

FY 2021-22

ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF STOCKTON, CALIFORNIA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**WITH REPORT ON FINANCIAL STATEMENTS
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED
JUNE 30, 2022**

Prepared by:
Administrative Services Department

Kimberly Trammel
Chief Financial Officer



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For the Year Ended June 30, 2022
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CITY OF STOCKTON

OFFICE OF THE CITY MANAGER

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www.stocktonca.gov

January 31, 2023

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, 2022.

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 2022, Stockton's population was 322,489, according to the California Department of Finance, which represents a 0.52% increase over last year's population of 320,804. The California Department of Finance also projects the San Joaquin County population will continue to increase at a rate of approximately 1.11% and 1.13% in 2023 and 2024, respectively. As the 11th largest city in California, Stockton is comparable in size to other cities such as Lexington, St. Paul, Newark, and Orlando.

According to the California Employment Development Department, the unemployment rate in Stockton has decreased by approximately 4.6% between July 1, 2021 to July 1, 2022, from 10.3% to 5.7%. Per the Bureau of Labor Statistics, the national unemployment rate has decreased 1.9% (from 5.4% to 3.5%) for the same period.

According to Redfin, the Stockton housing market is likely to decrease over the next year. As of June 2022, the median home value in Stockton was approximately \$469,000 which is an increase of 9.1% over the previous year of \$430,000; however, this represents a halt in the rise of home values.

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 6.5% under budget. Revenues (including other sources of funds) were 18.7% above budget estimates. As a result, the General Fund balance at June 30, 2022 (excluding related funds) of \$98 million was combined with prior year reserve funds of \$34 million for a total of \$132 million available to fund reserves. Of the available balance, \$113.3 million was allocated to reserves: \$47.2 million to the Working Capital operating reserve, \$55.3 million the known contingencies reserves, and the risk-based reserve category was increased to \$10.8 million. Portions of the balance were also committed to the IRS Section 115 Pension trust (\$10 million), future contingent creditor payments (\$3.6 million), and one-time Council priority projects (\$5.7 million).

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 \$1.8 billion. The City's net position is roughly \$216.7 million higher, or 13.8%, than the prior fiscal year, with most of the growth 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 developed as part of 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 ending balance in the trust as of June 30, 2022 was \$69.9 million (\$62.6 million General Fund). 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 maintained ratings of "A" by Standard & Poors and "A+" by Fitch. In 2022, 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.

The City does not anticipate issuing any bonds backed by the General Fund. However, the City does plan on incurring additional 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). The City is in the process of completing a \$46.8 million draw on a low-interest loan through the California Clean Water State Revolving Fund (CWSRF) program, and anticipates receipt of funds in spring 2023.

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, pre-fund 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 \$607.1 million at the close of June 30, 2022, an increase of \$101.4 million compared with the prior fiscal year. The General Fund balance in this report, as of June 30, 2022, was \$178.6 million without encumbrances. Included in this fund balance and under the guidance of the Reserve and Fund Balance Policy – General Fund (excluding related funds), Council took action to fully fund the priority one working capital reserve at \$47.2 million, fully fund known contingency reserves at \$55.3 million, and increased the risk-based reserves to \$10.8 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, 2022, was 3.26%. 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, 2022, distributed returns would have been 0.99%.

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, 2022.

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 2021-22, 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.

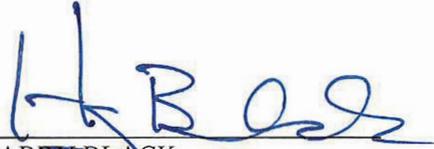
Budgetary control is at the department level for the General Fund and the fund level for all other funds. Transfers within funds and like categories of the same department require City Manager approval. Revisions to increase appropriation authority above a department's original adopted budget require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

CITY OF STOCKTON CITY COUNCIL



KEVIN J. LINCOLN II
MAYOR



CHRISTINA FUGAZI
VICE MAYOR
District 5



SOL JOBRACT
COUNCILMEMBER
District 1



DAN WRIGHT
COUNCILMEMBER
District 2



PAUL CANEPA
COUNCILMEMBER
District 3



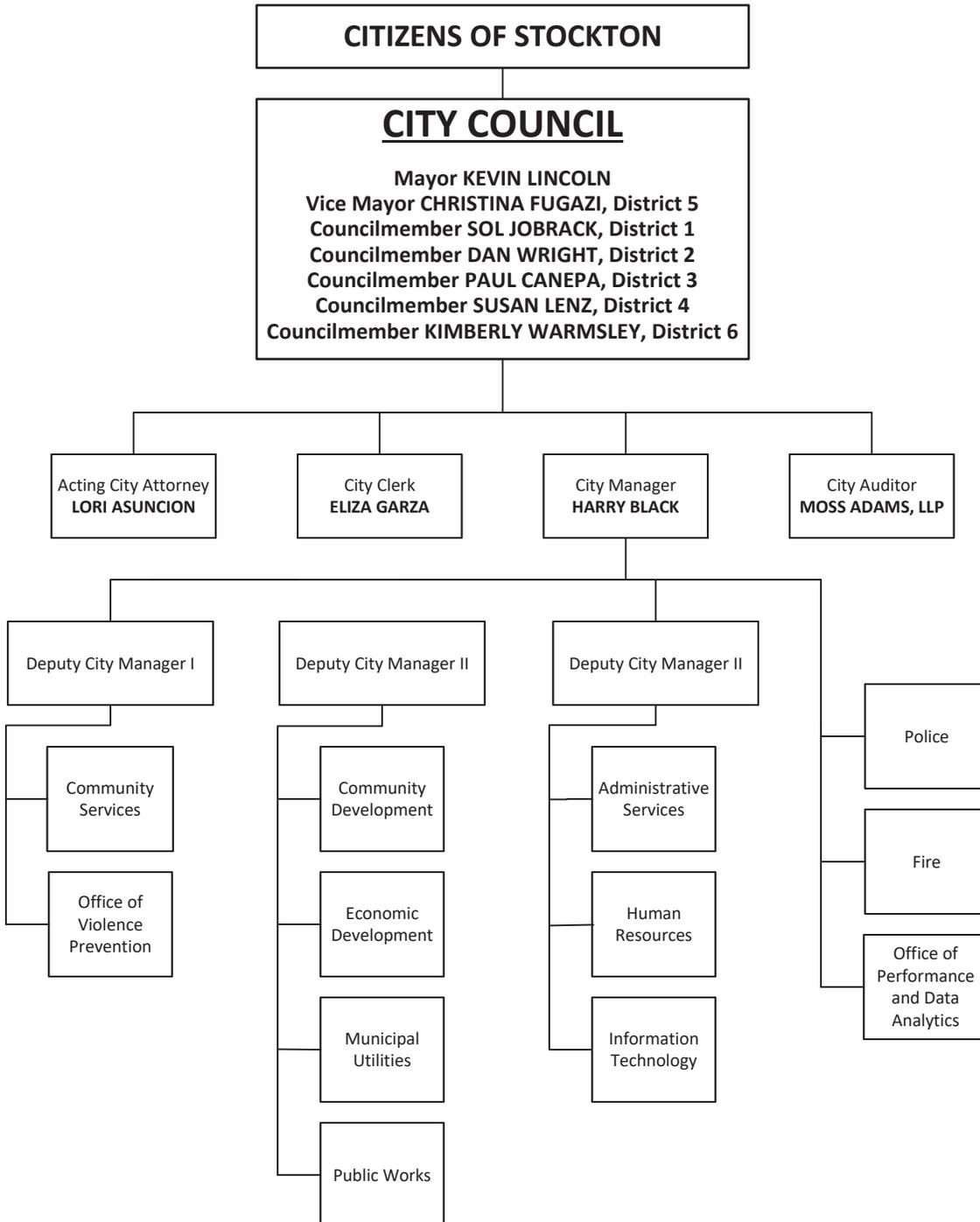
SUSAN LENZ
COUNCILMEMBER
District 4



KIMBERLEY WARMSLEY
COUNCILMEMBER
District 6



**CITY OF STOCKTON
ORGANIZATION CHART
AS OF JUNE 30, 2022**





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 Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1X to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standard Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Prior Period Adjustments

As discussed in Note 19 to the basic financial statements, the City recorded restatements due to GASB 87, *Leases* implementation for the governmental activities and business-type activities in the amount of \$1,602,826 and \$45,199, respectively. In addition, the City also recorded a prior period adjustment in the Successor Agency fund in the amount of \$1,868,468 to due correction of the cash with fiscal agent. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the schedule of sources and uses – Measure A and B are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the 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.

Other Information

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

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

To the Honorable Mayor and the Members of the City Council
of the City of Stockton
Stockton, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
January 30, 2023



CITY OF STOCKTON



MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

JUNE 30, 2022



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, 2022. 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, 2022, total assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by \$1.78 billion. Of this amount, \$29.3 million represents the unrestricted net position, \$549.8 million is restricted for City's ongoing obligation related to programs with external restrictions, and \$1.2 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 \$510.1 million and include program revenues of \$220.7 million and general revenues of \$289.0 million. Governmental expenses were \$321.6 million.
- Business-type program revenues, and investment earnings were \$164.5 million, while business-type expenses were \$135.9 million.

Fund Level:

- The City’s Governmental Funds reported a combined ending fund balance of \$607.1 million at the close of June 30, 2022, an increase of \$101.4 million compared with the prior fiscal year. The General Fund balance in this report, as of June 30, 2022, was \$178.6 million without encumbrances. Included in this fund balance and under the guidance of the Reserve and Fund Balance Policy – General Fund (excluding related funds), Council took action to fund the priority one working capital reserve at \$47.2 million, fully fund known contingency reserves at \$55.3 million, and increased the risk-based reserves to \$10.8 million.
- The total Governmental Fund revenues increased from the prior fiscal year by 15.5 percent. A large portion of this increase is attributable to special federal grants and subsidies for fiscal year 2021-22 with approximately \$75.5 million related to COVID-19 pandemic recovery efforts. Other large increases were due to sales tax revenues, franchise fees, charges for services; however, the city saw a loss in investment earnings due to the fair market value adjustment.

The total Governmental Fund expenditures increased by 9.4 percent compared to the prior fiscal year primarily due to a \$26.9 million increase in capital outlay expenditures. General government and parks and recreation expenditures also experienced post pandemic growth. The increases in all three of these categories reflect 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 Countywide Oversight Board, which is comprised of members representing the interests of local jurisdictions affected by redevelopment activities and revenue claims.

The government-wide financial statements can be found on pages 17-19 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 22-25 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.

The basic Proprietary Fund financial statements can be found on pages 28-37 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 45-107 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 109-127 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, 2022, the City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1.8 billion, which is an increase of \$216.7 million or 13.8 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, 2022, and 2021 (amounts in thousands):

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 936,598	\$ 840,374	\$ 269,527	\$ 314,829	\$ 1,206,125	\$ 1,155,203
Capital assets	822,615	794,633	819,159	769,890	1,641,774	1,564,523
Total assets	1,759,213	1,635,007	1,088,686	1,084,719	2,847,899	2,719,726
Deferred Outflow of Resources:						
Unamortized loss on refunding of debt	-	-	13,645	14,555	13,645	14,555
Pension-related deferred outflows of resources	59,815	76,508	2,989	2,528	62,804	79,036
Total Deferrals-Outflows	59,815	76,508	16,635	17,083	76,450	93,591
Liabilities:						
Current and other liabilities	110,864	118,953	40,483	40,847	151,347	159,800
Long-term obligations	113,328	116,888	385,126	406,979	498,454	523,867
Net Pension liability	313,515	533,858	8,391	15,774	321,906	549,632
Total liabilities	537,707	769,699	434,001	463,600	971,708	1,233,299
Deferred Inflow of Resources:						
Pension-related deferred inflows of resources	162,705	11,688	6,373	1,405	169,078	13,093
Leases	1,449	1,520	59	86	1,508	1,606
Total Deferrals Inflows	164,154	13,208	6,432	1,491	170,586	14,699
Net position:						
Net investment in capital assets	764,271	733,822	438,675	365,919	1,202,946	1,099,741
Restricted	524,406	458,650	25,394	46,241	549,800	504,891
Unrestricted (deficit)	(171,510)	(263,864)	200,819	224,551	29,309	(39,313)
Total net position	\$ 1,117,167	\$ 928,608	\$ 664,888	\$ 636,711	\$ 1,782,055	\$ 1,565,319

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 at \$1.2 billion or 67.5 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 \$549.8 million or 30.9 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 is \$29.3 million or 1.6 percent of the total net position. Information about changes in net position for FY 2021-22 and FY 2020-21 is summarized on the following page. 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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 72,491	\$ 65,693	\$ 156,777	\$ 148,966	\$ 229,268	\$ 214,659
Operating grants and contributions	100,879	51,328	2,500	-	103,379	51,328
Capital grants and contributions	47,352	39,065	12,232	13,263	59,583	52,328
General revenues:						
Property taxes	41,066	38,523	-	-	41,066	38,523
Utility user taxes	38,328	36,414	-	-	38,328	36,414
Sales and use taxes (City levied)	75,037	68,639	-	-	75,037	68,639
Franchise taxes	21,186	16,901	-	-	21,186	16,901
Business licenses	15,905	15,695	-	-	15,905	15,695
Hotel/motel room taxes	3,620	2,860	-	-	3,620	2,860
Document transfer taxes	1,626	1,222	-	-	1,626	1,222
Other taxes	4,016	2,874	-	-	4,016	2,874
Motor vehicle fees in lieu	27,310	27,757	-	-	27,310	27,757
Sales and use taxes (State levied)	76,239	65,201	-	-	76,239	65,201
Investment earnings	(25,552)	14,086	(7,018)	57	(32,570)	14,143
Miscellaneous	10,369	11,105	-	-	10,369	11,105
Gain (loss) on disposal of capital assets	(132)	147	-	-	(132)	147
Total revenues	509,740	457,510	164,489	162,286	674,229	619,796
Expenses						
General government	72,154	74,313	-	-	72,154	74,313
Public safety	170,563	217,954	-	-	170,563	217,954
Public works	43,601	55,086	-	-	43,601	55,086
Library	13,107	12,792	-	-	13,107	12,792
Parks and recreation	14,300	11,526	-	-	14,300	11,526
Interest and fiscal charges	7,894	4,373	-	-	7,894	4,373
Water utility	-	-	54,532	54,266	54,532	54,266
Wastewater utility	-	-	66,991	61,124	66,991	61,124
Stormwater utility	-	-	7,288	6,759	7,288	6,759
Central parking district	-	-	5,687	4,995	5,687	4,995
Other	-	-	1,376	1,667	1,376	1,667
Total expenses	321,619	376,044	135,873	128,811	457,493	504,855
Increase/(decrease) in net position before transfers	188,121	81,466	28,616	33,475	216,737	114,941
Transfers	438	1,751	(438)	(1,751)	-	-
Change in net position	188,559	83,217	28,178	31,724	216,737	114,941
Net position, beginning	-	843,788	-	604,942	-	1,448,730
Prior period adjustment	-	1,603	-	45	-	1,648
Net position, beginning, as restated	928,608	845,391	636,710	604,987	1,565,318	1,450,378
Net position, end of year	\$ 1,117,167	\$ 928,608	\$ 664,888	\$ 636,711	\$ 1,782,055	\$ 1,565,319

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Analysis of Net Position, Continued:

Governmental activities: The change in net position increased by \$188.6 million compared to the prior fiscal year due to these following variances:

- Total governmental activities revenues increased by \$52.2 million or 11.4 percent compared to the prior fiscal year. The increase were mostly attributable to additional operating and capital grants and state & city levied sales and use taxes. However, due to the low interest rate environment, there was \$39.6 million revenue decrease in investment income due to a fair market value adjustment.
- Total governmental activities expenses show a decrease of \$54.4 million. A large part of this decrease is attributed to the pension credit recorded due to the PERS actual investment earnings higher than the expected rate of return. .

Business-type activities: The change in net position increased by \$28.2 million compared to the prior fiscal year primarily due wastewater 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 22.

Governmental Funds

As of June 30, 2022, the City's Governmental Funds reported a combined ending balance of \$607.1 million, an increase of \$101.4 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 \$2.2 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 \$433.6 million that is based on restrictions imposed by external parties or enabling legislation.
- Committed fund balance of \$123.8 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 \$4.3 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 \$43.2 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.

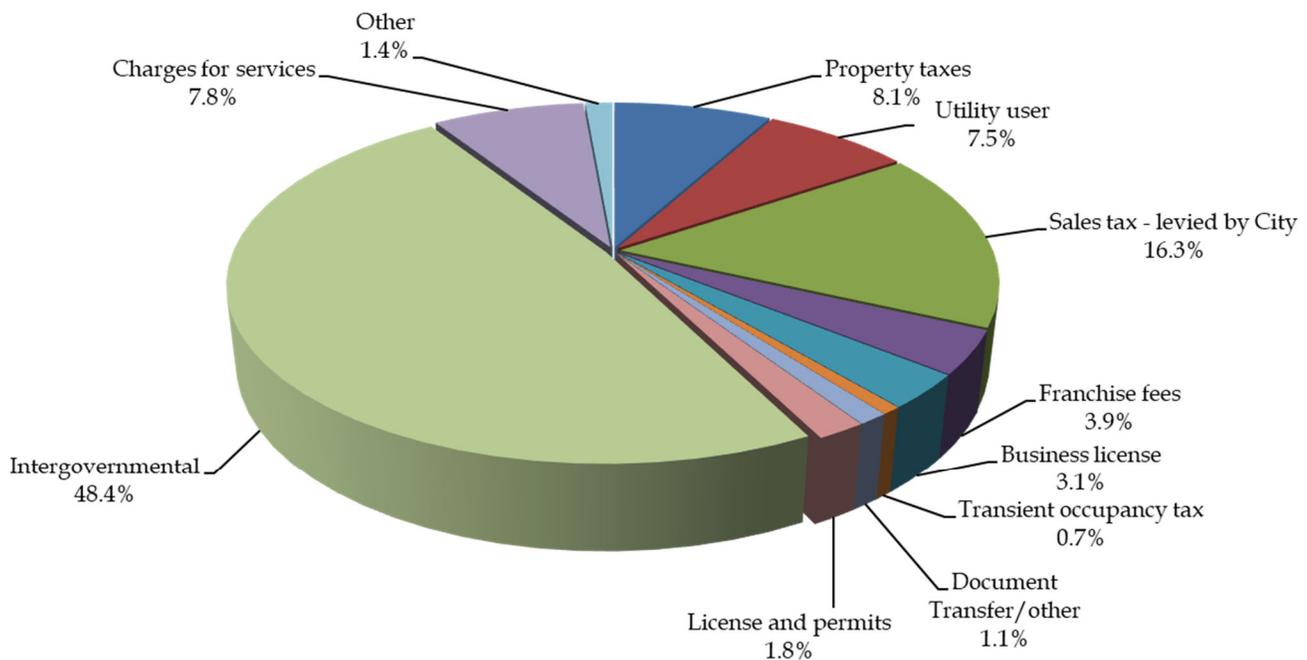
FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED

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	2022		2021		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Property taxes	\$ 41,066	8.1%	\$ 38,523	8.7%	\$ 2,543	6.6%
Utility user	38,328	7.5%	36,414	8.2%	1,914	5.3%
Sales tax - levied by City	82,951	16.3%	68,639	15.5%	14,312	20.9%
Franchise fees	19,932	3.9%	16,901	3.8%	3,031	17.9%
Business license	15,905	3.1%	15,695	3.6%	210	1.3%
Transient occupancy tax	3,620	0.7%	2,860	0.6%	760	26.6%
Document Transfer/other	5,641	1.1%	4,095	0.9%	1,546	37.8%
License and permits	9,129	1.8%	7,670	1.7%	1,459	19.0%
Intergovernmental	246,713	48.4%	194,701	44.1%	52,012	26.7%
Charges for services	39,532	7.8%	31,330	7.1%	8,202	26.2%
Fines and forfeitures	2,001	0.4%	379	0.1%	1,622	428.1%
Use of money and property	9,955	2.0%	5,731	1.3%	4,224	73.7%
Interest income	(13,673)	-2.7%	7,785	1.8%	(21,458)	-275.6%
Refunds and reimbursements	550	0.1%	602	0.1%	(52)	-8.6%
Miscellaneous	8,258	1.6%	10,189	2.3%	(1,931)	-18.9%
Total	\$ 509,910	100.0%	\$ 441,514	100.0%	\$ 68,396	15.5%

The graph below shows 2022 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 \$25.3 million or 19 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 in the prior fiscal year continued to result in additional tax revenues being allocated directly to the City rather than shared through a pool.
- Federal grants and other intergovernmental revenues were approximately \$41.0 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 and industrial development.
- Due to the historic low interest rate environment, interest income resulted in a deficit due to the fair market value adjustment.
- Charges for services increased by \$8.2 million or 26 percent over the prior year primarily due to more Public Facility Fee and Development Services fees generated from the issuance of more commercial and industrial building permits in FY 2022.

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

Expenditures by Function	2022		2021		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 76,830	18.8%	\$ 72,185	19.3%	\$ 4,645	6.4%
Public safety	206,107	50.4%	205,923	55.1%	184	0.1%
Public works	34,263	8.4%	41,960	11.2%	(7,697)	-18.3%
Library	14,658	3.6%	12,762	3.4%	1,896	14.9%
Parks and recreation	14,552	3.6%	8,207	2.2%	6,345	77.3%
Capital outlay	53,033	13.0%	26,127	7.0%	26,906	103.0%
Debt service	9,340	2.3%	6,422	1.7%	2,918	45.4%
Total	\$ 408,783	100.0%	\$ 373,586	100.0%	\$ 35,197	9.4%

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

- General government expenditure increased by \$4.6 million and a large portion of this is attributed to the special grants.
- Capital outlay expenses increased with a corresponding decrease in Public Works. A change in reporting moved Capital Outlay expenses out of the Public works function. The significant Capital outlay changes over prior year is attributable to major projects such as construction of the Northeast Library and Recreation center, Bicycle and Pedestrian Path development, and Federal-Aid Urban (FAU) street resurfacing activities.
- Library and Recreation expenditures increased over prior year with the restoration of programing that was suspended at library and recreation facilities during FY 2021 due to COVID restrictions.

General Fund

Below is a graph that depicts the change in General Fund balances between FY 2021-22 and FY 2020-21. The committed and unassigned 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 \$304.0 million at the close of June 30, 2022, an increase of \$17.6 million (6.1 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 (\$15.6 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 \$2.5 million due to a steady increase in property values and increased new non-residential construction.
- Use of money and property revenue increased \$3.7 million over prior year primarily due to higher revenues generated at entertainment venues as a result of the entertainment industry experiencing a recovery from the impacts of the COVID pandemic.
- Due to the low interest rate environment, interest income from the City's short- and long-term investment portfolios resulted in a deficit when compared to the prior fiscal year due to the fair market value adjustment.

General Fund expenditures were \$244.2 million, an increase of \$6.0 million or 2.5 percent compared to the prior fiscal year. General government expenses decreased by \$6.2 million compared to the last fiscal year. Public safety expense growth of \$3.6 million was primarily the result of health benefits, insurance premiums, and overtime expenses. Parks and recreation expenses increased \$6.4 million over prior year primarily due to the reopening of entertainment venues from the impacts of the COVID pandemic.

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, 2022, business-type activities' net position was \$664.9 million, an increase of \$28.2 million or 4.4 percent compared to the prior fiscal year.

The assets and deferred outflows of resources increased by a combined total of \$3.5 million. Of this amount, the current cash and investments and other existing assets decreased by \$45.3 million, and non-current assets, including capital assets and deferred outflows, increased by \$48.8 million.

The liabilities and deferred inflows of resources decreased by \$21.8 million due primarily to the principal payments made on debt and pension-related adjustments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's FY 2021-22 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 especially in consideration of future pension and labor costs. The FY 2021-22 budget was developed as the City continued to respond to a once-in-a-century pandemic crisis with a focus on moving forward through the crisis and into recovery. With an unprecedented amount of state and federal dollars coming in to provide relief and recovery to Stockton citizens, capacity to deliver new operating budget programs was limited. The budget included some incremental service enhancements and high-priority one-time appropriations. This analysis should be read in conjunction with the General Fund Budgetary Information beginning on page 109.

