



FY 2020-21 ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF STOCKTON



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
June 30, 2021
CITY OF STOCKTON, CALIFORNIA**

Prepared and Issued by Administrative
Services Department

JAY KAPOOR
Chief Financial Officer





CITY OF STOCKTON



INTRODUCTORY SECTION

City of Stockton
Comprehensive Annual Financial Report
For the year ended June 30, 2021

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CITY OF STOCKTON

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

March 1, 2022

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 Annual Comprehensive Financial Report ("ACFR") of the City of Stockton for the fiscal year ("FY") ended June 30, 2021.

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 ACFR.

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 the 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 City limits.

In January 2021, Stockton's population was 320,876, according to the California Department of Finance, which represents a 0.5% increase over last year's population estimate of 319,188. The California Department of Finance also projects the San Joaquin County population will continue to increase at a rate of approximately 1.08% and 1.1% through 2022 and 2023, respectively. 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, Stockton's unemployment rate decreased to 8.5% in August 2021, from 12.2% in August 2020 (per the California Employment Development Department), primarily driven by the reopening of the economy after the COVID-19 pandemic restrictions were lifted. Per the Bureau of Labor Statistics, the national unemployment rate decreased to 5.2% in August 2021 from 8.4% in August 2020.

Stockton housing stats reflect a significant growth in home prices for 2021 which is projected to continue through 2022. Zillow indicates that the median home value in Stockton is approximately \$420,927, representing a 31% increase over the past year. Zillow also forecasts the upward trend to continue into 2022, with a projected 15.4% increase in home prices.

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 6.3% under budget. Revenues (including other sources of funds) were 18.4% above budget estimates. As a result, the General Fund balance at June 30, 2021 (excluding related funds) of \$76.4 million was combined with prior year reserve funds of \$33.3 million for a total of \$109.7 million available to fund reserves. The \$109.7 million was allocated to the Working Capital operating reserve (\$37.7 million), the known contingencies reserves (\$41.8 million), the risk-based reserve categories (\$5 million), and \$22.6 million for one-time Council priority projects.

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 \$1.56 billion. The City's net position is roughly \$114.9 million higher, or 7.9%, 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 a 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 \$75.0 million (\$61.5 million General Fund) into the Trust through June 30, 2021. 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 & Poor 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". The City's Wastewater utility rating remained stable with ratings of "A" by Standard & Poors and "A+" by Fitch. In 2021, both Standard & Poors and Fitch re-affirmed the City's Water debt ratings of "A" and "AA-", respectively. The Parking Revenue Bonds are currently rated at BBB- after revenues declined during the Covid pandemic shutdowns. Federal American Rescue Plan Act funds allow for replacement of revenues lost during the pandemic which will provide some relief to the Parking Fund and ensure debt coverage. In fiscal year 2021, the City accessed the financial market once to facilitate a \$4.5 million debt issuance that supported a new residential development.

The City does not anticipate issuing any bonds backed by the General Fund. However, the City does plan on incurring over \$290 million in debt through various funding sources over the next several years to upgrade its wastewater facilities, including the renovation of the Regional Wastewater Control Facility (RWCF). These funding sources include a combination of rate bonds, a State Revolving Fund loan, and the Water Infrastructure Finance and Innovation Act (WIFIA) loan. In late 2022, the City will proceed with drawing funds from two low-interest loans for the RWCF renovation. The first will be a low-interest \$108 million loan obtained through the WIFIA administered by the United States Environmental Protection Agency. This loan closed in September 2020, and when combined with cash on hand, it is anticipated to be used to prepay the short-term borrowing entered in 2019 in the form of Bond Anticipation Notes (BANs). The other low-interest loan is being sought through the California Clean Water State Revolving Fund (CWSRF) program. The CWDRF loan is anticipated to provide an additional \$46.8 million in long-term funding for the next phases of the project and is expected to close during the 2022 fiscal year.

In addition, 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. The City's Governmental Funds reported a combined ending fund balance of \$505.6 million at the close of June 30, 2021, an increase of \$200.9 million compared with the prior fiscal year. The General Fund balance in this report, as of June 30, 2021, was \$130.8 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 partially fund the priority one working capital reserve at \$ 37.7 million, partially fund known contingency reserves at \$41.8 million, and maintain the risk-based reserves at \$5.0 million.

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

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

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 prudent investment of the City's cash balances. 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

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, 2021, was 0.08%. 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, 2021, distributed returns would have been 0.38%.

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 ACFR.

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 ACFR.

The City's ACFR conforms to the requirements established by GAAP, the City's Charter, GFOA standards, and agreements with investors. The ACFR 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, 2021.

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 2020-21, 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 Public Risk Innovation, Solutions and Management insurance pool for excess Workers' Compensation coverage. The SIR is \$500,000.

INTERNAL CONTROLS AND LIMITATIONS

The ACFR 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 an ongoing review to ensure the timeliness and accuracy of the ACFR, 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.

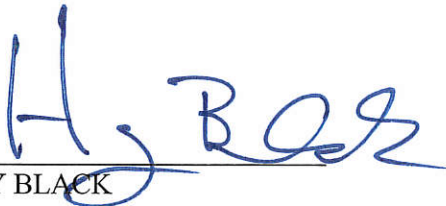
Budgetary control is at the department level for the General Fund and the fund level for all other funds. Transfers within funds and like categories of the same department require City Manager approval. Revisions to increase appropriation authority above a department's original adopted budget require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



KIMBERLY K. TRAMMEL
CHIEF FINANCIAL OFFICER

CITY OF STOCKTON

CITY COUNCIL



KEVIN J. LINCOLN II
MAYOR



CHRISTINA FUGAZI
VICE MAYOR
District 5



SOL JOBRACK
COUNCILMEMBER
District 1



DAN WRIGHT
COUNCILMEMBER
District 2



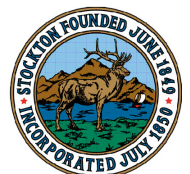
PAUL CANEPA
COUNCILMEMBER
District 3



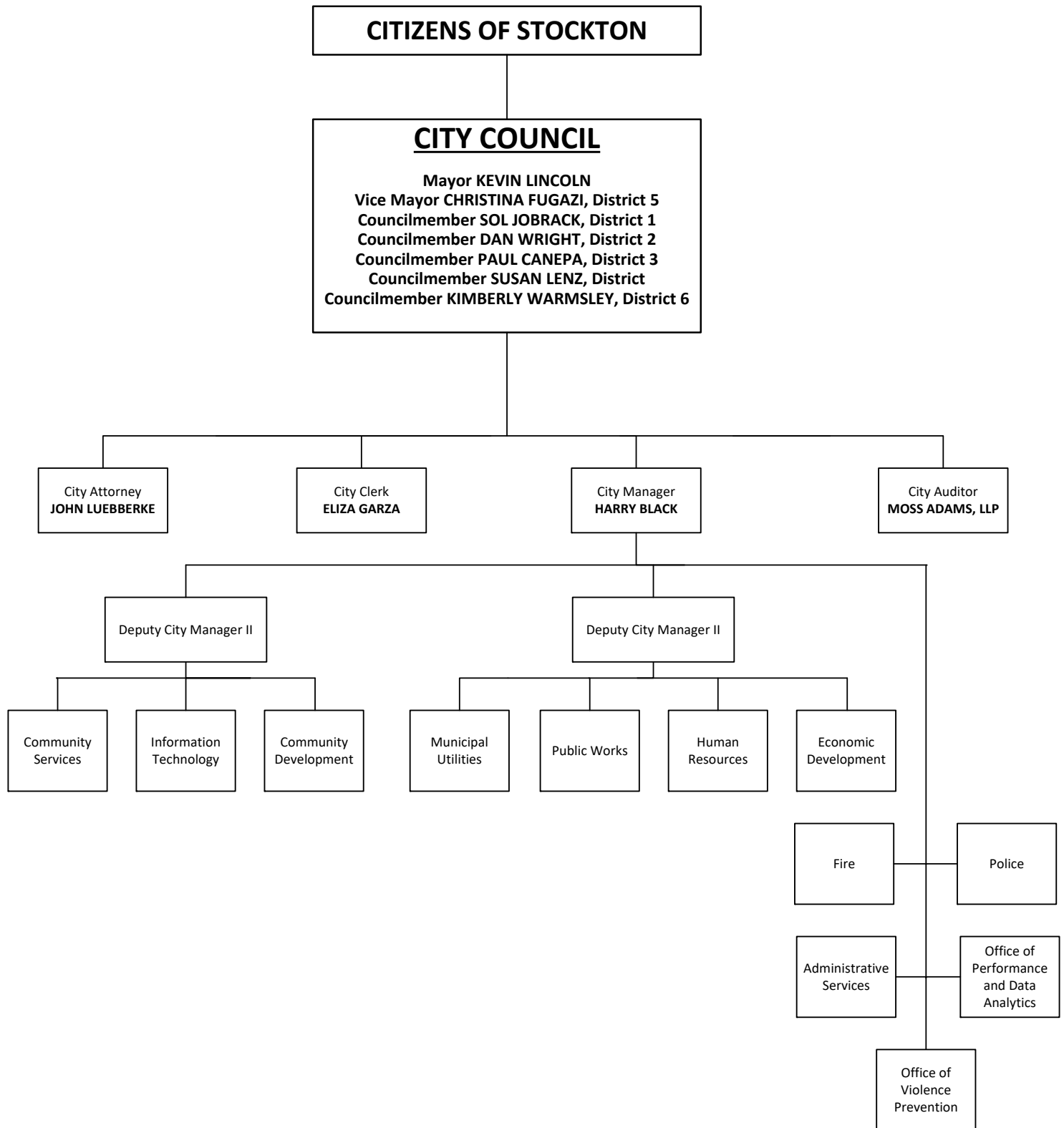
SUSAN LENZ
COUNCILMEMBER
District 4



KIMBERLEY WARMSLEY
COUNCILMEMBER
District 6



**CITY OF STOCKTON
ORGANIZATION CHART
AS OF JUNE 30, 2021**





CITY OF STOCKTON



FINANCIAL SECTION

INDEPENDENT AUDITORS' 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, 2021, 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.

Auditors' 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, 2021 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.

Emphasis of Matter

Implementation of GASB 84

As discussed in Note 1T to the basic financial statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*. The adoption of the standard resulted in the custodial funds reporting beginning fiduciary net position in the amount of \$44,517,999. Our opinion is not modified with respect to this matter.

Prior Period Adjustments

As discussed in Note 18 to the basic financial statements, the City recorded prior period adjustments in the Federal Housing Grant Special Revenue Fund of \$81,267,949 and Nonmajor Governmental Funds of \$70,838,069, in total of \$152,106,018 in Governmental Funds due to improper reporting of deferred inflow of resources. Our opinion is not modified with respect to this matter.

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.

To the Honorable Mayor and the Members of the City Council
of the City of Stockton
Stockton, California
Page 3

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 March 4, 2022 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.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
March 4, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED



JUNE 30, 2021

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, 2021. 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, 2021, total assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by \$1.56 billion. Of this amount, \$39.3 million represents the deficit in the unrestricted net position, \$504.9 million is restricted for City's ongoing obligation related to programs with external restrictions, and \$1.1 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 \$459.3 million and include program revenues of \$156.1 million and general revenues of \$303.2 million. Governmental expenses were \$376.0 million.
- Business-type program revenues, and investment earnings were \$162.2 million, while business-type expenses were \$128.8 million.

Fund Level:

- The City's Governmental Funds reported a combined ending fund balance of \$505.6 million at the close of June 30, 2021, an increase of \$200.9 million compared with the prior fiscal year. The General Fund balance in this report, as of June 30, 2021, was \$130.9 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 partially fund the priority one working capital reserve at \$37.7 million, partially fund known contingency reserves at \$41.8 million, and maintain the risk-based reserves at \$5.0 million.
- The total Governmental Fund revenues increased from the prior fiscal year by 18.9 percent. A large portion of this increase is attributable to special federal grants and subsidies for fiscal year 2020-21 with most related to COVID-19 pandemic recovery efforts. Other large increases were due to sales tax revenues, property tax, utility user fees; however, the city saw a decrease in investment earnings due to low interest rate environment.

The total Governmental Fund expenditures increased by 15.8 percent compared to the prior fiscal year due to increased expenditures for general government, public safety and public works; this increase also entailed expenditure of federal grants and subsidies.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Annual Comprehensive 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 Annual Comprehensive Financial Report ("ACFR") 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 ACFR. 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 16-18 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 21-23 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 27-36 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 40-41 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 44-107 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, Federal Housing Grants Special Revenue Fund, and the Special Grants 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 108-120 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, 2021, the City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1.56 billion, which is an increase of \$114.9 million or 7.9 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, 2021, and 2020 (amounts in thousands):

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 838,854	\$ 692,226	\$ 314,743	\$ 339,317	\$ 1,153,597	\$ 1,031,543
Capital assets	792,778	776,373	767,032	713,058	1,559,810	1,489,431
Total assets	1,631,632	1,468,599	1,081,775	1,052,375	2,713,407	2,520,974
Deferred Outflow of Resources:						
Unamortized loss on refunding of debt	-	-	14,555	15,464	14,555	15,464
Pension-related deferred outflows of resources	76,508	84,784	2,528	2,537	79,036	87,321
Total Deferrals-Outflows	76,508	84,784	17,083	18,001	93,591	102,785
Liabilities:						
Current and other liabilities	118,953	56,784	40,847	30,845	159,800	87,629
Long-term obligations	116,636	118,211	404,166	416,013	520,802	534,224
Net Pension liability	533,858	518,320	15,774	17,709	549,632	536,029
Total liabilities	769,447	693,315	460,787	464,567	1,230,234	1,157,882
Deferred Inflow of Resources:						
Deferred Rent	-	-	-	-	-	-
Pension-related deferred inflows of resources	11,688	16,280	1,405	868	13,093	17,147
Total Deferrals Inflows	11,688	16,280	1,405	868	13,093	17,147
Net position:						
Net investment in capital assets	732,219	724,164	365,873	301,434	1,098,092	1,025,598
Restricted	458,650	239,339	46,241	125,668	504,891	365,007
Unrestricted (deficit)	(263,864)	(119,715)	224,551	177,840	(39,313)	58,125
Total net position	\$ 927,005	\$ 843,788	\$ 636,665	\$ 604,942	\$ 1,563,670	\$ 1,448,730

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 \$1.1 billion or 70.2 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 \$504.9 million or 32.3 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 reflects a deficit of \$39.3 million or (2.5) percent. Information about changes in net position for FY 2020-21 and FY 2019-20 is summarized below. The ACFR 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues:						
Charges for services	\$ 65,693	\$ 27,901	\$ 148,966	\$ 140,933	\$ 214,659	\$ 168,834
Operating grants and	-	-	-	-	-	-
Operating grants and contributions	51,328	21,509	-	7,314	51,328	28,823
Capital grants and contributions	39,065	30,227	13,263	7,258	52,328	37,485
General revenues:	-	-	-	-	-	-
Property taxes	38,523	36,692	-	-	38,523	36,692
Utility user taxes	36,414	34,537	-	-	36,414	34,537
Sales and use taxes (City levied)	68,639	57,077	-	-	68,639	57,077
Franchise taxes	16,901	15,292	-	-	16,901	15,292
Business licenses	15,695	14,557	-	-	15,695	14,557
Hotel/motel room taxes	2,860	2,834	-	-	2,860	2,834
Document transfer taxes	1,222	912	-	-	1,222	912
Other taxes	2,874	3,262	-	1,407	2,874	4,669
Motor vehicle fees in lieu	27,757	31,839	-	-	27,757	31,839
Sales and use taxes (State levied)	65,201	56,122	-	-	65,201	56,122
Other shared revenue	-	18,303	-	-	-	18,303
Investment earnings	14,086	21,759	57	9,318	14,143	31,077
Miscellaneous	11,105	9,469	-	-	11,105	9,469
Gain (loss) on disposal of capital assets	148	12	-	(2)	148	10
Gain on loan forgiveness (Note 19)	-	(547)	-	-	-	(547)
Total revenues	457,511	381,757	162,286	166,228	619,797	547,985
Expenses	-	-	-	-	-	-
General government	74,313	37,269	-	-	74,313	37,269
Public safety	217,954	217,941	-	-	217,954	217,941
Public works	55,087	44,922	-	-	55,087	44,922
Library	12,792	14,657	-	-	12,792	14,657
Parks and recreation	11,527	27,798	-	-	11,527	27,798
Interest and fiscal charges	4,373	5,298	-	-	4,373	5,298
Water utility	-	-	54,266	47,974	54,266	47,974
Wastewater utility	-	-	61,124	63,983	61,124	63,983
Stormwater utility	-	-	6,759	6,599	6,759	6,599
Central parking district	-	-	4,995	5,795	4,995	5,795
Other	-	-	1,667	2,499	1,667	2,499
Total expenses	376,045	347,885	128,811	126,850	504,856	474,735
Increase/(decrease) in net position before transfers	81,466	33,872	33,474	39,378	114,941	73,250
Transfers	1,751	(922)	(1,751)	922	-	-
Change in net position	83,218	32,950	31,723	40,300	114,941	73,250
Net position, beginning	-	810,838	-	564,642	-	1,375,481
Prior period adjustment	-	-	-	-	-	-
Net position, beginning, as restated	843,788	810,838	604,942	564,642	1,448,730	1,375,481
Net position, end of year	\$ 927,005	\$ 843,788	\$ 636,665	\$ 604,942	\$ 1,563,670	\$ 1,448,730

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Analysis of Net Position, Continued:

Governmental activities: The change in net position increased by \$83.2 million compared to the prior fiscal year due to these following variances:

- Total governmental activities revenues increased by \$75.8 million or 19.8 percent compared to the prior fiscal year. The increase were mostly attributable to additional operating grants and contributions under program revenues, and state & city levied sales and use taxes. However, due to the low interest rate environment, there was \$7.7 million revenue decrease in investment earnings.
- Total governmental activities expenses show an increase of \$28.2 million. A large part of this increase is attributed to the expenditure of special grants received related to COVID-19 recovery efforts.

Business-type activities: The change in net position increased by \$31.7 million compared to the prior fiscal year primarily due 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 21.

Governmental Funds

As of June 30, 2021, the City's Governmental Funds reported a combined ending balance of \$505.6 million, an increase of \$200.9 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 \$154.7 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 \$227.7 million that is based on restrictions imposed by external parties or enabling legislation.
- Committed fund balance of \$77.6 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 \$4.5 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 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.

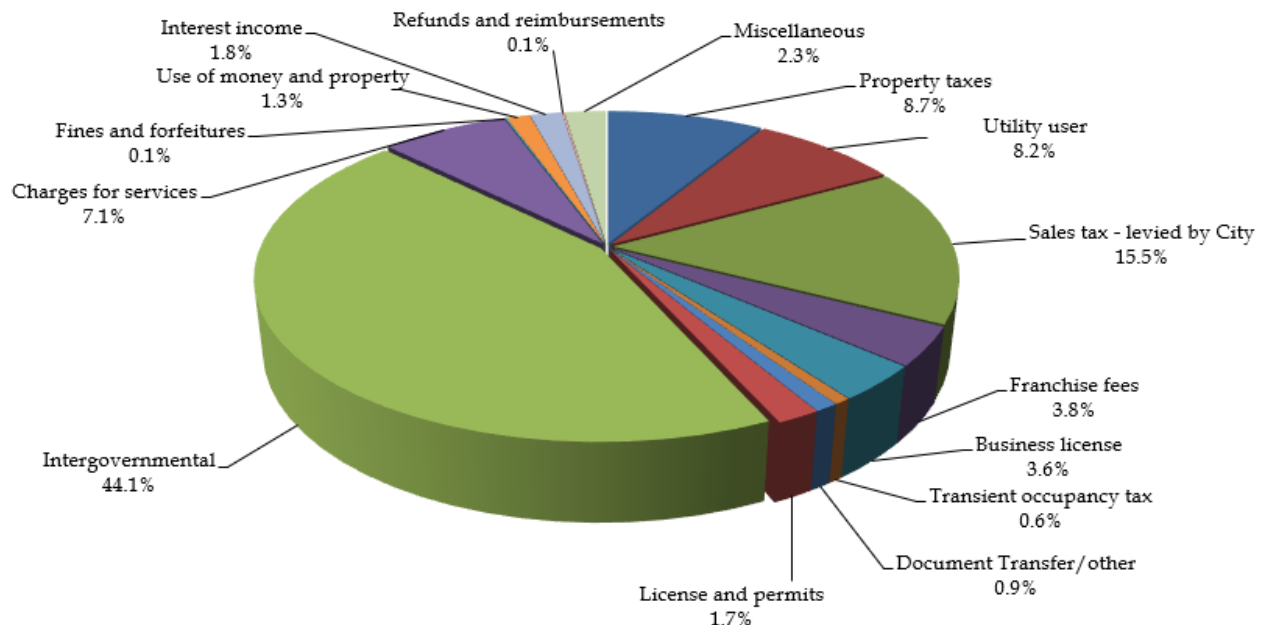
FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED

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	2021		2020		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Property taxes	38,523	8.7%	\$ 36,692	9.9%	1,831	5.0%
Utility user	36,414	8.2%	34,537	9.3%	1,877	5.4%
Sales tax - levied by City	68,639	15.5%	57,077	15.4%	11,562	20.3%
Franchise fees	16,901	3.8%	15,292	4.1%	1,609	10.5%
Business license	15,695	3.6%	14,557	3.9%	1,138	7.8%
Transient occupancy tax	2,860	0.6%	2,834	0.8%	26	0.9%
Document Transfer/other	4,095	0.9%	4,174	1.1%	(79)	-1.9%
License and permits	7,670	1.7%	6,847	1.8%	823	12.0%
Intergovernmental	194,701	44.1%	131,067	35.3%	63,634	48.6%
Charges for services	31,330	7.1%	26,904	7.2%	4,426	16.4%
Fines and forfeitures	379	0.1%	1,101	0.3%	(722)	-65.6%
Use of money and property	5,731	1.3%	10,569	2.8%	(4,838)	-45.8%
Interest income	7,785	1.8%	14,075	3.8%	(6,290)	-44.7%
Refunds and reimbursements	602	0.1%	6,633	1.8%	(6,031)	-90.9%
Miscellaneous	10,189	2.3%	8,981	2.4%	1,208	13.5%
Total	441,514	100%	\$ 371,340	100.0%	70,174	18.9%

The graph below shows 2021 revenue categories as a percent of the total.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED

Governmental Funds, Continued:

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

- Sales tax revenues, reported under both Sales taxes and intergovernmental revenues, increased \$21.8 million (18 percent) over the prior year as consumer spending habits shifted during the pandemic and federal stimulus dollars added to household disposable income. A change in reporting by a taxpayer mid-year resulted in additional tax revenues coming directly to the City rather than shared through a pool.
- Federal grants and other intergovernmental revenues were approximately \$50 million greater than the prior year primarily due to additional COVID relief funds.
- Property tax revenues saw an increase due to a strong real estate market.
- Due to the historic low interest rate environment, interest income was significantly lower than the prior year.
- Business license fees reflect an increase in cannabis businesses in the City and growth in new business licenses.
- Transient occupancy tax revenues remains low 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:

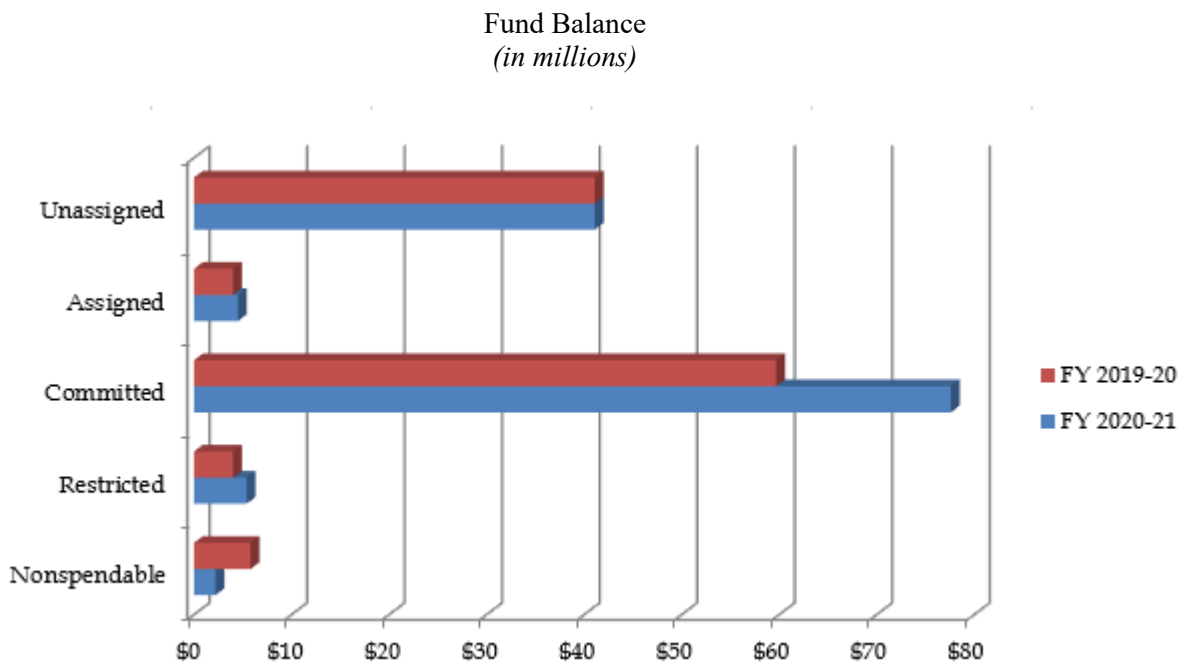
Expenditures by Function	2021		2020		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 72,185	19.3%	\$ 30,148	9.3%	\$ 42,037	139.4%
Public safety	205,923	55.1%	193,778	60.1%	12,145	6.3%
Public works	41,960	11.2%	20,120	6.2%	21,840	108.6%
Library	12,762	3.4%	14,400	4.5%	(1,638)	-11.4%
Parks and recreation	8,207	2.2%	25,920	8.0%	(17,713)	-68.3%
Capital outlay	26,127	7.0%	31,225	9.7%	(5,098)	-16.3%
Debt service	6,422	1.7%	6,928	2.1%	(506)	-7.3%
Total	\$ 373,587	100.0%	\$ 322,519	100.0%	\$ 51,068	15.8%

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

- General government expenditure increased by \$42.0 million and a large portion of this is attributed to the special grants in the amount of \$29.3 million.
- Public safety expenditures increased \$12.1 million, resulting from new labor agreements and contributions to the CalPERS system increased the cost of retirement benefits for public safety personnel.
- Public Works expenses increased with a corresponding decrease in the Parks and Recreation category due to a change in the City's chart of accounts that moved parks maintenance expenses to the Public works function.
- Expenses for Library and Recreation activities decreased due to the partial closure of library and recreation facilities during the fiscal year resulting in lower part-time, materials, and programing expenses.

General Fund

Below is a graph that depicts the change in General Fund balances between FY 2020-21 and FY 2019-20. The assigned and committed balances have increased from the prior fiscal year.



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.

General Fund revenues were \$286.4 million at the close of June 30, 2021, an increase of \$18.2 million (6.8 percent) compared to the prior fiscal year. Significant changes in General Fund revenues compared with the previous fiscal year include:

- Sales tax levied by the City and the state was up significantly this year (\$20.6 million) compared to the prior fiscal year from a combination of pandemic driven shifts in consumer spending habits, federal stimulus dollars, price inflation, and a shift in reporting of a major taxpayer.
- Property tax revenues increased by \$1.8 million due to a steady increase in property values and increased new non-residential construction.
- Interest income from the City's short- and long-term investment portfolios was down \$0.8 million compared to the prior fiscal year due to the low interest rate environment.

