



CITY OF STOCKTON

FISCAL YEAR 2019-2020

# COMPREHENSIVE ANNUAL FINANCIAL REPORT







# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020  
CITY OF STOCKTON, CALIFORNIA**

Prepared and Issued by  
Administrative Services Department

**MATT PAULIN**  
Chief Financial Officer







CITY OF STOCKTON



INTRODUCTORY SECTION



**City of Stockton**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2020**

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## CITY OF STOCKTON

CITY HALL • 425 N. El Dorado Street • Stockton, CA 95202 • 209/937-8499  
www.stocktongov.com

December 8, 2020

To the Honorable Mayor,  
City Council, Audit Committee and the  
Citizens of the City of Stockton, California

The Stockton City Charter, federal grant regulations, and agreements with investors require the City of Stockton, California ("City") to publish a complete set of financial statements presented in conformance with Generally Accepted Accounting Principles ("GAAP") and audited by a firm of licensed, certified public accountants. Under those requirements, we respectfully submit the Comprehensive Annual Financial Report ("CAFR") of the City of Stockton for the fiscal year ("FY") ended June 30, 2020.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data, as presented, is accurate in all material aspects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. This report contains all disclosures necessary to enable the reader to fully understand the City's financial affairs.

An overview of the City's financial activities for the fiscal year is discussed in detail in the Management's Discussion and Analysis ("MD&A") section of the CAFR.

### ***PROFILE OF THE GOVERNMENT***

The City of Stockton is located in the center of California's San Joaquin Valley and is the seat of San Joaquin County. Stockton is located about 80 miles east of the San Francisco Bay Area and 40 miles south of Sacramento, California's Capitol.

One of the oldest cities in the State of California, Stockton was founded in 1849 and incorporated in 1850. In 1888, the voters approved Stockton's first local Charter, which was ratified by the State Legislature in 1889. The current Charter was approved by the voters in November 1922 and became effective in 1923. This Charter changed the City from a commission form of government to the current City Council-City Manager form of government. Under the Council-Manager form of government, the City Council has policy-making and legislative authority. Representatives from six districts are chosen by district election, with the Mayor being chosen by citywide election, for staggered four-year terms, with a two-term limit. The City Manager is responsible for carrying out the City Council's policies and ordinances, appointing department heads, and overseeing the City's operations. The City Council appoints the City Manager, City Attorney, City Auditor, and City Clerk.

The City Charter has been amended many times since 1922, with the most recent amendments approved by voters in November 2016. Those amendments eliminated city-wide voting for Council districts, modified the Mayor's compensation, powers, and duties, and made several changes related to budget and fiscal affairs.

The City provides a full range of municipal services, including police and fire protection, community development, economic development, affordable housing, public works and street maintenance, parks, recreational services, libraries, and water, wastewater, and stormwater utilities. The City serves approximately 55% of water accounts in the City while the California Water Service Company, an investor-owned company, provides water service to 42%, and San Joaquin County provides water service to the remaining 3%.

This report includes the Stockton Public Financing Authority's financial activity, a separate legal entity controlled by the City. The City reports the Successor Agency to the Redevelopment Agency of the City of Stockton's financial statements as a private-purpose trust fund in these financial statements.

The Council is required to adopt an annual budget following a public hearing to review the proposed annual budget. This annual budget serves as the foundation for the City's financial planning and control. The City prepares the budget by fund, function and department, e.g., Police. Department heads may transfer budget appropriations within a department as they see fit. Transfers between General Fund departments, however, need City Council approval. Outside the General Fund, the City Manager has authority to transfer budget appropriations at the fund level.

## ***THE LOCAL ECONOMY***

The City encompasses nearly 65 square miles, is surrounded by the San Joaquin Valley's fertile lands, and is home to the furthest inland deep-water seaport in California. The City has a well-diversified economic base that has evolved from its agricultural roots to become a regional center for commerce, including the second-largest transportation and logistics hub in the United States. In addition to the Port of Stockton, the City is equipped with a regional airport, a Burlington Northern Santa Fe intermodal facility, and interstate freeways. The University of the Pacific, California State University-Stanislaus-Stockton campus, Humphries College, and San Joaquin Delta Community College are all located in Stockton. Four school districts serve K-12 students within the City limits.

In January 2020, Stockton's population was 318,522, according to the California Department of Finance, which represents a 0.4% increase over last year's population estimate of 317,271. Finance projects that the Stockton metropolitan area population will continue to increase at a rate of approximately 1.3% through 2022. As the 13th largest city in California, Stockton is comparable in size to other cities such as Pittsburgh, St. Paul, Cincinnati, and St. Louis.

Like every metropolitan area in the United States, the area's unemployment rate significantly increased from 5.7% in August 2019 to 11.4% in September 2020 (per the California Employment Development Department) due to the COVID-19 pandemic. Per the Bureau of Labor Statistics, non-farm employment (not seasonally adjusted) decreased by 8.9% from August 2019 to August 2020.

Housing starts are expected to continue to increase in 2020 and stay relatively level through 2022. Zillow indicates that the median home value in Stockton is approximately \$320,000, representing a 4.9% increase over the past year. Home prices are expected to increase in 2021 by 2.8%, with sales volume staying stable.

## ***FINANCIAL CONDITION HIGHLIGHTS***

Financial results for the year compare favorably with budget estimates in most areas of the City's operations. For the General Fund, financial results for the year were better-than-estimated. Expenditures (including encumbrances and carryovers and other uses of funds) came in 3.2% under budget. Revenues (including other sources of funds) were 5.7% above projections. As a result, the General Fund balance at June 30, 2020 (excluding related funds), of \$63.6 million was combined with prior year reserve funds of \$32.8 million for a total of \$96.2 million available to fund reserves. In addition to the General Fund reserves, the City deposited \$14.5 million into its PARS Public Agencies Post-Employment Benefits Trust, an IRS Section 115 trust that is restricted for pension costs. The \$96.4 million is sufficient to fund the 17% operating reserve (\$41.3 million), set aside \$45.3 million for known contingencies and \$5 million for the other reserve categories and fund \$4.8 million in one-time priority spending.

The City Council has a reserve policy that calls for the City to maintain a 17% operating reserve and establishes additional reserves for known contingencies, unforeseen revenue changes, infrastructure failures, and catastrophic events. Additionally, the policy sets an automatic process to deposit one-time revenue increases and expenditure savings into the reserves. These policies are consistent with the Government Finance Officers' Association (GFOA) best practice recommendations and Governmental Accounting and Standards Board (GASB) guidance.

The Statement of Net Position (revenues and sources of funds less expenses and uses of funds) for the City is approximately \$1.45 billion. The City's net position is roughly \$73.2 million higher, or 5.3%, than the prior fiscal year, mostly in Governmental Activities.

## *The City's Long-Range Financial Plan*

The City maintains a comprehensive and detailed 20-year Long-Range Financial Plan ("L-RFP"), which provides a long-term forecast for the City's General Fund and other funds' impacts on the General Fund. The L-RFP is a vital tool and reflects the City's commitment to fiscal health and sustainability. This financial model is used to evaluate the immediate impact of budgetary decisions and the ongoing costs of those decisions over multiple years. The L-RFP was based on the City's bankruptcy exit plan, or Plan of Adjustment, which included certain assumptions and agreements reached with creditors. Since its development, the L-RFP has become a dynamic tool that is updated based on current revenue and expenditure trends. Though the individual variables and assumptions may change over time, the L-RFP provides a consistent model to forecast the City's fiscal position.

A summary of the L-RFP is available on the City's website:

<http://www.stocktonca.gov/government/departments/adminservices/budLrfp.html>

For more detailed analysis of the financial performance of the City, refer to the Management's Discussion and Analysis sections titled Financial Analysis of the City's Funds and General Fund Budgetary Highlights.

## *The City's Irrevocable Post-Employment Benefits Trust*

On November 7, 2017, the City created an irrevocable post-employment benefits trust program, also known as an Internal Revenue Code Section 115 trust (Trust). This Trust is designed to pre-fund pension costs and to offset GASB 68 net pension liabilities. The City has deposited \$44.5 million (\$37.8 million General Fund) into the Trust through November 2020. The Trust allows the City to set aside funds through a tax-exempt funding mechanism to mitigate long-term contribution rate volatility. The Trust will enable the City to control the assets, and when the City utilizes them. Also, the statutory investment restrictions that apply to the City's investment portfolio do not apply to assets held in a post-employment benefits trust. The City will strive to accrue an amount in the Trust sufficient to fund annual CalPERS costs during economic downturns or other periods when annual revenues are forecast to be insufficient.

## *Access to the Financial Markets*

The City has no long-term bonds backed by the General Fund. The last rating actions on the City's General Fund-backed debt was a Standard & Poors upgrade to "BB", with a continuing positive outlook in August 2018. In April 2019, Moody's issued an upgrade for the City's General Fund of "A3", from "Baa1". Bond ratings for debt issued by the City's Wastewater Utility remained stable with ratings of "A" or "A+" by Standard & Poors and Moody's, respectively. Water Debt maintained its "A" rating from Standard & Poors, while Fitch increased the rating four notches to "AA-" on September 17, 2020.

The City accessed the financial market three times in 2020. In February, the City refinanced approximately \$24.4 million of Parking Authority settlement obligations. While reducing overall debt service payments, this issuance also enabled the City to access \$3 million to repair and upgrade its parking facilities. Shortly after issuance, the COVID-19 pandemic occurred and, facing potential revenue declines, S&P downgraded the bonds from "BBB+" to "BBB-" on June 25, 2020. The second issuance was a low-interest \$108 million loan obtained through the Water Infrastructure Finance and Innovation Act administered by the United States Environmental Protection Agency. The loan, which closed at the end of September, will not accrue interest charges until May 2021, when the City plans to use it to prepay most of the short-term borrowing entered into in 2019 to finance the initial stages of the Regional Wastewater Control Facility renovation. The third issuance (\$9 million) closed in September and supported residential development.

The City does not anticipate issuing any bonds backed by the General Fund. The City does plan on incurring over \$290 million in debt (a combination of rate bonds, a State Revolving Fund loan, and the Water Infrastructure Finance and Innovation Act loan) over the next several years to upgrade its wastewater facilities, including the renovation of the Regional Wastewater Control Facility. There may also be a need to issue land-based debt to support residential and industrial/commercial development.

## ***RESERVE POLICIES***

The City's General Fund reserve policy calls for the City to maintain a 17% operating reserve (approximately two months of expenditures) and establishes additional reserves for known contingencies, unforeseen revenue changes, infrastructure failures, and catastrophic events. The known contingencies include amounts to address staff recruitment and retention, prefund future CalPERS costs, replace public safety radio infrastructure and the City's financial system, and relocate many City operations to the Waterfront Towers location. Approximately \$158 million would be needed to fund all of the reserve categories fully, and on November 17, 2020, the City placed \$91.6 million into reserves. The City had previously committed an additional \$44.5 million towards pension costs by depositing that amount in the City's Public Agencies Post-Employment Benefits Trust. Combined, the City has set aside \$136 million for future expenditures and protection against economic uncertainties.

The policy establishes an automatic process to deposit one-time revenue increases and expenditure savings into the reserves. These policies are consistent with GFOA's best practice recommendations and GASB guidance.

The reserve policy is available on the City's website at:

[http://www.stocktonca.gov/files/General\\_Fund\\_Reserve\\_Policy.pdf](http://www.stocktonca.gov/files/General_Fund_Reserve_Policy.pdf)

## ***DEBT POLICY AND ANNUAL CONTINUING DISCLOSURES***

The City's debt policy is available on its website as follows:

[http://www.stocktonca.gov/files/Capital\\_Financing\\_Debt\\_Management\\_Policy.pdf](http://www.stocktonca.gov/files/Capital_Financing_Debt_Management_Policy.pdf)

The City's annual financial disclosures are available on the Municipal Securities Rulemaking Board's and Electronic Municipal Market Access website at <http://emma.msrb.org>.

## ***INVESTMENT POLICY***

The City adopts an investment policy annually that provides guidelines for the City's cash balances' prudent investment. The City contracts with Public Financial Management for the day-to-day management of the City's long-term investment portfolio. The Administrative Services Department oversees both the City's long-term investment portfolio management and liquid cash requirements. The City's investment policy is posted on the City's website:

[http://www.stocktonca.gov/files/Investment\\_Policy\\_Final\\_080817.pdf](http://www.stocktonca.gov/files/Investment_Policy_Final_080817.pdf)

## ***CASH AND INVESTMENTS***

The California Government Code and the City's investment policy adopted in compliance with that Code define how the City can invest its cash. The City's policy also outlines the principles for maximizing the City's cash management operations' efficiency while meeting the daily cash flow demands of the City. The average overall return rate on funds not held by fiscal agents for the fiscal year ending June 30, 2020, was 4.65%. This amount includes both realized and unrealized gains distributed to funds. Absent unrealized Fair Market Value gains and Accrued Interest amounts distributed on June 30, 2020, distributed returns would have been 2.92%.

Additional information on the City's cash and investment management can be found in Notes 1 and 2 in the notes to the financial statements.

## ***GENERALLY ACCEPTED ACCOUNTING PRINCIPLES***

The GASB establishes GAAP for local and state governments in the United States and Canada. Its counterpart for private-sector entities is the Financial Accounting Standard Board. The American Institute of Certified Public Accountants and state and federal regulators require that financial reports follow GAAP to receive an unmodified audit opinion. The GFOA and the California Committee on Municipal Accounting entail additional standards that govern disclosures in the CAFR.

GAAP requires management to provide a narrative overview and analysis discussing the City's financial position to accompany the basic financial statements. This narrative overview is called Management's Discussion and Analysis (MD&A), which provides an analytical overview of the City's financial position for its significant funds, as defined by GAAP, on a government-wide basis. This letter of transmittal is intended to complement the MD&A and not to duplicate the MD&A. It provides additional qualitative information on impacts to the City to help improve the reader's understanding of the data presented in the CAFR.

The City's CAFR conforms to the requirements established by GAAP, the City's Charter, GFOA standards, and agreements with investors. The CAFR includes basic financial statements, footnotes, supplemental information required by GASB for GAAP financial reports, MD&A of the financial statements, the City's independent auditor's opinion regarding the conformance of the financial statements with GAAP, and other information required to conform to GFOA standards.

### ***INDEPENDENT AUDIT***

The City Charter, Article XIX, Section 1911, states: "after the close of the fiscal year, an annual audit shall be made of the City's funds. Such audit shall be made by a firm of independent certified public accountants." The Pun Group, LLP, an independent firm of licensed, certified public accountants, has audited the City of Stockton's financial statements.

The purpose of the independent audit is to obtain reasonable assurance that the City's financial statements are free of material misstatement and are fairly presented in conformity with GAAP. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditors issued an unmodified opinion for the fiscal year ended June 30, 2020.

### ***SINGLE AUDIT REPORT TO FEDERAL GRANTING AGENCIES***

A broader, federally-mandated "Single Audit," designed to meet federal granting agencies' needs, is also required. The standards governing Single Audit engagements require the independent auditor to report on the fair presentation of the financial statements and the audited government's internal controls and compliance with legal requirements, emphasizing internal controls and legal requirements involving the administration of federal awards.

The City prepares a separate single audit report in conformity with the Federal Single Audit Act's provisions as amended and U.S. Office of Management and Budget Uniform Guidance, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards". This report is filed with the federal clearinghouse on or before March 31 each year.

### ***RISK MANAGEMENT***

During FY 2019-20, the City continued its self-insurance program for General Liability, Property, and Workers' Compensation. The City is a member of the California Joint Powers Risk Management Authority for General Liability and All Risks Property Program, which is primarily underwritten by various insurance companies. The Property All Risks coverage is up to \$400 million per occurrence with a \$250,000 deductible. The self-insured retention ("SIR") for General Liability is \$1.25 million. The City is also a member of the California State Association of Counties – Excess Insurance Authority insurance pool for excess Workers' Compensation coverage. The SIR is \$500,000.

### ***INTERNAL CONTROLS AND LIMITATIONS***

The CAFR intends to provide the City Council and the public with an understanding of the City's financial position. City management assumes responsibility for the completeness, accuracy, and reliability of the information presented in this report. City management established an internal control framework intended to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements.

The City's comprehensive system of internal controls continues to be the subject of ongoing review to ensure the

timeliness and accuracy of the CAFR, and improve management reporting and controls. The City's Finance team, along with the City's Internal Auditor (Moss Adams LLP) continues to work together to close out prior audit findings and continually improve the City's key controls, systems, and policies and procedures.

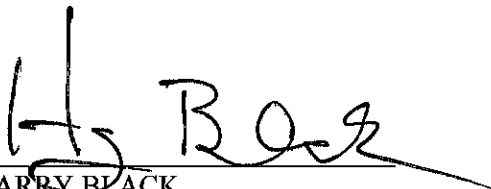
Budgetary control is at the department level for the General Fund and the fund level for all other funds. Transfers within funds and like categories of the same department require City Manager approval. Revisions to increase appropriation authority above a department's original adopted budget require City Council approval.

#### ***ACKNOWLEDGEMENTS***

This report would not have been possible without the dedicated professionals in the Administrative Services Department and employees' cooperation from throughout the City who provided detailed information and other support and assistance.

We also want to thank the Mayor, City Council, and the Audit Committee for your interest and support in planning and conducting the City's financial operations responsibly and sustainably.

Respectfully submitted,



HARRY BLACK  
CITY MANAGER



MATT PAULIN  
CHIEF FINANCIAL OFFICER



# CITY OF STOCKTON

## CITY COUNCIL



**MICHAEL TUBBS**  
MAYOR



**DAN WRIGHT**  
VICE MAYOR  
District 2



**SOL JOBRACK**  
COUNCILMEMBER  
District 1



**PAUL CANEPA**  
COUNCILMEMBER  
District 3



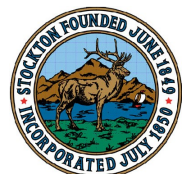
**SUSAN LENZ**  
COUNCILMEMBER  
District 4



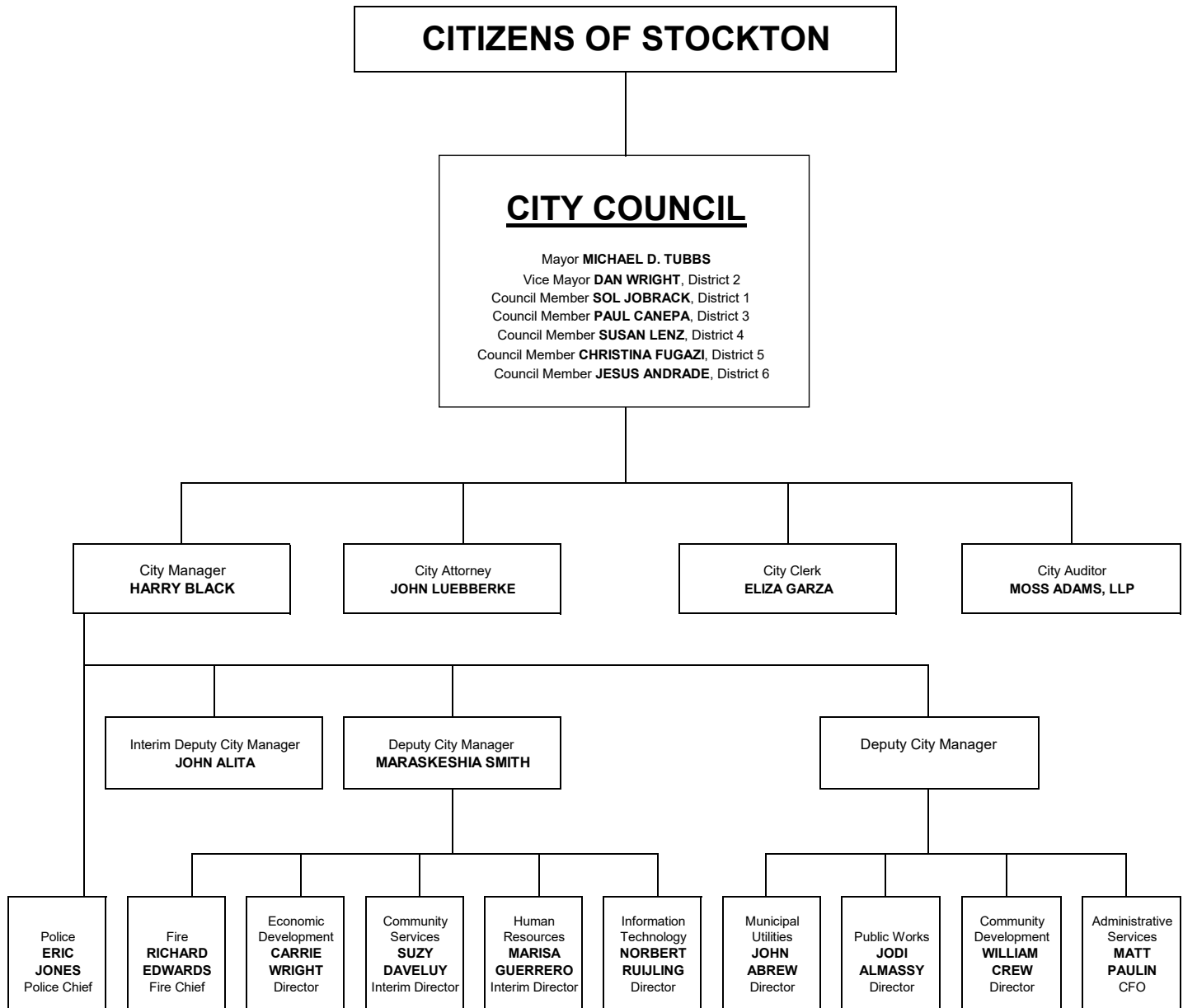
**CHRISTINA FUGAZI**  
COUNCILMEMBER  
District 5



**JESUS ANDRADE**  
COUNCILMEMBER  
District 6



**CITY OF STOCKTON  
ORGANIZATION CHART  
AS OF JUNE 30, 2020**





CITY OF STOCKTON



FINANCIAL SECTION



## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stockton, California (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining Nonmajor Fund Financial Statements, Schedule of Sources and Uses – Measure A and B, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Nonmajor Fund Financial Statements, and the Schedule of Sources and Uses – Measure A and B are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Combining and Individual Nonmajor Fund Financial Statements, Schedule of Sources and Uses – Measure A and B are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020 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 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.

The PwC Group, LLP



MANAGEMENT'S DISCUSSION AND ANALYSIS





**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**UNAUDITED**



**JUNE 30, 2020**

**INTRODUCTION**

As management of the City of Stockton (“City”), we offer readers of the City’s financial statements this overview and analysis of the City’s financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the accompanying Transmittal Letter, the Basic Financial Statements, and the Notes to the Financial Statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**FINANCIAL HIGHLIGHTS**

***Government-wide:***

- The City’s total net position for the governmental and business-type activities show that, as of June 30, 2020, total assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by \$1.45 billion. Of this amount, \$58.1 million represents the unrestricted net position, \$365.0 million is restricted for City's ongoing obligation related to programs with external restrictions, and \$1.03 billion represents the City's net investment in capital assets, less any related outstanding debt used to acquire those assets.
- Governmental revenues and transfers total \$381.8 million and include program revenues of \$79.6 million and general revenues of \$302.1 million. Governmental expenses were \$347.9 million.
- Business-type program revenues, other taxes, and investment earnings were \$166.2 million, while business-type expenses were \$126.9 million.

***Fund Level:***

- The City’s Governmental Funds reported a combined ending fund balance of \$304.7 million at the close of June 30, 2020, an increase of \$30.8 million compared with the prior fiscal year. The General Fund balance in this report, as of June 30, 2020, was \$114.6 million without encumbrances. Included in this fund balance and under the guidance of the Reserve and Fund Balance Policy – General Fund (excluding related funds), Council took action to entirely fund the priority one working capital reserve at \$41.3 million, partially fund known contingency reserves at \$45.3 million, and maintain the risk-based reserves at \$5.0 million.
- Governmental Fund revenues increased from the prior fiscal year by .42 percent. The largest increases were in franchise fees, interest earnings, and business license fees.
- Governmental Fund expenditures decreased by 2.95 percent compared to the prior fiscal year. Most departments ended the year at or just below expectations, with a few exceptions.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The City’s Comprehensive Annual Financial Report consists of four main components: 1) management’s discussion and analysis, 2) the basic financial statements, 3) required supplemental information, and 4) combining non-major fund financial statements. The basic financial statements include two kinds of statements that present different views of the City, the government-wide, and the fund financial statements:

- The government-wide financial statements provide both long-term and short-term information about the City’s overall financial status.
- The fund financial statements focus on the City government's individual parts, reporting the City’s operations in more detail than the government-wide statements.

## **OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED**

The basic financial statements also include notes that provide additional information essential to understanding the data contained in the government-wide and fund financial statements. The statements and notes are followed by the Schedule of Changes in Net Pension Liability and Relations Ratios and Schedule of Changes in Contributions for the City's pension plans which are required supplemental information. In addition to these required elements, we have included combining statements and schedules that provide details about the City's other Governmental Funds, other Enterprise Funds, the Water Enterprise Fund, the Wastewater Enterprise Fund, Internal Service Funds, Investment Trust Funds, and Agency Funds, each of which is presented in a column in the basic financial statements.

### **Government-Wide Financial Statements:**

The government-wide financial statements report information about the City using accounting methods like those used by private-sector companies. The statement of net position includes all the City's assets and liabilities and any deferred outflows and inflows of resources. The statement of activities includes all current year revenues and expenses regardless of when cash is received or paid. These government-wide statements report the City's net position and how the City's net position has changed during the fiscal year. Over time, increases or decreases in position may serve as a useful indicator of whether the financial health of the City is improving or deteriorating.

The government-wide financial statements of the City are divided as follows:

- Governmental activities – Most of the City's basic services are included here, such as police, fire, public works, community development, parks and recreation, and general government. Taxes and state and federal grants finance most of these activities.
- Business type activities – Certain services provided by the City are funded by customer fees. Among these are the City's utility services, parking authority, and other non-major enterprise funds.

This Comprehensive Annual Financial Report ("CAFR") includes the financial activity of the separate legal entity controlled by the City, the Stockton Public Financing Authority.

The Successor Agency's activities are reported as a Private-Purpose Trust Fund in the CAFR. The City Council sits as the Successor Agency to the Stockton Redevelopment Agency's Board. All actions about the Successor Agency's obligations are made by the Successor Agency Oversight Board, which is comprised of members representing the interests of local jurisdictions affected by redevelopment activities and revenue claims, including the City.

The government-wide financial statements can be found on pages 14-16 of this report.

### **Fund Financial Statements:**

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate finance-related legal compliance. Fund financial statements provide more detailed information about the City's largest funds, not the City as a whole. The City has three types of fund financial statements: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

*Governmental Funds* – Governmental Fund statements tell how general government services such as police, fire, and public works, among others, were financed in the short term as well as what remains for future spending. Most of the City's basic services are included in Governmental Funds, focusing on (1) short-term inflows and outflows of spendable resources and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between Governmental Funds and Governmental Activities follow the Governmental Fund Statements.

The basic Governmental Fund Financial Statements can be found on pages 19-24 of this report.

## **OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED**

### **Fund Financial Statements, Continued:**

*Proprietary Funds*- Services for which customer fees are intended to finance the costs of operations are generally reported in Proprietary Funds. Proprietary Fund statements, like the government-wide statements, provide short-term and long-term financial information about the activities the City operates like businesses, such as utility services, parking facilities, and marina operations. Data for remaining Non-major Enterprise Funds are combined into a single, aggregated presentation.

The basic Proprietary Fund financial statements can be found on pages 26-35 of this report.

*Fiduciary Funds* – Fiduciary Fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City is the trustee, or fiduciary, for a closed pension plan. It is also responsible for other assets reported in an investment trust fund, which, because of trust agreements, can be used only for the trust beneficiaries. The City elected to serve as the Successor Agency for its former Redevelopment Agency, which was dissolved by state law. The Successor Agency activity is accounted for in a Private Purpose Trust Fund. The City is responsible for ensuring that assets reported in these funds are used for their intended purposes. All the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these resources to finance its operations.

The basic Fiduciary Fund's financial statement can be found on pages 38-39 of this report.

### **Notes to the Basic Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the financial information provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 43-105 of this report.

### **Other information**

In addition to the basic financial statements, this report presents certain required supplementary information. This information provides a budgetary comparison schedule for the General Fund, HOME Program Loans Fund, and the Low-Moderate Income Housing City Loans Fund, as well as information about the City's participation in the PERS and PARS defined benefit pension plans.

Required supplementary information can be found on pages 106-116 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Analysis of Net Position**

The City's net position may serve over time as a useful indicator of a government's financial health or financial position. As of June 30, 2020, the City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1.45 billion, which is an increase of \$73 million or 5.3 percent compared to the prior fiscal year.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED**

### **Analysis of Net Position, Continued:**

The following is the condensed statement of net position for the fiscal years ended June 30, 2020, and 2019 (amounts in thousands):

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets:</b>						
Current and other assets	\$ 692,226	\$ 630,729	\$ 339,317	\$ 212,414	\$ 1,031,543	\$ 843,143
Capital assets	776,373	771,427	713,058	686,983	1,489,431	1,458,410
Total assets	1,468,599	1,402,156	1,052,375	899,397	2,520,974	2,301,553
<b>Deferred Outflow of Resources:</b>						
Unamortized loss on refunding of debt	-	-	15,464	8,779	15,464	8,779
Pension-related deferred outflows of resources	84,784	110,140	2,537	3,283	87,321	113,423
Total Deferrals-Outflows	84,784	110,140	18,001	12,062	102,785	122,202
<b>Liabilities:</b>						
Current and other liabilities	56,784	60,024	30,845	23,535	87,629	83,559
Long-term obligations	118,211	118,280	416,013	304,301	534,224	422,581
Net Pension liability	518,320	499,463	17,709	17,312	536,029	516,775
Total liabilities	693,315	677,767	464,567	345,148	1,157,882	1,022,915
<b>Deferred Inflow of Resources:</b>						
Deferred Rent	-	-	-	-	-	-
Pension-related deferred inflows of resources	16,280	23,691	868	1,668	17,148	25,359
Total Deferrals Inflows	16,280	23,691	868	1,668	17,148	25,359
<b>Net position:</b>						
Net investment in capital assets	724,164	346,021	301,434	381,015	1,025,598	727,036
Restricted	239,339	203,995	125,668	28,411	365,007	232,406
Unrestricted (deficit)	(119,715)	260,822	177,840	155,217	58,125	416,039
Total net position	\$ 843,788	\$ 810,838	\$ 604,942	\$ 564,643	\$ 1,448,730	\$ 1,375,481

The primary components of the City's net position consist of the following elements:

- The investment in capital assets (e.g., infrastructure, land, buildings, improvements other than buildings, construction in progress, and equipment), less any related debt used to acquire assets still outstanding, represents the largest portion of the City's net position of \$1.03 billion or 70.8 percent. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports its investment in its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources because proceeds from the sale of capital assets are not used to liquidate these liabilities.
- External restrictions represent \$365 million or 25.2 percent of net position and are subject to various external restrictions on how they may be used. Creditors, grantors, contributions, or laws and regulations of other governments have imposed this component of the net position; or it has been imposed by law through enabling legislation or constitutional provisions.
- The unrestricted net position of \$58.1 million or 4.0 percent can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions.
- Information about changes in net position for FY 2019-20 and FY 2018-19 is summarized below. The CAFR discusses the reasons for the changes in the sections for governmental activities and business-type activities.

# **GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED**

## **Analysis of Net Position, Continued:**

The following table indicates the change in net position for Governmental and Business-type activities (amounts in thousands) :

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 27,901	\$ 53,059	\$ 140,933	\$ 129,676	\$ 168,834	\$ 182,735
Operating grants and contributions	21,509	13,446	7,314	3,643	28,823	17,089
Capital grants and contributions	30,227	45,632	7,258	4,626	37,485	50,258
General revenues:						
Property taxes	36,692	35,739	-	-	36,692	35,739
Utility user taxes	34,537	34,252	-	-	34,537	34,252
Sales and use taxes (City levied)	57,077	57,911	-	-	57,077	57,911
Franchise taxes	15,292	12,307	-	-	15,292	12,307
Business licenses	14,557	19,958	-	-	14,557	19,958
Hotel/motel room taxes	2,834	3,377	-	-	2,834	3,377
Document transfer taxes	912	1,071	-	-	912	1,071
Other taxes	3,262	2,905	1,407	1,341	4,669	4,246
Motor vehicle fees in lieu	31,839	23,599	-	-	31,839	23,599
Sales and use taxes (State levied)	56,122	57,151	-	-	56,122	57,151
Other shared revenue	18,303	-	-	-	18,303	-
Investment earnings	21,759	18,438	9,318	7,920	31,077	26,358
Miscellaneous	9,469	7,810	-	-	9,469	7,810
Gain (loss) on disposal of capital assets	12	(1,102)	(2)	-	10	(1,102)
Gain on loan forgiveness (Note 19)	(547)	-	-	-	(547)	-
Total revenues	381,757	385,553	166,228	147,206	547,985	532,759
<b>Expenses</b>						
General government	37,269	37,821	-	-	37,269	37,821
Public safety	217,941	199,263	-	-	217,941	199,263
Public works	44,922	37,168	-	-	44,922	37,168
Library	14,657	13,501	-	-	14,657	13,501
Parks and recreation	27,798	27,288	-	-	27,798	27,288
Interest and fiscal charges	5,298	5,958	-	-	5,298	5,958
Water utility	-	-	47,974	46,641	47,974	46,641
Wastewater utility	-	-	63,983	58,093	63,983	58,093
Stormwater utility	-	-	6,599	7,419	6,599	7,419
Central parking district	-	-	5,795	5,501	5,795	5,501
Other	-	-	2,499	3,613	2,499	3,613
Total expenses	347,885	320,999	126,850	121,267	474,735	442,266
Increase/(decrease) in net position before transfers	33,872	64,553	39,378	25,939	73,250	90,493
Transfers	(922)	9,074	922	(9,074)	-	-
Change in net position	32,950	73,627	40,300	16,865	73,250	90,493
Net position, beginning	810,838	737,213	564,642	547,777	1,375,481	1,284,990
Prior period adjustment	-	-	-	-	-	-
Net position, beginning, as restated	810,838	737,213	564,642	547,777	1,375,481	1,284,990
Net position, end of year	\$ 843,788	\$ 810,838	\$ 604,942	\$ 564,642	\$ 1,448,731	\$ 1,375,481

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED**

### **Analysis of Net Position, Continued:**

**Governmental activities:** The change in net position increased by \$33.0 million compared to the prior fiscal year due to these significant variances:

Total governmental activities revenues decreased by \$3.8 million or 1.0 percent compared to the prior fiscal year. The decreases were mostly attributable to decreased sales tax revenue, grant program revenues, increased development activity, and debt refinancing. At \$5.3 million compared to the prior fiscal year, investment earnings represent almost half of the revenue decrease.

- Total governmental activities expenses show an increase of \$26.9 million. The City entered into new labor agreements with all of the employee unions in FY 2019-20. The salary and benefit adjustments in these agreements increased expenditures across all expenditure categories.

**Business-type activities:** The change in net position increased by \$40.2 million compared to the prior fiscal year due to investment earnings and water rate increases to cover operating costs and capital commitments.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This analysis should be read in conjunction with fund financial statements beginning on page 19.

### **Governmental Funds**

As of June 30, 2020, the City's Governmental Funds reported a combined ending balance of \$304.7 million, an increase of \$30.8 million compared to the prior fiscal year. The total fund balance of the Governmental Funds consists of the following:

- The non-spendable fund balance of \$6.1 million were amounts that inherently cannot be spent, such as inventories and prepaid items. Also, long-term loans and notes receivable, and property held for resale would be reported here unless the proceeds are restricted, committed, or assigned.
- Restricted fund balance of \$193.8 million that is based on restrictions imposed by external parties or enabling legislation.
- Committed fund balance of \$59.7 million was constrained for a specific purpose by the City Council through resolution. It would require action by the same group to remove or change the constraints placed on the resources.
- Assigned fund balance of \$4.0 million was constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. The amount reported as assigned should not result in a deficit in the unassigned fund balance.
- The unassigned fund balance of \$41.1 million includes \$41.1 million for the working capital reserve established in the Reserve and Fund Balance Policy-General Fund to accommodate normal fluctuations in the timing of revenues and unforeseen operational costs.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED**

### **Governmental Funds, Continued:**

Revenues – The following table presents revenues (amounts in thousands) classified by source with a comparison to the prior fiscal year:

Revenue by Source	2020		2019		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Property taxes	\$ 36,692	9.9%	\$ 35,342	9.6%	\$ 1,350	3.8%
Utility user	34,537	9.3%	34,252	9.3%	285	0.8%
Sales tax - levied by City	57,077	15.4%	57,911	15.7%	(834)	-1.4%
Franchise fees	15,292	4.1%	12,307	3.3%	2,985	24.3%
Business license	14,557	3.9%	13,215	3.6%	1,342	10.2%
Transient occupancy tax	2,834	0.8%	3,377	0.9%	(543)	-16.1%
Document Transfer/other	4,174	1.1%	3,976	1.1%	198	5.0%
License and permits	6,847	1.8%	6,744	1.8%	103	1.5%
Intergovernmental	131,067	35.3%	134,688	36.4%	(3,621)	-2.7%
Charges for services	26,904	7.2%	27,227	7.4%	(323)	-1.2%
Fines and forfeitures	1,101	0.3%	1,277	0.3%	(176)	-13.8%
Use of money and property	10,569	2.8%	12,460	3.4%	(1,891)	-15.2%
Interest income	14,075	3.8%	11,758	3.2%	2,317	19.7%
Refunds and reimbursements	6,633	1.8%	6,614	1.8%	19	0.3%
Miscellaneous	8,981	2.4%	8,649	2.3%	332	3.8%
Total	\$ 371,340	100.0%	\$ 369,797	100.0%	\$ 1,543	0.4%

The following bullets provide an explanation of significant changes in revenues compared with the prior fiscal year:

- Interest income was higher than the prior-year because of more favorable interest rates and more funds on deposit.
- Franchise fees were higher than the prior-year due to new waste hauler franchise agreements that took effect in January 2020. Addition revenues are the result of adjustments to the waste hauler charges as authorized in the new agreements.
- Business license fees reflect an increase in cannabis businesses in the City.
- Transient occupancy tax revenues were down due to the partial year closure of hotels and motels in response to the COVID-19 pandemic.

Expenditures - The following table presents expenditures (amounts in thousands) by function compared with the prior fiscal year:

Expenditures by Function	2020		2019		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 30,148	9.3%	\$ 30,537	9.2%	\$ (389)	-1.3%
Public safety	193,778	60.1%	189,824	57.1%	3,954	2.1%
Public works	20,120	6.2%	19,793	6.0%	327	1.7%
Library	14,400	4.5%	13,789	4.2%	611	4.4%
Parks and recreation	25,920	8.0%	26,006	7.8%	(86)	-0.3%
Capital outlay	31,225	9.7%	35,158	10.6%	(3,933)	-11.2%
Debt service	6,928	2.1%	17,105	5.1%	(10,177)	-59.5%
Total	\$ 322,519	100.0%	\$ 332,212	100.0%	\$ (9,693)	-2.9%

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED**

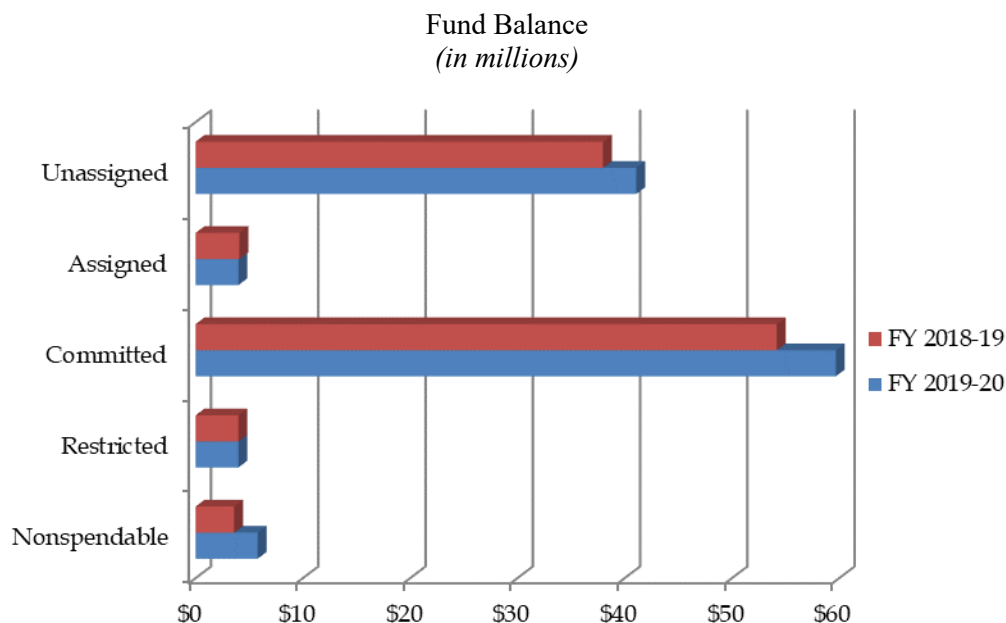
### **Governmental Funds, Continued:**

The following bullets explain the expenditures that changed significantly compared with the prior fiscal year.

- Public safety expenditures increased \$3.9 million, resulting from new labor agreements that included one-time payments. Contributions to the CalPERS system increased the cost of retirement benefits for public safety personnel.
- Expenses for Library and Recreation activities increased with the continued restoration and expansion of services funded by Strong Communities transaction tax revenues.
- General government and debt service expenditures decreased by \$10.2 million due to the retirement of the 2006A ESB lease revenue bonds in the prior year.

### **General Fund**

Below is a graph that depicts the change in General Fund balances between FY 2018-19 and FY 2019-20. The assigned balance has increased from the prior fiscal year, while the unassigned and committed balances increased.



NOTE: Does not include PARS 115 Trust

The City's General Fund provides police, fire, development, public works, and administrative services to the City's residents, other funds, businesses, and visitors. The General Fund is distinct from the City's other funds because it is the only source of unrestricted funds that the City Council can allocate at its discretion for any municipal purpose.



## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED**

### **General Funds, Continued:**

General Fund revenues were \$268.2 million at the close of June 30, 2020, an increase of \$10.3 million (4.0 percent) compared to the prior fiscal year. Significant changes in General Fund revenues compared with the previous fiscal year include:

- Investment income was up \$6.0 million compared to the prior fiscal year from a combination of more favorable interest rates and more funds on deposit.
- Franchise fee income was up \$3.0 million compared to the prior fiscal year due to new waste hauler franchise agreements.
- Property tax revenues increased by \$1.3 million due to a steady increase in property values and increased new non-residential construction.
- Licenses and fee revenue increased by \$89.6 thousand due to increased cannabis business application and permit fees.

General Fund expenditures were \$233.6 million, an increase of \$1.4 million (.62 percent) compared to the prior fiscal year. General government expenses increased by \$2.4 million compared to the last fiscal year. Police expense growth of \$3.2 million was primarily the result of retirement benefits and negotiated salary increases. The cost of emergency dispatch and technology services incurred by the Fire Department in FY 2019-20 were greater than prior year.

### **Proprietary Funds**

The City's Proprietary Fund Financial Statements provide the same type of information found in the Government-Wide Financial Statements but in more detail. At the end of June 30, 2020, business-type activities' net position was \$604.9 million, an increase of \$40.3 million or 7.1 percent compared to the prior fiscal year.

The assets and deferred outflows of resources increased by \$158.9 million. Of this amount, the current cash and investments and other existing assets increased by \$25.8 million, and non-current assets, including capital assets and deferred outflows, increased by \$26.1 million, primarily due to the disposal and depreciation of capital assets.

The liabilities and deferred inflows of resources decreased by \$18.9 million due primarily to the principal payments made on debt and pension-related adjustments.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's FY 2019-20 General Fund Adopted Budget funded the City's most pressing needs in support of the Council's strategic priorities. However, it continued to be constrained by the City's long-term financial outlook. The balanced and fiscally prudent budget plan strengthened reserves while making incremental service-level enhancements consistent with Council-adopted strategic priorities. This analysis should be read in conjunction with the General Fund Budgetary Information beginning on page 106.

The General Fund's original budgeted revenue and transfers-in totaled \$236.5 million. The General Fund ended the fiscal year \$13.5 million or 5.7 percent greater than the total budget. The most considerable variances come from increased sales taxes, revenues from other agencies, property taxes, and interest earnings.