The General Fund's original budgeted revenues totaled \$267.5 million and was decreased to \$267.0 million during the fiscal year. The General Fund ended the fiscal year with total revenues of \$304.0 million, reflecting a \$37.0 million, or 13.9 percent, increase over the final budget. The most significant revenue variance was sales tax revenues at \$26.9 million more than the budget. The revenue categories hardest hit by the COVID pandemic, Hotel Motel Taxes and the Document transfer taxes, recovered to pre-pandemic levels in FY 2021-22. Collection of Business license taxes improved during the pandemic as businesses had to show proof of a license for federal assistance. This trend continued into FY 2021-22 with revenues slightly lower than the prior year still exceeding the budget by \$4.3 million. The next largest budget variances were in Property taxes and Utility user taxes categories which benefited from new residential and industrial construction.

The General Fund's original expenditure budget of \$265.5 million was adjusted by encumbrances and commitments carried forward from the prior year for a total final budget of \$276.0 million. All General Fund departmental activities ended the fiscal year below budget. The debt service category shows an overage due to the booking of lease related entries for GASB 87 implementation and interest expense on a loan to the Emergency Communications subfund anticipated to be repaid in FY 2022-23. Actual expenditures and transfers-out were lower than the final approved budget appropriations by \$102.8 million, or 31.9 percent. Of this variance, \$48.2 million in appropriations rolled into FY 2022-23 for encumbrances, capital projects, and specific City Council authorized activities. General Government departments achieved a savings of \$6.3 million, Public Works activities were under budget by \$1.6 million, Parks and recreation activities were under budget by \$3.0 million, Library expenses were \$2.2 million below budget, and \$18.1 million was saved in Public Safety. A significant contributing factor to the savings was staff vacancies. Approximately \$16.7 million of the savings was the result of higher-than-anticipated vacancies across all General Fund departments. Many local governments are experiencing difficulties filling full-time positions in a very tight labor market. The number of full-time employees in FY 2021-22 was lower than the last five fiscal years and authorized positions have increased during this period.

The City's General Fund balance at June 30, 2022, was \$171.3 million on a budgetary basis, which is an increase of \$40.4 million from the prior year. The City Council authorized \$29.6 million of this increase to be added to General Fund reserves for a total funded reserve of \$113.3 million. The ACFR reporting of General Fund balance at \$171.3 million 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 (\$132 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, 2022, 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, construction in progress, and leases. The total change in the City's net investment in capital assets for the current fiscal year was an increase of 4.9 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 Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	38,197	\$ 38,197	15,127	\$ 15,127	53,324	\$ 53,324
Intangible Assets	4,355	4,355	-	-	4,355	4,355
Building and Improvements	180,483	171,459	603,076	623,065	783,558	794,524
Machinery and Equipment	28,780	28,124	4,866	5,574	33,645	33,698
Infrastructure	377,710	388,419	-	-	377,710	388,419
Construction in Progress	192,072	162,225	193,438	123,266	385,510	285,491
Lease Assets	1,020	1,855	2,651	2,858	3,671	4,713
Total	\$ 822,615	\$ 794,634	\$ 819,159	\$ 769,890	\$ 1,641,774	\$ 1,564,524

Additional information on the City's capital assets can be found in Note 7 - 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 \$453.5 million. Of this amount, \$57.8 million is related to governmental activities, and \$395.7 million are debt obligations of business-type activities.

Governmental activities bonded indebtedness decreased by \$2.1 million because of the scheduled principal payments.

Business-type activities bonded indebtedness also decreased by \$22.6 million due to the scheduled debt service payments for the enterprise debt and refund the 2019 Bond anticipation note.

Governmental outstanding net bonded debt of \$57.8 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 \$395.8 million includes \$196.0 million of revenue bonds of the Water Utility, \$157.0 million in revenue bonds and EPA WIFIA loan for the Wastewater Utility, and \$29.3 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 \$91.3 million is reported separately in a Private Purpose Trust Fund. The balance outstanding at June 30, 2022, includes \$80.2 million of tax-exempt tax allocation bonds issued to refinance revenue bonds for various former redevelopment projects and \$11.1 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 8 - Long-Term Liabilities 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, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 628,464,543	\$ 239,215,234	\$ 867,679,777
Restricted cash and investments	71,545,010	6,465,449	78,010,459
Interest receivable	1,770,123	575,710	2,345,833
Accounts receivable, net	19,755,699	25,684,153	45,439,852
Due from other governments, net	48,196,724	569,530	48,766,254
Internal balances	7,011,332	(7,011,332)	-
Inventory of supplies	701,029	2,046,281	2,747,310
Prepaid items	4,813,959	1,643,286	6,457,245
Lease receivable	1,473,569	59,411	1,532,980
Advance deposits	2,323,748	89,521	2,413,269
Loans to Successor Agency, net	1,106,580	-	1,106,580
Loans to property owners, net	149,435,642	190,000	149,625,642
Capital assets:			
Nondepreciable and nonamortizable	234,623,105	208,565,593	443,188,698
Depreciable and amortizable, net	587,991,781	610,593,074	1,198,584,855
Total assets	1,759,212,844	1,088,685,910	2,847,898,754
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding of debt	-	13,645,282	13,645,282
Pension-related deferred outflows of resources	59,814,713	2,989,264	62,803,977
Total deferred outflows of resources	59,814,713	16,634,546	76,449,259
LIABILITIES			
Accounts payable and accrued expenses	28,986,863	19,232,407	48,219,270
Accrued payroll and benefits	3,067,329	1,319,814	4,387,143
Due to other governments/agencies	5,211,729	95,237	5,306,966
Accrued interest	1,666,148	3,670,399	5,336,547
Deposits and other liabilities	3,048,328	3,248,678	6,297,006
Retention payable	761,398	851,201	1,612,599
Unearned revenue	46,309,567	-	46,309,567
Long-term liabilities:			
Due within one year:			
Compensated absences	6,724,018	917,209	7,641,227
Claims payable	12,978,791	-	12,978,791
Long-term debt	2,109,339	11,148,434	13,257,773
Due in more than one year:			
Compensated absences	5,231,183	522,697	5,753,880
Claims payable	52,421,442	-	52,421,442
Long-term debt	55,674,921	384,603,178	440,278,099
Aggregate net pension liability	313,515,372	8,391,374	321,906,746
Total liabilities	537,706,428	434,000,628	971,707,056
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows of resources	162,705,190	6,372,566	169,077,756
Leases	1,449,407	59,083	1,508,490
Total deferred inflows of resources	164,154,597	6,431,649	170,586,246
NET POSITION			
Net investment in capital assets	764,271,388	438,675,449	1,202,946,837
Restricted	524,405,555	25,394,011	549,799,566
Unrestricted (deficit)	(171,510,411)	200,818,719	29,308,308
Total net position	\$ 1,117,166,532	\$ 664,888,179	\$ 1,782,054,711

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 72,154,112	\$ 31,122,550	\$ 91,367,121	\$ 75,179
Public safety	170,563,405	18,688,078	9,101,014	-
Public works	43,601,040	14,290,951	296,366	47,276,467
Library	13,106,761	7,537,371	59,292	-
Parks and recreation	14,300,010	852,433	55,410	-
Interest and fiscal charges	7,894,016	-	-	-
Total governmental activities	321,619,344	72,491,383	100,879,203	47,351,646
Business-type activities:				
Water utility	54,531,692	66,012,825	47,298	7,693,391
Wastewater utility	66,990,653	78,508,927	2,253,527	4,155,076
Stormwater utility	7,288,385	6,136,802	-	383,023
Parking Authority	5,687,097	5,690,268	198,735	-
Downtown Marina	1,105,483	395,336	-	-
Golf Courses	270,007	32,394	-	-
Total business-type activities	135,873,317	156,776,552	2,499,560	12,231,490
Total	\$ 457,492,661	\$ 229,267,935	\$ 103,378,763	\$ 59,583,136

City of Stockton
Statement of Activities (Continued)
For the Year Ended June 30, 2022

Functions/Programs	Net (Expense) Revenue and Change in Net Position		
	Governmental Activities	Business-Type Activities	Totals
PRIMARY GOVERNMENT:			
Governmental activities:			
General government	\$ 50,410,738	\$ -	\$ 50,410,738
Public safety	(142,774,313)	-	(142,774,313)
Public works	18,262,744	-	18,262,744
Library	(5,510,098)	-	(5,510,098)
Parks and recreation	(13,392,167)	-	(13,392,167)
Interest and fiscal charges	(7,894,016)	-	(7,894,016)
Total governmental activities	(100,897,112)	-	(100,897,112)
Business-type activities:			
Water utility	-	19,221,822	19,221,822
Wastewater utility	-	17,926,877	17,926,877
Stormwater utility	-	(768,560)	(768,560)
Parking Authority	-	201,906	201,906
Downtown Marina	-	(710,147)	(710,147)
Golf Courses	-	(237,613)	(237,613)
Total business-type activities	-	35,634,285	35,634,285
Total net (expense) revenue	(100,897,112)	35,634,285	(65,262,827)
General revenues and transfers:			
General revenues:			
Taxes:			
Property	41,066,425	-	41,066,425
Utility user	38,328,240	-	38,328,240
Sales - levied by City	75,036,888	-	75,036,888
Franchise fees	21,185,769	-	21,185,769
Business license	15,905,391	-	15,905,391
Transient occupancy tax	3,619,973	-	3,619,973
Document transfer	1,625,553	-	1,625,553
Other	4,015,502	-	4,015,502
Shared revenue:			
Vehicle license fees	27,310,329	-	27,310,329
Sales and use tax levied by state	76,238,894	-	76,238,894
Investment earnings (loss)	(25,551,559)	(7,018,187)	(32,569,746)
Miscellaneous	10,368,627	-	10,368,627
Gain (loss) on disposal of capital assets	(132,415)	-	(132,415)
Transfers	438,091	(438,091)	-
Total general revenues and transfers	289,455,708	(7,456,278)	281,999,430
Changes in net position	188,558,596	28,178,007	216,736,603
Net position:			
Beginning of year, as restated (Note 19)	928,607,936	636,710,172	1,565,318,108
End of year	\$ 1,117,166,532	\$ 664,888,179	\$ 1,782,054,711



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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 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 provides down payment 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 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.

Individual non-major funds are presented in the Supplementary Information section.

City of Stockton
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds					Total Governmental Funds
	General Fund	Special Revenue Funds		Capital Projects	Other Governmental Funds	
		Federal Housing Grants	Special Grants	Capital Improvement		
ASSETS						
Cash and investments	\$ 160,301,427	\$ 5,337,114	\$ 81,110,893	\$ 26,033,164	\$ 213,972,050	\$ 486,754,648
Cash and investments with fiscal agents	-	1,576,679	-	-	-	1,576,679
Receivables, net:						
Interest	678,558	1,634	-	3,493	526,021	1,209,706
Accounts and other receivables	16,574,676	20,722	125,435	-	2,694,406	19,415,239
Lease	1,459,590	-	-	-	13,979	1,473,569
Due from other governments, net	24,230,421	-	1,333,882	14,160,616	8,471,805	48,196,724
Inventory of supplies	521,303	-	-	-	-	521,303
Prepaid items	24,042	-	1,832,820	-	25,315	1,882,177
Advance deposits	1,532,011	-	108,354	-	125,387	1,765,752
Loans to Successor Agency, net	-	-	-	-	1,106,580	1,106,580
Loans to property owners, net	-	80,384,153	-	-	69,051,489	149,435,642
Total assets	\$ 205,322,028	\$ 87,320,302	\$ 84,511,384	\$ 40,197,273	\$ 295,987,032	\$ 713,338,019
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	9,908,303	903,090	3,173,202	6,868,148	\$ 4,918,878	\$ 25,771,621
Accrued payroll and benefits	1,022,674	30,397	108,291	117,050	1,299,813	2,578,225
Due to other funds	495,600	-	-	-	-	495,600
Due to other governments	3,281,041	5,957	-	-	1,924,731	5,211,729
Deposits and other liabilities	1,983,942	-	-	-	1,015,282	2,999,224
Retention payable	-	-	-	761,398	-	761,398
Unearned revenue	1,882,498	-	44,427,069	-	-	46,309,567
Total liabilities	18,574,058	939,444	47,708,562	7,746,596	9,158,704	84,127,364
Deferred inflows of resources:						
Unavailable revenue - other	6,699,134	-	-	12,856,485	1,136,761	20,692,380
Lease	1,435,443	-	-	-	13,964	1,449,407
Total deferred inflows of resources	8,134,577	-	-	12,856,485	1,150,725	22,141,787
Fund Balances:						
Nonspendable	2,077,356	-	-	-	150,702	2,228,058
Restricted	5,289,369	86,380,858	36,802,822	19,594,192	285,526,901	433,594,142
Committed	123,753,548	-	-	-	-	123,753,548
Assigned	4,284,719	-	-	-	-	4,284,719
Unassigned	43,208,401	-	-	-	-	43,208,401
Total fund balances	178,613,393	86,380,858	36,802,822	19,594,192	285,677,603	607,068,868
Total liabilities, deferred inflows of resources and fund	\$ 205,322,028	\$ 87,320,302	\$ 84,511,384	\$ 40,197,273	\$ 295,987,032	\$ 713,338,019

City of Stockton
Reconciliation of the Balance Sheet of Governmental Funds
to the Government-Wide Statement of Net Position
June 30, 2022

Total Fund Balances - Total Governmental Funds \$ 607,068,868

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 \$22,097,132 reported in the Internal Service Funds)	212,525,973
Depreciable and amortizable (net of accumulated depreciation and amortization \$440,331,590, and net capital assets \$21,623,192 reported in the Internal Service Funds)	566,368,589
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.	197,665,965
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 \$438,989 reported in Internal Service Funds)	(11,516,212)
Bonds payable and other long-term debt (net of \$202,160 in leases reported in Internal Service Funds)	(57,582,100)
Accrued interest payable (net of \$15,066 reported in Internal Service Funds)	(1,651,082)
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.	(313,515,372)
Actuarially determined pension deferred outflows of resources are reported in the government-wide statements but are not reported in the governmental funds.	59,814,713
Actuarially determined pension deferred inflows of resources are reported in the government-wide statements but are not reported in the governmental funds.	(162,705,190)
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 - other	20,692,380
Net position of governmental activities	\$ 1,117,166,532

City of Stockton
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds					Total Governmental Funds
	General Fund	Special Revenue Funds		Capital Projects		
		Federal Housing Grants	Special Grants	Capital Improvement	Other Governmental	
REVENUES:						
Taxes:						
Property	\$ 41,066,425	\$ -	\$ -	\$ -	\$ -	\$ 41,066,425
Utility user	38,328,240	-	-	-	-	38,328,240
Sales - levied by City	45,412,129	-	-	-	37,538,549	82,950,678
Franchise fees	17,925,299	-	-	-	2,006,664	19,931,963
Business license	14,024,356	-	-	-	1,881,035	15,905,391
Hotel/motel room	3,619,973	-	-	-	-	3,619,973
Document transfer	1,625,553	-	-	-	-	1,625,553
Other	4,015,502	-	-	-	-	4,015,502
Licenses and permits	510,976	-	-	-	8,617,682	9,128,658
Intergovernmental:						
Federal grants and subsidies	364,918	1,942,469	72,680,699	9,823,884	247	84,812,217
Sales and use tax - levied by state	76,238,894	-	-	-	-	76,238,894
Other governmental	41,533,967	1,994,047	16,996,148	3,560,658	21,576,997	85,661,817
Charges for services	10,016,145	2,625	-	-	29,513,639	39,532,409
Fines and forfeitures	1,876,711	-	-	-	124,671	2,001,382
Use of money and property	8,301,161	1,249,320	-	-	404,467	9,954,948
Interest income (loss)	(6,752,234)	(24,696)	(575,956)	(45,931)	(6,274,017)	(13,672,834)
Refunds and reimbursements	219,469	-	-	-	330,564	550,033
Miscellaneous	5,642,210	-	19,653	58,410	2,537,993	8,258,266
Total revenues	303,969,694	5,163,765	89,120,544	13,397,021	98,258,491	509,909,515
EXPENDITURES:						
Current:						
General government	19,999,475	2,504,918	41,098,830	413	13,226,847	76,830,483
Public safety	184,498,997	-	4,958,550	-	16,649,380	206,106,927
Public works	17,336,248	-	76,737	230	16,850,013	34,263,228
Library	11,515,728	-	575,571	-	2,567,149	14,658,448
Parks and recreation	10,292,742	-	30,732	-	4,228,315	14,551,789
Capital outlay	468,869	-	6,675,212	40,746,924	5,142,455	53,033,460
Debt service:						
Principal retirement	29,088	1,750,000	-	-	164,013	1,943,101
Interest and fiscal charges	16,003	135,771	-	-	7,245,358	7,397,132
Total expenditures	244,157,150	4,390,689	53,415,632	40,747,567	66,073,530	408,784,568
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	59,812,544	773,076	35,704,912	(27,350,546)	32,184,961	101,124,947
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	20,003,898	7,613,898	27,617,796
Transfers out	(12,235,569)	(398,809)	(1,500,000)	(598,214)	(12,747,667)	(27,480,259)
Proceeds from issuance of debt	162,530	-	-	-	-	162,530
Proceeds from sale of capital assets	16,769	-	-	-	-	16,769
Total other financing sources (uses)	(12,056,270)	(398,809)	(1,500,000)	19,405,684	(5,133,769)	316,836
CHANGES IN FUND BALANCES	47,756,274	374,267	34,204,912	(7,944,862)	27,051,192	101,441,783
FUND BALANCES:						
Beginning of year	130,857,119	86,006,591	2,597,910	27,539,054	258,626,411	505,627,085
End of year	\$178,613,393	\$ 86,380,858	\$ 36,802,822	\$ 19,594,192	\$285,677,603	\$607,068,868

See accompanying Notes to the Basic Financial Statements.

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, 2022

Net change in fund balances - Total Governmental Funds: \$ 101,441,783

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 \$8,388,557 in Internal Service Fund and net \$9,248,365 expensed)	43,785,095
Net transfer of capital assets to the internal service fund	(6,015,680)
Capital asset disposals, net	(149,184)
Depreciation and amortization expenses (net of depreciation and amortization \$4,803,694 reported in Internal Service Funds)	(19,305,268)

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 \$256,440 in Internal Service Fund	1,943,101
Issuance of debt	(162,530)

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 .

3,571,937

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 (net of \$167,816 in Internal Service Fund)	993,873
Change in accrued interest	(454,502)
Change in unavailable revenue - other	10,277,764
Changes in deferred outflows, deferred inflows, and net pension liability	52,632,207

Changes in net position of governmental activities \$ 188,558,596



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PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary Fund Types

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

The City's major enterprise funds include:

Water Utility Enterprise Fund

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

Wastewater Utility Enterprise Fund

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

The City'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 golf course.

City of Stockton
Statement of Net Position
Proprietary Funds
June 30, 2022

	Major Enterprise Funds		Nonmajor Enterprise Funds	
	Water	Wastewater	Stormwater	Parking
	Utility	Utility	Utility	Authority
ASSETS				
Current assets:				
Cash and investments	\$ 98,869,245	\$ 127,584,051	\$ 9,373,274	\$ 2,911,294
Receivables, net:				
Interest	236,060	308,211	21,991	9,189
Accounts and other receivables	13,961,175	11,028,300	674,665	-
Lease - due in one year	-	-	-	-
Loans to other funds - current	-	-	-	-
Due from other governments, net	569,530	-	-	-
Inventory of supplies	-	2,046,281	-	-
Deposits and advances	-	-	-	89,521
Prepays items	1,205,434	374,595	61,708	-
Total current assets	114,841,444	141,341,438	10,131,638	3,010,004
Noncurrent assets:				
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	25	1,771,253	-	4,694,171
Lease - due in more than one year	-	-	-	-
Loans to other funds - long-term	-	-	-	-
Loans receivable	-	-	-	190,000
Capital assets, net:				
Nondepreciable	11,839,331	190,744,330	1,527,164	4,094,963
Depreciable and amortizable, net	282,857,550	244,791,145	40,080,096	21,578,304
Total noncurrent assets	294,696,906	437,306,728	41,607,260	30,557,438
Total assets	409,538,350	578,648,166	51,738,898	33,567,442
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	11,994,982	1,223,060	-	427,240
Pension-related deferred outflows	812,514	2,031,296	145,454	-
Total deferred outflows of resources	12,807,496	3,254,356	145,454	427,240

City of Stockton
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022

ASSETS	Nonmajor Enterprise Funds		Totals	Governmental
	Downtown	Golf		Activities
	Marina	Courses		Internal Service
Current assets:				
Cash and investments	\$ 321,204	\$ 156,166	\$ 239,215,234	\$ 141,709,895
Receivables, net:				
Interest	241	18	575,710	560,417
Accounts and other receivables	12,250	7,763	25,684,153	340,460
Lease - due in one year	-	26,337	26,337	-
Loans to other funds - current	-	-	-	1,592,922
Due from other governments, net	-	-	569,530	-
Inventory of supplies	-	-	2,046,281	179,726
Deposits and advances	-	-	89,521	557,996
Prepays items	788	761	1,643,286	2,931,782
Total current assets	334,483	191,045	269,850,052	147,873,198
Noncurrent assets:				
Restricted assets:				
Cash and investments	-	-	-	69,968,331
Cash and investments with fiscal agents	-	-	6,465,449	-
Lease - due in more than one year	-	33,074	33,074	-
Loans to other funds - long-term	-	-	-	7,733,072
Loans receivable	-	-	190,000	-
Capital assets, net:				
Nondepreciable	-	359,805	208,565,593	22,097,132
Depreciable and amortizable, net	20,781,823	504,156	610,593,074	21,623,192
Total noncurrent assets	20,781,823	897,035	825,847,190	121,421,727
Total assets	21,116,306	1,088,080	1,095,697,242	269,294,925
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	-	-	13,645,282	-
Pension-related deferred outflows	-	-	2,989,264	-
Total deferred outflows of resources	-	-	16,634,546	-

City of Stockton
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022

	Major Enterprise Funds		Nonmajor Enterprise Funds	
	Water	Wastewater	Stormwater	Parking
	Utility	Utility	Utility	Authority
LIABILITIES				
Current liabilities:				
Accounts payable	1,505,438	17,148,470	451,571	23,834
Accrued payroll	372,241	830,295	92,861	22,815
Loans from other funds - current	-	-	-	643,105
Due to other governments	95,237	-	-	-
Deposits and other liabilities	1,857,613	1,250,176	104,000	-
Retention payable	8,202	840,687	2,312	-
Unearned revenue	-	-	-	-
Accrued interest	2,060,895	1,161,251	-	448,253
Compensated absences - current	410,375	498,985	4,057	3,792
Lease payable - due in one year	-	4,382	-	169,052
Self-insurance claims and judgments - current	-	-	-	-
Bonds payable - current	6,205,000	4,410,000	-	360,000
Total current liabilities	12,515,001	26,144,246	654,801	1,670,851
Noncurrent liabilities:				
Compensated absences - long-term	252,192	267,861	-	2,644
Lease payable - due in more than one year	-	732	-	2,473,581
Self-insurance claims and judgments - long-term	-	-	-	-
Loans from other funds - long-term	-	-	-	6,368,227
Certificates of participation	-	152,578,863	-	-
Bonds payable	189,756,335	-	-	28,922,846
Net pension liability	2,282,776	5,698,153	410,445	-
Total noncurrent liabilities	192,291,303	158,545,609	410,445	37,767,298
Total liabilities	204,806,304	184,689,855	1,065,246	39,438,149
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows	1,906,687	3,961,003	504,876	-
Leases	-	-	-	-
Total deferred inflows of resources	1,906,687	3,961,003	504,876	-
NET POSITION				
Net investment in capital assets	110,722,326	278,924,603	41,604,948	(3,351,391)
Restricted for capital projects	25	8,094,826	-	3,003,179
Restricted for debt service	-	12,604,988	-	1,690,993
Restricted for pensions	-	-	-	-
Unrestricted (deficit)	104,910,504	93,627,247	8,709,282	(6,786,248)
Total net position	\$ 215,632,855	\$ 393,251,664	\$ 50,314,230	\$ (5,443,467)