General Fund expenditures were \$238.2 million, an increase of \$4.6 million (2.0 percent) compared to the prior fiscal year. General government expenses increased by \$9.9 million compared to the last fiscal year. Public safety expense growth of \$3.7 million was primarily the result of retirement benefits and negotiated salary increases.

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, 2021, business-type activities' net position was \$636.7 million, an increase of \$31.7 million or 5.2 percent compared to the prior fiscal year.

The assets and deferred outflows of resources increased by a combined total of \$28.5 million. Of this amount, the current cash and investments and other existing assets decreased by \$24.6 million, and non-current assets, including capital assets and deferred outflows, increased by \$53.1 million.

The liabilities and deferred inflows of resources decreased by \$3.8 million due primarily to the principal payments made on debt and pension-related adjustments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's FY 2020-21 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 FY 2020-21 budget was developed in the first three months of the COVID-19 pandemic when the impacts of the unprecedented event was completely unknown. The City produced a balanced and fiscally prudent budget plan with projected revenue losses and no layoffs or service reduction to offset these losses. Prior year reserves enabled the General Fund to weather the predicted economic downturn without budget cuts. The adopted budget included some 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 111.

The General Fund's original budgeted revenues totaled \$241.1 million and were increased to \$241.4 million during the fiscal year. The General Fund ended the fiscal year with total revenues of \$286.4 million, reflecting a \$45.0 million or 18.6 percent, increase over the final budget. The anticipated economic downturn from the worldwide pandemic caused declines or stagnation in many of the General Fund revenue categories, but the largest revenue sources experienced growth during FY 2020-21. The most considerable variance was sales tax revenues at \$32.7 million more than the budget. The next largest budget variances were in the Business License and Utility User Tax categories.

The General Fund's original expenditure budget of \$254.2 million was adjusted by encumbrances and commitments carried forward from the prior year for a total final budget of \$264.6 million. All General Fund departmental activities ended the fiscal year below budget. The Non-departmental category shows an overage due to a year-end change in how pooled investment expenses are reported which resulted in expenditures of \$5.7 million previously netted with investment revenues and held outside the General Fund. Actual expenditures and transfers-out were lower than the final approved budget appropriations by \$26.6 million, or 8.9 percent. Of this variance, \$10.8 million in appropriations rolled into FY 2021-22 for encumbrances, capital projects, and specific City Council authorized activities. General Government departments achieved a savings of \$7.8 million, Public Works activities were under budget by \$3.0 million, Parks and recreation activities were under budget by \$1.0 million, Library expenses were \$2.0 million below budget, and \$10.4 million was saved in Public Safety. Approximately \$10.1 million of the savings was the result of higher-than-anticipated vacancies across all General Fund departments. 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, 2021, was \$122.9 million on a budgetary basis, which is an increase of \$8.3 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 (\$116.9 million) separate from ancillary services of libraries, recreation, etc.

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, 2021, amounted to \$1.6 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 4.7 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):

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 38,197	\$ 40,827	\$ 15,127	\$ 11,689	\$ 53,324	\$ 52,516
Intangible Assets	4,355	4,355	-	804	4,355	5,159
Building and						
Improvements	171,459	175,947	623,065	633,368	794,524	809,315
Machinery and						
Equipment	28,124	25,976	5,574	5,929	33,698	31,905
Infrastructure	388,419	389,295	-	-	388,419	389,295
Construction						
in Progress	162,225	139,973	123,266	61,269	285,491	201,242
Total	\$ 792,779	\$ 776,373	\$ 767,033	\$ 713,059	\$ 1,559,811	\$ 1,489,432

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

Bond Indebtedness

At the end of the fiscal year, the City's total outstanding net bonded debt, including bankruptcy settlements, was \$475.4 million. Of this amount, \$59.6 million is related to governmental activities, and \$415.7 million are debt obligations of business-type activities.

Governmental activities bonded indebtedness decreased by \$2.0 million because of the scheduled principal payments.

Business-type activities bonded indebtedness also decreased by \$11.4 million due to the scheduled debt service payments for the enterprise debt.

Governmental outstanding net bonded debt of \$59.6 million includes \$53.1 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 \$415.7 million includes \$202.7 million of revenue bonds of the Water Utility, \$172.4 million in revenue bonds and bond anticipation notes for the Wastewater Utility, and \$29.7 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 \$95.6 million is reported separately in a Private Purpose Trust Fund. The balance outstanding at June 30, 2021, includes \$80.7 million of tax-exempt tax allocation bonds issued to refinance revenue bonds for various former redevelopment projects and \$14.8 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, 2021

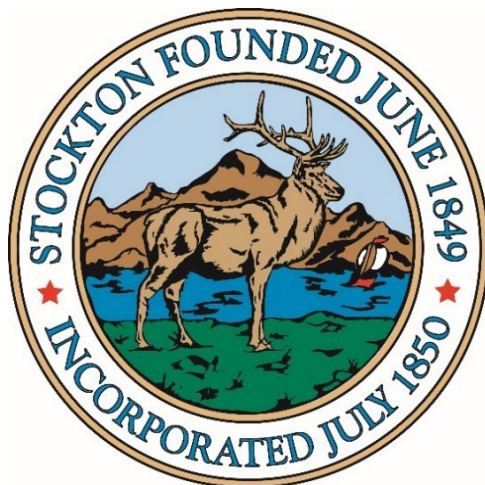
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 542,814,801	\$ 265,387,686	\$ 808,202,487
Restricted cash and investments	69,656,247	24,124,222	93,780,469
Interest receivable	1,405,822	578,867	1,984,689
Accounts receivable, net	15,356,425	28,163,564	43,519,989
Due from other governments, net	43,275,089	569,530	43,844,619
Internal balances	7,641,173	(7,641,173)	-
Inventory of supplies	517,418	1,863,350	2,380,768
Prepaid items	1,810,759	1,421,578	3,232,337
Advance deposits	3,163,499	84,935	3,248,434
Loans to Successor Agency, net	1,106,580	-	1,106,580
Loans to property owners, net	152,106,019	190,000	152,296,019
Capital assets:			
Nondepreciable	204,776,468	138,393,456	343,169,924
Depreciable, net	588,001,993	628,638,998	1,216,640,991
Total assets	1,631,632,293	1,081,775,013	2,713,407,306
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding of debt	-	14,554,574	14,554,574
Pension-related deferred outflows of resources	76,507,673	2,527,997	79,035,670
Total deferred outflows of resources	76,507,673	17,082,571	93,590,244
LIABILITIES			
Accounts payable and accrued expenses	22,240,234	20,527,898	42,768,132
Accrued payroll and benefits	3,614,697	1,312,001	4,926,698
Due to other governments/agencies	2,433,776	95,237	2,529,013
Accrued interest	1,236,538	3,522,478	4,759,016
Deposits and other liabilities	1,689,796	2,248,713	3,938,509
Unearned revenue	65,372,413	-	65,372,413
Long-term liabilities:			
Due within one year:			
Compensated absences	7,088,691	1,040,836	8,129,527
Claims payable	13,156,704	-	13,156,704
Long-term debt	2,120,499	12,099,764	14,220,263
Due in more than one year:			
Compensated absences	6,028,199	552,345	6,580,544
Claims payable	53,158,922	-	53,158,922
Long-term debt	57,448,658	403,613,866	461,062,524
Aggregate net pension liability	533,857,535	15,774,105	549,631,640
Total liabilities	769,446,662	460,787,243	1,230,233,905
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows of resources	11,688,194	1,405,368	13,093,562
Total deferred inflows of resources	11,688,194	1,405,368	13,093,562
NET POSITION			
Net investment in capital assets	732,219,210	365,873,398	1,098,092,608
Restricted	458,649,711	46,240,750	504,890,461
Unrestricted (deficit)	(263,863,811)	224,550,825	(39,312,986)
Total net position	\$ 927,005,110	\$ 636,664,973	\$ 1,563,670,083

City of Stockton
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 74,312,547	\$ 12,559,615	\$ 46,057,646	\$ 3,345,580
Public safety	217,954,243	13,234,602	3,662,323	-
Public works	55,086,489	32,456,438	1,552,970	35,719,804
Library	12,791,645	7,037,164	52,418	-
Parks and recreation	11,526,450	405,517	3,000	-
Interest and fiscal charges	4,373,159	-	-	-
Total governmental activities	376,044,533	65,693,336	51,328,357	39,065,384
Business-type activities:				
Water utility	54,266,068	64,096,970	-	7,958,982
Wastewater utility	61,123,797	73,884,879	-	4,864,534
Stormwater utility	6,759,309	6,040,418	-	439,138
Parking Authority	4,995,394	4,588,984	-	-
Downtown Marina	1,098,716	330,543	-	-
Golf Courses	568,057	24,304	-	-
Total business-type activities	128,811,341	148,966,098	-	13,262,654
Total	\$ 504,855,874	\$ 214,659,434	\$ 51,328,357	\$ 52,328,038

City of Stockton
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Change in Net Position		
	Governmental Activities	Business-Type Activities	Totals
PRIMARY GOVERNMENT:			
Governmental activities:			
General government	\$ (12,349,706)	\$ -	\$ (12,349,706)
Public safety	(201,057,318)	-	(201,057,318)
Public works	14,642,723	-	14,642,723
Library	(5,702,063)	-	(5,702,063)
Parks and recreation	(11,117,933)	-	(11,117,933)
Interest and fiscal charges	(4,373,159)	-	(4,373,159)
Total governmental activities	(219,957,456)	-	(219,957,456)
Business-type activities:			
Water utility	-	17,789,884	17,789,884
Wastewater utility	-	17,625,616	17,625,616
Stormwater utility	-	(279,753)	(279,753)
Parking Authority	-	(406,410)	(406,410)
Downtown Marina	-	(768,173)	(768,173)
Golf Courses	-	(543,753)	(543,753)
Total business-type activities	-	33,417,411	33,417,411
Total net (expense) revenue	(219,957,456)	33,417,411	(186,540,045)
General revenues and transfers:			
General revenues:			
Taxes:			
Property	38,522,990	-	38,522,990
Utility user	36,413,826	-	36,413,826
Sales - levied by City	68,639,026	-	68,639,026
Franchise fees	16,900,562	-	16,900,562
Business license	15,694,829	-	15,694,829
Transient occupancy tax	2,860,447	-	2,860,447
Document transfer	1,221,516	-	1,221,516
Other	2,873,644	-	2,873,644
Shared revenue:			
Vehicle license fees	27,757,385	-	27,757,385
Sales and use tax levied by state	65,200,850	-	65,200,850
Investment earnings	14,085,666	56,996	14,142,662
Miscellaneous	11,105,437	-	11,105,437
Gain (loss) on disposal of capital assets	147,497	-	147,497
Transfers	1,751,430	(1,751,430)	-
Total general revenues and transfers	303,175,105	(1,694,434)	301,480,671
Changes in net position	83,217,649	31,722,977	114,940,626
Net position:			
Beginning of year	843,787,461	604,941,996	1,448,729,457
End of year	\$ 927,005,110	\$ 636,664,973	\$ 1,563,670,083





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.

Federal Housing Grants Special Revenue 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, loans to non-profit housing developers to acquire and rehabilitate abandoned and foreclose homes, and providing affordable housing assistance to qualified low- and moderate-income households. This fund includes the City's annual federal funding from the Community Development Block Grant, Community Rehabilitation Loan program, federal revolving loan program, revitalization activities in the designated Urban Development Action Grant area, Housing and Urban Development (HUD) Section 108, HOME Housing grants and loans, and Neighborhood Stabilization Loan Program (NSP Funds).

Special Grants Special Revenue Fund

To account for one-time resources received through the federal CARES and American Rescue Plan Act and in addition to some 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.

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, 2021

	Major Funds					Total Governmental Funds
	Special Revenue Funds			Capital Projects		
	General Fund	Federal Housing Grants	Special Grants	Capital Improvement	Other Governmental Funds	
ASSETS						
Cash and investments	\$ 113,935,176	\$ 3,242,139	\$ 66,626,599	\$ 26,888,375	\$ 181,113,541	\$ 391,805,830
Cash and investments with fiscal agents	-	1,576,301	-	-	-	1,576,301
Receivables, net:						
Interest	404,664	1,114	119,707	4,111	444,583	974,179
Accounts and other receivables	13,118,997	223,423	148,499	-	1,325,337	14,816,256
Due from other governments, net	23,855,679	-	108,933	7,931,187	11,315,056	43,210,855
Inventory of supplies	427,211	-	-	-	-	427,211
Prepaid items	55,541	-	-	-	-	55,541
Advance deposits	1,731,882	-	108,354	-	133,297	1,973,533
Loans to Successor Agency, net	-	-	-	-	1,106,580	1,106,580
Loans to property owners, net	-	81,267,950	-	-	70,838,069	152,106,019
Total assets	\$ 153,529,150	\$ 86,310,927	\$ 67,112,092	\$ 34,823,673	\$ 266,276,463	\$ 608,052,305
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	8,814,622	272,255	614,281	5,251,874	\$ 3,654,069	\$ 18,607,101
Accrued payroll and benefits	1,703,336	32,081	94,164	74,911	1,256,530	3,161,022
Interest payable	15,600	-	-	-	-	15,600
Loans to other funds	780,000	-	-	-	-	780,000
Due to other governments	1,916,478	-	-	-	517,298	2,433,776
Deposits and other liabilities	942,161	-	-	-	698,531	1,640,692
Unearned revenue	1,566,676	-	63,805,737	-	-	65,372,413
Total liabilities	15,738,873	304,336	64,514,182	5,326,785	6,126,428	92,010,604
Deferred inflows of resources:						
Unavailable revenue - other	6,933,158	-	-	1,957,834	1,523,624	10,414,616
Total deferred inflows of resources	6,933,158	-	-	1,957,834	1,523,624	10,414,616
Fund Balances:						
Nonspendable	2,214,634	81,267,950	-	-	71,194,203	154,676,787
Restricted	5,385,183	4,738,641	2,597,910	27,539,054	187,432,208	227,692,996
Committed	77,638,440	-	-	-	-	77,638,440
Assigned	4,526,246	-	-	-	-	4,526,246
Unassigned	41,092,616	-	-	-	-	41,092,616
Total fund balances	130,857,119	86,006,591	2,597,910	27,539,054	258,626,411	505,627,085
Total liabilities, deferred inflows of resources and fund balances	\$ 153,529,150	\$ 86,310,927	\$ 67,112,092	\$ 34,823,673	\$ 266,276,463	\$ 608,052,305

City of Stockton
Reconciliation of the Balance Sheet of Governmental Funds
to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balances - Total Governmental Funds	\$	505,627,085
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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 \$11,593,030 reported in the Internal Service Funds)		193,183,438
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Depreciable (net of accumulated depreciation \$65,525,419, and net capital assets \$21,757,329 reported in the Internal Service Funds)		566,244,664
--	--	-------------

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.

		193,642,699
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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 \$606,805 reported in Internal Service Funds)		(12,510,085)
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Bonds payable and other long-term debt (net of \$206,486 in capital leases reported in Internal Service Funds)		(59,362,671)
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Accrued interest payable (net of \$24,358 reported in Internal Service Funds and \$15,600 reported in General Fund)		(1,196,580)
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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.

		(533,857,535)
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Actuarially determined pension deferred outflows of resources are reported in the government-wide statements but are not reported in the governmental funds.

		76,507,673
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Actuarially determined pension deferred inflows of resources are reported in the government-wide statements but are not reported in the governmental funds.

		(11,688,194)
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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 - Others		10,414,616
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Net position of governmental activities	\$	927,005,110
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City of Stockton
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds					
		Special Revenue Funds		Capital Projects		
	General Fund	Federal Housing Grants	Special Grants	Capital Improvement	Other Governmental	Total Governmental Funds
REVENUES:						
Taxes:						
Property	\$ 38,522,990	\$ -	\$ -	\$ -	\$ -	\$ 38,522,990
Utility user	36,413,826	-	-	-	-	36,413,826
Sales - levied by City	40,810,516	-	-	-	27,828,510	68,639,026
Franchise fees	16,900,562	-	-	-	-	16,900,562
Business license	14,090,618	-	-	-	1,604,211	15,694,829
Hotel/motel room	2,860,447	-	-	-	-	2,860,447
Document transfer	1,221,516	-	-	-	-	1,221,516
Other	2,873,644	-	-	-	-	2,873,644
Licenses and permits	566,109	-	-	-	7,103,825	7,669,934
Intergovernmental:						
Federal grants and subsidies	219,700	4,426,326	19,733,363	5,946,182	13,242	30,338,813
Sales and use tax - levied by state	65,200,850	-	-	-	-	65,200,850
Other governmental	39,246,217	-	24,153,199	7,929,109	27,832,495	99,161,020
Charges for services	9,541,329	2,625	-	-	21,785,753	31,329,707
Fines and forfeitures	282,885	-	-	-	96,328	379,213
Use of money and property	4,625,139	836,255	-	-	269,258	5,730,652
Investment income:						
Interest income (loss)	6,788,272	(31,853)	769,282	(20,836)	280,334	7,785,199
Refunds and reimbursements	438,105	-	-	525	163,400	602,030
Miscellaneous	5,793,626	1,946,739	10,347	280,218	2,158,392	10,189,322
Total revenues	286,396,351	7,180,092	44,666,191	14,135,198	89,135,748	441,513,580
EXPENDITURES:						
Current:						
General government	26,235,306	3,461,685	29,295,867	8,660	13,183,170	72,184,688
Public safety	180,932,111	-	9,490,213	-	15,500,590	205,922,914
Public works	15,934,338	-	1,347,142	6,203,666	18,475,180	41,960,326
Library	10,558,356	-	104,048	-	2,099,998	12,762,402
Parks and recreation	3,907,364	-	1,293,138	-	3,006,550	8,207,052
Capital outlay	611,717	-	2,393,407	20,950,609	2,171,692	26,127,425
Debt service:						
Principal retirement	-	1,675,000	-	-	130,569	1,805,569
Interest and fiscal charges	15,980	176,338	-	-	4,424,561	4,616,879
Total expenditures	238,195,172	5,313,023	43,923,815	27,162,935	58,992,310	373,587,255
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	48,201,179	1,867,069	742,376	(13,027,737)	30,143,438	67,926,325
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	10,093	15,127,882	4,764,544	19,902,519
Transfers out	(31,961,460)	(389,348)	-	(584,022)	(8,517,609)	(41,452,439)
Proceeds from sale of capital assets	6,095	-	-	2,413,101	-	2,419,196
Total other financing sources (uses)	(31,955,365)	(389,348)	10,093	16,956,961	(3,753,065)	(19,130,724)
CHANGES IN FUND BALANCES	16,245,814	1,477,721	752,469	3,929,224	26,390,373	48,795,601
FUND BALANCES:						
Beginning of year, as restated (Note 18)	114,611,305	84,528,870	1,845,441	23,609,830	232,236,038	456,831,484
End of year	\$130,857,119	\$ 86,006,591	\$ 2,597,910	\$27,539,054	\$ 258,626,411	\$ 505,627,085

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, 2021

Net change in fund balances - Total Governmental Funds: \$ 48,795,601

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 (net of \$11,395,296 in Internal Service Fund, net of \$786,647 donated)	26,127,425
Donated capital assets	2,231,603
Capital asset disposals, net	(2,630,347)
Depreciation expense (net of depreciation \$4,415,749 reported in Internal Service Funds)	(18,588,774)

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, net of \$199,890 in Internal Service Fund	1,805,569
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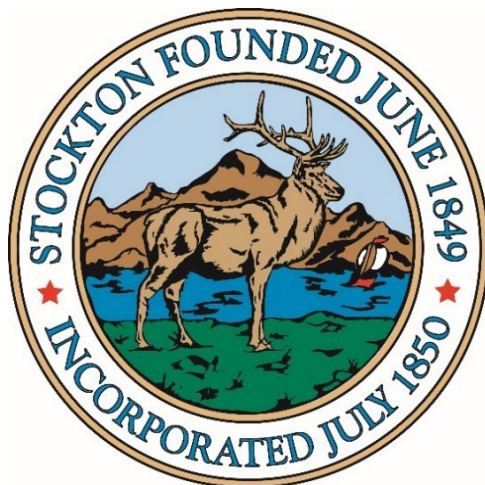
Internal service funds are used by management to charge the costs of certain activities, such as central garage, equipment and insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities. Excluding extraordinary items as a result of remeasurement of liabilities .

40,598,563

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	(2,231,998)
Change in accrued interest	306,208
Unavailable revenue - Others	6,025,886
Changes in deferred outflows, deferred inflows, and net pension liability	(19,222,087)

Changes in net position of governmental activities	\$ 83,217,649
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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 & Retiree Health Insurance, Retirement Benefits, Other Benefits and Insurance, Vehicle Fleet Equipment, Computer & 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's nonmajor enterprise funds include:

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.

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
Statement of Net Position
Proprietary Funds
June 30, 2021

	Major Enterprise Funds		Nonmajor Enterprise Funds	
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
ASSETS				
Current assets:				
Cash and investments	\$ 88,552,645	\$ 163,170,744	\$ 9,954,416	\$ 3,228,691
Receivables, net:				
Interest	191,602	354,680	23,876	7,527
Accounts and other receivables	12,144,318	14,959,074	957,991	98
Loans to other funds - short-term	-	-	-	-
Due from other governments, net	569,530	-	-	-
Loans to other funds	-	-	-	-
Inventory of supplies	-	1,863,350	-	-
Deposits and advances	-	-	-	84,935
Prepays	1,100,417	243,327	52,835	-
Total current assets	102,558,512	180,591,175	10,989,118	3,321,251
Noncurrent assets:				
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	16	19,431,160	-	4,693,046
Loans to other funds - long-term	-	-	-	-
Loans receivable	-	-	-	190,000
Capital assets, net:				
Nondepreciable	9,932,109	123,532,454	678,815	3,890,273
Depreciable, net	288,525,553	257,118,298	41,381,627	19,774,163
Total noncurrent assets	298,457,678	400,081,912	42,060,442	28,547,482
Total assets	401,016,190	580,673,087	53,049,560	31,868,733
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	12,716,370	1,393,644	-	444,560
Pension-related deferred outflows	706,546	1,660,749	160,702	-
Total deferred outflows of resources	13,422,916	3,054,393	160,702	444,560

City of Stockton
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Nonmajor Enterprise Funds			Governmental
	Downtown	Golf		Activities
	Marina	Courses	Totals	Internal Service
ASSETS				
Current assets:				
Cash and investments	\$ 292,828	\$ 188,362	\$ 265,387,686	\$ 151,008,971
Receivables, net:				
Interest	312	870	578,867	431,643
Accounts and other receivables	102,083	-	28,163,564	540,169
Loans to other funds - short-term	-	-	-	1,896,562
Due from other governments, net	-	-	569,530	64,234
Advances to other funds	-	-	-	-
Inventory of supplies	-	-	1,863,350	90,207
Deposits and advances	-	-	84,935	1,189,966
Prepays	24,238	761	1,421,578	1,755,218
Total current assets	419,461	189,993	298,069,510	156,976,970
Noncurrent assets:				
Restricted assets:				
Cash and investments	-	-	-	68,079,946
Cash and investments with fiscal agents	-	-	24,124,222	-
Loans to other funds - long-term	-	-	-	8,830,393
Loans receivable	-	-	190,000	-
Capital assets, net:				
Nondepreciable	-	359,805	138,393,456	11,593,030
Depreciable, net	21,235,960	603,397	628,638,998	21,757,329
Total noncurrent assets	21,235,960	963,202	791,346,676	110,260,698
Total assets	21,655,421	1,153,195	1,089,416,186	267,237,668
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	-	-	14,554,574	-
Pension-related deferred outflows	-	-	2,527,997	-
Total deferred outflows of resources	-	-	17,082,571	-

City of Stockton
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Major Enterprise Funds		Nonmajor Enterprise Funds	
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
LIABILITIES				
Current liabilities:				
Accounts payable	2,557,429	17,387,808	288,552	15,515
Accrued payroll	366,911	819,606	99,561	24,327
Loans to other funds - short-term	-	-	-	629,842
Due to other governments	95,237	-	-	-
Deposits and other liabilities	1,977,358	93,051	109,999	-
Accrued interest	2,130,748	937,428	-	454,302
Capital lease obligation	-	-	-	-
Compensated absences - current	409,061	603,370	11,277	17,128
Self-insurance claims and judgments - current	-	-	-	-
Bonds payable - current	6,720,073	4,924,981	-	454,710
Total current liabilities	14,256,817	24,766,244	509,389	1,595,824
Noncurrent liabilities:				
Compensated absences - long-term	289,672	254,449	5,175	3,049
Self-insurance claims and judgments - long-term	-	-	-	-
Loans from other funds - long-term	-	-	-	7,011,331
Certificates of participation	-	167,498,864	-	-
Bonds payable	195,961,335	-	-	29,282,846
Net pension liability	4,409,557	10,360,717	1,003,831	-
Total noncurrent liabilities	200,660,564	178,114,030	1,009,006	36,297,226
Total liabilities	214,917,381	202,880,274	1,518,395	37,893,050
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows	349,155	1,021,155	35,058	-
Total deferred inflows of resources	349,155	1,021,155	35,058	-
NET POSITION				
Net investment in capital assets	108,492,624	209,620,551	42,060,442	(5,628,560)
Restricted for capital projects	16	28,550,614	-	3,002,460
Restricted for debt service	-	12,997,074	-	1,690,586
Restricted for pensions	-	-	-	-
Unrestricted (deficit)	90,679,930	128,657,812	9,596,367	(4,644,243)
Total net position	\$ 199,172,570	\$ 379,826,051	\$ 51,656,809	\$ (5,579,757)

City of Stockton
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Nonmajor Enterprise Funds			Governmental
	Downtown	Golf		Activities
	Marina	Courses	Totals	Internal Service
LIABILITIES				
Current liabilities:				
Accounts payable	109,404	169,190	20,527,898	3,633,133
Accrued payroll	-	1,596	1,312,001	453,675
Loans to other funds - short-term	-	-	629,842	486,720
Due to other governments	-	-	95,237	-
Deposits and other liabilities	68,305	-	2,248,713	49,104
Accrued interest	-	-	3,522,478	24,358
Capital lease obligation	-	-	-	206,486
Compensated absences - current	-	-	1,040,836	342,092
Self-insurance claims and judgments - current	-	-	-	13,156,704
Bonds payable - current	-	-	12,099,764	-
Total current liabilities	177,709	170,786	41,476,769	18,352,272
Noncurrent liabilities:				
Compensated absences - long-term	-	-	552,345	264,713
Self-insurance claims and judgments - long-term	-	-	-	53,158,922
Loans from other funds - long term	-	-	7,011,331	1,819,062
Certificates of participation	-	-	167,498,864	-
Bonds payable	10,870,821	-	236,115,002	-
Net pension liability	-	-	15,774,105	-
Total noncurrent liabilities	10,870,821	-	426,951,647	55,242,697
Total liabilities	11,048,530	170,786	468,428,416	73,594,969
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows	-	-	1,405,368	-
Total deferred inflows of resources	-	-	1,405,368	-
NET POSITION				
Net investment in capital assets	10,365,139	963,202	365,873,398	33,143,873
Restricted for capital projects	-	-	31,553,090	-
Restricted for debt service	-	-	14,687,660	-
Restricted for pensions	-	-	-	68,079,946
Unrestricted	241,752	19,207	224,550,825	92,418,880
Total net position	\$ 10,606,891	\$ 982,409	\$ 636,664,973	\$ 193,642,699

