$ 3.99

Source: City of Lathrop, California Public Works Department

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

Fiscal Year	Monthly Base Rate	Rate per 1,000 Gallons	CSCDA Loan (1)	SCSWSP Facility Charge (2)
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
2019	16.30	3.99	-	9.10
2020	16.30	3.99	-	9.10
2021	16.30	3.99	-	9.10
2022	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 off 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
Ten Largest Water Customers
Current Year and Nine Years Ago

<u>Water Customer</u>	<u>2022</u>		<u>2013</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	\$ 1,015,960	10.22%	\$ 562,213	10.75%
City of Lathrop	651,757	6.56%	325,850	6.23%
Manteca Unified School District	281,589	2.83%	172,953	3.31%
Super Store Industries	128,882	1.30%	104,619	2.00%
River Islands Public Finance Authority	75,445	0.76%	30,269	0.58%
Teichert Construction	73,844	0.74%	-	0.00%
Tesla Motors Inc	71,187	0.72%	-	0.00%
DeSilva Gates Construction	64,402	0.65%	-	0.00%
IN-N-OUT Burger #804	55,097	0.55%	-	0.00%
Swiss American Sausage	45,144	0.45%	41,742	0.80%

Source: *City of Lathrop, California Finance Department*

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

2022		2013	
Business Name	Business Category	Business Name	Business Category
Percent of Fiscal Year Total Paid By Top 25 Accounts = 84.40%		Percent of Fiscal Year Total Paid By Top 25 Accounts = 85.77%	
Arco AM PM	Service Stations	Carpenter	Textiles/Furnishings
Ashley Furniture Dist Center	Fulfillment Centers	CBC Steel Buildings	Heavy Industrial
Boral Roofing	Contractors	Chevron	Service Stations
CBC Steel Buildings	Contractors	Creative Touch Interiors	Home Furnishings
Chevron	Service Stations	Dragon Esp	Light Industrial/Printers
Chevron Power Market	Service Stations	Eagles Nest Harley Davidson	Boats/Motorcycles
City Food & Liquor	Convenience Stores/Liquor	Fast Lane Food/Gas Mart	Service Stations
Eagles Nest Harley Davidson	Boats/Motorcycles	Fleetpride West	Trailers/Auto Parts
Fast Lane	Service Stations	Joes Travel Plaza	Service Stations
Flying J Travel Plaza	Service Stations	JR Simplot Company	Food Mfg.
Icon Health & Fitness	Light Industrial/Printers	Kabaritis AM PM	Service Stations
In N Out Burger	Quick-Service Restaurants	Kaman Industrial Tech Corporatio	Heavy Industrial
Joes Travel Plaza	Service Stations	Lathrop Shell	Service Stations
Pape Kenworth	New Motor Vehicle Dealers	McDonalds	Restaurants No Alcohol
Raymond Handling Concepts	Warehse/Farm/Const. Equip.	Medcal Sales	Medical/Biotech
Shell	Service Stations	Mikasa Japanese Bistro	Restaurants Beer And Wine
Target	Discount Dept Stores	Save Mart	Grocery Stores Liquor
Tec Equipment	Trailers/Auto Parts	Target	Discount Dept Stores
Tesla Motors	Trailers/Auto Parts	Tec Stockton	Trailers/Auto Parts
Top Gun Drywall Supply	Building Materials	Top Gun Drywall Supply	Lumber/Building Materials
Totten Tubes	Heavy Industrial	Tower Mart	Service Stations
Tri West	Building Materials	USAMotors. Com	Used Automotive Dealers
Tuff Boy Sales	Trailers/RVs	Utility Trailer Sales	Trailers/RVs
Two Guys Food & Fuel Inc	Service Stations	Valero	Service Stations
Wayfair	Fulfillment Centers	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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ATTACHMENT " C "

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to 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 (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-001.