## **GENERAL FUND BUDGETARY HIGHLIGHTS, CONTINUED**

General Fund expenditures, encumbrances, and commitments are \$247.4 million, which is \$8.2 million, or 3.2 percent more than the Approved Budget. All General Fund departmental activities ended the fiscal year below budget.

Actual expenditures and transfers-out were lower than the final approved budget appropriations by \$14.5 million or 5.7%. Of this variance, \$10.8 million in appropriations rolled into FY 2020-21 for encumbrances, capital projects, and specific City Council authorized activities. Approximately \$4.2 million of the savings was the result of higher-than-anticipated vacancies across all General Fund departments. When combined with other city general funds for libraries, recreation, venues, and dispatch services, total expenditures were under budget by \$18.5 million. Of this amount, \$13.6 million is reserved for encumbrances, capital projects, and Council authorized activities. General Government departments achieved a savings of \$8.0 million, Parks and recreation activities were under budget by \$2.4 million, Library expenses were \$2.0 million below budget, and \$5.5 million was saved in Public Safety. Library, recreation, and entertainment venues were all under budget as a result of the shutdown of these facilities during the COVID-19 shelter in place orders. These areas also experienced corresponding revenue reductions.

The City's General Fund balance at June 30, 2020, was \$107 million on a budgetary basis, which is an increase of \$2.9 million from the prior year. This reporting of General Fund balance includes general services to the public such as public safety and streets, libraries, recreation centers, and emergency dispatch, whereas the quarterly budget status reports released through the City Council break down the general operations (\$96.4 million) separate from ancillary services of libraries, recreation, etc. Efforts to build the City's General Fund balance is consistent with the City's Long-Range Financial Plan and the Fund Balance and Reserve policy adopted by the City Council on March 29, 2016.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounted to \$1.5 billion (net of accumulated depreciation). Net investment in capital assets includes infrastructure, land, buildings, and improvements other than buildings, intangible assets, equipment, and construction in progress. The total change in the City's net investment in capital assets for the current fiscal year was an increase of 2.1 percent. The City's capital assets, net of accumulated depreciation, for the governmental and business-type activities are presented below to illustrate changes from the prior year (amounts in thousands):

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 40,827	\$ 40,985	\$ 11,689	\$ 11,689	\$ 52,516	\$ 52,674
Intangible Assets	4,355	4,355	804	804	5,159	\$5,159
Building and Improvements	175,947	180,076	633,368	650,512	809,315	830,588
Machinery and Equipment	25,976	26,320	5,929	6,041	31,905	32,361
Infrastructure	389,295	388,059	-	-	389,295	388,059
Construction in Progress	139,973	131,632	61,269	17,937	201,242	149,569
Total	\$ 776,373	\$ 771,427	\$ 713,059	\$ 686,983	\$ 1,489,432	\$ 1,458,410

Additional information on the City's capital assets can be found in Note 6 - Capital Assets of this report.

## **GENERAL FUND BUDGETARY HIGHLIGHTS, CONTINUED**

### ***Bond Indebtedness***

At the end of the fiscal year, the City's total outstanding net bonded debt, including bankruptcy settlements, was \$488.7 million. Of this amount, \$61.6 million is related to governmental activities, and \$427.1 million are debt obligations of business-type activities.

Governmental activities bonded indebtedness decreased by \$1.9 million because of the scheduled principal payments.

Business-type activities bonded indebtedness increased by \$112.3 million due to the initial issuance of short term financing for the Regional Wastewater Control Facility upgrades and a Parking Authority bond issuance that refinanced a bankruptcy settlement and provided additional capital funding for garage upgrades.

Governmental outstanding net bonded debt of \$61.6 million includes \$53.4 million in settlement liability to the bond insurer (Assured Guaranty) for 2007 bonds adjusted in bankruptcy.

Business-type activities outstanding net bonded debt obligations of \$427.1 million includes \$209.1 million of revenue bonds of the Water Utility, \$177.1 million in revenue bonds and bond anticipation notes for the Wastewater Utility, and \$30 million in revenue bonds for the Parking Authority. Marina operations have a loan obligation of \$10.9 million through the State Department of Parks and Recreation. This obligation no longer accrues interest due to the bankruptcy settlement. The General Fund annually subsidizes the Marina's operations, and payments on this loan will not commence until subsidization is no longer needed.

Successor Agency bonded debt of \$99.8 million is reported separately in a Private Purpose Trust Fund. The balance outstanding at June 30, 2020, includes \$81.3 million of tax-exempt tax allocation bonds issued to refinance revenue bonds for various former redevelopment projects and \$18.5 million of taxable tax allocation bonds issued to refinance revenue bonds for various housing projects.

Additional information on the City's long-term debt can be found in Note 7 - Long-Term Debt of this report.

### ***Requests for Information***

This financial report is designed to provide citizens, taxpayers, customers, grantors, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Administrative Services Department of the City of Stockton at City Hall, 425 North El Dorado Street, Stockton, CA 95202.

Financial reports are available on the City's website at:

<http://www.stocktongov.com/government/departments/adminservices/finrep.html>





CITY OF STOCKTON



BASIC FINANCIAL STATEMENTS





CITY OF STOCKTON



GOVERNMENT-WIDE FINANCIAL STATEMENTS





**City of Stockton**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 434,984,099	\$ 190,226,761	\$ 625,210,860
Restricted cash and investments	47,158,191	125,667,964	172,826,155
Interest receivable	2,114,530	834,944	2,949,474
Accounts receivable, net	16,692,952	27,394,283	44,087,235
Due from other governments, net	32,743,544	751,182	33,494,726
Internal balances	8,261,591	(8,261,591)	-
Inventory of supplies	475,757	1,780,705	2,256,462
Other assets	1,337,796	-	1,337,796
Prepaid items	1,977,315	733,165	2,710,480
Loans to Successor Agency, net	1,106,580	-	1,106,580
Loans to property owners, net	145,373,293	190,000	145,563,293
Capital assets:			
Nondepreciable	185,154,912	73,761,385	258,916,297
Depreciable, net	591,217,754	639,296,986	1,230,514,740
<b>Total assets</b>	<b>1,468,598,314</b>	<b>1,052,375,784</b>	<b>2,520,974,098</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding of debt	-	15,463,866	15,463,866
Pension-related deferred outflows of resources	84,783,716	2,536,840	87,320,556
<b>Total deferred outflows of resources</b>	<b>84,783,716</b>	<b>18,000,706</b>	<b>102,784,422</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	17,122,804	11,649,941	28,772,745
Accrued payroll and benefits	3,699,957	1,225,202	4,925,159
Due to other governments/agencies	6,844,030	107,459	6,951,489
Accrued interest	1,536,279	3,673,463	5,209,742
Deposits and other liabilities	1,737,322	1,942,935	3,680,257
Unearned revenue	4,293,000	-	4,293,000
Long-term liabilities:			
Due within one year:			
Compensated absences	6,377,960	871,546	7,249,506
Claims payable	13,167,419	-	13,167,419
Long-term debt	2,005,459	11,374,764	13,380,223
Due in more than one year:			
Compensated absences	4,411,575	299,497	4,711,072
Claims payable	54,229,922	-	54,229,922
Long-term debt	59,569,157	415,713,628	475,282,785
Aggregate net pension liability	518,319,855	17,708,538	536,028,393
<b>Total liabilities</b>	<b>693,314,739</b>	<b>464,566,973</b>	<b>1,157,881,712</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related deferred inflows of resources	16,279,830	867,521	17,147,351
<b>Total deferred inflows of resources</b>	<b>16,279,830</b>	<b>867,521</b>	<b>17,147,351</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$724,164,123	301,433,845	1,025,597,968
Restricted	239,338,623	125,667,963	365,006,586
Unrestricted (Deficit)	(119,715,285)	177,840,188	58,124,903
<b>Total net position</b>	<b>\$ 843,787,461</b>	<b>\$ 604,941,996</b>	<b>\$ 1,448,729,457</b>

**City of Stockton**  
**Statement of Activities and Changes in Net Position**  
**For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 37,269,385	\$ 9,249,843	\$ 8,184,307	\$ (2)
Public safety	217,941,210	11,219,789	5,633,812	-
Public works	44,922,191	3,143,265	178,816	30,227,122
Library	14,657,428	278,061	7,485,829	-
Parks and recreation	27,797,580	4,009,633	26,590	-
Interest and fiscal charges	5,297,585	-	-	-
Total governmental activities	347,885,379	27,900,591	21,509,354	30,227,120
Business-type activities:				
Water utility	47,973,877	57,518,599	2,559,738	4,149,137
Wastewater utility	63,983,351	71,210,087	4,753,799	2,804,036
Stormwater utility	6,599,479	6,416,782	-	304,565
Parking Authority	5,794,917	4,749,226	-	-
Other	2,498,557	1,038,072	-	-
Total business-type activities	126,850,181	140,932,766	7,313,537	7,257,738
Total	\$ 474,735,560	\$ 168,833,357	\$ 28,822,891	\$ 37,484,858

**City of Stockton**  
**Statement of Activities and Changes in Net Position (Continued)**  
**For the Year Ended June 30, 2020**

Functions/Programs	Net (Expense) Revenue and Change in Net Position		
	Governmental Activities	Business-Type Activities	Totals
<b>PRIMARY GOVERNMENT:</b>			
Governmental activities:			
General government	\$ (19,835,237)		\$ (19,835,237)
Public safety	(201,087,609)		(201,087,609)
Public works	(11,372,988)		(11,372,988)
Library	(6,893,538)		(6,893,538)
Parks and recreation	(23,761,357)		(23,761,357)
Interest and fiscal charges	(5,297,585)		(5,297,585)
<b>Total governmental activities</b>	<b>(268,248,314)</b>		<b>(268,248,314)</b>
Business-type activities:			
Water utility		\$ 16,253,597	16,253,597
Wastewater utility		14,784,571	14,784,571
Stormwater utility		121,868	121,868
Parking Authority		(1,045,691)	(1,045,691)
Other		(1,460,485)	(1,460,485)
<b>Total business-type activities</b>		<b>28,653,860</b>	<b>28,653,860</b>
<b>Total net (expense) revenue</b>	<b>(268,248,314)</b>	<b>28,653,860</b>	<b>(239,594,454)</b>
<b>General revenues and transfers:</b>			
General revenues:			
Taxes:			
Property	36,691,565	-	36,691,565
Utility user	34,537,427	-	34,537,427
Sales - levied by City	57,076,887	-	57,076,887
Franchise fees	15,292,182	-	15,292,182
Business license	14,556,737	-	14,556,737
Transient occupancy tax	2,834,257	-	2,834,257
Document transfer	912,388	-	912,388
Other	3,261,985	1,407,115	4,669,100
Shared revenue:			
Vehicle license fees	31,838,636	-	31,838,636
Sales and use tax levied by state	56,122,160	-	56,122,160
Other	18,302,921	-	18,302,921
Investment earnings	21,759,067	9,317,984	31,077,051
Miscellaneous	9,468,874	-	9,468,874
Gain (loss) on disposal of capital assets	12,155	(1,898)	10,257
Gain (loss) on loan forgiveness	(547,203)	-	(547,203)
Transfers	(922,041)	922,041	-
<b>Total general revenues and transfers</b>	<b>301,197,997</b>	<b>11,645,242</b>	<b>312,843,239</b>
<b>Changes in net position</b>	<b>32,949,683</b>	<b>40,299,102</b>	<b>73,248,785</b>
<b>Net position:</b>			
Beginning of year	810,837,778	564,642,894	1,375,480,672
End of year	<u>\$ 843,787,461</u>	<u>\$ 604,941,996</u>	<u>\$ 1,448,729,457</u>





CITY OF STOCKTON



FUND FINANCIAL STATEMENTS



# **GOVERNMENT FUND FINANCIAL STATEMENTS**

## **Governmental Fund Types**

Governmental funds consist of the general fund, special revenue, debt service, capital projects, and permanent funds.

Special revenue and capital projects funds are used to account for the financial resources that are restricted, committed, or assigned to expenditures for special purposes or capital outlays, including the acquisition and development of capital facilities and other capital assets.

The City's major governmental funds include:

### ***General Fund***

To account for resources not accounted for in another fund. The General Fund is the City's main operating fund reflecting transactions related to municipal governmental services supported by taxes, intergovernmental revenues, charges for services and other governmental type revenues.

### ***HOME Program Loans Special Revenue Fund***

To account for the City's HOME Program providing affordable housing for low- and very low-income residents in accordance with various federal and state laws.

### ***Low and Moderate-Income Housing City Loans Special Revenue Fund***

To account for loans extended to eligible low and moderate-income families as approved by the former Stockton Redevelopment Agency and the California Health and Safety Code.

### ***Capital Improvement Capital Projects Fund***

To account for the acquisition, construction and improvement of capital facilities as required by City Council action or state law in which the projects are financed by grants, lease proceeds and transfers from other City governmental funds.

**City of Stockton**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	Major Funds			
	Special Revenue			Capital Projects
	General Fund	Home Program Loans	Low-Moderate Income Housing City Loans	Capital Improvement
<b>ASSETS</b>				
Cash and investments	\$ 104,846,679	\$ -	\$ 2,720,067	\$ 25,557,882
Cash and investments with fiscal agents	-	-	-	-
Receivables, net:				
Interest	894,303	-	10,350	9,416
Accounts and other receivables	15,243,192	1,551	-	-
Advance deposits	598,230	-	-	-
Due from other governments, net	19,075,412	594,762	-	2,647,787
Inventory of supplies	475,757	-	-	-
Prepaid items	85,764	-	-	-
Loans to Successor Agency, net	-	-	1,106,580	-
Loans to property owners, net	-	46,752,474	62,860,769	-
<b>Total assets</b>	<b>\$ 141,219,337</b>	<b>\$ 47,348,787</b>	<b>\$ 66,697,766</b>	<b>\$ 28,215,085</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 8,347,106	\$ -	\$ -	\$ 2,816,631
Accrued payroll and benefits	1,876,759	1,268	-	36,500
Due to other funds	-	595,044	-	-
Due to other governments	5,879,323	-	-	-
Deposits and other liabilities	1,106,640	-	-	-
Unearned revenue	786,162	-	-	-
<b>Total liabilities</b>	<b>17,995,990</b>	<b>596,312</b>	<b>-</b>	<b>2,853,131</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue - loans to property owners	-	46,752,474	62,860,769	-
Unavailable revenue - other	8,612,042	-	-	1,752,124
<b>Total deferred inflows of resources</b>	<b>8,612,042</b>	<b>46,752,474</b>	<b>62,860,769</b>	<b>1,752,124</b>
<b>Fund Balances:</b>				
Nonspendable	5,796,361	-	-	-
Restricted	3,998,478	1	3,836,997	23,609,830
Committed	59,713,940	-	-	-
Assigned	4,017,113	-	-	-
Unassigned	41,085,413	-	-	-
<b>Total fund balances</b>	<b>114,611,305</b>	<b>1</b>	<b>3,836,997</b>	<b>23,609,830</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 141,219,337</b>	<b>\$ 47,348,787</b>	<b>\$ 66,697,766</b>	<b>\$ 28,215,085</b>



**City of Stockton**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2020**

	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ 159,179,043	\$ 292,303,671
Cash and investments with fiscal agents	1,576,073	1,576,073
Receivables, net:		
Interest	594,540	1,508,609
Accounts and other receivables	1,047,574	16,292,317
Advance deposits	(26,368)	571,862
Due from other governments, net	10,286,639	32,604,600
Inventory of supplies	-	475,757
Prepaid items	-	85,764
Loans to Successor Agency, net	-	1,106,580
Loans to property owners, net	35,760,050	145,373,293
<b>Total assets</b>	<b>\$ 208,417,551</b>	<b>\$ 491,898,526</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 2,847,058	\$ 14,010,795
Accrued payroll and benefits	1,286,568	3,201,095
Due to other funds	46,130	641,174
Due to other governments	964,707	6,844,030
Deposits and other liabilities	581,578	1,688,218
Unearned revenue	3,506,838	4,293,000
<b>Total liabilities</b>	<b>9,232,879</b>	<b>30,678,312</b>
<b>Deferred inflows of resources:</b>		
Unavailable revenue - loans to property owners	35,760,050	145,373,293
Unavailable revenue - other	757,289	11,121,455
<b>Total deferred inflows of resources</b>	<b>36,517,339</b>	<b>156,494,748</b>
<b>Fund Balances:</b>		
Nonspendable	356,134	6,152,495
Restricted	162,311,199	193,756,505
Committed	-	59,713,940
Assigned	-	4,017,113
Unassigned	-	41,085,413
<b>Total fund balances</b>	<b>162,667,333</b>	<b>304,725,466</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 208,417,551</b>	<b>\$ 491,898,526</b>

**City of Stockton**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2020**

<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 304,725,466</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	
Non-depreciable (net of \$3,805,840 reported in the Internal Service Funds)	181,349,072
Depreciable (net of accumulated depreciation \$395,555,550, and net capital assets \$20,278,631 reported in the Internal Service Funds)	570,939,123
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Government-Wide Statement of Net Position.	153,044,136
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental funds' Balance Sheet.	
Compensated absences (net of \$511,448 reported in Internal Service Funds)	(10,278,087)
Bonds payable and other long-term debt (net of \$406,376 in capital leases reported in Internal Service Funds)	(61,168,240)
Unamortized bond discount	-
Accrued interest payable (net of \$33,491 reported in Internal Service Funds)	(1,502,788)
Aggregate net pension liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds.	(518,319,855)
Actuarially determined pension deferred outflows of resources are reported in the government-wide statements but are not reported in the governmental funds.	84,783,716
Actuarially determined pension deferred inflows of resources are reported in the government-wide statements but are not reported in the governmental funds.	(16,279,830)
Revenues which are unavailable on the Fund Balance Sheet, because they are not available currently, are taken into revenue in the Statement of Activities:	
Unavailable revenue - Loans to property owners	145,373,293
Unavailable revenue - Others	11,121,455
<b>Net position of governmental activities</b>	<b>\$ 843,787,461</b>



**City of Stockton**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	Major Funds			
	Special Revenue			Capital Projects
	General Fund	Home Program Loans	Low-Moderate Income Housing City Loans	Capital Improvement
<b>REVENUES:</b>				
Taxes:				
Property	\$ 36,691,565	\$ -	\$ -	\$ -
Utility user	34,537,427	-	-	-
Sales - levied by City	34,329,713	-	-	-
Franchise fees	15,292,182	-	-	-
Business license	13,001,797	-	-	-
Hotel/motel room	2,834,257	-	-	-
Document transfer	912,388	-	-	-
Other	2,524,557	-	-	-
Licenses and permits	526,822	-	-	-
Intergovernmental:				
Federal grants and subsidies	-	364,585	-	4,580,543
Sales and use tax - levied by state	56,122,160	-	-	-
Other governmental	32,875,823	-	-	2,106,981
Charges for services	9,781,568	-	-	-
Fines and forfeitures	1,048,667	-	-	-
Use of money and property	8,386,954	400,906	131,806	-
Investment income:				
Interest income	7,588,804	-	117,450	97,052
Refunds and reimbursements	5,463,999	-	-	-
Miscellaneous	6,308,343	-	570	427,203
<b>Total revenues</b>	<b>268,227,026</b>	<b>765,491</b>	<b>249,826</b>	<b>7,211,779</b>
<b>EXPENDITURES:</b>				
Current:				
General government	16,368,822	-	-	-
Public safety	177,246,446	-	-	-
Public works	8,406,518	-	-	382,864
Library	11,906,217	-	-	-
Parks and recreation	18,721,813	-	-	-
Capital outlay	934,500	765,490	100,074	9,550,195
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>233,584,316</b>	<b>765,490</b>	<b>100,074</b>	<b>9,933,059</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>34,642,710</b>	<b>1</b>	<b>149,752</b>	<b>(2,721,280)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	11,215,000	-	665,114	1,005,027
Transfers out	(35,671,539)	-	-	(265,660)
Proceeds from sale of capital assets	393,281	-	-	-
<b>Total other financing sources (uses)</b>	<b>(24,063,258)</b>	<b>-</b>	<b>665,114</b>	<b>739,367</b>
<b>CHANGES IN FUND BALANCES</b>	<b>10,579,452</b>	<b>1</b>	<b>814,866</b>	<b>(1,981,913)</b>
<b>FUND BALANCES:</b>				
Beginning of year	104,031,853	-	3,022,131	25,591,743
End of year	<u>\$ 114,611,305</u>	<u>\$ 1</u>	<u>\$ 3,836,997</u>	<u>\$ 23,609,830</u>

**City of Stockton**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	Other Governmental	Total Governmental Funds
<b>REVENUES:</b>		
Taxes:		
Property	\$ -	\$ 36,691,565
Utility user	-	34,537,427
Sales - levied by City	22,747,174	57,076,887
Franchise fees	-	15,292,182
Business license	1,554,940	14,556,737
Hotel/motel room	-	2,834,257
Document transfer	-	912,388
Other	737,428	3,261,985
Licenses and permits	6,319,985	6,846,807
Intergovernmental:		
Federal grants and subsidies	10,632,472	15,577,600
Sales and use tax - levied by state	-	56,122,160
Other governmental	24,384,161	59,366,965
Charges for services	17,122,456	26,904,024
Fines and forfeitures	52,118	1,100,785
Use of money and property	1,649,678	10,569,344
Investment income:		
Interest income	6,271,767	14,075,073
Refunds and reimbursements	1,168,793	6,632,792
Miscellaneous	2,245,370	8,981,486
<b>Total revenues</b>	<u>94,886,342</u>	<u>371,340,464</u>
<b>EXPENDITURES:</b>		
Current:		
General government	13,779,253	30,148,075
Public safety	16,531,902	193,778,348
Public works	11,330,990	20,120,372
Library	2,493,831	14,400,048
Parks and recreation	7,198,270	25,920,083
Capital outlay	19,875,162	31,225,421
Debt service:		
Principal retirement	1,699,423	1,699,423
Interest and fiscal charges	5,228,949	5,228,949
<b>Total expenditures</b>	<u>78,137,780</u>	<u>322,520,719</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>16,748,562</u>	<u>48,819,745</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	5,177,093	18,062,234
Transfers out	(507,838)	(36,445,037)
Proceeds from sale of capital assets	-	393,281
<b>Total other financing sources (uses)</b>	<u>4,669,255</u>	<u>(17,989,522)</u>
<b>CHANGES IN FUND BALANCES</b>	21,417,817	30,830,223
<b>FUND BALANCES:</b>		
Beginning of year	141,249,516	273,895,243
End of year	<u>\$ 162,667,333</u>	<u>\$ 304,725,466</u>

**City of Stockton**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2020**

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**Net change in fund balances - Total Governmental Funds:** **\$ 30,830,223**

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

Governmental funds report capital outlays as expenditures. Donated capital assets do not create or use financial resources, and are not reported in governmental funds. However, in the statement of activities, the cost/fair value of those assets are allocated over their estimated useful lives and reported as depreciation expense. Capital outlays, donated capital assets, capital asset disposals, loss from disposal of capital assets and depreciation expense are as follows:

Capital outlays	31,225,421
Noncapitalized expenditures reclassified to functional expenses	(13,063,428)
Donated capital assets	2,204,908
Capital asset disposals, net	(225,851)
Transfers of Capital Assets to Internal Services Funds	(397,032)
Transfers of Capital Assets to Successor Agency	-
Depreciation expense (net of depreciation \$4,133,822 reported in Internal Service Funds)	(17,657,821)

Long-term debt (including refunding debt), net of bond premiums and discounts, provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal (including bond refundings) and costs of issuance are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, and the costs of issuance increase deferred charges in the statement of net assets. Long-term debt proceeds, bond premiums, discounts, repayment of principal, costs of issuance and bond refundings are as follows:

Repayment of principal	1,699,423
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Internal service funds are used by management to charge the costs of certain activities, such as central garage, equipment and insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities. Excluding extraordinary items as a result of remeasurement of liabilities .

34,424,227

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

Change in compensated absences	130,544
Change in accrued interest	4,958
Unavailable revenue - Loans to property owners	1,627,253
Unavailable revenue - Others	(1,051,854)
Accounting adjustment pension expense	(36,801,288)

<b>Changes in net position of governmental activities</b>	<b>\$ 32,949,683</b>
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## **PROPRIETARY FUND FINANCIAL STATEMENTS**

### **Proprietary Fund Types**

Proprietary funds focus on the determination of operating income, changes in net positions, financial position, and cash flows. There are two different types: enterprise funds and the internal service funds. Enterprise funds are used to report activities for which a fee is charged to external users for goods and services. Internal service funds may be used to report any activity that provides goods and services on a cost-reimbursement basis to other City funds, departments, or agencies of the primary government and its component units, or to other governments. The City's internal service funds include: General Liability Insurance, Workers' Compensation Insurance, Employee and Retiree Health Insurance, Retirement Benefits, Other Benefits and Insurance, Vehicle Fleet Equipment, Computer Equipment, Radio Equipment, and Other Equipment funds.

The City's major enterprise funds include:

#### ***Water Utility Enterprise Fund***

To account for activities associated with the acquisition or construction of water treatment facilities, production, distribution and transmission of potable water to users, and operations related to the provision of services.

#### ***Wastewater Utility Enterprise Fund***

To account for activities associated with the acquisition or construction, and operation and maintenance of wastewater facilities for collection, treatment, and disposal of wastewater, and operations related to the provision of services.

The City elects to present the following as major funds:

#### ***Stormwater Utility Enterprise Fund***

To account for activities associated with the acquisition or construction, and operation and maintenance of stormwater facilities for drainage and disposal of stormwater, and operations related to the provision of services.

#### ***Parking Authority Enterprise Fund***

To account for activities associated with the acquisition or construction, operation and maintenance of off-street parking facilities, and operations related to the provision of services.

**City of Stockton**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 68,868,232	\$ 108,127,749	\$ 9,108,103	\$ 3,560,418
Receivables, net:				
Interest	262,885	527,400	34,461	12,082
Accounts and other receivables	12,692,701	13,492,860	1,012,476	182,680
Due from other funds	-	-	-	-
Due from other governments, net	569,530	-	181,652	-
Advances to other funds	-	-	-	-
Inventory of supplies	-	1,780,705	-	-
Deposits and advances	-	-	-	-
Prepays	393,606	293,285	23,587	(32)
<b>Total current assets</b>	<b>82,786,954</b>	<b>124,221,999</b>	<b>10,360,279</b>	<b>3,755,148</b>
<b>Noncurrent assets:</b>				
Restricted assets:				
Cash and investments	2,981,566	22,348,157	-	-
Cash and investments with fiscal agents	9,580	95,618,629	-	4,710,032
Loans receivable	-	-	-	190,000
Capital assets, net:				
Nondepreciable	8,589,071	59,402,243	1,519,993	3,890,273
Depreciable, net	293,611,833	261,159,781	41,436,881	20,616,175
<b>Total noncurrent assets</b>	<b>305,192,050</b>	<b>438,528,810</b>	<b>42,956,874</b>	<b>29,406,480</b>
<b>Total assets</b>	<b>387,979,004</b>	<b>562,750,809</b>	<b>53,317,153</b>	<b>33,161,628</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding of debt	13,437,758	1,564,227	-	461,881
Pension-related deferred outflows	679,620	1,703,580	153,640	-
<b>Total deferred outflows of resources</b>	<b>14,117,378</b>	<b>3,267,807</b>	<b>153,640</b>	<b>461,881</b>



**City of Stockton**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2020**

ASSETS	Other Nonmajor Enterprise	Totals	Governmental Activities Internal Service
<b>Current assets:</b>			
Cash and investments	\$ 562,259	\$ 190,226,761	\$ 142,680,428
Receivables, net:			
Interest	(1,884)	834,944	605,921
Accounts and other receivables	13,566	27,394,283	400,635
Due from other funds	-	-	641,174
Due from other governments, net	-	751,182	138,944
Advances to other funds	-	-	1,097,613
Inventory of supplies	-	1,780,705	-
Deposits and advances	-	-	765,934
Prepays	22,719	733,165	1,891,551
<b>Total current assets</b>	<b>596,660</b>	<b>221,721,040</b>	<b>148,222,200</b>
<b>Noncurrent assets:</b>			
Restricted assets:			
Cash and investments	-	25,329,723	45,582,118
Cash and investments with fiscal agents	-	100,338,241	9,946,955
Loans receivable	-	190,000	-
Capital assets, net:			
Nondepreciable	359,805	73,761,385	3,805,840
Depreciable, net	22,472,316	639,296,986	20,278,631
<b>Total noncurrent assets</b>	<b>22,832,121</b>	<b>838,916,335</b>	<b>79,613,544</b>
<b>Total assets</b>	<b>23,428,781</b>	<b>1,060,637,375</b>	<b>227,835,744</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding of debt	-	15,463,866	-
Pension-related deferred outflows	-	2,536,840	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>18,000,706</b>	<b>-</b>

**City of Stockton**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2020**

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	1,745,564	9,607,033	79,204	1,582
Accrued payroll	360,439	763,558	81,646	18,921
Due to other funds	-	-	-	-
Due to other governments	95,237	-	-	12,234
Advances from other funds	-	-	-	620,418
Deposits and other liabilities	1,736,805	12,498	100,291	62,808
Accrued interest	2,196,995	1,004,012	-	472,456
Unearned revenue	-	-	-	-
Capital lease obligation	-	-	-	-
Compensated absences - current	238,037	589,905	31,288	12,316
Self-insurance claims and judgments - current	-	-	-	-
Bonds payable - current	6,440,073	4,724,981	-	209,710
<b>Total current liabilities</b>	<b>12,813,150</b>	<b>16,701,987</b>	<b>292,429</b>	<b>1,410,445</b>
<b>Noncurrent liabilities:</b>				
Compensated absences - long-term	97,816	188,425	11,790	1,466
Self-insurance claims and judgments - long-term	-	-	-	-
Advances from other funds - long-term	-	-	-	7,641,173
Capital lease obligations	-	-	-	-
Notes payable	-	-	-	-
Certificates of participation	-	172,423,844	-	-
Bonds payable	202,681,407	-	-	29,737,556
Net pension liability	4,777,522	11,806,907	1,124,109	-
<b>Total noncurrent liabilities</b>	<b>207,556,745</b>	<b>184,419,176</b>	<b>1,135,899</b>	<b>37,380,195</b>
<b>Total liabilities</b>	<b>220,369,895</b>	<b>201,121,163</b>	<b>1,428,328</b>	<b>38,790,640</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related deferred inflows	236,738	571,553	59,230	-
<b>Total deferred inflows of resources</b>	<b>236,738</b>	<b>571,553</b>	<b>59,230</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	106,517,182	144,977,426	42,956,874	(4,978,937)
Restricted for capital projects	9,580	104,965,248	-	3,002,025
Restricted for debt service	2,981,566	13,001,538	-	1,708,006
Restricted for pensions	-	-	-	-
Unrestricted	71,981,421	101,381,688	9,026,361	(4,898,225)
<b>Total net position</b>	<b>\$ 181,489,749</b>	<b>\$ 364,325,900</b>	<b>\$ 51,983,235</b>	<b>\$ (5,167,131)</b>

**City of Stockton**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2020**

	Other Nonmajor Enterprise	Totals	Governmental Activities Internal Service
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	216,558	11,649,941	3,112,009
Accrued payroll	638	1,225,202	498,862
Due to other funds	-	-	-
Due to other governments	(12)	107,459	-
Advances from other funds	-	620,418	477,195
Deposits and other liabilities	30,533	1,942,935	49,104
Accrued interest	-	3,673,463	33,491
Unearned Revenue	-	-	-
Capital lease obligation	-	-	199,890
Compensated absences - current	-	871,546	343,243
Self-insurance claims and judgments - current	-	-	13,167,419
Bonds payable - current	-	11,374,764	-
<b>Total current liabilities</b>	<b>247,717</b>	<b>31,465,728</b>	<b>17,881,213</b>
<b>Noncurrent liabilities:</b>			
Compensated absences - long-term	-	299,497	168,205
Self-insurance claims and judgments - long-term	-	-	54,229,922
Advances from other funds - long-term	-	7,641,173	2,305,782
Capital lease obligations	-	-	206,486
Notes payable	10,870,821	10,870,821	-
Certificates of participation	-	172,423,844	-
Bonds payable	-	232,418,963	-
Net pension liability	-	17,708,538	-
<b>Total noncurrent liabilities</b>	<b>10,870,821</b>	<b>441,362,836</b>	<b>56,910,395</b>
<b>Total liabilities</b>	<b>11,118,538</b>	<b>472,828,564</b>	<b>74,791,608</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related deferred inflows	-	867,521	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>867,521</b>	<b>-</b>
<b>NET POSITION</b>			
Net investment in capital assets	11,961,300	301,433,845	23,678,095
Restricted for capital projects	-	107,976,853	-
Restricted for debt service	-	17,691,110	-
Restricted for pensions	-	-	45,582,118
Unrestricted	348,943	177,840,188	83,783,923
<b>Total net position</b>	<b>\$ 12,310,243</b>	<b>\$ 604,941,996</b>	<b>\$ 153,044,136</b>

**City of Stockton**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 52,301,591	\$ 69,851,118	\$ 6,081,531	\$ 4,753,754
Miscellaneous	5,217,008	1,358,969	335,251	(4,528)
<b>Total operating revenues</b>	<b>57,518,599</b>	<b>71,210,087</b>	<b>6,416,782</b>	<b>4,749,226</b>
<b>OPERATING EXPENSES:</b>				
Operation and maintenance	12,485,305	32,525,947	1,884,115	3,068,678
General and administrative	5,216,160	15,592,531	3,074,753	11,241
Depreciation and amortization	7,690,314	12,116,091	1,640,611	790,617
Purchased water	13,371,599	-	-	-
<b>Total operating expenses</b>	<b>38,763,378</b>	<b>60,234,569</b>	<b>6,599,479</b>	<b>3,870,536</b>
<b>OPERATING INCOME (LOSS)</b>	<b>18,755,221</b>	<b>10,975,518</b>	<b>(182,697)</b>	<b>878,690</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Taxes	-	-	-	1,407,115
Grants and subsidies	2,559,738	4,753,799	-	-
Investment income:				
Interest income	2,889,422	5,969,950	360,175	126,478
Gain (loss) from disposal of capital assets	-	(1,898)	-	-
Interest expense and fiscal charges	(9,210,499)	(3,748,782)	-	(1,924,381)
Other non-operating revenues	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>(3,761,339)</b>	<b>6,973,069</b>	<b>360,175</b>	<b>(390,788)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, TRANSFERS AND SPECIAL ITEMS</b>	<b>14,993,882</b>	<b>17,948,587</b>	<b>177,478</b>	<b>487,902</b>
Capital contributions	3,853,942	2,463,943	304,565	-
Developer contributions	295,195	340,093	-	-
Transfers in	19,175,961	95,929,827	2,263,675	3,049,609
Transfers out	(19,243,651)	(96,107,864)	(2,286,710)	(3,170,806)
Gain on loan forgiveness	-	-	-	-
<b>Total contributions, transfers and special items</b>	<b>4,081,447</b>	<b>2,625,999</b>	<b>281,530</b>	<b>(121,197)</b>
<b>CHANGES IN NET POSITION</b>	<b>19,075,329</b>	<b>20,574,586</b>	<b>459,008</b>	<b>366,705</b>
<b>NET POSITION:</b>				
<b>Beginning of year</b>	<b>162,414,420</b>	<b>343,751,314</b>	<b>51,524,227</b>	<b>(5,533,836)</b>
<b>End of year</b>	<b>\$ 181,489,749</b>	<b>\$ 364,325,900</b>	<b>\$ 51,983,235</b>	<b>\$ (5,167,131)</b>

**City of Stockton**  
**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Other Nonmajor Enterprise	Totals	Governmental Activities Internal Service
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 618,533	\$ 133,606,527	\$ 145,289,793
Miscellaneous	419,539	7,326,239	40
<b>Total operating revenues</b>	<u>1,038,072</u>	<u>140,932,766</u>	<u>145,289,833</u>
<b>OPERATING EXPENSES:</b>			
Operation and maintenance	1,858,710	51,822,755	124,679,598
General and administrative	8,171	23,902,856	7,305,288
Depreciation and amortization	631,676	22,869,309	4,133,822
Purchased water	-	13,371,599	-
<b>Total operating expenses</b>	<u>2,498,557</u>	<u>111,966,519</u>	<u>136,118,708</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,460,485)</u>	<u>28,966,247</u>	<u>9,171,125</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Taxes	-	1,407,115	-
Grants and subsidies	-	7,313,537	-
Investment income:			
Interest income	(28,041)	9,317,984	7,683,994
Gain (loss) from disposal of capital assets	-	(1,898)	(155,275)
Interest expense and fiscal charges	-	(14,883,662)	(73,594)
Other non-operating revenues	-	-	487,388
<b>Total non-operating revenues (expenses)</b>	<u>(28,041)</u>	<u>3,153,076</u>	<u>7,942,513</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, TRANSFERS AND SPECIAL ITEMS</b>	<u>(1,488,526)</u>	<u>32,119,323</u>	<u>17,113,638</u>
Capital contributions	-	6,622,450	397,030
Developer contributions	-	635,288	-
Transfers in	1,312,000	121,731,072	17,898,762
Transfers out	-	(120,809,031)	(438,000)
Gain on loan forgiveness	-	-	(547,203)
<b>Total contributions, transfers and special items</b>	<u>1,312,000</u>	<u>8,179,779</u>	<u>17,310,589</u>
<b>CHANGES IN NET POSITION</b>	<u>(176,526)</u>	<u>40,299,102</u>	<u>34,424,227</u>
<b>NET POSITION:</b>			
<b>Beginning of year</b>	<u>12,486,769</u>	<u>564,642,894</u>	<u>118,619,909</u>
<b>End of year</b>	<u><u>\$ 12,310,243</u></u>	<u><u>\$ 604,941,996</u></u>	<u><u>\$ 153,044,136</u></u>

**City of Stockton**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 47,697,667	\$ 70,248,580	\$ 6,197,728	\$ 5,031,865
Receipts for interfund services provided	-	-	-	-
Payments to suppliers and employees	(29,875,551)	(41,433,591)	(5,144,110)	(3,221,406)
Miscellaneous receipts	5,217,008	1,358,969	335,251	(4,528)
<b>Net cash provided by (used in) operating activities</b>	<b>23,039,124</b>	<b>30,173,958</b>	<b>1,388,869</b>	<b>1,805,931</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	19,175,961	95,929,827	2,263,675	3,049,609
Transfers out	(19,243,651)	(96,107,864)	(2,286,710)	(3,170,806)
Contribution from other funds	-	-	-	-
Contribution to other funds	8,000	2,964,408	715,494	-
Advance to other funds	-	-	-	(610,040)
Advance from other funds	-	-	-	-
Receipt of cash subsidies and federal grants	2,405,467	5,524,993	(181,652)	12,262
Other non-operating revenues	-	-	-	-
Gain on loan forgiveness (Note 19)	-	-	-	-
Proceeds from taxes	-	-	-	1,407,115
<b>Net cash provided by noncapital financing activities</b>	<b>2,345,777</b>	<b>8,311,364</b>	<b>510,807</b>	<b>688,140</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from sale of capital assets	107,972	210,282	73,605	-
Purchases of capital assets	(1,457,381)	(49,391,554)	(1,917,377)	(49,609)
Capital contributions received	4,149,137	2,804,036	304,565	-
Unamortized loss on refunding of debt	(6,393,380)	170,583	-	(461,881)
Principal paid on debt	(6,922,455)	113,985,019	-	5,348,260
Interest paid on debt	(9,624,226)	(3,673,770)	-	(1,950,575)
<b>Net cash (used in) capital and related financing activities</b>	<b>(20,140,333)</b>	<b>64,104,596</b>	<b>(1,539,207)</b>	<b>2,886,195</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment earnings	2,877,059	5,978,233	363,758	125,557
Deferred rent	-	-	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>2,877,059</b>	<b>5,978,233</b>	<b>363,758</b>	<b>125,557</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>8,121,627</b>	<b>108,568,151</b>	<b>724,227</b>	<b>5,505,823</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
<b>Beginning of year</b>	<b>63,737,751</b>	<b>117,526,384</b>	<b>8,383,876</b>	<b>2,764,627</b>
<b>End of year</b>	<b>\$ 71,859,378</b>	<b>\$ 226,094,535</b>	<b>\$ 9,108,103</b>	<b>\$ 8,270,450</b>

**City of Stockton**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Other Nonmajor Enterprise	Totals	Governmental Activities Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 616,740	\$ 129,792,580	\$ -
Receipts for interfund services provided	-	-	145,194,669
Payments to suppliers and employees	(1,900,487)	(81,575,145)	(133,300,322)
Miscellaneous receipts	419,539	7,326,239	2,374,117
<b>Net cash provided by (used in) operating activities</b>	<b>(864,208)</b>	<b>55,543,674</b>	<b>14,268,464</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	1,312,000	121,731,072	17,898,762
Transfers out	-	(120,809,031)	(438,000)
Contribution from other funds	-	-	-
Contribution to other funds	-	3,687,902	-
Advance to other funds	-	(610,040)	1,077,790
Advance from other funds	-	-	(467,750)
Receipt of cash subsidies and federal grants	(4,033)	7,757,037	-
Other non-operating revenues	-	-	348,444
Gain on loan forgiveness (Note 19)	-	-	(547,203)
Proceeds from taxes	-	1,407,115	-
<b>Net cash provided by noncapital financing activities</b>	<b>1,307,967</b>	<b>13,164,055</b>	<b>17,872,043</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from sale of capital assets	-	391,859	(155,275)
Purchases of capital assets	(280,411)	(53,096,332)	(6,992,846)
Capital contributions received	-	7,257,738	397,030
Unamortized loss on refunding of debt	-	(6,684,678)	-
Principal paid on debt	-	112,410,824	(193,504)
Interest paid on debt	-	(15,248,571)	(82,483)
<b>Net cash (used in) capital and related financing activities</b>	<b>(280,411)</b>	<b>45,030,840</b>	<b>(7,027,078)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment earnings	(18,484)	9,326,123	7,736,271
Deferred rent	-	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(18,484)</b>	<b>9,326,123</b>	<b>7,736,271</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>144,864</b>	<b>123,064,692</b>	<b>32,849,700</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
<b>Beginning of year</b>	<b>417,395</b>	<b>192,830,033</b>	<b>155,412,846</b>
<b>End of year</b>	<b>\$ 562,259</b>	<b>\$ 315,894,725</b>	<b>\$ 188,262,546</b>

**City of Stockton**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:</b>				
Cash and investments	\$ 68,868,232	\$ 108,127,749	\$ 9,108,103	\$ 3,560,418
Restricted assets:				
Cash and investments	2,981,566	22,348,157	-	-
Cash and investments with fiscal agents	9,580	95,618,629	-	4,710,032
<b>Total cash and investments</b>	<b>\$ 71,859,378</b>	<b>226,094,535</b>	<b>\$ 9,108,103</b>	<b>\$ 8,270,450</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 18,755,221	\$ 10,975,518	\$ (182,697)	\$ 878,690
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	7,690,314	12,116,091	1,640,611	790,617
Changes in assets and liabilities:				
Accounts receivables	(4,603,924)	397,462	116,197	278,111
Due from other funds	-	-	-	-
Prepaid items	(96,762)	151,172	(23,154)	32
Inventory of supplies	-	63,665	-	-
Deposits and advances	-	-	-	-
Accounts payable	707,569	6,237,577	(211,126)	(144,547)
Accrued payroll	54,008	36,678	(715)	(2,794)
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deposits and other liabilities	361,097	963	-	56
Unearned revenue	-	-	-	4,527
Unearned rent	-	-	-	-
Loans from Successor Agency, net	-	-	-	-
Compensated absences	42,580	31,744	(567)	1,239
Self-insurance - claims and judgments	-	-	-	-
Net pension liability	142,909	204,274	49,224	-
Pension-related deferred outflows	205,713	481,132	59,186	-
Pension-related deferred inflows	(219,601)	(522,318)	(58,090)	-
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 23,039,124</b>	<b>\$ 30,173,958</b>	<b>\$ 1,388,869</b>	<b>\$ 1,805,931</b>
<b>NONCASH TRANSACTIONS:</b>				
Amortization of loss on refunding	\$ (6,393,380)	\$ 170,583	\$ -	\$ (461,881)
Capital contributions received	3,853,942	2,463,943	304,565	-



**City of Stockton**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Other Nonmajor Enterprise	Totals	Governmental Activities Internal Service
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:</b>			
Cash and investments	\$ 562,259	\$ 190,226,761	\$ 142,680,428
Restricted assets:			
Cash and investments	-	25,329,723	45,582,118
Cash and investments with fiscal agents	-	100,338,241	-
<b>Total cash and investments</b>	<b>\$ 562,259</b>	<b>\$ 315,894,725</b>	<b>\$ 188,262,546</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (1,460,485)	\$ 28,966,247	\$ 9,171,125
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	631,676	22,869,309	4,133,822
Changes in assets and liabilities:			
Accounts receivables	(1,793)	(3,813,947)	(25,488)
Due from other funds	-	-	(69,676)
Prepaid items	(19,568)	11,720	(425,761)
Inventory of supplies	66,868	130,533	-
Deposits and advances	-	-	9,622
Accounts payable	(22,413)	6,567,060	(968,443)
Accrued payroll	(333)	86,844	35,831
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits and other liabilities	(50,480)	311,636	-
Unearned revenue	(7,680)	(3,153)	-
Unearned rent	-	-	-
Loans from Successor Agency, net	-	-	-
Compensated absences	-	74,996	33,315
Self-insurance - claims and judgments	-	-	2,374,117
Net pension liability	-	396,407	-
Pension-related deferred outflows	-	746,031	-
Pension-related deferred inflows	-	(800,009)	-
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (864,208)</b>	<b>\$ 55,543,674</b>	<b>\$ 14,268,464</b>
<b>NONCASH TRANSACTIONS:</b>			
Amortization of loss on refunding	\$ -	\$ (6,684,678)	\$ -
Capital contributions received	-	6,622,450	-



## **FIDUCIARY FUND FINANCIAL STATEMENTS**

### **Fiduciary Fund Types**

The fiduciary funds are used to report assets held in a trustee or agency capacity for others and which, therefore, cannot be used to support the government's own programs. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Funds financial statements. The fiduciary funds category includes agency funds and private-purpose trust funds.