City of Stockton
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Major Enterprise Funds		Nonmajor Enterprise Funds	
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
OPERATING REVENUES:				
Charges for services	\$ 55,905,249	\$ 72,997,043	\$ 5,852,978	\$ 3,335,310
Miscellaneous	8,191,721	887,836	187,440	-
Total operating revenues	<u>64,096,970</u>	<u>73,884,879</u>	<u>6,040,418</u>	<u>3,335,310</u>
OPERATING EXPENSES:				
Operation and maintenance	18,915,326	35,428,117	2,414,391	2,463,522
General and administrative	4,373,070	9,321,027	2,676,632	543,437
Depreciation, and net of (amortization)	7,700,656	12,481,751	1,668,286	649,622
Purchased water	14,322,991	-	-	-
Total operating expenses	<u>45,312,043</u>	<u>57,230,895</u>	<u>6,759,309</u>	<u>3,656,581</u>
OPERATING INCOME (LOSS)	<u>18,784,927</u>	<u>16,653,984</u>	<u>(718,891)</u>	<u>(321,271)</u>
NON-OPERATING REVENUES (EXPENSES):				
Taxes	-	-	-	1,253,674
Investment income:				
Interest income (loss)	135,118	(94,354)	3,465	(6,216)
Gain (loss) from disposal of capital assets	-	-	-	-
Interest expense and fiscal charges	(8,954,025)	(3,892,902)	-	(1,338,813)
Other non-operating revenues	-	-	-	-
Total non-operating revenues (expenses)	<u>(8,818,907)</u>	<u>(3,987,256)</u>	<u>3,465</u>	<u>(91,355)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>9,966,020</u>	<u>12,666,728</u>	<u>(715,426)</u>	<u>(412,626)</u>
Capital contributions	7,371,911	4,521,840	-	-
Developer contributions	587,071	342,694	439,138	-
Transfers in	-	-	-	-
Transfers out	(242,181)	(2,031,111)	(50,138)	-
Total contributions and transfers	<u>7,716,801</u>	<u>2,833,423</u>	<u>389,000</u>	<u>-</u>
CHANGES IN NET POSITION	<u>17,682,821</u>	<u>15,500,151</u>	<u>(326,426)</u>	<u>(412,626)</u>
NET POSITION:				
Beginning of year	<u>181,489,749</u>	<u>364,325,900</u>	<u>51,983,235</u>	<u>(5,167,131)</u>
End of year	<u>\$ 199,172,570</u>	<u>\$ 379,826,051</u>	<u>\$ 51,656,809</u>	<u>\$ (5,579,757)</u>

City of Stockton
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Nonmajor Enterprise Funds			Governmental
	Downtown Marina	Golf Courses	Totals	Activities Internal Service
OPERATING REVENUES:				
Charges for services	\$ 306,212	\$ -	\$ 138,396,792	\$ 148,535,726
Miscellaneous	24,331	24,304	9,315,632	113,388
Total operating revenues	330,543	24,304	147,712,424	148,649,114
OPERATING EXPENSES:				
Operation and maintenance	561,518	-	59,782,874	126,692,014
General and administrative	5,329	466,967	17,386,462	8,132,484
Depreciation and amortization	531,869	101,090	23,133,274	4,415,749
Purchased water	-	-	14,322,991	-
Total operating expenses	1,098,716	568,057	114,625,601	139,240,247
OPERATING INCOME (LOSS)	(768,173)	(543,753)	33,086,823	9,408,867
NON-OPERATING REVENUES (EXPENSES):				
Taxes	-	-	1,253,674	-
Investment income:				
Interest income (loss)	(3,180)	22,163	56,996	6,275,759
Gain (loss) from disposal of capital assets	-	-	-	358,648
Interest expense and fiscal charges	-	-	(14,185,740)	(62,488)
Other non-operating revenues	-	-	-	529,780
Total non-operating revenues (expenses)	(3,180)	22,163	(12,875,070)	7,101,699
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(771,353)	(521,590)	20,211,753	16,510,566
Capital contributions	-	-	11,893,751	786,647
Developer contributions	-	-	1,368,903	-
Transfers in	297,000	275,000	572,000	23,301,350
Transfers out	-	-	(2,323,430)	-
Total contributions, transfers and special items	297,000	275,000	11,511,224	24,087,997
CHANGES IN NET POSITION	(474,353)	(246,590)	31,722,977	40,598,563
NET POSITION:				
Beginning of year	11,081,244	1,228,999	604,941,996	153,044,136
End of year	\$ 10,606,891	\$ 982,409	\$ 636,664,973	\$ 193,642,699

City of Stockton
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Major Enterprise Funds		Nonmajor Enterprise Funds	
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 56,453,632	\$ 71,530,829	\$ 5,907,463	\$ 3,517,892
Receipts for interfund services provided	-	-	-	-
Payments to suppliers and employees	(37,178,902)	(38,048,425)	(5,061,438)	(3,128,999)
Miscellaneous receipts	8,191,721	887,836	187,440	-
Net cash provided by (used in) operating activities	27,466,451	34,370,240	1,033,465	388,893
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in (out), net	(242,181)	(2,031,111)	(50,138)	-
Loans to and from other funds	-	-	-	(620,418)
Receipt of cash subsidies and federal grants	-	-	181,652	(12,234)
Contribution to other funds	8,000	2,964,408	715,494	-
Other non-operating revenues	-	-	-	-
Proceeds from taxes	-	-	-	1,253,674
Net cash provided by noncapital financing activities	(234,181)	933,297	847,008	621,022
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	234,182	(1,603,019)	(665,357)	-
Purchases of capital assets	(4,199,596)	(73,931,868)	(821,991)	-
Capital contributions received	7,958,982	4,864,534	439,138	-
Principal paid on debt	(6,440,072)	(4,724,980)	-	-
Unamortized loss on refunding of debt and discount	721,388	480,285	-	-
Interest paid on debt	(9,020,272)	(3,959,486)	-	(1,356,967)
Net cash (used in) capital and related financing activities	(10,745,388)	(78,874,534)	(1,048,210)	(1,356,967)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings (loss)	206,401	78,366	14,050	(1,661)
Net cash provided by (used in) investing activities	206,401	78,366	14,050	(1,661)
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,693,283	(43,492,631)	846,313	(348,713)
CASH AND CASH EQUIVALENTS:				
Beginning of year	71,859,378	226,094,535	9,108,103	8,270,450
End of year	\$ 88,552,661	\$ 182,601,904	\$ 9,954,416	\$ 7,921,737

City of Stockton
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Nonmajor Enterprise Funds			Governmental Activities Internal Service
	Downtown Marina	Golf Courses	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 215,670	\$ 2,025	\$ 137,627,511	\$ -
Receipts for interfund services provided	-	-	-	148,351,805
Payments to suppliers and employees	(537,614)	(397,714)	(84,353,092)	(134,631,110)
Miscellaneous receipts	24,331	24,304	9,315,632	(1,081,715)
Net cash provided by (used in) operating activities	(297,613)	(371,385)	62,590,051	12,638,980
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in (out), net	297,000	275,000	(1,751,430)	23,301,350
Due to and from other funds		-	(620,418)	714,077
Receipt of cash subsidies and federal grants		12	169,430	-
Contribution to other funds			3,687,902	-
Other non-operating revenues		-	-	529,780
Proceeds from taxes		-	1,253,674	-
Net cash provided by noncapital financing activities	297,000	275,012	2,739,158	24,545,207
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	-	-	(2,034,194)	358,648
Purchases of capital assets	-	-	(78,953,455)	(13,681,637)
Capital contributions received	-	-	13,262,654	786,647
Principal paid on debt	-	-	(11,165,052)	(199,890)
Unamortized loss on refunding of debt	-	-	1,201,673	-
Interest paid on debt	-	-	(14,336,725)	(71,621)
Net cash (used in) capital and related financing activities	-	-	(92,025,099)	(12,807,853)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings (loss)	(2,621)	18,538	313,073	6,450,037
Net cash provided by (used in) investing activities	(2,621)	18,538	313,073	6,450,037
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,234)	(77,835)	(26,382,817)	30,826,371
CASH AND CASH EQUIVALENTS:				
Beginning of year	296,062	266,197	315,894,725	188,262,546
End of year	\$ 292,828	\$ 188,362	\$ 289,511,908	\$ 219,088,917

City of Stockton
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:				
Cash and investments	\$ 88,552,645	\$ 163,170,744	\$ 9,954,416	\$ 3,228,691
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	16	19,431,160	-	4,693,046
Total cash and investments	<u>\$ 88,552,661</u>	<u>182,601,904</u>	<u>\$ 9,954,416</u>	<u>\$ 7,921,737</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 18,784,927	\$ 16,653,984	\$ (718,891)	\$ (321,271)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	7,700,656	12,481,751	1,668,286	649,622
Changes in assets and liabilities:				
Accounts receivables	548,383	(1,466,214)	54,485	182,582
Due from other funds	-	-	-	-
Prepaid items	(706,811)	(259,744)	(29,248)	(31)
Inventory of supplies	-	(82,645)	-	-
Deposits and advances	-	-	-	(84,935)
Accounts payable	811,865	7,780,775	209,348	13,933
Accrued payroll	6,472	56,048	17,915	5,406
Deposits and other liabilities	240,553	80,553	9,708	(62,808)
Compensated absences	362,880	79,489	(26,626)	6,395
Self-insurance - claims and judgments	-	-	-	-
Net pension liability	(367,965)	(1,446,190)	(120,278)	-
Pension-related deferred outflows	(26,926)	42,831	(7,062)	-
Pension-related deferred inflows	112,417	449,602	(24,172)	-
Net cash provided by (used for) operating activities	<u>\$ 27,466,451</u>	<u>\$ 34,370,240</u>	<u>\$ 1,033,465</u>	<u>\$ 388,893</u>
NONCASH TRANSACTIONS:				
Amortization of loss on refunding	\$ 721,388	\$ 480,285	\$ -	\$ (444,560)
Capital contributions received	7,371,911	4,521,840	-	-

City of Stockton
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Nonmajor Enterprise Funds			Governmental
	Downtown	Golf		Activities
	Marina	Courses	Totals	Internal Service
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
TO THE STATEMENT OF NET POSITION -				
PROPRIETARY FUNDS:				
Cash and investments	\$ 292,828	\$ 188,362	\$ 265,387,686	\$ 151,008,971
Restricted assets:				
Cash and investments	-	-	-	68,079,946
Cash and investments with fiscal agents	-	-	24,124,222	-
Total cash and investments	<u>\$ 292,828</u>	<u>\$ 188,362</u>	<u>\$ 289,511,908</u>	<u>\$ 219,088,917</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET				
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (768,173)	\$ (543,753)	\$ 33,086,823	\$ 9,408,867
Adjustments to reconcile operating income (loss)				
to net cash provided by (used for) operating activities:				
Depreciation and amortization	531,869	101,090	23,133,274	4,415,749
Changes in assets and liabilities:				
Accounts receivables	(90,542)	2,025	(769,281)	(139,534)
Due from other funds		-	-	(157,775)
Prepaid items	(2,201)	(79)	(998,114)	136,333
Inventory of supplies	-	-	(82,645)	(90,207)
Deposits and advances	-	-	(84,935)	(424,032)
Accounts payable	(6,338)	68,374	8,877,957	521,124
Accrued payroll	-	958	86,799	(45,187)
Deposits and other liabilities	37,772	-	305,778	-
Compensated absences	-	-	422,138	95,357
Self-insurance - claims and judgments	-	-	-	(1,081,715)
Net pension liability	-	-	(1,934,433)	-
Pension-related deferred outflows	-	-	8,843	-
Pension-related deferred inflows	-	-	537,847	-
Net cash provided by (used for) operating activities	<u>\$ (297,613)</u>	<u>\$ (371,385)</u>	<u>\$ 62,590,051</u>	<u>\$ 12,638,980</u>
NONCASH TRANSACTIONS:				
Amortization of loss on refunding	\$ -	\$ -	\$ 757,113	\$ -
Capital contributions received	-	-	11,893,751	-



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 custodial funds and private-purpose trust funds.

Custodial 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 Funds
June 30, 2021

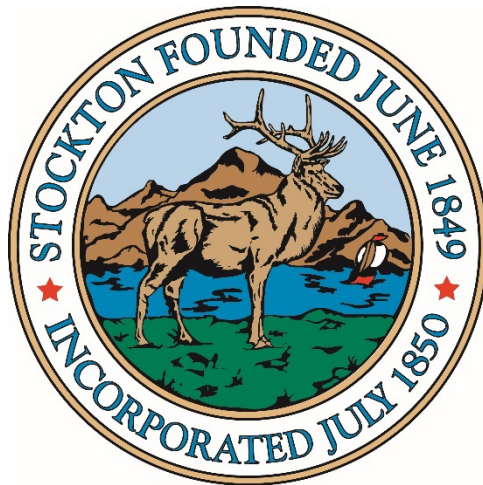
	Custodial Funds	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ASSETS		
Cash and investments	\$ 25,865,890	\$ 12,060,920
Cash and investments with fiscal agents	12,158,213	1,868,469
Receivables, net:		
Interest	58,892	18,788
Accounts and other receivables	7,641,030	9,455,107
Capital assets:		
Nondepreciable	-	12,702,828
Depreciable, net	-	12,531,950
Total assets	45,724,025	48,638,062
LIABILITIES		
Accounts payable	2,314,335	966
Accrued payroll	-	4,667
Due to other governments	2,727,931	-
Loans from the City	-	10,561,020
Accrued interest	-	1,245,646
Bonds payable - current	-	4,290,557
Bonds payable - noncurrent	-	91,269,040
Pollution remediation	-	275,000
Total liabilities	5,042,266	107,646,896
NET POSITIONS		
Held in Trust	-	(59,008,834)
Restricted for individual, organization, and other government	40,681,759	-
Total net positions	\$ 40,681,759	\$ (59,008,834)

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Fiduciary Custodial Funds	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:		
Property tax	\$ 7,499,663	\$ 12,724,077
Use of money and property	-	6,532
Investment Income (loss)	278,059	(12,967)
Debt proceeds	14,270,860	-
Security deposits	2,296,727	-
Total additions	<u>24,345,309</u>	<u>12,717,642</u>
DEDUCTIONS:		
General government	330,749	205,001
Public Works	18,187,457	-
Debt obligations	9,663,343	2,025,807
Depreciation	-	603,274
Miscellaneous	-	4,783,118
Total deductions	<u>28,181,549</u>	<u>7,617,200</u>
CHANGE IN NET POSITION	(3,836,240)	5,100,442
NET POSITION (DEFICIT):		
Beginning of year, as restated (Note 18)	44,517,999	(64,109,276)
End of year	<u>\$ 40,681,759</u>	<u>\$ (59,008,834)</u>

See accompanying Notes to the Basic Financial Statements.





CITY OF STOCKTON



NOTES TO BASIC FINANCIAL STATEMENTS

City of Stockton
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For the Year Ended June 30, 2021

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City of Stockton
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

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.

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 cost and revenues from providing emergency communications services are tracked and reported in the General Fund. The SJCRFDA was dissolved effective 6/30/21.

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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 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.

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 inter-fund 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 inter-fund activities have been eliminated:

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

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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.

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.

- ***Federal Housing Grants Special Revenue 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, loans to non-profit housing developers to acquire and rehabilitate abandoned and foreclose homes and providing affordable housing assistance to qualified low- and moderate-income households. This fund includes the City's annual federal funding from the Community Development Block Grant, Community Rehabilitation Loan program, federal revolving loan program, revitalization activities in the designated Urban Development Action Grant area, Housing and Urban Development (HUD) Section 108, HOME Housing grants and loans, and Neighborhood Stabilization Loan Program (NSP Funds).

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements (Continued)

- ***Special Grants Special Revenue Fund***

To account for one-time resources received through the federal CARES and American Rescue Plan Act and in addition to some 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.

- ***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.

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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 eight 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 and Radio Equipment, and Other Equipment funds.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent agency funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting. The City reports the following fiduciary funds:

The **Private Purpose Trust Fund** is used to account for the activities of the Successor Agency to the Stockton Redevelopment Agency.

The **Custodial Funds** account for resources held by the City in custodial capacity for collections to bondholders and for programs that the City administers on behalf of other governmental and private sector entities and organizations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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.

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, 2021.

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

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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 and classified as nonspendable fund balance as resources are not available for expenditure. Long-term loans receivable reported in the governmental activities on the government-wide statement of net position 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 inter-fund loans) or "loans to/from other funds" (i.e., the non-current portion of inter-fund 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 inter-fund balances which may or may not be repaid within a reasonable period. U.S. GAAP permits the reporting of inter-fund balances such as inter-fund loans and advances only when repayment is expected within a reasonable period. However, City policy does not permit the elimination of inter-fund balances without City Council approval. Accordingly, inter-fund 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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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, 2021, 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, 2021

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

PARS

Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021

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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Implementation of New GASB Pronouncements

GASB Statement No. 84 *Fiduciary Activities*. This statement establishes standards relating accounting and financial reporting for identifying and financial reporting of fiduciary activities. Those provisions are effective for reporting periods beginning after December 15, 2019, as amended by GASB Statement No. 95. Application of this statement was effective starting in fiscal year ending June 30, 2021. See Note 18 for details.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Those provision are effective for fiscal years ending after December 15, 2021. The City has elected early implementation of this statement. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2021.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021:

Deposits:	
Cash on Hand	\$ 16,897
Demand Deposits	262,350,845
Total Deposits	262,367,742
Investments	691,568,706
Total Cash and Investments	<u><u>\$ 953,936,448</u></u>

Presented in the government-wide statement of net position:

Cash and Investments	\$ 808,202,487
Restricted Cash and Investments	93,780,469

Presented in the statement of fiduciary net position:

Cash and Investments	37,926,810
Cash and investments with fiscal agents	14,026,682
Total Cash and Investments	<u><u>\$ 953,936,448</u></u>

A. Cash Deposits

The carrying amount of the City's pooled cash deposits was \$93,487,269 at June 30, 2021. Bank balances before reconciling items were \$100,374,025 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, 2021

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	\$65,000,000 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 obligations (VRDO) that are City obligations up to 10 years maturity, as allowed under IRS and SEC rulings. VRDO investments are limited to 15% of the portfolio.

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

*** Investments by any single agency may make up no more than 10% of pool holdings

**** Pool composition restricted by CSA 53601.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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	No Limit	No Limit	No Limit	No Limit
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	\$65,000,000	\$65,000,000
California Asset Management Program	Upon Demand	N/A	No Limit*	No Limit*
Investment Agreements	No Limit	AA-	No Limit	No Limit

*Pool is constrained by Code 53601 as to % that the pool must abide by

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, the City had \$75,000,000 invested in LAIF, which had invested 2.31% 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, 2021, the City had \$81,837 invested in CAMP, which had invested 16.2% of the Pool investment funds 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, 2021

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

E. Fair Value of Investments (Continued)

At June 30, 2021, the City had the following recurring fair value measurements.

	<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U. S. Agencies	\$ 176,240,219	\$ -	\$ 176,240,219	\$ -
U. S. Treasuries	164,233,921	164,233,921	-	-
Medium term notes	111,753,501	-	111,753,501	-
Supranationals	3,729,259	-	3,729,259	-
Municipal Bonds	17,159,354	-	17,159,354	-
Federal Agency CMOs	13,949,443	-	13,949,443	-
Negotiable CD	30,195,413	-	30,195,413	-
Asset backed securities	21,968,123	-	21,968,123	-
Cash - PARS 115 Trust	17,944	-	17,944	-
Equity Mutual Fund- PARS 115 Trust	23,963,391	-	23,963,391	-
Fixed Income Mutual Fund- PARS 115 Trust	49,996,333	-	49,996,333	-
Idle Funds in Reserve Portfolio	2,253,315	-	2,253,315	-
Total investments by fair value level	<u>615,460,216</u>	<u>\$ 164,233,921</u>	<u>\$ 451,226,295</u>	<u>\$ -</u>

Investments exempt from fair value measurement categorizations:

Local Agency Investment Fund	75,000,000
California Asset Management Program (CAMP)	81,837
Money Market Funds (attributable to 115 Trust)	<u>1,026,653</u>
Total investments exempt from fair value measurement	<u>76,108,490</u>
	<u>\$ 691,568,706</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, 2021, 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, 2021

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	\$ 176,240,219	\$ -	\$ 87,345,411	\$ 88,894,808	\$ -
U.S. Treasuries	164,233,921	-	64,730,834	99,503,087	-
Medium Term (Corporate) Notes	111,753,501	36,142,426	32,753,433	42,857,642	-
Supranationals	3,729,259	-	3,729,259	-	-
Municipal Bonds	17,159,354	-	4,598,857	12,560,497	-
Federal Agency CMOs	13,949,443	5,501,804	7,326,201	1,121,438	-
Local Agency Investment Fund	75,000,000	75,000,000	-	-	-
Capital Asset Management Program	81,837	81,837	-	-	-
Money Market Funds (attributable to 115 Trust)	1,026,653	1,026,653	-	-	-
Negotiable CD	30,195,413	4,868,521	25,326,892	-	-
Asset Backed Securities	21,968,123	-	14,072,172	7,895,951	-
Cash - PARS 115 Trust	17,944	17,944	-	-	-
Equity Mutual Fund- PARS 115 Trust	23,963,391	23,963,391	-	-	-
Fixed Income Mutual Fund- PARS 115 Trust	49,996,333	49,996,333	-	-	-
Idle Funds in Reserve Portfolio	2,253,315	2,253,315	-	-	-
Total	<u>\$ 691,568,706</u>	<u>\$ 198,852,224</u>	<u>\$ 239,883,058</u>	<u>\$ 252,833,423</u>	<u>\$ -</u>
Allocation by percentage	100%	29%	35%	37%	- %

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

F. Risk Disclosure (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. It is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the actual rating as of June 30, 2021, for each investment type as provided by Standard and Poor's investment rating system:

Investment Type	AAA/AAAm	AA / AA+ / AA-	A / A+ / A-	A-1+	BBB+	Total
Held by the City and its Component Units:						
U. S. Agencies:						
Non-callable	\$ -	\$ 13,949,442	\$ -	\$ -	\$ -	\$ 13,949,442
Medium term notes:						
Non-callable	6,695,469	196,959,021	42,997,393	4,868,522	6,767,276	258,287,681
Callable	5,724,939	33,814,190	33,542,539	-	7,708,397	80,790,065
Asset Backed Securities:	21,968,123	-	-	-	-	21,968,123
Money Market Funds (attributable to 115 Trust):	1,026,653	-	-	-	-	1,026,653
Total	<u>\$ 35,415,185</u>	<u>\$ 244,722,653</u>	<u>\$ 76,539,932</u>	<u>\$ 4,868,522</u>	<u>\$ 14,475,673</u>	<u>\$ 376,021,964</u>
Not rated or exempt from rating disclosure:						
Local Agency Investment Fund						75,000,000
California Asset Management Program						81,837
U. S. Treasuries						164,233,921
Section 115 Trust Mutual Funds (not rated)						73,959,724
Cash Held in 115 Trust						17,944
Idle Funds in Reserve Portfolio						2,253,315
Total Investments						<u>\$ 691,568,706</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 March 2021, S&P affirmed the AA+ rating with a stable outlook that is still in place today. Moody's affirmed their AAA rating with stable outlook in October 5, 2021, and Fitch affirmed the AAA rating and brought the outlook to stable on July 2021.

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, US Bank. US Bank is a registered member of the Federal Reserve Bank. The securities held by US bank 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, 2021, 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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Total Holdings</u>
Held by City and its Component Units:			\$ 691,568,706
Federal Home Loan Mortgage Company	Federal Agency Securities	\$ 56,917,559	8.23%
Federal National Mortgage Association	Federal Agency Securities	<u>\$ 111,057,328</u>	16.06%

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, was \$16 and \$19.4 million, respectively.

At June 30, 2021, Government-Wide restricted cash and investments and restricted cash and investments with fiscal agents are as follows:

Governmental activities	<u>\$ 69,656,247</u>
Business-type activities:	
Water Utility	16
Wastewater Utility	19,431,160
Parking Authority	<u>4,693,046</u>
Subtotal	<u>24,124,222</u>
Total restricted cash and investments	<u>\$ 93,780,469</u>
Fiduciary Funds	<u>\$ 14,026,682</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Interfund Transactions

A. 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. Interfund loan balances of \$10,726,955, broken down by short and long-term net of interest, as of June 30, 2021, are shown below.

<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	\$ 629,842	\$ 7,011,331	\$ 7,641,173
Internal Service Funds -Workers' Comp.	Internal Service Funds -Fleet	486,720	1,819,062	2,305,782
Internal Service Funds -Technology	Emergency Communications	-	780,000	780,000
			Total	<u>\$ 10,726,955</u>

- The \$7,641,173 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 \$2,305,782 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.
- The \$780,000 interfund loan from the Technology Internal Service Fund to the Emergency Communications Fund was used for equipment, software, and facility improvements to expand the Fire Dispatch Center.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Interfund Transactions (Continued)

B. 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, 2021:

		<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Activities:				
General Fund	Program Support	\$ -	\$ (12,856,285)	\$ (12,856,285)
General Fund	Pension Trust Investment	-	(16,114,000)	(16,114,000)
General Fund	Debt Service	-	(2,991,175)	(2,991,175)
Federal Housing Grants Fund	Debt Service/ Settlement	-	(389,348)	(389,348)
Public Facility Fees	Program Support	-	(1,104,290)	(1,104,290)
Special Grants	Program Support	10,093	-	10,093
Non-Major Government Funds	Debt Service/ Settlement	973,369	-	973,369
Non-Major Government Funds	Program Support	800,000	(7,413,318)	(6,613,318)
Non-Major Government Funds	Debt Service	2,991,175	-	2,991,175
Capital Improvement	Program Support	15,127,881	(584,022)	14,543,859
Internal Service Funds	Pension Trust Investment	16,114,000	-	16,114,000
Internal Service Funds	Program Support	7,187,350	-	7,187,350
Total governmental activities		<u>43,203,868</u>	<u>(41,452,438)</u>	<u>1,751,430</u>
Business-type Activities:				
Water Utility	Program Support	-	(242,181)	(242,181)
Wastewater Utility	Program Support	-	(2,031,111)	(2,031,111)
Stormwater Utility	Program Support	-	(50,138)	(50,138)
Marina	Program Support	297,000	-	297,000
Golf Courses	Program Support	275,000	-	275,000
Total business-type activities		<u>572,000</u>	<u>(2,323,430)</u>	<u>(1,751,430)</u>
Total Government-Wide Statements		<u>\$ 43,775,868</u>	<u>\$ (43,775,868)</u>	<u>\$ -</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, 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 approved resolutions and signed loan agreements for the loans to be approved for repayment. However, City staff was unable to locate signed loan agreements or documents and approved resolutions for all of the 51 loans. Adjustments for the write off of all loans were disallowed by the Department of Finance 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, 2021 is \$10,561,020 and has been offset by an allowance for uncollectible loan and interest, except the loan amount from Low – Moderate Income Housing Loans.