City of Stockton
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022

	Nonmajor Enterprise Funds		Totals	Governmental
	Downtown	Golf		Activities
	Marina	Courses		Internal Service
LIABILITIES				
Current liabilities:				
Accounts payable	53,421	49,673	19,232,407	3,215,242
Accrued payroll	-	1,602	1,319,814	489,104
Loans from other funds - current	-	-	643,105	454,217
Due to other governments	-	-	95,237	-
Deposits and other liabilities	36,889	-	3,248,678	49,104
Retention payable	-	-	851,201	-
Unearned revenue	-	-	-	-
Accrued interest	-	-	3,670,399	15,066
Compensated absences - current	-	-	917,209	263,366
Lease payable - due in one year	-	-	173,434	50,116
Self-insurance claims and judgments - current	-	-	-	12,978,791
Bonds payable - current	-	-	10,975,000	-
Total current liabilities	90,310	51,275	41,126,484	17,515,006
Noncurrent liabilities:				
Compensated absences - long-term	-	-	522,697	175,623
Lease payable - due in more than one year	-	-	2,474,313	152,044
Self-insurance claims and judgments - long-term	-	-	-	52,421,442
Loans from other funds - long-term	-	-	6,368,227	1,364,845
Certificates of participation	-	-	152,578,863	-
Bonds payable	10,870,821	-	229,550,002	-
Net pension liability	-	-	8,391,374	-
Total noncurrent liabilities	10,870,821	-	399,885,476	54,113,954
Total liabilities	10,961,131	51,275	441,011,960	71,628,960
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows	-	-	6,372,566	-
Leases	-	59,083	59,083	-
Total deferred inflows of resources	-	59,083	6,431,649	-
NET POSITION				
Net investment in capital assets	9,911,002	863,961	438,675,449	43,720,324
Restricted for capital projects	-	-	11,098,030	-
Restricted for debt service	-	-	14,295,981	-
Restricted for pensions	-	-	-	69,968,331
Unrestricted (deficit)	244,173	113,761	200,818,719	83,977,310
Total net position	\$ 10,155,175	\$ 977,722	\$ 664,888,179	\$ 197,665,965

City of Stockton
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Major Enterprise Funds		Nonmajor Enterprise Funds	
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
OPERATING REVENUES:				
Charges for services	\$ 58,600,917	\$ 76,884,317	\$ 5,986,893	\$ 4,306,876
Miscellaneous	7,411,908	1,624,610	149,909	-
Total operating revenues	66,012,825	78,508,927	6,136,802	4,306,876
OPERATING EXPENSES:				
Operation and maintenance	17,850,913	42,294,459	3,022,984	2,883,994
General and administrative	4,260,846	8,899,307	2,580,848	586,120
Depreciation and amortization	7,861,294	12,632,253	1,684,553	1,053,748
Purchased water	16,286,908	-	-	-
Total operating expenses	46,259,961	63,826,019	7,288,385	4,523,862
OPERATING INCOME (LOSS)	19,752,864	14,682,908	(1,151,583)	(216,986)
NONOPERATING REVENUES (EXPENSES):				
Taxes	-	-	-	1,383,392
Grants and subsidies	47,298	2,253,527	-	198,735
Investment income:				
Interest income (loss)	(2,741,887)	(3,878,456)	(280,686)	(110,815)
Interest expense and fiscal charges	(8,271,731)	(3,164,634)	-	(1,163,235)
Other nonoperating revenues	-	-	-	-
Total nonoperating revenues (expenses)	(10,966,320)	(4,789,563)	(280,686)	308,077
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	8,786,544	9,893,345	(1,432,269)	91,091
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	7,399,219	3,943,458	-	-
Developer contributions	294,172	211,618	383,023	-
Transfers in	-	-	-	-
Transfers out	(19,650)	(622,808)	(293,333)	-
Total contributions and transfers	7,673,741	3,532,268	89,690	-
CHANGES IN NET POSITION	16,460,285	13,425,613	(1,342,579)	91,091
NET POSITION:				
Beginning of year, as restated (Note 19)	199,172,570	379,826,051	51,656,809	(5,534,558)
End of year	<u>\$ 215,632,855</u>	<u>\$ 393,251,664</u>	<u>\$ 50,314,230</u>	<u>\$ (5,443,467)</u>

City of Stockton
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Nonmajor Enterprise Funds		Totals	Governmental
	Downtown Marina	Golf Courses		Activities Internal Service
OPERATING REVENUES:				
Charges for services	\$ 358,015	\$ -	\$ 146,137,018	\$ 151,999,101
Miscellaneous	37,321	32,394	9,256,142	15
Total operating revenues	395,336	32,394	155,393,160	151,999,116
OPERATING EXPENSES:				
Operation and maintenance	566,771	-	66,619,121	131,845,744
General and administrative	5,756	170,766	16,503,643	7,736,578
Depreciation and amortization	532,956	99,241	23,864,045	4,803,694
Purchased water	-	-	16,286,908	-
Total operating expenses	1,105,483	270,007	123,273,717	144,386,016
OPERATING INCOME (LOSS)	(710,147)	(237,613)	32,119,443	7,613,100
NONOPERATING REVENUES (EXPENSES):				
Taxes	-	-	1,383,392	-
Grants and subsidies	-	-	2,499,560	-
Investment income:				
Interest income (loss)	(3,569)	(2,774)	(7,018,187)	(11,878,728)
Interest expense and fiscal charges	-	-	(12,599,600)	(42,382)
Other nonoperating revenues	-	-	-	1,563,713
Total nonoperating revenues (expenses)	(3,569)	(2,774)	(15,734,835)	(10,357,397)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(713,716)	(240,387)	16,384,608	(2,744,297)
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	-	-	11,342,677	6,015,680
Developer contributions	-	-	888,813	-
Transfers in	262,000	235,700	497,700	300,554
Transfers out	-	-	(935,791)	-
Total contributions and transfers	262,000	235,700	11,793,399	6,316,234
CHANGES IN NET POSITION	(451,716)	(4,687)	28,178,007	3,571,937
NET POSITION:				
Beginning of year, as restated (Note 19)	10,606,891	982,409	636,710,172	194,094,028
End of year	<u>\$ 10,155,175</u>	<u>\$ 977,722</u>	<u>\$ 664,888,179</u>	<u>\$ 197,665,965</u>

City of Stockton
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Major Enterprise Funds		Nonmajor Enterprise Funds	
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 56,784,060	\$ 80,815,091	\$ 6,270,219	\$ 4,306,974
Receipts for interfund services provided	-	-	-	-
Payments to suppliers and employees	(40,273,637)	(51,587,006)	(5,575,227)	(3,481,634)
Miscellaneous receipts	7,411,908	1,624,610	149,909	-
Net cash provided by (used in) operating activities	23,922,331	30,852,695	844,901	825,340
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in (out), net	(19,650)	(622,808)	(293,333)	-
Loans to and from other funds	-	-	-	(629,841)
Receipt of cash subsidies and federal grants	47,298	2,253,527	-	-
Other nonoperating revenues	-	-	-	-
Proceeds from taxes	-	-	-	1,582,127
Net cash provided by (used in) noncapital financing activities	27,648	1,630,719	(293,333)	952,286
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	55,383	58,237	1,548	-
Purchases of capital assets	(4,255,530)	(67,911,245)	(1,238,480)	(204,691)
Capital contributions received	7,693,391	4,155,076	383,023	-
Proceeds from issuance of debt	-	108,008,758	-	-
Principal paid on debt	(6,720,073)	(123,438,626)	-	(607,446)
Unamortized loss on refunding of debt and discount	721,388	170,584	-	-
Interest paid on debt	(8,341,584)	(2,940,811)	-	(1,169,284)
Net cash (used in) capital and related financing activities	(10,847,025)	(81,898,027)	(853,909)	(1,981,421)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings (loss)	(2,786,345)	(3,831,987)	(278,801)	(112,477)
Net cash provided by (used in) investing activities	(2,786,345)	(3,831,987)	(278,801)	(112,477)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,316,609	(53,246,600)	(581,142)	(316,272)
CASH AND CASH EQUIVALENTS:				
Beginning of year	88,552,661	182,601,904	9,954,416	7,921,737
End of year	<u>\$ 98,869,270</u>	<u>\$ 129,355,304</u>	<u>\$ 9,373,274</u>	<u>\$ 7,605,465</u>

City of Stockton
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Nonmajor Enterprise Funds			Governmental
	Downtown	Golf	Totals	Activities
	Marina	Courses		Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 447,848	\$ (8,091)	\$ 148,616,101	\$ -
Receipts for interfund services provided	-	-	-	152,502,465
Payments to suppliers and employees	(636,476)	(290,289)	(101,844,269)	(140,856,919)
Miscellaneous receipts	37,321	32,394	9,256,142	(915,393)
Net cash provided by (used in) operating activities	(151,307)	(265,986)	56,027,974	10,730,153
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in (out), net	262,000	235,700	(438,091)	234,575
Due to and from other funds			(629,841)	610,601
Receipt of cash subsidies and federal grants		12	2,300,837	-
Other nonoperating revenues		-	-	1,718,154
Proceeds from taxes		-	1,582,127	-
Net cash provided by (used in) noncapital financing activities	262,000	235,712	2,815,032	2,563,330
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	-	-	115,168	-
Purchases of capital assets	(78,819)	-	(73,688,765)	(8,388,559)
Capital contributions received	-	-	12,231,490	-
Proceeds from issuance of debt	-	-	108,008,758	-
Principal paid on debt	-	-	(130,766,145)	(256,440)
Unamortized loss on refunding of debt	-	-	891,972	-
Interest paid on debt	-	-	(12,451,679)	(51,674)
Net cash (used in) capital and related financing activities	(78,819)	-	(95,659,201)	(8,696,673)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings (loss)	(3,498)	(1,922)	(7,015,030)	(12,007,502)
Net cash provided by (used in) investing activities	(3,498)	(1,922)	(7,015,030)	(12,007,502)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,376	(32,196)	(43,831,225)	(7,410,692)
CASH AND CASH EQUIVALENTS:				
Beginning of year	292,828	188,362	289,511,908	219,088,917
End of year	<u>\$ 321,204</u>	<u>\$ 156,166</u>	<u>\$ 245,680,683</u>	<u>\$ 211,678,225</u>

City of Stockton
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	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	\$ 98,869,245	\$ 127,584,051	\$ 9,373,274	\$ 2,911,294
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	25	1,771,253	-	4,694,171
Total cash and investments	<u>\$ 98,869,270</u>	<u>129,355,304</u>	<u>\$ 9,373,274</u>	<u>\$ 7,605,465</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 19,752,864	\$ 14,682,908	\$ (1,151,583)	\$ (216,986)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	7,861,294	12,632,253	1,684,553	1,053,748
Changes in assets and liabilities:				
Accounts receivables	(1,816,857)	3,930,774	283,326	98
Due from other funds	-	-	-	-
Prepaid items	(105,017)	(131,268)	(8,873)	-
Lease receivable	-	-	-	-
Lease related deferred inflows	-	-	-	-
Inventory of supplies	-	(182,931)	-	-
Deposits and advances	-	-	-	(4,586)
Accounts payable	(944,155)	937,381	170,892	8,319
Accrued payroll	5,330	10,689	(6,700)	(1,512)
Due to other funds	-	-	-	-
Deposits and other liabilities	(119,745)	1,157,125	(5,999)	-
Compensated absences	(36,166)	(90,973)	(12,395)	(13,741)
Self-insurance - claims and judgments	-	-	-	-
Net pension liability	(2,126,781)	(4,662,564)	(593,386)	-
Pension-related deferred outflows	(105,968)	(370,547)	15,248	-
Pension-related deferred inflows	1,557,532	2,939,848	469,818	-
Net cash provided by (used in) operating activities	<u>\$ 23,922,331</u>	<u>\$ 30,852,695</u>	<u>\$ 844,901</u>	<u>\$ 825,340</u>
NONCASH TRANSACTIONS:				
Amortization of loss on refunding	\$ 721,388	\$ 170,584	\$ -	\$ (427,240)
Capital contributions received	294,172	211,618	383,023	-
Total noncash capital and related financing activities	<u>\$ 1,015,560</u>	<u>\$ 382,202</u>	<u>\$ 383,023</u>	<u>\$ (427,240)</u>

City of Stockton
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Nonmajor Enterprise Funds			Governmental
	Downtown	Golf	Totals	Activities
	Marina	Courses		Internal Service
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
TO THE STATEMENT OF NET POSITION -				
PROPRIETARY FUNDS:				
Cash and investments	\$ 321,204	\$ 156,166	\$ 239,215,234	\$ 141,709,895
Restricted assets:				
Cash and investments	-	-	-	69,968,331
Cash and investments with fiscal agents	-	-	6,465,449	-
Total cash and investments	\$ 321,204	\$ 156,166	\$ 245,680,683	\$ 211,678,226
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET				
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (710,147)	\$ (237,613)	\$ 32,119,443	\$ 7,613,100
Adjustments to reconcile operating income (loss)				
to net cash provided by (used for) operating activities:				
Depreciation and amortization	532,956	99,241	23,864,045	4,803,694
Changes in assets and liabilities:				
Accounts receivables	89,833	(7,763)	2,479,411	199,709
Due from other funds	-	-	-	303,640
Prepaid items	23,450	-	(221,708)	(893,829)
Lease receivable	-	26,279	26,279	-
Lease related deferred inflows	-	(26,607)	(26,607)	-
Inventory of supplies	-	-	(182,931)	(179,726)
Deposits and advances	-	-	(4,586)	349,235
Accounts payable	(55,983)	(119,529)	(3,075)	(417,891)
Accrued payroll	-	6	7,813	35,429
Due to other funds	-	-	-	-
Deposits and other liabilities	(31,416)	-	999,965	-
Compensated absences	-	-	(153,275)	(167,815)
Self-insurance - claims and judgments	-	-	-	(915,393)
Net pension liability	-	-	(7,382,731)	-
Pension-related deferred outflows	-	-	(461,267)	-
Pension-related deferred inflows	-	-	4,967,198	-
Net cash provided by (used in) operating activities	\$ (151,307)	\$ (265,986)	\$ 56,027,974	\$ 10,730,153
NONCASH TRANSACTIONS:				
Amortization of loss on refunding	\$ -	\$ -	\$ 464,732	\$ -
Capital contributions received	-	-	888,813	6,015,680
Total noncash capital and related financing activities	\$ -	\$ -	\$ 1,353,545	\$ 6,015,680



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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 government-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 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, 2022

	Custodial Funds	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ASSETS		
Cash and investments	\$ 25,215,598	\$ 10,088,400
Cash and investments with fiscal agents	6,472,600	3
Receivables, net:		
Interest	62,272	23,027
Accounts and other receivables	3,662,249	561
Lease	-	41,321
Capital assets:		
Nondepreciable	-	12,231,979
Depreciable and amortizable, net	-	11,965,731
Total assets	35,412,719	34,351,022
LIABILITIES		
Accounts payable	24,294	-
Accrued payroll	-	3,909
Due to other governments	2,950,173	-
Loans from the City	-	1,106,580
Accrued interest	-	1,219,012
Bonds payable - current	-	4,370,555
Bonds payable - noncurrent	-	86,898,487
Pollution remediation	-	275,000
Total liabilities	2,974,467	93,873,543
Deferred Inflows of Resources		
Lease	-	41,114
Total deferred inflows of resources	-	41,114
NET POSITIONS		
Held in Trust	-	(59,563,635)
Restricted for individual, organization, and other governments	32,438,252	-
Total net positions	\$ 32,438,252	\$ (59,563,635)

City of Stockton
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:		
Property tax	\$ 7,844,621	\$ 10,086,063
Use of money and property	87	6,957
Investment income (loss)	(824,783)	(304,033)
Gain on disposal of capital assets	-	378,011
Miscellaneous	-	1,449,265
Total additions	<u>7,019,925</u>	<u>11,616,263</u>
DEDUCTIONS:		
General government	373,760	249,930
Public Works	7,526,952	-
Debt obligations	7,362,720	3,139,799
Depreciation and amortization	-	573,834
Miscellaneous	-	6,346,648
Total deductions	<u>15,263,432</u>	<u>10,310,211</u>
CHANGE IN NET POSITION	(8,243,507)	1,306,052
NET POSITION (DEFICIT):		
Beginning of year, as restated (Note 19)	<u>40,681,759</u>	<u>(60,869,687)</u>
End of year	<u>\$ 32,438,252</u>	<u>\$ (59,563,635)</u>



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CITY OF STOCKTON



NOTES TO BASIC FINANCIAL STATEMENTS

City of Stockton
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For the Year Ended June 30, 2022

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City of Stockton
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Stockton, California (the “City”) have been prepared in accordance with Accounting Principles Generally Accepted in 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 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, 2022.

The Stockton Public Financing Authority (the “SPFA”)

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

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Excluded Agencies

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

An additional governmental agency in which the City participates is the San Joaquin County Regional Fire Dispatch Joint Powers Authority (“SJCRFDA”) consequent to City Council approval of an operating agreement between the SJCRFDA and the City of Stockton. In addition to dispatch services, the City will provide financial and administrative support services to the SJCRFDA. The financial information for the SJCRFDA is not included in the accompanying financial statements. However, the City’s cost and revenues from providing emergency communications services are tracked and reported in the General Fund. The SJCRFDA was dissolved effective June 30, 2021.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 Changes in Net Position. These statements present summaries of governmental activities and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Government-Wide Financial Statements (Continued)

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, including Capital and 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 and reported as transfers. The following inter-fund activities have been eliminated:

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

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes 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 Changes 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 90 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements (Continued)

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

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

The City reports the following major governmental funds:

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

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes 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 Changes 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.

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, Employee Health Insurance, Retirement Benefits, Other Benefits and 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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fiduciary Fund Financial Statements (Continued)

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.

C. Deferred Outflows/Inflows of Resources

The Statement of Net position and the Balance Sheet report separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent a consumption of net position that apply to future periods.

Deferred Inflows of Resources represent an acquisition of net position that apply to future periods.

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 (the “State”), the Local Agency Investment Fund (“LAIF”). The City records its investment in LAIF at fair value based on information obtained from the State on the holdings in the pool.

The change in fair value of investments is recognized as an increase or decrease in investment assets and investment income or loss. Investment income (loss) 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 losses on investments amounted to \$16,893,214 for the fiscal year ended June 30, 2022.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Cash, Cash Equivalents, and Investments (Continued)

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

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

F. Restricted Cash and Investments

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

G. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosure about fair value measurement. Investments, unless otherwise specified at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

H. 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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Receivables (Continued)

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 restricted fund balance as the use of the proceeds from the collection of those receivables was restricted. 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.

I. 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.

J. 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 General Fund as the City's central store in general and for the entertainment venues as well as 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.

K. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements by using purchase method. A nonspendable fund balance has been reported in the governmental funds to show that the prepaid items do not constitute "available spendable resources," even though they are a component of current assets.

L. Lease Receivable

The City is a lessor for leases of land, buildings, and cell towers and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Lease Receivable (Continued)

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. The City established a threshold of \$5,000 for lease receivables. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses incremental borrowing rate (IBR) provided by the financial institution at July 1, 2021 for existing leases or the current rate at the time a new lease is executed.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

M. 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:

Infrastructure	30-100 years
Buildings and Improvements	20-50 years
Machinery and equipment	3-30 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.

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 of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Capital Assets (Continued)

The City established a threshold to recognize a right-to-use lease asset (lease asset) in the government-wide financial statements and proprietary fund financial statements for a leased asset over \$5,000. Lease assets are recorded at the amount of the initial measurement of the lease liabilities and adjusted by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

N. 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.

O. 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, 2022, the payroll accrual is recorded in the respective funds when the related liability is incurred.

P. 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. As of July 1, 2013, employees separating from service will receive their full vacation payout.

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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. 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.

Bond issuance premiums and discounts, as well as prepaid insurance, are amortized over the life of the bonds using the straight-line 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.

R. Lease Liabilities

The City recognizes lease liabilities with an initial, individual value of \$5,000 or more with a lease term greater than one year in the government-wide and proprietary fund financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses incremental borrowing rate provided by the financial institution at July 1, 2021 for existing leases or the current rate at the time a new lease is executed.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.
- Lease payments included in the measurement of the lease payable is composed of fixed payments to the lessor.

S. Pensions

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

General Fund and special revenue are typically used to liquidate pension liabilities for governmental funds.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Pensions (Continued)

The following time frames are used for pension reporting:

CALPERS

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

PARS

Valuation Date	June 30, 2020
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

T. Net Position

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

Net Investment in Capital Assets – This component of net position of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, and excludes unspent debt proceeds. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Fund Balances

In the governmental fund financial statements, fund balances are classified 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, such as principal of an endowment or revolving loan funds.

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.

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.

V. 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.

Property Valuations are established by the Assessor of the County of San Joaquin for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

V. Property Taxes (Continued)

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.

W. Use of Estimates

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

X. Implementation of New GASB Pronouncements

During the year ended June 30, 2022, the City implemented the following new GASB Pronouncements.

In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effective date of GASB Statement No. 87 (as amended by GASB Statement No. 95) is for fiscal years beginning after June 15, 2021. Implementation of this Statement resulted in restatement of beginning balance of lease assets (Note 7) and lease liabilities (Note 8) at July 1, 2021.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre–November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business–type activity or enterprise fund. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

X. Implementation of New GASB Pronouncements (Continued)

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. *Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR)*. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Cash, Cash Equivalents and Investments

The following is a summary of cash, cash equivalents, and investments, including restricted cash and investments at June 30, 2022:

Deposits:	
Cash on Hand	\$ 721,079
Demand Deposits	196,876,122
Total Deposits	<u>197,597,201</u>
Investments	<u>789,869,636</u>
Total Cash and Investments	<u><u>\$ 987,466,837</u></u>
Presented in the government-wide statement of net position:	
Cash and Investments	\$ 867,679,777
Restricted Cash and Investments	78,010,459
Presented in the statement of fiduciary net position:	
Cash and Investments	35,303,998
Cash and investments with fiscal agents	<u>6,472,603</u>
Total Cash and Investments	<u><u>\$ 987,466,837</u></u>

A. Cash Deposits

The carrying amount of the City’s pooled cash deposits was \$196,876,122 at June 30, 2022. Bank balances before reconciling items were \$204,997,056 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, 2022

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

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

* Limited to 5 years, except permits investment in variable rate demand 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 CGC 53601.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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

B. Authorized Investments (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
Repurchase Agreements	30 days	Top Four Rating Categories	No Limit	No Limit
U.S. Treasury Bonds, Notes and Bills	No Limit	N/A	No Limit	No Limit
U.S. Agency and U.S. Government Sponsored Enterprise Securities	No Limit	No Limit	No Limit	No Limit
State Obligations	No Limit	Not lower than their bond rating	No Limit	No Limit
Commercial Paper	270 days	A-1+	No Limit	No Limit
Negotiable Certificates of Deposit	No Limit	N/A	No Limit	No Limit
Time Certificates of Deposit	No Limit	N/A	No Limit	No Limit
Corporate Notes and Bonds	No Limit	Not lower than their bond rating	No Limit	No Limit
Guaranteed Investment Contracts	No Limit	Not lower than their bond rating	No Limit	No Limit
Shares of Beneficial Interest	No Limit	Top Rating Category	No Limit	No Limit
Money Market Mutual Funds	No Limit	AAM	20%	No Limit
Bankers' Acceptances	365 days	A-1+	30%	30%
Municipal Bonds	No Limit	AAA	No Limit	No Limit
California Local Agency Investment Fund (LAIF)	Upon Demand	N/A	\$75,000,000	\$75,000,000
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 CGC 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, 2022

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, 2022, the City had \$74,034,406 invested in LAIF, which had invested 1.88 % 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 ("CAMP")

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, 2022, the City had \$82,050 invested in CAMP, which had invested 18.34% 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

At June 30, 2022, investments are reported at fair value. The following table presents the fair value measurements of investments on a recurring basis and the levels with GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2022. Deposits and withdrawals related to the investments in LAIF, CAMP, and money market funds are valued on amortized cost, which approximates fair value. Accordingly, under the fair value hierarchy these investments are uncategorized.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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

E. Fair Value of Investments (Continued)

Investments subject to fair value measurement categorizations:	June 30, 2022	Measurement Input		
		Level 1	Level 2	Uncategorized ⁽³⁾
U. S. Agencies ⁽¹⁾	\$ 144,341,056	\$ -	\$ 144,341,056	\$ -
U. S. Treasuries	249,515,008	249,515,008	-	-
Medium term notes ⁽¹⁾	101,286,818	-	101,286,818	-
Supranationals ⁽²⁾	11,523,992	-	11,523,992	-
Municipal Bonds ⁽¹⁾	16,032,962	-	16,032,962	-
Federal Agency CMOs ⁽¹⁾	4,012,331	-	4,012,331	-
Negotiable CD ⁽¹⁾	70,426,270	-	70,426,270	-
Commercial Paper ⁽¹⁾	36,467,953	-	36,467,953	-
Asset backed securities ⁽¹⁾	13,682,005	-	13,682,005	-
Cash - PARS 115 Trust	22,258	-	-	22,258
Equity Mutual Fund- PARS 115 Trust	19,062,529	-	19,062,529	-
Fixed Income Mutual Fund- PARS 115 Trust ⁽¹⁾	44,130,563	-	44,130,563	-
Idle Funds in Reserve Portfolio	1,626,761	-	-	1,626,761
Local Agency Investment Fund	74,034,406	-	-	74,034,406
California Asset Management Program (CAMP)	82,050	-	-	82,050
Money Market Funds (attributable to 115 Trust)	3,622,674	-	-	3,622,674
Total	\$ 789,869,636	\$ 249,515,008	\$ 460,966,479	\$ 79,388,149

(1) Pricing based on Institutional Bond Quotes - evaluations based on various market and industry inputs.