#### ***Agency Funds***

To account for land secured financing, developer area of benefit fees, pass-thru public fees on behalf of other entities, funds held in trust as security for development projects, and various community enhancement programs the City administers on behalf of other entities.

#### ***Successor Agency to the Redevelopment Agency of the City of Stockton***

To account for a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency pursuant to the City Council actions taken on August 23, 2011. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Stockton as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary funds as a private-purpose trust fund.

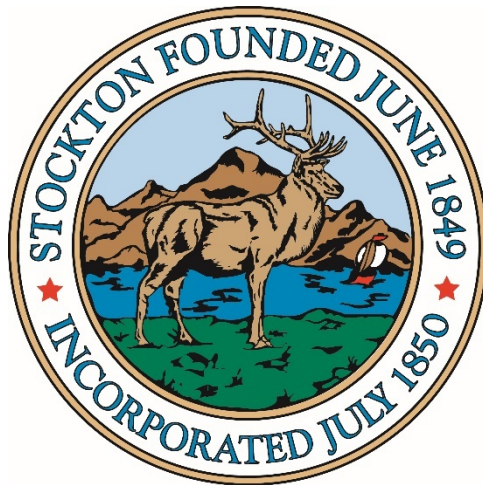
**City of Stockton**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2020**

	Agency Funds	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
<b>ASSETS</b>		
Cash and investments	\$ 22,888,244	\$ 11,784,809
Cash and investments with fiscal agents	18,957,226	405
Receivables, net:		
Interest	83,256	28,370
Accounts and other receivables	6,277,376	149
Due from successor agency	-	-
Due from agency funds	-	-
Deposits	-	-
Prepaid items	(834,855)	672,973
Loans to the City	-	-
Capital assets:		
Nondepreciable	-	12,702,828
Depreciable, net	-	13,135,224
<b>Total assets</b>	<b>\$ 47,371,247</b>	<b>38,324,758</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 3,578,567	277
Accrued payroll	-	6,810
Due to other governments	68,384	-
Deposits and other liabilities	43,724,296	-
Loans from the City, net	-	1,106,580
Accrued interest	-	1,270,213
Bonds payable - current	-	4,215,555
Bonds payable - noncurrent	-	95,559,599
Pollution remediation	-	275,000
<b>Total liabilities</b>	<b>\$ 47,371,247</b>	<b>102,434,034</b>
<b>NET POSITION HELD IN TRUST</b>		<b>\$ (64,109,276)</b>

**City of Stockton**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2020**

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	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
<b>ADDITIONS:</b>	
Property tax	\$ 12,521,615
Use of money and property	6,446
Investment Income	213,030
Miscellaneous	(3,234,498)
Transfer in from City	7,569,656
Capital contribution	-
<b>Total additions</b>	<u>17,076,249</u>
<b>DEDUCTIONS:</b>	
General government	694,499
Public Works	249,630
Interest and fiscal charges	3,350,932
Transfer out to City	7,469,626
Loss on disposal of capital assets	466,793
<b>Total deductions</b>	<u>12,231,480</u>
<b>CHANGE IN NET POSITION</b>	4,844,769
<b>NET POSITION (DEFICIT):</b>	
<b>Beginning of year</b>	<u>(68,954,045)</u>
<b>End of year</b>	<u><u>\$ (64,109,276)</u></u>





CITY OF STOCKTON



NOTES TO BASIC FINANCIAL STATEMENTS





**City of Stockton**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**City of Stockton**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**City of Stockton**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of the City of Stockton, California (the “City”) have been prepared in conformity with Generally Accepted Accounting Principles of the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards in the United States. The more significant of the City’s accounting policies are described below.

**A. Financial Reporting Entity**

The City was incorporated on July 25, 1850, under the general laws of the State of California. Under the charter adopted in 1923, the City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, community services, engineering services, planning services, public works, general administrative services, and capital improvements.

These basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization’s governing body and either the City can impose its will on that organization, or there is a potential for that organization to provide financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City’s financial statements to be misleading or incomplete. Blended component units, although legally separate entities are, in substance, part of the City’s operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The following entities are reported component units:

*Fiduciary Component Unit – Successor Agency*

The Successor Agency to the Redevelopment Agency of the City of Stockton (“Successor Agency”) is a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency under City Council action taken on August 23, 2011. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Stockton as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor Agency are such that it would be misleading to exclude the Successor Agency from the City’s financial statements. The Successor Agency is presented herein in the City’s fiduciary funds as a private-purpose trust fund for the fiscal year ended June 30, 2020.

*The Stockton Public Financing Authority (the “SPFA”)*

The SPFA was created in June 1990 and carries out bonded debt and lease financing for the City. The governing body of the SPFA is comprised of City Council members. The SPFA is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to the City and to refinance outstanding obligations of the City. The SPFA does not prepare separate financial statements.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**A. Financial Reporting Entity (Continued)**

**Excluded Agencies**

A governmental agency in which the City participates is the San Joaquin Area Flood Control Agency (“SJAFCA”) which is jointly governed by the City and the County of San Joaquin (“County”). The City retains neither an on-going financial interest in nor obligation to SJAFCA. Therefore financial information for the SJAFCA is not included in the accompanying financial statements.

An additional governmental agency in which the City participates is the San Joaquin County Regional Fire Dispatch Joint Powers Authority (“SJCRFDA”) consequent to City Council approval of an operating agreement between the SJCRFDA and the City of Stockton. In addition to dispatch services, the City will provide financial and administrative support services to the SJCRFDA. The financial information for the SJCRFDA is not included in the accompanying financial statements. However, the City’s portion of the revenues received from emergency communications is tracked and reported in the General Fund.

**B. Basis of Presentation, Measurement Focus, and Basis of Accounting**

The accounts of the City are organized by funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net position, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City’s financial position and results of operations are presented from two perspectives in the following two sets of financial statements:

**Government-Wide Financial Statements**

The City’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Change in Net Position. These statements present summaries of governmental activities and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or programs are offset by program revenues. Direct expenses are those expenses specifically associated with a service, program, or department and, are identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements with nonmajor funds aggregated in and combined with the major funds.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Presentation, Measurement Focus, and Basis of Accounting (Continued)***

**Government-Wide Financial Statements (Continued)**

The Government-Wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents the Change in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made for interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and netted in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to, Due from other funds
- Loans to, Loans from other funds
- Transfers in, Transfers out

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Change in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Change in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing use) in fund balances.

Revenues are recognized in the accounting period in which they become both “*measurable*” and “*available*” to finance expenditures of the current period. Revenues are considered to be available when they are collectible within the current period as soon enough after that to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Presentation, Measurement Focus, and Basis of Accounting (Continued)***

**Governmental Fund Financial Statements (Continued)**

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured or been earned. Governmental capital asset acquisitions are reported as expenditures in governmental funds as capital outlay. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources. Revenues and expenditures not meeting recognition criteria are treated as deferred inflows or outflows (Note 1C).

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

The City reports the following major governmental funds:

- ***General Fund***  
To account for resources not accounted for in another fund. The General Fund is the City's main operating fund reflecting transactions related to municipal governmental services supported by taxes, intergovernmental revenues, charges for services and other governmental type revenues.
- ***HOME Program Loans Special Revenue Fund***  
To account for the City's HOME Program providing affordable housing for low- and very low-income residents by various federal and state laws. HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low- and very low- income households.
- ***Low- and Moderate-Income Housing City Loans Special Revenue Fund***  
To account for loans extended to eligible low and moderate-income families as approved by the Stockton Redevelopment Agency (until dissolution on February 1, 2012) and the California Health and Safety Code. Loans have not been extended subsequently to the date of dissolution.
- ***Capital Improvement Capital Projects Fund***  
To account for the acquisition, construction and improvement of general governmental capital facilities as required by City Council action or state law in which the projects are financed by grants, lease proceeds, and transfers from other City governmental funds.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Presentation, Measurement Focus, and Basis of Accounting (Continued)***

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Change in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major enterprise funds:

- ***Water Utility Enterprise Fund***  
To account for activities associated with the acquisition or construction of water treatment facilities, production, distribution and transmission of potable water to users, and operations related to the provision of services.
- ***Wastewater Utility Enterprise Fund***  
To account for activities associated with the acquisition or construction, and operation and maintenance of wastewater facilities for the collection, treatment, and disposal of wastewater, and operations related to the provision of services.

The City also elects to present the following as major funds:

- ***Stormwater Utility Enterprise Fund***  
To account for activities associated with the acquisition or construction, and operation and maintenance of stormwater facilities for drainage and disposal of stormwater, and operations related to the provision of services.
- ***Parking Authority Enterprise Fund***  
To account for activities associated with the acquisition or construction, operation and maintenance of off-street parking facilities, and operations related to the provision of services.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Presentation, Measurement Focus, and Basis of Accounting (Continued)***

**Proprietary Fund Financial Statements (Continued)**

A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements. Internal service funds are a type of proprietary fund used to report the provision of goods and services to other funds, departments, or agencies of the primary government and its component units on a cost-reimbursement basis. The City's internal service funds include nine individual funds which provide services directly to other City funds.

- The Internal Service Funds of the City are the General Liability Insurance, Workers' Compensation Insurance, Health Benefits, Retirement Benefits, Other Benefits & Insurance, Vehicle Fleet Equipment, Computer Equipment, Radio Equipment, and Other Equipment funds.

**Fiduciary Fund Financial Statements**

Fiduciary funds include private-purpose trust and agency funds. Fiduciary fund types are accounted for according to the nature of the fund. Agency fund financial statements include a Statement of Net Position. The City has agency funds, which are purely custodial in nature (assets equal liabilities), and thus do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting for the proprietary funds. These funds are used to account for money and property held by the City as trustee or custodian. They are also used to account for various assessment districts for which the City acts as an agent for debt service activities. The private-purpose trust fund accounts for assets, liabilities, and activities of the dissolved Redevelopment Agency of the City of Stockton, which is accounted for in the Successor Agency Trust Fund.

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

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net position report separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

**Deferred Outflows of Resources** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

**Deferred Inflows of Resources** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

***D. Encumbrances***

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of budgetary controls.



**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Cash, Cash Equivalents, and Investments***

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents. The statement of cash flows requires presentation of “cash and cash equivalents.” For the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents,” including restricted cash held by fiscal agents for debt service and capital projects.

The City participates in an external investment pool managed by the State of California (State), the Local Agency Investment Fund (LAIF). The City records its investment in LAIF at fair value based on information obtained from the State on the holdings in the pool.

The City is a participant in CAMP which is a California Joint Powers Authority ("JPA") established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). Structured Notes and Asset Backed Securities are not permitted under CAMP’s current investment policy.

Investments are recorded at fair value by GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease in investment assets and investment income. Investment income consists of interest income, dividend income, and recognized gains or losses on investments. Money market investments and certain guaranteed investment contracts are carried at cost. Highly liquid market investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. The City allocates the fair value adjustment for unrealized gains and losses at June 30 of each year. Interest earnings on investments are allocated to the individual pooled funds quarterly based on each fund’s average quarterly pooled cash and investments balances. The City reported its investments at fair value, and the unrealized gains on investments amounted to \$16,893,214 for the fiscal year ended June 30, 2020.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas are presented in the footnotes:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk
- Foreign Currency Risk

***F. Restricted Cash and Investments***

Restricted cash and investments consist of cash and investments held by fiscal agents that are restricted due to limitations on their use by bond covenants or cash or investments with donor limitations. Fiscal agents acting on behalf of the bond investors hold investments arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, certificate of participation or tax allocation bonds and have been invested as permitted by specific State statutes or applicable City ordinance, resolution or bond indenture. Cash held in the Water and Wastewater Rate Stabilization Fund was established under the issuance of bonds in 2009 and 2014, respectively.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***G. Receivables***

Revenues are recorded when received in cash, except revenues subject to accrual (up to 90 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services.

Federal and State grants are considered receivable and accrued as revenue when all eligibility requirements have been met on the accrual basis of accounting in the government-wide statement of net positions. The amount recognized as revenue under the modified accrual basis of accounting in the governmental funds is limited to the amount that is deemed measurable and available.

Long-term loans receivable, which consist of the principal amount of the loan plus the accrued borrower's deferred interest is reported in the governmental fund statements with offsetting unavailable revenue as resources are not available for expenditure. Long-term loans receivable reported in the governmental activities on the government-wide statement of net position is not offset by unavailable revenue as it is recorded on an accrual basis at its net realizable value based on an estimate of uncollectible amounts for loan losses.

Billed but not collected and unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds.

***H. Interfund Loans and Advances***

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "loans to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Management has determined that there are some interfund balances which may or may not be repaid within a reasonable period. U.S. GAAP permits the reporting of interfund balances such as interfund loans and advances only when repayment is expected within a reasonable period. However, City policy does not permit the elimination of interfund balances without City Council approval. Accordingly, interfund balances, which are not expected to be repaid within a reasonable period or not at all, have been offset by an allowance for uncollectible advances in both the borrowing and the lending funds.

***I. Inventory of Supplies***

Inventories consist of expendable supplies held for consumption. Inventories are valued at weighted average cost using the first-in-first-out basis. Inventories of all funds are recorded as expenditures/expenses when consumed rather than purchased. Inventory of supplies is recorded in the Wastewater Fund, for the City's Water, Wastewater, and Stormwater Enterprise Funds which operates as a central store for all of the City's utilities.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***J. Capital Assets***

Capital assets are valued at historical cost or estimated historical cost if the actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000 for equipment and works of art; \$10,000 for land, buildings, improvements and intangible assets; \$50,000 for infrastructure, all of which must have an estimated useful life more than one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and structures	30-50 years
Improvements other than buildings	20-30 years
Machinery and equipment	3-30 years
Infrastructure	30-100 years

Major outlays for capital assets are capitalized as projects progress and once constructed begin depreciation. Repairs and maintenance costs are expensed. Interest accrued during capital assets construction, if any, is capitalized for the business-type funds as part of the asset cost.

***K. Capital Contributions***

Capital contributions are comprised of cash and assets donated from developers. Connection fees are reported as capital contributions in the Water Utility and Wastewater Utility enterprise funds.

***L. Accrued Payroll and Related Liabilities***

The City is on a semi-monthly payroll period, and employees are paid seven calendar days after the end of the payroll periods ending on the 15th and the end of the month or the last working day before that date. As of June 30, 2020, the payroll accrual is recorded in the respective funds when the related liability is incurred.

***M. Accrued Compensated Absences***

By negotiated labor agreements, employees accumulate earned, but unused vacation, other compensated leave, and sick leave pay benefits. Employees were allowed to apply 100% of accrued sick leave hours for additional California Public Employees' Retirement System ("CalPERS") service credit upon retirement depending upon bargaining unit and date of hire.

For employees separating from service after February 17, 2012, and before June 30, 2015, vacation payouts are now paid in annual installments on the separation date equal to the greater of \$10,000 or 1/3 of the employee's accrued balance until paid in full and sick leave accruals are no longer paid out. For those employees separating from service after July 1, 2013, they receive their full vacation payout.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***M. Accrued Compensated Absence (Continued)***

After subtracting the sick leave balance equivalent of one full year of service credit (2080 hours), which may be applied to CalPERS service credit, any sick leave balance remaining upon separation shall be paid at a specific percentage of the cash value to employees who have remained in City service until the dates specified in the labor agreements.

**Government-Wide Financial Statements**

For governmental and business-type activities, compensated absences are recorded as expenses when earned.

**Fund Financial Statements**

For governmental funds, compensated absences are recorded as expenditures in the year paid. The General Fund is typically used to liquidate compensated absences. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

***N. Long-Term Debt***

In the government-wide and proprietary fund financial statements, long-term debt and other long-term financial obligations are reported as liabilities.

Before July 1, 2013, bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable premium or discount except for insurance prepaid bond insurance premiums.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in the year of issuance. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. The differences between the government-wide and fund financial statements are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

***O. Pensions***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the net fiduciary position of the City's CalPERS plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as CalPERS report them. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable by benefit terms. Investments are reported at fair value.

**CALPERS**

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

**PARS**

Valuation Date	June 30, 2018
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***O. Pensions (Continued)***

The following timeframes are used for pension reporting:

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss.

***P. Net Position***

In governmental-wide and proprietary fund financial statements, Net Position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets and include deferred inflows and outflows.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of the net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of the net position.

When expenses are incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to first spend the restricted net position.

***Q. Fund Balances***

For governmental fund financial statements, fund balances are categorized as follows:

Nonspendable – Amounts that cannot be spent because they are (1) not in spendable form, such as prepaid items, inventories and long-term receivables for which the payment of proceeds are not restricted or committed with respect to the nature of the specific expenditures of that fund or (2) legally or contractually required to be maintained intact.

Restricted – Amounts that are restricted by external parties such as creditors or imposed by grants, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The City has legislative restrictions on amounts collected and reported in the City's various governmental funds. As a result, these restrictions have been classified as restricted for community development, debt service reserve, general government, housing projects/loans, libraries and arts, parks and recreation, public safety, public services, redevelopment projects, solid waste/recycling and streets, transit and traffic.

Committed – This amount indicates the portion of fund balances which can only be used for specific purposes under formal resolution or ordinance of the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Q. Fund Balances (Continued)**

Assigned – Amounts that have been allocated by action of an official authorized by the Stockton City Council in which the City’s intent is to use the funds for a specific purpose. The City considers this level of authority to be the City Manager.

Unassigned – Amounts that constitute the residual balances that have no restrictions placed upon them. If restrictions exceed available resources at the end of the year, the deficit amounts are reported and classified as unassigned.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City’s policy is first to expend restricted fund balances, then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned depending on the nature of the expenditure

**R. Property Taxes**

Property taxes are levied on October 1 and are payable by property owners in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Joaquin, California (“County”) bills and collects property taxes and remits them to the City according to a payment schedule established by the County. The County generally operates under the Teeter Plan, whereby the County pays the City 100% of the taxes levied. The County assumes responsibility for collecting any delinquent amounts and upon collection retains the penalty and interest portion of those amounts. Therefore, no allowance for doubtful accounts is considered necessary.

The County is permitted by State law to levy taxes at 1% of full market value (at the time of purchase) and can increase the property tax rate no more than 2% per year or the current CPI, whichever is less. The City receives a share of this basic tax levy proportionate to what it received during the years 1980-1981.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 90 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are not recorded as revenue until collected.

**S. Use of Estimates**

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates and assumptions.

**T. Implementation of Governmental Accounting Standards Board Statements**

During fiscal year ended June 30, 2020, the City has implemented the following new GASB Pronouncement:

**GASB Statement No. 95** - In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement is effective immediately and did not have a material effect on City's financial statements for the fiscal year ending June 30, 2020.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 2 – Cash, Cash Equivalents and Investments**

The following is a summary of cash, cash equivalents, and investments, including restricted cash and investments on June 30, 2020:

<b>Deposits:</b>	
Cash on Hand	\$ 19,364
Demand Deposits	<u>218,554,530</u>
Total Deposits	218,573,894
<b>Investments</b>	<u>633,093,806</u>
 <b>Total Cash and Investments</b>	 <b>\$ <u>851,667,700</u></b>

<b>Presented in the government-wide statement of net position:</b>	
Cash and Investments	\$ 625,210,860
Restricted Cash and Investments	172,826,155

<b>Presented in the statement of fiduciary net position:</b>	
Cash and Investments	34,673,054
Cash and investments with fiscal agents	<u>18,957,631</u>
 <b>Total Cash and Investments</b>	 <b>\$ <u>851,667,700</u></b>

**A. Cash Deposits**

The carrying amount of the City's pooled cash deposits was \$72,310,592 at June 30, 2020. Bank balances before reconciling items were \$54,994,817 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Fund's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures or by donor direction. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 2 – Cash, Cash Equivalents and Investments (Continued)**

**B. Authorized Investments**

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

The table below identifies the investment types that are authorized for the City by the California Government Code or the City's investment policy, where more restrictive. The table also identifies certain provisions of the California Government Code or the City's investment policy, which are more restrictive to address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the City.

Authorized Investment Type	Maximum Maturity	Maximum in Portfolio	Minimum Credit Quality
Securities of the U.S. Government or its agencies:			
U.S. Treasury Bonds, Notes and Bills	10 Years**	No Limit	N/A
State of California Obligations	5 Years	No Limit	N/A
49 other States Obligations	5 Years	No Limit	N/A
California Non Stockton Local Agency Obligations	5 Years	No Limit	N/A
U.S. Agency and U.S. Government sponsored Enterprise Securities	10 Years**	No Limit	N/A
City of Stockton Obligations	5 Years*	None	None
Negotiable Certificates of Deposit	5 Years*	30%	AA
Time Certificates of Deposit	5 Years	30%	N/A
Bankers' Acceptances	180 Days	40%	N/A
Commercial Paper	270 Days	25%	A1, P1, F-1
Medium-Term Corporate Notes	5 Years	30%	A
California Local Agency Investment Fund			
- Investments made in County or other types of investment pools require due diligence	Upon Demand	\$75,000,000 per account	N/A
California Asset Management Program	Upon Demand	No Limit	N/A
Repurchase Agreements	1 year	None	N/A
Reverse Repurchase Agreements	92 days	20%	N/A
- If the City invests in Repurchase Agreements, a Master Repurchase Agreement is required			
Demand Accounts - Insured/Collateralized Medium Term Notes	N/A	No Limit	N/A
Mutual Funds			
SEC registered Money Market Funds limited to a percentage of the City's surplus as narrowly defined in the California Government Code Section 53601 et seq.	N/A	20%	AAA

\* Limited to 5 years, except permits investment in variable rate demand

\*\* Securities with term to maturity greater than 5 years shall not exceed 15% of the total portfolio value.



**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 2 – Cash, Cash Equivalents and Investments (Continued)**

***B. Authorized Investments (Continued)***

***Investments Authorized by Debt Agreements***

Investments of debt proceeds held by the City's bond trustee are governed by provisions of the debt agreement, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
Repurchase Agreements	30 days	Top Four Rating Categories	No Limit	No Limit
U.S. Treasury Bonds, Notes and Bills	No Limit	N/A	No Limit	No Limit
U.S. Agency and U.S. Government Sponsored Enterprise Securities	No Limit	No Limit	No Limit	No Limit
State Obligations	No Limit	Not lower than their bond rating	No Limit	No Limit
Commercial Paper	270 days	A-1+	No Limit	No Limit
Negotiable Certificates of Deposit	No Limit	N/A	No Limit	No Limit
Time Certificates of Deposit	No Limit	N/A	No Limit	No Limit
Corporate Notes and Bonds	No Limit	Not lower than their bond rating	No Limit	No Limit
Guaranteed Investment Contracts	No Limit	Not lower than their bond rating	No Limit	No Limit
Shares of Beneficial Interest	No Limit	Top Rating Category	No Limit	No Limit
Money Market Mutual Funds	No Limit	AAm	20%	No Limit
Bankers' Acceptances	365 days	A-1+	30%	30%
Municipal Bonds	No Limit	AAA	No Limit	No Limit
California Local Agency Investment Fund (LAIF)	Upon Demand	N/A	\$75,000,000	\$75,000,000
Investment Agreements	No Limit	AA-	No Limit	No Limit

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 2 – Cash, Cash Equivalents and Investments (Continued)**

***C. Investments in Local Agency Investment Fund***

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF included a portion of pool funds invested in structured notes and asset-backed securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from mortgages (such as Collateralized mortgage obligations) or credit card receivables.

As of June 30, 2020, the City had \$74,865,997 invested in LAIF, which had invested 1.77% of the Pool investment funds in medium-term and short-term structured notes as well as asset-backed securities. The face value of the City's position in the pool is the same as the value of the pool shares.

***D. Investments in California Asset Management Program***

The City is a participant in CAMP which is a California Joint Powers Authority ("JPA") established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). Structured Notes and Asset Backed Securities are not permitted under CAMP's current investment policy.

As of June 30, 2020, the City had \$81,710 invested in CAMP, which does not invest in medium-term and short-term structured notes or asset backed securities. The face value of the City's position in the pool is the same as the value of the pool shares.

***E. Fair Value of Investments***

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 2 – Cash, Cash Equivalents and Investments (Continued)**

***E. Fair Value of Investments (Continued)***

At June 30, 2020, the City had the following recurring fair value measurements.

		Fair Value Measurements Using		
		Level 1	Level 2	Level 3
	June 30, 2020			
U. S. Agencies	\$ 115,735,605	\$ -	\$ 115,735,605	\$ -
U. S. Treasuries	153,661,660	153,661,660		-
Medium term notes	109,747,120	-	109,747,120	-
Supranationals	18,718,942	-	18,718,942	-
Municipal Bonds	6,190,300	-	6,190,300	-
Federal Agency CMOs	16,748,091	-	16,748,091	-
Negotiable CD	55,891,521	-	55,891,521	-
Asset backed securities	33,343,282	-	33,343,282	-
Cash - PARS 115 Trust	11,718	-	11,718	-
Equity Mutual Fund- PARS 115 Trust	13,916,749	-	13,916,749	-
Fixed Income Mutual Fund- PARS 115 Trust	31,889,329	-	31,889,329	-
Idle Funds in Reserve Portfolio	13,817	-	13,817	-
Total investments by fair value level	<u>\$ 555,868,134</u>	<u>\$ 153,661,660</u>	<u>\$ 402,206,475</u>	<u>\$ -</u>
Investments exempt from fair value measurement categorizations:				
Local Agency Investment Fund	74,865,997			
California Asset Management Program (CAMP)	81,710			
Money Market Funds (attributable to 115 Trust)	<u>2,277,964</u>			
Total investments exempt from fair value measurement	<u>77,225,672</u>			
	<u>\$ 633,093,806</u>			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Medium term notes: quoted prices for similar securities in active markets;
- Local Agency Investment Fund: application of the June 30, 2020, fair value factor, as calculated, to the City's average daily balance in the Fund; and
- Asset-backed securities: recent appraisals of the asset value.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 2 – Cash, Cash Equivalents, and Investments (Continued)**

**F. Risk Disclosures**

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. The exceptions to this policy are that U.S. Treasury or U.S. Agency securities may be invested in greater than five years and investment in variable rate obligations of the City is permissible when allowed by the IRS and SEC. Investments maturing beyond a five-year horizon should not exceed fifteen percent (15%) of the total portfolio value at any given time. The maturity of investments is evaluated before purchase depending on liquidity needs.

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agents) 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	Investment Maturities				
	Fair Value	1 year or less	1-3 years	3-5 years	5 years or more
U.S. Agencies	\$ 115,735,605	\$ -	\$ 41,634,630	\$ 74,100,975	\$ -
U.S. Treasuries	153,661,660	-	53,882,449	99,779,210	-
Medium Term (Corporate) Notes	109,747,120	12,044,298	52,467,975	45,234,847	-
Supranationals	18,718,942	12,714,930	6,004,013	-	-
Municipal Bonds	6,190,300	-	-	6,190,300	-
Federal Agency CMOs	16,748,091	-	11,734,356	5,013,735	-
Local Agency Investment Fund	74,865,997	74,865,997	-	-	-
Capital Asset Management Program	81,710	81,710	-	-	-
Money Market Funds (attributable to 115 Trust)	2,277,964	2,277,964	-	-	-
Negotiable CD	55,891,521	33,443,918	22,447,603	-	-
Asset Backed Securities	33,343,282	580,025	18,181,602	14,581,655	-
Cash - PARS 115 Trust	11,718	11,718	-	-	-
Equity Mutual Fund- PARS 115 Trust	13,916,749	13,916,749	-	-	-
Fixed Income Mutual Fund- PARS 115 Trust	31,889,329	31,889,329	-	-	-
Idle Funds in Reserve Portfolio	13,817	13,817	-	-	-
Total	<u>\$ 633,093,806</u>	<u>\$ 181,840,455</u>	<u>\$ 206,352,627</u>	<u>\$ 244,900,723</u>	<u>\$ -</u>
Allocation by percentage	100%	29%	33%	39%	0%



**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 2 – Cash, Cash Equivalents and Investments (Continued)**

***F. Risk Disclosure (Continued)***

*Credit Risk (Continued)*

The City's portfolio manager utilized ratings of S&P in compiling the previous table. In August 2011, S&P took an extraordinary stance of downgrading the debt of the United States and numerous agencies whose debt it stands behind. Moody's and Fitch only took moves to lower the outlook on U.S. debt while still maintaining the AAA ratings on these entities. In June 2019, S&P maintained the AA+ rating with a stable outlook that is still in place today. Moody's affirmed their AAA rating with stable outlook on August 7, 2019, and Fitch affirmed the AAA rating and brought the outlook to stable on April 12, 2019.

*Custodial Credit Risk*

For an investment, custodial credit risk refers to the event in which the custodial bank (outside party) in possession of an investment security fails to supply the value of investments or collateral securities to the City upon demand. All securities, except the money market mutual funds and LAIF, are held by a third-party custodian, Union Bank of California ("UBOC"). UBOC is a registered member of the Federal Reserve Bank and combined with Bank of Tokyo-Mitsubishi in 2014 to form MUFG Union Bank. The securities held by UBOC are in the street name with a customer number assigned to the City that identifies ownership.

*Concentration Credit Risk*

The City's investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. Concentrations of 5.0% or more in investments in any one issuer, held by individual funds in the securities of issuers other than U.S. Treasury securities, mutual funds, and external investment pools are required to be disclosed.

At June 30, 2020, the City's Pooled investments that represent a concentration in the securities of any individual issuers, other than U. S. Treasury securities or mutual funds, are set forth below:

<b>Issuer</b>	<b>Investment Type</b>	<b>Reported Amount</b>
<b>Held by City and its Component Units:</b>		
Federal National Mortgage Association	Federal Agency Securities	<u><u>\$ 79,051,301</u></u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 2 – Cash, Cash Equivalents, and Investments (Continued)**

***G. Restricted Cash and Investments***

Certain proceeds of revenue bonds and other long-term liabilities are classified as restricted cash and investments on the Statement of Net Position as their use is limited by applicable indentures or covenants. Covenants provide that these funds, in the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, may be invested by the ordinances, resolutions or indentures specifying the types of investments its trustees or fiscal agents may require. The ordinances, resolutions, and indentures are more restrictive than the City's investment policy. Restricted cash and investments of the City are primary for the construction or acquisition of facilities, and reserves for payment of debt service as required by the bond indentures.

The City has a reserve policy governing the establishment of Rate Stabilization Fund for its Water, Wastewater, and Stormwater Funds. These reserves are to ease future revenue fluctuations, where revenues are interrupted or otherwise insufficient to offset the operating expenditures and to minimize the impact of rate increases. The City has established a Rate Stabilization Fund in the Water Fund in connection with the issuance of its 2010 Variable Rate Demand Water Revenue Bonds and the Wastewater Fund in connection with the 2014 Wastewater Refunding Bonds. The City use money on deposit in the Rate Stabilization Fund for any lawful purpose. All interest or other earnings in the Rate Stabilization Fund may be withdrawn and accounted for as revenues or used for any lawful purpose. The balance in the Water and Wastewater Rate Stabilization Accounts at June 30, 2020, was \$2.9 million and \$12.5 million, respectively.

At June 30, 2020, Government-Wide restricted cash and investments and restricted cash and investments with fiscal agents are as follows:

<b>Governmental activities</b>	<u>\$ 47,158,191</u>
<b>Business-type activities:</b>	
Water Utility	2,991,146
Wastewater Utility	117,966,786
Parking Authority	<u>4,710,032</u>
Subtotal	<u>125,667,964</u>
 Total restricted cash and investments	 <u><u>\$ 172,826,155</u></u>
  Fiduciary Funds	  <u><u>\$ 18,957,631</u></u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 3 – Interfund Transactions**

**A. Due To/From Other Funds**

“Due to” and “Due from” report lending transactions primarily when individual funds overdraw their share of pooled cash or when there are short-term loans between funds. These balances are expected to be repaid shortly after the end of the fiscal year upon receipt of a grant or other reimbursements. There is \$641,174 of interfund balances as of June 30, 2020, as follows:

The most significant interfund transactions were as follows:

<u>Fund Making Short Term-Loan</u>	<u>Fund Receiving Short-Term Loan</u>	<u>Amount</u>
Internal Service Fund - Workers' Compensation	Home Program Loan	641,174
	Total	<u>\$ 641,174</u>

**B. Loans To/From Other Funds**

“Loans to” and “loans from” balances represent loan activity between funds. These balances are expected to be paid back per a City council approved repayment schedule. The of \$11,044,568 of interfund loan balances, broken down by short and long-term net of interest, as of June 30, 2020 is shown below.

The most significant interfund transactions were as follows:

<u>Fund Making Loan</u>	<u>Fund Receiving Loan</u>	<u>Short-Term</u>	<u>Long-term</u>	<u>Total</u>
Internal Service Funds -Workers' Comp.	Parking Authority	\$ 620,418	\$ 7,641,173	\$ 8,261,591
Internal Service Funds -Workers' Comp.	Internal Service Funds -Fleet	477,195	2,305,782	<u>2,782,977</u>
	Total			<u>\$ 11,044,568</u>

- The \$8,261,591 interfund loan balance from the Workers Compensation Fund to the Parking Authority Fund was used to pay off the existing 2006 Lease Revenue Refunding Bonds Series A, saving the City 2% in annual interest.
- The \$2,782,977 interfund loan balance from the Workers Compensation Fund to the Internal Services Fleet Fund was used to pay off three of four remaining Fire Truck Leases, saving the City 2% in annual interest.



**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 3 – Interfund Transactions (Continued)**

**C. Transfers**

Interfund transfers report the nonreciprocal contributions of resources from one fund to another that include program support, debt service and settlement, and other one-time transfers. The following is a summary of transfers for the year ended June 30, 2020:

		<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<b>Governmental Activities:</b>				
General Fund	Program Support	\$ 11,215,000	\$ (17,333,364)	\$ (6,118,364)
General Fund	Pension Trust Investment	-	(3,838,175)	(3,838,175)
General Fund	Debt Service	-	(14,500,000)	(14,500,000)
SSA	Debt Service/ Settlement	100,030	(7,469,626)	(7,369,596)
Low-Moderate Income Housing- City Loans	Debt Service/ Settlement	399,454	-	399,454
Public Facility Fees	Program Support	382,887	(392,887)	(10,000)
Non-Major Government Funds	Program Support	1,479,496	(284,348)	1,195,148
Non-Major Government Funds	Debt Service	11,307,801	-	11,307,801
Capital Improvement	Program Support	1,340,054	(265,660)	1,074,394
Internal Service Funds	Pension Trust Investment	14,500,000	-	14,500,000
Internal Service Funds	Program Support	3,398,762	(961,465)	2,437,297
<b>Total governmental activities</b>		<u>44,123,484</u>	<u>(45,045,525)</u>	<u>(922,041)</u>
<b>Business-type Activities:</b>				
Water Utility	Program Support	19,175,961	(19,243,651)	\$ (67,690)
Wastewater Utility	Program Support	95,929,827	(96,107,864)	\$ (178,037)
Stormwater Utility	Program Support	2,263,675	(2,286,710)	\$ (23,035)
Central Parking District	Debt Service/ Settlement	3,049,609	(3,170,806)	\$ (121,197)
Other Enterprise non-major funds	Program Support	1,312,000	-	\$ 1,312,000
<b>Total business-type activities</b>		<u>121,731,072</u>	<u>(120,809,031)</u>	<u>922,041</u>
<b>Total Government-Wide Statements</b>		<u>\$ 165,854,556</u>	<u>\$ (165,854,556)</u>	<u>\$ -</u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 4 – Successor Agency – Loans from City, Net**

With the dissolution of the Redevelopment Agency effective January 31, 2012, the following loans are outstanding as of June 30, 2020, most of which are offset by an Allowance for Uncollectible Loans. The Successor Agency received its Finding of Completion from the State Department of Finance on October 30, 2014. On November 4, 2015, the Oversight Board adopted a resolution finding 51 Redevelopment loans from the city were made for legitimate redevelopment purposes. Dissolution law required that the accrued interest on outstanding loans be recalculated quarterly at a simple interest of 3% from the date the loans were originally authorized by the former Redevelopment Agency. Also, the Department of Finance required to have approved resolutions and signed loan agreements for the loans to be approved for repayment. City staff was unable to locate signed loan agreements and approved resolutions for all of the 51 loans. Adjustments for the write off of all loans disallowed by the Department of Finance was made in the 2016-2017 fiscal year.

In addition, the interest on the loans is limited to the Local Agency Investment Fund interest rate calculated from the inception date of each loan. The total outstanding loan balance (including accrued interest) as of June 30, 2020 is \$15,360,077 and has been offset by an allowance for uncollectible loan and interest, except the loan amount from Low – Moderate Income Housing Loans.

<b>Fund Providing Loan</b>	<b>Fund Receiving Loan</b>	<b>Outstanding Balance</b>	<b>Allowance for Uncollectible Loans</b>	<b>Net Balance</b>
Low - Moderate Income Housing RDA Loans	Private-Purpose Trust Fund - Successor Agency of the Redevelopment Agency	\$ 1,106,580	\$ -	\$ 1,106,580
Non-Major Governmental - CDBG Fund	Private-Purpose Trust Fund - Successor Agency of the Redevelopment Agency	3,334,325	(3,334,325)	-
Capital Improvement Projects Fund	Private-Purpose Trust Fund - Successor Agency of the Redevelopment Agency	6,923,524	(6,923,524)	-
	Interest on Redevelopment Agency Loans	3,995,648	(3,995,648)	-
Total		<u>\$ 15,360,077</u>	<u>\$ (14,253,497)</u>	<u>\$ 1,106,580</u>

- The \$1,106,580 is a loan from the Low-Moderate Income Housing City Loans Special Revenue Fund to the former Redevelopment Agency Capital Projects Fund for the Waterfront Redevelopment Project Area.
- The \$3,334,325 outstanding loan balance from the CDBG Programs, a Special Revenue Fund, to the former Redevelopment Agency Capital Projects Fund was for the project area expenditures. The outstanding principal balance is subject to a 3% simple annual interest rate. As of June 30, 2020, outstanding accrued interest balance was \$3,995,648.
- The \$6,923,524 outstanding loan balance from the Capital Improvement Capital Projects Fund to the former Redevelopment Agency Capital Projects Fund represents loans for various project areas.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 5 – Loans to Property Owners**

Loans provided to property owners are managed by the City's Economic Development Department. Loans receivables under the City's loan programs at June 30, 2020, are as follows:

Loan Programs	Governmental Activities		
	Principal Balance	Deferred Interest	Total
First Time Home Buyers Program (HOME)	\$ 41,784,929	\$ 5,993,081	\$ 47,778,010
Community Development Block Grant Programs	17,590,573	3,383,424	20,973,997
Neighborhood Stabilization First Time Home Buyer Program	11,156,006	1,072,716	12,228,722
California Home Loans	3,173,989	312,947	3,486,936
Low & Moderate Income Housing Programs (former Agency)	53,703,527	9,157,242	62,860,769
	<u>\$ 127,409,024</u>	<u>\$ 19,919,410</u>	<u>147,328,434</u>
Less: Allowance for Doubtful Accounts			(1,955,141)
			<u><u>\$ 145,373,293</u></u>

The governmental funds report unavailable revenues from notes and loans receivable as a deferred inflow of resources. These amounts are recognized or reported as revenues in the period that the amounts become available.

*First Time Home Buyers Program (HOME)*

The Home Investment Partnerships Loan Programs are funded through U.S. Department of Housing and Urban Development HOME funds. The programs include deferred gap financing loans for qualified first-time homebuyers, owner-occupied housing rehabilitation loans to qualified borrowers, and multifamily loans to qualified housing developers. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans.

*Community Development Block Grant Program*

The Community Development Block Grants Loan Programs are funded through U.S. Department of Housing and Urban Development CDBG funds. The programs include deferred gap financing loans for qualified first-time homebuyers, owner occupied emergency repair loans, public facility project loans, and commercial loan programs. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans.

*Neighborhood Stabilization Program*

The Neighborhood Stabilization Program loans are funded through U.S. Department of Housing and Urban Development Neighborhood Stabilization program funds. The programs include acquisition, rehabilitation, and resale of foreclosed homes to qualified home buyers, deferred gap financing loans for qualified home buyers; and acquisition, rehabilitation, and rent of foreclosed properties in targeted areas. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans.

*California Home Loans Program*

The California Home Loans Program are funded through the California Department of Housing and Community Development. The programs include deferred gap financing loans to qualified first-time homebuyers and owner occupied rehabilitation loans. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 5 – Loans to Property Owners (Continued)**

*Low & Moderate Income Housing*

The City's Low & Moderate Income Housing Programs are funded through the Low and Moderate-Income Housing City Loans Special Revenue Fund and Strong Neighborhoods Initiative Bond proceeds. The programs include loans for rehabilitation and construction of affordable housing units which are deed restricted for occupancy by low and moderate income households for at least fifty-five years. Interest income is recorded as payments are received.