Fund Providing Loan	Fund Receiving Loan	Outstanding	Allowance for	Net Balance
Low - Moderate Income Housing RDA Loans	Private-Purpose Trust Fund - Successor Agency of the	\$ 1,106,580	\$ -	\$ 1,106,580
Non-Major Governmental - CDBG Fund	Private-Purpose Trust Fund - Successor Agency of the	2,259,638	(2,259,638)	-
Capital Improvement Projects Fund	Private-Purpose Trust Fund - Successor Agency of the	4,003,417	(4,003,417)	-
	Interest on Redevelopment Agency Loans	3,191,385	(3,191,385)	-
	Total	\$ 10,561,020	\$ (9,454,440)	\$ 1,106,580

- The \$1,106,580 outstanding loan balance from the Low - Moderate Income Housing fund, a City Special Revenue Fund, to the former Redevelopment Agency Capital Projects Funds was to fund the Waterfront Redevelopment Project Area.
- The \$2,259,638 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, 2021, outstanding accrued interest balance is \$3,191,385.
- The \$4,003,417 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, 2021

Note 5 – Loans to Property Owners

Loans provided to property owners are managed by the City's Economic Development Department (EDD). Loans receivables under the City's loan programs at June 30, 2021 are as follows:

Loan Programs	Governmental Activities		
	Principal Balance	Deferred Interest	Total
Home Investment Partnerships Program (HOME)	\$ 42,444,677	\$ 8,085,858	\$ 50,530,535
Community Development Block Grant Programs	17,404,816	2,503,811	19,908,627
Neighborhood Stabilization First Time Home Buyer Program	11,120,646	1,295,585	12,416,231
California Home Loans	3,135,052	343,775	3,478,827
Low & Moderate Income Housing Programs (former Agency)	53,650,133	14,015,386	67,665,519
	<u>\$ 127,755,325</u>	<u>\$ 26,244,416</u>	<u>153,999,739</u>
Less: Allowance for Doubtful Accounts			(1,893,720)
			<u>\$ 152,106,019</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.

Home Investment Partnership 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 (properties) 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.

Low- and Moderate-Income Housing

The City's Low- and 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 when received.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Capital Assets

A. Government-Wide Financial Statements

At June 30, 2021, the City's capital assets consisted of the following:

	Governmental Activities	Business -Type Activities	Total
Capital assets, not being depreciated:			
Land	\$ 38,196,565	\$ 15,127,218	\$ 53,323,783
Intangible assets - easements	4,354,960	-	4,354,960
Construction in progress	162,224,943	123,266,238	285,491,181
Total capital assets, not being depreciated	204,776,468	138,393,456	343,169,924
Capital assets, being depreciated:			
Infrastructure	614,965,324	-	614,965,324
Buildings and improvements	309,180,122	1,049,166,303	1,358,346,425
Machinery and equipment	80,079,827	17,710,847	97,790,674
Total capital assets, being depreciated	1,004,225,273	1,066,877,150	2,071,102,423
Less accumulated depreciation for:			
Infrastructure	(226,546,308)	-	(226,546,308)
Buildings and improvements	(137,721,588)	(426,101,096)	(563,822,684)
Machinery and equipment	(51,955,384)	(12,137,056)	(64,092,440)
Total accumulated depreciation	(416,223,280)	(438,238,152)	(854,461,432)
Total capital assets, being depreciated, net	588,001,993	628,638,998	1,216,640,991
Total capital assets, net	\$ 792,778,461	\$ 767,032,454	\$ 1,559,810,915

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Capital Assets (Continued)

B. Governmental Activities

Summary of changes in governmental activities capital assets for the year ended June 30, 2021, are as follows:

Governmental activities:	Balance July 1, 2020	Additions	Deletions	Reclassification/ Transfers	Balance June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 40,826,912	\$ -	\$ (2,630,347)	\$ -	\$ 38,196,565
Intangible assets - easements	4,354,960	-	-	-	4,354,960
Construction in progress	139,973,040	34,717,728	-	(12,465,825)	162,224,943
Total capital assets, not being depreciated	185,154,912	34,717,728	(2,630,347)	(12,465,825)	204,776,468
Capital assets, being depreciated:					
Infrastructure	604,425,115	2,231,603	-	8,308,606	614,965,324
Buildings and improvements	307,309,861	-	-	1,870,261	309,180,122
Machinery and equipment	75,038,330	3,591,640	(2,490,809)	3,940,666	80,079,827
Total capital assets, being depreciated	986,773,306	5,823,243	(2,490,809)	14,119,533	1,004,225,273
Less accumulated depreciation for:					
Infrastructure	(215,130,308)	(11,416,000)	-	-	(226,546,308)
Buildings and improvements	(131,362,743)	(6,358,845)	-	-	(137,721,588)
Machinery and equipment	(49,062,501)	(5,229,676)	2,336,793	-	(51,955,384)
Total accumulated depreciation	(395,555,552)	(23,004,521)	2,336,793	-	(416,223,280)
Total capital assets, being depreciated, net	591,217,754	(17,181,278)	(154,016)	14,119,533	588,001,993
Governmental activities capital assets, net	\$ 776,372,666	\$ 17,536,450	\$ (2,784,363)	\$ 1,653,708	\$ 792,778,461

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2021, are as follows:

Governmental Activities:	
General Government	\$ 629,183
Public Works	12,906,318
Parks & Recreation	3,381,251
Library	198,970
Public Safety	1,473,050
Internal Service Funds	4,415,749
Total	<u>\$ 23,004,521</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Capital Assets (Continued)

C. Business-Type Activities

Summary of changes in business-type activities capital assets for the year ended June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Deletions	Reclassification/ Transfers	Balance June 30, 2021
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 12,492,778	\$ 2,634,440		\$ -	\$ 15,127,218
Construction in progress	61,268,607	73,818,240	(1,125,462)	(10,695,147)	123,266,238
Total capital assets, not being depreciated	73,761,385	76,452,680	(1,125,462)	(10,695,147)	138,393,456
Capital assets, being depreciated:					
Buildings and improvements	1,037,106,626	1,368,901	-	10,690,776	1,049,166,303
Machinery and equipment	17,112,542	2,257,334	(9,692)	(1,649,337)	17,710,847
Total capital assets, being depreciated	1,054,219,168	3,626,235	(9,692)	9,041,439	1,066,877,150
Less accumulated depreciation for:					
Buildings and improvements	(403,739,058)	(22,362,038)	-	-	(426,101,096)
Machinery and equipment	(11,183,124)	(963,624)	9,692	-	(12,137,056)
Total accumulated depreciation	(414,922,182)	(23,325,662)	9,692	-	(438,238,152)
Total capital assets, being depreciated, net	639,296,986	(19,699,427)	-	9,041,439	628,638,998
Business-type activities capital assets, net	<u>\$ 713,058,371</u>	<u>\$ 56,753,253</u>	<u>\$ (1,125,462)</u>	<u>\$ (1,653,708)</u>	<u>\$ 767,032,454</u>

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2021, are as follows:

Business-type Activities:	
Water Utility	\$ 7,700,656
Wastewater Utility	12,481,751
Stormwater Utility	1,668,286
Parking Authority	842,010
Golf Courses	531,869
Marina	101,090
Total	<u>\$ 23,325,662</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Capital Assets (Continued)

D. Fiduciary Fund Activities

Summary of Changes in Fiduciary Fund capital assets for the year ended June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Fiduciary fund activities:				
Capital assets, not being depreciated:				
Land	\$ 12,602,828	\$ -	\$ -	\$ 12,602,828
Intangible assets - easements	100,000	-	-	100,000
Total capital assets, not being depreciated	12,702,828	-	-	12,702,828
Capital assets, being depreciated:				
Infrastructure	10,898,549	-	-	10,898,549
Buildings and improvements	10,929,529	-	-	10,929,529
Machinery and equipment	471,547	-	-	471,547
Total capital assets, being depreciated	22,599,625	-	-	22,299,625
Less accumulated depreciation for:				
Infrastructure	(2,775,613)	(249,654)	-	(3,025,267)
Buildings and improvements	(6,128,082)	(334,942)	-	(6,463,024)
Machinery and equipment	(260,706)	(18,677)	-	(279,383)
Total accumulated depreciation	(9,164,401)	(603,274)	-	(9,767,675)
Total capital assets, being depreciated, net	13,435,224	(603,274)	-	12,531,950
Governmental activities capital assets, net	\$ 26,138,052	\$ (603,274)	\$ -	\$ 25,234,778

Fiduciary fund depreciation expenses for capital assets for the year ended June 30, 2021, are as follows:

Fiduciary Fund Activities:

Successor Agency \$ 603,274

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in governmental activities long-term debt for the year ended June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Payments/ Reductions	Balance June 30, 2021	Short-Term	Long term Portion
Governmental Fund Activities Debt						
City Debt						
<u>Assured Guaranty Settlement</u>						
Assured Settlement Obligation	\$ 53,378,240	\$ -	\$ (130,569)	\$ 53,247,671	\$ 164,013	\$ 53,083,658
Total Settlement Obligation Bonds	53,378,240	-	(130,569)	53,247,671	164,013	53,083,658
Other Long-Term Obligations						
<u>CDBG</u>						
USD-HUD Housing Note	7,790,000	-	(1,675,000)	6,115,000	1,750,000	4,365,000
Subtotal CDBG	7,790,000	-	(1,675,000)	6,115,000	1,750,000	4,365,000
<u>Capital Lease Obligations</u>						
Capital / Equip (Fire)						
Tax-Exempt Lease Obligation-2013	406,376	-	(199,890)	206,486	206,486	-
Total Capital Leases and Loan	406,376	-	(199,890)	206,486	206,486	-
Total	\$ 61,574,616	\$ -	\$ (2,005,459)	\$ 59,569,157	\$ 2,120,499	\$ 57,448,658

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Long-Term Liabilities (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, 2021, bonds totaling \$77,730,000 were due in installments of principal ranging from \$2,850,000 on September 1, 2021, 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, 2021, bonds totaling \$ 25,955,000 are due in installments of principal ranging from \$950,000 on September 1, 2021, 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 \$1,566,255 on July 1, 2021 to \$2,009,482 due on July 1, 2053; Lease Ask Fund payments are due in installments ranging from \$1,334,875 on June 1, 2022 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, 2022, to June 1, 2053, should General Fund Revenues require them to be made. The payment due June 1, 2022, is currently anticipated to be \$2,756,000.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Long-Term Liabilities (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 September 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, 2021

Note 7 – Long-Term Liabilities (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	Interest	Principal	Interest
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	278,378	1,395,364	2,527,750	-	250,000
2026	321,242	1,380,009	2,530,563	-	250,000
2027-2031	869,227	6,735,406	12,650,313	-	1,250,000
2032-2036	1,791,816	6,397,032	12,653,440	-	1,250,000
2037-2041	3,732,677	5,735,515	8,369,086	-	1,250,000
2042-2046	5,582,164	4,465,246	4,824,799	870,029	779,971
2047-2051	7,301,209	2,746,201	2,415,035	1,415,845	334,155
2052-2056	5,419,831	608,615	132,325	331,703	18,297
Total	<u>\$ 25,896,960</u>	<u>\$ 33,719,776</u>	<u>\$ 52,497,062</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. All but one has been repaid. The final loan has installment payments due in installments ranging from \$615,000 to \$1,920,000 and are to be paid through August 1, 2024, with reduced interest rates ranging from 2.57% 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, 2021

Note 7 – Long-Term Liabilities (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
2022	\$ 1,750,000	\$ 135,771
2023	1,830,000	89,979
2024	1,920,000	41,541
2025	615,000	8,204
Total	<u>\$ 6,115,000</u>	<u>\$ 275,495</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 of \$213,300 with final payment due 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:

Fire Vehicles - Lease #2	
Machinery and Equipment	\$ 1,871,404
Less: Accumulated depreciation	<u>(1,039,669)</u>
Total	<u>\$ 831,735</u>

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, 2021, the future minimum lease obligations and the net present value of this minimum lease payments are as follows:

Year Ending June 30,	2013 Oshkosh Capital Lease #2	
	Principal	Interest
2022	\$ 206,486	\$ 6,814
Total	<u>\$ 206,486</u>	<u>\$ 6,814</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities

Summary of changes in business-type activities long-term debt for the year ended June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Payments/ Reductions	Amort/Prem/ Disc/Deferred Amounts	Balance June 30, 2021	Short-Term	Long-Term
<u>Water Utility Obligations</u>							
2018A Water System Demand Revenue Bonds	\$ 140,385,000	\$ -	\$ (5,090,000)	\$ -	\$ 135,295,000	\$ 5,365,000	\$ 129,930,000
Premium	13,951,480	-	-	(810,072)	13,141,408	810,073	12,331,335
2019A Water System Demand Taxable Revenue	54,785,000		(540,000)	-	54,245,000	545,000	53,700,000
	<u>209,121,480</u>	<u>-</u>	<u>(5,630,000)</u>	<u>(810,072)</u>	<u>202,681,408</u>	<u>6,720,073</u>	<u>195,961,335</u>
<u>Wastewater Utility Obligations</u>							
2014 Wastewater Refunding Revenue Bonds	51,945,000	-	(3,995,000)	-	47,950,000	4,195,000	43,755,000
Premium (on 2014 refunding)	6,693,826	-	-	(729,981)	5,963,845	729,981	5,233,864
2019 Bond Anticipation Note	118,510,000		-	-	118,510,000	-	118,510,000
	<u>177,148,826</u>	<u>-</u>	<u>(3,995,000)</u>	<u>(729,981)</u>	<u>172,423,845</u>	<u>4,924,981</u>	<u>167,498,864</u>
<u>Central Parking District</u>							
2020 Parking Lease Revenue Bonds	24,355,000		-	-	24,355,000	245,000	24,110,000
Premium	5,592,266		-	(209,710)	5,382,556	209,710	5,172,846
	<u>29,947,266</u>			<u>(209,710)</u>	<u>29,737,556</u>	<u>454,710</u>	<u>29,282,846</u>
<u>Marina Operation</u>							
CDBW Harbor Facility Construction and Planning Loans	10,870,821	-	-	-	10,870,821	-	10,870,821
	<u>10,870,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,870,821</u>	<u>-</u>	<u>10,870,821</u>
Total - Enterprise Fund Activities Debt	\$ 427,088,393	\$ -	\$ (9,625,000)	\$ (1,749,763)	\$ 415,713,630	\$ 12,099,764	\$ 403,613,866

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Long-Term Liabilities (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, 2021, \$135,295,000 of 2018A Bonds remain outstanding with installments of principal ranging from \$5,365,000 to \$12,195,000 due October 1, 2021, 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 net revenues of the fund and the 2018 Bonds have parity lien with the 2019A bonds (see below). The principal amount due is reported net of the unamortized premium of \$13,141,408, and unamortized loss on refunding of \$6,271,226.

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

The 2019 Water Revenue Bonds, Series 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, 2021, \$54,245,000 of 2019A Bonds remain outstanding with installments of principal ranging from \$545,000 to \$15,635,000 beginning October 1, 2019, through October 1, 2040, with interest rates ranging from 2.048% to 3.61%. There was no gain or loss as a result of the current refunding.

The repayment of the 2019A Bonds is from a pledge of net revenues of the fund and the Bonds are issued on parity with the 2018A water bonds. The bonds were issued without premium or discount and are reported net of an unamortized loss on refunding of \$6,445,143.

Pledge Revenues

The City has pledged future net system revenues from the Water Fund for the repayment of all the Revenue Bonds of the Water Fund. For the year ended June 30, 2021, total principal and interest paid was \$14,285,486 and net revenues were \$34,742,000. Rate stabilization Funds balances at the end of FY 20/21 stand at \$2,943,483. The total principal and interest remaining to be paid on the Water Utility Revenue Bonds are \$284,433,793.

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, 2021

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Water Utility (Continued)

Pledge Revenues (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 XIII D, 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.

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 water bonds is 115% of net system revenues, which are pledged for repayment of the revenue 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, 2021.

Wastewater Utility

Stockton Public Financing Authority Wastewater Revenue Refunding Bonds, Series 2014

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, 2021, there is \$1,393,644 outstanding. The principal amount due is reported net of the unamortized premium of \$5,963,845.

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, 2021, notes totaling \$118,510,000 are due to be repaid June 1, 2022, are outstanding at a rate of 1.40%, and are callable any time after June 1, 2021, should future financings provide cheaper financing. The Notes were issued to provide initial funding to commence with the Regional Wastewater Control Facility upgrades, which are necessary to maintain compliance with updated 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 2014A bonds. The Notes were issued without premium or discount.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Wastewater Utility (Continued)

GASB 88 Reporting of Unused lines of Credit

On September 30, 2020, the City secured long-term financing from the US Environmental Protection Agency's - Water Infrastructure Finance and Innovation Act (WIFIA). The 30 Year financing had not been used as of June 30, 2021. The 30-year financing secures \$108,000,000 of financing at a rate of 1.20%. It is anticipated that all funds will be drawn in FY 2021-22 and, along with \$10,510,000 in funds on hand, will be used to pay off the 2019 BANs. This long-term financing is issued on parity with the 2014A Wastewater bonds and is secured by the net revenues of the wastewater system.

Pledge Revenues

The City has pledged future net revenues from the Wastewater Fund for the repayment of the Bonds and Notes. For the year ended June 30, 2021, the City paid total principal and interest of \$8,151,515 and had net revenues of \$34,358,000. On June 30, 2021, the total principal and interest remaining to be paid on the Wastewater Bonds are \$179,799,640.

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.

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, or 2019 notes 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, 2021, at each measurement period.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Parking Authority

Stockton Public Financing Authority- Parking Revenue Bonds, Series 2020

The 2020 Parking Revenue Bonds were issued in the amount of \$24,355,000 by the SPFA on February 12, 2020. As of June 30, 2021, the 2020 Parking Bonds totaling \$24,355,000 are due in annual installments of principal ranging from \$245,000 on March 1, 2022 to \$1,605,000 on March 1, 2047, with interest rates ranging from 4.00% to 5.00%, and a final maturity date of March 1, 2047. The 2020 Parking Bonds were issued to refund the bankruptcy settlement on the 2004 Parking bonds, and along with payments from the bond insurer, to pay off the holders of the 2004 Parking bonds, and to provide \$3 million in capital funding to finance repairs and upgrades to facilities. The 2004 bonds had financed the construction of the Stockton Events Center Parking Structure, the Edward S. Coy Parking Garage, and other parking facilities within the Parking Authority.

The repayment of the 2020 Bonds is from a pledge of net revenues of the fund. The principal amount due is reported net of the unamortized premium of \$5,382,556, and unamortized loss on refunding of \$444,560.

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 NPFG, 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 NPFG. Payments which extend beyond the original debt service end date of September 1, 2034, will be retained by NPFG.

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, 2021, is \$10,870,821.

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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Downtown Marina (Continued)

Construction and Planning Loans (Continued)

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, 2021, 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.

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.

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
2022	\$ 5,910,000	\$ 8,383,287	\$ 122,705,000	\$ 3,122,195	\$ 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	6,530,000	7,498,223	5,090,000	1,608,250	570,000	1,116,700
2026	6,860,000	7,178,633	5,345,000	1,347,375	600,000	1,088,200
2027-2031	39,940,000	30,463,368	24,275,000	2,503,375	3,480,000	4,960,000
2032-2036	51,905,000	19,462,274	-	-	4,440,000	3,998,250
2037-2041	65,970,000	6,009,971	-	-	5,555,000	2,884,200
2042-2046	-	-	-	-	6,955,000	1,478,250
2047-2051	-	-	-	-	1,605,000	80,250
Total	<u>\$ 189,540,000</u>	<u>\$ 94,893,793</u>	<u>\$ 166,460,000</u>	<u>\$ 12,510,070</u>	<u>\$ 24,355,000</u>	<u>\$ 19,085,950</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Fund Activities

Summary of changes in fiduciary fund long-term liabilities for the year ended June 30, 2021, are as follows:

	Balance			Balance		
<u>Successor Agency to RDA of Stockton</u>	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Current</u>	<u>Non-Current</u>
Revenue Bonds						
2016 Series A Successor Agency						
Tax Allocation Bonds	\$ 73,310,000	\$ -	\$ -	\$ 73,310,000	\$ -	\$ 73,310,000
Premium	7,975,141	-	(562,953)	7,412,188	562,953	6,849,235
2016 Series B Successor Agency						
Tax Allocation Bonds (Taxable)	18,625,000	-	(3,685,000)	14,940,000	3,760,000	11,180,000
Discount	(134,987)	-	32,396	(102,591)	(32,396)	(70,195)
Total RDA Liabilities	\$ 99,775,154	\$ -	\$ (4,215,557)	\$ 95,559,597	\$ 4,290,557	\$ 91,269,040

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.

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, 2021, 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 \$7,412,188.

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, 2021, the 2016 Series B Bonds totaling \$14,940,000 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 2.125% to 2.75%. The principal amount due is reported net of the unamortized discount of \$102,591.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Fund Activities (Continued)

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.

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, 2021, there was five one CFD special tax bonds and four revenue bonds outstanding with aggregate principal amounts payable of \$29,518,000 and \$59,970,000, respectively.

Year Ending June 30,	2016 Series A Successor Agency Tax Allocation Bonds		2016 Series B Successor Agency Tax Allocation Bonds (Taxable)	
	Principal	Interest	Principal	Interest
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	142,975
2025	610,000	3,358,550	3,415,000	46,956
2026	4,150,000	3,239,550	-	-
2027-2031	24,085,000	12,785,875	-	-
2032-2036	30,360,000	6,429,700	-	-
2037-2039	14,105,000	592,500	-	-
Total	<u>\$ 73,310,000</u>	<u>\$ 36,527,575</u>	<u>\$ 14,940,000</u>	<u>\$ 750,756</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021. 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:

	Governmental Activities	Business-Type Activities	Total
Beginning July 1, 2020	\$ 10,789,535	\$ 1,171,043	\$ 11,960,578
Additions	11,293,149	1,668,496	12,961,645
Payments	<u>(8,965,794)</u>	<u>(1,246,358)</u>	<u>(10,212,152)</u>
Balance June 30, 2021	<u>\$ 13,116,890</u>	<u>\$ 1,593,181</u>	<u>\$ 14,710,071</u>
Current Portion	<u>\$ 7,088,691</u>	<u>\$ 1,040,836</u>	<u>\$ 8,129,527</u>
Non-Current Portion	<u>\$ 6,028,199</u>	<u>\$ 552,345</u>	<u>\$ 6,580,544</u>

Note 9 – Unamortized Loss on Refunding

Summary of changes in unamortized loss on refunding for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Municipal Utility Enterprise Debt Obligations				
2018 Water Refunding	\$ 6,657,802	\$ -	\$ (386,576)	\$ 6,271,226
2019 Water Refunding	6,779,956	-	(334,812)	6,445,144
2014 Wastewater Refunding Revenue Bonds	<u>1,564,227</u>	<u>-</u>	<u>(170,583)</u>	<u>1,393,644</u>
Subtotal - Municipal Utility Enterprise Debt	15,001,985	-	(891,971)	14,110,014
Parking Authority				
2020 Parking Revenue Bonds	<u>461,881</u>	<u>-</u>	<u>(17,321)</u>	<u>444,560</u>
Total Deferred Amount on Refunding	<u>\$ 15,463,866</u>	<u>\$ -</u>	<u>\$ (909,292)</u>	<u>\$ 14,554,574</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, are as follows:

	General Fund	Federal Housing Grants	Special Grants	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable:						
Inventories	\$ 427,211	\$ -	\$ -	\$ -	\$ -	\$ 427,211
Prepaid expense	55,541	-	-	-	-	55,541
Advance deposits	1,731,882	-	-	-	-	1,731,882
Long-term loans	-	81,267,950	-	-	70,838,069	152,106,019
Other nonspendable asset	-	-	-	-	356,134	356,134
Total Nonspendable	<u>2,214,634</u>	<u>81,267,950</u>	<u>-</u>	<u>-</u>	<u>71,194,203</u>	<u>154,676,787</u>
Restricted for:						
Section 108 Loan	1,277,452	-	-	-	-	1,277,452
Community development	-	-	-	-	42,667,729	42,667,729
Debt service reserve	-	-	-	-	1,971,438	1,971,438
General government	-	-	-	-	5,167,196	5,167,196
Housing	-	4,738,641	-	-	76,396,374	81,135,015
Libraries and arts	3,151,328	-	-	-	8,502,172	11,653,500
Parks and recreation	947,226	-	-	-	35,204,301	36,151,527
Public safety	9,177	-	2,597,910	-	8,496,467	11,103,554
Solid waste/recycling	-	-	-	-	4,522,974	4,522,974
Streets, transit & traffic	-	-	-	27,539,054	4,503,557	32,042,611
Total Restricted	<u>5,385,183</u>	<u>4,738,641</u>	<u>2,597,910</u>	<u>27,539,054</u>	<u>187,432,208</u>	<u>227,692,996</u>
Committed for:						
General government operations	<u>77,638,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,638,440</u>
Total Committed	<u>77,638,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,638,440</u>
Assigned for:						
General government operations	<u>4,526,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,526,246</u>
Total Assigned	<u>4,526,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,526,246</u>
Unassigned:	<u>41,092,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,092,616</u>
Total Fund Balances	<u><u>\$ 130,857,119</u></u>	<u><u>\$ 86,006,591</u></u>	<u><u>\$ 2,597,910</u></u>	<u><u>\$ 27,539,054</u></u>	<u><u>\$ 258,626,411</u></u>	<u><u>\$ 505,627,085</u></u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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:

	Governmental Activities	Business Type Activities	Total
Deferred Outflows of Resources:			
CalPERS:			
Safety			
Contributions made after measurement date	\$ 37,208,895	\$ -	\$ 37,208,895
Change in assumptions	1,451,081	-	1,451,081
Differences between expected and actual experience	8,849,386	-	8,849,386
Difference between projected and actual investment earnings	5,762,126	-	5,762,126
	<u>53,271,488</u>	<u>-</u>	<u>53,271,488</u>
Miscellaneous			
Contributions made after measurement date	18,593,439	1,770,212	20,363,651
Differences between expected and actual experience	487,952	46,456	534,408
Difference between projected and actual investment earnings	4,154,794	395,563	4,550,357
	<u>23,236,185</u>	<u>2,212,231</u>	<u>25,448,416</u>
PARS			
Change in assumptions	-	226,884	226,884
Differences between expected and actual experience	-	88,882	88,882
	<u>-</u>	<u>315,766</u>	<u>315,766</u>
Total Pensions related Deferred Outflows of Resources	<u><u>\$ 76,507,673</u></u>	<u><u>\$ 2,527,997</u></u>	<u><u>\$ 79,035,670</u></u>
Net Pension Liability:			
CalPERS:			
Safety	\$ 388,706,760	\$ -	\$ 388,706,760
Miscellaneous	145,150,775	13,819,266	158,970,041
PARS	<u>-</u>	<u>1,954,839</u>	<u>1,954,839</u>
Total Net Pension Liability	<u><u>\$ 533,857,535</u></u>	<u><u>\$ 15,774,105</u></u>	<u><u>\$ 549,631,640</u></u>
Deferred Inflows of Resources:			
CalPERS:			
Safety			
Change in assumptions	\$ 1,100,620	\$ -	\$ 1,100,620
Differences between expected and actual experience	5,773,420	-	5,773,420
	<u>6,874,040</u>	<u>-</u>	<u>6,874,040</u>
Miscellaneous			
Differences between expected and actual experience	4,814,154	458,338	5,272,492
	<u>4,814,154</u>	<u>458,338</u>	<u>5,272,492</u>
PARS			
Differences between expected and actual experience	-	58,748	58,748
Difference between projected and actual investment earnings	-	888,282	888,282
	<u>-</u>	<u>947,030</u>	<u>947,030</u>
Total Pension Deferred Inflows of Resources	<u><u>\$ 11,688,194</u></u>	<u><u>\$ 1,405,368</u></u>	<u><u>\$ 13,093,562</u></u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 multiplied by 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, 2021, are summarized as follows:

	Safety	
	Prior to January 1, 2014	After January 1, 2014
Hire Date		
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, 2021

Note 11 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

General Information about Pension Plans (Continued)

	Miscellaneous	
	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, 2020 the following employees were covered under benefit terms:

	Safety Plan	Miscellaneous Plan
Inactive employees or beneficiaries currently receiving benefits	890	1519
Inactive employees entitled to but not yet receiving benefits	204	657
Active employees	594	974
	<u>1688</u>	<u>3150</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, 2021, 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, 2020, using an annual actuarial valuation as of June 30, 2019, applying standard update procedures.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