(2) Pricing based on Intercontinental Exchange Extel Financial Ltd - evaluations based on various market factors.

(3) Cash and cash equivalent valued at an amortized cost which approximates fair value.

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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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

F. Risk Disclosures (Continued)

Interest Rate Risk (Continued)

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	Fair Value	Investment Maturities			
		1 year or less	1-3 years	3-5 years	5 years or more
U.S. Agencies	\$ 144,341,056	\$ 21,253,026	\$ 85,866,445	\$ 37,221,585	\$ -
U.S. Treasuries	249,515,008	-	115,331,522	126,483,199	7,700,287
Medium Term (Corporate) Notes	101,286,818	3,512,831	87,052,556	10,721,431	-
Supranationals	11,523,992	-	11,523,992	-	-
Municipal Bonds	16,032,962	-	9,722,639	6,310,323	-
Federal Agency CMOs	4,012,331	2,005,383	2,006,948	-	-
Local Agency Investment Fund	74,034,406	74,034,406	-	-	-
Capital Asset Management Program	82,050	82,050	-	-	-
Money Market Funds (attributable to 115 Trust)	3,622,674	3,622,674	-	-	-
Negotiable CD	70,426,270	70,426,270	-	-	-
Asset Backed Securities	13,682,005	215,915	5,515,254	7,950,836	-
Commercial paper	36,467,953	36,467,953	-	-	-
Cash - PARS 115 Trust	22,258	22,258	-	-	-
Equity Mutual Fund- PARS 115 Trust	19,062,529	19,062,529	-	-	-
Fixed Income Mutual Fund- PARS 115 Trust	44,130,563	44,130,563	-	-	-
Idle Funds in Reserve Portfolio	1,626,761	1,626,761	-	-	-
Total	<u>\$ 789,869,636</u>	<u>\$ 276,462,619</u>	<u>\$ 317,019,356</u>	<u>\$ 188,687,374</u>	<u>\$ 7,700,287</u>
Allocation by percentage	100%	35%	40%	24%	1%

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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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

F. Risk Disclosures (Continued)

Credit Risk (Continued)

Presented below is the actual rating as of June 30, 2022, for each investment type as provided by Standard and Poor's ("S&P") 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	\$ -	\$ 148,353,387	\$ -	\$ -	\$ -	\$ 148,353,387
Medium term notes:						
Non-callable	-	8,016,097	33,773,695	-	-	41,789,792
Callable	5,317,258	15,259,516	32,790,026	-	6,130,226	59,497,026
Asset Backed Securities	13,682,005	-	-	-	-	13,682,005
Commercial Paper	-	-	-	36,467,953	-	36,467,953
Negiable CDs	-	-	-	70,426,270	-	70,426,270
Supranationals	11,523,992	-	-	-	-	11,523,992
Municipal securities	2,785,914	13,247,048	-	-	-	16,032,962
Total	<u>\$ 33,309,169</u>	<u>\$ 184,876,048</u>	<u>\$ 66,563,721</u>	<u>\$ 106,894,223</u>	<u>\$ 6,130,226</u>	<u>397,773,387</u>
Not rated or exempt from rating disclosure:						
Local Agency Investment Fund						74,034,406
California Asset Management Program						82,050
U. S. Treasuries						249,515,008
Section 115 Trust Mutual Funds (not rated)						66,815,766
Cash Held in 115 Trust						22,258
Idle Funds in Reserve Portfolio						1,626,761
				Total Investments		<u>\$ 789,869,636</u>

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. On March 8, 2022, 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 June 24, 2022, and Fitch affirmed the AAA rating and brought the outlook to stable on July 8, 2022.

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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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

F. Risk Disclosures (Continued)

Concentration Credit Risk (Continued)

At June 30, 2022, 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:			\$ 789,869,636
Federal National Mortgage Association	Federal Agency Securities	\$ 99,294,973	12.57%

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 primarily 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 Wastewater Rate Stabilization Accounts at June 30, 2022, was \$1,771,253.

At June 30, 2022, the restricted cash and investments with fiscal agents are as follows:

Governmental activities	<u>\$ 71,545,010</u>
Business-type activities:	
Water Utility	25
Wastewater Utility	1,771,253
Parking Authority	4,694,171
Subtotal	<u>6,465,449</u>
Fiduciary Funds	<u>\$ 6,472,603</u>
Total restricted cash and investments	<u><u>\$ 84,483,062</u></u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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. The of \$9,325,994 of interfund loan balances, broken down by short and long-term net of interest, as of June 30, 2022 is shown below.

The most significant inter-fund transactions were as follows:

<u>Fund Making Loan</u>	<u>Fund Receiving Loan</u>	<u>Short-Term</u>	<u>Long-term</u>	<u>Total</u>
Internal Service Funds -Workers' Compensation	Parking Authority	\$ 643,105	\$ 6,368,227	\$ 7,011,332
Internal Service Funds -Workers' Compensation	Internal Service Funds -Vehicle Fleet Equipment	454,217	1,364,845	1,819,062
Internal Service Funds -Computer and Radio Equipment	General Fund - Emergency Communications	495,600	-	495,600
			Total	<u>\$ 9,325,994</u>

- The \$7,011,332 interfund loan balance from the Workers’ Compensation Insurance Internal Service Fund to the Parking Authority Enterprise Fund was used to pay-off the existing 2006 Lease Revenue Refunding Bonds Series A, saving the City 2% in annual interest.
- The \$1,819,062 interfund loan balance from the Workers’ Compensation Insurance Fund to the Internal Services Vehicle Fleet Equipment Fund was used to pay off three of four remaining Fire Truck Leases, saving the City 2% in annual interest.
- The \$495,600 interfund loan from the Technology Internal Service Fund to the General Fund -Emergency Communications was used for equipment, software, and facility improvements to expand the Fire Dispatch Center and is expected to be repaid in FY2022-23.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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, 2022:

		<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Activities:				
General Fund	Program Support	\$ -	\$ (1,297,700)	\$ (1,297,700)
General Fund	Capital Improvement	-	(5,120,994)	(5,120,994)
General Fund	Debt Service	-	(5,816,875)	(5,816,875)
SSA	Debt Service/ Settlement	-	(398,809)	(398,809)
Special Grants	Program Support	-	(1,500,000)	(1,500,000)
Non-Major Government Funds	Program Support	800,000	(12,747,667)	(11,947,667)
Non-Major Government Funds	Debt Service	6,813,898	-	6,813,898
Capital Improvement	Program Support	20,003,898	(598,214)	19,405,684
Internal Service Funds	Program Support	300,554	-	300,554
Total governmental activities		<u>27,918,350</u>	<u>(27,480,259)</u>	<u>438,091</u>
Business-type Activities:				
Water Utility	Program Support	-	(19,650)	(19,650)
Wastewater Utility	Program Support	-	(622,808)	(622,808)
Stormwater Utility	Program Support	-	(293,333)	(293,333)
Marina	Program Support	262,000	-	262,000
Golf Courses	Program Support	235,700	-	235,700
Total business-type activities		<u>497,700</u>	<u>(935,791)</u>	<u>(438,091)</u>
Total Government-Wide Statements		<u>\$ 28,416,050</u>	<u>\$ (28,416,050)</u>	<u>\$ -</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 4 - Lease Receivable

Lease receivables consist of agreements with others for the right-to-use of the underlying assets for land and buildings owned by the City at various locations. The remaining terms of the agreements range from 26 to 600 months. The incremental borrowing rates used were between 0.2450% to 1.800% depending on the length of the lease term. For the year ended June 30, 2022, the City recognized \$71,038, \$26,587, and \$7,790 in lease revenue and \$22,908, \$273, and \$337 in interest revenue for the Governmental Activities, the Business-Type Activities, and the Successor Agency, respectively. The outstanding receivables are in the amounts of \$1,473,569, \$59,411, and \$41,321 for the Governmental Activities, the Business-Type Activities, and the Successor Agency, respectively.

The future required payments for these leases, including interest, are as follows:

Year Ending June 30,	Governmental Activities			Business-Type Activities			Fiduciary Funds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 47,443	\$ 24,436	\$ 71,879	\$ 26,337	\$ 195	\$ 26,532	\$ 7,612	\$ 308	\$ 7,920
2024	40,230	23,822	64,052	26,446	86	26,532	7,674	246	7,920
2025	41,130	23,182	64,312	6,628	5	6,633	7,737	183	7,920
2026	44,165	22,492	66,657	-	-	-	7,800	120	7,920
2027	47,343	21,751	69,094	-	-	-	7,864	56	7,920
2028 - 2032	270,827	96,251	367,078	-	-	-	2,634	4	2,638
2033 - 2037	335,426	71,823	407,249	-	-	-	-	-	-
2038 - 2042	128,415	50,293	178,708	-	-	-	-	-	-
2043 - 2047	71,249	43,617	114,866	-	-	-	-	-	-
2048 - 2052	77,961	36,904	114,865	-	-	-	-	-	-
2053 - 2057	85,305	29,560	114,865	-	-	-	-	-	-
2058 - 2062	93,342	21,523	114,865	-	-	-	-	-	-
2063 - 2067	102,134	12,729	114,863	-	-	-	-	-	-
2068 - 2071	88,599	3,298	91,897	-	-	-	-	-	-
	<u>\$ 1,473,569</u>	<u>\$ 481,681</u>	<u>\$ 1,955,250</u>	<u>\$ 59,411</u>	<u>\$ 286</u>	<u>\$ 59,697</u>	<u>\$ 41,321</u>	<u>\$ 917</u>	<u>\$ 42,238</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 5 – 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, 2022, 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, 2022 is \$5,613,413 and has been offset by an allowance for uncollectible loan and interest in the amount of \$4,506,833, except the loan amount from Low – Moderate Income Housing Loans.

<u>Fund Providing Loan</u>	<u>Fund Receiving Loan</u>	<u>Outstanding Balance</u>	<u>Allowance for Uncollectible Loans</u>	<u>Net Balance</u>
Low - Moderate Income Housing RDA Loans	Private-Purpose Trust Fund - Successor Agency of the Redevelopment Agency	\$ 1,106,580	\$ -	\$ 1,106,580
Non-Major Governmental - CDBG Fund	Private-Purpose Trust Fund - Successor Agency of the Redevelopment Agency	1,250,321	(1,250,321)	-
Capital Improvement Projects Fund	Private-Purpose Trust Fund - Successor Agency of the Redevelopment Agency	1,012,346	(1,012,346)	-
	Interest on Redevelopment Agency Loans	2,244,166	(2,244,166)	-
	Total	<u>\$ 5,613,413</u>	<u>\$ (4,506,833)</u>	<u>\$ 1,106,580</u>

- 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 \$1,250,321 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, 2022, outstanding accrued interest balance is \$2,244,166.
- The \$1,012,346 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, 2022

Note 6 – 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, 2022 are as follows:

Loan Programs	Governmental Activities		
	Principal Balance	Deferred Interest	Total
First Time Home Buyers Program (HOME)	\$ 41,874,071	\$ 9,006,093	\$ 50,880,164
Community Development Block Grant Programs	16,731,191	2,579,737	19,310,929
Neighborhood Stabilization First Time Home Buyer Program	10,934,138	1,499,722	12,433,860
California Home Loans	2,859,698	360,618	3,220,317
Low & Moderate Income Housing Programs (former Agency)	52,594,307	14,078,765	66,673,072
	<u>\$ 124,993,405</u>	<u>\$ 27,524,936</u>	<u>152,518,341</u>
Less: Allowance for Doubtful Accounts			(3,082,699)
Total			<u>\$ 149,435,642</u>

First Time Home Buyers Program (HOME)

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

Community Development Block Grant Program (CDBG)

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, 2022

Note 7 – Capital Assets

A. Government-Wide Financial Statements

At June 30, 2022, 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	192,071,580	193,438,375	385,509,955
Total capital assets, not being depreciated	234,623,105	208,565,593	443,188,698
Capital assets, being depreciated:			
Infrastructure	615,830,270	-	615,830,270
Buildings and improvements	324,338,702	1,051,872,475	1,376,211,177
Machinery and equipment	86,136,929	17,956,150	104,093,079
Total capital assets, being depreciated	1,026,305,901	1,069,828,625	2,096,134,526
Less accumulated depreciation for:			
Infrastructure	(238,120,517)	-	(238,120,517)
Buildings and improvements	(143,856,222)	(448,796,561)	(592,652,783)
Machinery and equipment	(57,357,324)	(13,090,312)	(70,447,636)
Total accumulated depreciation	(439,334,063)	(461,886,873)	(901,220,936)
Total capital assets, being depreciated, net	586,971,838	607,941,752	1,194,913,590
Lease assets, being amortized:			
Intangible asset - right to use	2,017,470	2,866,646	4,884,116
Accumulated amortization	(997,527)	(215,324)	(1,212,851)
Total lease assets, being amortized, net	1,019,943	2,651,322	3,671,265
Governmental activities capital assets, net	\$ 822,614,886	\$ 819,158,667	\$ 1,641,773,553

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Capital Assets (Continued)

B. Governmental Activities

Summary of changes in governmental activities capital assets for the year ended June 30, 2022, are as follows:

Governmental activities:	Balance July 1, 2021 (As restated)	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets, not being depreciated:					
Land	\$ 38,196,565	\$ -	\$ -	\$ -	\$ 38,196,565
Intangible assets - easements	4,354,960	-	-	-	4,354,960
Construction in progress	162,224,943	45,697,412	(32,431)	(15,818,344)	192,071,580
Total capital assets, not being depreciated	204,776,468	45,697,412	(32,431)	(15,818,344)	234,623,105
Capital assets, being depreciated:					
Infrastructure	614,965,324	864,946	-	-	615,830,270
Buildings and improvements	309,180,122	-	-	15,158,580	324,338,702
Machinery and equipment	80,079,827	5,448,764	(117,405)	725,743	86,136,929
Total capital assets, being depreciated	1,004,225,273	6,313,710	(117,405)	15,884,323	1,026,305,901
Less accumulated depreciation for:					-
Infrastructure	(226,546,308)	(11,574,209)	-	-	(238,120,517)
Buildings and improvements	(137,721,588)	(6,134,634)	-	-	(143,856,222)
Machinery and equipment	(51,955,384)	(5,402,592)	652	-	(57,357,324)
Total accumulated depreciation	(416,223,280)	(23,111,435)	652	-	(439,334,063)
Total capital assets, being depreciated, net	588,001,993	(16,797,725)	(116,753)	15,884,323	586,971,838
Lease assets, being amortized:					
Intangible asset - right to use	1,854,940	162,530	-	-	2,017,470
Accumulated amortization	-	(997,527)	-	-	(997,527)
Total lease assets, being amortized, net	1,854,940	(834,997)	-	-	1,019,943
Governmental activities capital assets, net	\$ 794,633,401	\$ 28,064,690	\$ (149,184)	\$ 65,979	\$ 822,614,886

Governmental activities depreciation and amortization expenses for capital assets for the year ended June 30, 2022, are as follows:

Governmental Activities:	
General Government	\$ 1,321,628
Public Works	13,103,414
Parks & Recreation	3,400,216
Library	202,816
Public Safety	1,277,194
Internal Service Funds	4,803,694
Total	\$ 24,108,962

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Capital Assets (Continued)

C. Business-Type Activities

Summary of changes in business-type activities capital assets for the year ended June 30, 2022, are as follows:

Business-type activities:	Balance July 1, 2021 (As restated)	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets, not being depreciated:					
Land	\$ 15,127,218	\$ -		\$ -	\$ 15,127,218
Construction in progress	123,266,238	70,172,137	-	-	193,438,375
Total capital assets, not being depreciated	138,393,456	70,172,137	-	-	208,565,593
Capital assets, being depreciated:					
Buildings and improvements	1,049,166,303	6,858,747	(4,152,575)	-	1,051,872,475
Machinery and equipment	17,710,847	360,471	(49,189)	(65,979)	17,956,150
Total capital assets, being depreciated	1,066,877,150	7,219,218	(4,201,764)	(65,979)	1,069,828,625
Less accumulated depreciation for:					
Buildings and improvements	(426,101,096)	(22,695,465)	-	-	(448,796,561)
Machinery and equipment	(12,137,056)	(953,256)	-	-	(13,090,312)
Total accumulated depreciation	(438,238,152)	(23,648,721)	-	-	(461,886,873)
Total capital assets, being depreciated, net	628,638,998	(16,429,503)	(4,201,764)	(65,979)	607,941,752
Lease assets, being amortized:					
Intangible asset - right to use	2,857,888	8,758	-	-	2,866,646
Accumulated amortization	-	(215,324)	-	-	(215,324)
Total lease assets, being amortized, net	2,857,888	(206,566)	-	-	2,651,322
Business-type activities capital assets, net	\$ 769,890,342	\$ 53,536,068	\$ (4,201,764)	\$ (65,979)	\$ 819,158,667

Business-type activities depreciation and amortization expenses for capital assets for the year ended June 30, 2022, are as follows:

Business-type Activities:	
Water Utility	\$ 7,861,294
Wastewater Utility	12,632,253
Stormwater Utility	1,684,553
Parking Authority	1,053,748
Golf Courses	532,956
Downtown Marina	99,241
Total	<u>\$ 23,864,045</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Capital Assets (Continued)

D. Fiduciary Fund Activities

Summary of Changes in Fiduciary Fund capital assets for the year ended June 30, 2022, are as follows:

Fiduciary fund activities:	Balance July 1, 2021 (As restated)	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets, not being depreciated:					
Land	\$ 12,602,828	\$ -	\$ (470,849)	\$ -	\$ 12,131,979
Intangible assets - easements	100,000	-	-	-	100,000
Total capital assets, not being depreciated	12,702,828		(470,849)		12,231,979
Capital assets, being depreciated:					
Infrastructure	10,898,549	-	-	-	10,898,549
Buildings and improvements	10,929,529	-	-	-	10,929,529
Machinery and equipment	471,546	-	-	-	471,546
Total capital assets, being depreciated	22,299,624	-	-	-	22,299,624
Less accumulated depreciation for:					
Infrastructure	(3,025,267)	(249,654)	-	-	(3,274,921)
Buildings and improvements	(6,463,024)	(301,151)	-	-	(6,764,175)
Machinery and equipment	(279,383)	(18,677)	-	-	(298,060)
Total accumulated depreciation	(9,767,674)	(569,482)	-	-	(10,337,156)
Total capital assets, being depreciated, net	12,531,950	(569,482)	-	-	11,962,468
Lease assets, being amortized:					
Intangible asset - right to use	7,615	-	-	-	7,615
Accumulated amortization	-	(4,352)	-	-	(4,352)
Total lease assets, being amortized, net	7,615	(4,352)	-	-	3,263
Fiduciary fund activities capital assets, net	\$ 25,242,393	\$ (573,834)	\$ (470,849)	\$ -	\$ 24,197,710

Fiduciary fund depreciation and amortization expenses for capital assets for the year ended June 30, 2022, are as follows:

Fiduciary Fund Activities:	
Successor Agency	<u><u>\$ 573,834</u></u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in governmental activities long-term debt for the year ended June 30, 2022, are as follows:

	Balance July 1, 2021 (As restated)	Additions	Payments/ Reductions	Balance June 30, 2022	Short-Term	Long-term Portion
Governmental Fund Activities Debt						
City Debt						
<u>Assured Guaranty Settlement</u>						
Assured Settlement Obligation	\$ 53,247,671	\$ -	\$ (164,013)	\$ 53,083,658	\$ 198,847	\$ 52,884,811
Subtotal Settlement Obligation Bonds	53,247,671	-	(164,013)	53,083,658	198,847	52,884,811
Other Long-Term Obligations						
<u>CDBG</u>						
USD-HUD Housing Note	6,115,000	-	(1,750,000)	4,365,000	1,830,000	2,535,000
Subtotal CDBG	6,115,000	-	(1,750,000)	4,365,000	1,830,000	2,535,000
<u>Notes Payable</u>						
Capital / Equipment (Fire) Tax-Exempt Notes Obligation-2013	206,486	-	(206,486)	-	-	-
Subtotal Notes Payable	206,486	-	(206,486)	-	-	-
<u>Lease Payable</u>						
Lease Payable	252,115	162,530	(79,043)	335,602	80,492	255,110
Subtotal Lease Payable	252,115	162,530	(79,043)	335,602	80,492	255,110
Total	\$ 59,821,272	\$ 162,530	\$ (2,199,542)	\$ 57,784,260	\$ 2,109,339	\$ 55,674,921

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

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, 2022, 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, 2022, bonds totaling \$25,955,000 are due in installments of principal ranging from \$950,000 on September 1, 2022, 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 \$1,618,283 on July 1, 2022 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, 2043, 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, 2023, is currently anticipated to be \$4,021,000.

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%.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – 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)

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.

Annual Debt Service Requirements to Maturity

Year June 30,	Special Fund Payments		2007 Lease Ask Payments		Supplemental Payments	
	Principal	Interest	Principal	Interest	Principal	Interest
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	93,227	1,362,289	-	2,532,500	-	250,000
2028-2032	1,053,420	6,687,459	-	12,647,251	-	1,250,000
2033-2037	2,006,729	6,298,195	-	12,651,565	-	1,250,000
2038-2042	4,240,216	5,529,620	5,678,669	6,969,832	-	1,250,000
2043-2047	5,890,078	4,157,332	8,257,125	4,393,189	870,029	626,366
2048-2052	7,703,946	2,343,464	10,797,340	1,850,661	1,415,845	256,057
2053-2054	3,709,308	309,656	-	-	331,703	-
	<u>\$ 25,732,947</u>	<u>\$ 32,291,293</u>	<u>\$ 24,733,134</u>	<u>\$ 51,162,186</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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

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.

Annual Debt Service Requirements to Maturity

Year Ending June 30,	<u>Notes Payable</u>	
	<u>U.S. Dept. of Housing & Urban Development Principal</u>	<u>Interest</u>
2023	\$ 1,830,000	\$ 89,979
2024	1,920,000	41,541
2025	615,000	8,204
Total	\$ 4,365,000	\$ 139,724

Finance Purchase - Fire Pump 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 Oshkosh Financing in this 2012 issuance are pledged. In the event of default payment or failure to make appropriations for the annual lease payments the aforementioned trucks may be subject to repossession. 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:

<u>Fire Vehicle - Lease #3</u>	
Machinery and equipment	\$ 1,871,404
Less: accumulated depreciation	(1,164,429)
Total	\$ 706,975

The finance purchase was paid off during the year ended June 30, 2022.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Lease Payable

The City has entered leases for the building and machine uses. The terms of the agreements range from 21 months to 59 months. The calculated interest rates used were between 0.3080% to 0.56% based on the term of the agreements. Principal and interest payments to maturity at June 30, 2022 are as follows:

Year Ending June 30,	Leases	
	Principal	Interest
2023	\$ 80,492	\$ 1,372
2024	82,600	994
2025	83,329	611
2026	83,713	227
2027	5,468	2
Total	<u>\$ 335,602</u>	<u>\$ 3,206</u>

B. Business-Type Activities

Summary of changes in business-type activities long-term debt for the year ended June 30, 2022, are as follows:

	Balance				Balance		
	July 1, 2021 (As restated)	Additions	Reductions	Disc/Deferred	June 30, 2022	Short-Term	Long-Term
<u>Water Utility Obligations</u>							
2018A Water System Demand Revenue Bonds	\$ 135,295,000	\$ -	\$ (5,365,000)	\$ -	\$ 129,930,000	\$ 5,645,000	\$ 124,285,000
Premium	13,141,408	-	-	(810,073)	12,331,335	-	12,331,335
2019A Water System Demand Taxable Revenue	54,245,000	-	(545,000)	-	53,700,000	560,000	53,140,000
Subtotal Water Utility Obligations	<u>202,681,408</u>	<u>-</u>	<u>(5,910,000)</u>	<u>(810,073)</u>	<u>195,961,335</u>	<u>6,205,000</u>	<u>189,756,335</u>
<u>Wastewater Utility Obligations</u>							
2014 Wastewater Refunding Revenue Bonds	47,950,000	-	(4,195,000)	-	43,755,000	4,410,000	39,345,000
Premium (on 2014 refunding)	5,963,845	-	-	(729,982)	5,233,863	-	5,233,863
2019 Bond Anticipation Note	118,510,000	-	(118,510,000)	-	-	-	-
2020 EPA WIFIA loan	-	108,000,000	-	-	108,000,000	-	108,000,000
Lease Payable	-	8,758	(3,644)	-	5,114	4,382	732
Subtotal Wastewater Utility Obligations	<u>172,423,845</u>	<u>108,008,758</u>	<u>(122,708,644)</u>	<u>(729,982)</u>	<u>156,993,977</u>	<u>4,414,382</u>	<u>152,579,595</u>
<u>Central Parking District</u>							
2020 Parking Lease Revenue Bonds	24,355,000	-	(245,000)	-	24,110,000	360,000	23,750,000
Premium	5,382,556	-	-	(209,710)	5,172,846	-	5,172,846
Lease Payable	2,812,689	-	(170,056)	-	2,642,633	169,052	2,473,581
Subtotal Central Parking District	<u>32,550,245</u>	<u>-</u>	<u>(415,056)</u>	<u>(209,710)</u>	<u>31,925,479</u>	<u>529,052</u>	<u>31,396,427</u>
<u>Marina Operation</u>							
CDBW Harbor Facility Construction and Planning Loans	10,870,821	-	-	-	10,870,821	-	10,870,821
Subtotal Marina Operation	<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	<u>\$ 418,526,319</u>	<u>\$ 108,008,758</u>	<u>\$ (129,033,700)</u>	<u>\$ (1,749,765)</u>	<u>\$ 395,751,612</u>	<u>\$ 11,148,434</u>	<u>\$ 384,603,178</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – 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, 2022, \$129,930,000 of 2018A Bonds remain outstanding with installments of principal ranging from \$5,645,000 to \$12,195,000 due October 1, 2022, 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 \$12,331,335, and unamortized loss on refunding of \$5,884,651.