**Note 6 – Capital Assets**

**A. Government-Wide Financial Statements**

At June 30, 2020, the City's capital assets consisted of the following:

	<b>Governmental Activities</b>	<b>Business -Type Activities</b>	<b>Total</b>
<b>Capital assets, not being depreciated:</b>			
Land	\$ 40,826,912	\$ 11,688,933	\$ 52,515,845
Intangible assets - easements	4,354,960	803,845	5,158,805
Construction in progress	139,973,040	61,268,607	201,241,647
Total capital assets, not being depreciated	185,154,912	73,761,385	258,916,297
<b>Capital assets, being depreciated:</b>			
Infrastructure	604,425,115	-	604,425,115
Buildings and improvements	307,309,861	1,037,106,626	1,344,416,487
Machinery and equipment	75,038,330	17,112,542	92,150,872
Total capital assets, being depreciated	986,773,306	1,054,219,168	2,040,992,474
<b>Less accumulated depreciation for:</b>			
Infrastructure	(215,130,308)	-	(215,130,308)
Buildings and improvements	(131,362,743)	(403,739,058)	(535,101,801)
Machinery and equipment	(49,062,501)	(11,183,124)	(60,245,625)
Total accumulated depreciation	(395,555,552)	(414,922,182)	(810,477,734)
Total capital assets, being depreciated, net	591,217,754	639,296,986	1,230,514,740
<b>Total capital assets, net</b>	<b>\$ 776,372,666</b>	<b>\$ 713,058,371</b>	<b>\$ 1,489,431,037</b>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 6 – Capital Assets (Continued)**

**B. Governmental Activities**

Summary of changes in governmental activities capital assets for the year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 40,985,489	\$ -	\$ (158,577)	\$ -	\$ 40,826,912
Intangible assets - easements	4,354,960	-	-	-	4,354,960
Construction in progress	131,631,678	21,812,210	(67,274)	(13,403,574)	139,973,040
Total capital assets, not being depreciated	176,972,127	21,812,210	(225,851)	(13,403,574)	185,154,912
Capital assets, being depreciated:					
Infrastructure	592,135,025	1,681,442	-	10,608,648	604,425,115
Buildings and improvements	305,541,243	-	-	1,768,618	307,309,861
Machinery and equipment	78,840,086	4,080,876	(8,456,590)	573,958	75,038,330
Total capital assets, being depreciated	976,516,354	5,762,318	(8,456,590)	12,951,224	986,773,306
Less accumulated depreciation for:					
Infrastructure	(204,075,768)	(11,054,540)	-	-	(215,130,308)
Buildings and improvements	(125,465,229)	(5,897,514)	-	-	(131,362,743)
Machinery and equipment	(52,520,039)	(4,839,588)	8,297,126	-	(49,062,501)
Total accumulated depreciation	(382,061,036)	(21,791,642)	8,297,126	-	(395,555,552)
Total capital assets, being depreciated, net	594,455,318	(16,029,324)	(159,464)	12,951,224	591,217,754
Governmental activities capital assets, net	\$ 771,427,445	\$ 5,782,886	\$ (385,315)	\$ (452,350)	\$ 776,372,666

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2020, are as follows:

<b>Governmental Activities:</b>	
General Government	\$ 3,298,730
Public Works	11,570,391
Parks & Recreation	1,545,900
Library	150,409
Public Safety	1,092,391
Internal Service Funds	4,133,821
Total	<u>\$ 21,791,642</u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 6 – Capital Assets (Continued)**

**C. Business-Type Activities**

Summary of changes in business-type activities capital assets for the year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 11,688,933			\$ -	\$ 11,688,933
Intangible asset - easements	803,845		-	-	803,845
Construction in progress	17,937,216	47,142,390	(123,097)	(3,687,902)	61,268,607
Total capital assets, not being depreciated	30,429,994	47,142,390	(123,097)	(3,687,902)	73,761,385
Capital assets, being depreciated:					
Buildings and improvements	1,032,198,460	1,220,264	-	3,687,902	1,037,106,626
Machinery and equipment	16,400,798	1,045,777	(65,271)	(268,762)	17,112,542
Total capital assets, being depreciated	1,048,599,258	2,266,041	(65,271)	3,419,140	1,054,219,168
Less accumulated depreciation for:					
Buildings and improvements	(381,686,380)	(22,052,678)	-	-	(403,739,058)
Machinery and equipment	(10,359,962)	(886,534)	63,372	-	(11,183,124)
Total accumulated depreciation	(392,046,342)	(22,939,212)	63,372	-	(414,922,182)
Total capital assets, being depreciated, net	656,552,916	(20,673,171)	(1,899)	3,419,140	639,296,986
Business-type activities capital assets, net	<u>\$ 686,982,910</u>	<u>\$ 26,469,219</u>	<u>\$ (124,996)</u>	<u>\$ (268,762)</u>	<u>\$ 713,058,371</u>

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2020, are as follows:

<b>Business-type Activities:</b>	
Water Utility	\$ 7,690,314
Wastewater Utility	12,116,091
Stormwater Utility	1,640,611
Parking Authority	860,520
Golf Courses	99,807
Marina	531,869
	<u>531,869</u>
Total	<u>\$ 22,939,212</u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 6 – Capital Assets (Continued)**

***D. Fiduciary Fund Activities***

Summary of Changes in Fiduciary Fund capital assets for the year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
<b>Fiduciary fund activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 12,952,828	\$ -	\$ (350,000)	\$ -	\$ 12,602,828
Intangible assets - easements	100,000	-	-	-	100,000
Total capital assets, not being depreciated	13,052,828		(350,000)	-	12,702,828
Capital assets, being depreciated:					
Infrastructure	10,898,549	-	-	-	10,898,549
Buildings and improvements	11,229,529	-	(300,000)	-	10,929,529
Machinery and equipment	471,547	-	-	-	471,547
Total capital assets, being depreciated	22,599,625	-	(300,000)	-	22,299,625
Less accumulated depreciation for:					
Infrastructure	(2,525,983)	(249,630)	-	-	(2,775,613)
Buildings and improvements	(5,970,975)	(340,314)	183,207	-	(6,128,082)
Machinery and equipment	(242,065)	(18,641)	-	-	(260,706)
Total accumulated depreciation	(8,739,023)	(608,585)	183,207	-	(9,164,401)
Total capital assets, being depreciated, net	13,860,602	(608,585)	(116,793)	-	13,135,224
Governmental activities capital assets, net	<u>\$ 26,913,430</u>	<u>\$ (608,585)</u>	<u>\$ (466,793)</u>	<u>\$ -</u>	<u>\$ 25,838,052</u>

Fiduciary fund depreciation expenses for capital assets for the year ended June 30, 2020, are as follows:

<b>Fiduciary Fund Activities:</b>	
Successor Agency	<u>\$ 608,585</u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 7 – Long-Term Liabilities**

**A. Governmental Activities**

Summary of changes in governmental activities long-term debt for the year ended June 30, 2020, are as follows:

	Balance 07/01/2019	Additi ons	Payments/ Reductions	Discounts	Balance 06/30/2020	Short-Term	Long term Portion
<b>Governmental Fund Activities Debt</b>							
<u><b>City Debt</b></u>							
<u><b>Assured Guaranty Settlement</b></u>							
Assured Settlement Obligation	53,477,663	-	(99,423)	-	53,378,240	130,569	53,247,671
Total Settlement Obligation Bonds	53,477,663	-	(99,423)	-	53,378,240	130,569	53,247,671
<u><b>Other Long-Term Obligations</b></u>							
<u><b>CDBG</b></u>							
USD-HUD Housing Note (4)	7,160,000	-	(520,000)	-	6,640,000	525,000	6,115,000
USD-HUD Housing Note (1 replaced with new 1)	505,000	-	(245,000)	-	260,000	260,000	-
USD-HUD Housing Note (2 paid off FY15, replaced with new 3)	1,725,000	-	(835,000)	-	890,000	890,000	-
Subtotal CDBG	9,390,000	-	(1,600,000)	-	7,790,000	1,675,000	6,115,000
<u><b>Capital Lease Obligations</b></u>							
Capital/ Equip (Fire) Tax-Exempt Lease Obligation-2013	599,880	-	(193,504)	-	406,376	199,890	206,486
Total Capital Leases and Loan	599,880	-	(193,504)	-	406,376	199,890	206,486
<u><b>Total</b></u>	63,467,543	-	(1,892,927)	-	61,574,616	2,005,459	59,569,157



**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

**A. Governmental Activities (Continued)**

GASB 88 statement with respect to Governmental debt. GASB 88 requires certain conditions to be disclosed, specifically:

1. Amounts of unused lines of credit
2. Assets pledged as collateral for debt
3. Terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses.

Where appropriate items needing to be disclosed have been included below under each section that they apply.

**Pension Obligation Bonds**

**Taxable Pension Obligation Bonds 2007 Series A and Series B (the “2007 POBs”)**

The 2007 POBs were issued on March 26, 2007, to refinance the obligation of the City to make payments to the California Public Employees Retirement System for retirement benefits accruing to its employees and retirees. The 2007 POBs for Series A were issued in the amount of \$96,985,000. As of June 30, 2020, bonds totaling \$80,325,000 were due in installments of principal ranging from \$2,345,000 on September 1, 2019, to \$8,400,000 on September 1, 2037, with interest rates ranging from 5.365% to 5.455%, and a final maturity date of September 1, 2037. The 2007 POBs for Series B were issued in the amount of \$28,325,000. At June 30, 2020, bonds totaling \$ 26,820,000 are due in installments of principal ranging from \$790,000 on September 1, 2019, to \$2,800,000 on September 1, 2037, with interest rates ranging from 5.675% to 5.795%. The Series A and Series B for the 2007 POBs are insured by Assured Guaranty and do not have a reserve fund. The above liabilities are written down and an alternate liability is being recorded which reflects the payments required by the City under a settlement agreement reached with Assured Guaranty. This background on the original liabilities is shown in this footnote due to the bonds still trading in the secondary markets.

As part of a settlement between the City and Assured Guaranty, that became effective upon implementation of the approved Plan of Adjustment. The City is obligated, under a revised indenture, to pay a new series of payments. That series of payments is made up of Non-Contingent General Fund payments which are made up of three types; Special Fund, Ask, and Supplemental, which have all been determined. Special Fund payments range from \$1,540,593 on July 1, 2019 to \$2,009,482 due on July 1, 2053; Ask Fund payments are due in in installments ranging from \$1,334,875 on June 1, 2019 to \$2,531,250 due on June 1, 2052; and Supplemental Payments are due in installments of \$250,000 from June 1, 2023, to June 1, 2042, and installments of \$350,000 from June 1, 2023, to June 1, 2052. Additionally, there are Contingent General Fund Payments, which are yet to be determined by future revenues of the City’s General Fund. These Contingent Payments extend from June 1, 2020, to June 1, 2053, should General Fund Revenues require them to be made. The payment due June 1, 2020, is currently anticipated to be \$2,015,000.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

**A. Governmental Activities (Continued)**

**Pension Obligation Bonds (Continued)**

**Taxable Pension Obligation Bonds 2007 Series A and Series B (the “2007 POBs”) (Continued)**

Payments made after the original debt service end date of September 1, 2037, will be retained by Assured Guaranty. The obligation of the City to pay these settlement amounts when due is an absolute and unconditional obligation of the City imposed by law and is not limited to any special source of funds. Under the Revised Indenture, the City is obligated to deposit non-contingent settlement payments with the Trustee as detailed above and reflected in the table below.

Under the settlement agreement, payments are to be made from all legally available funds and resources available to the City. Under extraordinary events, the City may notice Assured Guaranty and suspend contingent payments. Should this occur, unpaid amounts accrue interest at the Prime Rate plus 3% and must be paid no later than ten years after the suspension date. Additionally, any delinquent payments due under the agreement shall also accrue interest at the prime rate plus 3%.

Debt Service on the original bonds expires in Sept 2037, and payments under the settlement agreement extend to July 2053. If contingent payment streams drastically exceed expectations, it is possible that scheduled payments could reach a point of paying back funds forwarded and accrued interest associated with these funds. Should this occur, it is possible that payments could cease before July 2053.

The City settlement with Assured Guaranty was confirmed as part of the City’s Approved Bankruptcy Plan of Adjustment. The plan for the adjustment of the City’s debts provides for material modifications of the City’s obligations on the 2007 POBs and results in a schedule of payments reflected in the following table.

The City pledged all available sources available to the City, up to and including the General Fund as collateral for the Bonds. Should default in prompt payment or in other obligations under the settlement agreement with Assured Guaranty occur and remain unresolved, under section 5.02 of the Reimbursement Agreement, non-contingent payment streams accelerate and are immediately due and payable. Assured Guaranty is allowed to exercise all rights and remedies legally available (without limitation) to enforce payment of Contingent General Fund Payments due in each year as they become required.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 7 – Long-Term Debt (Continued)**

**A. Governmental Activities (Continued)**

**Pension Obligation Bonds (Continued)**

**Annual Debt Service Requirements to Maturity**

Year June 30,	Special Fund Payments		2007 Lease Ask Payments		Supplemental Payments	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	130,569	1,435,686	-	1,334,875	-	-
2022	164,013	1,428,483	-	1,334,875	-	-
2023	198,847	1,419,436	-	2,529,750	-	250,000
2024	237,557	1,408,468	-	2,529,125	-	250,000
2025-2029	1,017,294	6,843,825	-	12,648,376	-	1,250,000
2030-2034	1,400,349	6,561,968	-	12,652,439	-	1,250,000
2035-2039	2,730,029	6,064,237	497,220	10,957,578	-	1,250,000
2040-2044	5,013,786	5,033,624	6,660,087	5,621,604	401,899	1,048,101
2045-2049	6,557,796	3,489,614	8,711,902	3,457,173	1,271,683	478,317
2050-2053	8,577,290	1,470,120	8,863,925	766,140	943,995	106,005
Total	<u>\$ 26,027,529</u>	<u>\$ 35,155,462</u>	<u>\$ 24,733,134</u>	<u>\$ 53,831,936</u>	<u>\$ 2,617,577</u>	<u>\$ 5,882,423</u>

The amounts in the annual debt service requirements to maturity schedule are the scheduled debt service under the bond indentures and settlement agreements.

**Other Long-term Obligations**

**Notes Payable**

The City entered into four Section 108 loan guarantee agreements with the U.S. Department of Housing and Urban Development to complete redevelopment projects. The first loan was paid off on August 1, 2014 and as of June 30, 2020, the second loan totaling \$505,000 has notes due in installments ranging from \$ 245,000 to \$260,000 that are to be paid August 1, 2019, through August 1, 2020, with interest rates ranging from 1.88% to 1.98%; the third loan with payments totaling \$1,725,000 has notes due in installments ranging from \$835,000 to \$890,000 that are due to be paid from August 1, 2019, through August 1, 2020, with interest rates ranging from 1.88% to 1.98%. The fourth loan with payments totaling \$7,160,000 was repriced by HUD through their issuance of Series 2019A notes in March of 2019. This loan has the same installment payments due in installments ranging from \$520,000 to \$1,920,000 and are to be paid through August 1, 2024, with reduced interest rates ranging from 2.54% to 2.668%. Repayment of the loans is made from program income received under the City's housing loans program.

The City pledged its federal funds under the HUD program available to the City as collateral for the Bonds. Should default in prompt payment with respect to the payment under these loans occur, future payments to the City under the HUD program would be held back and used as payment for these loans.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

**A. Governmental Activities (Continued)**

**Annual Debt Service Requirements to Maturity**

Year Ending June 30,	Notes Payable U.S. Dept. of Housing & Urban Development	
	Principal	Interest
2021	1,675,000	176,338
2022	1,750,000	135,771
2023	1,830,000	89,979
2024	1,920,000	41,541
2025-2029	615,000	8,204
Total	<u>\$ 7,790,000</u>	<u>\$ 451,833</u>

**Capital Lease Obligations**

**Fire Pumper Trucks**

On January 24, 2012, Resolution 2012-01-24-1504 approved the execution of a tax-exempt lease through OshKosh Capital in the amount of \$1,795,506 to purchase 4 Pierce Fire Pumper Trucks. Modifications to the contract increased the lease amount to \$1,871,404. The tax-exempt lease has annual lease payments due on September 15, through September 15, 2021, with an interest rate of 3.300%.

The four Pierce pumper trucks purchased through the Oshkosh Financing in this 2012 issuance are pledged in the borrowing and should default in payment occur, or appropriation fail to be made for annual lease payments, the fire trucks may be repossessed. The City agrees to keep the vehicles purchased under this financing free of liens and encumbrances, and to keep the vehicles insured up to the remaining termination value of the lease.

The assets acquired through the capital lease are as follows:

Machinery and Equipment	\$ 1,871,404
Less: Accumulated depreciation	<u>(914,908)</u>
Total	<u>\$ 956,496</u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 7 – Long-Term Debt (Continued)**

**A. Governmental Activities (Continued)**

The lease qualifies as a capital lease for accounting purposes and have been recorded at the present value of the future minimum lease payments. As of June 30, 2020, the future minimum lease obligations and the net present value of this minimum lease payments are as follows:

Year Ending June 30,	Capital Lease #2	
	Principal	Interest
2021	199,890	13,410
2022	206,486	6,814
Total	<u>\$ 406,376</u>	<u>\$ 20,224</u>

**B. Business-Type Activities**

Summary of changes in business-type activities long-term debt for the year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Payments/Re ductions	Amort/Prem /Disc/Defer	Balance June 30, 2020	Short-Term	Long-Term
<b><u>Water Utility Obligations</u></b>							
2010A Water System Demand Revenue Bonds (2013 Conversion)	53,410,000	-	(53,410,000)	-	-	-	-
Premium (From 2013 Conversion)	2,652,381	-	-	(2,652,381)	-	-	-
2018A Water System Demand Revenue Bonds	145,220,000	-	(4,835,000)	-	140,385,000	5,090,000	135,295,000
Premium	14,761,553	-	-	(810,073)	13,951,480	810,073	13,141,407
2019A Water System Demand Taxable Revenue Bonds (Refund 2010)	-	54,785,000	-	-	54,785,000	540,000	54,245,000
No Premium	-	-	-	-	-	-	-
<b>Total Water Utility</b>	<u>216,043,934</u>	<u>54,785,000</u>	<u>(58,245,000)</u>	<u>(3,462,454)</u>	<u>209,121,480</u>	<u>6,440,073</u>	<u>202,681,407</u>
<b><u>Wastewater Utility Obligations</u></b>							
2014 Wastewater Refunding Revenue Bonds	55,740,000	-	(3,795,000)	-	51,945,000	3,995,000	47,950,000
Premium (on 2014 refunding)	7,423,806	-	-	(729,980)	6,693,826	729,981	5,963,844
2019 Bond Anticipation Note (Interest only until 6/1/2022)	-	118,510,000	-	-	118,510,000	-	118,510,000
<b>Total Wastewater Utility</b>	<u>63,163,806</u>	<u>118,510,000</u>	<u>(3,795,000)</u>	<u>(729,980)</u>	<u>177,148,826</u>	<u>4,724,981</u>	<u>172,423,844</u>
<b><u>Central Parking District</u></b>							
New Parking Bond Obligation adjusted to accreted amount	24,668,908	-	(24,668,908)	-	-	-	-
2020 Parking Lease Revenue Bonds (no Principal until 3/1/2022)	-	24,355,000	-	-	24,355,000	-	24,355,000
Premium	-	5,662,169	-	(69,903)	5,592,266	209,710	5,382,556
<b>Total - Central Parking Debt</b>	<u>24,668,908</u>	<u>30,017,169</u>	<u>(24,668,908)</u>	<u>(69,903)</u>	<u>29,947,266</u>	<u>209,710</u>	<u>29,737,556</u>
<b><u>Marina Operation</u></b>							
CDBW Harbor Facility Construction and Planning Loans	10,870,821	-	-	-	10,870,821	-	10,870,821
(No Premium, Discount, or Deferred)	-	-	-	-	-	-	-
<b>Total - Marina Debt</b>	<u>10,870,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,870,821</u>	<u>-</u>	<u>10,870,821</u>
<b>Total - Enterprise Fund Activities Debt</b>	<u>314,747,470</u>	<u>203,312,169</u>	<u>(86,708,908)</u>	<u>(4,262,337)</u>	<u>427,088,393</u>	<u>11,374,764</u>	<u>415,713,628</u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

***B. Business-Type Activities (Continued)***

**Water Utility**

Stockton Public Financing Authority Revenue Refunding Bonds Series 2018A

The 2018 Water Revenue Bonds, Series A were issued in the amount of \$145,220,000 by the SPFA on November 20, 2018. The SPFA issued the Bonds to refinance three series of bonds issued in 2002, 2005, and 2009, that finance multiple projects, including the majority of the financing for the Delta Water Supply Project. As of June 30, 2020, \$140,385,000 of 2018A Bonds remain outstanding with installments of principal ranging from \$4,835,000 to \$12,195,000 beginning October 1, 2019, through October 1, 2037, with interest rates ranging from 4.0% to 5.0%.

The repayment of the 2018A Bonds is from a pledge of available revenues of the fund. Available funds are those remaining after payment on the 2010A Bonds (listed above), which are issued on a senior lien to the 2018A bonds. The principal amount due is reported net of the unamortized premium of \$ 13,141,408 and unamortized loss on refunding of \$6,657,802

Stockton Public Financing Authority Water Revenue Refunding Bonds Series 2019A (Federally Taxable)(Green Bonds)

The 2019 Water Revenue Bonds, Series A were issued in the amount of \$54,785,000 by the SPFA on November 19, 2019. The SPFA issued the Bonds to refinance bonds issued in 2010 that financed the final portion of the Delta Water Supply Project. As of June 30, 2020, \$54,785,000 of 2019A Bonds remain outstanding with installments of principal ranging from \$540,000 to \$15,365,000 beginning October 1, 2020, through October 1, 2040, with interest rates ranging from 1.942% to 3.61%.

The repayment of the 2019A Bonds is from a pledge of net revenues of the fund and are issued on parity with the series 2018A water bonds. The bonds were issued without premium or discount and are reported net of an unamortized loss on refunding of \$6,779,956.

**Pledge Revenues**

The City has pledged future net system revenues from the Water Fund for the repayment of all of the Revenue Bonds of the Water Fund. For the year ended June 30, 2020, total principal and interest paid was \$14,254,313 and net revenues were \$34,742,000 after netted with Build America Bonds Subsidy on the 2009B bonds. Rate stabilization Funds balances at the end of FY 2019/20 stand at \$2,909,387. The total principal and interest remaining to be paid on the Water Utility Revenue Bonds are \$298,719,279.

Events of default with finance related consequences and subjective acceleration are included in section 7.XX of the indentures for both of the bonds listed above. These acceleration clauses only occur upon continued default in payment of performance of covenanted actions and receipt of a written request of not less than a majority of the bondholders, after which the Trustee would pull from funds on hand under the separate section of the agreement, and then upon court order from net revenues of the system held by the City.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

***B. Business-Type Activities (Continued)***

The bonds and notes of the Water Utility are secured by and payable from certain revenues of the City's water enterprise fund (the "Water Fund"), amounts that are derived from "property related fees" collected by the City for water service. Application of amounts in the Water Fund is governed by the requirements of Article XIID, Section 6 of the California Constitution, which provides that the Water Fund may only be used for the water enterprise and may not be used for general governmental purposes. The City is in compliance with its covenants in connection with its obligations, including covenants on the current rates and charges, and the Water Fund has revenues sufficient to meet the operation and maintenance costs of the water enterprise, scheduled debt service and required debt service coverage. The City's Approved Bankruptcy Plan of Adjustment did not directly impact repayment of the bonds.

Debt Covenants

The Revenue Bonds all require the maintenance of a financial covenant of minimum debt service coverage (DSC) ratio. The minimum DSC ratio for the senior bonds is 115% of net system revenues, which are pledged for repayment of senior revenue bonds. The minimum DSC ratio for subordinate bonds is 115% of net system revenues after the payment of senior bonds. The DSC ratio is the measure of the Water Fund's ability to have sufficient resources to pay its debt service. The Water Fund has met its DSC for the fiscal year ended June 30, 2020, at each measurement, first on senior lien bond, and then on subordinate lien bonds.

Stockton Public Financing Authority

Wastewater Revenue Refunding Bonds, Series 2014 (1998 Wastewater Project and 2003 Wastewater Project) were issued in an amount of \$69,440,000 by the SPFA on November 24, 2014. As of June 30, 2020, bonds totaling \$58,638,826 are due in annual installments of principal ranging from \$3,795,000 to \$6,530,000 beginning September 1, 2019, through September 1, 2029, with interest rates of 5.00% on the bonds outstanding. The Bonds were issued to advance refund the 1998 and 2003 certificates of participation. Repayment of the Bonds is a pledge of net revenues of the Wastewater Fund. With the implementation of Government Accounting Standard Board ("GASB") Statement No. 65, the balance of the loss on refunding is reported as a deferred outflow of resources and at June 30, 2020, there is \$1,564,227 outstanding. The principal amount due is reported net of the unamortized premium of \$6,693,826.

Stockton Public Financing Authority Wastewater Bond Anticipation Notes, Series 2019

Wastewater Bond Anticipation Notes, Series 2019 were issued in an amount of \$118,510,000 by the SPFA on October 22, 2019. As of June 30, 2020, notes totaling \$118,510,000 are due to be repaid June 1, 2022, are outstanding at a rate of 1.40%, and are callable as of June 1, 2021 should future financings provide cheaper financing. The Bonds were issued to Provide initial funding to commence with the Regional Wastewater Control Facility upgrades, which are necessary to maintain compliance with state and federal standards. Repayment of the Notes is from a pledge of net revenues of the Wastewater Fund and the notes are issued on parity with the Series 2014A bonds. The Notes were issued without premium or discount.

Pledge Revenues

The City has pledged future net revenues from the Wastewater Fund for the repayment of the COPs and Bonds. For the year ended June 30, 2020, the City paid total principal and interest of \$7,496,435 and had net revenues of \$34,358,000. On June 30, 2020, the total principal and interest remaining to be paid on the Wastewater Bonds are \$187,951,155.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

***C. Business-Type Activities (Continued)***

**Water Utility (Continued)**

The bonds of the Wastewater Utility are secured by and payable from certain revenues of the City's wastewater enterprise fund (the "Wastewater Fund"), amounts that are derived from "property related fees" collected by the City for wastewater service. Application of amounts in the enterprise fund is governed by the requirements of Article XIID, Section 6 of the California Constitution, which provides that the enterprise fund may only be used for the wastewater enterprise and may not be used for general governmental purposes. The City is in compliance with its covenants in connection with its obligations, including covenants on the current rates and charges, and the wastewater Fund has revenues sufficient to meet the operation and maintenance costs of the wastewater utility, scheduled debt service and required debt service coverage. The City's Approved Bankruptcy Plan of Adjustment does not impact repayment of the bonds.

Events of default with finance related consequences are included in section 7.XX of the indentures for the bond listed below. In no event are the 2014 bonds subject to acceleration if an event of default occurs and is not resolved. In the event of unresolved payment default, the Trustee would pull from funds on hand under the separate section of the agreement, and then upon court order from net revenues of the system held by the City.

**Debt Covenants**

The Bonds require the maintenance of a financial covenant of minimum debt service coverage (DSC) ratio. The minimum DSC ratio for Bonds is 115% of Adjusted Net System Revenues which are pledged toward repayment of all bonds. The DSC ratio is the measure of the Wastewater Fund's ability to have sufficient resources to pay its debt service. The Wastewater Fund has met its DSC for the fiscal year ended June 30, 2020, at each measurement period.



**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

***B. Business-Type Activities (Continued)***

**Parking Authority**

**Lease Revenue Bonds, Series 2004 (“2004 Parking Bonds”)**

The 2004 Parking Bonds were issued in the amount of \$32,785,000 by the SPFA on June 25, 2004. As of June 30, 2020, the 2004 Parking Bonds totaling \$27,855,000 are due in annual installments of principal ranging from \$825,000 on September 1, 2019 to \$2,950,000 on September 1, 2034, with interest rates ranging from 4.75% to 5.25%, and a final maturity date of September 1, 2034. The 2004 Parking Bonds were issued to finance the construction of the Stockton Events Center Parking Structure, the Edward S. Coy Parking Garage, and other parking facilities within the Parking Authority. The above bonds, held by investors, while still outstanding, has been replaced by an alternate liability of the Parking Authority (“Authority”), which at June 30, 2020, has totaled \$24,668,908, and was due in installments ranging from \$301,540 to be paid in FY 2020 and \$1,795,823 to be paid in FY 2047. These principal installments reflect the payments required by the Authority under a settlement agreement reached with the Insurer of the Bonds, National Public Finance Guaranty (“NPFGB”). Additional explanation on the liability and how it is reflected is shown below.

The 2004 Parking Bonds are special limited obligations of the SPFA payable from and secured by revenues, consisting primarily of lease payments to be made by the City, as lessee, to the SPFA, as lessor, under a Lease Agreement dated June 1, 2004. The lease payments are made in exchange for the right to use and occupy the property consisting of the property constructed with bond proceeds and an existing parking facility of the City, and the sites on which such parking facilities are located.

On December 17, 2013, the City, by Council action established the Parking Authority of the City of Stockton (“Authority”), a new component unit of the City, to operate the parking facilities of the City as described in the settlement with NPFGB. Under the terms of the agreement, the City was required to transfer the parking properties (including those built with the original bond proceeds) over to the Authority, who in turn assumed the revised lease of the assets from the City, who had leased them from the SPFA under the original agreement.

Under the Revised Lease, the Authority is obligated to deposit with the Trustee the payment of debt service under the settlement on February 25 and August 25 each year, commencing with 2015 and the pledge to make payments from any available source is no longer in place, but rather is limited to the Authority. In March of 2012, the City defaulted on the 2004 Parking Bond Lease payments and under this new payment structure has an altered obligation, reported in tables elsewhere in this footnote.

The Authority also maintains surface parking and parking meters throughout the District and levies a special tax on properties within the District under the Mello-Roos Community Facilities District Act of 1982. Under the existing documents, the special tax is not pledged as security for the 2004 Parking Bonds, or on the settlement payments.

Gross revenues of the district are pledged toward settlement payments with the bond insurer for the 2004 bonds. There is a covenant to set rates such that they will provide net coverage for Operation and Maintenance (including the settlement payments) of 1.0 coverage. Events of default with finance related consequences and subjective acceleration are included in section 9.XX of the Installment Sale Agreement entered into upon exit from bankruptcy. Defaulted payment are immediately due with 5% interest on the defaulted payment, and includes payment of any legal fees required to compel payment, but are only payable from revenues of the Parking Authority, and involve no other funds of the City.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

***B. Business-Type Activities (Continued)***

The principal and interest amounts reported below are based on total settlement payments discounted at the average rate of payment required on the remaining bonds when they were written off. Which is in compliance with Governmental Accounting Standards Board Statement 58 (GASB 58) which is the authoritative literature for government bankruptcy implementation. As part of a settlement between the City and NPMFG, that became effective upon implementation of the Approved Bankruptcy Plan of Adjustment, the City is obligated under a revised indenture to pay a new series of payments, which are due February 25 and August 25 of each year, commencing with 2015 and the pledge to make payments from any available source is no longer in place, but rather is limited to gross Authority revenues. That series of payments extends to February 25, 2047. The difference between these payments and the original debt service scheduled on these bonds is to be made up by NPMFG. Payments which extend beyond the original debt service end date of September 1, 2034, will be retained by NPMFG.

**Downtown Marina**

**Construction and Planning Loans**

On March 17, 1997, the City entered into an agreement with the California Department of Boating and Waterways (“DBAW”) for a planning loan to provide funding for a feasibility study regarding the potential construction of waterfront improvements. That feasibility study was approved on May 16, 2000, and the City entered into an agreement with DBAW for the construction loan to develop a small craft harbor facility on August 9, 2004. Engineering work began in the fiscal year 2006. Construction of the facility started during the fiscal year ended June 30, 2009, and the project was completed in 2011. The principal remaining to be paid on both the planning and construction loans as of June 30, 2020, is \$10,870,822.

The construction note was scheduled to be repaid under a 30-year repayment schedule at 4.5% interest beginning in August 2011. Repayment of the Note is secured by a pledge of the gross revenues of the Downtown Marina, which have been insufficient to pay the full debt service. The loan provides that, subject to the requirements of Article XVI, Section 18 of the California Constitution (the “Debt Limit”), the City will make up any shortfall in debt service after application of Marina revenues. The Marina does not currently generate sufficient annual revenues to cover operational costs (net of debt service), and the City continues to provide an annual subsidy to the operator to cover this shortfall.

Under a settlement agreement with the Department of Boating and Waterways (DBAW), net revenues of the marina are pledged toward reducing the liability. The marina operates on a subsidy from the City and, absent that subsidy, is anticipated to operate at a loss for the foreseeable future. It is anticipated that settlement payments with the bond insurer for the 2004 bonds. There is a covenant to set rates such that they will provide net coverage for Operation and Maintenance (including the settlement payments) of 1.0 coverage. There are no events of default with finance related consequences and subjective acceleration clauses do not exist with respect to these frozen obligations.

The City’s settlement with DBAW as to the treatment of this obligation was confirmed as Part of the City’s Approved Bankruptcy Plan of Adjustment. The terms of the settlement call for the outstanding principal to be paid from net operating revenues of the Marina operation, with no interest accruing on the unpaid portion. The settlement removes the General Fund backing and a reserve fund balance formerly in place in the General Fund has been removed. With operations continuing to receive an annual subsidy, it is unknown when any principal reduction payment will occur.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 7 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

**Annual Debt Service Requirements to Maturity**

Year Ending June 30,	Water Utility		Wastewater Utility		Central Parking District	
	Revenue Bonds		Revenue Bonds		Settlement Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	5,630,000	8,655,486	3,995,000	4,156,515	-	1,193,770
2022	5,910,000	8,383,287	122,705,000	3,951,765	245,000	1,174,200
2023	6,205,000	8,096,450	4,410,000	2,077,500	360,000	1,161,950
2024	6,220,000	7,801,588	4,635,000	1,851,375	545,000	1,143,950
2025-2029	36,160,000	34,117,957	28,180,000	5,295,750	3,155,000	5,283,500
2030-2034	46,405,000	24,210,784	6,530,000	163,250	4,030,000	4,411,250
2035-2039	63,160,000	11,458,661	-	-	5,105,000	3,330,400
2040-2044	25,480,000	825,066	-	-	6,325,000	2,114,200
2045-2048	-	-	-	-	4,590,000	466,500
Total	<u>\$ 195,170,000</u>	<u>\$ 103,549,279</u>	<u>\$ 170,455,000</u>	<u>\$ 17,496,155</u>	<u>\$ 24,355,000</u>	<u>\$ 20,279,720</u>

**C. Fiduciary Fund Activities**

Summary of changes in fiduciary fund long-term liabilities for the year ended June 30, 2020, are as follows:

<u>Successor Agency to RDA of Stockton</u>	Balance			Balance		
	July 1, 2019	Additions	Reductions	June 30, 2020	Current	Non-Current
Revenue Bonds						
2016 Series A Successor Agency Tax Allocation Bonds	\$ 73,310,000	\$ -	\$ -	\$ 73,310,000	\$ -	\$ 73,310,000
Premium	8,538,092	-	(562,951)	7,975,141	562,951	7,412,190
2016 Series B Successor Agency Tax Allocation Bonds (Taxable)	22,250,000	-	(3,625,000)	18,625,000	3,685,000	14,940,000
Discount	(167,381)	-	32,394	(134,987)	(32,396)	(102,591)
<b>Total RDA Liabilities</b>	<u>\$ 103,930,711</u>	<u>\$ -</u>	<u>\$ (4,155,557)</u>	<u>\$ 99,775,154</u>	<u>\$ 4,215,555</u>	<u>\$ 95,559,599</u>

The fiduciary fund has a special item recorded for the transfer of proceeds of \$10,236,779 to the City to refund the 2003 Series A & B.

**Successor Redevelopment Agency**

**GASB 88 statement**

There are no unused credit lines for any Successor Agency debt. A pledge of Tax revenues received by the Successor Agency as described below is the only source of payment pledged on these bonds and no real property is pledged as collateral. Section 10.XX of the indenture lists events of default that if uncured, may, with consent of 25% of the registered owners, result in acceleration of the bonds. Should this occur, funds held by the trustee will be immediately used to satisfy any defaulted payment. Subsequently, the bond insurer would be required to satisfy bondholders as payments become due. Upon court order, Tax Revenues received by the Agency would be transmitted to the Trustee, or Insurer to satisfy reimbursement. The bond insurer, at its option may satisfy the accelerated payments and seek reimbursement from Tax Revenues received by the Agency.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

***C. Fiduciary Fund Activities (Continued)***

2016 Tax Allocation Refunding Bonds, Series A and B (Federally Taxable)

The Successor Agency issued the 2016 Tax Allocation Bonds, Series A in the amount of \$73,310,000 on November 3, 2016 to provide funds to refinance bonds issued in 2004 to finance a portion of the downtown Arena, and 2006 Series A bonds used to finance redevelopment projects in the North, South, and Midtown projects areas of the former Redevelopment Agency.

As of June 30, 2020, the 2016 Series A Bonds totaling \$73,310,000 are due in annual installments of principal ranging from \$610,000 on September 1, 2024 to \$7,195,000 on September 1, 2037, with final payment on September 1, 2037, with interest rates ranging from 3.25% to 5.00%. The principal amount due is reported net of the unamortized premium of \$8,538,092.

The 2016 Tax Allocation Bonds, Series B (Federally Taxable) were issued in the amount of \$30,010,000 on November 3, 2016 to provide funds to refinance Certificates of Participation issued in 2003 to finance the construction of capital improvements to provide redevelopment housing in the City of Stockton, and R2006 Series C Bonds issued to finance certain low, and moderate income housing projects throughout the City of Stockton.

As of June 30, 2020, the 2016 Series B Bonds totaling \$22,250,000 are due in annual installments of principal ranging from \$3,415,000 to \$3,925,000 due in annual installments through on September 1, 2037, with interest rates ranging from 1.625% to 2.75%. The principal amount due is reported net of the unamortized discount of \$167,381.

The 2016 Series A and B bonds are limited obligations of the Successor Agency secured by a first charge and lien on, and a security interest in Tax Revenues received by the Successor Agency pursuant to the laws of the State of California related to Redevelopment Property Tax Trust Fund (“RPTTF”) and the revenues of the former Redevelopment Agency under California Health and Safety Code Sections 34183 and 34170.5(b), whereby the County Auditor-Controller is obligated to deposit the Tax Revenues into the RPTTF.

A pledge of tax revenues received by the Successor Agency as described below is the only source of payment pledged on these bonds and no real property is pledged as collateral. Section 10.XX of the indenture lists events of default that if uncured, may, with consent of 25% of the registered owners, result in acceleration of the bonds. Should this occur, funds held by the trustee will be immediately used to satisfy any defaulted payment. Subsequently, the bond insurer would be required to satisfy bondholders as payments become due. Upon court order, Tax Revenues received by the Agency would be transmitted to the Trustee, or Insurer to satisfy reimbursement. The bond insurer, at its option may satisfy the accelerated payments and seek reimbursement from Tax Revenues received by the Agency.

**Annual Debt Service Requirements to Maturity**

Land Secured Debt Financing (No City Commitment) – The City has authorized the formation of community facilities districts (CFDs) and assessment districts (called local improvement districts) or LIDs and the issuance of bonds under various public improvement acts of the State of California to finance eligible public facilities necessary to serve developing commercial, industrial, residential and/or mixed-use developments. The bonds are secured by annual special tax levies or liens placed on the property within the districts.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

**C. Fiduciary Fund Activities (Continued)**

The City is not liable for repayment and is only responsible for collecting the special taxes or assessments, making payment from the special taxes or assessments to bondholders, and initiating foreclosure proceedings when necessary. These bonds are payable solely from special taxes or assessments, specific reserves, and the proceeds from property foreclosures. Accordingly, the bonds are not reported as liabilities in the City's basic financial statements. As of June 30, 2020, there was one CFD special tax bond and six revenue bonds outstanding with aggregate principal amounts payable of \$ 3,470,000 and \$ 62,675,000, respectively.

<b>Year Ending June 30,</b>	<b>2016 Series A Successor Agency Tax Allocation Bonds</b>		<b>2016 Series B Successor Agency Tax Allocation Bonds (Taxable)</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2021	-	3,373,800	3,685,000	399,988
2022	-	3,373,800	3,760,000	323,188
2023	-	3,373,800	3,840,000	237,638
2024	-	3,373,800	3,925,000	142,974
2025-2029	18,500,000	14,997,250	3,415,000	46,955
2030-2034	27,760,000	9,072,800	-	-
2035-2039	27,050,000	2,336,125	-	-
Total	<u>\$ 73,310,000</u>	<u>\$ 39,901,375</u>	<u>\$ 18,625,000</u>	<u>\$ 1,150,743</u>

**D. Debt Without City Commitment**

Please refer to Subsequent Events Note 17 for information regarding the issuance of additional Debt without City Commitment that occurred in in July and August 2019.

Conduit Debt (No City Commitment) – As of June 30, 2020, there is no longer any conduit debt outstanding that was issued with the City as the conduit issuer.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Accrued Compensated Absences**

The value of all accumulated vacation and longevity vacation allowance is accrued, as appropriate, for all funds. Earned but unused sick is not accrued starting with negotiated bargaining unit contracts that began in the fiscal year 2012-13 and continued through June 30, 2020. The bargaining unit contracts state that all sick time accrual has no cash value upon separation from the City.

The compensated absence accrual is presented in the Government-Wide and Business Type proprietary fund financial statements. The changes in compensated absences of governmental and business-type activities are as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Beginning July 1, 2019	\$ 10,886,764	\$ 1,096,047	\$ 11,982,811
Additions	9,798,468	1,359,795	11,158,263
Payments	(9,895,697)	(1,284,799)	(11,180,496)
Balance June 30, 2020	<u>\$ 10,789,535</u>	<u>\$ 1,171,043</u>	<u>\$ 11,960,578</u>
Current Portion	<u>\$ 6,377,960</u>	<u>\$ 871,546</u>	<u>\$ 7,249,506</u>
Non-Current Portion	<u>\$ 4,411,575</u>	<u>\$ 299,497</u>	<u>\$ 4,711,072</u>

**Note 9 – Unamortized Loss on Refunding**

Summary of changes in unamortized loss on refundings for the year ended June 30, 2020

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>
<b>Municipal Utility Enterprise Debt Obligations</b>				
2018 Water Refunding	7,044,378	-	(386,576)	6,657,802
2019 Water Refunding		6,947,363	(167,406)	6,779,956
2014 Wastewater Refunding Revenue Bonds	1,734,810	-	(170,583)	1,564,227
<b>Subtotal - Municipal Utility Enterprise Debt</b>	8,779,189	6,947,363	(724,566)	15,001,985
<b>Parking Authority</b>				
2020 Parking Revenue Bonds	-	467,655	(5,774)	461,881
<b>Total Deferred Amount on Refunding</b>	<u>\$ 8,779,189</u>	<u>\$ 7,415,017</u>	<u>\$ (730,339)</u>	<u>\$ 15,463,866</u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 10 – Fund Balances**

A summary of the City's fund balance classification as nonspendable, restricted, committed, assigned and unassigned reported in the City's Governmental Funds balance sheet at June 30, 2020, are as follows:

	General Fund	HOME Program Loans	Low-Moderate Income Housing City Loans	Capital Improvement	Other Governmental	Total Governmental Funds
<b>Fund balances:</b>						
Nonspendable:						
Inventories	\$ 475,757	\$ -	\$ -	\$ -	\$ -	\$ 475,757
Prepaid expense	727,447	-	-	-	-	727,447
Advance deposits	609,945	-	-	-	-	609,945
Other nonspendable asset	3,983,212	-	-	-	356,134	4,339,346
Total Nonspendable	<u>5,796,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,134</u>	<u>6,152,495</u>
Restricted for:						
DS/SC Invest-DBAW	-	-	-	-	-	-
Section 108 Loan	1,277,452	-	-	-	-	1,277,452
Community development	-	-	-	-	35,686,711	35,686,711
Debt service reserve	-	-	-	-	2,044,784	2,044,784
General government	-	-	-	-	2,315,971	2,315,971
Housing	-	1	3,836,997	-	3,944,465	7,781,463
Libraries and arts	2,721,026	-	-	-	9,547,474	12,268,500
Parks and recreation	-	-	-	-	28,998,177	28,998,177
Public safety	-	-	-	-	8,854,752	8,854,752
Public service	-	-	-	-	-	-
Redevelopment	-	-	-	-	2,800,367	2,800,367
Solid waste/recycling	-	-	-	-	68,118,498	91,728,328
Streets, transit & traffic	-	-	-	23,609,830	-	-
Encumbrances	-	-	-	-	-	-
Total Restricted	<u>3,998,478</u>	<u>1</u>	<u>3,836,997</u>	<u>23,609,830</u>	<u>162,311,199</u>	<u>193,756,505</u>
Committed for:						
General government	-	-	-	-	-	-
Bankruptcy	-	-	-	-	-	-
General government operations	59,713,940	-	-	-	-	59,713,940
Total Committed	<u>59,713,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,713,940</u>
Assigned for:						
General government	-	-	-	-	-	-
General government operations	4,017,113	-	-	-	-	4,017,113
Total Assigned	<u>4,017,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,017,113</u>
Unassigned:	<u>41,085,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,085,413</u>
<b>Total Fund Balances</b>	<u><u>\$ 114,611,305</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 3,836,997</u></u>	<u><u>\$ 23,609,830</u></u>	<u><u>\$ 162,667,333</u></u>	<u><u>\$ 304,725,466</u></u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 11 – Retirement Plans:**

The City contributes to three pension plans: The Safety Plan of the City of Stockton; the Miscellaneous Plan of the City of Stockton, which are both part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS); and the City of Stockton Retirement Enhancement Plan, a customized supplemental retirement plan administered by Public Agency Retirement Services (PARS) for municipal utilities employees, who worked under a private contract between 2003 and 2008.