Net Pension Liability (Continued)

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>Safety Plan</u>		<u>Miscellaneous Plan</u>	
Valuation Date	6/30/2019		6/30/2019	
Measurement Date	6/30/2020		6/30/2020	
Actuarial Cost Method	Entry-Age Normal Cost Method			
Actuarial Assumptions:				
Discount Rate	7.15%		7.15%	
Inflation	2.63%		2.63%	
Payroll Growth	2.88%		2.88%	
Projected Salary Increase	Varies	(1)	Varies	(1)
Investment Rate of Return	7.25%	(2)	7.25%	(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 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

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, 2021

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:

Current Safety/Miscellaneous Plans			
Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	53.0%	5.25%	5.75%
Global Fixed Income	28.3%	0.99%	2.43%
Inflation Sensitive	0.0%	0.45%	3.36%
Private Equity	6.3%	6.83%	6.95%
Real Estate	11.3%	4.50%	5.13%
Liquidity	0.9%	-0.55%	-1.05%
Other	0.2%	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:

Safety Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 06/30/2019	\$ 1,147,079,888	\$ 771,397,822	\$ 375,682,066
Changes for the year:			
Service cost	18,438,776	-	18,438,776
Interest on total pension liability	79,970,381	-	79,970,381
Changes of Assumption	-	-	-
Differences between expected and actual experience	(7,219,787)	-	(7,219,787)
Net plan to plan resource movement	-	-	-
Contributions-employer	-	33,596,802	(33,596,802)
Contributions-employee	-	7,347,966	(7,347,966)
Net investment income	-	38,307,390	(38,307,390)
Benefit payments, including refunds of employee	(61,225,237)	(61,225,237)	-
Administrative expense	-	(1,087,482)	1,087,482
Other Miscellaneous Income (Expense)	-	-	-
Net Changes	<u>29,964,133</u>	<u>16,939,439</u>	<u>13,024,694</u>
Balances at 06/30/2020	<u>\$ 1,177,044,021</u>	<u>\$ 788,337,261</u>	<u>\$ 388,706,760</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

Changes in the Net Pension Liability (Continued)

Miscellaneous Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 06/30/2019	\$ 747,047,973	\$ 590,130,713	\$ 156,917,260
Changes for the year:			
Service cost	11,098,178	-	11,098,178
Interest on total pension liability	51,801,795	-	51,801,795
Changes of Assumption	-	-	-
Differences between expected and actual experience	(8,567,800)	-	(8,567,800)
Net plan to plan resource movement	-	-	-
Contributions-employer	-	19,204,043	(19,204,043)
Contributions-employee	-	4,721,760	(4,721,760)
Net investment income	-	29,185,528	(29,185,528)
Benefit payments, including refunds of employee	(39,057,265)	(39,057,265)	-
Administrative expense	-	(831,939)	831,939
Other Miscellaneous Income (Expense)	-	-	-
Net Changes	15,274,908	13,222,127	2,052,781
Balances at 06/30/2020	\$ 762,322,881	\$ 603,352,840	\$ 158,970,041

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

	1% Decrease Rate (6.15%)	Current Discount Rate (7.15%)	1% Increase Rate (8.15%)
Net pension liability	\$ 547,914,835	\$ 388,706,760	\$ 258,366,583

Miscellaneous Plan

	1% Decrease Rate (6.15%)	Current Discount Rate (7.15%)	1% Increase Rate (8.15%)
Net pension liability	\$ 254,765,176	\$ 158,970,041	\$ 79,342,954

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, 2021

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

Safety Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 37,208,895	\$ -
Changes of assumptions	1,451,081	(1,100,620)
Differences between expected and actual experience	8,849,386	(5,773,420)
Net differences between projected and actual earnings on pension plan investments	5,762,126	-
Total	<u>\$ 53,271,488</u>	<u>\$ (6,874,040)</u>

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 20,363,651	\$ -
Changes of assumptions	-	-
Differences between expected and actual experience	534,408	(5,272,492)
Net differences between projected and actual earnings on pension plan investments	4,550,357	-
Total	<u>\$ 25,448,416</u>	<u>\$ (5,272,492)</u>

The \$37,208,895 and \$20,363,651 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, 2021, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows, and deferred inflows of resources related to pensions will be recognized in future pension expense.

Safety Plan	
Measurement periods ended June 30:	Deferred Outflows/(inflows) of Resources.
2021	\$ 2,071,084
2022	1,964,385
2023	2,450,269
2024	2,702,815
2025	-
Thereafter	-
	<u>\$ 9,188,553</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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.
2021	\$ (5,366,995)
2022	(396,267)
2023	3,094,148
2024	2,481,387
2025	-
Thereafter	-
	<u>\$ (187,727)</u>

B. PARS Enhancement Plan

General Information about Pension Plans

Plan Description – The PARS Retirement Enhancement Plan (REP), 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, 2021, the following employees were covered by the benefit terms:

	<u>PARS Enhancement Plan</u>
Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	0
Active employees	47
	<u>82</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, 2021

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, 2021, using an annual actuarial valuation as of June 30, 2020, using standard update procedures.

Actuarial assumptions – The total pension liability on June 30, 2021, 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	6/30/2020	
Measurement Date	6/30/2021	
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 after June 30, 2017.

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, 2021

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:

Asset Class	PARS Enhancement Plan		
	New Strategic Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	0.96%	-0.32%	-0.32%
Core Fixed Income	46.51%	1.37%	1.26%
Broad US Equities	39.28%	5.33%	3.70%
Developed Foreign Equities	6.82%	6.27%	4.52%
Emerging Market Equities	4.62%	8.64%	4.95%
REITs	1.81%	5.75%	3.57%
Total	100.00%		

Changes in the Net Pension Liability

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

	PARS Enhancement Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 06/30/2020	\$ 12,184,905	\$ 8,755,837	\$ 3,429,068
Changes for the year:			
Service cost	132,117	-	132,117
Interest on total pension liability	781,943	-	781,943
Effect of economic/demographic gains or losses	120,626	-	120,626
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(583,450)	(583,450)	-
Employer Contributions	-	602,378	(602,378)
Net investment income	-	1,923,213	(1,923,213)
Administrative expense	-	(16,676)	16,676
Other changes	-	-	-
Net Changes	451,236	1,925,465	(1,474,229)
Balances at 06/30/2021	\$ 12,636,141	\$ 10,681,302	\$ 1,954,839

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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	\$ 3,479,557	\$ 1,954,839	\$ 669,753

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, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PARS Enhancement Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 226,884	\$ -
Differences between expected and actual experience	88,882	(58,748)
Net differences between projected and actual earnings on pension plan investments	-	(888,282)
Total	\$ 315,766	\$ (947,030)

For the year ended June 30, 2021, \$315,766 was reported as deferred outflows of resources related to earnings and changes of assumptions on pension plan investments, and \$947,030 was reported as deferred inflows related to experience, expected and actual experience and will be recognized in future pension expense as follows:

PARS Enhancement Plan	
Measurement periods ended June 30:	Deferred Outflows/(inflows) of Resources.
2022	\$ (68,560)
2023	(100,481)
2024	(191,419)
2025	(270,804)
2026	-
Thereafter	-
	\$ (631,264)

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 2020-21, the Section 115 Plan, has \$68.3 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, 2021 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, 2021

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, 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 adjustment				-
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	15,408,341	51,552,000	437,000	67,397,341
Claims incurred	(2,607,201)	11,650,192	3,651,216	12,694,207
Claims paid	<u>(2,276,514)</u>	<u>(7,807,192)</u>	<u>(3,692,216)</u>	<u>(13,775,922)</u>
Balance, June 30, 2021	<u>\$ 10,524,626</u>	<u>\$ 55,395,000</u>	<u>\$ 396,000</u>	<u>\$ 66,315,626</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 \$1.25 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, 2021, 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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – Claims Payable (Continued)

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.

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, 2021, 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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Pollution Remediation Obligations (Continued)

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, 2021, 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, 2021.

Note 14 – Individual Fund Disclosures

Deficit Fund Balances

At June 30, 2021, 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	\$ (4,130,355)
Successor Agency	Private Purpose Trust Fund	(59,008,834)
Central Parking	Enterprise Fund	(5,579,757)

- The Worker's Compensation Fund has an accumulated deficit fund balance of \$4,130,355 as of June 30, 2021, resulting in an increase reduction from the prior year. The City has historically budgeted revenues and projected expenditures in the Fund based on an expected confidence level, while the liability is based on a 70% confidence level. 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 \$45,033,000 for claims and judgments while the cash balance of the fund as of June 30, 2021, is \$41,260,040. 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 \$59,008,834 as of June 30, 2021. This is an Agency Private Purpose Trust fund and not included in the City's net position. The fund has a bonds payable balance that causes the fund balance deficit.
- The Parking Authority Fund has an accumulated deficit fund balance of \$5,579,757 as of June 30, 2021. 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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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.

Capital Commitments

The City is undertaking some capital improvement projects, the most significant of which include the following outstanding capital commitments at June 30, 2021:

	Amount
Regional Wastewater Control Facility	\$ 14,804,275
NE McNair Library/Rec Center	13,994,881
Developer Reimbursements	5,598,041
Miner Ave Comp St. Impr Phase 3	5,606,134
Miner Ave Comp St. Impr Phase 1	1,440,317
Thornton, Hammer, Lower Sac Impr	1,100,074
	<u>\$ 42,543,722</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
2022	\$ 352,543
2023	306,624
2024	125,076
2025	129,800
2026	134,760
2027-2031	757,329
2032-2036	924,294
Total	<u>\$ 2,730,426</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, are as follows:

	Amount
General Fund	\$ 7,982,718
Capital Improvements	\$ 35,308,381
Other Governmental Funds	\$ 22,672,131

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, 2021

Note 16 – Restricted Net Position

At June 30, 2021, restricted net position consisted of the following:

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Totals</u>
Restricted:			
Capital projects	\$ 27,539,054	\$ 31,553,090	\$ 59,092,144
Debt service	1,971,438	14,687,660	16,659,098
Measure AB	9,177	-	9,177
Section 108 loan	1,277,452	-	1,277,452
Community Development	42,896,120	-	42,896,120
General government	6,612,108	-	6,612,108
Housing	164,360,799	-	164,360,799
Library and arts	12,009,634	-	12,009,634
Parks and recreation	36,151,527	-	36,151,527
Public safety	16,584,554	-	16,584,554
Solid waste/recycling	4,522,974	-	4,522,974
Streets, transit and traffic	76,634,928	-	76,634,928
Pension	68,079,946	-	68,079,946
Total restricted	<u>\$ 458,649,711</u>	<u>\$ 46,240,750</u>	<u>\$ 504,890,461</u>

Note 17 – Subsequent Events

Issuance of Debt with net revenue commitment from Wastewater Utility

Draw of Funds from Environmental Protection Agency WIFIA Loan

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. Funds were drawn in November 2021 and in combination with \$10.5 million in cash on hand, were used to prepay the 2019 Bond Anticipation Notes on December 1, 2021, thus locking in long term financing for this portion of the project at a rate of 1.20%. The debt is issued on parity with bonds issued in 2014 by the Wastewater system and both are secured by a pledge of net revenues of the Utility Fund. Payments on the WIFIA loan begin on March 1, 2022 and continue until March 1, 2051 when final payment is made.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 18 – Prior Period Adjustments

	Federal Housing Grant Special Revenue Fund	Other Governmental Funds	Total Governmental Funds	Fiduciary Funds Custodial Funds
Net Position at July 1, 2020	\$ 3,260,921	\$ 161,397,969	\$ 304,725,466	\$ -
Required by GASB 84 - Fiduciary Activities	-	-	-	44,517,999
Correction of GASB 54 and 65 Implementation	<u>81,267,949</u>	<u>70,838,069</u>	<u>152,106,018</u>	<u>-</u>
Net Position at July 1, 2020, as restated	<u><u>84,528,870</u></u>	<u><u>232,236,038</u></u>	<u><u>456,831,484</u></u>	<u><u>44,517,999</u></u>



REQUIRED SUPPLEMENTARY INFORMATION

City of Stockton
Required Supplementary Information
(Unaudited) For the year ended June 30, 2021

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, Federal Housing grants Special revenue Fund, Special grants 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 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, 2021

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 (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

Budgetary Comparison Schedule - General Fund

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes:				
Property	\$ 37,023,000	\$ 37,023,000	\$ 38,522,990	\$ 1,499,990
Utility user	32,780,000	32,780,000	36,413,826	3,633,826
Sales - levied by City	28,472,000	28,472,000	40,810,516	12,338,516
Franchise fees	14,192,630	14,192,630	16,900,562	2,707,932
Business license	9,500,000	9,500,000	14,090,618	4,590,618
Hotel/motel room	2,609,000	2,609,000	2,860,447	251,447
Document transfer	780,000	780,000	1,221,516	441,516
Other	2,290,058	2,290,058	2,873,644	583,586
Licenses and permits	530,538	529,854	566,109	36,255
Intergovernmental:				
Federal grants and subsidies	186,429	374,503	219,700	(154,803)
Sales and use tax - levied by state	44,831,000	44,831,000	65,200,850	20,369,850
Other governmental	39,331,788	39,331,788	39,246,217	(85,571)
Charges for services	9,796,423	9,796,423	9,541,329	(255,094)
Fines and forfeitures	1,311,559	1,311,559	282,885	(1,028,674)
Use of money and property	9,766,529	9,766,529	4,625,139	(5,141,390)
Investment income:				
Interest income	2,260,811	2,260,811	6,788,272	4,527,461
Refunds and reimbursements	167,211	213,809	438,105	224,296
Miscellaneous	5,318,101	5,328,101	5,793,626	465,525
	241,147,077	241,391,065	286,396,351	45,005,286
EXPENDITURES:				
General government:				
City council	994,080	1,198,444	976,555	221,889
City manager	2,220,749	2,283,441	2,118,291	165,150
City attorney	1,336,877	1,336,939	1,217,832	119,107
City clerk	1,001,530	1,020,149	970,558	49,591
City auditor	592,525	936,173	366,505	569,668
Administrative services	8,361,613	8,463,433	7,602,087	861,346
Human resources	2,481,795	2,529,814	1,889,933	639,881
Housing	11,582,757	14,251,466	5,299,799	8,951,667
Non-departmental	1,377,986	2,021,363	5,793,746	(3,772,383)
Total general government	29,949,912	34,041,222	26,235,306	7,805,916

City of Stockton
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

Budgetary Comparison Schedule - General Fund (Continued)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Public safety:				
Police	138,123,711	138,700,988	129,978,279	8,722,709
Fire	52,246,029	52,641,467	50,953,832	1,687,635
Total public safety	190,369,740	191,342,455	180,932,111	10,410,344
Public works	16,015,900	18,983,102	15,934,338	3,048,764
Library	12,272,822	12,553,244	10,558,356	1,994,888
Parks and recreation	4,624,693	4,914,499	3,907,364	1,007,135
Capital Outlay	1,016,424	2,785,808	611,717	2,174,091
Debt Service:				
Interest and fiscal charges	-	-	15,980	(15,980)
Total expenditures	254,249,491	264,620,330	238,195,172	26,425,158
DEFICIENCY OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS) (a)	(13,102,414)	(23,229,265)	48,201,179	71,430,444
OTHER FINANCING SOURCES (USES):				
Transfers out	(12,839,175)	(32,137,367)	(31,961,460)	175,907
Sale of capital assets	100,000	100,000	6,095	(93,905)
Capital contribution	368,000	368,000	-	(368,000)
Total other financing sources (uses)	(12,371,175)	(31,669,367)	(31,955,365)	(285,998)
NET CHANGE IN FUND BALANCE (GAAP BASIS)	\$ (25,473,589)	\$ (54,898,632)	16,245,814	\$ 71,144,446
BASIS ADJUSTMENT:				
Encumbrances (included in Final Budget above) (a)*			(7,982,718)	
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)			8,263,096	
FUND BALANCE, BEGINNING OF YEAR			114,611,305	
FUND BALANCE, END OF YEAR			\$ 122,874,401	

* Adjusted to Budgetary Basis.

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

City of Stockton
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

Budgetary Comparison Schedule - Federal Housing Grants Special Revenue Fund

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental:				
Federal grants and subsidies	\$ 5,022,523	\$ 11,898,547	\$ 4,426,326	\$ (7,472,221)
Charges for services	1,575	1,575	2,625	1,050
Use of money and property	405,000	1,417,137	836,255	(580,882)
Investment income:				
Interest income (loss)	-	-	(31,853)	(31,853)
Miscellaneous	1,946,738	1,946,738	1,946,739	1
Total revenues	7,375,836	15,263,997	7,180,092	(8,083,905)
EXPENDITURES:				
General government	5,589,325	13,920,592	3,461,685	10,458,907
Capital outlay	325,000	325,000	-	325,000
Debt service:				
Principal retirement	1,675,000	1,675,000	1,675,000	-
Interest and fiscal charges	176,338	176,338	176,338	-
Total expenditures	7,765,663	16,096,930	5,313,023	10,783,907
DEFICIENCY OF REVENUES OVER EXPENDITURES (GAAP BASIS)	<u>(389,827)</u>	<u>(832,933)</u>	<u>1,867,069</u>	<u>2,700,002</u>
OTHER FINANCING (USES):				
Transfers out	<u>(389,348)</u>	<u>(389,348)</u>	<u>(389,348)</u>	<u>-</u>
Total other financing (uses)	<u>(389,348)</u>	<u>(389,348)</u>	<u>(389,348)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (GAAP BASIS)	<u>\$ (779,175)</u>	<u>\$ (1,222,281)</u>	<u>1,477,721</u>	<u>\$ 2,700,002</u>
BASIS ADJUSTMENT:				
Encumbrances			<u>(1,293,424)</u>	
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)			184,297	
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED (NOTE 18)			<u>84,528,870</u>	
FUND BALANCE, END OF YEAR			<u>\$ 84,713,167</u>	

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

City of Stockton
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

Budgetary Comparison Schedule - Special Grants Special Revenue Fund

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental:				
Federal grants and subsidies	\$ 292,582	\$ 47,860,825	\$ 19,733,363	\$ (28,127,462)
Other governmental	-	25,844,138	24,153,199	(1,690,939)
Investment income:				
Interest income	-	-	769,282	769,282
Miscellaneous	-	30,000	10,347	(19,653)
Total revenues	292,582	73,734,963	44,666,191	(29,068,772)
EXPENDITURES:				
Current				
General government	292,582	60,979,139	29,295,867	31,683,272
Public safety	-	8,859,698	9,490,213	(630,515)
Public works	-	458,665	1,347,142	(888,477)
Library	-	63,958	104,048	(40,090)
Parks and recreation	-	876,984	1,293,138	(416,154)
Capital outlay	-	4,678,961	2,393,407	2,285,554
Total expenditures	292,582	75,917,405	43,923,815	31,993,590
DEFICIENCY OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	-	(2,182,442)	742,376	2,924,818
OTHER FINANCING SOURCES:				
Transfers in	-	208,093	10,093	(198,000)
Capital contribution	-	-	-	-
Total other financing sources	-	208,093	10,093	(198,000)
NET CHANGE IN FUND BALANCE (GAAP BASIS)	\$ -	\$ (1,974,349)	752,469	\$ 2,726,818
BASIS ADJUSTMENT:				
Encumbrances			(8,169,803)	
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)			(7,417,334)	
FUND BALANCE, BEGINNING OF YEAR			1,845,441	
FUND BALANCE, END OF YEAR			\$ (5,571,893)	

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, 2021

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						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 18,438,776	\$ 18,340,749	\$ 17,684,602	\$ 15,401,471	\$ 13,548,998	\$ 13,593,233	\$ 13,907,523
Interest	79,970,381	77,850,318	75,078,142	71,053,021	69,765,169	67,693,599	65,730,714
Changes of benefit terms	-	-	-	-	-	-	-
Changes of assumptions	-	-	(3,852,172)	59,494,381	-	(16,908,140)	-
Differences between expected and actual experience	(7,219,787)	2,178,151	26,895,156	(9,538,805)	(3,570,311)	(5,410,590)	-
Benefit payments, including refunds of employee contributions	(61,225,237)	(57,512,870)	(55,481,650)	(53,205,686)	(51,615,173)	(49,614,935)	(47,761,534)
Net change in total pension liability	29,964,133	40,856,348	60,324,078	83,204,382	28,128,683	9,353,167	31,876,703
Total pension liability - beginning	1,147,079,888	1,106,223,540	1,045,899,462	962,695,080	934,566,397	925,213,230	893,336,527
Total pension liability - ending (a)	\$ 1,177,044,021	\$ 1,147,079,888	\$ 1,106,223,540	1,045,899,462	\$ 962,695,080	\$ 934,566,397	\$ 925,213,230
Plan fiduciary net position							
Contributions - employer	33,596,802	29,781,351	26,124,666	23,342,334	20,338,253	17,178,961	13,818,051
Contributions - employee	7,347,966	7,139,569	6,942,272	6,617,527	5,940,342	5,896,729	6,449,394
Net investment income	38,307,390	48,529,461	59,476,319	73,783,913	3,348,803	15,155,169	105,163,288
Benefit payments, including refunds of employee contributions	(61,225,237)	(57,512,870)	(55,481,650)	(53,205,686)	(51,615,173)	(49,614,935)	(47,761,534)
Plan to plan resource movement	-	-	(7,168)	-	-	3,305	-
Administrative expense	(1,087,482)	(530,927)	(1,106,599)	(975,302)	(416,243)	(771,300)	-
Other	-	1,732	(2,101,449)	-	-	-	-
Net change in plan fiduciary net position	\$ 16,939,439	\$ 27,408,316	\$ 33,846,391	\$ 49,562,786	\$ (22,404,018)	\$ (12,152,071)	\$ 77,669,199
Plan fiduciary net position - beginning	771,397,822	743,989,506	710,143,115	660,580,329	682,984,347	695,136,418	617,467,219
Plan fiduciary net position - ending (b)	\$ 788,337,261	\$ 771,397,822	\$ 743,989,506	710,143,115	\$ 660,580,329	\$ 682,984,347	695,136,418
City's net pension liability - ending (a) - (b)	\$ 388,706,760	\$ 375,682,066	\$ 362,234,034	335,756,347	\$ 302,114,751	\$ 251,582,050	\$ 230,076,812
Plan fiduciary net position as a percentage of the total pension liability	66.98%	67.25%	67.25%	67.90%	68.62%	73.08%	75.13%
Covered - employee payroll	\$ 60,894,239	\$ 59,708,789	\$ 56,947,904	\$ 48,429,252	\$ 47,115,477	\$ 46,710,538	\$ 45,422,701
City's net pension liability as a percentage of covered employee payroll	638.33%	629.19%	636.08%	693.29%	636.08%	538.60%	506.52%

Notes to Schedule:

Benefit changes: The figures above include any liability impact that may have resulted from voluntary plan changes which occurred after June 30, 2019 valuation date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017.

City of Stockton
Required Supplementary Information
For the Year Ended June 30, 2021

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						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 11,098,178	\$ 11,446,572	\$ 11,500,131	\$ 10,871,947	\$ 9,240,648	\$ 9,145,587	\$ 9,440,824
Interest	51,801,795	50,718,177	48,873,856	48,291,460	48,179,529	47,148,768	46,152,921
Changes of benefit terms	-	-	-	-	-	-	-
Changes of assumptions	-	-	(19,696,405)	39,356,599	-	(11,281,319)	-
Differences between expected and actual experience	(8,567,800)	2,061,288	3,486,532	(17,662,863)	(8,961,502)	(10,000,256)	-
Benefit payments, including refunds of employee contributions	(39,057,265)	(37,477,251)	(35,750,319)	(34,494,172)	(34,150,397)	(33,662,380)	(32,763,729)
Net change in total pension liability	\$ 15,274,908	\$ 26,748,786	\$ 8,413,795	\$ 46,362,971	\$ 14,308,278	\$ 1,350,400	22,830,016
Total pension liability - beginning	747,047,973	720,299,187	711,885,392	665,522,421	651,214,143	649,863,743	627,033,727
Total pension liability - ending (a)	\$ 762,322,881	\$ 747,047,973	\$ 720,299,187	\$ 711,885,392	\$ 665,522,421	\$ 651,214,143	\$ 649,863,743
Plan fiduciary net position							
Contributions - employer	19,204,043	17,112,542	15,252,226	13,189,681	13,879,482	10,783,508	9,402,881
Contributions - employee	4,721,760	4,540,503	4,729,377	4,386,770	3,971,944	3,802,226	3,761,959
Net investment income	29,185,528	37,027,715	45,626,430	56,250,959	2,491,249	11,522,892	79,512,728
Benefit payments, including refunds of employee contributions	(39,057,265)	(37,477,251)	(35,750,319)	(34,494,172)	(34,150,397)	(33,662,380)	(32,763,729)
Plan to plan resource movement	-	-	4,111	-	933	(13,377)	-
Administrative expense	(831,939)	(406,288)	(844,458)	(743,130)	(315,359)	(599,978)	-
Other	-	1,325	(1,603,640)	-	-	-	-
Net change in plan fiduciary net position	13,222,127	20,798,546	\$ 27,413,727	38,590,108	\$ (14,122,148)	\$ (8,167,109)	\$ 59,913,839
Plan fiduciary net position - beginning	590,130,713	569,332,167	541,918,440	503,328,332	517,450,480	525,617,589	465,703,750
Plan fiduciary net position - ending (b)	603,352,840	590,130,713	569,332,167	541,918,440	503,328,332	517,450,480	525,617,589
City's net pension liability - ending (a) - (b)	\$ 158,970,041	\$ 156,917,260	\$ 150,967,020	\$ 169,966,952	\$ 162,194,089	\$ 133,763,663	\$ 124,246,154
Plan fiduciary net position as a percentage of the total pension liability	79.15%	79.00%	79.04%	76.12%	75.63%	79.64%	80.88%
Covered - employee payroll	67,099,018	67,851,642	\$ 67,079,626	\$ 61,357,565	\$ 56,400,439	\$ 53,997,677	\$ 52,603,907
City's net pension liability as a percentage of covered employee payroll	236.92%	231.27%	225.06%	277.01%	287.58%	247.72%	236.19%

Notes to Schedule:

Benefit changes: The figures above include any liability impact that may have resulted from voluntary plan changes which occurred after June 30, 2019 valuation date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017.