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, 2022, \$53,700,000 of 2019A Bonds remain outstanding with installments of principal ranging from \$560,000 to \$15,635,000 due from October 1, 2022, through October 1, 2040, with interest rates ranging from 2.145% 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 at par and are reported net of an unamortized loss on refunding of \$6,110,331.

Pledged 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, 2022, total principal and interest paid was \$14,293,290 and net revenues were \$35,287,899. Rate stabilization Funds balances at the end of FY 21/22 stand at \$2,980,904. The total principal and interest remaining to be paid on the Water Utility Revenue Bonds are \$270,140,505.

Events of default with finance related consequences and subjective acceleration are included in section 7 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.

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.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

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, 2022.

Unused lines of Credit

There are no unused lines of credit as it pertains to the operation of the water utility.

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, 2022, bonds totaling \$43,755,000 are due in annual installments of principal ranging from \$4,410,000 to \$6,530,000 from September 1, 2022, 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, 2022, there is \$1,223,060 outstanding. The principal amount due is reported net of the unamortized premium of \$5,233,863.

Stockton Public Financing Authority Wastewater Bond Anticipation Notes, Series 2019

Wastewater Bond Anticipation Notes, Series 2019 (the "Notes") were issued in an amount of \$118,510,000 by the SPFA on October 22, 2019. As of June 30, 2022, notes totaling \$118,510,000 were due to be repaid June 1, 2022, were outstanding at a rate of 1.40%, and were 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. The Notes were paid off during the year ended June 30, 2022.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Wastewater Utility (Continued)

Stockton Public Financing Authority- 2020 Water Infrastructure Finance and Innovation Act (WIFIA) Loan

The WIFIA loan was entered into with the U.S. Environmental Protection Agency (the“EPA”) on September 29, 2020, and secured long-term financing in the amount of \$108,000,000 at a rate of 1.20%. The payments are interest only until March 1, 2030. As of June 30, 2022, bonds totaling \$108,000,000 are due in annual installments of principal ranging from \$4,318,797 to \$5,548,218 from March 1, 2030 through March 1, 2051. Proceeds of the WIFIA loan were taken out in November 2021, and together with cash on hand, were used to redeem the 2019 Bond Anticipation Notes (BANs) in the amount of \$118,510,000 on December 1, 2021.

This long-term financing is for the Regional Wastewater Control Facility upgrades, which are necessary to maintain compliance with updated state and federal standards. Repayment of the WIFIA loan is from a pledge of net revenues of the Wastewater Fund and the loan is issued on parity with the 2014A bonds. The loan was issued at par value.

In the event of default, 1) the EPA may suspend or terminate all of its obligations with respect to the disbursement of any undisbursed amounts of the loan, 2) may apply the default rate provisions of the interest rate specified in the agreement, 3) may suspend or debar the City from further participation in any government program administered by the EPA and to notify other departments and agencies of such default; and/or be 4) entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid.

Pledged 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, 2022, the City paid total principal and interest of \$7,695,195, and an additional \$10,510,000 in cash was utilized to redeem the 2019 BANs, and had net revenues of \$30,847,429. Rate stabilization Funds balances at the end of FY 21/22 stand at \$12,998,654. On June 30, 2022, the total principal and interest remaining to be paid on the Wastewater Bonds are \$185,740,402.

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.

Debt Covenants

The Bonds requires 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, 2022, at each measurement period.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Wastewater Utility (Continued)

Unused lines of Credit

There were no unused lines of credit as it pertains to the operation of the wastewater utility.

Lease Payable

On 09/10/2021, the City entered into a 23 month lease as Lessee for the use of Building ID 32627. An initial lease liability was recorded in the amount of \$8,758 as of 06/30/2022, the value of the lease liability is \$5,114. Stockton, CA is required to make monthly fixed payments of \$366.00. The lease has an interest rate of 0.3080%. The buildings estimated useful life was 23 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$8,758 with accumulated amortization of \$3,585 is included with Buildings on the Lease Class activities.

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, 2022, the 2020 Parking Bonds totaling \$24,110,000 are due in annual installments of principal ranging from \$360,000 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 payoff 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 \$5,172,846, and unamortized loss on refunding of \$427,240.

Lease Payable

The City has entered leases for the land, land improvements, buildings. The terms of the agreement range from 21 to 183 months. The calculated interest rates used were 0.3080% to 1.5120% based on the term of the agreements. The total principal and interest remaining to be paid on the lease payable are \$2,936,618.

Pledged Revenues

The City has pledged future net revenues from the Parking Authority Fund for the repayment of the settlement liability. For the year ended June 30, 2022, the City paid total principal and interest of \$1,419,200 and had net revenues of \$836,762.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

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, 2022 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.

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

The City’s settlement with DBAW as to the treatment of this obligation was confirmed as Part of the City’s Approved Bankruptcy Plan of Adjustment. The terms of the settlement call for the outstanding principal to be paid from net operating revenues of the Marina operation, with no interest accruing on the unpaid portion. The settlement removes the General Fund backing and a reserve fund balance formerly in place in the General Fund has been removed. With operations continuing to receive an annual subsidy, it is unknown when any principal reduction payment will occur. The debt payment schedule was not included in the table listed below in the “Annual Debt Service Requirements to Maturity” table.

Annual Debt Service Requirements to Maturity

Year Ending June 30,	Water Utility		Wastewater Utility				Central Parking District			
	Revenue Bonds		Revenue Bonds		WIFIA Loan		Settlement Liability		Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 6,205,000	\$ 8,096,450	\$ 4,410,000	\$ 2,077,500	\$ -	\$ 1,296,000	\$ 360,000	\$ 1,161,950	\$ 173,434	\$ 38,796
2024	6,220,000	7,801,588	4,635,000	1,851,375	-	1,296,000	545,000	1,143,950	172,358	36,214
2025	6,530,000	7,498,223	5,090,000	1,608,250	-	1,296,000	570,000	1,116,700	174,239	33,601
2026	6,860,000	7,178,633	5,345,000	1,347,375	-	1,296,000	600,000	1,088,200	176,891	30,949
2027	7,215,000	6,841,793	5,620,000	1,073,250	-	1,296,000	630,000	1,058,200	179,585	28,255
2028-2032	41,980,000	28,487,376	18,655,000	1,430,125	8,689,419	6,376,038	3,655,000	4,786,000	939,779	99,421
2033-2037	55,205,000	16,879,795	-	-	22,652,525	5,285,544	4,660,000	3,776,250	831,461	26,759
2038-2042	53,415,000	3,726,648	-	-	24,044,689	3,885,026	5,790,000	2,650,000	-	-
2043-2037	-	-	-	-	25,522,413	2,398,436	7,300,000	1,130,500	-	-
2048-2052	-	-	-	-	27,090,954	820,484	-	-	-	-
Total	\$ 183,630,000	\$ 86,510,505	\$ 43,755,000	\$ 9,387,875	\$ 108,000,000	\$ 25,245,528	\$ 24,110,000	\$ 17,911,750	\$ 2,647,747	\$ 293,995

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Long-Term Liabilities (Continued)

C. Fiduciary Fund Activities

Summary of changes in fiduciary fund long-term liabilities for the year ended June 30, 2022, are as follows:

<u>Successor Agency to RDA of Stockton</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</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	7,412,188	-	(562,951)	6,849,237	562,951	6,286,286
2016 Series B Successor Agency						
Tax Allocation Bonds (Taxable)	14,940,000	-	(3,760,000)	11,180,000	3,840,000	7,340,000
Discount	(102,591)	-	32,396	(70,195)	(32,396)	(37,799)
Total Successor Agency to RDA Liabilities	\$ 95,559,597	\$ -	\$ (4,290,555)	\$ 91,269,042	\$ 4,370,555	\$ 86,898,487

Successor Redevelopment Agency

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 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, 2022, 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 \$6,849,237.

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, 2022, the 2016 Series B Bonds totaling \$11,180,000 are due in annual installments of principal ranging from \$3,840,000 to \$3,925,000 due in annual installments through on September 1, 2024, with interest rates ranging from 2.375% to 2.75%. The principal amount due is reported net of the unamortized discount of \$70,195.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – 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 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

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
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	4,360,000	3,026,800	-	-
2028-2032	25,290,000	11,551,500	-	-
2033-2037	31,705,000	5,080,088	-	-
2038-2042	7,195,000	149,688	-	-
Total	\$ 73,310,000	\$ 33,153,776	\$ 11,180,000	\$ 427,569

D. Debt Without City Commitment

Community Facilities Districts Debts:

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, 2022, there was five CFD special tax bonds and four revenue bonds outstanding with aggregate principal amounts payable of \$29,009,000 and \$57,130,000, respectively.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Long-Term Liabilities (Continued)

D. Debt Without City Commitment (Continued)

	Amount of Issue	Outstanding June 30, 2022
CFD Special Tax Bond:		
Cannery Park CFD 2005-1 Series 2019	\$ 9,855,000	\$ 9,245,000
CFD 2018-12018 Arch Road/Newcastle	3,535,000	3,325,000
Westlake CFD 2006-2 SERIES 2019 (Private Placement)	3,134,000	2,934,000
Westlake Villages II Imp Area 1A (Series 2020)	8,970,000	8,970,000
Westlake Villages II Imp Area 1A (Series 2021)	4,535,000	4,535,000
Subtotal CFD Special Tax Bond		29,009,000
Revenue Bond:		
2016 Combined Refunding	\$ 33,350,000	\$ 24,900,000
CFD 99-02 2018 Arch Road East	24,210,000	22,970,000
AD 2014-01 Mosher Estates	13,020,000	9,155,000
2001 Combined Assessment District Refunding	1,989,000	105,000
Subtotal Revenue Bond		57,130,000
Total Noncity Obligation		\$ 86,139,000

E. Conduit Debt

Conduit Debt (No City Commitment) – At June 30, 2022, there is no conduit debt outstanding that was issued with the City as the conduit issuer.

Note 9 – 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, 2022. 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, 2021	\$ 13,116,890	\$ 1,593,181	\$ 14,710,070
Additions	8,123,283	1,245,680	9,368,964
Payments	(9,284,972)	(1,398,955)	(10,683,927)
Balance June 30, 2022	\$ 11,955,201	\$ 1,439,906	\$ 13,395,107
Current Portion	\$ 6,724,018	\$ 917,209	\$ 7,641,227
Noncurrent Portion	\$ 5,231,183	\$ 522,697	\$ 5,753,880

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Unamortized Loss on Refunding

Summary of changes in unamortized loss on refunding for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Municipal Utility Enterprise Debt Obligations				
2018 Water Refunding	\$ 6,271,226	\$ -	\$ (386,576)	\$ 5,884,651
2019 Water Refunding	6,445,144	-	(334,813)	6,110,331
2014 Wastewater Refunding Revenue Bonds	1,393,644	-	(170,583)	1,223,060
Subtotal - Municipal Utility Enterprise Debt	14,110,014	-	(891,972)	13,218,042
Parking Authority				
2020 Parking Revenue Bonds	444,560	-	(17,321)	427,240
Total Deferred Amount on Refunding	\$ 14,554,574	\$ -	\$ (909,292)	\$ 13,645,282

Note 11 – 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, 2022, are as follows:

	General Fund	Federal Housing Grants	Special Grants	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable:						
Inventories	\$ 521,303	\$ -	\$ -	\$ -	\$ -	\$ 521,303
Prepaid expense	24,042	-	-	-	25,315	49,357
Advance deposits	1,532,011	-	-	-	125,387	1,657,398
Total Nonspendable	2,077,356	-	-	-	150,702	2,228,058
Restricted for:						
Section 108 Loan	1,277,452	-	-	-	-	1,277,452
Community development	-	-	-	-	51,123,327	51,123,327
Debt service reserve	-	-	-	-	1,953,877	1,953,877
General government	-	-	-	-	4,565,789	4,565,789
Housing	-	86,380,858	-	-	77,554,740	163,935,598
Libraries and arts	3,029,784	-	-	-	6,067,444	9,097,228
Parks and recreation	972,956	-	-	-	39,011,095	39,984,051
Public safety	9,177	-	36,802,822	-	14,943,908	51,755,907
Solid waste/recycling	-	-	-	-	5,994,885	5,994,885
Streets, transit & traffic	-	-	-	19,594,192	84,311,836	103,906,028
Total Restricted	5,289,369	86,380,858	36,802,822	19,594,192	285,526,901	433,594,142
Committed for:						
General government operations	123,753,548	-	-	-	-	123,753,548
Total Committed	123,753,548	-	-	-	-	123,753,548
Assigned for:						
General government operations	4,284,719	-	-	-	-	4,284,719
Total Assigned	4,284,719	-	-	-	-	4,284,719
Unassigned:						
	43,208,401	-	-	-	-	43,208,401
Total Fund Balances	\$ 178,613,393	\$ 86,380,858	\$ 36,802,822	\$ 19,594,192	\$ 285,677,603	\$ 607,068,868

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – 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 Activites	Business Type Activities	Total
Deferred Outflows of Resources:			
CalPERS:			
Safety			
Contributions made after measurement date	\$ 39,176,629	\$ -	\$ 39,176,629
Differences between expected and actual experience	1,939,230	-	1,939,230
Total Safety Plan	<u>41,115,859</u>	<u>-</u>	<u>41,115,859</u>
Miscellaneous			
Contributions made after measurement date	18,698,854	1,798,657	20,497,511
Total Miscellaneous Plan	<u>18,698,854</u>	<u>1,798,657</u>	<u>20,497,511</u>
PARS			
Change in assumptions	-	100,836	100,836
Differences between expected and actual experience	-	57,138	57,138
Difference between projected and actual investment earnings	-	1,032,633	1,032,633
Total PARS Plan	<u>-</u>	<u>1,190,607</u>	<u>1,190,607</u>
Total Pensions related Deferred Outflows of Resources	<u>\$ 59,814,713</u>	<u>\$ 2,989,264</u>	<u>\$ 62,803,977</u>
Net Pension Liability:			
CalPERS:			
Safety	\$ 260,738,763	\$ -	\$ 260,738,763
Miscellaneous	52,776,609	5,076,621	57,853,230
PARS	<u>-</u>	<u>3,314,753</u>	<u>3,314,753</u>
Total Net Pension Liability	<u>\$ 313,515,372</u>	<u>\$ 8,391,374</u>	<u>\$ 321,906,746</u>
Deferred Inflows of Resources:			
CalPERS:			
Safety			
Change in assumptions	\$ 183,436	\$ -	\$ 183,436
Differences between expected and actual experience	8,133,062	-	8,133,062
Difference between projected and actual investment earnings	88,410,848	-	88,410,848
Total Safety Plan	<u>96,727,346</u>	<u>-</u>	<u>96,727,346</u>
Miscellaneous			
Differences between expected and actual experience	4,855,157	467,021	5,322,178
Difference between projected and actual investment earnings	61,122,687	5,879,436	67,002,123
Total Miscellaneous Plan	<u>65,977,844</u>	<u>6,346,457</u>	<u>72,324,301</u>
PARS			
Differences between expected and actual experience	-	26,109	26,109
Total PARS Plan	<u>-</u>	<u>26,109</u>	<u>26,109</u>
Total Pension Deferred Inflows of Resources	<u>\$ 162,705,190</u>	<u>\$ 6,372,566</u>	<u>\$ 169,077,756</u>

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – 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.

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 for PEPRA (California Employees' Pension Reform Act of 2013 PEPRA members) multiplied by the employees' years of service. 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, 2022, 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	21.01%	21.01%
	Miscellaneous	
	Prior to January 1, 2014	After January 1, 2014
Hire Date		
Benefit Vesting Schedule	5 years service	5 years service
	Tier I: 2% @ 55 years of age	
Benefit Formula	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	10.22%	10.22%

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

General Information about Pension Plans (Continued)

Employees Covered - At June 30, 2021, the measurement date, the following employees were covered under benefit terms:

	Safety Plan	Miscellaneous Plan
Inactive employees or beneficiaries currently receiving benefits	922	1561
Inactive employees entitled to but not yet receiving benefits	459	1470
Active employees	597	960
	1978	3991

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, 2022, the Safety Plan employer contribution rate was 21.01% of wages. The Miscellaneous Plan was 10.22% of wages.

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, applying 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:

	Safety Plan		Miscellaneous Plan	
Valuation Date	6/30/2020		6/30/2020	
Measurement Date	6/30/2021		6/30/2021	
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68			
Actuarial Assumptions:				
Discount Rate	7.15%		7.15%	
Inflation	2.50%		2.50%	
Payroll Growth	2.75%		2.75%	
Projected Salary Increase	Varies	(1)	Varies	(1)
Mortality	see note	(2)	see note	(2)

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

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

Net Pension Liability (Continued)

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

<u>Asset Class¹</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10⁽²⁾</u>	<u>Real Return Years 11+⁽³⁾</u>
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.00%</u>		

⁽¹⁾ In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt

⁽²⁾ An expected inflation of 2.00% used for this period.

⁽³⁾ An expected inflation of 2.92% used for this period.

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

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

Net Pension Liability (Continued)

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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 06/30/2020	\$ 1,177,044,021	\$ 788,337,261	\$ 388,706,760
Changes for the year:			
Service cost	17,442,651	-	17,442,651
Interest on total pension liability	82,106,386	-	82,106,386
Changes of Assumption	-	-	-
Differences between expected and actual experience	(5,649,159)	-	(5,649,159)
Net plan to plan resource movement	-	-	-
Contributions-employer	-	37,208,895	(37,208,895)
Contributions-employee	-	7,775,415	(7,775,415)
Net investment income	-	177,671,066	(177,671,066)
Benefit payments, including refunds of employee	(63,550,272)	(63,550,272)	-
Administrative expense	-	(787,501)	787,501
Other Miscellaneous Income (Expense)	-	-	-
Net Changes	30,349,606	158,317,603	(127,967,997)
Balances at 06/30/2021	\$ 1,207,393,627	\$ 946,654,864	\$ 260,738,763

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

Changes in the Net Pension Liability (Continued)

	Miscellaneous Plan		
	Total Pension Liability	Increase (Decrease)	
		(a)	Plan Fiduciary Net Position (b)
Balances at 06/30/2020	\$ 762,322,881	\$ 603,352,840	\$ 158,970,041
Changes for the year:			
Service cost	11,194,084	-	11,194,084
Interest on total pension liability	53,055,641	-	53,055,641
Changes of Assumption	-	-	-
Differences between expected and actual experience	(5,435,616)	-	(5,435,616)
Net plan to plan resource movement	-	-	-
Contributions-employer	-	20,363,651	(20,363,651)
Contributions-employee	-	4,939,316	(4,939,316)
Net investment income	-	135,230,666	(135,230,666)
Benefit payments, including refunds of employee	(40,894,732)	(40,894,732)	-
Administrative expense	-	(602,713)	602,713
Other Miscellaneous Income (Expense)	-	-	-
Net Changes	<u>17,919,377</u>	<u>119,036,188</u>	<u>(101,116,811)</u>
Balances at 06/30/2021	<u>\$ 780,242,258</u>	<u>\$ 722,389,028</u>	<u>\$ 57,853,230</u>

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

Safety Plan

	1% Decrease Rate (6.15%)	Current Discount Rate (7.15%)	1% Increase Rate (8.15%)
Net pension liability	\$ 422,492,487	\$ 260,738,763	\$ 128,234,486

Miscellaneous Plan

	1% Decrease Rate (6.15%)	Current Discount Rate (7.15%)	1% Increase Rate (8.15%)
Net pension liability	\$ 155,132,371	\$ 57,853,230	\$ (23,004,058)

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, 2022

Note 12 – 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, 2021, 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	\$ 39,176,629	\$ -
Changes of assumptions	-	(183,436)
Differences between expected and actual experience	1,939,230	(8,133,062)
Net differences between projected and actual earnings on pension plan investments	-	(88,410,848)
Total	\$ 41,115,859	\$ (96,727,346)

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 20,497,511	\$ -
Changes of assumptions	-	-
Differences between expected and actual experience	-	(5,322,178)
Net differences between projected and actual earnings on pension plan investments	-	(67,002,123)
Total	\$ 20,497,511	\$ (72,324,301)

The \$39,176,629 and \$20,497,511 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, 2022, will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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.
2022	\$ (23,822,026)
2023	(23,336,142)
2024	(23,083,596)
2025	(24,542,352)
2026	-
Thereafter	-
Total	\$ (94,784,116)

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

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

Miscellaneous Plan	
Measurement periods ended June 30:	Deferred Outflows/(inflows) of Resources.
2022	\$ (21,026,533)
2023	(16,699,868)
2024	(16,058,257)
2025	(18,539,643)
2026	-
Thereafter	-
Total	\$ (72,324,301)

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 (the “PARS”) (a public sector retirement plan administrator specializing in providing public entities customized retirement plans and solutions) to contribute to a supplemental plan for employees joining or re-joining City service after having been employed between 2003 and 2008 by OMI-Thames, a private sector utility contractor. OMI-Thames employees did not earn CalPERS service credit during the period OMI-Thames operated the City utilities.

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

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

	PARS Enhancement Plan
Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	0
Active employees	47
	82

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, 2022

Note 12 – Retirement Plans (Continued)

B. PARS Enhancement Plan (Continued)

Net Pension Liability

The City’s net pension liability was measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2020, using standard update procedures.

Actuarial assumptions – The total pension liability on June 30, 2022, the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PARS Enhancement Plan	
Valuation Date	6/30/2020	
Measurement Date	6/30/2022	
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 the CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2017.
 Post-Retirement: Consistent with Non-Industrial rates used to value the CalPERS Miscellaneous Public Agency 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, 2022

Note 12 – 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:

PARS Enhancement Plan			
Asset Class	Estimated Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	6.23%	0.21%	0.20%
US Core Fixed Income	46.31%	1.95%	1.84%
US Broad Equity Market	37.82%	5.70%	4.10%
Foreign Developed Equity	4.76%	6.99%	5.25%
Emerging Markets Equity	3.11%	9.44%	5.97%
USREITs	1.77%	6.27%	4.11%
Total	100.00%		
Assumed Inflation - Mean		2.35%	2.35%
Assumed Inflation - Standard Deviation		1.25%	1.25%
Portfolio Real Mean Return		3.81%	3.41%
Portfolio Nominal Mean Return		6.16%	5.84%
Portfolio Standard Deviation			8.26%
City's Long-Term Expected Rate of Return			6.50%

Changes in the Net Pension Liability

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

PARS Enhancement Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 06/30/2021	\$ 12,636,141	\$ 10,681,302	\$ 1,954,839
Changes for the year:			
Service cost	135,750	-	135,750
Interest on total pension liability	809,517	-	809,517
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(645,746)	(645,746)	-
Employer Contributions	-	1,055,182	(1,055,182)
Net investment income	-	(1,452,185)	1,452,185
Administrative expense	-	(17,644)	17,644
Net Changes	299,521	(1,060,393)	1,359,914
Balances at 06/30/2022	\$ 12,935,662	\$ 9,620,909	\$ 3,314,753

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Retirement Plans (Continued)

B. PARS Enhancement Plan (Continued)

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

PARS Enhancement Plan	1% Decrease Rate (5.50%)	Current Discount Rate (6.50%)	1% Increase Rate (7.50%)
Net pension liability	\$ 4,840,934	\$ 3,314,753	\$ 2,025,531

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, 2022, 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	\$ 100,836	\$ -
Differences between expected and actual experience	57,138	(26,109)
Net differences between projected and actual earnings on pension plan investments	1,032,633	-
Total	\$ 1,190,607	\$ (26,109)

The amounts above are net of outflows and inflows recognized in the 2021-2022 measurement period expense.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

PARS Enhancement Plan	
Measurement periods ended June 30:	Deferred Outflows/(inflows) of Resources.
2023	\$ 331,319
2024	240,381
2025	160,996
2026	431,802
2027	-
Thereafter	-
Total	\$ 1,164,498

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – 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 2021-22, the Section 115 Plan, has \$69.9 million available to fund the annual liability payments. The Trust is monitored by the Administrative Services and Human Resources Departments.