**Summary:**

	<b>Governmental</b>	<b>Business Type</b>	
	<b>Activites</b>	<b>Activities</b>	<b>Total</b>
<b>Deferred Outflows of Resources:</b>			
<b>CalPERS:</b>			
<b>Safety</b>			
Contributions made after measurement date	\$ 33,597,449	\$ -	\$ 33,597,449
Change in assumptions	15,961,906	-	15,961,906
Differences between expected and actual experience	15,759,542	-	15,759,542
Difference between projected and actual investment earnings	-	-	-
	<u>65,318,897</u>	<u>-</u>	<u>65,318,897</u>
<b>Miscellaneous</b>			
Contributions made after measurement date	17,463,415	1,748,262	19,211,677
Change in assumptions	-	-	-
Differences between expected and actual experience	2,001,403	200,361	2,201,764
Difference between projected and actual investment earnings	-	-	-
	<u>19,464,818</u>	<u>1,948,623</u>	<u>21,413,441</u>
<b>PARS</b>			
Change in assumptions	-	352,932	352,932
Difference between projected and actual investment earnings	-	235,284	235,284
	<u>-</u>	<u>588,216</u>	<u>588,216</u>
<b>Total Pensions related Deferred Outflows of Resources</b>	<u>\$ 84,783,716</u>	<u>\$ 2,536,840</u>	<u>\$ 87,320,556</u>
<b>Net Pension Liability:</b>			
<b>CalPERS:</b>			
Safety	\$ 375,682,066	\$ -	\$ 375,682,066
Miscellaneous	142,637,789	14,279,470	156,917,259
<b>PARS</b>	-	3,429,068	3,429,068
<b>Total Net Pension Liability</b>	<u>\$ 518,319,855</u>	<u>\$ 17,708,538</u>	<u>\$ 536,028,393</u>
<b>Deferred Inflows of Resources:</b>			
<b>CalPERS:</b>			
<b>Safety</b>			
Change in assumptions	\$ 2,017,804	\$ -	\$ 2,017,804
Differences between expected and actual experience	2,559,191	-	2,559,191
Difference between projected and actual investment earnings	4,170,028	-	4,170,028
	<u>8,747,023</u>	<u>-</u>	<u>8,747,023</u>
<b>Miscellaneous</b>			
Change in assumptions	4,641,786	464,689	5,106,475
Differences between expected and actual experience	2,891,021	289,420	3,180,441
	<u>7,532,807</u>	<u>754,109</u>	<u>8,286,916</u>
<b>PARS</b>			
Differences between expected and actual experience	-	113,412	113,412
	<u>-</u>	<u>113,412</u>	<u>113,412</u>
<b>Total Pension Deferred Inflows of Resources</b>	<u>\$ 16,279,830</u>	<u>\$ 867,521</u>	<u>\$ 17,147,351</u>



**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 11 – Retirement Plans (Continued)**

**A. CalPERS Retirement Plan**

**General Information about Pension Plans**

CalPERS is an agent multiple-employer agency trust, that acts as a common investment and administrative agent for participating public entities in the State of California and provides retirement, disability and death benefits to plan members and beneficiaries. CalPERS benefits are payable monthly for life in an amount equal to a certain percent of the employee's highest annual salary. Benefit provisions and all other requirements are established by contract with CalPERS, State statute, and City ordinance. Copies of the CalPERS comprehensive annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA, 95811.

PARS is an agent multiple-employer agency trust that acts as a common investment and administrative agent for participating public entities in the State of California. Annual financial reports for the Aggregate Plan may be obtained by contacting PARS directly.

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the City of Stockton's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by state statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The Safety Plan is for sworn Police and Fire employees. The contribution requirements of the plan members and the City are established and may be amended by CalPERS.

The Miscellaneous Plan is available to full-time employees not enrolled in the Safety Plan. Part-time employees must meet specific criteria for participation. City employees are eligible for service or normal retirement at age 55 or older with a minimum of five years CalPERS service. The contribution requirements of the plan members and the City are established by CalPERS and may be amended.

**Benefits provided** – CalPERS provides service retirement and disability benefits, the annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits for public safety employees are calculated based on the employee's highest earning year for Classic members or as a percentage of the employee's final 3-year average salary times the employees' years of service for (California Employees' Pension Reform Act of 2013-PEPRA members) Public safety employees with ten years of continuous service are eligible to retire at age 55. Public safety employees may retire at any age after 20 years of service. The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<b>Safety</b>	
Hire Date	Prior to January 1, 2014	After January 1, 2014
Benefit Vesting Schedule	5 years service	5 years service
	Tier II Fire: 3% @ 55 years of age	
Benefit Formula	All Other: 3% @ 50 years of age	2.7% @ 57 years of age
Benefit Payments	monthly for life	monthly for life
Required Employee Contribution Rates	9.00%	12.75%
Required Employer Contribution Rates	59.867%	59.867%

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 11 -Retirement Plans (Continued)**

**A. CalPERS Retirement Plan (Continued)**

**General Information about Pension Plans (Continued)**

	<b>Miscellaneous</b>	
	Prior to January 1, 2014	After January 1, 2014
Hire Date		
Benefit Vesting Schedule	5 years service	5 years service
Benefit Formula	Tier I: 2% @ 55 years of age	
	Tier II: 2% @ 60 years of age	2% @ 62 years of age
Benefit Payments	monthly for life	monthly for life
Required Employee Contribution Rates	7.00%	6.75%
Required Employer Contribution Rates	28.145%	28.145%

**Employees Covered** - At June 30, 2019 the following employees were covered under benefit terms:

	<b><u>Safety Plan</u></b>	<b><u>Miscellaneous Plan</u></b>
Inactive employees or beneficiaries currently receiving benefits	863	1483
Inactive employees entitled to but not yet receiving benefits	195	619
Active employees	626	981
	<u>1684</u>	<u>3083</u>

**Contributions** – The City establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the employee 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, 2020, the Safety Plan employer contribution rate was 59.867% of wages. The Miscellaneous Plan was 28.145% of wages.

**Net Pension Liability**

The City's net pension liability was measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018, applying standard update procedures.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 11 – Retirement Plans (Continued)**

**A. CalPERS Retirement Plan (Continued)**

**Net Pension Liability (Continued)**

**Actuarial assumptions** – The total pension liability on June 30, 2019, the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Safety Plan</u>		<u>Miscellaneous Plan</u>	
Valuation Date	6/30/2018		6/30/2018	
Measurement Date	6/30/2019		6/30/2019	
Actuarial Cost Method	Entry-Age Normal Cost Method			
Actuarial Assumptions:				
Discount Rate	7.15%		7.15%	
Inflation	2.75%		2.75%	
Payroll Growth	3.00%		3.00%	
Projected Salary Increase	Varies	(1)	Varies	(1)
Investment Rate of Return	7.375%	(2)	7.375%	(2)
Mortality	see note	(3)	see note	(3)

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

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

(3) The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using scale BB published by the Society of Actuaries.

**Discount rate** – The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of currently active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 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. CalPERS has approved a change to the discount rate to 7.0% that will be implemented in 2020.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 11 – Retirement Plans (Continued)**

**A. CalPERS Retirement Plan (Continued)**

**Net Pension Liability (Continued)**

The target allocation and best estimates of real arithmetic rates of return for each major asset class are summarized in the following table:

<b>Current Safety/Miscellaneous Plans</b>			
<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1-10(a)</b>	<b>Real Return Years 11+(b)</b>
Global Equity	50.2%	5.25%	5.75%
Global Fixed Income	28.7%	0.99%	2.43%
Inflation Sensitive	0.0%	0.45%	3.36%
Private Equity	7.1%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Liquidity	1.0%	-0.55%	-1.05%
Other	2.0%	4.50%	5.09%
Total	<u>100.00%</u>		

**Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan are as follows:

<b>Safety Plan</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 06/30/2018</b>	\$ 1,106,223,540	\$ 743,989,506	\$ 362,234,034
<b>Changes for the year:</b>			
Service cost	18,340,749	-	18,340,749
Interest on total pension liability	77,850,318	-	77,850,318
Changes of Assumption	-	-	-
Differences between expected and actual experience	2,178,151	-	2,178,151
Net plan to plan resource movement	-		-
Contributions-employer	-	29,781,351	(29,781,351)
Contributions-employee	-	7,139,569	(7,139,569)
Net investment income	-	48,529,461	(48,529,461)
Benefit payments, including refunds of employee	(57,512,870)	(57,512,870)	-
Administrative expense	-	(530,927)	530,927
Other Miscellaneous Income (Expense)	-	1,732	(1,732)
<b>Net Changes</b>	<u>40,856,348</u>	<u>27,408,316</u>	<u>13,448,032</u>
<b>Balances at 06/30/2019</b>	<u>\$ 1,147,079,888</u>	<u>\$ 771,397,822</u>	<u>\$ 375,682,066</u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 11 – Retirement Plans (Continued)**

**A. CalPERS Retirement Plan (Continued)**

**Changes in the Net Pension Liability (Continued)**

<b>Miscellaneous Plan</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 06/30/2018</b>	\$ 720,299,187	\$ 569,332,167	\$ 150,967,020
<b>Changes for the year:</b>			
Service cost	11,446,572	-	11,446,572
Interest on total pension liability	50,718,177	-	50,718,177
Changes of Assumption	-	-	-
Differences between expected and actual experience	2,061,288	-	2,061,288
Net plan to plan resource movement	-	-	-
Contributions-employer	-	17,112,542	(17,112,542)
Contributions-employee	-	4,540,503	(4,540,503)
Net investment income	-	37,027,715	(37,027,715)
Benefit payments, including refunds of employee	(37,477,251)	(37,477,251)	-
Administrative expense	-	(406,288)	406,288
Other Miscellaneous Income (Expense)	-	1,325	(1,325)
<b>Net Changes</b>	<u>26,748,786</u>	<u>20,798,546</u>	<u>5,950,240</u>
<b>Balances at 06/30/2019</b>	<u>\$ 747,047,973</u>	<u>\$ 590,130,713</u>	<u>\$ 156,917,260</u>

**Sensitivity of the net pension liability to changes in the discount rate** – The following presents the net pension liability of the City, calculated using the discount rate of 7.15 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

**Safety Plan**

	<b>1% Decrease Rate (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase Rate (8.15%)</b>
Net pension liability	<u>\$ 532,628,584</u>	<u>\$ 375,682,066</u>	<u>\$ 247,317,150</u>

**Miscellaneous Plan**

	<b>1% Decrease Rate (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase Rate (8.15%)</b>
Net pension liability	<u>\$ 251,818,812</u>	<u>\$ 156,917,260</u>	<u>\$ 78,073,980</u>

**Pension plan fiduciary net position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 11 – Retirement Plans (Continued)**

**A. CalPERS Retirement Plan (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of measurement date June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Safety Plan</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contribution subsequent to measurement date	\$ 33,597,449	\$ -
Changes of assumptions	15,961,906	(2,017,804)
Differences between expected and actual experience	15,759,542	(2,559,191)
Net differences between projected and actual earnings on pension plan investments	-	(4,170,028)
Total	<u>\$ 65,318,897</u>	<u>\$ (8,747,023)</u>

<b>Miscellaneous Plan</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contribution subsequent to measurement date	\$ 19,211,677	\$ -
Changes of assumptions	-	(5,106,475)
Differences between expected and actual experience	2,201,764	-
Net differences between projected and actual earnings on pension plan investments	-	(3,180,441)
Total	<u>\$ 21,413,441</u>	<u>\$ (8,286,916)</u>

The \$33,597,449 and \$19,211,677 reported as deferred outflows of resources related to pension resulting from the City's contributions subsequent to the measurement date during the year ended June 30, 2020, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows, and deferred inflows of resources related to pensions will be recognized in future pension expense.

<b>Safety Plan</b>	
<b>Measurement periods ended June 30:</b>	<b>Deferred Outflows/(inflows) of Resources.</b>
2020	\$ 21,071,196
2021	543,581
2022	436,882
2023	922,766
2024	-
Thereafter	-
	<u>\$ 22,974,425</u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 11 – Retirement Plans (Continued)**

**A. CalPERS Retirement Plan (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

<u>Miscellaneous Plan</u>	
Measurement periods ended June 30:	Deferred Outflows/(inflows) of Resources.
2020	\$ (1,244,363)
2021	(4,553,076)
2022	(900,472)
2023	612,759
2024	-
Thereafter	-
	<u>\$ (6,085,152)</u>

**B. PARS Enhancement Plan**

**General Information about Pension Plans**

**Plan Description** – The PARS Retirement Enhancement Plan, a closed retirement plan, provides retirement benefits for Municipal Utility Department employees for the period they worked for OMI-Thames Water Stockton, Inc. The City entered into an agreement with Public Agency Retirement Services (PARS) (a public sector retirement plan administrator specializing in providing public entities customized retirement plans and solutions) to contribute to a supplemental plan for employees joining or re-joining City service after having been employed between 2003 and 2008 by OMI-Thames, a private sector utility contractor. OMI-Thames employees did not earn CalPERS service credit during the period OMI-Thames operated the City utilities.

**Benefits provided** - Upon retirement, the REP benefits will supplement any CalPERS retirement for which those particular employees are eligible. Eligibility for the REP, a single-employer post-employment defined benefit plan, other than employment with OMI-Thames between 2003 and 2008, is defined as concurrent retirement with CalPERS and the City upon attaining age 55 and a minimum of 5 years of full-time continuous service with the City, with at least 1 year of continuous City service after March 1, 2008.

**Employees covered** - At June 30, 2020, the following employees were covered by the benefit terms:

	<u>PARS Enhancement Plan</u>
Inactive employees or beneficiaries currently receiving benefits	38
Inactive employees entitled to but not yet receiving benefits	0
Active employees	45
	<u>83</u>

**Contributions** – The City establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the employee 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.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 11 – Retirement Plans (Continued)**

**B. PARS Enhancement Plan (Continued)**

**Net Pension Liability**

The City's net pension liability was measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2018, using standard update procedures.

**Actuarial assumptions** – The total pension liability on June 30, 2020, the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PARS Enhancement Plan</u>	
Valuation Date	6/30/2018	
Measurement Date	6/30/2020	
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	6.50%	
Inflation	2.50%	
Payroll Growth	2.75%	
Projected Salary Increase	3.40% - 10.50%	(1)
Investment Rate of Return	6.50%	
Mortality	see note	(2)

(1) Depending on years of service.

(2) Pre-retirement: Consistent with Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans. Post-Retirement: Consistent with Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans.

**Discount rate** – The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of currently active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 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.



**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 11 – Retirement Plans (Continued)**

**B. PARS Enhancement Plan (Continued)**

**Net Pension Liability (Continued)**

The target allocation and best estimates of real arithmetic rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<b>PARS Enhancement Plan</b>		
	<b>New Strategic Allocation</b>	<b>Long-Term Expected Arithmetic Real Rate of Return</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>
Cash	4.67%	-22.00%	-20.00%
Core Fixed Income	47.34%	92.00%	84.00%
Broad US Equities	37.64%	4.82%	3.52%
Developed Foreign Equities	5.97%	6.32%	4.75%
Emerging Market Equities	3.47%	8.35%	5.53%
REITs	0.91%	5.32%	3.62%
Total	100.00%		

**Changes in the Net Pension Liability**

The changes in the Net Pension Liability for the Plan are as follows:

	<b>PARS Enhancement Plan</b>		
	<b>Total Pension Liability</b>	<b>Increase (Decrease) Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 06/30/2019</b>	<b>\$ 11,787,219</b>	<b>\$ 8,213,087</b>	<b>\$ 3,574,132</b>
<b>Changes for the year:</b>			
Service cost	155,670	-	155,670
Interest on total pension liability	759,727	-	759,727
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(517,711)	(517,711)	-
Employer Contributions	-	803,170	(803,170)
Net investment income	-	272,545	(272,545)
Administrative expense	-	(15,254)	15,254
Other changes	-	-	-
<b>Net Changes</b>	<b>397,686</b>	<b>542,750</b>	<b>(145,064)</b>
<b>Balances at 06/30/2020</b>	<b>\$ 12,184,905</b>	<b>\$ 8,755,837</b>	<b>\$ 3,429,068</b>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 11 – Retirement Plans (Continued)**

**B. PARS Enhancement Plan (Continued)**

**Sensitivity of the net pension liability to changes in the discount rate** – The following presents the net pension liability of the City, calculated using the discount rate of 6.50 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

**PARS Enhancement Plan**

	1% Decrease Rate (5.50%)	Current Discount Rate (6.50%)	1% Increase Rate (7.50%)
Net pension liability	\$ 4,923,957	\$ 3,429,068	\$ 2,170,569

**Pension plan fiduciary net position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued REP financial report.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PARS Enhancement Plan</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contribution subsequent to measurement date	\$ -	\$ -
Changes of assumptions	352,932	-
Differences between expected and actual experience	235,284	(113,412)
Net differences between projected and actual earnings on pension plan investments	-	-
Total	\$ 588,216	\$ (113,412)

For the year ended June 30, 2020, \$588,216 was reported as deferred outflows of resources related to earnings and changes of assumptions on pension plan investments, and \$113,412 was reported as deferred inflows related to experience, expected and actual experience and will be recognized in future pension expense as follows:

<b>PARS Enhancement Plan</b>	
<b>Measurement periods ended June 30:</b>	<b>Deferred Outflows/(inflows) of Resources.</b>
2021	\$ 111,740
2022	170,498
2023	138,577
2024	53,989
2025	-
Thereafter	-
	\$ 474,804

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 11 – Retirement Plans (Continued)**

***C. Retirement Benefits Fund (Section 115 Trust)***

The Retirement Fund is used to make contributions to the California Public Employees' Retirement System (CalPERS) for the City's defined benefit programs. Also accounted for in the Retirement Fund are monies in the form of an IRS approved Section 115 Plan set aside to pay for future payment increases announced by CalPERS. At the end of fiscal year 2019-20, the Section 115 Plan has \$45.8 million available to fund the annual liability payments. The Trust is monitored by the Administrative Services and Human Resources Departments.

**Note 12 – Claims Payable**

The City is exposed to various risks of loss related to liability torts; theft of, damage to, and destruction of assets; errors and omissions; health and medical needs of employees; and natural disasters. The City established three internal service insurance funds (General Liability, Workers' Compensation, and Employee Health Insurance funds) to account for and finance its self-insured risks of loss. Under the City's risk management program, the City retains risk for each general liability claim, for each workers' compensation claim (described under Risk Pools), and for each medical plan member under the health benefits program. The City purchases stop-loss coverage for the health benefits program over its \$350,000 self-insured retention (SIR) from Union Labor Life Insurance Company up to a maximum of \$1,000,000 per Original Plan member and \$2,000,000 per Modified Plan member. The City's coverage for SIR excess claims for general liability and workers' compensation is discussed later in this note under risk pools. The workers' compensation and health benefits programs are administered by third-party claims administrators. The general liability program is self-administered by the City.

The City's estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk in the Internal Service Funds is reported as *Self-insurance claims and judgments*.

Charges to the General Fund and other funds are determined from an analysis of claims costs and are recorded as expenditures or expenses in the contributing funds and charges for services in the internal service funds. Charges for general liability and workers' compensation insurances are a percentage of payroll, and the charge for health benefits is a monthly dollar amount for all actively occupied positions.

Independent actuaries perform an analysis of the City's potential liability for the City's retained risk portions of the various self-insurance programs. The amounts recorded as liabilities represent estimates of amounts to be paid for reported claims, as well as incurred but not reported claims based on experience, modified for current trends and information. For general liability and workers' compensation for the current year, the present value of estimated outstanding losses is recognized at a 70% confidence level, using a 2% discount rate to reflect future investment earnings. While the ultimate amounts of losses incurred through June 30, 2020 are dependent on future developments, based on information provided by the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to recognize such losses. There have been no significant reductions in any of the City's insurance coverage each of the past three years.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 12 – Claims Payable (Continued)**

Changes in the balances of the City's claims liabilities, which include incremental claims adjustments expenses, for the current and prior fiscal years, are as follows:

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Health Benefits</u>	<u>Total</u>
Balance, June 30, 2018	\$ 16,258,055	\$ 48,318,000	\$ 462,000	\$ 65,038,055
Claims incurred	1,970,629	6,619,357	4,340,958	12,930,944
Claims adjustment				-
Claims paid	<u>(1,119,232)</u>	<u>(7,530,357)</u>	<u>(4,296,186)</u>	<u>(12,945,775)</u>
Balance, June 30, 2019	17,109,452	47,407,000	506,772	65,023,224
Claims incurred	739,468	11,567,766	3,876,169	16,183,403
Claims paid	<u>(2,440,579)</u>	<u>(7,422,766)</u>	<u>(3,945,941)</u>	<u>(13,809,286)</u>
Balance, June 30, 2020	<u>\$ 15,408,341</u>	<u>\$ 51,552,000</u>	<u>\$ 437,000</u>	<u>\$ 67,397,341</u>

**Risk Pools** – The City is a member of two joint powers authorities organized under California Government Code for the purpose of pooling self-insured losses, as described below.

*General Liability Insurance* - In 1986, the City joined with other municipalities and regional municipal joint powers authorities to form the California Joint Powers Risk Management Authority (CJPRMA), a public entity risk pool currently operating as a general liability risk management and insurance program for 22 member entities. The City's self-insured retention (SIR) is \$1 million. Losses above the City's SIR are pooled up to \$5 million per occurrence, with reinsurance above the \$5 million up to \$40 million by CJPRMA. Specific coverage includes comprehensive and general automotive liability, personal injury, errors and omissions, and certain other coverage.

The CJPRMA governing board is comprised of a representative from each member entity. All members have a single vote for policy and charter changes. An executive committee of seven is elected to handle administration. Members are assessed annual contributions based on actuarially determined rates. CJPRMA retroactively adjusts premium deposits for any excess or deficiency in deposits related to paid claims and reserves. Financial statements for CJPRMA for the fiscal year ended June 30, 2020, can be obtained from CJPRMA at 3201 Doolan Road, Suite #285, Livermore, California 94551.

*Property Protection* - The City participates in CJPRMA's All Risks Property Protection Program, which is primarily underwritten by a casualty insurance company. The Program provides \$400 million per occurrence in coverage to participating members, subject to a deductible of \$100,000. Premiums, which are negotiated each year, are based on property values and are not subject to retroactive adjustments.

*Workers' Compensation Insurance* – The City has been self-funded for its Worker's Compensation Program since 1979. In July 2003, the City joined California Public Entity Insurance Authority (CPEIA), a public entity risk pool which operated an Excess Workers' Compensation Program. CPEIA has since merged into an existing authority known as California State Association of Counties Excess Insurance Authorities (CSAC-EIA). The CSAC-EIA was formed in 1979 by 29 California counties for the purpose of pooling risk and providing a viable and cost-effective solution for the counties' insurance and risk management needs. It has since expanded to allow admittance from cities and other entities which currently includes 95% of the counties in California, nearly 68% of the cities, as well as, numerous school districts, special districts, housing authorities and other Joint Powers Authorities. The City's self-insured retention is currently set at \$500,000 per occurrence. Losses above the City's SIR are pooled up to \$4.5 million per occurrence by the CSAC-EIA. Statutory coverage for losses above \$5 million is covered by reinsurance and excess insurance policies throughout CSAC-EIA.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 13 – Pollution Remediation Obligations**

GASB Statement No. 49 requires the former Agency, now Successor Agency, to report a pollution remediation liability upon the occurrence of an obligating event, such as being compelled by a regulatory agency or legal action to clean up existing pollution. The liability is estimated based on the expected future cash flows technique (i.e., the sum of the probability-weighted amounts in a range of possible estimated amounts). Only components of the liability (e.g., site assessment, site investigation, corrective measures feasibility study, remediation design, remediation operations and maintenance, and post-remediation monitoring) which can be reasonably estimated are included in the estimated liability. Expected recoveries from insurers and other responsible parties reduce the estimated liability.

Actual pollution remediation costs may vary from the estimated liability for many reasons, including changes in pollution laws and regulations, the technology used for the cleanup, the remediation plan or operating conditions, prices of products and services.

The former Agency, now Successor Agency, has identified the UNOCAL site along the Stockton channel that are designated “Brownfields” by the U.S. Environmental Protection Agency, with the goal of revitalizing contaminated properties that the Successor Agency currently owns in the area near Stockton's downtown waterfront in the Waterfront Redevelopment Project Area. The following are details of the Successor Agency-owned contaminated site, including a description of the pollution, the obligating event requiring remediation action, estimable remediation costs components, and recoveries by responsible parties. Details of the liabilities as of June 30, 2020, are also discussed.

To provide clarification of the following discussion, the California Polanco Redevelopment Act (AB 3193, Chapter 1113, Statutes of 1990, Polanco), part of the Community Redevelopment Act, was enacted by the California legislature to assist redevelopment agencies in responding to brownfield properties in their redevelopment areas. It prescribes processes for redevelopment agencies to follow when cleaning up a hazardous substance release in a redevelopment project area. It also provides immunity from liability for redevelopment agencies and subsequent property purchases for sites cleaned up under a cleanup plan approved by the California Department of Toxic Substances Control or a Regional Board.

The following provides a discussion of the identified brownfield sites of the Successor Agency:

***Area 2A-Unocal*** – Soil and groundwater contamination has been identified in Area 2A-Unocal associated with total petroleum hydrocarbons, volatile and semi-volatile organic compounds. The obligating event for this site stems from a Polanco agreement notice issued to the responsible party, currently in negotiation for settlement. Estimated costs are for a consultant, legal and City personnel costs for cleanup of the soil contamination, and pre-cleanup and investigative study of the site about the groundwater contamination. Future groundwater cleanup and ongoing post-remediation monitoring costs cannot be reasonably estimated. The net pollution remediation liability of this site as of June 30, 2020, is \$431,250, which includes an estimated recovery of costs by the responsible party.

The total net estimated net pollution remediation liability for the site in the amount of \$275,000, is reported to the Successor Agency as of June 30, 2020.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 14 – Individual Fund Disclosures**

***Deficit Fund Balances***

At June 30, 2020, the following funds had net positions or fund balance deficits:

<u>Fund</u>	<u>Fund Type</u>	<u>Deficit</u>
Workers Compensation	Internal Service Fund	\$ (1,100,952)
Successor Agency	Agency Fund	\$ (64,109,276)
Parking Authority	Proprietary Fund	\$ (5,167,131)

- The Worker's Compensation Fund has an accumulated deficit fund balance of \$1,100,952 as of June 30, 2020, resulting in a reduction from past year. The City has historically budgeted revenues and projected expenditures in the Fund on a cash basis. Contributions to cover claims expenditures are based on a percentage of payroll based upon city-wide loss experience. As a result, past contributions have been insufficient to cover the outstanding estimated future claims. On an accrual basis of accounting, the Fund has a long-term liability of \$42,952,000 for claims and judgments while the cash balance of the fund as of June 30, 2020, is \$38,627,799. The City will continue to use actuaries to assist in analyzing claim data and projecting claim costs.
- The Successor Agency to the Redevelopment Agency Private Purpose Trust Fund has an accumulated deficit fund balance of \$64,109,276 as of June 30, 2020. This is a Fiduciary Private-Purpose Trust Fund and not included in the City's net position. The fund has a bonds payable balance that causes a liability.
- The Parking Authority Fund has an accumulated deficit fund balance of \$5,167,131 as of June 30, 2020. This is due to an interfund loan borrowing from the Worker's Compensation Fund for \$8,915,000. It is in relation to the payoff of the 2006 Series A ESB bonds previously held in the City's Debt Service Fund. The loan terms are set at 2%, biannual payments with anticipated payoff date of February 1, 2032.

**Note 15 – Commitments and Contingencies**

***Contingent Liability – Pending Litigation***

Various claims and legal actions are pending against the City, some of which have a reasonable possibility of an unfavorable outcome. These legal actions involve property, personal injury, and civil rights claims. GASB Statement No. 62 requires disclosure of pending litigation for which contingency is possible, and the amount cannot be reasonably estimated. As discussed in Note 12, the City is self-insured and has accrued a liability for estimated claims outstanding. Amounts for the claims, which cannot be reasonably estimated at this time, have not been included in the financial statements. Management, after consultation with legal counsel, is of the opinion that ultimate disposition of these matters will not have a material adverse effect on the City's financial position or results of operations.

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 15 – Commitments and Contingencies (Continued)**

***Capital Commitments***

The City is undertaking some capital improvement projects, the most significant of which include the following outstanding capital commitments at June 30, 2020:

	Amount
Regional Wastewater Control Facility	\$ 13,321,285
Miner Ave Comp St. Impr Phase 3	11,067,282
Developer Reimbursements	5,598,041
Miner Ave Comp St. Impr Phase 1	2,609,225
Pershing Ave Sewer Rehab	1,968,580
Local Street Resurfacing SB1	1,826,976
	<u>\$ 36,391,389</u>

***Operating Leases***

Operating lease obligations are primarily for rental of parking facilities space, but other lease obligations are included. Future minimum lease payments under non-cancelable operating leases with initial or remaining terms of a year or more are as follows:

Year Ended June 30,	Amount
2021	\$ 309,364
2022	324,833
2023	275,958
2024	84,639
2025	88,871
2026-2030	515,622
2031-2035	1,079,322
Total	<u>\$ 2,678,609</u>

**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 15 – Commitments and Contingencies (Continued)**

***Encumbrances***

The City utilizes encumbrance accounting as a means of controlling expenditures. Under this method, funds are encumbered when purchase orders, contracts, and other commitments are signed or approved by authorized City officials. Such outstanding commitments at the end of the year do not constitute expenditures or liabilities under GAAP.

GASB Statement No. 54 provides additional guidance on the classification within the fund balances section of amounts that have been encumbered. Encumbrances of balances within the governmental funds are classified as either committed, restricted or assigned and are included in the respective classification. Outstanding encumbrances at June 30, 2020, are as follows:

	Amount
General Fund	\$ 7,637,562
Capital Improvements	\$ 18,857,413
Other Governmental	\$ 20,932,264

***Facilities Management Agreement***

On March 20, 2018 the Stockton City Council approved the amendment of the current Facilities Management Agreement (Agreement) with SMG (now referred to as ASM) to include the Downtown Marina operations, extend the terms of the existing agreement and to include vendor performance benchmarks. ASM provides operation management and marketing services to the City for the Stockton. Events Center includes a multi-purpose indoor arena, a baseball park, the Events Center common areas, the Bob Hope Theatre, Oak Park Ice Arena and the Downtown Marina.

The current agreement will extend the terms until 2026 and may be renewed at the option of the City for one additional five-year period. Either party may terminate the Agreement for cause during the agreement period due to a material breach by the other party or for default.

ASM is responsible for operating these facilities in keeping with the management goals set and approved each year by the City Council, with the overarching goal of having the facilities operating revenues exceed the respective operating expenses.

ASM is required to provide various fidelity and performance bonds, which includes various types of coverage in the amount of \$1,000,000. This coverage extends to the areas of Commercial General and Automobile Liability, Professional Errors and Omissions, Crime, Employment and Worker's Compensation. Additionally, there is an Umbrella Liability coverage requirement of \$5,000,000.

Compensation to ASM is determined from a base fee for all venues, plus performance-based compensation, as defined in the Agreement. Both components are eligible for periodic adjustments based on the consumer price index (CPI).

Financial activities of ASM, as a service organization, is combined with and reported in the General Fund.



**City of Stockton**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 16 – Restricted Net Position**

At June 30, 2020, restricted net position consisted of the following:

	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Totals</b>
<b>Restricted:</b>			
Capital projects	\$ 23,609,830	\$ 107,976,853	\$ 131,586,683
Debt service	2,044,784	17,691,110	19,735,894
Section 108 loan	1,277,452	-	1,277,452
Community Development	35,686,711	-	35,686,711
General government	2,315,971	-	2,315,971
Housing	7,781,463	-	7,781,463
Library and arts	12,268,500	-	12,268,500
Parks and recreation	28,998,177	-	28,998,177
Public safety	8,854,752	-	8,854,752
Solid waste/recycling	2,800,367	-	2,800,367
Streets, transit and traffic	68,118,498	-	68,118,498
Encumbrances	-	-	-
Pension	45,582,118	-	45,582,118
<b>Total restricted</b>	<b>\$ 239,338,623</b>	<b>\$ 125,667,963</b>	<b>\$ 365,006,586</b>

**Note 17 – Subsequent Events**

***Issuance of Debt in Districts that have no commitment from City resources***

**Westlake Villages II CFD 2018-2**

On September 15, 2020, the City of Stockton issued Special Tax Bonds, Series 2020, at a par amount of \$8,970,000. The final payoff of the debt is September 1, 2050. Payment of the bonds are solely derived from special taxes on residential properties in the district and city funds are not pledged toward repayment of the bonds.

***Issuance of Debt with net revenue commitment from Wastewater Utility***

**2020 WIFIA Loan issued by Wastewater Fund for RWCF upgrade project**

On September 30, 2020, the Stockton Public Financing Authority entered into a loan agreement with the US Environmental Protection Agency for a Water Infrastructure Finance and Innovation Act (“WIFIA”) loan in the amount of \$108,000,000. The notes were issued to provide longer- term financing of the first phase of the sewer plant improvement project that is needed to comply with government requirements. The rate on the financing is 1.20%, which will not begin accruing until funds are used to prepay a portion of the Bond Anticipation Notes issued in 2019. Once fully drawn, the total cost of the borrowing can be provided. Payment on the debt are solely derived from the net revenues of the Wastewater system which have been pledged toward repayment of the loan which is issued on parity with other Wastewater system debt.





CITY OF STOCKTON



REQUIRED SUPPLEMENTARY INFORMATION



**City of Stockton**  
**Required Supplementary Information**  
**(Unaudited) For the year ended June 30, 2020**

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**1. Budgetary Information**

*Budget Process*

In accordance with the provisions of the City Charter, the City prepares and adopts a budget on or before June 30 for each fiscal year. Total Appropriations shall not exceed the total of estimated revenues, estimated unencumbered balances of funds to be carried over from the preceding year and unencumbered available fund balances. The General Fund, HOME Programs Loans Special Revenue Fund, Low-Moderate Income Housing City Loans Special Revenue Fund and certain nonmajor special revenue funds (Solid Waste and Recycling, Gas Tax, Measure K Streets Sales Tax, Measure W Public Safety Sales Tax, Special Assessments, Development Services, and Other Special Revenue) and certain capital projects funds (Public Facilities Impact Fees and Capital Improvement) have legally adopted annual budgets. Prior to July 1, the original adopted budget is legally enacted through the passage of a resolution by the City Council. In the event this does not occur, the City Manager's draft budget is in force until a budget is adopted by the City Council.

Enterprise and internal service funds are accounted for on a cost of service (net income) or capital maintenance measurement focus. The City is not legally mandated to report the results of operations for these fund types on a budgetary comparison basis; therefore, budgetary data related to these funds has not been presented.

If expenditures exceed appropriations at the department level for the General Fund or at the fund level for all other funds, the City Manager is authorized to transfer budgeted amounts between line items within any fund. During the year, the City Council approves supplemental appropriations and, by resolution, has also authorized the City Manager to transfer fund balances to applicable appropriation accounts, or to transfer between funds, when necessary to continue purposes approved by the City Council in the current year, adopted budget, or subsequent action. Amounts reported as final budget in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – On a Budgetary Basis include amendments authorized throughout the year.

Formal budgetary integration is employed as a management control device during the year for the General Fund and certain Special Revenue and Capital Projects Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternately achieved through bond indenture provisions.

All unencumbered appropriations lapse at year-end, with the exception of some capital improvement projects and miscellaneous grants in the respective funds. Encumbered appropriations are re-appropriated in the following year's budget.

**City of Stockton**  
**Required Supplementary Information**  
**(Unaudited) For the year ended June 30, 2020**

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**1. Budgetary Information (Continued)**

*Budget Basis of Accounting*

The City adopts budgets each fiscal year on a basis of accounting, which is different from accounting principles generally accepted in the United States of America (GAAP).

The statements of revenue, expenditures and changes in fund balances have been prepared on the modified accrual basis of accounting in accordance with GAAP. The schedules of revenues, expenditures and changes in fund balances – budget and actual – on a budgetary basis have been prepared on the budgetary basis, which is different from GAAP.

The variations from GAAP that are for budgetary purposes include the following:

Outstanding commitments relating to construction contracts and other purchases of goods and services are recorded as expenditures at the time contracts or purchase agreements are entered into. Under GAAP, these obligations are recognized when goods are received or services are rendered.

The write-off uncollectable accounts receivables is not recognized as an expenditure. Under GAAP, these write-offs are recognized as expenditures when the accounts receivables are determined to be uncollectable.

Certain funds of the City contain capital projects, grant projects, loan programs or other programs that are budgeted on a multi-year or project length basis. The amounts of the projects and programs budgeted on a multi-year basis are significant compared to the items budgeted on an annual basis; therefore, a comparison of budget to actual for the fund would not be meaningful. As a result, such funds are excluded from budgetary reporting.

**City of Stockton**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule (Unaudited)**  
**For the Year Ended June 30, 2020**

*Budgetary Comparison Schedule - General Fund*

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes:				
Property	\$ 35,857,327	\$ 35,857,327	\$ 36,691,565	\$ 834,238
Utility user	35,017,000	35,017,000	34,537,427	(479,573)
Sales - levied by City	32,508,651	32,508,651	34,329,713	1,821,062
Franchise fees	13,663,000	13,663,000	15,292,182	1,629,182
Business license	11,941,000	11,941,000	13,001,797	1,060,797
Hotel/motel room	3,400,000	3,400,000	2,834,257	(565,743)
Document transfer	1,105,000	1,105,000	912,388	(192,612)
Other	2,128,591	2,128,591	2,524,557	395,966
Licenses and permits	469,827	469,827	526,822	56,995
Intergovernmental:				
Federal grants and subsidies	-	-		-
Sales and use tax - levied by state	50,268,285	50,268,285	56,122,160	5,853,875
Other governmental	32,335,423	32,069,271	32,875,823	806,552
Charges for services	9,831,737	9,831,737	9,781,568	(50,169)
Fines and forfeitures	843,655	843,655	1,048,667	205,012
Use of money and property	10,601,545	10,601,545	8,386,954	(2,214,591)
Investment income:				
Interest income	3,266,509	3,266,509	7,588,804	4,322,295
Refunds and reimbursements	5,367,189	5,367,189	5,463,999	96,810
Miscellaneous	5,359,810	5,359,810	6,308,343	948,533
	<u>253,964,549</u>	<u>253,698,397</u>	<u>268,227,026</u>	<u>14,528,629</u>
EXPENDITURES:				
General government:				
City council	801,424	1,039,406	887,467	151,939
City manager	1,581,761	1,574,150	1,464,620	109,530
City attorney	1,557,125	1,528,197	1,275,235	252,962
City clerk	984,104	989,731	899,590	90,141
City auditor	613,688	878,832	479,521	399,311
Administrative services	5,666,332	5,858,843	5,271,876	586,967
Human resources	2,299,791	2,501,028	2,105,893	395,135
Housing	1,415,670	3,572,835	1,308,360	2,264,475
Non-departmental	4,977,783	6,457,303	2,676,260	3,781,043
Total general government	19,897,678	24,400,325	16,368,822	8,031,503

**City of Stockton**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule (Unaudited)**  
**For the Year Ended June 30, 2019**

*Budgetary Comparison Schedule - General Fund (continued)*

	Budget		Actual	Variance with Final Budget
	Original	Final		
Public safety:				
Police	130,031,688	132,375,742	128,719,203	3,656,539
Fire	49,105,879	50,377,062	48,527,243	1,849,819
Total public safety	179,137,567	182,752,804	177,246,446	5,506,358
Public works	8,526,640	9,242,713	8,406,518	836,195
Library	13,202,049	13,904,678	11,906,217	1,998,461
Parks and recreation	20,778,700	21,126,239	18,721,813	2,404,426
Capital Outlay	350,600	769,932	934,500	(164,568)
Total expenditures	241,893,234	252,196,691	233,584,316	18,612,375
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS) (a)</b>	12,071,315	1,501,706	34,642,710	33,141,004
<b>OTHER FINANCING SOURCES (USES):</b>				
Capital contributions	-	-	-	-
Sale of capital assets	300,000	300,000	393,281	93,281
Transfers in	11,170,756	11,720,756	11,215,000	(505,756)
Transfers out	(19,365,326)	(35,763,120)	(35,671,539)	91,581
Total other financing sources (uses)	(7,894,570)	(23,742,364)	(24,063,258)	(320,894)
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>	<u>\$ 4,176,745</u>	<u>\$ (22,240,658)</u>	10,579,452	<u>\$ 32,820,110</u>
<b>BASIS ADJUSTMENT:</b>				
Encumbrances (included in Final Budget above) (a)*			(7,637,562)	
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>			2,941,890	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			104,031,853	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 106,973,743</u>	

\* Adjusted to Budgetary Basis.

The note to the required supplementary information is an integral part of this schedule.



**City of Stockton**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule (Unaudited)**  
**For the Year Ended June 30, 2020**

*Budgetary Comparison Schedule - HOME Program Loans Special Revenue Fund*

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental:	\$ 5,330,318	\$ 5,330,318	\$ 364,585	\$ (4,965,733)
Use of money and property	135,000	135,000	400,906	265,906
Total revenues	5,465,318	5,465,318	765,491	(4,699,827)
<b>EXPENDITURES:</b>				
Capital outlay	4,480,521	4,480,521	765,490	3,715,031
Total expenditures	4,480,521	4,480,521	765,490	3,715,031
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES (GAAP BASIS)</b>	984,797	984,797	1	(984,796)
<b>OTHER FINANCING USES:</b>		-	-	-
Transfers in		-	-	-
Transfers out				
	-	-	-	-
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>	\$ 984,797	\$ 984,797	1	\$ (984,796)
<b>BASIS ADJUSTMENT:</b>				
Encumbrances			-	
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>			1	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-	
<b>FUND BALANCE, END OF YEAR</b>			\$ 1	

The note to the required supplementary information is an integral part of this schedule.

**City of Stockton**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule (Unaudited)**  
**For the Year Ended June 30, 2020**

*Budgetary Comparison Schedule - Low and Moderate-Income Housing City Loans Special Revenue Fund*

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 46,000	\$ 46,000	\$ 131,806	\$ 85,806
Interest income	-	-	117,450	117,450
Miscellaneous	-	-	570	570
Total revenues	<u>46,000</u>	<u>46,000</u>	<u>249,826</u>	<u>203,826</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>681,987</u>	<u>681,987</u>	<u>100,074</u>	<u>581,912</u>
Total expenditures	<u>681,987</u>	<u>681,987</u>	<u>100,074</u>	<u>581,912</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)</b>	<u>(635,987)</u>	<u>(635,987)</u>	<u>149,752</u>	<u>785,737</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	665,115	665,115	665,114	(1)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>665,115</u>	<u>665,115</u>	<u>665,114</u>	<u>(1)</u>
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>	<u>\$ 29,128</u>	<u>\$ 29,128</u>	<u>814,867</u>	<u>\$ 785,736</u>
<b>BASIS ADJUSTMENT:</b>				
Encumbrances			<u>-</u>	
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>			814,867	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>3,022,131</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 3,836,998</u>	

The note to the required supplementary information is an integral part of this schedule.

**City of Stockton**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2020**

**Schedule of Changes in the City's Net Pension Liability and Relations Ratios for the Measurement Periods Ended June 30**

CalPERS Safety Plan	Measurement Date		
	2019	2018	2017
<b>Total pension liability</b>			
Service cost	\$ 18,340,749	\$ 17,684,602	\$ 15,401,471
Interest	77,850,318	75,078,142	71,053,021
Changes of benefit terms	-	-	-
Changes of assumptions		(3,852,172)	59,494,381
Differences between expected and actual experience	2,178,151	26,895,156	(9,538,805)
Benefit payments, including refunds of employee contributions	(57,512,870)	(55,481,650)	(53,205,686)
<b>Net change in total pension liability</b>	<b>40,856,348</b>	<b>60,324,078</b>	<b>83,204,382</b>
<b>Total pension liability - beginning</b>	<b>1,106,223,540</b>	<b>1,045,899,462</b>	<b>962,695,080</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 1,147,079,888</b>	<b>\$ 1,106,223,540</b>	<b>\$ 1,045,899,462</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	29,781,351	26,124,666	23,342,334
Contributions - employee	7,139,569	6,942,272	6,617,527
Net investment income	48,529,461	59,476,319	73,783,913
Benefit payments, including refunds of employee contributions	(57,512,870)	(55,481,650)	(53,205,686)
Plan to plan resource movement	-	(7,168)	-
Administrative expense	(530,927)	(1,106,599)	(975,302)
Other	1,732	(2,101,449)	-
<b>Net change in plan fiduciary net position</b>	<b>\$ 27,408,316</b>	<b>\$ 33,846,391</b>	<b>\$ 49,562,786</b>
<b>Plan fiduciary net position - beginning</b>	<b>743,989,506</b>	<b>710,143,115</b>	<b>660,580,329</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 771,397,822</b>	<b>\$ 743,989,506</b>	<b>\$ 710,143,115</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 375,682,066</b>	<b>\$ 362,234,034</b>	<b>\$ 335,756,347</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>67.25%</b>	<b>67.25%</b>	<b>67.90%</b>
<b>Covered - employee payroll</b>	<b>\$ 59,708,789</b>	<b>\$ 56,947,904</b>	<b>\$ 48,429,252</b>
<b>City's net pension liability as a percentage of covered employee payroll</b>	<b>629.19%</b>	<b>636.08%</b>	<b>693.29%</b>

**Notes to Schedule:**

*Benefit changes.* The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Additional Service Credit (a.k.a. Golden Handshakes)

*Changes of assumptions.* In 2018, there were no changes to the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes.