City of Stockton
Required Supplementary Information
For the Year Ended June 30, 2021

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						
	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 132,117	\$ 155,670	\$ 151,504	\$ 138,078	\$ 134,056	\$ 150,623	\$ 145,882
Interest	781,943	759,727	706,545	730,559	701,117	680,023	650,386
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-
Demographic gains/losses	120,626	-	(156,665)	-	(110,133)	-	-
Changes of assumptions	-	-	605,028	-	-	-	-
Benefit payments, including refunds of employee contributions	(583,450)	(517,711)	(467,860)	(429,654)	(407,870)	(397,530)	(358,380)
Net change in total pension liability	451,236	397,686	838,552	438,983	317,170	433,116	437,888
Total pension liability - beginning	12,184,905	11,787,219	10,948,667	10,509,684	10,192,514	9,759,398	9,321,510
Total pension liability - ending (a)	12,636,141	12,184,905	11,787,219	10,948,667	10,509,684	10,192,514	9,759,398
Plan fiduciary net position							
Contributions - employer	\$ 602,378	\$ 803,170	\$ 753,296	\$ 941,620	\$ 528,894	\$ 705,192	751,157
Contributions - employee	-	-	-	-	-	-	-
Net investment income	1,923,213	272,545	482,222	409,596	596,724	8,851	124,454
Benefit payments, including refunds of employee contributions	(583,450)	(517,711)	(467,860)	(429,654)	(407,870)	(397,530)	(358,380)
Administrative expense	(16,676)	(15,254)	(14,506)	(13,992)	(13,097)	(43,490)	(966)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,925,465	542,750	753,152	907,570	704,651	273,023	516,265
Plan fiduciary net position - beginning	8,755,837	8,213,087	7,459,935	6,552,365	5,847,714	5,574,691	5,058,426
Plan fiduciary net position - ending (b)	10,681,302	8,755,837	8,213,087	7,459,935	6,552,365	5,847,714	5,574,691
City's net pension liability - ending (a) - (b)	\$ 1,954,839	\$ 3,429,068	\$ 3,574,132	\$ 3,488,732	\$ 3,957,319	\$ 4,344,800	\$ 4,184,707
Plan fiduciary net position as a percentage of the total pension liability	84.53%	71.86%	69.68%	68.14%	62.35%	57.37%	57.12%
Covered - employee payroll	\$ 2,966,110	\$ 2,784,812	\$ 3,446,204	\$ 3,427,436	\$ 3,327,608	\$ 3,454,139	\$ 3,610,315
City's net pension liability as a percentage of covered employee payroll	65.91%	123.13%	103.71%	101.79%	118.92%	125.79%	115.91%

City of Stockton
Required Supplementary Information
For the Year Ended June 30, 2021

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

CalPERS Safety Plan	2020	2019	2018	Fiscal Year 2017	2016	2015	2014
Actuarially determined contribution	\$ 33,596,802	\$ 29,781,351	\$ 26,124,666	\$ 23,342,334	\$ 20,338,253	17,178,961	13,818,051
Contributions in relation to the actuarially determined contribution	(33,596,802)	(29,781,351)	(26,124,666)	(23,342,334)	(20,338,253)	(17,178,961)	(13,818,051)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered - employee payroll	60,894,239	59,708,789	\$ 56,947,904	\$ 48,429,252	\$ 47,115,477	46,710,538	45,422,701
City's Contributions as a percentage of covered employee payroll	55.17%	49.88%	45.87%	48.20%	43.17%	36.78%	30.42%

SAFTEY PLAN:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization method/Period	For details, see June 30, 2017 Funding Valuation Report.
Asset valuation method	Market Value of Assets. Varies, see June 30, 2017. Funding Valuation Report.
Inflation	2.63%
Salary increases	Varies by entry age and service.
Payroll Growth	2.88%
Investment rate of return	7.25%, net of pension plan investment and administrative expense, including inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP-2016 published by the Society of Actuaries.

City of Stockton
Required Supplementary Information
For the Year Ended June 30, 2021

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

CalPERS Miscellaneous Plan	2020	2019	2018	Fiscal Year 2017	2016	2015	2014
Actuarially determined contribution	\$ 19,204,043	\$ 17,112,542	\$ 15,252,226	\$ 13,189,681	\$ 12,545,482	10,783,518	9,402,881
Contributions in relation to the actuarially determined contribution	(19,204,043)	(17,112,542)	(15,252,226)	(13,189,681)	(13,879,482)	(10,783,518)	(9,402,881)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,334,000)</u>	<u>-</u>	<u>-</u>
Covered - employee payroll	\$ 67,099,018	\$ 67,851,642	\$ 67,079,626	\$ 61,357,565	\$ 56,400,439	53,997,677	52,603,907
City's Contributions as a percentage of covered employee payroll	28.62%	25.22%	22.74%	21.50%	24.61%	19.97%	17.87%

MISCELLANEOUS PLAN:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization Method/Period	Varies, see June 30, 2017 Funding Valuation Report.
Asset valuation method	Market Value of Assets. Varies, see June 30, 2017 Funding Valuation Report.
Inflation	2.63%
Salary increases	Varies by entry age and service.
Payroll Growth	2.88%
Investment rate of return	7.25%, net of pension plan investment and administrative expense, including inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997-2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997-2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of Stockton
Required Supplementary Information
For the Year Ended June 30, 2021

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

PARS Enhancement Plan	2021	2020	2019	Fiscal Year 2018	2017	2016	2015
Actuarially determined contribution	\$ 803,170	\$ 803,170	\$ 753,296	\$ 753,296	\$ 705,192	705,192	700,451
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-
	(602,378)	(803,170)	(753,296)	(941,620)	(528,894)	705,192	(751,157)
Contribution deficiency (excess)	<u>\$ 200,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (188,324)</u>	<u>\$ 176,298</u>	<u>-</u>	<u>(50,706)</u>
Covered - employee payroll	\$ 2,966,110	\$ 2,784,812	\$ 3,446,204	\$ 3,427,436	\$ 3,327,608	2,454,139	3,610,315
City's Contributions as a percentage of covered employee payroll	20.31%	28.84%	21.86%	27.47%	15.89%	20.42%	20.81%

ENHANCEMENT PLAN:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization method	Level dollar, closed.
Remaining amortization period	7.67 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 after June 30, 2017. Post-Retirement: Consistent with Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans after June 30 ,2017.





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:

State Housing Grants Fund

To account for resources for the City's CalHome State Loan Program that support homeownership programs aimed at very low income households and loans extended to eligible low and moderate-income families as approved by the former Stockton Redevelopment Agency and the California Health and Safety Code. This fund includes the City's annual funding to single family, down-payment assistance and single family rehabilitation.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

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.

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, 2021

	Special Revenue				
	State Housing Grants	Solid Waste & Recycling	Gas Tax	Measure K Streets Sales Tax	Measure M Strong Communities
ASSETS					
Assets:					
Cash and investments	\$ 4,416,816	\$ 4,560,560	\$ 10,176,826	\$ 17,279,588	\$ 25,267,797
Receivables, net:					
Interest	9,092	10,130	23,561	52,700	63,912
Accounts and other	25,817	279	-	-	-
Advance deposits	-	295	20,836	21,883	25,712
Due from other governments, net	-	-	1,076,048	3,990,872	2,937,724
Loans to Successor Agency, net	1,106,580	-	-	-	-
Loans to property owners, net	70,838,069	-	-	-	-
Total assets	\$ 76,396,374	\$ 4,571,264	\$ 11,297,271	\$ 21,345,043	\$ 28,295,145
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 3,755	\$ 569,599	\$ 1,062,140	\$ 494,714
Accrued payroll	-	40,325	174,003	9,548	155,245
Due to other governments	-	-	-	-	-
Deposits and other liabilities	-	4,210	-	-	7,615
Total liabilities	-	48,290	743,602	1,071,688	657,574
Deferred Inflows of Resources:					
Unavailable revenue - Other	-	-	-	597,147	-
Total deferred inflows of resource	-	-	-	597,147	-
Fund Balances:					
Nonspendable	70,838,069	-	-	-	-
Restricted	5,558,305	4,522,974	10,553,669	19,676,208	27,637,571
Total fund balances	76,396,374	4,522,974	10,553,669	19,676,208	27,637,571
Total liabilities, deferred inflows of resources and fund balances	\$ 76,396,374	\$ 4,571,264	\$ 11,297,271	\$ 21,345,043	\$ 28,295,145

(Continued)

City of Stockton
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue				
	Measure W Public Safety Tax	Special Assessments	Development Services	Other Special Revenue	Transportation Development Act
ASSETS					
Assets:					
Cash and investments	\$ 5,698,486	\$ 19,009,266	\$ 25,157,040	\$ 2,809,011	\$ 632,528
Receivables, net:					
Interest	10,923	46,897	60,364	8,381	-
Accounts and other	-	317,577	344,380	-	-
Advance deposits	-	-	63,041	1,530	-
Due from other governments, net	2,942,163	-	65,000	-	303,249
Loans to Successor Agency, net	-	-	-	-	-
Loans to property owners, net	-	-	-	-	-
Total assets	\$ 8,651,572	\$ 19,373,740	\$ 25,689,825	\$ 2,818,922	\$ 935,777
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 61,335	\$ 614,426	\$ 460,919	\$ 263,284	\$ -
Accrued payroll	393,339	19,962	385,432	49,008	-
Due to other governments	-	-	-	-	-
Deposits and other liabilities	-	-	686,706	-	-
Total liabilities	454,674	634,388	1,533,057	312,292	-
Deferred Inflows of Resources:					
Unavailable revenue - Other	-	-	228,391	1,931	-
Total deferred inflows of resource	-	-	228,391	1,931	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	8,196,898	18,739,352	23,928,377	2,504,699	935,777
Total fund balances	8,196,898	18,739,352	23,928,377	2,504,699	935,777
Total liabilities, deferred inflows of resources and fund balances	\$ 8,651,572	\$ 19,373,740	\$ 25,689,825	\$ 2,818,922	\$ 935,777

(Continued)

City of Stockton
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Capital Projects Public Facilities Impact Fees	Debt Service Stockton Public Financing Authority	Permanent Miscellaneous	Totals
ASSETS				
Assets:				
Cash and investments	\$ 63,679,457	\$ 2,031,573	\$ 394,593	\$ 181,113,541
Receivables, net:				
Interest	157,508	545	570	444,583
Accounts and other	637,284	-	-	1,325,337
Advance deposits	-	-	-	133,297
Due from other governments, net	-	-	-	11,315,056
Loans to Successor Agency, net	-	-	-	1,106,580
Loans to property owners, net	-	-	-	70,838,069
Total assets	\$ 64,474,249	\$ 2,032,118	\$ 395,163	\$ 266,276,463
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 79,522	\$ 44,375	\$ -	\$ 3,654,069
Accrued payroll	13,363	16,305	-	1,256,530
Due to other governments	517,298	-	-	517,298
Deposits and other liabilities	-	-	-	698,531
Total liabilities	610,183	60,680	-	6,126,428
Deferred Inflows of Resources:				
Unavailable revenue - Other	696,155	-	-	1,523,624
Total deferred inflows of resource	696,155	-	-	1,523,624
Fund Balances:				
Nonspendable	-	-	356,134	71,194,203
Restricted	63,167,911	1,971,438	39,029	187,432,208
Total fund balances	63,167,911	1,971,438	395,163	258,626,411
Total liabilities, deferred inflows of resources and fund balances	\$ 64,474,249	\$ 2,032,118	\$ 395,163	\$ 266,276,463

(Concluded)

City of Stockton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue				
	State Housing Grants	Solid Waste & Recycling	Gas Tax	Measure K Streets Sales Tax	Measure M Strong Communities
REVENUES:					
Taxes:					
Sales - levied by City	\$ -	\$ -	\$ -	\$ -	\$ 13,932,748
Business license	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal grants and subsidies	-	-	-	-	-
Sales and use tax - levied by state	-	-	-	-	-
Other governmental	-	3,229,740	12,803,636	9,064,959	-
Charges for services	-	1,030	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	229,064	-	-	-	-
Investment income:					
Interest income (loss)	20,759	16,886	8,341	25,482	103,111
Refunds and reimbursements	-	-	92,722	23,640	-
Miscellaneous	17,337	-	-	-	-
Total revenues	267,160	3,247,656	12,904,699	9,114,081	14,035,859
EXPENDITURES:					
Current:					
General government	202,766	1,423	3,309	7,402	8,976
Public safety	-	-	-	-	-
Public works	-	1,523,626	9,526,818	3,587,265	-
Library	-	-	-	-	2,096,912
Parks and recreation	-	-	-	-	2,997,436
Capital outlay	-	-	70,287	1,589,149	142,064
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	202,766	1,525,049	9,600,414	5,183,816	5,245,388
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	64,394	1,722,607	3,304,285	3,930,265	8,790,471
OTHER FINANCING SOURCES (USES):					
Transfers in	973,369	-	-	-	-
Transfers out	-	-	(714,023)	(4,231,103)	(2,468,193)
Capital contribution	-	-	-	-	-
Total other financing sources (uses)	973,369	-	(714,023)	(4,231,103)	(2,468,193)
CHANGE IN FUND BALANCES	1,037,763	1,722,607	2,590,262	(300,838)	6,322,278
FUND BALANCES:					
Beginning of year, as restated (Note X)	75,358,611	2,800,367	7,963,407	19,977,046	21,315,293
End of year	\$ 76,396,374	\$ 4,522,974	\$ 10,553,669	\$ 19,676,208	\$ 27,637,571

(Continued)

City of Stockton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue				
	Measure W Public Safety Tax	Special Assessments	Development Services	Other Special Revenue	Transportation Development Act
REVENUES:					
Taxes:					
Sales - levied by City	\$ 13,895,762	\$ -	\$ -	\$ -	\$ -
Business license	-	1,604,211	-	-	-
Licenses and permits	-	-	7,043,911	59,914	-
Intergovernmental:					
Federal grants and subsidies	-	-	-	13,242	-
Sales and use tax - levied by state	-	-	-	-	-
Other governmental	-	-	-	2,430,911	303,249
Charges for services	-	4,075,836	11,621,168	126,250	-
Fines and forfeitures	-	-	96,328	-	-
Use of money and property	-	-	1,134	(5,900)	-
Investment income:					
Interest income (loss)	4,449	(21,989)	83,174	22,920	-
Refunds and reimbursements	-	-	43,269	-	-
Miscellaneous	-	-	59	457,137	-
Total revenues	13,900,211	5,658,058	18,889,043	3,104,474	303,249
EXPENDITURES:					
Current:					
General government	-	1,603,689	10,538,137	253,537	225
Public safety	11,092,285	-	2,872,076	1,536,229	-
Public works	-	3,340,396	-	451,033	17,638
Library	-	-	-	3,086	-
Parks and recreation	-	-	-	9,114	-
Capital outlay	102,603	-	11,785	213,611	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	11,194,888	4,944,085	13,421,998	2,466,610	17,863
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,705,323	713,973	5,467,045	637,864	285,386
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	800,000	-	-
Transfers out	-	-	-	-	-
Capital contribution	-	-	-	-	-
Total other financing sources (uses)	-	-	800,000	-	-
CHANGES IN FUND BALANCES	2,705,323	713,973	6,267,045	637,864	285,386
FUND BALANCES:					
Beginning of year, as restated (Note X)	5,491,575	18,025,379	17,661,332	1,866,835	650,391
End of year	\$ 8,196,898	\$ 18,739,352	\$ 23,928,377	\$ 2,504,699	\$ 935,777

(Continued)

City of Stockton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Capital Projects	Debt Service	Permanent	
	Public	Stockton Public		
	Facilities	Financing		
	Impact Fees	Authority	Miscellaneous	Totals
REVENUES:				
Taxes:				
Sales - levied by City	\$ -	\$ -	\$ -	\$ 27,828,510
Business license	-	-	-	1,604,211
Licenses and permits	-	-	-	7,103,825
Intergovernmental:				
Federal grants and subsidies	-	-	-	13,242
Sales and use tax - levied by state	-	-	-	-
Other governmental	-	-	-	27,832,495
Charges for services	5,961,469	-	-	21,785,753
Fines and forfeitures	-	-	-	96,328
Use of money and property	44,960	-	-	269,258
Investment income:				
Interest income (loss)	46,546	(29,203)	(142)	280,334
Refunds and reimbursements	3,769	-	-	163,400
Miscellaneous	-	1,683,859	-	2,158,392
Total revenues	6,056,744	1,654,656	(142)	89,135,748
EXPENDITURES:				
Current:				
General government	399,579	164,047	80	13,183,170
Public safety	-	-	-	15,500,590
Public works	28,404	-	-	18,475,180
Library	-	-	-	2,099,998
Parks and recreation	-	-	-	3,006,550
Capital outlay	42,193	-	-	2,171,692
Debt service:				
Principal retirement	-	130,569	-	130,569
Interest and fiscal charges	-	4,424,561	-	4,424,561
Total expenditures	470,176	4,719,177	80	58,992,310
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,586,568	(3,064,521)	(222)	30,143,438
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,991,175	-	4,764,544
Transfers out	(1,104,290)	-	-	(8,517,609)
Capital contribution	-	-	-	-
Total other financing sources (uses)	(1,104,290)	2,991,175	-	(3,753,065)
CHANGES IN FUND BALANCES	4,482,278	(73,346)	(222)	26,390,373
FUND BALANCES:				
Beginning of year, as restated (Note X)	58,685,633	2,044,784	395,385	232,236,038
End of year	\$ 63,167,911	\$ 1,971,438	\$ 395,163	\$ 258,626,411

(Concluded)



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 & 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, of which were pre-funded by bond proceeds from the 2007 Taxable Pension Obligations Bonds, Series A and B.

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 & Radio Equipment Fund

To account for the financing, service and maintenance of all computer and radio related 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, 2021

	General Liability Insurance	Workers' Compensation Insurance	Employee & Retiree Health Insurance	Retirement Benefits	Other Benefits & Insurance
ASSETS					
Current assets:					
Cash and investments	\$ 20,791,270	\$ 41,260,040	\$ 5,560,941	\$ 16,863,111	\$ 1,121,458
Receivables, net:					
Interest	46,356	183,306	10,007	17,744	3,057
Accounts and other receivables	359,275	26,424	395	-	-
Due from other governments	-	-	-	-	64,234
Inventories	-	-	-	-	-
Deposits and advances	-	446	768,340	-	-
Prepaid items	1,576	-	595,511	-	-
Loans to other funds - short-term	-	1,116,562	-	-	-
Total current assets	<u>21,198,477</u>	<u>42,586,778</u>	<u>6,935,194</u>	<u>16,880,855</u>	<u>1,188,749</u>
Noncurrent assets:					
Restricted assets:					
Cash and investments	-	-	-	68,079,946	-
Loans to other funds - long-term	-	8,830,393	-	-	-
Capital assets, net:					
Nondepreciable	-	-	-	-	-
Depreciable, net	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>8,830,393</u>	<u>-</u>	<u>68,079,946</u>	<u>-</u>
Total assets	<u>21,198,477</u>	<u>51,417,171</u>	<u>6,935,194</u>	<u>84,960,801</u>	<u>1,188,749</u>
LIABILITIES					
Current liabilities:					
Accounts payable	2,071	66,692	170,984	1,435,743	128,124
Accrued payroll	52,943	19,828	24,491	3,892	-
Deposits and other liabilities	-	49,104	-	-	-
Accrued interest	-	-	-	-	-
Loans from other funds - short-term	-	-	-	-	-
Capital lease obligations - current	-	-	-	-	-
Compensated absences - current	7,886	11,731	19,212	-	-
Self-insurance claims and judgments - current	2,398,704	10,362,000	396,000	-	-
Total current liabilities	<u>2,461,604</u>	<u>10,509,355</u>	<u>610,687</u>	<u>1,439,635</u>	<u>128,124</u>
Noncurrent liabilities:					
Compensated absences - long-term	-	5,171	16,882	-	-
Self-insurance claims and judgments - long-term	8,125,922	45,033,000	-	-	-
Loans from other funds- long-term	-	-	-	-	-
Capital lease obligations - long term	-	-	-	-	-
Total noncurrent liabilities	<u>8,125,922</u>	<u>45,038,171</u>	<u>16,882</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10,587,526</u>	<u>55,547,526</u>	<u>627,569</u>	<u>1,439,635</u>	<u>128,124</u>
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted for pensions	-	-	-	68,079,946	-
Unrestricted (deficits)	10,610,951	(4,130,355)	6,307,625	15,441,220	1,060,625
Total net position	<u>\$ 10,610,951</u>	<u>\$ (4,130,355)</u>	<u>\$ 6,307,625</u>	<u>\$ 83,521,166</u>	<u>\$ 1,060,625</u>

City of Stockton
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2021

	Vehicle Fleet Equipment	Computer & Radio Equipment	Other Equipment	Total
ASSETS				
Current assets:				
Cash and investments	\$ 14,813,794	\$ 49,019,181	\$ 1,579,176	\$ 151,008,971
Receivables, net:				
Interest	35,070	132,301	3,802	431,643
Accounts and other receivables	154,075	-	-	540,169
Due from other governments	-	-	-	64,234
Inventories	-	90,207	-	90,207
Deposits and advances	283,055	138,125	-	1,189,966
Prepaid items	13,774	1,121,307	23,050	1,755,218
Loans to other funds - short-term	-	780,000	-	1,896,562
Total current assets	15,299,768	51,281,121	1,606,028	156,976,970
Noncurrent assets:				
Restricted assets:				
Cash and investments	-	-	-	68,079,946
Loans to other funds - long-term	-	-	-	8,830,393
Capital assets, net:				
Nondepreciable	106,569	11,486,461	-	11,593,030
Depreciable, net	17,033,251	4,703,408	20,670	21,757,329
Total noncurrent assets	17,139,820	16,189,869	20,670	110,260,698
Total assets	32,439,588	67,470,990	1,626,698	267,237,668
LIABILITIES				
Current liabilities:				
Accounts payable	749,420	1,054,311	25,788	3,633,133
Accrued payroll	111,494	233,863	7,164	453,675
Deposits and other liabilities	-	-	-	49,104
Accrued interest	24,358	-	-	24,358
Loans from other funds - short-term	486,720	-	-	486,720
Capital lease obligations - current	206,486	-	-	206,486
Compensated absences - current	80,438	218,276	4,549	342,092
Self-insurance claims and judgments - current	-	-	-	13,156,704
Total current liabilities	1,658,916	1,506,450	37,501	18,352,272
Noncurrent liabilities:				
Compensated absences - long-term	56,580	180,108	5,972	264,713
Self-insurance claims and judgments - long-term	-	-	-	53,158,922
Loans from other funds- long-term	1,819,062	-	-	1,819,062
Capital lease obligations - long term	-	-	-	-
Total noncurrent liabilities	1,875,642	180,108	5,972	55,242,697
Total liabilities	3,534,558	1,686,558	43,473	73,594,969
NET POSITION				
Net investment in capital assets	16,933,334	16,189,869	20,670	33,143,873
Restricted for pensions	-	-	-	68,079,946
Unrestricted (deficits)	11,971,696	49,594,563	1,562,555	92,418,880
Total net position	\$ 28,905,030	\$ 65,784,432	\$ 1,583,225	\$ 193,642,699

City of Stockton
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

	General Liability Insurance	Workers' Compensation Insurance	Employee & Retiree Health Insurance	Retirement Benefits	Other Benefits & Insurance
OPERATING REVENUES:					
Charges for services	\$ 10,458,070	\$ 11,400,610	\$ 20,019,404	\$ 74,458,063	\$ 2,113,728
Miscellaneous	-	-	-	113,388	-
Total operating revenues	<u>10,458,070</u>	<u>11,400,610</u>	<u>20,019,404</u>	<u>74,571,451</u>	<u>2,113,728</u>
OPERATING EXPENSES:					
Operation and maintenance	(113,129)	11,688,888	21,827,175	73,225,052	2,584,515
General and administrative	2,010,142	2,937,422	1,708,534	2,490	429
Depreciation and amortization	-	-	-	-	-
Total operating expenses	<u>1,897,013</u>	<u>14,626,310</u>	<u>23,535,709</u>	<u>73,227,542</u>	<u>2,584,944</u>
OPERATING INCOME (LOSS)	<u>8,561,057</u>	<u>(3,225,700)</u>	<u>(3,516,305)</u>	<u>1,343,909</u>	<u>(471,216)</u>
NON-OPERATING REVENUES (EXPENSES):					
Investment income:					
Interest income (loss)	28,467	196,297	(117,309)	6,213,578	(893)
Gain from disposal of capital assets	-	-	-	-	-
Interest expense and fiscal charges	-	-	-	-	-
Other non-operating revenues	-	-	176,559	-	353,221
Total non-operating revenues (expenses)	<u>28,467</u>	<u>196,297</u>	<u>59,250</u>	<u>6,213,578</u>	<u>352,328</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>8,589,524</u>	<u>(3,029,403)</u>	<u>(3,457,055)</u>	<u>7,557,487</u>	<u>(118,888)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital contributions	-	-	-	-	-
Transfers in	-	-	-	16,114,000	-
Total capital contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,114,000</u>	<u>-</u>
CHANGES IN NET POSITION	<u>8,589,524</u>	<u>(3,029,403)</u>	<u>(3,457,055)</u>	<u>23,671,487</u>	<u>(118,888)</u>
NET POSITION:					
Beginning of year	<u>2,021,427</u>	<u>(1,100,952)</u>	<u>9,764,680</u>	<u>59,849,679</u>	<u>1,179,513</u>
End of year	<u>\$ 10,610,951</u>	<u>\$ (4,130,355)</u>	<u>\$ 6,307,625</u>	<u>\$ 83,521,166</u>	<u>\$ 1,060,625</u>

City of Stockton
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Vehicle Fleet Equipment	Computer & Radio Equipment	Other Equipment	Total
OPERATING REVENUES:				
Charges for services	\$ 12,781,104	\$ 17,013,949	\$ 290,798	\$ 148,535,726
Miscellaneous	-	-	-	113,388
Total operating revenues	12,781,104	17,013,949	290,798	148,649,114
OPERATING EXPENSES:				
Operation and maintenance	6,305,320	10,805,245	368,948	126,692,014
General and administrative	1,456,543	16,390	534	8,132,484
Depreciation and amortization	3,079,760	1,311,814	24,175	4,415,749
Total operating expenses	10,841,623	12,133,449	393,657	139,240,247
OPERATING INCOME (LOSS)	1,939,481	4,880,500	(102,859)	9,408,867
NON-OPERATING REVENUES (EXPENSES):				
Investment income:				
Interest income (loss)	21,146	(61,306)	(4,221)	6,275,759
Gain from disposal of capital assets	358,648	-	-	358,648
Interest expense and fiscal charges	(62,488)	-	-	(62,488)
Other non-operating revenues	-	-	-	529,780
Total non-operating revenues (expenses)	317,306	(61,306)	(4,221)	7,101,699
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,256,787	4,819,194	(107,080)	16,510,566
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	536,034	250,613	-	786,647
Transfers in	1,688,158	5,499,192	-	23,301,350
Total capital contributions and transfers	2,224,192	5,749,805	-	24,087,997
CHANGES IN NET POSITION	4,480,979	10,568,999	(107,080)	40,598,563
NET POSITION:				
Beginning of year	24,424,051	55,215,433	1,690,305	153,044,136
End of year	\$ 28,905,030	\$ 65,784,432	\$ 1,583,225	\$ 193,642,699

City of Stockton
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	General Liability Insurance	Workers' Compensation Insurance	Employee & Retiree Health Insurance	Retirement Benefits	Other Benefits & Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts for interfund services provided	10,459,847	12,022,835	20,019,252	74,571,451	2,113,728
Payments to suppliers and employees	(2,001,809)	(14,603,993)	(23,597,767)	(73,146,270)	(2,687,504)
Claims and insurance paid	(4,883,715)	3,843,000	(41,000)	-	-
Net cash provided by (used in) operating activities	<u>3,574,323</u>	<u>1,261,842</u>	<u>(3,619,515)</u>	<u>1,425,181</u>	<u>(573,776)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in and out	-	-	-	16,114,000	-
Loans to and from other funds	-	1,116,562	-	-	74,710
Other non-operating revenues	-	-	176,559	-	353,221
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>1,116,562</u>	<u>176,559</u>	<u>16,114,000</u>	<u>427,931</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of capital assets	-	-	-	-	-
Purchases of capital assets	-	-	-	-	-
Capital contributions received	-	-	-	-	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment earnings	44,062	253,837	(91,758)	6,220,842	792
Deferred rent	-	-	-	-	-
Net cash provided by investing activities	<u>44,062</u>	<u>253,837</u>	<u>(91,758)</u>	<u>6,220,842</u>	<u>792</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>3,618,385</u>	<u>2,632,241</u>	<u>(3,534,714)</u>	<u>23,760,023</u>	<u>(145,053)</u>
CASH AND CASH EQUIVALENTS:					
Beginning of year	<u>17,172,885</u>	<u>38,627,799</u>	<u>9,095,655</u>	<u>61,183,034</u>	<u>1,266,511</u>
End of year	<u>\$ 20,791,270</u>	<u>\$ 41,260,040</u>	<u>\$ 5,560,941</u>	<u>\$ 84,943,057</u>	<u>\$ 1,121,458</u>