Note 13 – 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 2.25% discount rate to reflect future investment earnings. While the ultimate amounts of losses incurred through June 30, 2022 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, 2022

Note 13 – 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, 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	(2,276,514)	(7,807,192)	(3,692,216)	(13,775,922)
Balance, June 30, 2021	10,524,626	55,395,000	396,000	66,315,626
Claims incurred	5,939,446	1,649,686	2,410,879	10,000,011
Claims paid	(959,839)	(7,544,686)	(2,410,879)	(10,915,404)
Balance, June 30, 2022	<u>\$ 15,504,233</u>	<u>\$ 49,500,000</u>	<u>\$ 396,000</u>	<u>\$ 65,400,233</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 \$7.5 million per occurrence, with reinsurance above the \$7.5 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, 2022, 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 \$250,000. Premiums, which are negotiated each year, are based on property values and are not subject to retroactive adjustments.

Workers’ Compensation Insurance- The City has been self-funded for its Worker’s Compensation Program since 1979. In July 2003, the City joined California Public Entity Insurance Authority (CPEIA), a public entity risk pool which operated an Excess Workers’ Compensation Program. CPEIA has since merged into an existing authority known as California State Association of Counties Excess Insurance Authorities (CSAC-EIA). The CSAC-EIA was formed in 1979 by 29 California counties for the purpose of pooling risk and providing a viable and cost-effective solution for the counties’ insurance and risk management needs. In 2020, the EIA became Public Risk Innovation, Solutions, and Management. PRISM has since expanded to allow admittance from cities and other entities which currently includes 95% of the counties in California, nearly 70% of the cities, as well as, numerous school districts, special districts, housing authorities, fire districts, 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 PRISM. Statutory coverage for losses above \$5 million is covered by reinsurance and excess insurance policies throughout PRISM.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 14 – 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, 2022, are also discussed.

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

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

Area 2A-Unocal – Soil and groundwater contamination has been identified in Area 2A-Unocal associated with total petroleum hydrocarbons, volatile and semi-volatile organic compounds. The obligating event for this site stems from a Polanco agreement notice issued to the responsible party, currently in negotiation for settlement. Estimated costs are for a consultant, legal and City personnel costs for cleanup of the soil contamination, and pre-cleanup and investigative study of the site about the groundwater contamination. Future groundwater cleanup and ongoing post-remediation monitoring costs cannot be reasonably estimated. The net pollution remediation liability of this site as of June 30, 2022, 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, 2022.

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 15 – Individual Fund Disclosures

Deficit Fund Balances

At June 30, 2022, the following funds had net positions or fund balance deficits:

Fund	Fund Type	Deficit
Parking Authority	Enterprise Fund	\$ (5,443,467)
Successor Agency	Private Purpose Trust Fund	(59,563,635)

- The Parking Authority Fund has an accumulated deficit fund balance of \$5,443,467 as of June 30, 2022. 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.
- The Successor Agency to the Redevelopment Agency Private Purpose Trust Fund has an accumulated deficit fund balance of \$59,563,635 as of June 30, 2022. 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.

Note 16 – 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 13, 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, 2022:

	Amount
Waterfront Towers New City Hall	\$ 43,825,969
McNair Library & Recreation Center	7,248,590
Regional Waste Water Control Facility	4,145,215
Developer Reimbursements	5,598,041
Stockton Soccer Complex Upgrade	2,651,751
Sierra Nevada Street Sewert Line Rehab	2,306,966
Left Turn Street Additions	1,779,616
	\$ 67,556,148

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 16 – 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, 2022, are as follows:

	Amount
General Fund	\$ 7,319,267
Housing Grant Fund	1,410,888
Special Grant Fund	14,262,063
Capital Improvements	68,989,057
Other Governmental Funds	14,035,873
Total Governmental Funds	\$ 106,017,148

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, 2022

Note 17 – Restricted Net Position

At June 30, 2022, restricted net position consisted of the following:

	Governmental Activities	Business -Type Activities	Totals
Restricted:			
Capital projects	\$ 19,594,192	\$ 11,098,030	\$ 30,692,222
Debt service	1,953,877	14,295,981	16,249,858
Section 108 loan	1,277,452	-	1,277,452
Measure AB	9,177	-	9,177
Community development	51,214,185	-	51,214,185
General government	42,855,193	-	42,855,193
Housing	176,792,082	-	176,792,082
Library and arts	9,097,228	-	9,097,228
Parks and recreation	40,002,148	-	40,002,148
Public safety	20,332,643	-	20,332,643
Solid waste/recycling	5,994,885	-	5,994,885
Streets, transit and traffic	85,314,162	-	85,314,162
Pension	69,968,331	-	69,968,331
Total restricted	\$ 524,405,555	\$ 25,394,011	\$ 549,799,566

Note 18 – Subsequent Events

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

Westlake Villages II CFD 2018-2 Improvement Area 2

On July 13, 2022, the City issued Special Tax Bonds, Series 2022, at a par amount of \$9,775,000. The final payoff of the debt is September 1, 2052. Payment of the bonds are solely derived from special taxes on residential properties in the district and city funds are not pledged toward repayment of the bonds.

Cannery Park II CFD 2019-1

On August 24, 2022, the City issued Special Tax Bonds, Series 2022, at a par amount of \$9,915,000. The final payoff of the debt is September 1, 2052. Payment of the bonds are solely derived from special taxes on residential properties in the district and city funds are not pledged toward repayment of the bonds.

Note 19 – Prior Period Adjustments

	Governmental Activities	Business-Type Activities	Parking Authority Nonmajor Enterprise Fund	Computer and Radio Internal Service Fund	Fiduciary Funds Successor Agency to the Redevelopment Agency
Net Position at July 1, 2021	\$ 927,005,110	\$ 636,664,973	\$ (5,579,757)	\$ 65,784,432	\$ (59,008,834)
Correction of cash with fiscal agent	-	-	-	-	(1,868,468)
GASB 87 Implementation	1,602,826	45,199	45,199	451,329	7,615
Net Position at July 1, 2021, as restated	928,607,936	636,710,172	(5,534,558)	66,235,761	(60,869,687)



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CITY OF STOCKTON



REQUIRED SUPPLEMENTARY INFORMATION

City of Stockton
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2022

1 Budgetary Information

Budget Process

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

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

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

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

All unencumbered appropriations lapse at year-end, with the exception of ongoing 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)
Notes to the Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2022

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.



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City of Stockton
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes:				
Property	\$ 38,416,000	\$ 38,416,000	\$ 41,066,425	\$ 2,650,425
Utility user	34,342,000	34,342,000	38,328,240	3,986,240
Sales - levied by City	36,132,000	36,132,000	45,412,129	9,280,129
Franchise fees	16,595,630	16,595,630	17,925,299	1,329,669
Business license	9,695,000	9,695,000	14,024,356	4,329,356
Hotel/motel room	2,648,000	2,648,000	3,619,973	971,973
Document transfer	852,000	852,000	1,625,553	773,553
Other	2,614,939	2,614,939	4,015,502	1,400,563
Licenses and permits	577,014	577,014	510,976	(66,038)
Intergovernmental:				
Federal grants and subsidies	116,429	371,603	364,918	(6,685)
Sales and use tax - levied by state	58,455,000	58,655,000	76,238,894	17,583,894
Other governmental	40,800,524	40,870,209	41,533,967	663,758
Charges for services	9,819,386	9,819,386	10,016,145	196,759
Fines and forfeitures	1,199,004	1,199,004	1,876,711	677,707
Use of money and property	7,107,097	7,107,097	8,301,161	1,194,064
Investment income:				
Interest income	2,056,193	2,056,193	(6,752,234)	(8,808,427)
Refunds and reimbursements	220,945	220,945	219,469	(1,476)
Miscellaneous	5,849,967	4,760,287	5,642,210	881,923
	<u>267,497,128</u>	<u>266,932,307</u>	<u>303,969,694</u>	<u>37,037,387</u>
EXPENDITURES:				
General government:				
City council	1,005,703	1,200,397	972,115	228,282
City manager	2,624,622	2,696,909	2,422,165	274,744
City attorney	1,311,102	1,311,111	1,135,880	175,231
City clerk	1,101,024	1,101,840	964,914	136,926
City auditor	483,582	802,420	287,554	514,866
Administrative services	8,347,597	8,692,283	7,856,301	835,982
Human resources	2,352,349	3,720,342	2,204,210	1,516,132
Housing	10,051,116	4,881,236	2,547,334	2,333,902
Non-departmental	1,556,807	1,846,104	1,609,002	237,102
Total general government	<u>28,833,902</u>	<u>26,252,642</u>	<u>19,999,475</u>	<u>6,253,167</u>

City of Stockton
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund (Continued)
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED):				
Public safety:				
Police	145,869,718	146,858,341	132,234,605	14,623,736
Fire	54,464,468	55,763,440	52,264,392	3,499,048
Total public safety	<u>200,334,186</u>	<u>202,621,781</u>	<u>184,498,997</u>	<u>18,122,784</u>
Public works	17,498,458	18,931,959	17,336,248	1,595,711
Library	13,416,280	13,699,468	11,515,728	2,183,740
Parks and recreation	4,941,020	13,269,176	10,292,742	2,976,434
Capital outlay	451,049	1,274,091	468,869	805,222
Debt service:				
Principal retirement	-	-	29,088	(29,088)
Interest and fiscal charges	-	-	16,003	(16,003)
Total expenditures	<u>265,474,895</u>	<u>276,049,117</u>	<u>244,157,150</u>	<u>31,891,967</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	<u>2,022,233</u>	<u>(9,116,810)</u>	<u>59,812,544</u>	<u>68,929,354</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(11,036,175)	(46,117,660)	(12,235,569)	33,882,091
Proceed from issuance of debt	-	-	162,530	162,530
Proceed from sale of capital assets	22,000	22,000	16,769	(5,231)
Total other financing sources (uses)	<u>(11,014,175)</u>	<u>(46,095,660)</u>	<u>(12,056,270)</u>	<u>34,039,390</u>
NET CHANGE IN FUND BALANCE (GAAP BASIS)	<u>\$ (8,991,942)</u>	<u>\$ (55,212,470)</u>	47,756,274	<u>\$ 102,968,744</u>
BASIS ADJUSTMENT:				
Encumbrances (included in Final Budget above)*			(7,319,267)	
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)			40,437,007	
FUND BALANCE, BEGINNING OF YEAR			<u>130,857,119</u>	
FUND BALANCE, END OF YEAR			<u>\$ 171,294,126</u>	

* Adjusted to Budgetary Basis.

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

City of Stockton
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - CDBG, NSP Housing Grants Special Revenue Fund
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental:				
Federal grants and subsidies	\$ 5,100,181	\$ 12,572,402	\$ 1,942,469	\$ (10,629,933)
Other governmental	1,994,047	1,994,047	1,994,047	-
Charges for services	-	-	2,625	2,625
Use of money and property	235,000	235,000	1,249,320	1,014,320
Investment income:				
Interest income (loss)	-	-	(24,696)	(24,696)
Total revenues	<u>7,329,228</u>	<u>14,801,449</u>	<u>5,163,765</u>	<u>(9,637,684)</u>
EXPENDITURES:				
General government	7,114,647	16,368,740	2,504,918	13,863,822
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	1,750,000	1,750,000	1,750,000	-
Interest and fiscal charges	135,771	135,771	135,771	-
Total expenditures	<u>9,000,418</u>	<u>18,254,511</u>	<u>4,390,689</u>	<u>13,863,822</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (GAAP BASIS)	<u>(1,671,190)</u>	<u>(3,453,062)</u>	<u>773,076</u>	<u>4,226,138</u>
OTHER FINANCING USES:				
Transfers out	(398,809)	(398,809)	(398,809)	-
Total other financing uses	<u>(398,809)</u>	<u>(398,809)</u>	<u>(398,809)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (GAAP BASIS)	<u>\$ (2,069,999)</u>	<u>\$ (3,851,871)</u>	374,267	<u>\$ 4,226,138</u>
BASIS ADJUSTMENT:				
Encumbrances			<u>(1,410,888)</u>	
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)			(1,036,621)	
FUND BALANCE, BEGINNING OF YEAR			<u>86,006,591</u>	
FUND BALANCE, END OF YEAR			<u>\$ 84,969,970</u>	

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

City of Stockton
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Special Grants Special Revenue Fund
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental:				
Federal grants and subsidies	\$ 78,344,451	\$ 125,461,731	\$ 72,680,699	\$ (52,781,032)
Other governmental	5,335,379	21,155,967	16,996,148	(4,159,819)
Investment income:				
Interest income (loss)	-	-	(575,956)	(575,956)
Miscellaneous	-	19,653	19,653	-
Total revenues	<u>83,679,830</u>	<u>146,637,351</u>	<u>89,120,544</u>	<u>(57,516,807)</u>
EXPENDITURES:				
Current:				
General government	83,285,802	117,953,933	41,098,830	76,855,103
Public safety	101,838	8,220,125	4,958,550	3,261,575
Public works	-	502,148	76,737	425,411
Library	-	2,426,216	575,571	1,850,645
Parks and recreation	30,000	482,402	30,732	451,670
Capital outlay	-	18,140,822	6,675,212	11,465,610
Total expenditures	<u>83,417,640</u>	<u>147,725,646</u>	<u>53,415,632</u>	<u>94,310,014</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	<u>262,190</u>	<u>(1,088,295)</u>	<u>35,704,912</u>	<u>36,793,207</u>
OTHER FINANCING USES:				
Transfers out	-	(2,000,000)	(1,500,000)	500,000
Total other financing uses	<u>-</u>	<u>(2,000,000)</u>	<u>(1,500,000)</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCE (GAAP BASIS)	<u>\$ 262,190</u>	<u>\$ (3,088,295)</u>	<u>34,204,912</u>	<u>\$ 37,293,207</u>
BASIS ADJUSTMENT:				
Encumbrances			(14,262,063)	
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)			19,942,849	
FUND BALANCE, BEGINNING OF YEAR			<u>2,597,910</u>	
FUND BALANCE, END OF YEAR			<u>\$ 22,540,759</u>	

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

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

Measurement period	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Total pension liability					
Service cost	\$ 9,440,824	\$ 9,145,587	\$ 9,240,648	\$ 10,871,947	\$ 11,500,131
Interest	46,152,921	47,148,768	48,179,529	48,291,460	48,873,856
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-	(11,281,319)	-	39,356,599	(19,696,405)
Differences between expected and actual experience	-	(10,000,256)	(8,961,502)	(17,662,863)	3,486,532
Benefit payments, including refunds of employee contributions	(32,763,729)	(33,662,380)	(34,150,397)	(34,494,172)	(35,750,319)
Net change in total pension liability	22,830,016	1,350,400	14,308,278	46,362,971	8,413,795
Total pension liability - beginning	627,033,727	649,863,743	651,214,143	665,522,421	711,885,392
Total pension liability - ending (a)	\$ 649,863,743	\$ 651,214,143	\$ 665,522,421	\$ 711,885,392	\$ 720,299,187
Pension fiduciary net position					
Contributions - employer	\$ 9,402,881	\$ 10,783,518	\$ 13,879,482	\$ 13,189,681	\$ 15,252,226
Contributions - employee	3,761,959	3,802,226	3,971,944	4,386,770	4,729,377
Net investment income	79,512,728	11,522,882	2,491,249	56,250,959	45,626,430
Benefit payments, including refunds of employee contributions	(32,763,729)	(33,662,380)	(34,150,397)	(34,494,172)	(35,750,319)
Net plan to plan resource movement	-	(13,377)	933	-	4,111
Administrative expense	-	(599,978)	(315,359)	(743,130)	(844,458)
Other miscellaneous income/ (expense) ²	-	-	-	-	(1,603,640)
Net change in plan fiduciary net position	59,913,839	(8,167,109)	(14,122,148)	38,590,108	27,413,727
Plan fiduciary net position - beginning³	465,703,750	525,617,589	517,450,480	503,328,332	541,918,440
Plan fiduciary net position - ending (b)	\$ 525,617,589	\$ 517,450,480	\$ 503,328,332	\$ 541,918,440	\$ 569,332,167
Plan net pension liability - ending (a) - (b)	\$ 124,246,154	\$ 133,763,663	\$ 162,194,089	\$ 169,966,952	\$ 150,967,020
Plan fiduciary net position as a percentage of the total pension liability	80.88%	79.46%	75.63%	76.12%	79.04%
Covered payroll⁴	\$ 52,603,907	\$ 53,997,677	\$ 56,400,439	\$ 61,357,565	\$ 67,079,626
Plan net pension liability as a percentage of covered payroll	236.19%	247.72%	287.58%	277.01%	225.06%

¹ Historical information is presented only for measurement periods for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

² During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

³ Includes any beginning of year adjustment.

⁴ Includes one year's payroll growth using 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal year ended June 30, 2014 -17.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None in 2019 -2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan (Continued)

Measurement period	2018-19	2019-2020	2020-2021
Total pension liability			
Service cost	\$ 11,446,572	\$ 11,098,178	\$ 11,194,084
Interest	50,718,177	51,801,795	53,055,641
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	2,061,288	(8,567,800)	(5,435,616)
Benefit payments, including refunds of employee contributions	(37,477,251)	(39,057,265)	(40,894,732)
Net change in total pension liability	<u>26,748,786</u>	<u>15,274,908</u>	<u>17,919,377</u>
Total pension liability - beginning	<u>720,299,187</u>	<u>747,047,973</u>	<u>762,322,881</u>
Total pension liability - ending (a)	<u><u>\$ 747,047,973</u></u>	<u><u>\$ 762,322,881</u></u>	<u><u>\$ 780,242,258</u></u>
Pension fiduciary net position			
Contributions - employer	\$ 17,112,542	\$ 19,204,043	\$ 20,363,651
Contributions - employee	4,540,503	4,721,760	4,939,316
Net investment income	37,027,715	29,185,528	135,230,666
Benefit payments, including refunds of employee contributions	(37,477,251)	(39,057,265)	(40,894,732)
Net plan to plan resource movement	-	-	-
Administrative expense	(406,288)	(831,939)	(602,713)
Other miscellaneous income/ (expense) ²	1,325	-	-
Net change in plan fiduciary net position	<u>20,798,546</u>	<u>13,222,127</u>	<u>119,036,188</u>
Plan fiduciary net position - beginning³	<u>569,332,167</u>	<u>590,130,713</u>	<u>603,352,840</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 590,130,713</u></u>	<u><u>\$ 603,352,840</u></u>	<u><u>\$ 722,389,028</u></u>
Plan net pension liability - ending (a) - (b)	<u><u>\$ 156,917,260</u></u>	<u><u>\$ 158,970,041</u></u>	<u><u>\$ 57,853,230</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79.00%</u>	<u>79.15%</u>	<u>92.59%</u>
Covered payroll	<u><u>\$ 67,851,642</u></u>	<u><u>\$ 67,099,018</u></u>	<u><u>\$ 69,099,285</u></u>
Plan net pension liability as a percentage of covered payroll	<u>231.27%</u>	<u>236.92%</u>	<u>83.72%</u>

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety Plan

Measurement period	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Total pension liability					
Service cost	\$ 13,907,523	\$ 13,593,233	\$ 13,548,998	\$ 15,401,471	\$ 17,684,602
Interest	65,730,714	67,693,599	69,765,169	71,053,021	75,078,142
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-	(16,908,140)	-	59,494,381	(3,852,172)
Differences between expected and actual experience	-	(5,410,590)	(3,570,311)	(9,538,805)	26,895,156
Benefit payments, including refunds of employee contributions	(47,761,534)	(49,614,935)	(51,615,173)	(53,205,686)	(55,481,650)
Net change in total pension liability	31,876,703	9,353,167	28,128,683	83,204,382	60,324,078
Total pension liability - beginning	893,336,527	925,213,230	934,566,397	962,695,080	1,045,899,462
Total pension liability - ending (a)	\$ 925,213,230	\$ 934,566,397	\$ 962,695,080	\$ 1,045,899,462	\$ 1,106,223,540
Pension fiduciary net position					
Contributions - employer	\$ 13,818,051	\$ 17,178,961	\$ 20,338,253	\$ 23,342,334	\$ 26,124,666
Contributions - employee	6,449,394	5,896,729	5,940,342	6,617,527	6,942,272
Net investment income	105,163,288	15,155,169	3,348,803	73,783,913	59,476,319
Benefit payments, including refunds of employee contributions	(47,761,534)	(49,614,935)	(51,615,173)	(53,205,686)	(55,481,650)
Net plan to plan resource movement	-	3,305	-	-	(7,168)
Administrative expense	-	(771,300)	(416,243)	(975,302)	(1,106,599)
Other miscellaneous income/ (expense) ²	-	-	-	-	(2,101,449)
Net change in plan fiduciary net position	77,669,199	(12,152,071)	(22,404,018)	49,562,786	33,846,391
Plan fiduciary net position - beginning³	617,467,219	695,136,418	682,984,347	660,580,329	710,143,115
Plan fiduciary net position - ending (b)	\$ 695,136,418	\$ 682,984,347	\$ 660,580,329	\$ 710,143,115	\$ 743,989,506
Plan net pension liability - ending (a) - (b)	\$ 230,076,812	\$ 251,582,050	\$ 302,114,751	\$ 335,756,347	\$ 362,234,034
Plan fiduciary net position as a percentage of the total pension liability	75.13%	73.08%	68.62%	67.90%	67.25%
Covered payroll⁴	\$ 45,422,701	\$ 46,710,538	\$ 47,115,477	\$ 48,429,252	\$ 56,947,904
Plan net pension liability as a percentage of covered payroll	506.52%	538.60%	641.22%	693.29%	636.08%

¹ Historical information is presented only for measurement periods for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

² During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

³ Includes any beginning of year adjustment.