**City of Stockton**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2020**

**Schedule of Changes in the City's Net Pension Liability and Relations Ratios for the Measurement Periods Ended June 30 (Continued)**

CalPERS Miscellaneous Plan	Measurement Date		
	2019	2018	2017
<b>Total pension liability</b>			
Service cost	\$ 11,446,572	\$ 11,500,131	\$ 10,871,947
Interest	50,718,177	48,873,856	48,291,460
Changes of benefit terms	-	-	-
Changes of assumptions	-	(19,696,405)	39,356,599
Differences between expected and actual experience	2,061,288	3,486,532	(17,662,863)
Benefit payments, including refunds of employee contributions	(37,477,251)	(35,750,319)	(34,494,172)
<b>Net change in total pension liability</b>	<b>\$ 26,748,786</b>	<b>\$ 8,413,795</b>	<b>\$ 46,362,971</b>
<b>Total pension liability - beginning</b>	<b>720,299,187</b>	<b>711,885,392</b>	<b>665,522,421</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 747,047,973</b>	<b>\$ 720,299,187</b>	<b>\$ 711,885,392</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	17,112,542	15,252,226	13,189,681
Contributions - employee	4,540,503	4,729,377	4,386,770
Net investment income	37,027,715	45,626,430	56,250,959
Benefit payments, including refunds of employee contributions	(37,477,251)	(35,750,319)	(34,494,172)
Plan to plan resource movement	-	4,111	-
Administrative expense	(406,288)	(844,458)	(743,130)
Other	1,325	(1,603,640)	-
<b>Net change in plan fiduciary net position</b>	<b>20,798,546</b>	<b>27,413,727</b>	<b>\$ 38,590,108</b>
<b>Plan fiduciary net position - beginning</b>	<b>569,332,167</b>	<b>541,918,440</b>	<b>503,328,332</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>590,130,713</b>	<b>569,332,167</b>	<b>541,918,440</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 156,917,260</b>	<b>\$ 150,967,020</b>	<b>\$ 169,966,952</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>79.00%</b>	<b>79.04%</b>	<b>76.12%</b>
<b>Covered - employee payroll</b>	<b>67,851,642</b>	<b>67,079,626</b>	<b>\$ 61,357,565</b>
<b>City's net pension liability as a percentage of covered employee payroll</b>	<b>231.27%</b>	<b>225.06%</b>	<b>277.01%</b>

**Notes to Schedule:**

*Benefit changes.* The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Additional Service Credit (a.k.a. Golden Handshakes)

*Changes of assumptions.* In 2018, there were no changes to the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes.

**City of Stockton**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2020**

**Schedule of Changes in the City's Net Pension Liability and Relations Ratios for the Measurement Periods Ended June 30 (Continued)**

PARS Enhancement Plan			Measurement Date
	2020	2019	2018
<b>Total pension liability</b>			
Service cost	\$ 155,670	\$ 151,504	\$ 138,078
Interest	759,727	706,545	730,559
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Demographic gains/losses		(156,665)	-
Changes of assumptions		605,028	-
Benefit payments, including refunds of employee contributions	(517,711)	(467,860)	(429,654)
<b>Net change in total pension liability</b>	<b>397,686</b>	<b>838,552</b>	<b>438,983</b>
<b>Total pension liability - beginning</b>	<b>11,787,219</b>	<b>10,948,667</b>	<b>10,509,684</b>
<b>Total pension liability - ending (a)</b>	<b>12,184,905</b>	<b>11,787,219</b>	<b>\$ 10,948,667</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 803,170	\$ 753,296	\$ 941,620
Contributions - employee	-	-	-
Net investment income	272,545	482,222	409,596
Benefit payments, including refunds of employee contributions	(517,711)	(467,860)	(429,654)
Administrative expense	(15,254)	(14,506)	(13,992)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>542,750</b>	<b>753,152</b>	<b>\$ 907,570</b>
<b>Plan fiduciary net position - beginning</b>	<b>8,213,087</b>	<b>7,459,935</b>	<b>6,552,365</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 8,755,837</b>	<b>\$ 8,213,087</b>	<b>7,459,935</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 3,429,068</b>	<b>\$ 3,574,132</b>	<b>\$ 3,488,732</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>71.86%</b>	<b>69.68%</b>	<b>68.14%</b>
<b>Covered - employee payroll</b>	<b>\$ 2,784,812</b>	<b>\$ 3,446,204</b>	<b>\$ 3,427,436</b>
<b>City's net pension liability as a percentage of covered employee payroll</b>	<b>123.13%</b>	<b>103.71%</b>	<b>101.79%</b>

**City of Stockton**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2020**

**Schedule of Changes in the City's Plan Contribution for the Measurement Periods Ended June 30**

CalPERS Safety Plan	2019	2018	Fiscal Year 2017	2016	2015
Actuarially determined contribution	\$ 29,781,351	\$ 26,124,666	\$ 23,342,334	\$ 20,338,253	\$ 17,178,961
Contributions in relation to the actuarially determined contribution	(29,781,351)	(26,124,666)	(23,342,334)	(20,338,253)	(17,178,961)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered - employee payroll</b>	59,708,789	56,947,904	\$ 48,429,252	\$ 47,115,477	\$ 46,710,538
<b>City's Contributions as a percentage of covered employee payroll</b>	49.88%	45.87%	48.20%	43.17%	36.78%

**SAFTEY PLAN:**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization method/Period	For details, see June 30, 2016 Funding Valuation Report.
Asset valuation method	Market Value of Assets. Varies, see June 30, 2016. Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service.
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expense, including inflation.
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**City of Stockton**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2020**

***Schedule of Changes in the City's Plan Contribution for the Measurement Periods Ended June 30 (Continued)***

CalPERS Miscellaneous Plan	2019	2018	Fiscal Year 2017	2016	2015
Actuarially determined contribution	\$ 17,112,542	\$ 15,252,226	\$ 13,189,681	\$ 12,545,482	\$ 10,783,518
Contributions in relation to the actuarially determined contribution	(17,112,542)	(15,252,226)	(13,189,681)	(13,879,482)	(10,783,518)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,334,000)</u>	<u>\$ -</u>
<b>Covered - employee payroll</b>	\$ 67,851,642	\$ 67,079,626	\$ 61,357,565	\$ 56,400,439	\$ 53,997,677
<b>City's Contributions as a percentage of covered employee payroll</b>	25.22%	22.74%	21.50%	24.61%	19.97%

**MISCELLANEOUS PLAN:**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization Method/Period	Varies, see June 30, 2016 Funding Valuation Report.
Asset valuation method	Market Value of Assets. Varies, see June 30, 2016 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service.
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expense, including inflation.
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2001.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**City of Stockton**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2020**

**Schedule of Changes in the City's Plan Contribution for the Measurement Periods Ended June 30 (Continued)**

PARS Enhancement Plan	Fiscal Year				
	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 803,170	\$ 753,296	\$ 753,296	\$ 705,192	\$ 705,192
Contributions in relation to the actuarially determined contribution	(803,170)	(753,296)	(941,620)	(528,894)	(705,192)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (188,324)</u>	<u>\$ 176,298</u>	<u>\$ -</u>
<b>Covered - employee payroll</b>	<b>\$ 2,784,812</b>	<b>\$ 3,446,204</b>	<b>\$ 3,427,436</b>	<b>\$ 3,327,608</b>	<b>\$ 3,454,139</b>
<b>City's Contributions as a percentage of covered employee payroll</b>	<b>28.84%</b>	<b>21.86%</b>	<b>27.47%</b>	<b>15.89%</b>	<b>20.42%</b>

**ENHANCEMENT PLAN:**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization method	Level dollar, closed.
Remaining amortization period	9.67 years
Asset valuation method	None
Inflation	2.50%
Salary increases	Varies by entry age and service.
Investment rate of return	6.50%
Retirement age	Consistent with those used to value the Miscellaneous CalPERS Pension Plans 2.7% at age 55. The rates used are those for retirees with 20 years of service, with an increased retirement rate of 20% at age 55.
Mortality	Pre-retirement: Consistent with Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans. Post-Retirement: Consistent with Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans.





CITY OF STOCKTON



NONMAJOR GOVERNMENTAL FUNDS



## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific governmental revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects.

The City's non-major governmental special revenue funds include:

#### ***Special Grants Fund***

To account for resources from miscellaneous, comparatively smaller grants from federal and state governments to support public safety and other community programs which are not otherwise accounted for in other special revenue funds.

#### ***Solid Waste and Recycling Fund***

To account for the administration of solid waste collection services, and the planning and implementation of solid waste reduction and recycling programs, in compliance with California Public Resources Code Section 40050 through 40063 (AB 939).

#### ***Gas Tax Fund***

To account for revenues and expenditures apportioned to the City under the California Streets and Highway Code, sections 2103 through 2107.5. Expenditures of these resources for administration, maintenance and construction must be street and transportation related.

#### ***Measure K streets Sales Tax Fund***

To account for revenues and expenditures apportioned to the City from ½ cent sales tax collections under Measure K. The Measure K program is administered by the San Joaquin Council of Governments ("SJCOG") as the Local Transportation Authority for San Joaquin County. SJCOG was established as the Local Transportation Authority for this measure when San Joaquin County voters approved the enactment of the Measure K program in 1990. In 2006 voters approved to extend this measure for an additional 30 years. Expenditures for administration, maintenance and construction received under Measure K must be for street and transportation related projects.

#### ***Measure M Strong Communities Initiative***

Measure M implements a dedicated one-quarter (1/4) cent special transactions and use sales tax for a period of 16 years for the provision of library and recreation services. On May 24, 2016, the Stockton City Council approved placing a one-quarter (1/4) cent sales tax on the November 8, 2016, General Election ballot with a Council vote of 7 - 0 and adopted Resolution 2016-05-24-1602. Minor amendments were made to define the incorporated area of the City of Stockton, the election date, and to correct the name of a state board that had changed, based on comments received from the California State Board of Equalization, and the Resolution was superseded by Resolution 2016-06-07-1212 on June 7, 2016.

#### ***Measure W Public Safety Tax Fund***

To account for revenues and expenditures apportioned to the City ¼ cent sales tax collections from the district including the City of Stockton under Measure W, which was adopted by local voters in November 2004. Expenditures are for administration, implementation, and operation of the Police and Fire Safe Neighborhood Gang and Drug Prevention Program, among other programs.

#### ***Special Assessment Fund***

To account for revenues and expenditures related to levies on property owners as approved by the City Council and state laws for special types of services – basic street and neighborhood lighting, land and streetscapes, and stormwater drainage maintenance services.

#### ***Community Development Block Grant Programs Fund***

To account for federal grant programs and other resources that provide for development of a viable urban community by providing a suitable living environment and expansion of economic opportunities, principally for low- and moderate-income residents. This fund includes the City's annual federal funding from the Community Development Block Grant, Community Rehabilitation Loan program, federal revolving loan program, and revitalization activities in the designated Urban Development Action Grant area.

#### ***Neighborhood Stabilization Loan Program Fund***

To account for the City's Neighborhood Stabilization Loan Program that provides loans to non- profit housing developers to acquire and rehabilitate abandoned and foreclosed homes, and provides down payment assistance to qualified low- and moderate-income households who purchase from the non-profit organization authorized under the NSLP program as authorized by Division B, Title 111 of the U.S. Housing and Economic Recovery Act of 2008.



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

### **SPECIAL REVENUE FUNDS (Continued)**

#### ***Housing Grants and Loans Program Fund***

To account for the City's economic development and federal department of Housing and Urban Development (HUD) Section 108 housing grant and loan programs that provide funding for low- and moderate-income housing development in Stockton, as approved by the City Council and various federal and state laws.

#### ***Development Services Fund***

To account for resources for development planning and project review services including land use entitlements, permit processing and review and inspection of public improvements to ensure orderly physical growth and development of the City as approved by the City Council. Revenues and fees collected and recorded in this fund are committed to its related activities.

#### ***Cal-Home Programs Fund***

To account for resources for the City's CalHome State Loan Program that support homeownership programs aimed at very low income households. This fund includes the City's annual funding to single family, down-payment assistance and single family rehabilitation.

#### ***Other Special Revenue Fund***

To account for the resources of comparatively smaller special revenue funds, including the Litigated Asset Seizure public safety program, State Housing Loan Program and various governmental expendable special revenue/trusts of funds donated to the City for various community projects and programs.

#### ***Transportation Development Act Fund***

To account for the Local Transportation Fund revenues derived from a 1/4-cent general sales tax. The use the revenues for non-transit related purposes.

### **CAPITAL PROJECT FUNDS**

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The City's non-major governmental capital project funds include:

#### ***Public Facilities Impact Fees Capital Projects Fund***

To account for the collection of and expenditure of fees imposed as a condition of new development within the City, in compliance with California Government Code Section 66006 (AB 1600).

Impact fees have been established for each of the following types of public facilities: Traffic signals, Street improvements, Community recreation center, City office space, Fire stations, Libraries, Police stations, Parkland, Street tree & street signs, Street light in-lieu, Air quality mitigation, and Public facilities fees – administration.

### **DEBT SERVICE FUNDS**

Debt Service Funds are used to account for and report financial resources that are restricted committed, or assigned to expenditures for principal and interest on long-term debt.

The City's non-major governmental debt service funds include:

#### ***Stockton Public Financing Authority Debt Service Fund***

To account for the accumulation of resources for the retirement of principal and interest payment on long-term debt for municipal bonds issued on behalf of and approved by the Stockton Public Financing Authority.

### **PERMANENT FUND**

The Permanent Fund reports resources that are legally restricted to the extent that only earnings, and not principal, can be spent. Permanent Fund resources help support designated arts, recreation, library and public safety programs.

**City of Stockton**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue				
	Special Grants	Solid Waste & Recycling	Gas Tax	Measure K Streets Sales Tax	Measure M Strong Communities
<b>ASSETS</b>					
<b>Assets:</b>					
Cash and investments	\$ 2,929,430	\$ 2,652,389	\$ 8,105,769	\$ 19,323,929	\$ 19,475,106
Cash and investments with fiscal agents	-	-	-	-	-
Receivables, net:					
Interest	-	11,236	31,517	72,678	74,202
Accounts and other	69,526	177,202	18	-	-
Advance deposits	(390)	-	(11,544)	(4,916)	-
Due from other governments, net	2,969,293	-	836,854	1,510,844	2,221,626
Prepaid items	-	-	-	-	-
Loans to property owners, net	-	-	-	-	-
<b>Total assets</b>	<b>\$ 5,967,859</b>	<b>\$ 2,840,827</b>	<b>\$ 8,962,614</b>	<b>\$ 20,902,535</b>	<b>\$ 21,770,934</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 526,263	\$ 3,225	\$ 821,270	\$ 510,077	\$ 247,134
Accrued payroll	89,317	33,025	177,937	26,714	113,819
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	87,073
Deposits and other liabilities	-	4,210	-	-	7,615
Unearned revenue	3,506,838	-	-	-	-
<b>Total liabilities</b>	<b>4,122,418</b>	<b>40,460</b>	<b>999,207</b>	<b>536,791</b>	<b>455,641</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - Loans to property owners	-	-	-	-	-
Unavailable revenue - Other	-	-	-	388,698	-
<b>Total deferred inflows of resource</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>388,698</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	1,845,441	2,800,367	7,963,407	19,977,046	21,315,293
<b>Total fund balances</b>	<b>1,845,441</b>	<b>2,800,367</b>	<b>7,963,407</b>	<b>19,977,046</b>	<b>21,315,293</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,967,859</b>	<b>\$ 2,840,827</b>	<b>\$ 8,962,614</b>	<b>\$ 20,902,535</b>	<b>\$ 21,770,934</b>

(Continued)

**City of Stockton**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue				
	Measure W Public Safety Tax	Special Assessments	CDBG Programs	Neighborhood Stabilization Loan Program	Housing Grants / Loans Program
<b>ASSETS</b>					
<b>Assets:</b>					
Cash and investments	\$ 3,842,156	\$ 18,188,541	\$ 1,364,372	\$ 462,887	\$ 3,716
Cash and investments with fiscal agents	-	-	-	-	1,576,073
Receivables, net:					
Interest	14,732	70,978	6,802	-	13
Accounts and other	-	-	115,910	-	-
Advance deposits	-	(1,632)	(1,602)	-	-
Due from other governments, net	2,218,941	-	444,221	-	-
Prepaid items	-	-	-	-	-
Loans to property owners, net	-	-	20,358,644	12,220,747	-
<b>Total assets</b>	<b>\$ 6,075,829</b>	<b>\$ 18,257,887</b>	<b>\$ 22,288,347</b>	<b>\$ 12,683,634</b>	<b>\$ 1,579,802</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 109,920	\$ 214,848	\$ 154,803	\$ -	\$ -
Accrued payroll	387,261	17,660	32,021	530	-
Due to other funds	-	-	46,130	-	-
Due to other governments	87,073	-	15,631	462,357	-
Deposits and other liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>584,254</b>	<b>232,508</b>	<b>248,585</b>	<b>462,887</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - Loans to property owners	-	-	20,358,644	12,220,747	-
Unavailable revenue - Other	-	-	-	-	-
<b>Total deferred inflows of resource</b>	<b>-</b>	<b>-</b>	<b>20,358,644</b>	<b>12,220,747</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	5,491,575	18,025,379	1,681,118	-	1,579,802
<b>Total fund balances</b>	<b>5,491,575</b>	<b>18,025,379</b>	<b>1,681,118</b>	<b>-</b>	<b>1,579,802</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,075,829</b>	<b>\$ 18,257,887</b>	<b>\$ 22,288,347</b>	<b>\$ 12,683,634</b>	<b>\$ 1,579,802</b>

(Continued)

**City of Stockton**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue				Capital Projects
	Development Services	CalHome Programs	Other Special Revenue	Transportation Development Act	Public Facilities Impact Fees
<b>ASSETS</b>					
<b>Assets:</b>					
Cash and investments	\$ 18,369,493	\$ 659,647	\$ 1,855,999	\$ 657,286	\$ 58,837,861
Cash and investments with fiscal agents	-	-	-	-	-
Receivables, net:					
Interest	71,651	-	7,501	-	226,527
Accounts and other	471,378	23,898	4,739	-	184,903
Advance deposits	(6,284)	-	-	-	-
Due from other governments, net	65,000	-	19,860	-	-
Prepaid items	-	-	-	-	-
Loans to property owners, net	-	3,180,659	-	-	-
<b>Total assets</b>	<b>\$ 18,971,238</b>	<b>\$ 3,864,204</b>	<b>\$ 1,888,099</b>	<b>\$ 657,286</b>	<b>\$ 59,249,291</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 214,460	\$ -	\$ 15,833	\$ 6,895	\$ 22,323
Accrued payroll	364,483	-	2,728	-	24,084
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	312,573
Deposits and other liabilities	567,050	-	2,703	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>1,145,993</b>	<b>-</b>	<b>21,264</b>	<b>6,895</b>	<b>358,980</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - Loans to property owners	-	3,180,659	-	-	-
Unavailable revenue - Other	163,913	-	-	-	204,678
<b>Total deferred inflows of resource</b>	<b>163,913</b>	<b>3,180,659</b>	<b>-</b>	<b>-</b>	<b>204,678</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	17,661,332	683,545	1,866,835	650,391	58,685,633
<b>Total fund balances</b>	<b>17,661,332</b>	<b>683,545</b>	<b>1,866,835</b>	<b>650,391</b>	<b>58,685,633</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 18,971,238</b>	<b>\$ 3,864,204</b>	<b>\$ 1,888,099</b>	<b>\$ 657,286</b>	<b>\$ 59,249,291</b>

(Continued)



**City of Stockton**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Debt Service Stockton Public Financing Authority	Permanent Miscellaneous	Totals
<b>ASSETS</b>			
<b>Assets:</b>			
Cash and investments	\$ 2,055,970	\$ 394,492	\$ 159,179,043
Cash and investments with fiscal agents	-	-	1,576,073
Receivables, net:			
Interest	5,810	893	594,540
Accounts and other	-	-	1,047,574
Advance deposits	-	-	(26,368)
Due from other governments, net	-	-	10,286,639
Prepaid items	-	-	-
Loans to property owners, net	-	-	35,760,050
<b>Total assets</b>	<b>\$ 2,061,780</b>	<b>\$ 395,385</b>	<b>\$ 208,417,551</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 7	\$ -	\$ 2,847,058
Accrued payroll	16,989	-	1,286,568
Due to other funds	-	-	46,130
Due to other governments	-	-	964,707
Deposits and other liabilities	-	-	581,578
Unearned revenue	-	-	3,506,838
<b>Total liabilities</b>	<b>16,996</b>	<b>-</b>	<b>9,232,879</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - Loans to property owners	-	-	35,760,050
Unavailable revenue - Other	-	-	757,289
<b>Total deferred inflows of resource</b>	<b>-</b>	<b>-</b>	<b>36,517,339</b>
<b>Fund Balances:</b>			
Nonspendable	-	356,134	356,134
Restricted	2,044,784	39,251	162,311,199
<b>Total fund balances</b>	<b>2,044,784</b>	<b>395,385</b>	<b>162,667,333</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,061,780</b>	<b>\$ 395,385</b>	<b>\$ 208,417,551</b>

(Concluded)

**City of Stockton**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Special Revenue				
	Special Grants	Solid Waste & Recycling	Gas Tax	Measure K Streets Sales Tax	Measure M Strong Communities
<b>REVENUES:</b>					
Taxes:					
Sales - levied by City	\$ -	\$ -	\$ -	\$ -	\$ 11,363,216
Business licenses	-	-	-	-	-
Other	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal grants and subsidies	2,942,746	-	-	-	-
Other governmental	3,018,275	-	12,611,880	8,722,810	-
Charges for services	1,048,440	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	-	-	-	-
Investment income:					
Interest income	-	118,238	354,057	815,585	805,587
Refunds and reimbursements	-	-	103,619	651,162	-
Miscellaneous	(48,640)	1,950,098	-	-	-
<b>Total revenues</b>	<b>6,960,821</b>	<b>2,068,336</b>	<b>13,069,556</b>	<b>10,189,557</b>	<b>12,168,803</b>
<b>EXPENDITURES:</b>					
Current:					
General government	1,993,698	-	-	-	12,631
Public safety	3,370,525	-	-	-	-
Public works	178,816	1,451,305	6,656,820	2,713,289	-
Library	25,598	-	-	-	2,413,072
Parks and recreation	77,403	66,288	-	-	3,835,239
Capital outlay	997,660	-	4,855,502	1,466,500	347,984
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>6,643,700</b>	<b>1,517,593</b>	<b>11,512,322</b>	<b>4,179,789</b>	<b>6,608,926</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>317,121</b>	<b>550,743</b>	<b>1,557,234</b>	<b>6,009,768</b>	<b>5,559,877</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	123,819	-	-	-	-
Transfers out	-	-	-	65,867	-
Proceeds from issuance of debt	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>123,819</b>	<b>-</b>	<b>-</b>	<b>65,867</b>	<b>-</b>
<b>CHANGE IN FUND BALANCES</b>	<b>440,940</b>	<b>550,743</b>	<b>1,557,234</b>	<b>6,075,635</b>	<b>5,559,877</b>
<b>FUND BALANCES:</b>					
Beginning of year	1,404,501	2,249,624	6,406,173	13,901,411	15,755,416
End of year	\$ 1,845,441	\$ 2,800,367	\$ 7,963,407	\$ 19,977,046	\$ 21,315,293

(Continued)

**City of Stockton**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Special Revenue				
	Measure W Public Safety Tax	Special Assessments	CDBG Programs	Neighborhood Stabilization Loan Program	Housing Grants / Loans Program
<b>REVENUES:</b>					
Taxes:					
Sales - levied by City	\$ 11,376,958	\$ 7,000	\$ -	\$ -	\$ -
Business licenses	-	1,554,940	-	-	-
Other	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal grants and subsidies	-	-	5,672,249	1,978,483	-
Other governmental	-	-	-	-	-
Charges for services	-	3,805,931	2,250	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	-	1,336,650	53,699	-
Investment income:					
Interest income	161,997	723,577	40,066	-	15,326
Refunds and reimbursements	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>11,538,955</b>	<b>6,091,448</b>	<b>7,051,215</b>	<b>2,032,182</b>	<b>15,326</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	1,639,798	115,067	-	-
Public safety	10,454,144	-	-	-	-
Public works	-	330,760	-	-	-
Library	-	-	-	-	-
Parks and recreation	-	3,103,904	-	-	-
Capital outlay	258,449	-	4,226,121	2,032,182	-
Debt service:					
Principal retirement	-	-	1,600,000	-	-
Interest and fiscal charges	-	-	181,904	-	-
<b>Total expenditures</b>	<b>10,712,593</b>	<b>5,074,462</b>	<b>6,123,092</b>	<b>2,032,182</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>826,362</b>	<b>1,016,986</b>	<b>928,123</b>	<b>-</b>	<b>15,326</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	7,212	-	-	-
Transfers out	-	(7,212)	(177,106)	-	-
Proceeds from issuance of debt	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(177,106)</b>	<b>-</b>	<b>-</b>
<b>CHANGES IN FUND BALANCES</b>	<b>826,362</b>	<b>1,016,986</b>	<b>751,017</b>	<b>-</b>	<b>15,326</b>
<b>FUND BALANCES:</b>					
Beginning of year	4,665,213	17,008,393	930,101	-	1,564,476
End of year	\$ 5,491,575	\$ 18,025,379	\$ 1,681,118	\$ -	\$ 1,579,802

(Continued)

**City of Stockton**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Special Revenue				Capital Projects
	Development Services	CalHome Programs	Other Special Revenue	Transportation Development Act	Public Facilities Impact Fees
<b>REVENUES:</b>					
Taxes:					
Sales - levied by City	\$ -	\$ -	\$ -	\$ -	\$ -
Business licenses	-	-	-	-	-
Other	-	-	-	737,428	-
Licenses and permits	6,254,475	-	65,510	-	-
Intergovernmental:					
Federal grants and subsidies	-	-	38,994	-	-
Other governmental	-	-	31,196	-	-
Charges for services	6,290,551	-	32,507	-	4,195,174
Fines and forfeitures	52,118	-	-	-	-
Use of money and property	-	179,912	-	-	79,417
Investment income:					
Interest income	773,579	-	80,203	-	2,313,571
Refunds and reimbursements	123,688	-	-	-	290,324
Miscellaneous	51,106	-	292,806	-	-
<b>Total revenues</b>	<b>13,545,517</b>	<b>179,912</b>	<b>541,216</b>	<b>737,428</b>	<b>6,878,486</b>
<b>EXPENDITURES:</b>					
Current:					
General government	9,706,005	-	88,377	-	22,482
Public safety	2,451,891	-	201,368	-	53,974
Public works	-	-	-	-	-
Library	-	-	55,161	-	-
Parks and recreation	-	-	1,424	-	114,012
Capital outlay	49,895	-	-	87,037	5,553,832
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>12,207,791</b>	<b>-</b>	<b>346,330</b>	<b>87,037</b>	<b>5,744,300</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,337,726</b>	<b>179,912</b>	<b>194,886</b>	<b>650,391</b>	<b>1,134,186</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	825,000	-	-	-	382,887
Transfers out	-	-	-	-	(389,387)
Proceeds from issuance of debt	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>825,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,500)</b>
<b>CHANGES IN FUND BALANCES</b>	<b>2,162,726</b>	<b>179,912</b>	<b>194,886</b>	<b>650,391</b>	<b>1,127,686</b>
<b>FUND BALANCES:</b>					
Beginning of year	15,498,606	503,633	1,671,949	-	57,557,947
End of year	<u>\$ 17,661,332</u>	<u>\$ 683,545</u>	<u>\$ 1,866,835</u>	<u>\$ 650,391</u>	<u>\$ 58,685,633</u>

(Continued)

**City of Stockton**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Debt Service Stockton Public Financing Authority	Permanent Miscellaneous	Totals
<b>REVENUES:</b>			
Taxes:			
Sales - levied by City	\$ -	\$ -	\$ 22,747,174
Business licenses	-	-	1,554,940
Other	-	-	737,428
Licenses and permits	-	-	6,319,985
Intergovernmental:			
Federal grants and subsidies	-	-	10,632,472
Other governmental	-	-	24,384,161
Charges for services	1,747,603	-	17,122,456
Fines and forfeitures	-	-	52,118
Use of money and property	-	-	1,649,678
Investment income:			
Interest income	49,515	20,466	6,271,767
Refunds and reimbursements	-	-	1,168,793
Miscellaneous	-	-	2,245,370
<b>Total revenues</b>	<b>1,797,118</b>	<b>20,466</b>	<b>94,886,342</b>
<b>EXPENDITURES:</b>			
Current:			
General government	201,195	-	13,779,253
Public safety	-	-	16,531,902
Public works	-	-	11,330,990
Library	-	-	2,493,831
Parks and recreation	-	-	7,198,270
Capital outlay	-	-	19,875,162
Debt service:			
Principal retirement	99,423	-	1,699,423
Interest and fiscal charges	5,047,045	-	5,228,949
<b>Total expenditures</b>	<b>5,347,663</b>	<b>-</b>	<b>78,137,780</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,550,545)</b>	<b>20,466</b>	<b>16,748,562</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	3,838,175	-	5,177,093
Transfers out	-	-	(507,838)
Proceeds from issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>3,838,175</b>	<b>-</b>	<b>4,669,255</b>
<b>CHANGES IN FUND BALANCES</b>	<b>287,630</b>	<b>20,466</b>	<b>21,417,817</b>
<b>FUND BALANCES:</b>			
Beginning of year	1,757,154	374,919	141,249,516
End of year	\$ 2,044,784	\$ 395,385	\$ 162,667,333

(Concluded)





CITY OF STOCKTON



NONMAJOR ENTERPRISE FUNDS





## **NON-MAJOR ENTERPRISE FUNDS**

Enterprise funds are used to report activities for which a fee is charged to external users for goods and services. These funds are used by governments to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of City Council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of income is appropriate for accountability purposes.

The City's non-major enterprise funds include:

### ***Downtown Marina Enterprise Fund***

To account for resources and activities associated with the operations and maintenance of the Downtown Stockton Marina facilities.

### ***Golf Courses Enterprise Fund***

To account for resources and activities associated with the improvement, operation and maintenance of the Swenson and Van Buskirk golf courses.

**City of Stockton**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2020**

	Downtown Marina	Golf Courses	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 296,062	\$ 266,197	\$ 562,259
Receivables, net:			
Interest	871	(2,755)	(1,884)
Accounts and other receivables	11,541	2,025	13,566
Inventory of supplies	-	-	-
Prepays	22,037	682	22,719
<b>Total current assets</b>	<b>330,511</b>	<b>266,149</b>	<b>596,660</b>
<b>Noncurrent assets:</b>			
Capital assets, net:			
Nondepreciable	-	359,805	359,805
Depreciable, net	21,767,829	704,487	22,472,316
<b>Total noncurrent assets</b>	<b>21,767,829</b>	<b>1,064,292</b>	<b>22,832,121</b>
<b>Total assets</b>	<b>22,098,340</b>	<b>1,330,441</b>	<b>23,428,781</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	115,742	100,816	216,558
Accrued payroll	-	638	638
Due to other governments	-	(12)	(12)
Deposits and other liabilities	30,533	-	30,533
Unearned revenue	-	-	-
<b>Total current liabilities</b>	<b>146,275</b>	<b>101,442</b>	<b>247,717</b>
<b>Noncurrent liabilities:</b>			
Notes payable	10,870,821	-	10,870,821
<b>Total noncurrent liabilities</b>	<b>10,870,821</b>	<b>-</b>	<b>10,870,821</b>
<b>Total liabilities</b>	<b>11,017,096</b>	<b>101,442</b>	<b>11,118,538</b>
<b>NET POSITION</b>			
Net investment in capital assets	10,897,008	1,064,292	11,961,300
Unrestricted	184,236	164,707	348,943
<b>Total net position</b>	<b>\$ 11,081,244</b>	<b>\$ 1,228,999</b>	<b>\$ 12,310,243</b>

**City of Stockton**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2020**

	Downtown Marina	Golf Course	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 261,545	\$ 356,988	\$ 618,533
Miscellaneous	3,399	416,140	419,539
<b>Total operating revenues</b>	<u>264,944</u>	<u>773,128</u>	<u>1,038,072</u>
<b>OPERATING EXPENSES:</b>			
Operation and maintenance	493,336	1,365,374	1,858,710
General and administrative	8,171	-	8,171
Depreciation and amortization	531,869	99,807	631,676
<b>Total operating expenses</b>	<u>1,033,376</u>	<u>1,465,181</u>	<u>2,498,557</u>
<b>OPERATING (LOSS)</b>	<u>(768,432)</u>	<u>(692,053)</u>	<u>(1,460,485)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Investment income:			
Interest income	9,677	(37,718)	(28,041)
Other non-operating revenues	-	-	-
<b>Total non-operating revenues</b>	<u>9,677</u>	<u>(37,718)</u>	<u>(28,041)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(758,755)</u>	<u>(729,771)</u>	<u>(1,488,526)</u>
<b>TRANSFERS:</b>			
Transfers in	262,000	1,050,000	1,312,000
<b>Total transfers</b>	<u>262,000</u>	<u>1,050,000</u>	<u>1,312,000</u>
<b>CHANGES IN NET POSITION</b>	<u>(496,755)</u>	<u>320,229</u>	<u>(176,526)</u>
<b>NET POSITION:</b>			
<b>Beginning of year</b>	11,577,999	908,770	12,486,769
<b>End of year</b>	<u>\$ 11,081,244</u>	<u>\$ 1,228,999</u>	<u>\$ 12,310,243</u>

**City of Stockton**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2020**

	Downtown Marina	Golf Courses	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 261,777	\$ 354,963	\$ 616,740
Payments to suppliers and employees	(508,522)	(1,391,965)	(1,900,487)
Miscellaneous receipts	3,399	416,140	419,539
<b>Net cash (used in) operating activities</b>	<u>(243,346)</u>	<u>(620,862)</u>	<u>(864,208)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	262,000	1,050,000	1,312,000
Receipt of cash subsidies and federal grants	-	(4,033)	(4,033)
<b>Net cash provided by noncapital financing activities</b>	<u>262,000</u>	<u>1,045,967</u>	<u>1,307,967</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of capital assets	-	(280,411)	(280,411)
<b>Net cash (used in) capital and related financing activities</b>	<u>-</u>	<u>(280,411)</u>	<u>(280,411)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment earnings	17,433	(35,917)	(18,484)
<b>Net cash (used in) noncapital financing activities</b>	<u>17,433</u>	<u>(35,917)</u>	<u>(18,484)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	36,087	108,777	144,864
<b>CASH AND CASH EQUIVALENTS:</b>			
<b>Beginning of year</b>	259,975	157,420	417,395
<b>End of year</b>	<u>\$ 296,062</u>	<u>\$ 266,197</u>	<u>\$ 562,259</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:</b>			
Operating (loss)	\$ (768,432)	\$ (692,053)	\$ (1,460,485)
Adjustments to reconcile operating (loss) to net cash (used in) by operating activities:			
Depreciation and amortization	531,869	99,807	631,676
Changes in assets and liabilities:			
Accounts and other receivables	232	(2,025)	(1,793)
Inventory of supplies	694	66,174	66,868
Prepays	(20,787)	1,219	(19,568)
Accounts payable	7,222	(29,635)	(22,413)
Accrued payroll	-	(333)	(333)
Unearned revenues	(7,680)	-	(7,680)
Deposits and other liabilities	13,536	(64,016)	(50,480)
<b>Net cash (used in) operating activities</b>	<u>\$ (243,346)</u>	<u>\$ (620,862)</u>	<u>\$ (864,208)</u>



CITY OF STOCKTON



INTERNAL SERVICE FUNDS



## **INTERNAL SERVICE FUNDS**

Internal service funds are a type of proprietary fund used to report any activity that provides goods and services on a cost-reimbursement basis to other funds, departments, or agencies of the primary government and its component units, or to other governments.

The City's internal service funds include:

### ***General Liability Insurance Fund***

To account for premiums and claims paid and the administration of general liability insurance provided to all City departments on a cost reimbursement basis. The fund also accounts for future estimated related liabilities to the City based on independent actuarial studies utilizing insurance industry standards of applicable data, factors and assumptions.

### ***Workers' Compensation Insurance Fund***

To account for premiums and claims paid and the administration of workers' compensation liability insurance provided to all City employees incurring injury on the job, of which health benefits and other related liability costs are funded by City department payments into the fund. The fund also accounts for future estimated related liabilities to the City based on independent actuarial studies utilizing insurance industry standards of applicable data, factors and assumptions.

### ***Employee and Retiree Health Insurance Fund***

To account for premiums and claims paid and the administration of health benefits insurance provided to qualified active and qualified retired City employees, with City departmental payments made to the Fund sought to reimburse health related expenses incurred by the Fund. The fund also accounts for future estimated related liabilities to the City based on independent actuarial studies utilizing insurance industry standards of applicable data, factors and assumptions.

### ***Retirement Benefits Fund***

To account for the accumulation and payout of resources for the purpose of providing defined retirement and disability benefits, annual cost of living adjustments and death benefits to City employee plan members and beneficiaries through the California Public Employees' Retirement System ("CalPERS") on a cost reimbursement basis. The fund also accounts for future estimated related liabilities to the City based on independent actuarial studies utilizing insurance industry standards of applicable data, factors and assumptions.

### ***Other Benefits and Insurance Fund***

To account for premiums and claims paid and the administration of comparatively smaller insurance funds provided to City employees on a cost reimbursement basis. Included are long - term disability, life insurance, and termination pay benefits.

### ***Vehicle Fleet Equipment Fund***

To account for the financing, operations, servicing and maintenance of fleet vehicles and major equipment utilized by City departments, of which the services are rendered on a cost reimbursement basis.

### ***Computer Equipment Fund***

To account for the financing, service and maintenance of all computer and related equipment provided to City departments on a cost reimbursement basis.

### ***Radio Equipment Fund***

To account for the financing, service and maintenance of radio equipment provided to City departments on a cost reimbursement basis.

### ***Other Equipment Fund***

To account for the financing, operating and maintenance of other, comparatively smaller equipment funds provided to City departments on a cost reimbursement basis. Included are telephone, office, and printing and mailing equipment.