City of Stockton
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

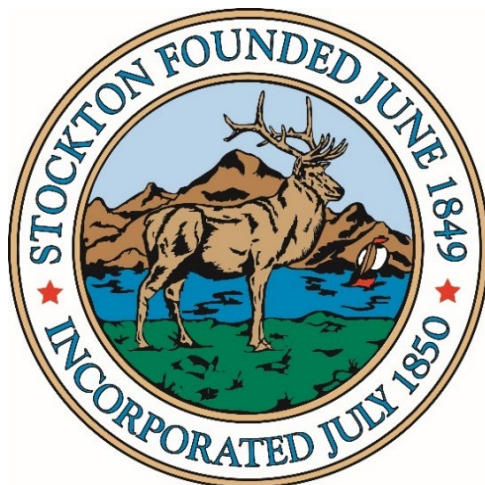
	Vehicle Fleet Equipment	Computer & Radio Equipment	Other Equipment	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for interfund services provided	12,639,945	16,233,949	290,798	148,351,805
Payments to suppliers and employees	(7,542,465)	(10,704,160)	(347,142)	(134,631,110)
Claims and insurance paid	-	-	-	(1,081,715)
Net cash provided by (used in) operating activities	5,097,480	5,529,789	(56,344)	12,638,980
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	1,688,158	5,499,192	-	23,301,350
Loans to and from other funds	(477,195)	-	-	714,077
Other non-operating revenues	-	-	-	529,780
Net cash provided by (used in) noncapital financing activities	1,210,963	5,499,192	-	24,545,207
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	358,648	-	-	358,648
Purchases of capital assets	(4,738,303)	(8,943,334)	-	(13,681,637)
Capital contributions received	536,034	250,613	-	786,647
Principal paid on debt	(199,890)	-	-	(199,890)
Interest paid on debt	(71,621)	-	-	(71,621)
Net cash (used in) capital and related financing activities	(4,115,132)	(8,692,721)	-	(12,807,853)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	33,426	(9,482)	(1,682)	6,450,037
Deferred rent	-	-	-	-
Net cash provided by investing activities	33,426	(9,482)	(1,682)	6,450,037
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,226,737	2,326,778	(58,026)	30,826,371
CASH AND CASH EQUIVALENTS:				
Beginning of year	12,587,057	46,692,403	1,637,202	188,262,546
End of year	\$ 14,813,794	\$ 49,019,181	\$ 1,579,176	\$ 219,088,917

City of Stockton
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	General Liability Insurance	Workers' Compensation Insurance	Employee Health Insurance	Retirement Benefits	Other Benefits & Insurance
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:					
Cash and investments	\$ 20,791,270	\$ 41,260,040	\$ 5,560,941	\$ 16,863,111	\$ 1,121,458
Restricted assets:					
Cash with investments fiscal agents	-	-	-	68,079,946	-
Total cash and investments	<u>\$ 20,791,270</u>	<u>\$ 41,260,040</u>	<u>\$ 5,560,941</u>	<u>\$ 84,943,057</u>	<u>\$ 1,121,458</u>
RECONCILIATION OF OPERATING INCOME					
(LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 8,561,057	\$ (3,225,700)	\$ (3,516,305)	\$ 1,343,909	\$ (471,216)
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	1,777	-	(152)	-	-
Due from other funds		622,225			
Prepaid items	679	(4,428)	(112,143)	-	47,203
Inventory of supplies	-	-	-	-	-
Deposits and advances	-	(446)	(2,406)	-	-
Accounts payable	(74,441)	56,839	50,715	78,289	(149,763)
Accrued payroll	(6,305)	(9,495)	(7,838)	2,983	
Compensated absences	(24,729)	(20,153)	9,614	-	-
Self-insurance - claims and judgments	(4,883,715)	3,843,000	(41,000)	-	-
Net cash provided by (used in) operating activities	<u>\$ 3,574,323</u>	<u>\$ 1,261,842</u>	<u>\$ (3,619,515)</u>	<u>\$ 1,425,181</u>	<u>\$ (573,776)</u>
NONCASH TRANSACTIONS:					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -

City of Stockton
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Vehicle Fleet Equipment	Computer Equipment	Other Equipment	Total
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:				
Cash and investments	\$ 14,813,794	\$ 49,019,181	\$ 1,579,176	\$ 151,008,971
Restricted assets:				
Cash with investments fiscal agents	-	-	-	68,079,946
Total cash and investments	<u>\$ 14,813,794</u>	<u>\$ 49,019,181</u>	<u>\$ 1,579,176</u>	<u>\$ 219,088,917</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,939,481	\$ 4,880,500	\$ (102,859)	\$ 9,408,867
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	3,079,760	1,311,814	24,175	4,415,749
Changes in assets and liabilities:				
Accounts and other receivables	(141,159)	-	-	(139,534)
Due from other funds	-	(780,000)	-	(157,775)
Prepaid items	(7,180)	191,521	20,681	136,333
Inventory of supplies	-	(90,207)	-	(90,207)
Deposits and advances	(283,055)	(138,125)	-	(424,032)
Accounts payable	500,774	62,806	(4,095)	521,124
Accrued payroll	(10,256)	(16,501)	2,225	(45,187)
Compensated absences	19,115	107,981	3,529	95,357
Self-insurance - claims and judgments	-	-	-	(1,081,715)
Net cash provided by (used in) operating activities	<u>\$ 5,097,480</u>	<u>\$ 5,529,789</u>	<u>\$ (56,344)</u>	<u>\$ 12,638,980</u>
NONCASH TRANSACTIONS:				
Capital contributions	\$ 536,034	\$ 250,613	\$ -	\$ 786,647





CITY OF STOCKTON



CUSTODIAL-FIDUCIARY FUNDS

CUSTODIAL FUNDS

Custodial 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 custodial 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.

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
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2021

	Land-Secured Financing	All Other	Total
Assets:			
Cash and investments	\$ 8,448,492	\$ 17,417,398	\$ 25,865,890
Cash and investments with fiscal agents	12,158,213	-	12,158,213
Receivables:			
Interest	18,393	40,499	58,892
Accounts and other receivables	-	7,641,030	7,641,030
Total assets	<u>20,625,098</u>	<u>25,098,927</u>	<u>45,724,025</u>
Liabilities:			
Accounts payable	-	2,314,335	2,314,335
Due to other governments	-	2,727,931	2,727,931
Total liabilities	<u>-</u>	<u>5,042,266</u>	<u>5,042,266</u>
Net Postions:			
Restricted for individual, organization, and other government	<u>20,625,098</u>	<u>20,056,661</u>	<u>40,681,759</u>
Total net positions	<u>\$ 20,625,098</u>	<u>\$ 20,056,661</u>	<u>\$ 40,681,759</u>

City of Stockton
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2021

	Land-Secured Financing	All Other	Total
ADDITIONS:			
Property taxes	\$ 7,499,663	\$ -	\$ 7,499,663
Use of money and property	-	-	-
Investment income (loss)	(18,643)	296,702	278,059
Debt proceeds	14,270,860	-	14,270,860
Security deposits	-	2,296,727	2,296,727
Total additions	<u>21,751,880</u>	<u>2,593,429</u>	<u>24,345,309</u>
DEDUCTIONS:			
General government	330,749	-	330,749
Public Works	18,187,457	-	18,187,457
Debt obligations	9,657,655	5,688	9,663,343
Total deductions	<u>28,175,861</u>	<u>5,688</u>	<u>28,181,549</u>
CHANGE IN NET POSITION	(6,423,981)	2,587,741	(3,836,240)
NET POSITION (DEFICIT):			
Beginning of year, as restated (Note 18)	<u>27,049,079</u>	<u>17,468,920</u>	<u>44,517,999</u>
End of year	<u><u>\$ 20,625,098</u></u>	<u><u>\$ 20,056,661</u></u>	<u><u>\$ 40,681,759</u></u>

City of Stockton
Schedule of Sources and Uses
Measures A and B
For Year Ended June 30, 2021

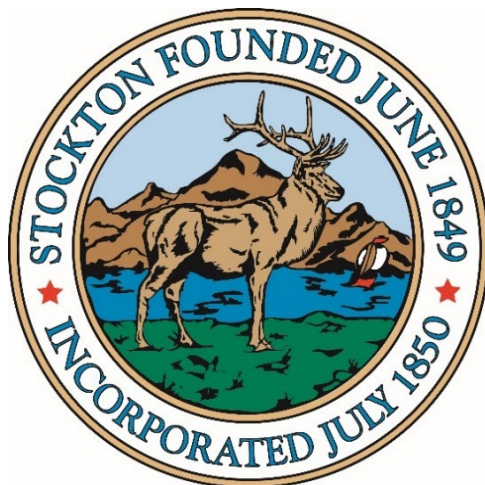
	<u>Final Budget</u>	<u>Year End Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Measure A Transaction and Use Tax	\$ 28,472,000	\$ 40,810,516	\$ 12,338,516
Total revenues	<u>28,472,000</u>	<u>40,810,516</u>	<u>12,338,516</u>
Uses/Expenditures			
Police			
Salary & benefits			
Sworn	21,413,141	19,316,382	2,096,759
Non-Sworn	3,800,419	3,164,294	636,125
Vacancy savings	(993,017)	-	(993,017)
Other services	2,920,889	2,675,205	245,684
Materials & supplies			
Fuel	348,096	285,767	62,329
Other supplies	431,091	189,377	241,714
Other expenses			
Training	620,018	617,265	2,753
Total police	<u>28,540,637</u>	<u>26,248,290</u>	<u>2,292,347</u>
Office of Violence Prevention			
Salary & benefits			
Non-sworn	863,143	766,267	96,876
Other services	312,856	174,886	137,970
Materials & supplies			
Fuel	6,231	6,243	(12)
Other supplies	35,000	5,369	29,631
Office equipment	3,979	665	3,314
Other expenses	19,850	1,086	18,764
Total Office of Violence Prevention	<u>1,241,059</u>	<u>954,516</u>	<u>286,543</u>
Basis Adjustment			
Encumbrances (included in final budget)	-	171,220	(171,220)
Total Measure B Expenditures	<u>29,781,696</u>	<u>27,374,026</u>	<u>2,407,670</u>
Crime Prevention (Measure B) expenditures as a % of annual Measure A revenues	<u>105%</u>	<u>67%</u>	
Other City Services			
Prior Year - Mission Critical Projects	-	-	-
General Fund available fund balance	<u>(1,309,696)</u>	<u>13,436,490</u>	<u>(14,746,186)</u>
Total adjustment	<u>(1,309,696)</u>	<u>13,436,490</u>	<u>(14,746,186)</u>
Total Uses/Expenditures	<u><u>\$ 28,472,000</u></u>	<u><u>\$ 40,810,516</u></u>	<u><u>\$ (12,338,516)</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				
		2021	2020	2019	2018	2017
Governmental activities:						
Net investment in capital assets	\$	732,219	\$ 724,164	\$ 346,021	\$ 328,284	\$ 330,655
Restricted		457,693	239,339	204,114	170,507	148,493
Unrestricted		(262,907)	(119,715)	260,748	238,421	229,584
Total governmental activities net position		927,005	843,787	810,883	737,211	708,732
Business-type activities:						
Net investment in capital assets		365,873	301,434	381,015	367,317	362,886
Restricted		46,241	125,668	28,411	46,805	50,904
Unrestricted		224,551	177,840	155,217	133,656	82,938
Total business-type activities net position		636,665	604,942	564,643	547,778	496,728
Primary government:						
Net investment in capital assets		1,098,093	1,025,598	727,036	695,601	693,540
Restricted		503,934	365,007	232,525	217,311	199,397
Unrestricted		(38,356)	58,125	415,965	372,077	312,522
Total primary government net position		\$ 1,563,670	\$ 1,448,729	\$ 1,375,526	\$ 1,284,989	\$ 1,205,460

Note: Some prior year balances may have been restated from previous ACFRs 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				
	2016	2015	2014	2013	2012
Governmental activities:					
Net investment in capital assets	\$ 287,078	\$ 326,823	\$ 714,595	\$ 725,426	\$ 703,266
Restricted	153,087	130,763	96,596	93,905	84,099
Unrestricted	196,005	160,224	(62,855)	(82,351)	(114,859)
Total governmental activities net position	636,170	617,810	748,336	736,980	672,506
Business-type activities:					
Net investment in capital assets	369,983	379,853	413,783	418,881	432,082
Restricted	54,618	56,521	54,175	56,589	27,976
Unrestricted	44,792	28,751	42,641	38,380	54,340
Total business-type activities net position	469,393	465,125	510,599	513,850	514,398
Primary government:					
Net investment in capital assets	657,061	706,676	1,128,378	1,144,307	1,135,348
Restricted	207,705	187,284	150,771	150,494	112,075
Unrestricted	240,797	188,975	(20,214)	(43,971)	(60,519)
Total primary government net position	\$ 1,105,563	\$ 1,082,935	\$ 1,258,935	\$ 1,250,830	\$ 1,186,904

Note: Some prior year balances may have been restated from previous ACFRs 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)

	Fiscal Year				
	2021	2020	2019	2018	2017
Expenses					
Governmental activities:					
General government	\$ 74,314	\$ 37,269	\$ 37,821	\$ 37,259	\$ 33,378
Public safety	217,953	217,941	199,263	212,181	154,932
Public works	55,086	44,922	37,168	38,435	45,670
Library	12,792	14,657	13,501	12,301	10,904
Parks and recreation	11,526	27,798	27,288	23,753	22,481
Interest and fiscal charges	4,373	5,298	5,914	5,964	4,288
Total governmental activities	376,045	347,885	320,954	329,894	271,653
Business-type activities:					
Water utility	54,266	47,974	46,641	39,526	42,886
Wastewater utility	61,124	63,983	58,093	41,648	50,545
Stormwater utility	6,759	6,599	7,419	4,729	5,288
Parking Authority	4,995	5,795	5,501	5,310	5,641
Other	1,667	2,499	3,613	3,299	3,235
Total business-type activities	128,811	126,850	121,267	94,512	107,595
Total expenses	504,856	474,736	442,221	424,406	379,248
Program Revenues					
Governmental activities:					
Charges for services:					
General government	12,560	9,250	13,977	16,451	19,184
Public safety	13,235	11,220	16,925	15,309	9,188
Public works	32,456	3,143	10,367	14,914	3,373
Library	7,037	278	470	595	377
Parks and recreation	406	4,010	11,320	12,194	8,765
Operating grants and contributions	51,329	21,509	13,446	12,402	12,565
Capital grants and contributions	39,065	30,227	45,632	21,426	17,591
Total governmental activities	156,087	79,637	112,137	93,292	71,043
Business-type activities:					
Charges for services:					
Water utility	64,097	57,519	49,489	50,590	42,308
Wastewater utility	73,885	71,210	67,432	68,191	66,833
Stormwater utility	6,040	6,417	6,407	5,683	5,619
Parking Authority	4,589	4,749	4,592	4,447	5,141
Other	355	1,038	1,755	1,776	1,675
Operating grants and contributions	-	7,314	3,643	3,855	3,889
Capital grants and contributions	13,263	7,258	4,626	6,245	2,971
Total business-type activities	162,229	155,504	137,944	140,787	128,436
Total program revenues	318,316	235,141	250,081	234,078	199,479
Change in Net Position					
Governmental activities	(219,957)	(268,248)	(208,817)	(236,603)	(200,610)
Business-type activities	33,417	28,654	16,677	46,275	20,841
Total primary government	\$ (186,540)	\$ (239,594)	\$ (192,140)	\$ (190,328)	\$ (179,769)

City of Stockton
Table 2
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2016	2015	2014	2013	2012
Expenses					
Governmental activities:					
General government	\$ 39,608	\$ 35,576	\$ 34,594	\$ 24,909	\$ 41,548
Public safety	169,015	123,403	124,806	108,931	154,230
Public works	36,344	37,685	51,942	49,259	34,635
Library	10,406	9,098	9,807	8,445	10,176
Parks and recreation	21,620	20,801	19,456	19,736	20,760
Interest and fiscal charges	2,216	3,401	14,486	14,615	20,529
Total governmental activities	279,209	229,964	255,091	225,895	281,878
Business-type activities:					
Water utility	48,001	47,474	44,720	48,570	30,162
Wastewater utility	58,665	56,153	55,724	51,166	51,530
Stormwater utility	6,601	7,084	5,758	5,959	6,685
Parking Authority	5,384	5,026	5,120	4,944	4,903
Other	3,116	3,374	3,448	2,939	3,750
Total business-type activities	121,767	119,111	114,770	113,578	97,030
Total expenses	400,976	349,075	369,861	339,473	378,908
Program Revenues					
Governmental activities:					
Charges for services:					
General government	15,831	15,169	14,785	17,977	15,342
Public safety	13,663	16,863	21,016	18,130	15,002
Public works	8,292	6,105	5,178	6,136	6,255
Library	517	441	437	670	719
Parks and recreation	9,158	6,145	5,655	6,597	6,037
Operating grants and contributions	12,861	18,823	18,840	23,827	20,460
Capital grants and contributions	16,286	34,268	36,052	57,146	54,487
Total governmental activities	76,608	97,814	101,963	130,483	118,302
Business-type activities:					
Charges for services:					
Water utility	33,277	35,059	37,855	37,464	33,308
Wastewater utility	68,938	65,726	59,953	55,369	50,324
Stormwater utility	5,573	5,569	5,571	5,503	5,888
Parking Authority	4,971	4,170	2,882	2,669	3,487
Other	1,750	1,769	1,870	1,934	2,071
Operating grants and contributions	3,776	5,133	3,865	4,175	4,175
Capital grants and contributions	3,562	2,945	1,112	4,700	10,139
Total business-type activities	121,847	120,371	113,108	111,814	109,392
Total program revenues	198,455	218,185	215,071	242,297	227,694
Change in Net Position					
Governmental activities	(202,601)	(132,150)	(153,128)	(95,412)	(163,576)
Business-type activities	80	1,260	(1,662)	(1,764)	12,362
Total primary government	\$ (202,521)	\$ (130,890)	\$ (154,790)	\$ (97,176)	\$ (151,214)

City of Stockton
Table 2
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2021	2020	2019	2018	2017
General Revenues and Other					
Change in Net Position:					
Governmental activities:					
Taxes:					
Property	\$ 38,523	\$ 36,692	\$ 35,739	\$ 33,112	\$ 32,411
In lieu of sales tax	-	-	-	-	-
Utility user	36,414	34,537	34,252	35,415	34,455
Sales - levied by City (1)	68,639	57,077	57,911	52,788	42,506
Franchise fees	16,901	15,292	12,307	13,243	13,289
Business licenses	15,695	14,557	19,958	13,507	12,243
Hotel/motel room	2,860	2,834	3,377	3,193	2,997
Document transfer	1,222	912	1,071	1,078	801
Other	2,874	3,262	2,905	2,916	1,939
Shared revenue:		-	-	-	-
Vehicle license fees	27,757	31,839	23,599	29,091	21,423
Sales and use tax levied by state (1)	65,201	56,122	57,151	68,467	49,910
Other		18,303	-	165	44
Investment earnings	14,086	21,759	18,438	899	1,966
Gain (Loss) on sale of capital assets	147	12	(1,602)	(203)	578
Miscellaneous	11,105	9,469	7,810	4,083	2,820
Special item		(547)	500	6,203	
Proceeds of long-term debt		-	-	-	10,237
Extraordinary items		-	-	-	-
Transfers from Successor Agency, Net		-	-	734	
Transfers	1,751	(922)	9,074	389	654
Total governmental activities	303,175	301,198	282,489	265,082	228,273
Business-type activities:					
Other taxes		1,407	1,341	1,271	1,292
Grants and contributions not restricted to specific programs		-	-	100	
Investment earnings	57	9,318	7,920	233	131
Gain on sale of capital assets		(2)	-	20	(1,156)
Miscellaneous		-	-	-	
Special item		-	-	3,540	
Transfers		922	(9,074)	(389)	(654)
Extraordinary items (2)	(1,751)	-	-		
Total business-type activities	(1,694)	11,645	188	4,774	(387)
Total general revenues and other changes in net assets	301,481	312,843	282,676	269,857	227,886
Change in Net Position					
Governmental activities	83,218	32,950	73,671	28,479	27,662
Business-type activities	31,723	40,299	16,865	51,049	20,454
Total primary government	\$ 114,941	\$ 73,249	\$ 90,536	\$ 79,529	\$ 48,116

(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				
	2016	2015	2014	2013	2012
General Revenues and Other					
Change in Net Position:					
Governmental activities:					
Taxes:					
Property	\$ 30,646	\$ 29,573	\$ 28,015	\$ 29,420	\$ 32,772
In lieu of sales tax	8,775	9,816	9,706	9,938	8,392
Utility user	33,379	32,921	32,370	31,941	31,505
Sales - levied by City (1)	39,070	37,208	15,536	9,086	8,576
Franchise fees	12,397	12,379	11,981	11,677	12,465
Business licenses	11,996	10,805	10,392	10,153	9,873
Hotel/motel room	2,711	2,378	2,080	2,006	1,933
Document transfer	857	587	564	458	603
Other	1,801	930	728	287	159
Shared revenue:					
Vehicle license fees	20,354	19,602	18,069	17,433	17,734
Sales and use tax levied by state (1)	45,097	36,904	35,111	34,031	32,604
Other	45	49	253	400	-
Investment earnings	4,728	1,532	1,128	123	2,802
Gain on sale of capital assets	568	(13,214)	(3,712)	(1)	-
Miscellaneous	7,303	16,982	3,042	2,411	974
Special item	-	-	-	-	-
Proceeds of long-term debt	-	23,396	-	-	-
Extraordinary items	-	250,701	-	-	75,350
Transfers	(297)	383	1,330	524	1,718
Total governmental activities	219,430	472,932	166,593	159,887	237,460
Business-type activities:					
Other taxes	1,239	974	1,166	1,197	1,205
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	2,653	1,172	1,448	530	1,865
Gain on sale of capital assets	-	(3,300)	-	-	-
Miscellaneous	-	-	431	14	(18,012)
Special item	-	-	-	-	-
Transfers	297	(383)	(1,330)	(524)	(1,718)
Extraordinary items (2)	-	9,548	-	-	-
Total business-type activities	4,189	8,011	1,715	1,217	(16,660)
Total general revenues and other changes in net assets	223,619	480,943	168,308	161,104	220,800
Change in Net Position					
Governmental activities	16,829	340,782	13,465	64,475	73,884
Business-type activities	4,271	9,271	53	(547)	(4,298)
Total primary government	\$ 21,100	\$ 350,053	\$ 13,518	\$ 63,928	\$ 69,586

(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				
	2021	2020	2019	2018	2017
General Fund					
Nonspendable	\$ 2,215	\$ 5,796	\$ 3,621	\$ 1,303	\$ 1,539
Restricted	4,428	3,998	4,034	4,730	4,603
Committed	77,638	59,714	54,243	45,957	56,439
Assigned	4,526	4,017	4,144	2,227	3,922
Unassigned	42,049	41,085	37,990	36,265	36,184
Total General Fund	130,857	114,611	104,032	90,482	102,687
All other governmental funds					
Nonspendable	152,462	356	356	370	
Restricted	222,308	189,758	169,507	117,387	114,254
Committed			-	-	
Assigned			-	-	
Unassigned			-	-	3,232
Total all other governmental funds	374,770	190,114	169,863	117,757	117,486
Total Fund Balance	\$ 505,627	\$ 304,725	\$ 273,895	\$ 208,239	\$ 220,173

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				
	2016	2015	2014	2013	2012
General Fund					
Nonspendable	\$ 2,214	\$ 810	\$ 500	\$ 409	\$ 355
Restricted	3,549	2,949	3,551	2,334	2,100
Committed	49,088	28,930	34,008	23,775	8,070
Assigned	5,467	-	3,059	1,710	4,111
Unassigned	33,326	38,639	9,751	3,093	-
Total General Fund	93,644	71,328	50,869	31,321	14,636
All other governmental funds					
Nonspendable	373	382	443	369	370
Restricted	122,084	104,785	81,435	75,157	83,636
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(20,669)	(18,793)	(18,775)
Total all other governmental funds	122,457	105,167	61,209	56,733	65,231
Total Fund Balance	\$ 216,101	\$ 176,495	\$ 112,078	\$ 88,054	\$ 79,867

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				
	2021	2020	2019	2018	2017
Revenues:					
Taxes:					
Property	\$ 38,523	\$ 36,692	\$ 35,342	\$ 33,068	\$ 32,411
In lieu of sales tax		-		44	
Utility user	36,414	34,537	34,252	35,415	34,455
Sales (levied by City) (1)	68,639	57,077	57,911	52,788	42,506
Franchise fees	16,901	15,292	12,307	13,243	13,289
Business license	15,695	14,557	13,215	13,507	12,243
Hotel/motel room	2,860	2,834	3,377	3,193	2,997
Document transfer	1,222	912	1,071	1,126	801
Other	2,874	3,262	2,905	2,916	1,939
Licenses and permits	7,670	6,847	6,744	6,214	5,867
Federal grants and subsidies	30,339	15,578	16,517	13,235	12,859
Other shared revenue (sales and use tax levied by state) (1)	65,201	56,122	51,577	53,817	49,910
Other governmental	99,161	59,367	66,594	57,778	37,574
Charges for services	31,330	26,904	27,227	29,377	22,920
Fines and forfeitures	379	1,101	1,277	1,247	1,164
Use of money and property	5,731	10,569	12,460	9,528	8,197
Investment income:	-	-			
Interest income	7,785	14,075	11,758	1,063	1,762
Refunds and reimbursements	602	6,633	6,614	7,887	6,077
Miscellaneous	10,189	8,981	8,649	8,596	6,745
Total revenues	441,514	371,340	369,795	344,044	293,716
Expenditures:					
Current:					
General government	72,185	30,148	30,537	26,761	29,235
Public safety	205,923	193,778	189,824	184,426	171,073
Public works	41,960	20,120	19,793	18,852	15,818
Library	12,762	14,400	13,789	12,416	10,619
Parks and recreation	8,207	25,920	26,006	22,462	20,493
Capital outlay	26,127	31,225	35,158	51,210	31,407
Debt service:	-	-		-	
Principal retirement	1,806	1,699	11,477	2,204	13,593
Cost of issuance	-	-		-	
Interest and fiscal charges	4,617	5,229	5,627	5,767	2,872
Total expenditures	373,587	322,521	332,211	324,098	295,110
Excess (deficiency) of revenues over (under) expenditures	\$ 67,926	\$ 48,819	\$ 37,584	\$ 19,946	\$ (1,394)