⁴ Includes one year's payroll growth using 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal year ended June 30, 2014 -17.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None in 2019 -2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety Plan (Continued)

Measurement period	2018-19	2019-2020	2020-2021
Total pension liability			
Service cost	\$ 18,340,749	\$ 18,438,776	\$ 17,442,651
Interest	77,850,318	79,970,381	82,106,386
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	2,178,151	(7,219,787)	(5,649,159)
Benefit payments, including refunds of employee contributions	(57,512,870)	(61,225,237)	(63,550,272)
Net change in total pension liability	40,856,348	29,964,133	30,349,606
Total pension liability - beginning	1,106,223,540	1,147,079,888	1,177,044,021
Total pension liability - ending (a)	\$ 1,147,079,888	\$ 1,177,044,021	\$ 1,207,393,627
Pension fiduciary net position			
Contributions - employer	\$ 29,781,351	\$ 33,596,802	\$ 37,208,895
Contributions - employee	7,139,569	7,347,966	7,775,415
Net investment income	48,529,461	38,307,390	177,671,066
Benefit payments, including refunds of employee contributions	(57,512,870)	(61,225,237)	(63,550,272)
Net plan to plan resource movement	-	-	-
Administrative expense	(530,927)	(1,087,482)	(787,501)
Other miscellaneous income/ (expense) ²	1,732	-	-
Net change in plan fiduciary net position	27,408,316	16,939,439	158,317,603
Plan fiduciary net position - beginning³	743,989,506	771,397,822	788,337,261
Plan fiduciary net position - ending (b)	\$ 771,397,822	\$ 788,337,261	\$ 946,654,864
Plan net pension liability - ending (a) - (b)	\$ 375,682,066	\$ 388,706,760	\$ 260,738,763
Plan fiduciary net position as a percentage of the total pension liability	67.25%	66.98%	78.40%
Covered payroll⁴	\$ 59,708,789	\$ 60,894,239	\$ 58,297,630
Plan net pension liability as a percentage of covered payroll	629.19%	638.33%	447.25%

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

Last Ten Fiscal Years

PARS Enhancement Plan

Measurement period	2014-15 ¹	2015-16	2016-17	2017-18	2018-19
Total pension liability					
Service cost	\$ 145,882	\$ 150,623	\$ 134,056	\$ 138,078	\$ 151,504
Interest	650,386	680,023	701,117	730,559	706,545
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-	-	-	-	605,028
Economic/demographic gains or losses	-	-	(110,133)	-	(156,665)
Benefit payments, including refunds of employee contributions	(358,380)	(397,530)	(407,870)	(429,654)	(467,860)
Net change in total pension liability	437,888	433,116	317,170	438,983	838,552
Total pension liability - beginning	9,321,510	9,759,398	10,192,514	10,509,684	10,948,667
Total pension liability - ending (a)	<u>\$ 9,759,398</u>	<u>\$ 10,192,514</u>	<u>\$ 10,509,684</u>	<u>\$ 10,948,667</u>	<u>\$ 11,787,219</u>
Pension fiduciary net position					
Contributions - employer	\$ 751,157	\$ 705,192	\$ 528,894	\$ 941,620	\$ 753,296
Contributions - employee	-	-	-	-	-
Net investment income	124,454	8,851	596,724	409,596	482,222
Benefit payments, including refunds of employee contributions	(358,380)	(397,530)	(407,870)	(429,654)	(467,860)
Net plan to plan resource movement	-	-	-	-	-
Administrative expense	(966)	(43,490)	(13,097)	(13,992)	(14,506)
Net change in plan fiduciary net position	516,265	273,023	704,651	907,570	753,152
Plan fiduciary net position - beginning	5,058,426	5,574,691	5,847,714	6,552,365	7,459,935
Plan fiduciary net position - ending (b)	<u>\$ 5,574,691</u>	<u>\$ 5,847,714</u>	<u>\$ 6,552,365</u>	<u>\$ 7,459,935</u>	<u>\$ 8,213,087</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 4,184,707</u>	<u>\$ 4,344,800</u>	<u>\$ 3,957,319</u>	<u>\$ 3,488,732</u>	<u>\$ 3,574,132</u>
Plan fiduciary net position as a percentage of the total pension liability	57.12%	57.37%	62.35%	68.14%	69.68%
Covered payroll	<u>\$ 3,610,315</u>	<u>\$ 3,454,139</u>	<u>\$ 3,327,608</u>	<u>\$ 3,427,436</u>	<u>\$ 3,446,204</u>
Plan net pension liability as a percentage of covered payroll	115.91%	125.79%	118.92%	101.79%	103.71%

¹ Historical information is presented only for measurement periods for periods after the PARS plan set up in 2014-15. Additional years of information will be displayed as it becomes available.

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2022

Last Ten Fiscal Years

PARS Enhancement Plan (Continued)

Measurement period	2019-2020	2020-2021	2021-2022
Total pension liability			
Service cost	\$ 155,670	\$ 132,117	\$ 135,750
Interest	759,727	781,943	809,517
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Economic/demographic gains or losses	-	120,626	-
Benefit payments, including refunds of employee contributions	(517,711)	(583,450)	(645,746)
Net change in total pension liability	397,686	451,236	299,521
Total pension liability - beginning	11,787,219	12,184,905	12,636,141
Total pension liability - ending (a)	<u>\$ 12,184,905</u>	<u>\$ 12,636,141</u>	<u>\$ 12,935,662</u>
Pension fiduciary net position			
Contributions - employer	\$ 803,170	\$ 602,378	\$ 1,055,182
Contributions - employee	-	-	-
Net investment income	272,545	1,923,213	(1,452,185)
Benefit payments, including refunds of employee contributions	(517,711)	(583,450)	(645,746)
Net plan to plan resource movement	-	-	-
Administrative expense	(15,254)	(16,676)	(17,644)
Net change in plan fiduciary net position	542,750	1,925,465	(1,060,393)
Plan fiduciary net position - beginning³	8,213,087	8,755,837	10,681,302
Plan fiduciary net position - ending (b)	<u>\$ 8,755,837</u>	<u>\$ 10,681,302</u>	<u>\$ 9,620,909</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 3,429,068</u>	<u>\$ 1,954,839</u>	<u>\$ 3,314,753</u>
Plan fiduciary net position as a percentage of the total pension liability	71.86%	84.53%	74.38%
Covered payroll	<u>\$ 2,784,812</u>	<u>\$ 2,966,110</u>	<u>\$ 2,403,153</u>
Plan net pension liability as a percentage of covered payroll	123.13%	65.91%	137.93%

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 9,402,881	\$ 10,783,518	\$ 12,545,482	\$ 13,189,681	\$ 15,252,226
Contributions in relation to the actuarially determined contribution ²	(9,402,881)	(10,783,518)	(13,879,482)	(13,189,681)	(15,252,226)
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,334,000)	\$ -	\$ -
Covered payroll ³	\$ 52,603,907	\$ 53,997,677	\$ 56,400,439	\$ 61,357,565	\$ 67,079,626
Contributions as a percentage of covered payroll ³	17.87%	19.97%	24.61%	21.50%	22.74%

¹ Historical information is presented only for measurement periods for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Includes one year's payroll growth using 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were derived from the June 30, 2018 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation. The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Retirement age	
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan (Continued)

	<u>2018-19</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
Actuarially determined contribution	\$ 17,112,542	\$ 19,204,043	\$ 20,363,651	\$ 20,497,511
Contributions in relation to the actuarially determined contribution ²	<u>(17,112,542)</u>	<u>(19,204,043)</u>	<u>(20,363,651)</u>	<u>(20,497,511)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ¹	<u>\$ 67,851,642</u>	<u>\$ 67,099,018</u>	<u>\$ 69,099,285</u>	<u>\$ 70,999,515</u>
Contributions as a percentage of covered payroll ³	25.22%	28.62%	29.47%	28.87%

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² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Includes one year's payroll growth using 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were derived from the June 30, 2018 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation. The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Retirement age	
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety Plan

	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 13,818,051	\$ 17,178,961	\$ 20,338,253	\$ 23,342,334	\$ 26,124,666
Contributions in relation to the actuarially determined contribution ²	(13,818,051)	(17,178,961)	(20,338,253)	(23,342,334)	(26,124,666)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ³	\$ 45,422,701	\$ 46,710,538	\$ 47,115,477	\$ 48,429,252	\$ 56,947,904
Contributions as a percentage of covered payroll ³	30.42%	36.78%	43.17%	48.20%	45.87%

¹ Historical information is presented only for measurement periods for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Includes one year's payroll growth using 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were derived from the June 30, 2018 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety Plan (Continued)

	2018-19	2019-2020	2020-2021	2021-2022
Actuarially determined contribution	\$ 29,781,351	\$ 33,596,802	\$ 37,208,895	\$ 39,176,629
Contributions in relation to the actuarially determined contribution ²	(29,781,351)	(33,596,802)	(37,208,895)	(39,176,629)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll ¹	\$ 59,708,789	\$ 60,894,239	\$ 58,297,630	\$ 59,900,815
Contributions as a percentage of covered payroll ³	49.88%	55.17%	63.83%	65.40%

¹ Historical information is presented only for measurement periods for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Includes one year's payroll growth using 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were derived from the June 30, 2018 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2022

Last Ten Fiscal Years

PARS Enhancement Plan

	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 766,478	\$ 700,451	\$ 705,192	\$ 705,192	\$ 753,296
Contributions in relation to the actuarially determined contribution ²	(1,134,701)	(751,157)	(705,192)	(528,894)	(941,620)
Contribution deficiency (excess)	\$ (368,223)	\$ (50,706)	\$ -	\$ 176,298	\$ (188,324)
Covered payroll ³	\$ 3,496,673	\$ 3,610,315	\$ 3,454,139	\$ 3,327,608	\$ 3,427,436
Contributions as a percentage of covered payroll ³	32.45%	20.81%	20.42%	15.89%	27.47%

¹ Historical information is presented only for measurement periods for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level dollar, closed, 7.67 years
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Consistent with the rates used to value Miscellaneous Public Agency CalPERS Pension Plans for an employee with an entry age of 30.
Payroll Growth	2.75%
Investment Rate of Return	6.50%
Cost of Living Adjustments	2.00%
Withdrawal/Disability	Consistent with the rates used to value CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2017.

City of Stockton
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2022

Last Ten Fiscal Years

PARS Enhancement Plan (Continued)

	2018-19	2019-2020	2020-2021	2021-2022
Actuarially determined contribution	\$ 753,296	\$ 803,170	\$ 803,170	\$ 854,389
Contributions in relation to the actuarially determined contribution ²	(753,296)	(803,170)	(602,378)	(1,055,182)
Contribution deficiency (excess)	\$ -	\$ -	\$ 200,792	\$ (200,793)
Covered payroll ³	\$ 3,446,204	\$ 2,784,812	\$ 2,966,110	\$ 2,403,153
Contributions as a percentage of covered payroll ³	21.86%	28.84%	20.31%	43.91%

¹ Historical information is presented only for measurement periods for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level dollar, closed, 7.67 years
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Consistent with the rates used to value Miscellaneous Public Agency CalPERS Pension Plans for an employee with an entry age of 30.
Payroll Growth	2.75%
Investment Rate of Return	6.50%
Cost of Living Adjustments	2.00%
Withdrawal/Disability	Consistent with the rates used to value CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2017.



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CITY OF STOCKTON



NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR 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 nonmajor 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 for single family, down-payment assistance and single family rehabilitation from State funding sources.

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

Measure W is a one-quarter (1/4) cent transaction and use sales tax which was approved by 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.

NONMAJOR 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 revenues collected are used 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 nonmajor 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 nonmajor 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, 2022

	Special Revenue Funds				
	State Housing Grants	Solid Waste & Recycling	Gas Tax	Measure K Streets Sales Tax	Measure M Strong Communities
ASSETS					
Cash and investments	\$ 7,794,630	\$ 5,754,658	\$ 11,200,594	\$ 19,806,603	\$ 30,370,360
Receivables, net:					
Interest	12,571	26,783	34,995	52,867	78,893
Accounts and other	589	269,983	-	-	-
Lease	-	-	-	-	-
Advance deposits	-	-	20,836	21,883	18,097
Due from other governments, net	-	-	1,728,947	1,892,198	2,180,528
Prepaid items	-	-	-	-	-
Loans to Successor Agency, net	1,106,580	-	-	-	-
Loans to property owners, net	69,051,489	-	-	-	-
Total assets	\$ 77,965,859	\$ 6,051,424	\$ 12,985,372	\$ 21,773,551	\$ 32,647,878
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 411,054	\$ 6,173	\$ 179,074	\$ 473,491	\$ 352,114
Accrued payroll and benefits	66	46,451	168,767	4,313	187,801
Due to other governments	-	-	-	-	579,618
Deposits and other liabilities	-	3,915	-	-	-
Total liabilities	411,120	56,539	347,841	477,804	1,119,533
Deferred Inflows of Resources:					
Unavailable revenue - Other	-	-	-	263,452	-
Lease	-	-	-	-	-
Total deferred inflows of resource	-	-	-	263,452	-
Fund Balances:					
Nonspendable	-	-	20,836	21,883	18,097
Restricted	77,554,739	5,994,885	12,616,695	21,010,412	31,510,248
Total fund balances	77,554,739	5,994,885	12,637,531	21,032,295	31,528,345
Total liabilities, deferred inflows of resources and fund balances	\$ 77,965,859	\$ 6,051,424	\$ 12,985,372	\$ 21,773,551	\$ 32,647,878

(Continued)

City of Stockton
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds				
	Measure W	Special	Development	Other	Transportation
	Public Safety Tax				
ASSETS					
Cash and investments	\$ 8,867,883	\$ 18,694,115	\$ 33,624,938	\$ 5,596,039	\$ 935,777
Receivables, net:					
Interest	20,176	49,430	80,079	7,432	-
Accounts and other	-	477,719	754,273	554,558	-
Lease	-	-	-	13,979	-
Advance deposits	-	-	63,041	1,530	-
Due from other governments, net	2,185,781	-	65,000	13,354	405,997
Prepaid items	-	-	25,315	-	-
Loans to Successor Agency, net	-	-	-	-	-
Loans to property owners, net	-	-	-	-	-
Total assets	\$ 11,073,840	\$ 19,221,264	\$ 34,612,646	\$ 6,186,892	\$ 1,341,774
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 95,016	\$ 692,862	\$ 510,824	\$ 277,133	\$ -
Accrued payroll and benefits	425,528	16,181	395,359	34,054	-
Due to other governments	579,618	-	-	-	-
Deposits and other liabilities	-	-	831,778	179,589	-
Total liabilities	1,100,162	709,043	1,737,961	490,776	-
Deferred Inflows of Resources:					
Unavailable revenue - Other	-	-	175,223	1,931	-
Lease	-	-	-	13,964	-
Total deferred inflows of resource	-	-	175,223	15,895	-
Fund Balances:					
Nonspendable	-	-	88,356	1,530	-
Restricted	9,973,678	18,512,221	32,611,106	5,678,691	1,341,774
Total fund balances	9,973,678	18,512,221	32,699,462	5,680,221	1,341,774
Total liabilities, deferred inflows of resources and fund balances	\$ 11,073,840	\$ 19,221,264	\$ 34,612,646	\$ 6,186,892	\$ 1,341,774

(Continued)

City of Stockton
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2022

	Capital Projects Fund	Debt Service Fund	Permanent Fund	
	Public Facilities Impact Fees	Stockton Public Financing Authority	Miscellaneous	Totals
ASSETS				
Cash and investments	\$ 69,024,564	\$ 1,920,096	\$ 381,793	\$ 213,972,050
Receivables, net:				
Interest	172,191	(9,944)	548	526,021
Accounts and other	637,284	-	-	2,694,406
Lease	-	-	-	13,979
Advance deposits	-	-	-	125,387
Due from other governments, net	-	-	-	8,471,805
Prepaid items	-	-	-	25,315
Loans to Successor Agency, net	-	-	-	1,106,580
Loans to property owners, net	-	-	-	69,051,489
Total assets	\$ 69,834,039	\$ 1,910,152	\$ 382,341	\$ 295,987,032
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,978,598	\$ (57,461)	\$ -	\$ 4,918,878
Accrued payroll and benefits	7,557	13,736	-	1,299,813
Due to other governments	765,495	-	-	1,924,731
Deposits and other liabilities	-	-	-	1,015,282
Total liabilities	2,751,650	(43,725)	-	9,158,704
Deferred Inflows of Resources:				
Unavailable revenue - Other	696,155	-	-	1,136,761
Lease	-	-	-	13,964
Total deferred inflows of resource	696,155	-	-	1,150,725
Fund Balances:				
Nonspendable	-	-	-	150,702
Restricted	66,386,234	1,953,877	382,341	285,526,901
Total fund balances	66,386,234	1,953,877	382,341	285,677,603
Total liabilities, deferred inflows of resources and fund balances	\$ 69,834,039	\$ 1,910,152	\$ 382,341	\$ 295,987,032

(Concluded)

City of Stockton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	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	\$ -	\$ -	\$ -	\$ 7,913,790	\$ 14,799,784
Franchise fees	-	2,006,664	-	-	-
Business license	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal grants and subsidies	-	-	-	-	-
Sales and use tax - levied by state	-	-	-	-	-
Other governmental	-	1,655,933	13,989,979	758,687	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	310,871	-	-	-	-
Investment income:					
Interest income (loss)	(146,792)	(96,211)	(412,635)	(684,645)	(961,746)
Refunds and reimbursements	-	-	75,301	2,263	-
Miscellaneous	26,577	16,839	-	-	-
	<u>190,656</u>	<u>3,583,225</u>	<u>13,652,645</u>	<u>7,990,095</u>	<u>13,838,038</u>
EXPENDITURES:					
Current:					
General government	29,314	-	4,310	-	-
Public safety	-	-	-	-	-
Public works	-	2,111,314	6,641,566	3,694,888	-
Library	-	-	-	-	2,553,949
Parks and recreation	-	-	-	-	4,228,315
Capital outlay	-	-	1,403,038	781,027	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>29,314</u>	<u>2,111,314</u>	<u>8,048,914</u>	<u>4,475,915</u>	<u>6,782,264</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>161,342</u>	<u>1,471,911</u>	<u>5,603,731</u>	<u>3,514,180</u>	<u>7,055,774</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	997,023	-	-	-	-
Transfers out	-	-	(3,519,869)	(2,158,093)	(3,165,000)
Total other financing sources (uses)	<u>997,023</u>	<u>-</u>	<u>(3,519,869)</u>	<u>(2,158,093)</u>	<u>(3,165,000)</u>
NET CHANGES IN FUND BALANCES	1,158,365	1,471,911	2,083,862	1,356,087	3,890,774
FUND BALANCES:					
Beginning of year	76,396,374	4,522,974	10,553,669	19,676,208	27,637,571
End of year	<u>\$ 77,554,739</u>	<u>\$ 5,994,885</u>	<u>\$ 12,637,531</u>	<u>\$ 21,032,295</u>	<u>\$ 31,528,345</u>

(Continued)

City of Stockton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue				
	Measure W Public Safety Tax	Special Assessments	Development Services	Other Special Revenue	Transportation Development Act
REVENUES:					
Taxes:					
Sales - levied by City	\$ 14,824,975	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-
Business license	-	1,881,035	-	-	-
Licenses and permits	-	-	8,563,121	54,561	-
Intergovernmental:					
Federal grants and subsidies	-	-	-	247	-
Sales and use tax - levied by state	-	-	-	-	-
Other governmental	-	-	-	4,766,401	405,997
Charges for services	-	4,176,900	13,938,308	70,424	-
Fines and forfeitures	-	-	124,671	-	-
Use of money and property	-	-	8,171	14,014	-
Investment income:					
Interest income (loss)	(223,214)	(626,937)	(972,744)	(109,849)	-
Refunds and reimbursements	-	-	-	-	-
Miscellaneous	-	-	15,688	860,607	-
	<u>14,601,761</u>	<u>5,430,998</u>	<u>21,677,215</u>	<u>5,656,405</u>	<u>405,997</u>
EXPENDITURES:					
Current:					
General government	-	1,881,283	10,683,746	12,950	-
Public safety	11,947,172	-	3,018,414	1,683,794	-
Public works	-	3,776,846	-	467,448	-
Library	-	-	-	13,200	-
Parks and recreation	-	-	-	-	-
Capital outlay	877,809	-	3,970	68,916	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>12,824,981</u>	<u>5,658,129</u>	<u>13,706,130</u>	<u>2,246,308</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,776,780</u>	<u>(227,131)</u>	<u>7,971,085</u>	<u>3,410,097</u>	<u>405,997</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	800,000	-	-
Transfers out	-	-	-	(234,575)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>(234,575)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>1,776,780</u>	<u>(227,131)</u>	<u>8,771,085</u>	<u>3,175,522</u>	<u>405,997</u>
FUND BALANCES:					
Beginning of year	<u>8,196,898</u>	<u>18,739,352</u>	<u>23,928,377</u>	<u>2,504,699</u>	<u>935,777</u>
End of year	<u>\$ 9,973,678</u>	<u>\$ 18,512,221</u>	<u>\$ 32,699,462</u>	<u>\$ 5,680,221</u>	<u>\$ 1,341,774</u>

(Continued)

City of Stockton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Capital Projects	Debt Service	Permanent	
	Public	Stockton Public		
	Facilities	Financing		
	Impact Fees	Authority	Miscellaneous	Totals
REVENUES:				
Taxes:				
Sales - levied by City	\$ -	\$ -	\$ -	\$ 37,538,549
Franchise fees	-	-	-	2,006,664
Business license	-	-	-	1,881,035
Licenses and permits	-	-	-	8,617,682
Intergovernmental:				
Federal grants and subsidies	-	-	-	247
Sales and use tax - levied by state	-	-	-	-
Other governmental	-	-	-	21,576,997
Charges for services	11,328,007	-	-	29,513,639
Fines and forfeitures	-	-	-	124,671
Use of money and property	71,411	-	-	404,467
Investment income:				
Interest income (loss)	(2,148,360)	121,863	(12,747)	(6,274,017)
Refunds and reimbursements	253,000	-	-	330,564
Miscellaneous	-	1,618,282	-	2,537,993
	<u>9,504,058</u>	<u>1,740,145</u>	<u>(12,747)</u>	<u>98,258,491</u>
EXPENDITURES:				
Current:				
General government	449,959	165,210	75	13,226,847
Public safety	-	-	-	16,649,380
Public works	157,951	-	-	16,850,013
Library	-	-	-	2,567,149
Parks and recreation	-	-	-	4,228,315
Capital outlay	2,007,695	-	-	5,142,455
Debt service:				
Principal retirement	-	164,013	-	164,013
Interest and fiscal charges	-	7,245,358	-	7,245,358
Total expenditures	<u>2,615,605</u>	<u>7,574,581</u>	<u>75</u>	<u>66,073,530</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,888,453</u>	<u>(5,834,436)</u>	<u>(12,822)</u>	<u>32,184,961</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	5,816,875	-	7,613,898
Transfers out	(3,670,130)	-	-	(12,747,667)
Total other financing sources (uses)	<u>(3,670,130)</u>	<u>5,816,875</u>	<u>-</u>	<u>(5,133,769)</u>
NET CHANGES IN FUND BALANCES	3,218,323	(17,561)	(12,822)	27,051,192
FUND BALANCES:				
Beginning of year	63,167,911	1,971,438	395,163	258,626,411
End of year	<u>\$ 66,386,234</u>	<u>\$ 1,953,877</u>	<u>\$ 382,341</u>	<u>\$ 285,677,603</u>

(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 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, unemployment, 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 and Radio Equipment Fund

To account for the financing, service and maintenance of all computer, radio equipment and 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 office, printing, and mailing equipment.