**City of Stockton**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2020**

	General Liability Insurance	Workers' Compensation Insurance	Employee & Retiree Health Insurance	Retirement Benefits	Other Benefits & Insurance
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$ 17,172,885	\$ 38,627,799	\$ 9,095,655	\$ 15,600,916	\$ 1,266,511
Receivables, net:					
Interest	61,951	240,846	35,558	25,008	4,742
Accounts and other receivables	361,052	26,424	243	-	-
Due from other governments	-	-	-	-	138,944
Due from other funds	-	641,174	-	-	-
Advances to other funds - current	-	1,097,613	-	-	-
Deposits and advances	-	-	765,934	-	-
Prepaid items	2,255	(4,428)	483,368	-	47,203
<b>Total current assets</b>	<b>17,598,143</b>	<b>40,629,428</b>	<b>10,380,758</b>	<b>15,625,924</b>	<b>1,457,400</b>
<b>Noncurrent assets:</b>					
Restricted assets:					
Cash and investments	-	-	-	45,582,118	-
Advances to other funds - long-term		9,946,955			
Capital assets, net:					
Nondepreciable	-	-	-	-	-
Depreciable, net	-	-	-	-	-
<b>Total noncurrent assets</b>	<b>-</b>	<b>9,946,955</b>	<b>-</b>	<b>45,582,118</b>	<b>-</b>
<b>Total assets</b>	<b>17,598,143</b>	<b>50,576,383</b>	<b>10,380,758</b>	<b>61,208,042</b>	<b>1,457,400</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	76,512	9,853	120,269	1,357,454	277,887
Accrued payroll	59,248	29,323	32,329	909	-
Advances from other funds	-	-	-	-	-
Deposits and other liabilities	-	49,104	-	-	-
Accrued interest	-	-	-	-	-
Capital lease obligations - current	-	-	-	-	-
Compensated absences - current	23,716	32,394	23,708	-	-
Self-insurance claims and judgments - current	4,130,419	8,600,000	437,000	-	-
<b>Total current liabilities</b>	<b>4,289,895</b>	<b>8,720,674</b>	<b>613,306</b>	<b>1,358,363</b>	<b>277,887</b>
<b>Noncurrent liabilities:</b>					
Compensated absences - long-term	8,899	4,661	2,772	-	-
Self-insurance claims and judgments - long-term	11,277,922	42,952,000	-	-	-
Advances from other funds - long-term	-	-	-	-	-
Capital lease obligations - long term	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>11,286,821</b>	<b>42,956,661</b>	<b>2,772</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>15,576,716</b>	<b>51,677,335</b>	<b>616,078</b>	<b>1,358,363</b>	<b>277,887</b>
<b>NET POSITION</b>					
Net investment in capital assets	-	-	-	-	-
Restricted for pensions	-	-	-	45,582,118	-
Unrestricted (deficits)	2,021,427	(1,100,952)	9,764,680	14,267,561	1,179,513
<b>Total net position</b>	<b>\$ 2,021,427</b>	<b>\$ (1,100,952)</b>	<b>\$ 9,764,680</b>	<b>\$ 59,849,679</b>	<b>\$ 1,179,513</b>



**City of Stockton**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**June 30, 2020**

	Vehicle Fleet Equipment	Computer Equipment	Radio Equipment	Other Equipment	Total
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$ 12,587,057	\$ 40,481,218	\$ 6,211,185	\$ 1,637,202	\$ 142,680,428
Receivables, net:					
Interest	47,350	158,445	25,680	6,341	605,921
Accounts and other receivables	12,916	-	-	-	400,635
Due from other governments	-	-	-	-	138,944
Due from other funds	-	-	-	-	641,174
Advances to other funds - current	-	-	-	-	1,097,613
Deposits and advances	-	-	-	-	765,934
Prepaid items	6,594	1,311,207	1,621	43,731	1,891,551
<b>Total current assets</b>	<b>12,653,917</b>	<b>41,950,870</b>	<b>6,238,486</b>	<b>1,687,274</b>	<b>148,222,200</b>
<b>Noncurrent assets:</b>					
Restricted assets:					
Cash and investments	-	-	-	-	45,582,118
Advances to other funds - long-term	-	-	-	-	9,946,955
Capital assets, net:					
Nondepreciable	-	3,805,840	-	-	3,805,840
Depreciable, net	15,481,277	2,258,821	2,493,688	44,845	20,278,631
<b>Total noncurrent assets</b>	<b>15,481,277</b>	<b>6,064,661</b>	<b>2,493,688</b>	<b>44,845</b>	<b>79,613,544</b>
<b>Total assets</b>	<b>28,135,194</b>	<b>48,015,531</b>	<b>8,732,174</b>	<b>1,732,119</b>	<b>227,835,744</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	248,646	650,755	340,750	29,883	3,112,009
Accrued payroll	121,750	243,722	6,642	4,939	498,862
Advances from other funds	477,195	-	-	-	477,195
Deposits and other liabilities	-	-	-	-	49,104
Accrued interest	33,491	-	-	-	33,491
Capital lease obligations - current	199,890	-	-	-	199,890
Compensated absences - current	75,947	183,603	-	3,875	343,243
Self-insurance claims and judgments - current	-	-	-	-	13,167,419
<b>Total current liabilities</b>	<b>1,156,919</b>	<b>1,078,080</b>	<b>347,392</b>	<b>38,697</b>	<b>17,881,213</b>
<b>Noncurrent liabilities:</b>					
Compensated absences - long-term	41,956	106,800	-	3,117	168,205
Self-insurance claims and judgments - long-term	-	-	-	-	54,229,922
Advances from other funds - long-term	2,305,782	-	-	-	2,305,782
Capital lease obligations - long term	206,486	-	-	-	206,486
<b>Total noncurrent liabilities</b>	<b>2,554,224</b>	<b>106,800</b>	<b>-</b>	<b>3,117</b>	<b>56,910,395</b>
<b>Total liabilities</b>	<b>3,711,143</b>	<b>1,184,880</b>	<b>347,392</b>	<b>41,814</b>	<b>74,791,608</b>
<b>NET POSITION</b>					
Net investment in capital assets	15,074,901	6,064,661	2,493,688	44,845	23,678,095
Restricted for pensions	-	-	-	-	45,582,118
Unrestricted (deficits)	9,349,150	40,765,990	5,891,094	1,645,460	83,783,923
<b>Total net position</b>	<b>\$ 24,424,051</b>	<b>\$ 46,830,651</b>	<b>\$ 8,384,782</b>	<b>\$ 1,690,305</b>	<b>\$ 153,044,136</b>

**City of Stockton**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	General Liability Insurance	Workers' Compensation Insurance	Employee & Retiree Health Insurance	Retirement Benefits	Other Benefits & Insurance
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 8,110,119	\$ 11,322,945	\$ 20,734,477	\$ 69,743,924	\$ 1,905,025
Miscellaneous	-	-	40	-	-
<b>Total operating revenues</b>	<b>8,110,119</b>	<b>11,322,945</b>	<b>20,734,517</b>	<b>69,743,924</b>	<b>1,905,025</b>
<b>OPERATING EXPENSES:</b>					
Operation and maintenance	4,029,401	11,617,281	21,690,869	66,131,956	2,701,131
General and administrative	1,627,637	2,804,752	1,109,424	-	-
Depreciation and amortization	-	-	-	-	-
<b>Total operating expenses</b>	<b>5,657,038</b>	<b>14,422,033</b>	<b>22,800,293</b>	<b>66,131,956</b>	<b>2,701,131</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,453,081</b>	<b>(3,099,088)</b>	<b>(2,065,776)</b>	<b>3,611,968</b>	<b>(796,106)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Investment income:					
Interest income	614,878	1,810,976	338,615	2,325,025	42,515
Gain from disposal of capital assets	-	-	-	-	-
Interest expense and fiscal charges	-	-	-	-	-
Other non-operating revenues	-	-	348,444	-	138,944
<b>Total non-operating revenues (expenses)</b>	<b>614,878</b>	<b>1,810,976</b>	<b>687,059</b>	<b>2,325,025</b>	<b>181,459</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>3,067,959</b>	<b>(1,288,112)</b>	<b>(1,378,717)</b>	<b>5,936,993</b>	<b>(614,647)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	-	-	-	-	-
Transfers in	-	-	-	14,500,000	-
Transfers out	-	-	-	-	-
Gain on loan forgiveness	-	-	-	-	-
<b>Total capital contributions and transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,500,000</b>	<b>-</b>
<b>CHANGES IN NET POSITION</b>	<b>3,067,959</b>	<b>(1,288,112)</b>	<b>(1,378,717)</b>	<b>20,436,993</b>	<b>(614,647)</b>
<b>NET POSITION:</b>					
Beginning of year	(1,046,532)	187,160	11,143,397	39,412,686	1,794,160
End of year	\$ 2,021,427	\$ (1,100,952)	\$ 9,764,680	\$ 59,849,679	\$ 1,179,513

**City of Stockton**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Vehicle Fleet Equipment	Computer Equipment	Radio Equipment	Other Equipment	Total
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 12,619,478	\$ 18,189,062	\$ 2,327,255	\$ 337,508	\$ 145,289,793
Miscellaneous	-	-	-	-	40
<b>Total operating revenues</b>	<b>12,619,478</b>	<b>18,189,062</b>	<b>2,327,255</b>	<b>337,508</b>	<b>145,289,833</b>
<b>OPERATING EXPENSES:</b>					
Operation and maintenance	6,319,843	10,247,612	1,606,097	335,408	124,679,598
General and administrative	1,763,475	-	-	-	7,305,288
Depreciation and amortization	3,090,077	842,695	165,422	35,628	4,133,822
<b>Total operating expenses</b>	<b>11,173,395</b>	<b>11,090,307</b>	<b>1,771,519</b>	<b>371,036</b>	<b>136,118,708</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,446,083</b>	<b>7,098,755</b>	<b>555,736</b>	<b>(33,528)</b>	<b>9,171,125</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Investment income:					
Interest income	501,826	1,689,596	294,554	66,009	7,683,994
Gain from disposal of capital assets	(155,275)	-	-	-	(155,275)
Interest expense and fiscal charges	(73,594)	-	-	-	(73,594)
Other non-operating revenues	-	-	-	-	487,388
<b>Total non-operating revenues (expenses)</b>	<b>272,957</b>	<b>1,689,596</b>	<b>294,554</b>	<b>66,009</b>	<b>7,942,513</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>1,719,040</b>	<b>8,788,351</b>	<b>850,290</b>	<b>32,481</b>	<b>17,113,638</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	198,571	198,459	-	-	397,030
Transfers in	268,762	-	3,130,000	-	17,898,762
Transfers out	(438,000)	-	-	-	(438,000)
Gain on loan forgiveness	-	-	(547,203)	-	(547,203)
<b>Total capital contributions and transfers</b>	<b>29,333</b>	<b>198,459</b>	<b>2,582,797</b>	<b>-</b>	<b>17,310,589</b>
<b>CHANGES IN NET POSITION</b>	<b>1,748,373</b>	<b>8,986,810</b>	<b>3,433,087</b>	<b>32,481</b>	<b>34,424,227</b>
<b>NET POSITION:</b>					
Beginning of year	22,675,678	37,843,841	4,951,695	1,657,824	118,619,909
End of year	<u>\$ 24,424,051</u>	<u>\$ 46,830,651</u>	<u>\$ 8,384,782</u>	<u>\$ 1,690,305</u>	<u>\$ 153,044,136</u>

**City of Stockton**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	General Liability Insurance	Workers' Compensation Insurance	Employee & Retiree Health Insurance	Retirement Benefits	Other Benefits & Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts for interfund services provided	8,097,495	11,253,269	20,734,274	69,743,924	1,905,025
Payments to suppliers and employees	(6,232,554)	(14,382,256)	(22,761,682)	(64,865,913)	(2,548,276)
Claims and insurance paid	(1,701,111)	4,145,000	(69,772)	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>163,830</b>	<b>1,016,013</b>	<b>(2,097,180)</b>	<b>4,878,011</b>	<b>(643,251)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	-	-	-	14,500,000	-
Transfers out	-	-	-	-	-
Contribution to other funds	-	-	-	-	-
Advance to other funds	-	1,077,790	-	-	-
Advance from other funds	-	-	-	-	-
Other non-operating revenues	-	-	348,444	-	-
Gain on loan forgiveness (Note 19)	-	-	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>-</b>	<b>1,077,790</b>	<b>348,444</b>	<b>14,500,000</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from sale of capital assets	-	-	-	-	-
Purchases of capital assets	-	-	-	-	-
Capital contributions received	-	-	-	-	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
<b>Net cash (used in) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment earnings	626,850	1,829,452	351,213	2,333,470	47,214
Deferred rent	-	-	-	-	-
<b>Net cash provided by investing activities</b>	<b>626,850</b>	<b>1,829,452</b>	<b>351,213</b>	<b>2,333,470</b>	<b>47,214</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>790,680</b>	<b>3,923,255</b>	<b>(1,397,523)</b>	<b>21,711,481</b>	<b>(596,037)</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
<b>Beginning of year</b>	<b>16,382,205</b>	<b>34,704,544</b>	<b>10,493,178</b>	<b>39,471,553</b>	<b>1,862,548</b>
<b>End of year</b>	<b>\$ 17,172,885</b>	<b>\$ 38,627,799</b>	<b>\$ 9,095,655</b>	<b>\$ 61,183,034</b>	<b>\$ 1,266,511</b>

**City of Stockton**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Vehicle Fleet Equipment	Computer Equipment	Radio Equipment	Other Equipment	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts for interfund services provided	12,606,857	18,189,062	2,327,255	337,508	145,194,669
Payments to suppliers and employees	(8,423,095)	(12,249,438)	(1,487,978)	(349,130)	(133,300,322)
Claims and insurance paid	-	-	-	-	2,374,117
<b>Net cash provided by (used in) operating activities</b>	<b>4,183,762</b>	<b>5,939,624</b>	<b>839,277</b>	<b>(11,622)</b>	<b>14,268,464</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	268,762	-	3,130,000	-	17,898,762
Transfers out	(438,000)	-	-	-	(438,000)
Contribution to other funds	-	-	-	-	-
Advance to other funds	-	-	-	-	1,077,790
Advance from other funds	(467,750)	-	-	-	(467,750)
Other non-operating revenues	-	-	-	-	348,444
Gain on loan forgiveness (Note 19)	-	-	(547,203)	-	(547,203)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(636,988)</b>	<b>-</b>	<b>2,582,797</b>	<b>-</b>	<b>17,872,043</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from sale of capital assets	(155,275)	-	-	-	(155,275)
Purchases of capital assets	(1,049,036)	(4,272,831)	(1,670,979)	-	(6,992,846)
Capital contributions received	198,571	198,459	-	-	397,030
Principal paid on debt	(193,504)	-	-	-	(193,504)
Interest paid on debt	(82,483)	-	-	-	(82,483)
<b>Net cash (used in) capital and related financing activities</b>	<b>(1,281,727)</b>	<b>(4,074,372)</b>	<b>(1,670,979)</b>	<b>-</b>	<b>(7,027,078)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment earnings	495,816	1,697,812	287,607	66,837	7,736,271
Deferred rent	-	-	-	-	-
<b>Net cash provided by investing activities</b>	<b>495,816</b>	<b>1,697,812</b>	<b>287,607</b>	<b>66,837</b>	<b>7,736,271</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,760,863</b>	<b>3,563,064</b>	<b>2,038,702</b>	<b>55,215</b>	<b>32,849,700</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
<b>Beginning of year</b>	<b>9,826,194</b>	<b>36,918,154</b>	<b>4,172,483</b>	<b>1,581,987</b>	<b>155,412,846</b>
<b>End of year</b>	<b>\$ 12,587,057</b>	<b>\$ 40,481,218</b>	<b>\$ 6,211,185</b>	<b>\$ 1,637,202</b>	<b>\$ 188,262,546</b>

**City of Stockton**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	General Liability Insurance	Workers' Compensation Insurance	Employee Health Insurance	Retirement Benefits	Other Benefits & Insurance
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:</b>					
Cash and investments	\$ 17,172,885	\$ 38,627,799	\$ 9,095,655	\$ 15,600,916	\$ 1,266,511
Restricted assets:					
Cash with investments fiscal agents	-	-	-	45,582,118	-
<b>Total cash and investments</b>	<b>\$ 17,172,885</b>	<b>\$ 38,627,799</b>	<b>\$ 9,095,655</b>	<b>\$ 61,183,034</b>	<b>\$ 1,266,511</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 2,453,081	\$ (3,099,088)	\$ (2,065,776)	\$ 3,611,968	\$ (796,106)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	-	-	-	-	-
Changes in assets and liabilities:					
Accounts and other receivables	(12,624)	-	(243)	-	-
Due from other funds		(69,676)			
Due from other governments					
Prepaid items	650	4,602	107,356		(47,203)
Inventory of supplies					
Deposits and advances		-	9,622		
Accounts payable	(595,641)	6,633	(85,036)	1,266,020	200,058
Accrued payroll	7,025	8,245	6,998	23	
Due to other funds					
Due to other governments	-	-	-	-	-
Loans from Successor Agency, net		-	-	-	-
Compensated absences	12,450	20,297	(329)	-	-
Self-insurance - claims and judgments	(1,701,111)	4,145,000	(69,772)	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 163,830</b>	<b>\$ 1,016,013</b>	<b>\$ (2,097,180)</b>	<b>\$ 4,878,011</b>	<b>\$ (643,251)</b>
<b>NONCASH TRANSACTIONS:</b>					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -

**City of Stockton**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Vehicle Fleet Equipment	Computer Equipment	Radio Equipment	Other Equipment	Total
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:</b>					
Cash and investments	\$ 12,587,057	\$ 40,481,218	\$ 6,211,185	\$ 1,637,202	\$ 142,680,428
Restricted assets:					
Cash with investments fiscal agents	-	-	-	-	45,582,118
<b>Total cash and investments</b>	<b>\$ 12,587,057</b>	<b>\$ 40,481,218</b>	<b>\$ 6,211,185</b>	<b>\$ 1,637,202</b>	<b>\$ 188,262,546</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 1,446,083	\$ 7,098,755	\$ 555,736	\$ (33,528)	\$ 9,171,125
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	3,090,077	842,695	165,422	35,628	4,133,822
Changes in assets and liabilities:					
Accounts and other receivables	(12,621)	-	-	-	(25,488)
Due from other funds	-	-	-	-	(69,676)
Due from other governments	-	-	-	-	-
Prepaid items	9,328	(505,611)	3,771	1,346	(425,761)
Inventory of supplies					-
Deposits and advances					9,622
Accounts payable	(334,229)	(1,525,238)	113,976	(14,986)	(968,443)
Accrued payroll	(11,987)	25,322	372	(167)	35,831
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Loans from Successor Agency, net	-	-	-	-	-
Compensated absences	(2,889)	3,701		85	33,315
Self-insurance - claims and judgments	-	-	-	-	2,374,117
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 4,183,762</b>	<b>\$ 5,939,624</b>	<b>\$ 839,277</b>	<b>\$ (11,622)</b>	<b>\$ 14,268,464</b>
<b>NONCASH TRANSACTIONS:</b>					
Capital contributions	\$ 198,571	\$ 198,459	\$ -	\$ -	\$ 397,030







CITY OF STOCKTON



AGENCY FUNDS



## **AGENCY FUNDS**

Agency funds are a type of fiduciary fund used to account for assets held in an agency capacity for parties outside the City. The resources of these funds cannot be used to support the City's own programs.

The City's agency funds include:

### ***Land-Secured Financing Agency Fund***

To account for special taxes or assessment collections from property owners that are authorized under various public improvement acts of the State of California. The City acts only as an agent and forwards collections to bondholders and initiated foreclosure proceedings when necessary.

### ***Area of Benefit Fees Agency Fund***

To account for the collection of developer fees, proportionate share fees, and reimbursement of construction costs required as a condition of a development or subdivision for approved public improvements within established areas of benefit.

### ***Public Facilities Fees Agency Fund***

To account for fees collected on behalf of other governments and agencies related to community new development impacts.

### ***Miscellaneous Agency Fund***

To account for deposits held by the City as security for construction improvements and development, unified utility bill collections on behalf of other entities, and for other deposits held in a fiduciary capacity.

### ***All Other Agency Funds***

To account for various cultural, recreational and educational programs that the City administers on behalf of other governmental and private sector entities and organizations.

**City of Stockton**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b><u>LAND-SECURED FINANCING</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 8,055,567	\$ 41,676	\$ -	\$ 8,097,243
Cash and investments with fiscal agents	11,970,181	6,987,045	-	18,957,226
Receivables:				
Interest	49,834	-	(23,526)	26,308
Accounts and other receivables	14	-	(14)	-
Due from successor agency	-	-	-	-
Due from agency funds	-	-	-	-
Prepaid items	-	(834,855)	-	(834,855)
<b>Total assets</b>	<b>\$ 20,075,596</b>	<b>\$ 6,193,866</b>	<b>\$ (23,540)</b>	<b>\$ 26,245,922</b>
<b>Liabilities:</b>				
Accounts payable	\$ 712	\$ -	\$ (712)	\$ -
Deposits and other liabilities	20,074,884	27,061,237	(20,890,199)	26,245,922
<b>Total liabilities</b>	<b>\$ 20,075,596</b>	<b>\$ 27,061,237</b>	<b>\$ (20,890,911)</b>	<b>\$ 26,245,922</b>
<b><u>AREA OF BENEFIT FEES</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 9,685,359	\$ -	\$ (233,920)	\$ 9,451,439
Receivables:				
Interest	43,389	-	(4,855)	38,534
<b>Total assets</b>	<b>\$ 9,728,748</b>	<b>\$ -</b>	<b>\$ (238,775)</b>	<b>\$ 9,489,973</b>
<b>Liabilities:</b>				
Deposits and other liabilities	\$ 9,728,748	\$ -	\$ (238,775)	\$ 9,489,973
<b>Total liabilities</b>	<b>\$ 9,728,748</b>	<b>\$ -</b>	<b>\$ (238,775)</b>	<b>\$ 9,489,973</b>
<b><u>PUBLIC FACILITIES FEES</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,166,232	\$ 200,850	\$ -	\$ 1,367,082
Receivables:				
Interest	3,564	-	(1,006)	2,558
Accounts and other receivables	-	-	-	-
<b>Total assets</b>	<b>\$ 1,169,796</b>	<b>\$ 200,850</b>	<b>\$ (1,006)</b>	<b>\$ 1,369,640</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,145,437	\$ 157,642	\$ -	\$ 1,303,079
Due to other governments	24,359	42,202	-	66,561
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>\$ 1,169,796</b>	<b>\$ 199,844</b>	<b>\$ -</b>	<b>\$ 1,369,640</b>

**City of Stockton**  
**Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2020**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>MISCELLANEOUS</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 2,178,888	\$ 1,686,269	\$ -	\$ 3,865,157
Receivables:				
Interest	12,923	2,370	-	15,293
Accounts and other receivables	5,880,311	397,065	-	6,277,376
<b>Total assets</b>	<b>\$ 8,072,122</b>	<b>\$ 2,085,704</b>	<b>\$ -</b>	<b>\$ 10,157,826</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,511,876	\$ 760,854	\$ -	\$ 2,272,730
Due to other governments	63,665	-	(61,842)	1,823
Deposits and other liabilities	6,496,581	1,386,692	-	7,883,273
<b>Total liabilities</b>	<b>\$ 8,072,122</b>	<b>\$ 2,147,546</b>	<b>\$ (61,842)</b>	<b>\$ 10,157,826</b>
<b><u>ALL OTHER</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 111,447	\$ -	\$ (4,124)	\$ 107,323
Receivables:				
Interest	536	27	-	563
Accounts and other receivables	26	-	(26)	-
<b>Total assets</b>	<b>\$ 112,009</b>	<b>\$ 27</b>	<b>\$ (4,150)</b>	<b>\$ 107,886</b>
<b>Liabilities:</b>				
Accounts payable	\$ 2,693	\$ 65	\$ -	\$ 2,758
Deposits and other liabilities	109,316	-	(4,188)	105,128
<b>Total liabilities</b>	<b>\$ 112,009</b>	<b>\$ 65</b>	<b>\$ (4,188)</b>	<b>\$ 107,886</b>
<b><u>TOTAL</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 21,197,493	\$ 1,928,795	\$ (238,044)	\$ 22,888,244
Cash and investments with fiscal agents	11,970,181	6,987,045	-	18,957,226
Receivables:				
Interest	110,246	2,397	(29,387)	83,256
Accounts and other receivables	5,880,351	397,065	(40)	6,277,376
Due from successor agency	-	-	-	-
Due from agency funds	-	-	-	-
Prepaid items	-	(834,855)	-	(834,855)
<b>Total assets</b>	<b>\$ 39,158,271</b>	<b>\$ 8,480,447</b>	<b>\$ (267,471)</b>	<b>\$ 47,371,247</b>
<b>Liabilities:</b>				
Accounts payable	\$ 2,660,718	\$ 918,561	\$ (712)	\$ 3,578,567
Due to other governments	88,024	42,202	(61,842)	68,384
Deposits and other liabilities	36,409,529	28,447,929	(21,133,162)	43,724,296
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>\$ 39,158,271</b>	<b>\$ 29,408,692</b>	<b>\$ (21,195,716)</b>	<b>\$ 47,371,247</b>

**City of Stockton**  
**Measures A and B**  
**Schedule of Sources and Uses**  
**For Year Ended June 30, 2020**

	<u><b>Final Budget</b></u>	<u><b>Year End Actual</b></u>	<u><b>Variance with Final Budget</b></u>
<b>Revenues</b>			
Measure A Transaction and Use Tax	\$ 32,508,651	\$ 34,329,713	\$ 1,821,062
Total revenues	<u>32,508,651</u>	<u>34,329,713</u>	<u>1,821,062</u>
<b>Uses/Expenditures</b>			
Police			
Salary & benefits			
Sworn	20,525,184	18,424,245	2,100,939
Non-Sworn	3,671,391	3,052,913	618,478
Vacancy savings	(904,411)	-	(904,411)
Other services	2,345,422	2,239,423	105,999
Materials & supplies			
Fuel	348,377	269,189	79,188
Other supplies	375,246	285,686	89,560
Other expenses			
Training	658,347	654,522	3,825
Total police	<u>27,019,556</u>	<u>24,925,978</u>	<u>2,093,578</u>
Office of Violence Prevention			
Salary & benefits			
Non-sworn	657,203	680,195	(22,992)
Other services	378,790	299,386	79,404
Materials & supplies			
Fuel	5,752	3,190	2,562
Other supplies	10,620	15,781	(5,161)
Office equipment	3,979	1,379	2,600
Other expenses	11,572	11,572	-
Total Office of Violence Prevention	<u>1,067,916</u>	<u>1,011,503</u>	<u>56,413</u>
Basis Adjustment			
Encumbrances (included in final budget)	-	136,347	(136,347)
Total Measure B Expenditures	<u>28,087,472</u>	<u>26,073,827</u>	<u>2,013,645</u>
<b>Crime Prevention (Measure B) expenditures as a % of annual Measure A revenues</b>	<u><b>86%</b></u>	<u><b>76%</b></u>	
<b>Other City Services</b>			
Prior Year - Mission Critical Projects			
Marketing/communications plan		-	-
General Fund available fund balance	4,421,179	8,255,886	(3,834,707)
<b>Total adjustment</b>	<u>4,421,179</u>	<u>8,255,886</u>	<u>(3,834,707)</u>
<b>Total Uses/Expenditures</b>	<u><u>\$ 32,508,651</u></u>	<u><u>\$ 34,329,713</u></u>	<u><u>\$ (1,821,062)</u></u>



CITY OF STOCKTON



STATISTICAL SECTION







**City of Stockton**  
**Table 1**  
**Net Position by Classification**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

		Fiscal Year				
		2020	2019	2018	2017	2016
Governmental activities:						
Net investment in capital assets	\$	724,164	\$ 346,021	\$ 328,284	\$ 330,655	\$ 287,078
Restricted		239,339	204,114	170,507	148,493	153,087
Unrestricted		(119,715)	260,748	238,421	229,584	196,005
Total governmental activities net position		843,787	810,883	737,211	708,732	636,170
Business-type activities:						
Net investment in capital assets		301,434	381,015	367,317	362,886	369,983
Restricted		125,668	28,411	46,805	50,904	54,618
Unrestricted		177,840	155,217	133,656	82,938	44,792
Total business-type activities net position		604,942	564,643	547,778	496,728	469,393
Primary government:						
Net investment in capital assets		1,025,598	727,036	695,601	693,540	657,061
Restricted		365,007	232,525	217,311	199,397	207,705
Unrestricted		58,125	415,965	372,077	312,522	240,797
Total primary government net position		\$ 1,448,729	\$ 1,375,526	\$ 1,284,989	\$ 1,205,460	\$ 1,105,563

Note: Some prior year balances may have been restated from previous CAFRs to reflect new GASB implementations or prior period restatements.

Source: City of Stockton Department of Administrative Services

**City of Stockton**  
**Table 1**  
**Net Position by Classification (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental activities:					
Net investment in capital assets	\$ 326,823	\$ 714,595	\$ 725,426	\$ 703,266	\$ 645,249
Restricted	130,763	96,596	93,905	84,099	122,730
Unrestricted	160,224	(62,855)	(82,351)	(114,859)	(169,356)
Total governmental activities net position	617,810	748,336	736,980	672,506	598,623
Business-type activities:					
Net investment in capital assets	379,853	413,783	418,881	432,082	414,066
Restricted	56,521	54,175	56,589	27,976	33,558
Unrestricted	28,751	42,641	38,380	54,340	61,172
Total business-type activities net position	465,125	510,599	513,850	514,398	508,796
Primary government:					
Net investment in capital assets	706,676	1,128,378	1,144,307	1,135,348	1,059,315
Restricted	187,284	150,771	150,494	112,075	156,288
Unrestricted	188,975	(20,214)	(43,971)	(60,519)	(108,184)
Total primary government net position	\$ 1,082,935	\$ 1,258,935	\$ 1,250,830	\$ 1,186,904	\$ 1,107,419

Note: Some prior year balances may have been restated from previous CAFRs to reflect new GASB implementations or prior period restatements.

Source: City of Stockton Department of Administrative Services

**City of Stockton**  
**Table 2**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	<b>1000</b>				
	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Expenses</b>					
Governmental activities:					
General government	\$ 37,269	\$ 37,821	\$ 37,259	\$ 33,378	\$ 39,608
Public safety	217,941	199,263	212,181	154,932	169,015
Public works	44,922	37,168	38,435	45,670	36,344
Library	14,657	13,501	12,301	10,904	10,406
Parks and recreation	27,798	27,288	23,753	22,481	21,620
Interest and fiscal charges	5,298	5,914	5,964	4,288	2,216
Total governmental activities	347,885	320,954	329,894	271,653	279,209
Business-type activities:					
Water utility	47,974	46,641	39,526	42,886	48,001
Wastewater utility	63,983	58,093	41,648	50,545	58,665
Stormwater utility	6,599	7,419	4,729	5,288	6,601
Parking Authority	5,795	5,501	5,310	5,641	5,384
Other	2,499	3,613	3,299	3,235	3,116
Total business-type activities	126,850	121,267	94,512	107,595	121,767
Total expenses	474,736	442,221	424,406	379,248	400,976
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	9,250	13,977	16,451	19,184	15,831
Public safety	11,220	16,925	15,309	9,188	13,663
Public works	3,143	10,367	14,914	3,373	8,292
Library	278	470	595	377	517
Parks and recreation	4,010	11,320	12,194	8,765	9,158
Operating grants and contributions	21,509	13,446	12,402	12,565	12,861
Capital grants and contributions	30,227	45,632	21,426	17,591	16,286
Total governmental activities	79,637	112,137	93,292	71,043	76,608
Business-type activities:					
Charges for services:					
Water utility	57,519	49,489	50,590	42,308	33,277
Wastewater utility	71,210	67,432	68,191	66,833	68,938
Stormwater utility	6,417	6,407	5,683	5,619	5,573
Parking Authority	4,749	4,592	4,447	5,141	4,971
Other	1,038	1,755	1,776	1,675	1,750
Operating grants and contributions	7,314	3,643	3,855	3,889	3,776
Capital grants and contributions	7,258	4,626	6,245	2,971	3,562
Total business-type activities	155,504	137,944	140,787	128,436	121,847
Total program revenues	235,141	250,081	234,078	199,479	198,455
<b>Change in Net Position</b>					
Governmental activities	(268,248)	(208,817)	(236,603)	(200,610)	(202,601)
Business-type activities	28,654	16,677	46,275	20,841	80
Total primary government	\$ (239,594)	\$ (192,140)	\$ (190,328)	\$ (179,769)	\$ (202,521)

**City of Stockton**  
**Table 2**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Expenses</b>					
Governmental activities:					
General government	\$ 35,576	\$ 34,594	\$ 24,909	\$ 41,548	\$ 40,873
Public safety	123,403	124,806	108,931	154,230	182,582
Public works	37,685	51,942	49,259	34,635	48,826
Library	9,098	9,807	8,445	10,176	11,589
Parks and recreation	20,801	19,456	19,736	20,760	24,435
Interest and fiscal charges	3,401	14,486	14,615	20,529	19,274
Total governmental activities	229,964	255,091	225,895	281,878	327,579
Business-type activities:					
Water utility	47,474	44,720	48,570	30,162	35,909
Wastewater utility	56,153	55,724	51,166	51,530	49,234
Stormwater utility	7,084	5,758	5,959	6,685	7,406
Parking Authority	5,026	5,120	4,944	4,903	4,264
Other	3,374	3,448	2,939	3,750	3,517
Total business-type activities	119,111	114,770	113,578	97,030	100,330
Total expenses	349,075	369,861	339,473	378,908	427,909
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	15,169	14,785	17,977	15,342	17,079
Public safety	16,863	21,016	18,130	15,002	16,765
Public works	6,105	5,178	6,136	6,255	15,005
Library	441	437	670	719	593
Parks and recreation	6,145	5,655	6,597	6,037	7,353
Operating grants and contributions	18,823	18,840	23,827	20,460	22,355
Capital grants and contributions	34,268	36,052	57,146	54,487	50,112
Total governmental activities	97,814	101,963	130,483	118,302	129,262
Business-type activities:					
Charges for services:					
Water utility	35,059	37,855	37,464	33,308	30,056
Wastewater utility	65,726	59,953	55,369	50,324	42,598
Stormwater utility	5,569	5,571	5,503	5,888	5,879
Parking Authority	4,170	2,882	2,669	3,487	3,585
Other	1,769	1,870	1,934	2,071	1,852
Operating grants and contributions	5,133	3,865	4,175	4,175	4,175
Capital grants and contributions	2,945	1,112	4,700	10,139	15,960
Total business-type activities	120,371	113,108	111,814	109,392	104,105
Total program revenues	218,185	215,071	242,297	227,694	233,367
<b>Change in Net Position</b>					
Governmental activities	(132,150)	(153,128)	(95,412)	(163,576)	(198,317)
Business-type activities	1,260	(1,662)	(1,764)	12,362	3,775
Total primary government	\$ (130,890)	\$ (154,790)	\$ (97,176)	\$ (151,214)	\$ (194,542)

**City of Stockton**  
**Table 2**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>General Revenues and Other</b>					
<b>Change in Net Position:</b>					
Governmental activities:					
Taxes:					
Property	\$ 36,692	\$ 35,739	\$ 33,112	\$ 32,411	\$ 30,646
In lieu of sales tax	-	-	-	-	8,775
Utility user	34,537	34,252	35,415	34,455	33,379
Sales - levied by City (1)	57,077	57,911	52,788	42,506	39,070
Franchise fees	15,292	12,307	13,243	13,289	12,397
Business licenses	14,557	19,958	13,507	12,243	11,996
Hotel/motel room	2,834	3,377	3,193	2,997	2,711
Document transfer	912	1,071	1,078	801	857
Other	3,262	2,905	2,916	1,939	1,801
Shared revenue:	-	-	-	-	-
Vehicle license fees	31,839	23,599	29,091	21,423	20,354
Sales and use tax levied by state (1)	56,122	57,151	68,467	49,910	45,097
Other	18,303	-	165	44	45
Investment earnings	21,759	18,438	899	1,966	4,728
Gain on sale of capital assets	12	(1,602)	(203)	578	568
Miscellaneous	9,469	7,810	4,083	2,820	7,303
Special item	(547)	500	6,203	-	-
Proceeds of long-term debt	-	-	-	10,237	-
Extraordinary items	-	-	-	-	-
Transfers from Successor Agency, Net	-	-	734	-	-
Transfers	(922)	9,074	389	654	(297)
<b>Total governmental activities</b>	<b>301,198</b>	<b>282,489</b>	<b>265,082</b>	<b>228,273</b>	<b>219,430</b>
Business-type activities:					
Other taxes	1,407	1,341	1,271	1,292	1,239
Grants and contributions not restricted to specific programs	-	-	100	-	-
Investment earnings	9,318	7,920	233	131	2,653
Gain on sale of capital assets	(2)	-	20	(1,156)	-
Miscellaneous	-	-	-	-	-
Special item	-	-	3,540	-	-
Transfers	922	(9,074)	(389)	(654)	297
Extraordinary items (2)	-	-	-	-	-
<b>Total business-type activities</b>	<b>11,645</b>	<b>188</b>	<b>4,774</b>	<b>(387)</b>	<b>4,189</b>
<b>Total general revenues and other changes in net assets</b>	<b>312,843</b>	<b>282,676</b>	<b>269,857</b>	<b>227,886</b>	<b>223,619</b>
<b>Change in Net Position</b>					
Governmental activities	32,950	73,671	28,479	27,662	16,829
Business-type activities	40,299	16,865	51,049	20,454	4,271
<b>Total primary government</b>	<b>\$ 73,249</b>	<b>\$ 90,536</b>	<b>\$ 79,529</b>	<b>\$ 48,116</b>	<b>\$ 21,100</b>

(1) Measure A-Public Safety Tax, an additional .75% sales tax approved 2014, and Measure M - a new .25% sales tax approved in 2017 contributed to increases

(2) In fiscal year 2015 Extraordinary items for Government activities and Business-type activities relate to GASB #58 Bankruptcy, with both principal and interest debt forgiven. GASB #68 Pension obligations being restated to show on balance sheet.

Source: City of Stockton Department of Administrative Services

**City of Stockton**  
**Table 2**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>General Revenues and Other</b>					
<b>Change in Net Position:</b>					
Governmental activities:					
Taxes:					
Property	\$ 29,573	\$ 28,015	\$ 29,420	\$ 32,772	\$ 41,051
In lieu of sales tax	9,816	9,706	9,938	8,392	8,118
Utility user	32,921	32,370	31,941	31,505	30,994
Sales - levied by City (1)	37,208	15,536	9,086	8,576	7,875
Franchise fees	12,379	11,981	11,677	12,465	11,503
Business licenses	10,805	10,392	10,153	9,873	9,855
Hotel/motel room	2,378	2,080	2,006	1,933	1,799
Document transfer	587	564	458	603	583
Other	930	728	287	159	155
Shared revenue:					
Vehicle license fees	19,602	18,069	17,433	17,734	20,014
Sales and use tax levied by state (1)	36,904	35,111	34,031	32,604	30,061
Other	49	253	400	-	352
Investment earnings	1,532	1,128	123	2,802	1,620
Gain on sale of capital assets	(13,214)	(3,712)	(1)	-	-
Miscellaneous	16,982	3,042	2,411	974	1,083
Special item	-	-	-	-	3,270
Proceeds of long-term debt	23,396	-	-	-	-
Extraordinary items	250,701	-	-	75,350	-
Transfers	383	1,330	524	1,718	542
Total governmental activities	472,932	166,593	159,887	237,460	168,875
Business-type activities:					
Other taxes	974	1,166	1,197	1,205	1,152
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	1,172	1,448	530	1,865	3,176
Gain on sale of capital assets	(3,300)	-	-	-	-
Miscellaneous	-	431	14	(18,012)	-
Special item	-	-	-	-	-
Transfers	(383)	(1,330)	(524)	(1,718)	(542)
Extraordinary items (2)	9,548	-	-	-	-
Total business-type activities	8,011	1,715	1,217	(16,660)	3,786
Total general revenues and other changes in net assets	480,943	168,308	161,104	220,800	172,661
<b>Change in Net Position</b>					
Governmental activities	340,782	13,465	64,475	73,884	(29,442)
Business-type activities	9,271	53	(547)	(4,298)	7,561
Total primary government	\$ 350,053	\$ 13,518	\$ 63,928	\$ 69,586	\$ (21,881)

(1) Measure A-Public Safety Tax, an additional .75% sales tax approved 2014, and Measure M - a new .25% sales tax approved in 2017 contributed to increases

(2) In fiscal year 2015 Extraordinary items for Government activities and Business-type activities relate to GASB #58 Bankruptcy, with both principal and interest debt forgiven. GASB #68 Pension obligations being restated to show on balance sheet.

Source: City of Stockton Department of Administrative Services

**City of Stockton**  
**Table 3**  
**Fund Balance, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund					
Nonspendable	\$ 5,796	\$ 3,621	\$ 1,303	\$ 1,539	\$ 2,214
Restricted	3,998	4,034	4,730	4,603	3,549
Committed	59,714	54,243	45,957	56,439	49,088
Assigned	4,017	4,144	2,227	3,922	5,467
Unassigned	41,085	37,990	36,265	36,184	33,326
Total General Fund	114,611	104,032	90,482	102,687	93,644
All other governmental funds					
Nonspendable	356	356	370		373
Restricted	189,758	169,507	117,387	114,254	122,084
Committed		-	-		-
Assigned		-	-		-
Unassigned		-	-	3,232	-
Total all other governmental funds	190,114	169,863	117,757	117,486	122,457
Total Fund Balance	\$ 304,725	\$ 273,895	\$ 208,239	\$ 220,173	\$ 216,101

Source: City of Stockton Department of Administrative Services



**City of Stockton**  
**Table 3**  
**Fund Balance, Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2015	2014	2013	2012	2011
General Fund					
Nonspendable	\$ 810	\$ 500	\$ 409	\$ 355	\$ 317
Restricted	2,949	3,551	2,334	2,100	2,100
Committed	28,930	34,008	23,775	8,070	5,081
Assigned	-	3,059	1,710	4,111	4,758
Unassigned	38,639	9,751	3,093	-	-
Total General Fund	71,328	50,869	31,321	14,636	12,256
All other governmental funds					
Nonspendable	382	443	369	370	304
Restricted	104,785	81,435	75,157	83,636	115,700
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(20,669)	(18,793)	(18,775)	(15,017)
Total all other governmental funds	105,167	61,209	56,733	65,231	100,987
Total Fund Balance	\$ 176,495	\$ 112,078	\$ 88,054	\$ 79,867	\$ 113,243

Source: City of Stockton Department of Administrative Services

**City of Stockton**  
**Table 4**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Revenues:</b>					
Taxes:					
Property	\$ 36,692	\$ 35,342	\$ 33,068	\$ 32,411	\$ 30,646
In lieu of sales tax	-		44		8,775
Utility user	34,537	34,252	35,415	34,455	33,379
Sales (levied by City) (1)	57,077	57,911	52,788	42,506	39,070
Franchise fees	15,292	12,307	13,243	13,289	12,397
Business license	14,557	13,215	13,507	12,243	11,996
Hotel/motel room	2,834	3,377	3,193	2,997	2,711
Document transfer	912	1,071	1,126	801	856
Other	3,262	2,905	2,916	1,939	1,535
Licenses and permits	6,847	6,744	6,214	5,867	5,347
Federal grants and subsidies	15,578	16,517	13,235	12,859	10,470
Other shared revenue (sales and use tax levied by state) (1)	56,122	51,577	53,817	49,910	45,097
Other governmental	59,367	66,594	57,778	37,574	36,696
Charges for services	26,904	27,227	29,377	22,920	26,473
Fines and forfeitures	1,101	1,277	1,247	1,164	624
Use of money and property	10,569	12,460	9,528	8,197	8,172
Investment income:	-				
Interest income	14,075	11,758	1,063	1,762	3,088
Refunds and reimbursements	6,633	6,614	7,887	6,077	5,188
Miscellaneous	8,981	8,649	8,596	6,745	11,246
Total revenues	371,340	369,795	344,044	293,716	293,766
<b>Expenditures:</b>					
Current:					
General government	30,148	30,537	26,761	29,235	27,229
Public safety	193,778	189,824	184,426	171,073	150,853
Public works	20,120	19,793	18,852	15,818	14,861
Library	14,400	13,789	12,416	10,619	10,107
Parks and recreation	25,920	26,006	22,462	20,493	19,295
Capital outlay	31,225	35,158	51,210	31,407	23,857
Debt service:	-		-		
Principal retirement	1,699	11,477	2,204	13,593	3,325
Cost of issuance	-		-		2,119
Interest and fiscal charges	5,229	5,627	5,767	2,872	
Total expenditures	322,521	332,211	324,098	295,110	251,646
Excess (deficiency) of revenues over (under) expenditures	\$ 48,819	\$ 37,584	\$ 19,946	\$ (1,394)	\$ 42,120

**City of Stockton**  
**Table 4**  
**Changes in Fund Balance of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Other financing sources (uses):</b>					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	18,062	31,310	19,077	23,347	15,916
Transfers out	(36,445)	(29,479)	(37,913)	(12,966)	(18,810)
Transfers from successor Agency			734		
Special Item (Note 18)			6,203		
Bond insurers proceeds			-		-
Operating transfers out to a component unit			-		-
Proceeds of current refunding bonds			-		-
Sales of capital assets	393	52	800	492	379
Advances from other funds					-
Payment to refunded bond escrow agent					-
Total other financing sources (uses)	(17,990)	1,884	(11,099)	10,873	(2,515)
Special items					-
Net change in fund balance	30,830	39,468	8,847	9,479	39,605
Fund balance, beginning of year, original	273,895	234,427	225,581	216,100	176,495
Prior period restatement					-
Fund balance, beginning of year, restated	273,895	234,427	225,581	216,100	176,495
Fund balance, end of year	\$ 304,725	\$ 273,895	\$ 234,427	\$ 225,579	\$ 216,100
Debt service as a percentage of noncapital expenditures	2.4%	6.1%	3.0%	6.7%	2.4%

(1) Measure A-Public Safety Tax, an additional .75% sales tax approved in 2014, and Measure M - a new .25% sales tax approved in 2017 contributed to increases

Note: Some prior year balances may have been restated from previous CAFRs to reflect new GASB implementations or prior period restatement.

**City of Stockton**  
**Table 4**  
**Changes in Fund Balance of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Revenues:</b>					
Taxes:					
Property	\$ 29,573	\$ 28,014	\$ 29,420	\$ 32,772	\$ 41,051
In lieu of sales tax	9,816	9,706	9,938	8,392	8,118
Utility user	32,921	32,369	31,941	31,505	30,994
Sales (levied by City) (1)	37,208	15,536	9,086	8,576	7,875
Franchise fees	12,380	11,981	11,677	12,465	11,503
Business license	10,805	10,392	10,153	9,873	9,855
Hotel/motel room	2,378	2,080	2,006	1,933	1,799
Document transfer	587	565	458	603	583
Other	930	728	287	159	155
Licenses and permits	4,398	3,808	3,696	4,024	3,584
Federal grants and subsidies	21,796	22,453	23,158	19,927	33,244
Other shared revenue (sales and use tax levied by state) (1)	36,904	35,111	34,031	32,604	30,061
Other governmental	41,806	47,951	71,746	66,985	47,929
Charges for services	21,351	19,410	19,059	21,655	21,262
Fines and forfeitures	3,814	2,925	2,419	2,792	3,538
Use of money and property	9,318	9,536	13,767	11,848	14,966
Investment income:					
Interest income	916	650	119	2,367	1,339
Refunds and reimbursements	12,710	2,401	1,814	3,213	9,790
Miscellaneous	16,674	7,707	6,942	6,088	7,594
Total revenues	306,285	263,323	281,717	277,781	285,240
<b>Expenditures:</b>					
Current:					
General government	34,652	25,510	23,245	22,742	30,900
Public safety	141,542	129,030	125,331	139,047	152,527
Public works	14,152	14,458	13,498	13,989	13,528
Library	9,880	9,793	9,039	9,537	10,252
Parks and recreation	19,094	17,202	17,733	16,887	19,669
Capital outlay	31,345	43,273	72,568	68,005	66,975
Debt service:					
Principal retirement	8,217	9,589	9,013	5,883	22,661
Cost of issuance	-	-	-	-	-
Interest and fiscal charges	3,229	4,661	5,957	13,531	12,706
Total expenditures	262,111	253,516	276,384	289,621	329,218
Excess (deficiency) of revenues over (under) expenditures	\$ 44,174	\$ 9,807	\$ 5,333	\$ (11,840)	\$ (43,978)

**City of Stockton**  
**Table 4**  
**Changes in Fund Balance of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Other financing sources (uses):</b>					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ (284)
Transfers in	16,860	13,497	-	-	-
Transfers out	(20,235)	(13,031)	30,678	24,706	78,125
Transfers from successor Agency			(30,360)	(25,450)	(74,128)
Special Item (Note 18)					
Bond insurers proceeds	29,178	7,800			
Operating transfers out to a component unit	-	-	8,287	-	-
Proceeds of current refunding bonds	-	-	-	533	30
Sales of capital assets	521	200	-	-	-
Advances from other funds	-	-	-	-	1,127
Payment to refunded bond escrow agent	(6,080)	-	-	-	-
Total other financing sources (uses)	20,244	8,466	8,605	(211)	4,870
Special items	-	-	-	(21,324)	3,270
Net change in fund balance	64,417	18,273	13,938	(33,375)	(35,838)
Fund balance, beginning of year, original	112,078	93,806	79,869	113,244	258,748
Prior period restatement	-	-	-	-	(109,666)
Fund balance, beginning of year, restated	112,078	93,806	79,869	113,244	149,082
Fund balance, end of year	\$ 176,495	\$ 112,078	\$ 93,806	\$ 79,869	\$ 113,244
Debt service as a percentage of noncapital expenditures	5.2%	7.3%	7.9%	9.6%	15.6%

(1) Measure A-Public Safety Tax, an additional .75% sales tax approved in 2014, and Measure M - a new .25% sales tax approved in 2017 contributed to increases

Note: Some prior year balances may have been restated from previous CAFRs to reflect new GASB implementations or prior period restatement.