City of Stockton
Table 4
Changes in Fund Balance of Governmental Funds (Continued)
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues:					
Taxes:					
Property	\$ 30,646	\$ 29,573	\$ 28,014	\$ 29,420	\$ 32,772
In lieu of sales tax	8,775	9,816	9,706	9,938	8,392
Utility user	33,379	32,921	32,369	31,941	31,505
Sales (levied by City) (1)	39,070	37,208	15,536	9,086	8,576
Franchise fees	12,397	12,380	11,981	11,677	12,465
Business license	11,996	10,805	10,392	10,153	9,873
Hotel/motel room	2,711	2,378	2,080	2,006	1,933
Document transfer	856	587	565	458	603
Other	1,535	930	728	287	159
Licenses and permits	5,347	4,398	3,808	3,696	4,024
Federal grants and subsidies	10,470	21,796	22,453	23,158	19,927
Other shared revenue (sales and use tax levied by state) (1)	45,097	36,904	35,111	34,031	32,604
Other governmental	36,696	41,806	47,951	71,746	66,985
Charges for services	26,473	21,351	19,410	19,059	21,655
Fines and forfeitures	624	3,814	2,925	2,419	2,792
Use of money and property	8,172	9,318	9,536	13,767	11,848
Investment income:					
Interest income	3,088	916	650	119	2,367
Refunds and reimbursements	5,188	12,710	2,401	1,814	3,213
Miscellaneous	11,246	16,674	7,707	6,942	6,088
Total revenues	293,766	306,285	263,323	281,717	277,781
Expenditures:					
Current:					
General government	27,229	34,652	25,510	23,245	22,742
Public safety	150,853	141,542	129,030	125,331	139,047
Public works	14,861	14,152	14,458	13,498	13,989
Library	10,107	9,880	9,793	9,039	9,537
Parks and recreation	19,295	19,094	17,202	17,733	16,887
Capital outlay	23,857	31,345	43,273	72,568	68,005
Debt service:					
Principal retirement	3,325	8,217	9,589	9,013	5,883
Cost of issuance	2,119	-	-	-	-
Interest and fiscal charges		3,229	4,661	5,957	13,531
Total expenditures	251,646	262,111	253,516	276,384	289,621
Excess (deficiency) of revenues over (under) expenditures	\$ 42,120	\$ 44,174	\$ 9,807	\$ 5,333	\$ (11,840)

City of Stockton
Table 4
Changes in Fund Balance of Governmental Funds (Continued)
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2021	2020	2019	2018	2017
Other financing sources (uses):					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	19,903	18,062	31,310	19,077	23,347
Transfers out	(41,452)	(36,445)	(29,479)	(37,913)	(12,966)
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	2,419	393	52	800	492
Advances from other funds					
Payment to refunded bond escrow agent					
Total other financing sources (uses)	(19,131)	(17,990)	1,884	(11,099)	10,873
Special items					
Net change in fund balance	48,796	30,830	39,468	8,847	9,479
Fund balance, beginning of year, original	456,831	273,895	234,427	225,581	216,100
Prior period restatement					
Fund balance, beginning of year, restated	456,831	273,895	234,427	225,581	216,100
Fund balance, end of year	\$ 505,627	\$ 304,725	\$ 273,895	\$ 234,427	\$ 225,579
Debt service as a percentage of noncapital expenditures	1.9%	2.4%	6.1%	3.0%	6.7%

(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 ACFRs 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				
	2016	2015	2014	2013	2012
Other financing sources (uses):					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	15,916	16,860	13,497	-	-
Transfers out	(18,810)	(20,235)	(13,031)	30,678	24,706
Transfers from successor Agency				(30,360)	(25,450)
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
Sales of capital assets	379	521	200	-	-
Advances from other funds	-	-	-	-	-
Payment to refunded bond escrow agent	-	(6,080)	-	-	-
Total other financing sources (uses)	(2,515)	20,244	8,466	8,605	(211)
Special items	-	-	-	-	(21,324)
Net change in fund balance	39,605	64,417	18,273	13,938	(33,375)
Fund balance, beginning of year, original	176,495	112,078	93,806	79,869	113,244
Prior period restatement	-	-	-	-	-
Fund balance, beginning of year, restated	176,495	112,078	93,806	79,869	113,244
Fund balance, end of year	\$ 216,100	\$ 176,495	\$ 112,078	\$ 93,806	\$ 79,869
Debt service as a percentage of noncapital expenditures	2.4%	5.2%	7.3%	7.9%	9.6%

(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 ACFRs 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				
	2021	2020	2019	2018	2017
Property (1)	\$ 38,523	\$ 36,692	\$ 35,342	\$ 33,068	\$ 32,411
In lieu of sales tax	-	-		44	
Utility user	36,414	34,537	34,252	35,415	34,455
Sales (levied by city) (2)	68,639	57,077	57,911	52,788	42,506
Franchise fees	16,901	15,292	12,307	13,243	13,289
Business licenses	15,695	14,557	13,215	13,507	12,243
Hotel/motel room	2,860	2,834	3,377	3,193	2,997
Document transfer	1,222	912	1,071	1,126	801
Other	2,874	3,262	2,905	2,916	
Totals	<u>\$ 183,127</u>	<u>\$ 165,163</u>	<u>\$ 160,379</u>	<u>\$ 155,301</u>	<u>\$ 138,702</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 2012 to 2021
	2016	2015	2014	2013	2012	
Property (1)	\$ 30,646	\$ 29,573	\$ 28,014	\$ 29,420	\$ 32,772	18%
In lieu of sales tax	8,775	9,816	9,706	9,938	8,392	-100%
Utility user	33,379	32,921	32,369	31,941	31,505	16%
Sales (levied by city) (2)	39,070	37,208	15,536	9,086	8,576	700%
Franchise fees	12,397	12,380	11,981	11,677	12,465	36%
Business licenses	11,995	10,805	10,392	10,153	9,873	59%
Hotel/motel room	2,711	2,378	2,080	2,006	1,933	48%
Document transfer	856	587	565	458	603	103%
Other	1,535	930	728	287	159	1707%
Totals	\$ 141,364	\$ 136,598	\$ 111,371	\$ 104,966	\$ 106,278	72%

(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				
	2021	2020	2019	2018	2017
Secured roll	\$ 24,952,342	\$ 23,628,432	\$ 22,488,506	\$ 21,378,475	\$ 20,299,172
Utility roll	6,507	5,827	5,816	5,863	5,833
Unsecured roll	1,507,064	1,439,016	1,610,921	1,629,758	1,596,101
Gross assessed value	26,465,914	25,073,275	24,105,243	23,014,096	21,901,106
Less exemptions (1)	1,980,526	1,948,125	1,917,101	1,532,852	1,786,986
Net assessed value	24,485,388	23,125,150	22,188,142	21,481,244	20,114,120
Land	6,823,616	6,506,827	6,280,943	6,081,944	5,713,082
Improvements	18,716,229	17,635,057	16,582,837	15,666,837	15,004,037
Personal property	926,070	931,391	1,241,463	1,265,315	1,183,987
Gross assessed value	26,465,914	25,073,275	24,105,243	23,014,096	21,901,106
Less exemptions (1)	1,980,526	1,948,125	1,917,101	1,532,852	1,786,986
Net assessed value	\$ 24,485,388	\$ 23,125,150	\$ 22,188,142	\$ 21,481,244	\$ 20,114,120
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%

(1) For FY 2021, all exemptions (secured, utility, and unsecured rolls) are: homeowners - \$215,908 and other - \$1,764,618 = \$1,980,526

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				
	2016	2015	2014	2013	2012
Secured roll	\$ 19,473,994	\$ 18,496,369	\$ 16,981,109	\$ 16,272,927	\$ 16,575,192
Utility roll	6,199	6,209	6,228	7,504	7,204
Unsecured roll	1,651,844	1,638,161	1,557,131	1,566,497	1,566,928
Gross assessed value	21,132,037	20,140,739	18,544,468	17,846,928	18,149,324
Less exemptions (1)	1,729,742	1,717,223	1,699,348	1,608,513	1,654,143
Net assessed value	19,402,295	18,423,516	16,845,120	16,238,415	16,495,181
Land	5,420,167	4,978,511	4,597,437	4,019,017	4,168,722
Improvements	14,501,054	13,928,278	12,868,329	12,696,221	12,846,828
Personal property	1,210,816	1,233,950	1,078,702	1,131,690	1,133,774
Gross assessed value	21,132,037	20,140,739	18,544,468	17,846,928	18,149,324
Less exemptions (1)	1,729,742	1,717,223	1,699,348	1,608,513	1,654,143
Net assessed value	\$ 19,402,295	\$ 18,423,516	\$ 16,845,120	\$ 16,238,415	\$ 16,495,181
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%

(1) For FY 2021, all exemptions (secured, utility, and unsecured rolls) are: homeowners - \$215,908 and other - \$1,764,618 = \$1,980,526

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)

Fiscal Year	Basic Countywide Levy	City	Total Direct	Stockton Unified School District	San Joaquin Delta College District	Total
2021	1.0000		1.0000	0.2271	0.0183	1.2454
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

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					
	2021			2012		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Prologis	\$ 198,965	1	0.865 %			
PW Fund B Development	158,489	2	0.689			
Central Valley Indust core holdings LLC	139,273	3	0.606 %			
Excel Stockton LLC	125,364	4	0.545 %	120,555	1	0.805 %
EGMR Norcal Logistics Center LLC	107,406	5	0.467 %			
Patmon Company Inc	93,536	6	0.407 %			
IDIL Stockton Logistics II	83,221	7	0.362 %			
Simpson Manufacturing Co Inc	74,227	8	0.323 %	87,199	3	0.582 %
ARC BBSTNCA001	70,936	9	0.309 %			
Diamond Foods Inc	56,999	10	0.248 %			
Buzz Oates LLC				100,832	2	0.673 %
Diamond Walnut Growers Inc				67,287	4	0.449 %
Corn Products International Inc				64,862	5	0.433 %
Fresh and Easy Neighborhood Market Inc.				64,230	6	0.429 %
Tru Properties Inc				35,960	7	0.240 %
Unilever Supply Chain Inc				34,080	8	0.228 %
Oni Stockton Inc				29,170	9	0.195 %
Eastland Plaza Partnership				19,044	10	0.127 %
Principal Secured Property Valuation	1,108,416		4.821 %	623,219		4.162 %
Other Secured Taxpayers	23,843,927		103.701	15,951,973		106.541
Total Secured Property Valuation Before Exemptions	24,952,342		108.522 %	16,575,192		110.703 %
Less Exemptions relative to secured tax roll (1)	1,959,366		8.522	1,602,538		10.703
Total Secured Property Valuation	<u>\$ 22,992,976</u>		<u>100.000 %</u>	<u>\$ 14,972,654</u>		<u>100.000 %</u>

(1) Exemptions relative to secured tax roll:

FY 2021- homeowners - \$215,832 and other - \$1,743,534 = \$1,959,366

FY 2012 - homeowners - \$245,767 and other - \$1,357,771 = \$1,602,538

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	Collected Within the Fiscal Year of the Levy			Total Collections to Date		
	Secured Taxes Levied for the Fiscal Year	Amount	Percent of Levy (1)	Collections in Subsequent Years	Amount	Percent of Levy
2021	\$ 36,615	\$ 36,615	100	-	\$ 36,615	100 %
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 %

(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				
	2021	2020	2019	2018	2017
<u>Type of Customer</u>					
Residential	10,610,177 cf	7,997,883 cf	7,669,451 cf	8,231,972 cf	7,289,614 cf
Institutional	1,105,150	827,124	789,265	632,738	573,873
Commercial/Industrial	2,018,500	1,588,605	1,645,890	1,640,471	1,512,098
Irrigation	<u>2,025,832</u>	<u>1,457,258</u>	<u>1,294,982</u>	<u>1,310,062</u>	<u>1,110,614</u>
Total	<u><u>15,759,659</u></u> cf	<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

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	
2021	\$ 33.90	\$ 2.47		\$ 2.95	\$ 46.75	
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	

*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	
2021	\$ -	\$ -	\$ 88,250	\$ 6,321	\$ 53,248	\$ 147,819	
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	

*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)

Business-type Activities									
Fiscal Year	Revenue Bonds	Certificates of Participation	Notes Payable	Total Business-type Activities	Total	Percent of Personal Income (2)	Population	Amount Per Capita (2)	
2021	\$ 261,845		\$ 129,381	\$ 391,226	\$ 539,045	1.50 %	320,804	\$ 1,680	
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	

*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)

General Bonded Debt Outstanding*									
Fiscal Year	Lease Revenue Bonds	Certificates of Participation (2)	Pension Obligation Bonds (1)	Redevelopment Agency Bonds*	Total	Percent of Assessed Property Value	Amount Per Capita		
2021	\$ -	\$ -	\$ 53,248	\$ -	\$ 53,248	0.002 %	\$ 0.17		
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		

* 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

	Total Debt 6/30/2021	Percentage Applicable (1)	City's share of Debt 6/30/2021
OVERLAPPING TAX AND ASSESSMENT DEBT:			
San Joaquin Delta Community College District	\$ 200,505,000	26.698 %	\$ 53,530,825
Stockton Unified School District	415,407,362	84.543	351,197,846
Lodi Unified School District	227,060,000	33.607	76,308,054
Lodi Unified School District School Facilities Improvement District No. 1	45,935,000	85.233	39,151,779
Lincoln Unified School District	69,631,518	86.692	60,364,956
Lincoln Unified School District Community Facilities District No. 1	17,166,567	80.151	13,759,175
Manteca Unified School District	167,369,885	12.900	21,590,715
Manteca Unified School District Community Facilities District No. 1989-1	13,900,105	100.000	13,900,105
Tracy Joint Unified School District and School Facilities Improvement Dist. No.3	139,394,900	0.004 & 0.007	8,746
City of Stockton Community Facilities District No. 99-02	23,305,000	100.000	23,305,000
City of Stockton Community Facilities District No. 2001-1 (Spanos Park West)	11,021,924	100.000	11,021,924
City of Stockton Community Facilities District No. 2003-1	1,641,980	100.000	1,641,980
City of Stockton Community Facilities District No. 2005-1	9,575,000	100.000	9,575,000
City of Stockton Community Facilities District No. 2006-1	2,375,793	100.000	2,375,793
City of Stockton Community Facilities District No. 2006-2	3,038,000	100.000	3,038,000
City of Stockton Community Facilities District No. 2006-3	4,598,187	100.000	4,598,187
City of Stockton Community Facilities District No. 2018-1	3,400,000	100.000	3,400,000
City of Stockton Community Facilities District No. 2018-2	13,505,000	100.000	13,505,000
City of Stockton 1915 Act Bonds	17,761,322	100.000	17,761,322
Reclamation District No. 2042 Community Facilities District No. 2001-1	4,443,138	18.211	809,140
San Joaquin Area Flood Control District Smith Assessment District	22,525,000	57.451	12,940,838
San Joaquin County Reclamation District No. 17 Assessment District	21,637,111	27.618	5,975,737
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			739,760,122
OVERLAPPING GENERAL FUND DEBT:			
San Joaquin County Certificates of Participation	65,595,000	29.011 %	19,029,765
Lincoln Unified School District Certificates of Participation	9,012,759	86.692	7,813,341
Lodi Unified School District Certificates of Participation	11,480,000	33.607	3,858,084
Manteca Unified School District General Fund Obligations	17,973,000	12.900	2,318,517
Stockton Unified School District Certificates of Participation	26,780,000	84.543	22,640,615
Lathrop-Manteca Rural Fire Protection District certificates of Participation	3,570,000	0.029	1,035
City of Stockton Capital Lease Obligations	206,486	100.000	206,486
City of Stockton Bond Insurer Settlement Agreement Liability	53,247,671	100.000	53,247,671
TOTAL OVERLAPPING GENERAL FUND DEBT			109,115,514
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):			
2016 Tax Allocation Revenue Bonds Series A	73,310,000	100.000 %	73,310,000
2016 Tax Allocation Revenue Bonds Series B	14,940,000	100.000	14,940,000
TOTAL OVERLAPPING TAX INCREMENT DEBT			88,250,000
TOTAL DIRECT DEBT			53,454,157
TOTAL OVERLAPPING DEBT			883,671,479
GROSS COMBINED TOTAL DEBT (2)			937,125,636
2020-21 Assessed Valuation (3):	\$ 24,701,296		
(after deducting \$1,764,618 Other Exemptions Valuation)			
2020-21 Population	320,804		
Debt Ratios		Per Capita	Value
Total Gross Debt (2)	\$ 937,125,636	\$ 2,921	3793.83 %
Ratios to 2019-20 Assessed Valuation: Total Overlapping Tax and Assessment Debt	739,760,122	2,306	2994.82
Ratios to Adjusted Assessed Valuation: Combined Direct Debt	53,454,157	167	216.40

(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 \$1,980,526

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				
	2021	2020	2019	2018	2017
Assessed valuation (1)	\$ 24,701,296	\$ 23,343,395	\$ 22,407,298	\$ 21,362,446	\$ 20,337,129
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	6,175,324	5,835,849	5,601,825	5,340,612	5,084,282
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit	926,299	875,377	840,274	801,092	762,642
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 926,299	\$ 875,377	\$ 840,274	\$ 801,092	\$ 762,642
Legal debt margin/debt limit	100%	100%	100%	100%	100%

(1) Reflects City assessed valuation excluding other exemptions of \$1,764,618,090. 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				
	2016	2015	2014	2013	2012
Assessed valuation (1)	\$ 19,628,594	\$ 18,653,199	\$ 17,079,491	\$ 16,479,102	\$ 15,572,567
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	4,907,149	4,663,300	4,269,873	4,119,776	3,893,142
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit	736,072	699,495	640,481	617,966	583,971
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 736,072</u>	<u>\$ 699,495</u>	<u>\$ 640,481</u>	<u>\$ 617,966</u>	<u>\$ 583,971</u>
Legal debt margin/debt limit	100%	100%	100%	100%	100%

(1) Reflects City assessed valuation excluding other exemptions of \$1,764,618,090. 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													
2021	\$	72,506	\$	23,006	\$	49,500	\$	5,630	\$	6,770	\$	12,400	3.99
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

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													
2021	\$	80,221	\$	43,795	\$	36,426	\$	3,995	\$	2,497	\$	6,492	5.61
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

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 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	
Parking Authority							
2021	\$ 4,628	\$ 3,007	\$ 1,621		\$ 1,194	\$ 1,194	1.36

(1)Includes all nongeneral obligation long term debt backed by pledged revenues.Please not that principal and interest for an internal loan subordinated to the 2020 Parking Revenue Bonds is not included. Had payments for that loan been included, coverage would have been 0.81

(2) Total operating expenses exclusive of depreciation and amortization.

Details regarding the City's outstanding debt can be found in the Note 7 - Long-Term Debt of these financial statements.

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)
2021	320,804	\$ 15,122	\$ 47,139	10.3 %	132,463	101,960	3.25	\$ 54,614	98,646
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

(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.

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>	2021			2012		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Stockton Unified School District	5,205	1	3.99%	3,893	2	3.03%
St. Joseph's Medical Center	4,600	2	3.53%	2,500	3	1.95%
Amazon	2,100	3	1.61%			
City of Stockton	2,099	4	1.61%	1,683	5	1.31%
San Joaquin County	2,000	5	1.53%	6,500	1	5.06%
Pacific Gas and Electric	1,550	6	1.19%	1,100	8	0.86%
Lincoln Unified School District	1,212	7	0.93%			
Kaiser Permanente	1,065	8	0.82%	1,065	9	0.83%
University of the Pacific	1,021	9	0.78%	1,000	10	0.78%
San Joaquin Delta College	1,007	10	0.77%			
Dameron Hospital			0.00%	1,200	7	0.93%
O'Reilly Auto Parts			0.00%			
O-G Packing Company				2,000	4	1.56%
Diamond Walnut				1,407	6	1.10%
Total	<u>21,859</u>		<u>16.78%</u>	<u>22,348</u>		17.40%

Note: Principal employers are based on best available information.

Sources: San Joaquin Partnership Survey, August 2021
City of Stockton ACFR, 2012

City of Stockton
Table 19
Full-Time Equivalent City Government Employees
By Function/Program/Department
Last Five Fiscal Years

Function/Program/Department:	Fiscal Year				
	2021	2020	2019	2018	2017
Admin Svcs	78	74	73	74	76
City Attorney	10	12	10	11	11
City Clerk	7	7	5	6	7
City Council/Mayor	3	4	3	3	3
City Manager	30	26	28	28	28
Community Development	40	42	38	32	30
Community Services	101	101	98	101	79
Human Resources	22	32	25	27	29
Information Technology	39	41	40	41	39
Police:					
Sworn	433	432	469	470	445
Non-sworn*	189	216	193	193	195
Animal control	11	12	11	12	12
Total Police	633	660	673	675	652
Fire:					
Firefighters-sworn	171	160	177	169	171
Firefighters-auxiliary*	0	21	32	20	37
Non-sworn personnel	34	32	30	25	24
Total Fire	205	213	239	214	232
Public Works	135	135	141	142	143
Economic Development	20	18	17	17	14
Water Utility	48	47	47	44	43
Wastewater Utility	147	142	144	145	153
Stormwater Utility	5	4	4	3	-
Total	1523	1558	1585	1,563	1,539

*Auxiliary fire fighter program on hold due to COVID-19

*Non-Sworn includes Police Officer Trainees

Source: City of Stockton Human Resources Department

City of Stockton
Table 20
Operating Indicators by Function/Program/Department
Last Five Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
General government:					
Building permits issued	8,815	7,378	7,380	7,538	7,132
Business tax certificates:					
Retail sales and service	6,434	7,805	5,707	4,786	4,782
Rental Properties - Commercial and Residential	4,267	4,491	4,165	4,062	4,399
Wholesale	443	393	404	387	282
Manufacturers and processors	152	149	159	139	188
Professions	1,760	1,561	1,614	1,614	1,872
Miscellaneous contractors, peddlers, delivery vehicles, etc.	5,640	4,900	4,579	6,419	4,430
Improvement district and hotel/motel room tax				40	39
Utility billing/customer service:					
Utility bills issued	1,186,454	1,000,452	1,051,220	1,169,160	1,100,374
Utility accounts opened and closed	46,905	17,582	20,818	23,828	23,188
New service locations (water) added	378	283	245	185	109
Delinquency Notices Sent - Active Accounts	-	75,687	82,303	82,660	81,725
Water Service Terminated for Non-Payment	-	3,055	4,989	4,921	4,796
Utility customer service calls received	49,999	45,231	54,695	54,613	41,717
Utility customers using automated voice response	802,378	709,134	849,706	895,369	845,359
Utility Customers Using Online Pmt/Account Access	44,467	32,852	32,893	32,960	33,068
Miscellaneous accounts receivable bills issued	14,770	14,024	37,057	35,880	47,199
Public safety:					
Police:					
Major reported crimes	12,548	15,654	17,233	15,613	15,940
Total arrests	8,272	11,152	10,945	11,543	11,497
Dispatched calls for service	207,355	176,311	183,834	186,795	149,527
Fire:					
Interior structure fire calls	293	398	364	338	377
Non-structural fire calls	3,895	5,719	3,254	3,022	2,296
Hazardous materials calls	301	593	331	259	232
Emergency medical calls	18,485	34,287	26,129	27,105	26,777
Total emergency calls	51,515	57,396	51,613	47,179	45,551
Total number of units dispatched	54,470	60,162	61,026	50,614	54,414
Public works:					
Miles of streets resurfaced	22	28	7	6	5
Fleet job orders completed	6,617	7,764	8,765	9,937	10,082

City of Stockton
Table 20
Operating Indicators by Function/Program/Department (Continued)
Last Five Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
Library:					
Registered borrowers	155,999	152,726	175,374	197,830	190,049
Circulation of library materials	576,605	943,196	1,356,142	1,359,790	1,363,048
Reference, research and informational questions answered	43,122	70,583	104,670	143,396	140,784
Annual attendance at libraries	120,679	578,193	793,255	761,815	773,374
Number of programs offered	246	3,110	4,416	4,171	3,506
Annual attendance at programs	5,831	60,066	94,216	92,521	84,658
Parks and Recreation:					
Golf rounds:					
Swenson Park golf course	79,968	65,489	50,290	52,502	44,073
Van Buskirk golf course	-	1,904	9,990	13,765	13,753
Trees planted	20	3	7	10	-
Heritage tree removal-permits issued	-	9	5	-	6
After school program registration (number of participants)	471	16,153	21,728	14,382	2,087
Day camp participants	444	2,753	3,685	5,062	3,106
Instructional classes	-	1,781	2,986	6,569	1,414
Softball/baseball diamonds bookings	41	142	147	142	251
Showmobile (Mobile Stage) bookings	1	15	17	14	14
Community center bookings	-	636	635	1,029	175
Picnic facility bookings	7	172	306	272	166
Adult sports (number of teams):					
Softball	45	57	101	191	185
Basketball	-	16	23	5	4
Volleyball	-	-	-	6	-
Youth sports (basketball, track, soccer, baseball, volleyball, flag football) (number of participants)	375	1,351	2,997	2,920	2,241

City of Stockton
Table 20
Operating Indicators by Function/Program/Department (Continued)
Last Five Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
Parks and Recreation (cont.):					
Admissions to:					
Pixie Woods	973	8,995	15,480	13,000	5,584
Senior Center memberships	-	1,075	615	744	2,450
Civic Auditorium bookings	66	116	133	228	16
Parks and Recreation sponsored events	1	15	22	10	3
Weber Point Events Center bookings	1	15	15	20	9
Economic Development: (1)					
Rental Housing Units	-	127	51	-	176
Owner Housing (Emergency Repair or Rehabilitation)	2	2	5	2	6
Down Payment Assistance	-	-	3	-	-
Special Needs (Homes Repaired or Rehabilitated)	-	-	2	5	9
Public Facilities (Rehabilitated or Constructed)	-	5	1	2	1
Façade Program (Commercial Façade Repair/Rehabilitated)	2	2	1	5	2
Public Services Provided	83,553	47,605	23,760	129,584	120,765
Homeless Services Provided	4,806	5,413	4,859	4,464	4,578
Meals Provided to Homeless	126,408	41,882	39,848	23,541	-
Jobs Created and/or Retained	1	2	-	5	-
Business Assisted (Entrepreneur Program)	157	229	292	475	401
Water utility:					
New connections (DUE's) (2)	589	105	221	422	106
Water main breaks	18	15	21	15	21
Wastewater utility:					
Average daily influent (million gallons per day)	25mgd	27 mgd	30 mgd	30 mgd	29mgd

(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				
	2021	2020	2019	2018	2017
General government:					
Land use-square miles:					
Residential	24	25	25	25	24
Mixed use	4	4	4	4	4
Commercial	4	4	4	4	4
Industrial	14	13	13	13	13
Institutional	4	4	4	4	4
All other uses	3	3	3	3	4
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	181	212	192	217	175
Motorcycles and scooters	27	27	32	30	30
Animal control vehicles	11	9	8	8	8
VIPS vehicles	5	6	7	7	7
Other automobiles	198	213	231	208	209
Other mobile units (all others)	24	15	22	22	21
Public area security cameras	356	356	345	338	324
Fire:					
Fire stations	12	12	12	12	12
Training facilities	1	1	1	1	1
Fire hydrants	9220	9177	9218	9,080	9,054
Public works:					
Miles of streets	781	769	769	769	769
Traffic signals	316	316	310	307	307
Street light fixtures	19,279	19,279	19,208	19,137	19,206

City of Stockton
Table 21
Capital Asset Statistics by Function/Program/Department (Continued)
Last Five Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
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	63	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				
	2021	2020	2019	2018	2017
Library:					
City branches	8	8	7	6	5
Library mobile units	2	2	2	2	2
San Joaquin County branches	8	8	8	8	8
Total items in collection	704,864	875,434	772,206	856,101	873,377
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
Microform readers/printers	6	7	7	7	7
Self check out machines	21	22	24	28	28
Water utility:					
Water main lines (miles)	702	702	668	668	668
Storage capacity (thousand gallons)	26,200	26,200	26,200	26,200	26,200
Water wells (active)	20	20	20	21	21
Water reservoirs	8	8	8	8	8
Wastewater utility:					
Wastewater main lines (miles)	919	887	883	899	899
Treatment capacity (million gals/day)	55	55	55	55	55
Wastewater pump stations	28	27	27	27	27
Stormwater utility:					
Stormwater main drain lines (miles)	627	627	626	626	626
Stormwater pump stations	73	73	73	74	74
Parking Authority:					
Parking spaces	5,440	5,440	5,440	5,396	5,783
Parking lots & garages	21	21	21	20	23

Source: City of Stockton Departments