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

City of Lathrop, California's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Solt & Loughard, LLP

Brea, California
March 31, 2023



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

SCHEDULE OF FINDINGS AND RESPONSES

Reference No.: 2022-001 – Final Reconciliation and Review Process

Condition:

During the audit, we found the following conditions that resulted in significant audit adjustments to the financial statements:

Accuracy in External Financial Reporting

The year-end closing process did not ensure that account balances were reconciled and accurate in advance of the audit requiring adjusting journal entries to correct the final financial statements. It appears these errors were primarily caused by the trial balance being prepared from data that was not always complete. The more significant entries identified include:

- Adjustments to correct payable balances for unrecognized liabilities
- Inappropriately classified determinations of lease categories and future payment obligations

Criteria:

Management is responsible for the preparation and fair presentation, as well as the accuracy of its financial statements, including disclosures in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. Timely preparation of the financial statements and disclosures is integral to the detection and prevention of error or fraud.

Cause of Condition:

Accounts were found to be inappropriately reconciled or reviewed during the audit.

Effect or Potential Effect of Condition:

Accounts payable, expenditures, and lease obligations would have been understated as of June 30, 2022.

Recommendation:

The City should include in their year-end close and audit preparation process a final review of accounts payable and subsequent disbursements to ensure they have not missed a transaction which may have occurred outside of their normal tracking. The City should seek additional continuing education for personnel related to government auditing standards.

Client Response:

The City will restructure the year end close out process for Fiscal Year 2023 to include a final reconciliation prior to files being provided to auditing firm. The accounts payable transactions that were identified during the audit were attributed to capital project invoices received well after the City's established year end close out date. Staff was working off of prior recommendations that multiyear capital project invoices received after the year end close out process could be charged to the ongoing project budget in the current fiscal period. The City will commit to perform a final accounts payable reconciliation prior to final audit fieldwork. The inappropriately classified determinations of lease categories and future payment obligations pertain to information technology equipment that was first thought to be a financing agreement at zero percent interest but later was determined that the \$1 buyout at the end of the contract period switched the agreement from purchasing terms to lease obligation under the new GASB 87 rules implemented in Fiscal Year 2022. The City of Lathrop Finance Staff is committed to maintaining full compliance with the requirements of Generally Accepted Accounting Principles and the Government Finance Officers Association best practices and



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auditing standards. Staff will seek out continuing education opportunities to stay abreast of interpretations of Governmental Accounting Standards Board new pronouncements.

Evaluation of Finding:

Significant Deficiency	<u> X </u>
Material Weakness	<u> </u>
Material Noncompliance	<u> </u>
Other Matters	<u> </u>



ATTACHMENT " D "

March 31, 2023

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

We have audited the 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 (the City) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 22, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies related to leases, interest costs incurred before the end of a construction period, and component unit reporting by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, in fiscal year 2021-2022. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimates of its net pension liability and net other post-employment benefits (OPEB) liability or asset are based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability, net OPEB liability or asset in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Significant or Unusual Transactions

Management is responsible for the policies and practices used to account for significant or unusual transactions. No significant unusual transactions have occurred during fiscal year 2021-2022.



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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, we detected misstatements as a result of audit procedures which were significant and were subsequently corrected by management. The details of these misstatements are described in a separate letter dated March 31, 2023.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 31, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the significant events or transactions that occurred during the year, business conditions affecting the City and business plans and strategies that may affect the risks of material misstatements, the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison schedules for the general fund and major special revenue funds, the schedule of proportionate share of the net pension liability, the schedule of plan contributions, the schedule of changes in the net OPEB liability and related ratios, and the schedule of OPEB plan contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



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We were engaged to report on the combining and individual fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical section, which accompany the financial statements but are not RSI. Such information has 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 it.

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2021-2022 audit:

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

The following GASB pronouncements are effective in the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations*.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement*.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Fiscal year 2024

GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Fiscal year 2025

GASB Statement No. 101, *Compensated Absences*.



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

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Lathrop and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Solt & Luyhard, LLP

Brea, California

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