**City of Stockton**  
**Table 5**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2020	2019	2018	2017	2016
Property (1)	\$ 36,692	\$ 35,342	\$ 33,068	\$ 32,411	\$ 30,646
In lieu of sales tax	-		44		8,775
Utility user	34,537	34,252	35,415	34,455	33,379
Sales (levied by city) (2)	57,077	57,911	52,788	42,506	39,070
Franchise fees	15,292	12,307	13,243	13,289	12,397
Business licenses	14,557	13,215	13,507	12,243	11,995
Hotel/motel room	2,834	3,377	3,193	2,997	2,711
Document transfer	912	1,071	1,126	801	856
Other	3,262	2,905	2,916		1,535
Totals	<u>\$ 165,163</u>	<u>\$ 160,379</u>	<u>\$ 155,301</u>	<u>\$ 138,702</u>	<u>\$ 141,364</u>

(1) Property taxes decreased beginning in 2009 due to declining residential home values and foreclosures, resulting in a devaluation of City's assessed valuation performed by San Joaquin County. Also, between 2008 and 2011, property taxes collected by the RDA was included in the City's property tax revenue.

(2) Measure A-Public Safety Tax, an additional .75% sales tax approved in 2014, and Measure M - a new .25% sales tax approved in 2017 contributed to increases

Source: City of Stockton Department of Administrative Services

**City of Stockton**  
**Table 5**  
**Tax Revenues by Source, Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year					% Change 2011 (or inception) to 2020
	2015	2014	2013	2012	2011	
Property (1)	\$ 29,573	\$ 28,014	\$ 29,420	\$ 32,772	\$ 41,051	93%
In lieu of sales tax	9,816	9,706	9,938	8,392	8,118	-99%
Utility user	32,921	32,369	31,941	31,505	30,994	11%
Sales (levied by city) (2)	37,208	15,536	9,086	8,576	7,875	5351%
Franchise fees	12,380	11,981	11,677	12,465	11,503	191%
Business licenses	10,805	10,392	10,153	9,873	9,855	119%
Hotel/motel room	2,378	2,080	2,006	1,933	1,799	42%
Document transfer	587	565	458	603	583	32%
Other	930	728	287	159	155	1775%
Totals	\$ 136,598	\$ 111,371	\$ 104,966	\$ 106,278	\$ 111,933	104%

(1) Property taxes decreased beginning in 2009 due to declining residential home values and foreclosures, resulting in a devaluation of City's assessed valuation performed by San Joaquin County. Also, between 2008 and 2011, property taxes collected by the RDA was included in the City's property tax revenue.

(2) Measure A-Public Safety Tax, an additional .75% sales tax approved in 2014, and Measure M - a new .25% sales tax approved in 2017 contributed to increases

Source: City of Stockton Department of Administrative Services

**City of Stockton**  
**Table 6**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2020	2019	2018	2017	2016
Secured roll	\$ 23,628,432	\$ 22,488,506	\$ 21,378,475	\$ 20,299,172	\$ 19,473,994
Utility roll	5,827	5,816	5,863	5,833	6,199
Unsecured roll	1,439,016	1,610,921	1,629,758	1,596,101	1,651,844
Gross assessed value	25,073,275	24,105,243	23,014,096	21,901,106	21,132,037
Less exemptions (1)	1,948,125	1,917,101	1,532,852	1,786,986	1,729,742
Net assessed value	23,125,150	22,188,142	21,481,244	20,114,120	19,402,295
Land	6,506,827	6,280,943	6,081,944	5,713,082	5,420,167
Improvements	17,635,057	16,582,837	15,666,837	15,004,037	14,501,054
Personal property	931,391	1,241,463	1,265,315	1,183,987	1,210,816
Gross assessed value	25,073,275	24,105,243	23,014,096	21,901,106	21,132,037
Less exemptions (1)	1,948,125	1,917,101	1,532,852	1,786,986	1,729,742
Net assessed value	\$ 23,125,150	\$ 22,188,142	\$ 21,481,244	\$ 20,114,120	\$ 19,402,295
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%

(1) For FY 2020, all exemptions (secured, utility, and unsecured rolls) are: homeowners - \$218,244 and other - \$1,729,879 = \$1,948,125

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 reassessed at the time that it is sold to a new owner. At that point, the property being sold is reassessed at the purchase price. 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: San Joaquin County Auditor-Controller's Office



**City of Stockton**  
**Table 6**  
**Assessed Value and Estimated Actual Value of Taxable Property (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2015	2014	2013	2012	2011
Secured roll	\$ 18,496,369	\$ 16,981,109	\$ 16,272,927	\$ 16,575,192	\$ 17,388,579
Utility roll	6,209	6,228	7,504	7,204	7,119
Unsecured roll	1,638,161	1,557,131	1,566,497	1,566,928	1,606,951
Gross assessed value	20,140,739	18,544,468	17,846,928	18,149,324	19,002,649
Less exemptions (1)	1,717,223	1,699,348	1,608,513	1,654,143	1,584,109
Net assessed value	18,423,516	16,845,120	16,238,415	16,495,181	17,418,540
Land	4,978,511	4,597,437	4,019,017	4,168,722	4,461,053
Improvements	13,928,278	12,868,329	12,696,221	12,846,828	13,284,209
Personal property	1,233,950	1,078,702	1,131,690	1,133,774	1,257,387
Gross assessed value	20,140,739	18,544,468	17,846,928	18,149,324	19,002,649
Less exemptions (1)	1,717,223	1,699,348	1,608,513	1,654,143	1,584,109
Net assessed value	\$ 18,423,516	\$ 16,845,120	\$ 16,238,415	\$ 16,495,181	\$ 17,418,540
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%

(1) For FY 2020, all exemptions (secured, utility, and unsecured rolls) are: homeowners - \$218,244 and other - \$1,729,879 = \$1,948,125

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 reassessed at the time that it is sold to a new owner. At that point, the property being sold is reassessed at the purchase price. 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: San Joaquin County Auditor-Controller's Office

**City of Stockton**  
**Table 7**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Rate per \$100 of assessed value)**

<b>Fiscal Year</b>	<b>Basic Countywide Levy</b>	<b>City</b>	<b>Total Direct</b>	<b>Stockton Unified School District</b>	<b>San Joaquin Delta College District</b>	<b>Total</b>
2020	1.0000	-	1.0000	0.2455	0.0199	1.2654
2019	1.0000	-	1.0000	0.2443	0.0225	1.2668
2018	1.0000	-	1.0000	0.2054	0.0180	1.2234
2017	1.0000	-	1.0000	0.2537	0.0180	1.2717
2016	1.0000	-	1.0000	0.2710	0.0198	1.2908
2015	1.0000	-	1.0000	0.2280	0.0233	1.2513
2014	1.0000	-	1.0000	0.2105	0.0194	1.2299
2013	1.0000	-	1.0000	0.1917	0.0202	1.2119
2012	1.0000	-	1.0000	0.1601	0.0200	1.1801
2011	1.0000	-	1.0000	0.1730	0.0194	1.1924

Note: On June 6, 1978, California voters approved an amendment to the Article XIII A of the California Constitution. The amendment, commonly known as Proposition 13, limits the taxing power of California public agencies. The California Legislature enacted legislation to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) providing that local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted of \$1.00 per \$100.00 of full assessed value.

Source: San Joaquin County Tax Rate Book

**City of Stockton**  
**Table 8**  
**Principal Property Taxpayers**  
**Current Year and Ten Years Ago**  
**(Dollar amounts in thousands)**

Taxpayer	Fiscal Year					
	2020			2011		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Prologis	\$ 146,960	1	0.677 %			
Excel Stockton LLC	123,175	2	0.568 %			
DTE Stockton LLC	118,163	3	0.544 %			
Central Valley Indust core holdings LLC	115,084	4	0.530 %			
EGMR Norcal Logistics Center LLC	92,463	5	0.426 %			
Patmon Company Inc	79,956	6	0.368 %			
Oates Development Managers	75,013	7	0.346 %			
Walmart Stores Inc/Sams	72,828	8	0.336 %			
Simpson Manufacturing Co Inc	71,659	9	0.330 %	83,167	3	0.525 %
HP-A Gibraltar LLC	71,356	10	0.329 %			
Levine Investments Ltd PTP/Pacific Companies				103,503	1	0.653 %
Buzz Oates LLC				95,652	2	0.604 %
Kyoho Manufactruing California Copr				81,950	4	0.517 %
Diamond Walnut Growers Inc				67,098	5	0.423 %
Corn Products International Inc				62,872	6	0.397 %
Arch Road Limited Partnership				57,500	7	0.363 %
Inland Western Stockton Airport Way				50,657	8	0.320 %
Stonecreek Village Shopping Center LLC				46,631	9	0.294 %
Fresh and Easy Neighborhood Market Inc.				46,457	10	0.293 %
Principal Secured Property Valuation	966,655		4.454 %	695,487		4.389 %
Other Secured Taxpayers	22,661,777		104.418	16,693,092		105.344
Total Secured Property Valuation Before Exemptions	23,628,432		108.872 %	17,388,579		109.733 %
Less Exemptions relative to secured tax roll (1)	1,925,528		8.872	1,542,344		9.733
Total Secured Property Valuation	<u>\$ 21,702,904</u>		<u>100.000 %</u>	<u>\$ 15,846,235</u>		<u>100.000 %</u>

(1) Exemptions relative to secured tax roll:

FY 2020- homeowners - \$218,156 and other - \$1,707,371 = \$1,925,528

FY 2011 - homeowners - \$255,537 and other - \$727,148= \$982,685

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 reassessed at the time that it is sold. At that point, the purchase price becomes the new assessed value. 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: San Joaquin County Assessor's Office  
San Joaquin County Auditor-Controller's Office

**City of Stockton**  
**Table 9**  
**Secured Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

Fiscal Year	Secured Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percent of Levy (1)		Amount	Percent of Levy
2020	\$	34,739	\$ 34,739	100 %	-	\$ 34,739	100 %
2019	\$	33,521	\$ 33,521	100 %	-	\$ 33,521	100 %
2018	\$	31,193	\$ 31,193	100 %	-	\$ 31,193	100 %
2017	\$	30,495	\$ 30,495	100 %	-	\$ 30,495	100 %
2016	\$	28,907	\$ 28,907	100 %	-	\$ 28,907	100 %
2015	\$	27,852	\$ 27,852	100 %	-	\$ 27,852	100 %
2014	\$	25,952	\$ 25,952	100 %	-	\$ 25,952	100 %
2013	\$	24,745	\$ 24,745	100 %	-	\$ 24,745	100 %
2012	\$	24,785	\$ 24,785	100 %	-	\$ 24,785	100 %
2011	\$	26,519	\$ 26,519	100 %	-	\$ 26,519	100 %

(1) Per agreement with San Joaquin County; the County provides the City with 100% of the amount owed for secured properties, regardless of collection status. In exchange, the County is entitled to 100% of delinquency and penalty revenues collected.

Source: San Joaquin County Auditor-Controller's Office

**City of Stockton**  
**Table 10**  
**Water Sold by Customer Type**  
**Last Five Fiscal Years**

	Fiscal Year				
	2020	2019	2018	2017	2016
<b><u>Type of Customer</u></b>					
Residential	7,997,883 cf	7,669,451 cf	8,231,972 cf	7,289,614 cf	7,088,802 cf
Institutional	827,124	789,265	632,738	573,873	442,461
Commercial/Industrial	1,588,605	1,645,890	1,640,471	1,512,098	1,429,848
Irrigation	<u>1,457,258</u>	<u>1,294,982</u>	<u>1,310,062</u>	<u>1,110,614</u>	<u>861,094</u>
 Total	 <u><u>11,870,870</u></u> cf	 <u><u>11,399,588</u></u> cf	 <u><u>11,815,243</u></u> cf	 <u><u>10,486,199</u></u> cf	 <u><u>9,822,205</u></u> cf

1 cubic foot (cf) = 7.481 gallons

Source: City of Stockton Department of Administrative Services

**City of Stockton**  
**Table 11**  
**Water and Wastewater Utility Rates**  
**Last Ten Fiscal Years**

Fiscal Year	Water				Wastewater	
	Monthly Base Rate	Tier 1 Additional Per 100 cf**		Tier 2 Additional Per 100 cf**	Monthly Base Rate	
2020	\$ 32.90	\$ 2.39		\$ 2.86	\$ 44.10	
2019	\$ 31.95	\$ 2.31		\$ 2.76	\$ 38.36	
2018	\$ 31.00	\$ 2.23		\$ 2.66	\$ 38.36	
2017	\$ 28.00	\$ 2.00		\$ 2.39	\$ 38.36	
2016	\$ 22.25	\$ 1.67		\$ -	\$ 37.76	
2015	\$ 21.90	\$ 1.64		\$ -	\$ 37.09	
2014	\$ 21.51	\$ 1.61		\$ -	\$ 34.03	
2013	\$ 21.15	\$ 1.58		\$ -	\$ 31.22	
2012	\$ 20.00	\$ 1.40		\$ -	\$ 28.64	
2011	\$ 18.80	\$ 1.21		\$ -	\$ 24.69	

\*Effective 8/01/2016-Water Consumption Tier 1 0-15 CF and Tier 2 15+CF.  
100 cf = 100 cubic feet (748 gallons)

Rates are based on 1" and less meter, which is the standard household meter size.

\*\*The Utility charges an excess use rate above normal demand.

Source: City of Stockton Department of Administrative Services



**City of Stockton**  
**Table 12**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands, except per capita)**

Governmental Activities*							
Fiscal Year	Revenue* Bonds (1)	Certificates of Participation	Redevelopment Agency Revenue Bonds*	Notes Payable / Equip. Leases / Settlements	Pension Bonds*	Total Governmental Activities	
2020	\$ -	\$ -	\$ 91,935	\$ 8,196	\$ 53,378	\$ 153,509	
2019	\$ -	\$ -	\$ 95,560	\$ 9,990	\$ 53,478	\$ 159,028	
2018	\$ 9,425	\$ -	\$ 99,125	\$ 15,853	\$ 53,547	\$ 177,950	
2017	\$ 9,915	\$ -	\$ 103,320	\$ 18,130	\$ 53,589	\$ 184,954	
2016	\$ 10,385	\$ 11,500	\$ 111,424	\$ 18,298	\$ 53,606	\$ 205,213	
2015	\$ 10,835	\$ 11,890	\$ 113,262	\$ 18,095	\$ 54,530	\$ 208,612	
2014	\$ 75,285	\$ 12,265	\$ 119,210	\$ 20,157	\$ 121,770	\$ 348,687	
2013	\$ 81,465	\$ 12,625	\$ 122,100	\$ 25,326	\$ 123,350	\$ 364,866	
2012	\$ 87,520	\$ 12,970	\$ 124,695	\$ 26,625	\$ 124,280	\$ 376,090	
2011	\$ 88,050	\$ 13,300	\$ 127,200	\$ 29,353	\$ 124,660	\$ 382,563	

\*Includes settlement amounts for debts adjusted under Chapter 9 of the US Bankruptcy Code.

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements, Note 7-Long-Term Debt and Note 7-Short-Term Debt of these financial statements.

(1) These ratios are calculated using the latest available data, personal income for fiscal year 2017 and population for fiscal year 2019.

Sources: City of Stockton Department of Administrative Services  
US Dept. of Commerce, Bureau of Economic Analysis  
State of California, Department of Finance



**City of Stockton**  
**Table 12**  
**Ratios of Outstanding Debt by Type (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands, except per capita)**

<b>Business-type Activities</b>									
<b>Fiscal Year</b>	<b>Revenue Bonds</b>	<b>Certificates of Participation</b>	<b>Notes Payable</b>	<b>Total Business-type Activities</b>	<b>Total</b>	<b>Percent of Personal Income (2)</b>	<b>Population</b>	<b>Amount Per Capita (2)</b>	
2020	\$ 144,710		\$ 129,380	\$ 274,090	\$ 427,599	1.19 %	318,522	\$ 1,342	
2019	\$ 279,039	\$ -	\$ 10,870	\$ 289,909	\$ 448,937	1.41 %	316,410	\$ 1,419	
2018	\$ 312,700	\$ -	\$ 10,870	\$ 323,570	\$ 501,520	2.32 %	315,103	\$ 1,592	
2017	\$ 326,165	\$ -	\$ 10,870	\$ 337,035	\$ 521,989	1.85 %	320,554	\$ 1,628	
2016	\$ 336,218	\$ -	\$ 10,954	\$ 347,172	\$ 552,385	2.56 %	315,592	\$ 1,750	
2015	\$ 343,926	\$ -	\$ 11,040	\$ 354,966	\$ 563,578	2.61 %	306,999	\$ 1,836	
2014	\$ 284,225	\$ 81,270	\$ 11,123	\$ 376,618	\$ 725,305	3.36 %	300,899	\$ 2,410	
2013	\$ 289,360	\$ 84,500	\$ 11,202	\$ 385,062	\$ 749,928	3.47 %	296,344	\$ 2,531	
2012	\$ 293,425	\$ 87,590	\$ 11,276	\$ 392,291	\$ 768,381	3.56 %	295,707	\$ 2,598	
2011	\$ 294,370	\$ 90,545	\$ 11,600	\$ 396,515	\$ 779,078	3.69 %	293,515	\$ 2,654	

\*Includes settlement amounts for debts adjusted under Chapter 9 of the US Bankruptcy Code.

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements, Note 7-Long-Term Debt and Note 7-Short-Term Debt of these financial statements.

(1) These ratios are calculated using the latest available data, personal income for fiscal year 2017 and population for fiscal year 2019.

Sources: City of Stockton Department of Administrative Services  
US Dept. of Commerce, Bureau of Economic Analysis  
State of California, Department of Finance

**City of Stockton**  
**Table 13**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands, except per capita)**

<b>General Bonded Debt Outstanding*</b>								
<b>Fiscal Year</b>	<b>Lease Revenue Bonds</b>	<b>Certificates of Participation (2)</b>	<b>Pension Obligation Bonds (1)</b>	<b>Redevelopment Agency Bonds*</b>	<b>Total</b>	<b>Percent of Assessed Property Value</b>	<b>Amount Per Capita</b>	
2020	\$ -	\$ -	\$ 53,378	\$ -	\$ 53,378	0.002 %	\$ 0.17	
2019	\$ -	\$ -	\$ 53,478	\$ -	\$ 53,478	0.002 %	\$ 0.17	
2018	\$ 9,425	\$ -	\$ 53,547	\$ -	\$ 62,972	0.003 %	\$ 0.20	
2017	\$ 9,915	\$ -	\$ 53,589	\$ -	\$ 63,504	0.003 %	\$ 0.20	
2016	\$ 10,385	\$ 11,500	\$ 53,606	\$ -	\$ 75,491	0.004 %	\$ 0.24	
2015	\$ 10,835	\$ 11,890	\$ 54,529	\$ -	\$ 77,254	0.004 %	\$ 0.25	
2014	\$ 75,285	\$ 12,265	\$ 121,770	\$ 119,210	\$ 328,530	0.020 %	\$ 1.09	
2013	\$ 81,465	\$ 12,625	\$ 123,350	\$ 122,100	\$ 339,540	0.021 %	\$ 1.15	
2012	\$ 87,520	\$ 12,970	\$ 124,280	\$ 124,695	\$ 349,465	0.021 %	\$ 1.18	
2011	\$ 88,050	\$ 13,300	\$ 124,660	\$ 127,200	\$ 353,210	0.020 %	\$ 1.20	

\* Redevelopment Agency Bonds are no longer included in the General Bonded debt

(1)Includes settlement amounts for debts adjusted under Chapter 9 of the US Bankruptcy Code.

(2)General Fund liability limited to only 80.5% of amounts due on principal shown

General bonded debt is payable with governmental fund resources. General obligation bonds (of which the City has none) are backed by the taxing authority of the City (taxes may be raised to provide resources for debt service payments.)

Source: City of Stockton Department of Administrative Services  
San Joaquin County Auditor-Controller's Office  
State of California, Department of Finance

**City of Stockton**  
**Table 14**  
**Direct and Overlapping Governmental Activities Debt**

	<b>Total Debt</b>	<b>Percentage</b>	<b>City's share of</b>
	<b>6/30/2020</b>	<b>Applicable (1)</b>	<b>Debt 6/30/2020</b>
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
San Joaquin Delta Community College District	\$ 199,370,000	27.016 %	\$ 53,861,799
Stockton Unified School District	432,637,362	84.466	365,431,474
Lodi Unified School District	240,805,000	33.647	81,023,658
Lodi Unified School District School Facilities Improvement District No. 1	38,140,000	85.196	32,493,754
Lincoln Unified School District	72,869,509	86.690	63,170,577
Lincoln Unified School District Community Facilities District No. 1	18,856,567	80.075	15,099,396
Manteca Unified School District	174,884,885	13.345	23,338,388
Manteca Unified School District Community Facilities District No. 1989-1	15,199,774	100.000	15,199,774
Tracy Joint Unified School District and School Facilities Improvement Dist. No.3	140,920,900	0.004 & 0.007	8,826
City of Stockton Community Facilities District No. 99-02	23,595,000	100.000	23,595,000
City of Stockton Community Facilities District No. 2001-1 (Spanos Park West)	11,763,625	100.000	11,763,625
City of Stockton Community Facilities District No. 2003-1	1,733,674	100.000	1,733,674
City of Stockton Community Facilities District No. 2005-1	9,855,000	100.000	9,855,000
City of Stockton Community Facilities District No. 2006-1	2,476,697	100.000	2,476,697
City of Stockton Community Facilities District No. 2006-2	3,134,000	100.000	3,134,000
City of Stockton Community Facilities District No. 2006-3	4,832,432	100.000	4,832,432
City of Stockton Community Facilities District No. 2018-1	3,470,000	100.000	3,470,000
City of Stockton 1915 Act Bonds	18,940,191	100.000	18,940,191
Reclamation District No. 2042 Community Facilities District No. 2001-1	4,794,379	18.211	873,104
San Joaquin Area Flood Control District Smith Assessment District	23,435,000	57.451	13,463,642
San Joaquin County Reclamation District No. 17 Assessment District	22,171,966	27.618	6,123,454
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>749,888,465</b>
<b>OVERLAPPING GENERAL FUND DEBT:</b>			
San Joaquin County Certificates of Participation	70,545,000	29.448 %	20,774,092
Lincoln Unified School District Certificates of Participation	9,711,100	86.690	8,418,553
Lodi Unified School District Certificates of Participation	12,845,000	33.647	4,321,957
Manteca Unified School District General Fund Obligations	19,970,000	13.345	2,664,997
Stockton Unified School District Certificates of Participation	27,995,000	84.466	23,646,257
City of Stockton Capital Lease Obligations	406,376	100.000	406,376
City of Stockton Bond Insurer Settlement Agreement Liability	53,378,240	100.000	53,378,240
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>113,610,472</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>			
2016 Tax Allocation Revenue Bonds Series A	73,310,000	100.000 %	73,310,000
2016 Tax Allocation Revenue Bonds Series B	18,625,000	100.000	18,625,000
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>			<b>91,935,000</b>
<b>TOTAL DIRECT DEBT</b>			<b>53,784,616</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>901,649,321</b>
<b>GROSS COMBINED TOTAL DEBT (2)</b>			<b>955,433,937</b>
<b>2019-20 Assessed Valuation (3):</b>			
(after deducting \$1,729,879.762 Other Exemptions Valuation)	\$ 23,343,395		
<b>2019-20 Population</b>	318,522		
<b>Debt Ratios</b>		<b>Per Capita</b>	<b>Value</b>
Total Gross Debt (2)	\$ 955,433,937	\$ 3,000	4092.95 %
Ratios to 2018-19 Assessed Valuation: Total Overlapping Tax and Assessment Debt	749,888,465	2,354	3212.42
Ratios to Adjusted Assessed Valuation: Combined Direct Debt	53,784,616	169	230.41

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

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

(3) Represents Gross Assessed Valuation after deducting \$1,582,650,446

Sources: California Municipal Statistics, Inc., San Francisco, CA

San Joaquin County Auditor-Controller's Office

State of California, Department of Finance, Demographic Research Unit

**City of Stockton**  
**Table 15**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2020	2019	2018	2017	2016
Assessed valuation (1)	\$ 23,343,395	\$ 22,407,298	\$ 21,362,446	\$ 20,337,129	\$ 19,628,594
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	5,835,849	5,601,825	5,340,612	5,084,282	4,907,149
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit	875,377	840,274	801,092	762,642	736,072
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 875,377	\$ 840,274	\$ 801,092	\$ 762,642	\$ 736,072
Legal debt margin/debt limit	100%	100%	100%	100%	100%

(1) Reflects City assessed valuation excluding other exemptions of \$1,454,976,489. Redevelopment Agency was dissolved in 2013.

Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries, adjusted for subsequent legislative actions. In accordance with California Government Code Section 43605, only the City's general obligation bonds are subject to the legal limit. The City of Stockton does carry bonded debt secured by special assessments and other revenue sources, but at this time, doesn't have any outstanding general obligation bonds. The City is not at risk of exceeding its legal debt limit.

Sources: City of Stockton Department of Administrative Services  
California Municipal Statistics, Inc., San Francisco, CA  
San Joaquin County Auditor-Controller's Office

**City of Stockton**  
**Table 15**  
**Legal Debt Margin Information (Continued)**  
**Last Ten Fiscal Years**  
**(Dollar amounts in thousands)**

	Fiscal Year				
	2015	2014	2013	2012	2011
Assessed valuation (1)	\$ 18,653,199	\$ 17,079,491	\$ 16,479,102	\$ 15,572,567	\$ 16,340,562
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	4,663,300	4,269,873	4,119,776	3,893,142	4,085,141
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit	699,495	640,481	617,966	583,971	612,771
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 699,495	\$ 640,481	\$ 617,966	\$ 583,971	\$ 612,771
Legal debt margin/debt limit	100%	100%	100%	100%	100%

(1) Reflects City assessed valuation excluding other exemptions of \$1,454,976,489. Redevelopment Agency was dissolved in 2013.

Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries, adjusted for subsequent legislative actions. In accordance with California Government Code Section 43605, only the City's general obligation bonds are subject to the legal limit. The City of Stockton does carry bonded debt secured by special assessments and other revenue sources, but at this time, doesn't have any outstanding general obligation bonds. The City is not at risk of exceeding its legal debt limit.

Sources: City of Stockton Department of Administrative Services  
California Municipal Statistics, Inc., San Francisco, CA  
San Joaquin County Auditor-Controller's Office

**City of Stockton**  
**Table 16**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
**(Dollars amounts in thousands)**

Fiscal Year	Gross Revenues (1)		Less: Operating Expenses (2)		Net Available Revenue	Debt Service			Debt Coverage Ratio				
						Principal	Interest	Total					
Water Revenue Bonds													
2020	\$	65,686	\$	30,944	\$	34,742	\$	4,975	\$	9,279	\$	14,254	2.44
2019	\$	54,172	\$	25,163	\$	29,009	\$	5,000	\$	11,814	\$	16,814	1.73
2018	\$	53,997	\$	22,595	\$	31,402	\$	4,955	\$	12,686	\$	17,641	1.78
2017	\$	43,643	\$	23,798	\$	19,845	\$	83	\$	12,798	\$	12,881	1.54
2016	\$	37,906	\$	23,312	\$	14,594	\$	87	\$	13,242	\$	13,329	1.09 *
2015	\$	42,416	\$	22,830	\$	19,586	\$	4,263	\$	13,397	\$	17,660	1.11 *
2014	\$	38,991	\$	19,762	\$	19,229	\$	3,939	\$	12,116	\$	16,055	1.20
2013	\$	40,601	\$	21,652	\$	18,949	\$	3,780	\$	10,139	\$	13,919	1.36
2012	\$	35,914	\$	20,055	\$	15,859	\$	711	\$	2,146	\$	2,857	5.55
2011	\$	34,245	\$	19,987	\$	14,258	\$	688	\$	8,839	\$	9,527	1.50

Note: Net Available Revenue for the Water Bonds provides a 3.35 debt coverage ratio for the senior lien issues and a 1.16 debt coverage ratio for the subordinate lien issues.

(Continued)

\* Coverage requirement is 1.15, however, it is applied in sequence, first to the senior, and then to the subordinate issues.  
Done in sequence both senior and subordinate issues met the coverage requirement in both years.

**City of Stockton**  
**Table 16**  
**Pledged-Revenue Coverage (Continued)**  
**Last Ten Fiscal Years**  
**(Dollars amounts in thousands)**

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service			Debt Coverage Ratio		
				Principal	Interest	Total			
Wastewater Certificates of Participation									
2020	\$ 82,314	\$ 47,956	\$ 34,358	\$ 3,795	\$ 3,701	\$ 7,496	4.58		
2019	\$ 70,849	\$ 42,197	\$ 28,652	\$ 3,635	\$ 2,860	\$ 6,495	4.41		
2018	\$ 70,938	\$ 41,977	\$ 28,961	\$ 3,490	\$ 3,002	\$ 6,492	4.46		
2017	\$ 68,597	\$ 43,201	\$ 25,396	\$ 3,345	\$ 3,139	\$ 6,484	3.92		
2016	\$ 70,532	\$ 43,730	\$ 26,802	\$ 3,230	\$ 3,254	\$ 6,484	4.13		
2015	\$ 57,321	\$ 39,698	\$ 17,623	\$ 3,390	\$ 3,217	\$ 6,607	2.67		
2014	\$ 61,230	\$ 40,173	\$ 21,057	\$ 3,230	\$ 4,143	\$ 7,373	2.86		
2013	\$ 56,316	\$ 35,423	\$ 20,893	\$ 3,090	\$ 4,287	\$ 7,377	2.83		
2012	\$ 51,708	\$ 35,206	\$ 16,502	\$ 2,955	\$ 4,417	\$ 7,372	2.24		
2011	\$ 45,152	\$ 33,325	\$ 11,827	\$ -	\$ 4,480	\$ 4,480	2.64		

Includes all nongeneral obligation long term debt backed by pledged revenues.

Details regarding the City's outstanding debt can be found in the Note 7 - Long-Term Debt of these financial statements.

(1) Total operating expenses exclusive of depreciation and amortization.

Source: City of Stockton Department of Administrative Services

**City of Stockton**  
**Table 17**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (millions of dollars)	Per Capita Personal Income	Unemployment Rate	Labor Force (1)	Total Housing Units	Household Average Size	Median Family Income	School Enrollment (2)
2020	318,522	\$ 16,346	\$ 51,318	13.1 %	130,300	101,235	3.26	\$ 51,318	101,162
2019	316,410	\$ 13,549	\$ 42,822	7.0 %	129,000	100,877	3.39	\$ 48,396	105,705
2018	315,103	\$ 12,748	\$ 40,458	6.3 %	134,500	100,593	3.15	\$ 46,033	99,347
2017	320,554	\$ 12,428	\$ 38,770	7.3 %	127,000	100,254	3.23	\$ 44,797	71,491
2016	315,592	\$ 11,404	\$ 36,136	8.3 %	127,900	100,146	3.20	\$ 45,347	71,738
2015	306,999	\$ 10,670	\$ 34,755	8.5 %	127,000	100,097	3.23	\$ 46,831	66,037
2014	300,899	\$ 9,937	\$ 33,024	12.8 %	125,600	100,025	3.23	\$ 47,246	69,183
2013	296,344	\$ 9,191	\$ 31,013	14.8 %	124,800	100,003	3.20	\$ 47,246	67,997
2012	295,707	\$ 9,171	\$ 31,013	17.0 %	125,400	99,925	3.19	\$ 47,365	68,568
2011	293,515	\$ 9,020	\$ 30,732	20.0 %	128,400	99,637	3.16	\$ 47,797	88,258

(1) Labor Force corrected for FY 15, FY 16, FY 17 which reported previously as San Joaquin County labor force , corrected to State, the City of Stockton labor force only.

(2) College and Graduate School Enrollment numbers for 2020 were unavailable, FY 19 enrollment used for statistical reporting

Personal income is the income received by all persons from all sources. Personal income is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and personal current transfer receipts.

Per capita personal income is calculated as the personal income of residents of a given area divided by the resident population of the area. In computing per capita personal income, Bureau of Economic Analysis uses the Census Bureau's annual midyear population estimates.

Sources: City of Stockton Department of Administrative Services & Community Development Department  
CA Dept. of Finance and Employment Development Department  
US Dept. of Commerce, Bureau of Economic Analysis  
US Census Bureau  
CA Dept. of Education



**City of Stockton**  
**Table 18**  
**Principal Employers**  
**Current Year and Ten Years Ago**

<u>Employer</u>	2020			2011		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
St. Joseph's Medical Center	4,600	1	3.53%	2,500	3	1.95%
Stockton Unified School District	3,897	2	2.99%	3,893	2	3.03%
Amazon	2,000	3	1.53%			
City of Stockton	2,099	4	1.61%	1,683	6	1.31%
Kaiser Permanente	1,065	5	0.82%	1,065	9	0.83%
University of the Pacific	1,029	6	0.79%	1,000	10	0.78%
San Joaquin Delta College	1,007	7	0.77%			
Lincoln Unified School District	857	8	0.66%			
Dameron Hospital	800	9	0.61%	1,200	7	0.93%
O'Reilly Auto Parts	600	10	0.46%			
San Joaquin County				6,500	1	5.06%
O-G Packing Company				2,001	4	1.56%
Diamond Walnut				1,797	5	1.40%
Pacific Gas and Electric				1,100	8	0.86%
Total	<u>17,954</u>		<u>13.78%</u>	<u>22,739</u>		17.71%

Note: Principal employers are based on best available information.

Sources: San Joaquin Partnership Survey, August 2019  
City of Stockton CAFR, 2010

**City of Stockton**  
**Table 19**  
**Full-Time Equivalent City Government Employees**  
**By Function/Program/Department**  
**Last Five Fiscal Years**

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Function/Program/Department:</b>					
Admin Svcs	74	73	74	76	65
City Attorney	12	10	11	11	9
City Clerk	7	5	6	7	7
City Council/Mayor	4	3	3	3	1
City Manager	26	28	28	28	25
Community Development	42	38	32	30	33
Community Services	101	98	101	79	82
Human Resources	32	25	27	29	28
Information Technology	41	40	41	39	36
Police:					
Sworn	432	469	470	445	411
Non-sworn	216	193	193	195	179
Animal control	12	11	12	12	12
Total Police	660	673	675	652	602
Fire:					
Firefighters-sworn	160	177	169	171	168
Firefighters-auxiliary	21	32	20	37	22
Non-sworn personnel	32	30	25	24	24
Total Fire	213	239	214	232	214
Public Works	135	141	142	143	142
Economic Development	18	17	17	14	18
Water Utility	47	47	44	43	45
Wastewater Utility	142	144	145	153	149
Stormwater Utility	4	4	3	-	2
Total	1558	1585	1,563	1,539	1,458

Source: City of Stockton Human Resources Department

**City of Stockton**  
**Table 20**  
**Operating Indicators by Function/Program/Department**  
**Last Five Fiscal Years**

	Fiscal Year				
	2020	2019	2018	2017	2016
General government:					
Building permits issued	7,378	7,380	7,538	7,132	2,537
Business tax certificates:					
Retail sales and service	7,805	5,707	4,786	4,782	6,228
Rental Properties - Commercial and Residential	4,491	4,165	4,062	4,399	4,700
Wholesale	393	404	387	282	424
Manufacturers and processors	149	159	139	188	179
Professions	1,561	1,614	1,614	1,872	1,809
Miscellaneous contractors, peddlers, delivery vehicles, etc.	4,900	4,579	6,419	4,430	4,534
Improvement district and hotel/motel room tax			40	39	46
Utility billing/customer service:					
Utility bills issued	1,000,452	1,051,220	1,169,160	1,100,374	1,091,429
Utility accounts opened and closed	17,582	20,818	23,828	23,188	27,214
New service locations (water) added	283	245	185	109	124
Delinquency Notices Sent - Active Accounts	75,687	82,303	82,660	81,725	85,752
Water Service Terminated for Non-Payment	3,055	4,989	4,921	4,796	4,489
Utility customer service calls received	45,231	54,695	54,613	41,717	62,178
Utility customers using automated voice response	709,134	849,706	895,369	845,359	45,026
Utility Customers Using Online Pmt/Account Access	32,852	32,893	32,960	33,068	39,369
Miscellaneous accounts receivable bills issued	14,024	37,057	35,880	47,199	30,748
Public safety:					
Police:					
Major reported crimes	15,654	17,233	15,613	15,940	16,871
Total arrests	11,152	10,945	11,543	11,497	10,893
Dispatched calls for service	176,311	183,834	186,795	149,527	129,602
Fire:					
Interior structure fire calls	398	364	338	377	356
Non-structural fire calls	5,719	3,254	3,022	2,296	2,019
Hazardous materials calls	593	331	259	232	527
Emergency medical calls	34,287	26,129	27,105	26,777	22,933
Total emergency calls	57,396	51,613	47,179	45,551	39,613
Total number of units dispatched	60,162	61,026	50,614	54,414	47,284
Public works:					
Miles of streets resurfaced	28	7	6	5	7
Fleet job orders completed	7,764	8,765	9,937	10,082	8,368

**City of Stockton**  
**Table 20**  
**Operating Indicators by Function/Program/Department (Continued)**  
**Last Five Fiscal Years**

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Library:</b>					
Registered borrowers	152,726	175,374	197,830	190,049	191,699
Circulation of library materials	943,196	1,356,142	1,359,790	1,363,048	1,498,176
Reference, research and informational questions answered	70,583	104,670	143,396	140,784	156,340
Annual attendance at libraries	578,193	793,255	761,815	773,374	877,766
Number of programs offered	3,110	4,416	4,171	3,506	3,446
Annual attendance at programs	60,066	94,216	92,521	84,658	87,505
<b>Parks and Recreation:</b>					
Golf rounds:					
Swenson Park golf course	65,489	50,290	52,502	44,073	50,683
Van Buskirk golf course	1,904	9,990	13,765	13,753	18,083
Trees planted	3	7	10	-	6
Heritage tree removal-permits issued	9	5	-	6	11
After school program registration (number of participants)	16,153	21,728	14,382	2,087	22,454
Day camp participants	2,753	3,685	5,062	3,106	4,951
Instructional classes	1,781	2,986	6,569	1,414	3,866
Softball/baseball diamonds bookings	142	147	142	251	368
Showmobile (Mobile Stage) bookings	15	17	14	14	27
Community center bookings	636	635	1,029	175	928
Picnic facility bookings	172	306	272	166	417
Adult sports (number of teams):					
Softball	57	101	191	185	238
Basketball	16	23	5	4	-
Volleyball	-	-	6	-	-
Youth sports (basketball, track, soccer, baseball, volleyball, flag football) (number of participants)	1,351	2,997	2,920	2,241	2,785

**City of Stockton**  
**Table 20**  
**Operating Indicators by Function/Program/Department (Continued)**  
**Last Five Fiscal Years**

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Parks and Recreation (cont.):</b>					
Admissions to:					
Pixie Woods	8,995	15,480	13,000	5,584	12,452
Senior Center memberships	1,075	615	744	2,450	874
Civic Auditorium bookings	116	133	228	16	99
Parks and Recreation sponsored events	15	22	10	3	13
Weber Point Events Center bookings	15	15	20	9	18
<b>Economic Development: (1)</b>					
Rental Housing Units	127	51	-	176	-
Owner Housing (Emergency Repair or Rehabilitation)	2	5	2	6	5
Down Payment Assistance	-	3	-	-	4
Special Needs (Homes Repaired or Rehabilitated)	-	2	5	9	6
Public Facilities (Rehabilitated or Constructed)	5	1	2	1	1
Façade Program (Commercial Façade Repair/Rehabilitated)	2	1	5	2	4
Public Services Provided	47,605	23,760	129,584	120,765	52,424
Homeless Services Provided	5,413	4,859	4,464	4,578	3,597
Meals Provided to Homeless	41,882	39,848	23,541	-	-
Jobs Created and/or Retained	2	-	5	-	5
Business Assisted (Entrepreneur Program)	229	292	475	401	-
<b>Water utility:</b>					
New connections (DUE's) (2)	105	221	422	106	124
Water main breaks	15	21	15	21	13
<b>Wastewater utility:</b>					
Average daily influent (million gallons per day)	27 mgd	30 mgd	30 mgd	29mgd	24 mgd

(1) Housing Dept. was abolished and Economic Development Dept. was established in FY 2010.

(2) Changed reporting to Dwelling Unit Equivalent (DUE) in 2011 to more accurately reflect new connections. Not all single water connections are equal to one dwelling unit equivalent (DUE), or single family residence. For example, a 12" meter is equal to 209 single family residential connections. In 2011, there were 115 new connections which were equal to 654 DUE's.

Source: City of Stockton Departments

**City of Stockton**  
**Table 21**  
**Capital Asset Statistics by Function/Program/Department**  
**Last Five Fiscal Years**

	Fiscal Year				
	2020	2019	2018	2017	2016
General government:					
Land use-square miles:					
Residential	25	25	25	24	25
Mixed use	4	4	4	4	4
Commercial	4	4	4	4	4
Industrial	13	13	13	13	13
Institutional	4	4	4	4	4
All other uses	3	3	3	4	3
Total square miles	53	53	53	53	53
Public safety:					
Police:					
Facilities:					
Stations and substations	1	1	1	1	1
Animal control facility	1	1	1	1	1
Police training facility (pistol range)	1	1	1	1	1
Vehicles:					
Marked patrol cars	212	192	217	175	211
Motorcycles and scooters	27	32	30	30	28
Animal control vehicles	9	8	8	8	8
VIPS vehicles	6	7	7	7	7
Other automobiles	213	231	208	209	283
Other mobile units (all others)	15	22	22	21	444
Public area security cameras	356	345	338	324	300
Fire:					
Fire stations	12	12	12	12	12
Training facilities	1	1	1	1	1
Fire hydrants	9177	9218	9,080	9,054	9,032
Public works:					
Miles of streets	769	769	769	769	769
Traffic signals	316	310	307	307	291
Street light fixtures	19,279	19,208	19,137	19,206	21,993

**City of Stockton**  
**Table 21**  
**Capital Asset Statistics by Function/Program/Department (Continued)**  
**Last Five Fiscal Years**

	Fiscal Year				
	2020	2019	2018	2017	2016
Parks and recreation:					
Arena	1	1	1	1	1
Ballpark	1	1	1	1	1
Baseball/softball diamonds	54	54	54	54	54
Bike/jogging paths (miles)	20	20	20	20	20
Boating facilities - launch lanes	12	12	12	12	12
Children's Museum	1	1	1	1	1
Civic Auditorium (2,800 capacity)	1	1	1	1	1
Community centers	5	5	5	5	5
Dog Areas	3	3	3	3	3
Family camps	1	1	1	1	1
Golf course acreage	371	371	371	371	371
Group picnic areas	31	31	31	31	31
Gymnasium	5	5	5	5	5
Ice rink	1	1	1	1	1
Municipal golf courses	3	3	3	3	3
Park acreage	625	625	625	625	625
Parks and squares	67	67	67	67	67
Philomathean Club	1	1	1	1	1
Playgrounds	71	71	71	71	71
Senior center	1	1	1	1	1
Showmobile (Mobile Stage)	1	1	1	1	1
Skateboard park	1	1	1	1	1
Swimming pools	7	7	7	7	7
Teen Center	1	1	1	1	1
Tennis courts	67	67	67	67	67
Theater (Bob Hope)	1	1	1	1	1
Weber Point Events Center	1	1	1	1	1
Consolidated landscape maintenance districts:					
Streetscaping (square feet)	3.6 million	3.6 million	3.6 million	3.6 million	3.6 million
Public open spaces (acreage)	70	70	70	70	70

**City of Stockton**  
**Table 21**  
**Capital Asset Statistics by Function/Program/Department (Continued)**  
**Last Five Fiscal Years**

	Fiscal Year				
	2020	2019	2018	2017	2016
Library:					
City branches	8	7	6	5	5
Library mobile units	2	2	2	2	2
San Joaquin County branches	8	8	8	8	8
Total items in collection	875,434	772,206	856,101	873,377	810,473
Cargo delivery van	2	2	2	2	2
Cargo van	1	1	1	1	1
Undeveloped land for branch library	2	2	2	2	2
Integrated library system	1	1	1	1	1
Microform readers	7	7	7	7	7
Microform readers/printers	7	7	7	7	7
Self check out machines	22	24	28	28	28
Water utility:					
Water main lines (miles)	702	668	668	668	668
Storage capacity (thousand gallons)	26,200	26,200	26,200	26,200	26,200
Water wells (active)	20	20	21	21	19
Water reservoirs	8	8	8	8	8
Wastewater utility:					
Wastewater main lines (miles)	887	883	899	899	899
Treatment capacity (million gals/day)	55	55	55	55	55
Wastewater pump stations	27	27	27	27	27
Stormwater utility:					
Stormwater main drain lines (miles)	627	626	626	626	626
Stormwater pump stations	73	73	74	74	74
Parking Authority:					
Parking spaces	5,440	5,440	5,396	5,783	5,549
Parking lots & garages	21	21	20	23	23

Source: City of Stockton Departments