City of Stockton
Combining Statement of Net Position
Internal Service Funds
June 30, 2022

	General Liability Insurance	Workers' Compensation Insurance	Employee Health Insurance	Retirement Benefits	Other Benefits & Insurance
ASSETS					
Current assets:					
Cash and investments	\$ 23,339,033	\$ 42,177,569	\$ 5,583,460	\$ 4,810,390	\$ 870,467
Receivables, net:					
Interest	48,977	172,146	16,221	163,005	2,786
Accounts and other receivables	340,065	-	395	-	-
Inventories	-	-	-	-	-
Deposits and advances	-	446	136,370	-	-
Prepaid items	-	-	705,708	-	-
Loans to other funds - short-term	-	1,097,322	-	-	-
Total current assets	23,728,075	43,447,483	6,442,154	4,973,395	873,253
Noncurrent assets:					
Restricted assets:					
Cash and investments	-	-	-	69,968,331	-
Loans to other funds - long-term	-	7,733,072	-	-	-
Capital assets, net:					
Nondepreciable	-	-	-	-	-
Depreciable, net	-	-	-	-	-
Total noncurrent assets	-	7,733,072	-	69,968,331	-
Total assets	23,728,075	51,180,555	6,442,154	74,941,726	873,253
LIABILITIES					
Current liabilities:					
Accounts payable	16,250	60,716	725,013	1,255,446	36,703
Accrued payroll	48,134	31,857	38,103	3,886	-
Deposits and other liabilities	-	49,104	-	-	-
Accrued interest	-	-	-	-	-
Compensated absences - due in one year	31,649	2,751	4,077	-	-
Lease payable - due in one year	-	-	-	-	-
Claims payable, due in one year	3,568,791	9,014,000	396,000	-	-
Loans from other funds- current	-	-	-	-	-
Total current liabilities	3,664,824	9,158,428	1,163,193	1,259,332	36,703
Noncurrent liabilities:					
Compensated absences - due in more than one year	10,199	-	-	-	-
Lease payable - due in more than one year	-	-	-	-	-
Claims payable, due in more than one year	11,935,442	40,486,000	-	-	-
Loans from other funds- due in more than one year	-	-	-	-	-
Total noncurrent liabilities	11,945,641	40,486,000	-	-	-
Total liabilities	15,610,465	49,644,428	1,163,193	1,259,332	36,703
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted for pensions	-	-	-	69,968,331	-
Unrestricted	8,117,610	1,536,127	5,278,961	3,714,063	836,550
Total net position	\$ 8,117,610	\$ 1,536,127	\$ 5,278,961	\$ 73,682,394	\$ 836,550

City of Stockton
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2022

	Vehicle Fleet Equipment	Computer and Radio Equipment	Other Equipment	Total
ASSETS				
Current assets:				
Cash and investments	\$ 16,398,192	\$ 47,024,435	\$ 1,506,349	\$ 141,709,895
Receivables, net:				
Interest	40,793	112,991	3,498	560,417
Accounts and other receivables	-	-	-	340,460
Inventories	-	179,726	-	179,726
Deposits and advances	283,055	138,125	-	557,996
Prepaid items	679,409	1,501,667	44,998	2,931,782
Loans to other funds - short-term	-	495,600	-	1,592,922
Total current assets	17,401,449	49,452,544	1,554,845	147,873,198
Noncurrent assets:				
Restricted assets:				
Cash and investments	-	-	-	69,968,331
Loans to other funds - long-term	-	-	-	7,733,072
Capital assets, net:				
Nondepreciable	6,322,767	15,774,365	-	22,097,132
Depreciable, net	16,049,598	5,359,829	213,765	21,623,192
Total noncurrent assets	22,372,365	21,134,194	213,765	121,421,727
Total assets	39,773,814	70,586,738	1,768,610	269,294,925
LIABILITIES				
Current liabilities:				
Accounts payable	535,580	527,058	58,476	3,215,242
Accrued payroll	113,435	246,124	7,565	489,104
Deposits and other liabilities	-	-	-	49,104
Accrued interest	14,975	-	91	15,066
Compensated absences - due in one year	64,639	154,524	5,726	263,366
Lease payable - due in one year	-	-	50,116	50,116
Claims payable, due in one year	-	-	-	12,978,791
Loans from other funds- current	454,217	-	-	454,217
Total current liabilities	1,182,846	927,706	121,974	17,515,006
Noncurrent liabilities:				
Compensated absences - due in more than one year	42,395	116,332	6,697	175,623
Lease payable - due in more than one year	-	-	152,044	152,044
Claims payable, due in more than one year	-	-	-	52,421,442
Loans from other funds- due in more than one year	1,364,845	-	-	1,364,845
Total noncurrent liabilities	1,407,240	116,332	158,741	54,113,954
Total liabilities	2,590,086	1,044,038	280,715	71,628,960
NET POSITION				
Net investment in capital assets	22,372,365	21,134,194	213,765	43,720,324
Restricted for pensions	-	-	-	69,968,331
Unrestricted	14,811,363	48,408,506	1,274,130	83,977,310
Total net position	\$ 37,183,728	\$ 69,542,700	\$ 1,487,895	\$ 197,665,965

City of Stockton
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2022

	General Liability Insurance	Workers' Compensation Insurance	Employee Health Insurance	Retirement Benefits	Other Benefits and Insurance
OPERATING REVENUES:					
Charges for services	\$ 11,497,347	\$ 11,797,117	\$ 22,114,760	\$ 71,762,532	\$ 2,863,860
Miscellaneous	-	15	-	-	-
Total operating revenues	<u>11,497,347</u>	<u>11,797,132</u>	<u>22,114,760</u>	<u>71,762,532</u>	<u>2,863,860</u>
OPERATING EXPENSES:					
Operation and maintenance	11,379,486	1,697,764	21,888,606	75,234,094	3,116,000
General and administrative	1,988,387	3,336,967	1,159,138	95	531
Depreciation and amortization	-	-	-	-	-
Total operating expenses	<u>13,367,873</u>	<u>5,034,731</u>	<u>23,047,744</u>	<u>75,234,189</u>	<u>3,116,531</u>
OPERATING INCOME (LOSS)	<u>(1,870,526)</u>	<u>6,762,401</u>	<u>(932,984)</u>	<u>(3,471,657)</u>	<u>(252,671)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment income:					
Interest income (loss)	(622,815)	(1,095,919)	(199,449)	(7,991,007)	(34,888)
Interest expense and fiscal charges	-	-	-	-	-
Other nonoperating revenues	-	-	103,769	1,389,317	63,484
Total non-operating revenues (expenses)	<u>(622,815)</u>	<u>(1,095,919)</u>	<u>(95,680)</u>	<u>(6,601,690)</u>	<u>28,596</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(2,493,341)</u>	<u>5,666,482</u>	<u>(1,028,664)</u>	<u>(10,073,347)</u>	<u>(224,075)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital contributions	-	-	-	-	-
Transfers in	-	-	-	234,575	-
Total capital contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,575</u>	<u>-</u>
CHANGES IN NET POSITION	<u>(2,493,341)</u>	<u>5,666,482</u>	<u>(1,028,664)</u>	<u>(9,838,772)</u>	<u>(224,075)</u>
NET POSITION:					
Beginning of year, as restated (Note 19)	<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>
End of year	<u>\$ 8,117,610</u>	<u>\$ 1,536,127</u>	<u>\$ 5,278,961</u>	<u>\$ 73,682,394</u>	<u>\$ 836,550</u>

City of Stockton
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2022

	Vehicle Fleet Equipment	Computer and Radio Equipment	Other Equipment	Total
OPERATING REVENUES:				
Charges for services	\$ 14,073,527	\$ 17,581,296	\$ 308,662	\$ 151,999,101
Miscellaneous	-	-	-	15
Total operating revenues	14,073,527	17,581,296	308,662	151,999,116
OPERATING EXPENSES:				
Operation and maintenance	6,919,520	11,311,510	298,764	131,845,744
General and administrative	1,251,460	-	-	7,736,578
Depreciation and amortization	3,171,400	1,573,275	59,019	4,803,694
Total operating expenses	11,342,380	12,884,785	357,783	144,386,016
OPERATING INCOME (LOSS)	2,731,147	4,696,511	(49,121)	7,613,100
NONOPERATING REVENUES (EXPENSES):				
Investment income:				
Interest income (loss)	(478,363)	(1,411,335)	(44,952)	(11,878,728)
Interest expense and fiscal charges	(41,125)	-	(1,257)	(42,382)
Other nonoperating revenues	-	7,143	-	1,563,713
Total non-operating revenues (expenses)	(519,488)	(1,404,192)	(46,209)	(10,357,397)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,211,659	3,292,319	(95,330)	(2,744,297)
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	6,001,060	14,620	-	6,015,680
Transfers in	65,979	-	-	300,554
Total capital contributions and transfers	6,067,039	14,620	-	6,316,234
CHANGES IN NET POSITION	8,278,698	3,306,939	(95,330)	3,571,937
NET POSITION:				
Beginning of year, as restated (Note 19)	28,905,030	66,235,761	1,583,225	194,094,028
End of year	\$ 37,183,728	\$ 69,542,700	\$ 1,487,895	\$ 197,665,965

City of Stockton
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022

	General Liability Insurance	Workers' Compensation Insurance	Employee Health Insurance	Retirement Benefits	Other Benefits & Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts for interfund services provided	\$ 11,516,557	\$ 11,842,796	\$ 22,114,760	\$ 71,762,532	\$ 2,863,860
Payments to suppliers and employees	(13,322,965)	(5,042,829)	(21,990,347)	(75,414,492)	(3,207,952)
Claims and insurance paid	4,979,607	(5,895,000)	-	-	-
Net cash provided by (used in) operating activities	3,173,199	904,967	124,413	(3,651,960)	(344,092)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in and out	-	-	-	234,575	-
Loans to and from other funds	-	1,097,321	-	-	-
Other nonoperating revenues	-	-	103,769	1,389,317	127,718
Net cash provided by (used in) noncapital financing activities	-	1,097,321	103,769	1,623,892	127,718
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases of capital assets	-	-	-	-	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Net cash (used in) capital and related financing activities	-	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment earnings	(625,436)	(1,084,759)	(205,663)	(8,136,268)	(34,617)
Net cash provided by investing activities	(625,436)	(1,084,759)	(205,663)	(8,136,268)	(34,617)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,547,763	917,529	22,519	(10,164,336)	(250,991)
CASH AND CASH EQUIVALENTS:					
Beginning of year	20,791,270	41,260,040	5,560,941	84,943,057	1,121,458
End of year	<u>\$ 23,339,033</u>	<u>\$ 42,177,569</u>	<u>\$ 5,583,460</u>	<u>\$ 74,778,721</u>	<u>\$ 870,467</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:					
Cash and investments	\$ 23,339,033	\$ 42,177,569	\$ 5,583,460	\$ 4,810,390	\$ 870,467
Restricted assets:					
Cash with investments fiscal agents	-	-	-	69,968,331	-
Total cash and investments	<u>\$ 23,339,033</u>	<u>\$ 42,177,569</u>	<u>\$ 5,583,460</u>	<u>\$ 74,778,721</u>	<u>\$ 870,467</u>

City of Stockton
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2022

	Vehicle Fleet Equipment	Computer and Radio Equipment	Other Equipment	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for interfund services provided	\$ 14,227,602	\$ 17,865,696	\$ 308,662	\$ 152,502,465
Payments to suppliers and employees	(9,078,498)	(12,514,115)	(285,721)	(140,856,919)
Claims and insurance paid	-	-	-	(915,393)
Net cash provided by (used in) operating activities	5,149,104	5,351,581	22,941	10,730,153
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in and out		-	-	234,575
Loans to and from other funds	(486,720)	-	-	610,601
Other nonoperating revenues	-	97,350	-	1,718,154
Net cash provided by (used in) noncapital financing activities	(486,720)	97,350	-	2,563,330
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of capital assets	(2,336,907)	(6,051,652)	-	(8,388,559)
Principal paid on debt	(206,486)	-	(49,954)	(256,440)
Interest paid on debt	(50,508)	-	(1,166)	(51,674)
Net cash (used in) capital and related financing activities	(2,593,901)	(6,051,652)	(51,120)	(8,696,673)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	(484,086)	(1,392,025)	(44,648)	(12,007,502)
Net cash provided by investing activities	(484,086)	(1,392,025)	(44,648)	(12,007,502)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,584,397	(1,994,746)	(72,827)	(7,410,692)
CASH AND CASH EQUIVALENTS:				
Beginning of year	14,813,794	49,019,181	1,579,176	219,088,917
End of year	<u>\$ 16,398,191</u>	<u>\$ 47,024,435</u>	<u>\$ 1,506,349</u>	<u>\$ 211,678,225</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:				
Cash and investments	\$ 16,398,192	\$ 47,024,435	\$ 1,506,349	\$ 141,709,895
Restricted assets:				
Cash with investments fiscal agents	-	-	-	69,968,331
Total cash and investments	<u>\$ 16,398,192</u>	<u>\$ 47,024,435</u>	<u>\$ 1,506,349</u>	<u>\$ 211,678,226</u>

City of Stockton
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2022

	General Liability Insurance	Workers' Compensation Insurance	Employee Health Insurance	Retirement Benefits	Other Benefits & Insurance
RECONCILIATION OF OPERATING INCOME					
(LOSS) TO NET CASH PROVIDED BY (USED					
FOR) OPERATING ACTIVITIES:					
Operating income (loss)	\$ (1,870,526)	\$ 6,762,401	\$ (932,984)	\$ (3,471,657)	\$ (252,671)
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	19,210	26,424	-	-	-
Due from other funds		19,240			
Prepaid items	1,576	446	(110,963)	-	-
Inventory of supplies	-	-	-	-	-
Deposits and advances	-	(446)	632,736	-	-
Accounts payable	14,179	(5,976)	554,029	(180,297)	(91,421)
Accrued payroll	(4,809)	12,029	13,612	(6)	-
Compensated absences	33,962	(14,151)	(32,017)	-	-
Self-insurance - claims and judgments	4,979,607	(5,895,000)	-	-	-
Net cash provided by (used in) operating activities	\$ 3,173,199	\$ 904,967	\$ 124,413	\$ (3,651,960)	\$ (344,092)
NONCASH TRANSACTIONS:					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -

City of Stockton
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2022

	Vehicle Fleet Equipment	Computer Equipment	Other Equipment	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 2,731,147	\$ 4,696,511	\$ (49,121)	\$ 7,613,100
Adjustments to reconcile operating income (loss) to net cash provided by (used for)				
operating activities:				
Depreciation and amortization	3,171,400	1,573,275	59,019	4,803,694
Changes in assets and liabilities:				
Accounts and other receivables	154,075	-	-	199,709
Due from other funds	-	284,400	-	303,640
Prepaid items	(382,580)	(380,360)	(21,948)	(893,829)
Inventory of supplies	-	(179,726)	-	(179,726)
Deposits and advances	(283,055)	-	-	349,235
Accounts payable	(213,840)	(527,253)	32,688	(417,891)
Accrued payroll	1,941	12,261	401	35,429
Compensated absences	(29,984)	(127,527)	1,902	(167,815)
Self-insurance - claims and judgments	-	-	-	(915,393)
Net cash provided by (used in) operating activities	\$ 5,149,104	\$ 5,351,581	\$ 22,941	\$ 10,730,153
NONCASH TRANSACTIONS:				
Capital contributions	\$ 6,001,060	\$ 14,620	\$ -	\$ 6,015,680



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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, 2022

	Land-Secured Financing	All Other	Total
Assets:			
Cash and investments	\$ 8,223,126	\$ 16,992,472	\$ 25,215,598
Cash and investments with fiscal agents	6,472,600	-	6,472,600
Receivables:			
Interest	19,748	42,524	62,272
Accounts and other receivables	-	3,662,249	3,662,249
Total assets	<u>14,715,474</u>	<u>20,697,245</u>	<u>35,412,719</u>
Liabilities:			
Accounts payable	2,600	21,694	24,294
Due to other governments	-	2,950,173	2,950,173
Total liabilities	<u>2,600</u>	<u>2,971,867</u>	<u>2,974,467</u>
Net Position:			
Restricted for individual, organization, and other government	<u>14,712,874</u>	<u>17,725,378</u>	<u>32,438,252</u>
Total net positions	<u>\$ 14,712,874</u>	<u>\$ 17,725,378</u>	<u>\$ 32,438,252</u>

City of Stockton
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2022

	Land-Secured Financing	All Other	Total
ADDITIONS:			
Property taxes	\$ 7,844,621	\$ -	\$ 7,844,621
Use of money and property	87	-	87
Investment income (loss)	(271,943)	(552,840)	(824,783)
Total additions	<u>7,572,765</u>	<u>(552,840)</u>	<u>7,019,925</u>
DEDUCTIONS:			
General government	373,760	-	373,760
Public works	5,748,509	1,778,443	7,526,952
Debt obligations	7,362,720	-	7,362,720
Total deductions	<u>13,484,989</u>	<u>1,778,443</u>	<u>15,263,432</u>
CHANGE IN NET POSITION	(5,912,224)	(2,331,283)	(8,243,507)
NET POSITION:			
Beginning of year,	20,625,098	20,056,661	40,681,759
End of year	<u>\$ 14,712,874</u>	<u>\$ 17,725,378</u>	<u>\$ 32,438,252</u>

City of Stockton
Schedule of Sources and Uses
Measures A and B
For Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Year End Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Measure A Transaction and Use Tax	\$ 36,132,000	\$ 45,412,129	\$ 9,280,129
Total revenues	<u>36,132,000</u>	<u>45,412,129</u>	<u>9,280,129</u>
Uses/Expenditures			
Police			
Salary & benefits			
Sworn	22,715,023	18,420,634	4,294,389
Non-Sworn	4,144,699	3,055,935	1,088,764
Vacancy savings	(936,054)	-	(936,054)
Other services	3,035,090	2,838,027	197,063
Materials & supplies			
Fuel	281,265	359,709	(78,444)
Other supplies	454,007	204,581	249,426
Other expenses			
Technology upgrade	-	9,515	(9,515)
Training	595,000	520,287	74,713
Capital outlay	77,254	-	77,254
Total police	<u>30,366,284</u>	<u>25,408,688</u>	<u>4,957,596</u>
Office of Violence Prevention			
Salary & benefits			
Non-sworn	899,409	618,937	280,472
Other services	400,706	191,624	209,082
Materials & supplies			
Fuel	3,182	3,933	(751)
Other supplies	59,999	35,067	24,932
Office equipment	3,979	914	3,065
Other expenses	20,000	637	19,363
Total Office of Violence Prevention	<u>1,387,275</u>	<u>851,112</u>	<u>536,163</u>
Basis Adjustment			
Encumbrances (included in final budget)	-	344,973	(344,973)
Total Measure B Expenditures	<u>31,753,559</u>	<u>26,604,773</u>	<u>5,148,786</u>
Crime Prevention (Measure B) expenditures as a % of annual Measure A revenues	<u>88%</u>	<u>59%</u>	
Other City Services			
General Fund available fund balance	<u>4,378,441</u>	<u>18,807,356</u>	<u>(14,428,915)</u>
Total adjustment	<u>4,378,441</u>	<u>18,807,356</u>	<u>(14,428,915)</u>
Total Uses/Expenditures	<u><u>\$ 36,132,000</u></u>	<u><u>\$ 45,412,129</u></u>	<u><u>\$ (9,280,129)</u></u>



CITY OF STOCKTON



STATISTICAL SECTION

STATISTICAL SECTION OVERVIEW

This part of the City’s annual comprehensive financial report is not covered by the Independent Auditor’s Report, but presents supplemental detailed information for the benefit of readers in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Financial Trends (pages 152-165)

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity (pages 166-173)

These schedules contain information to help the reader assess the City’s most significant local revenue sources, transient occupancy tax (“TOT”) and property taxes.

Debt Capacity (pages 174-182)

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information (pages 183-184)

These schedules offer demographic and economic indicators to help the reader understand the environment with which the City’s financial activities take place.

Operating Information (pages 185-191)

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the government provides and the activities it performs.

City of Stockton
Table 1
Net Position by Classification
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental activities:					
Net investment in capital assets	\$ 764,271	\$ 732,219	\$ 724,164	\$ 346,021	\$ 328,284
Restricted	524,405	457,693	239,339	204,114	170,507
Unrestricted	(171,510)	(262,907)	(119,715)	260,748	238,421
Total governmental activities net position	1,117,166	927,005	843,787	810,883	737,211
Business-type activities:					
Net investment in capital assets	438,676	365,873	301,434	381,015	367,317
Restricted	25,394	46,241	125,668	28,411	46,805
Unrestricted	200,819	224,551	177,840	155,217	133,656
Total business-type activities net position	664,889	636,665	604,942	564,643	547,778
Primary government:					
Net investment in capital assets	1,202,947	1,098,093	1,025,598	727,036	695,601
Restricted	549,799	503,934	365,007	232,525	217,311
Unrestricted	29,309	(38,356)	58,125	415,965	372,077
Total primary government net position	\$ 1,782,055	\$ 1,563,670	\$ 1,448,729	\$ 1,375,526	\$ 1,284,989

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				
	2017	2016	2015	2014	2013
Governmental activities:					
Net investment in capital assets	\$ 330,655	\$ 287,078	\$ 326,823	\$ 714,595	\$ 725,426
Restricted	148,493	153,087	130,763	96,596	93,905
Unrestricted	229,584	196,005	160,224	(62,855)	(82,351)
Total governmental activities net position	708,732	636,170	617,810	748,336	736,980
Business-type activities:					
Net investment in capital assets	362,886	369,983	379,853	413,783	418,881
Restricted	50,904	54,618	56,521	54,175	56,589
Unrestricted	82,938	44,792	28,751	42,641	38,380
Total business-type activities net position	496,728	469,393	465,125	510,599	513,850
Primary government:					
Net investment in capital assets	693,540	657,061	706,676	1,128,378	1,144,307
Restricted	199,397	207,705	187,284	150,771	150,494
Unrestricted	312,522	240,797	188,975	(20,214)	(43,971)
Total primary government net position	\$ 1,205,460	\$ 1,105,563	\$ 1,082,935	\$ 1,258,935	\$ 1,250,830

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				
	2022	2021	2020	2019	2018
Expenses					
Governmental activities:					
General government	\$ 72,154	\$ 74,314	\$ 37,269	\$ 37,821	\$ 37,259
Public safety	170,564	217,953	217,941	199,263	212,181
Public works	43,601	55,086	44,922	37,168	38,435
Library	13,107	12,792	14,657	13,501	12,301
Parks and recreation	14,300	11,526	27,798	27,288	23,753
Interest and fiscal charges	7,894	4,373	5,298	5,914	5,964
Total governmental activities	321,620	376,045	347,885	320,954	329,894
Business-type activities:					
Water utility	54,532	54,266	47,974	46,641	39,526
Wastewater utility	66,991	61,124	63,983	58,093	41,648
Stormwater utility	7,288	6,759	6,599	7,419	4,729
Parking Authority	5,687	4,995	5,795	5,501	5,310
Other	1,375	1,667	2,499	3,613	3,299
Total business-type activities	135,873	128,811	126,850	121,267	94,512
Total expenses	457,493	504,856	474,736	442,221	424,406
Program Revenues					
Governmental activities:					
Charges for services:					
General government	31,123	12,560	9,250	13,977	16,451
Public safety	18,688	13,235	11,220	16,925	15,309
Public works	14,291	32,456	3,143	10,367	14,914
Library	7,537	7,037	278	470	595
Parks and recreation	852	406	4,010	11,320	12,194
Operating grants and contributions	100,879	51,329	21,509	13,446	12,402
Capital grants and contributions	47,352	39,065	30,227	45,632	21,426
Total governmental activities	220,723	156,087	79,637	112,137	93,292
Business-type activities:					
Charges for services:					
Water utility	66,013	64,097	57,519	49,489	50,590
Wastewater utility	78,509	73,885	71,210	67,432	68,191
Stormwater utility	6,137	6,040	6,417	6,407	5,683
Parking Authority	5,690	4,589	4,749	4,592	4,447
Other	428	355	1,038	1,755	1,776
Operating grants and contributions	2,500	-	7,314	3,643	3,855
Capital grants and contributions	12,231	13,263	7,258	4,626	6,245
Total business-type activities	171,508	162,229	155,504	137,944	140,787
Total program revenues	392,230	318,316	235,141	250,081	234,078
Change in Net Position					
Governmental activities	(100,897)	(219,957)	(268,248)	(208,817)	(236,603)
Business-type activities	35,635	33,417	28,654	16,677	46,275
Total primary government	\$ (65,263)	\$ (186,540)	\$ (239,594)	\$ (192,140)	\$ (190,328)

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
General government	\$ 33,378	\$ 39,608	\$ 35,576	\$ 34,594	\$ 24,909
Public safety	154,932	169,015	123,403	124,806	108,931
Public works	45,670	36,344	37,685	51,942	49,259
Library	10,904	10,406	9,098	9,807	8,445
Parks and recreation	22,481	21,620	20,801	19,456	19,736
Interest and fiscal charges	4,288	2,216	3,401	14,486	14,615
Total governmental activities	271,653	279,209	229,964	255,091	225,895
Business-type activities:					
Water utility	42,886	48,001	47,474	44,720	48,570
Wastewater utility	50,545	58,665	56,153	55,724	51,166
Stormwater utility	5,288	6,601	7,084	5,758	5,959
Parking Authority	5,641	5,384	5,026	5,120	4,944
Other	3,235	3,116	3,374	3,448	2,939
Total business-type activities	107,595	121,767	119,111	114,770	113,578
Total expenses	379,248	400,976	349,075	369,861	339,473
Program Revenues					
Governmental activities:					
Charges for services:					
General government	19,184	15,831	15,169	14,785	17,977
Public safety	9,188	13,663	16,863	21,016	18,130
Public works	3,373	8,292	6,105	5,178	6,136
Library	377	517	441	437	670
Parks and recreation	8,765	9,158	6,145	5,655	6,597
Operating grants and contributions	12,565	12,861	18,823	18,840	23,827
Capital grants and contributions	17,591	16,286	34,268	36,052	57,146
Total governmental activities	71,043	76,608	97,814	101,963	130,483
Business-type activities:					
Charges for services:					
Water utility	42,308	33,277	35,059	37,855	37,464
Wastewater utility	66,833	68,938	65,726	59,953	55,369
Stormwater utility	5,619	5,573	5,569	5,571	5,503
Parking Authority	5,141	4,971	4,170	2,882	2,669
Other	1,675	1,750	1,769	1,870	1,934
Operating grants and contributions	3,889	3,776	5,133	3,865	4,175
Capital grants and contributions	2,971	3,562	2,945	1,112	4,700
Total business-type activities	128,436	121,847	120,371	113,108	111,814
Total program revenues	199,479	198,455	218,185	215,071	242,297
Change in Net Position					
Governmental activities	(200,610)	(202,601)	(132,150)	(153,128)	(95,412)
Business-type activities	20,841	80	1,260	(1,662)	(1,764)
Total primary government	\$ (179,769)	\$ (202,521)	\$ (130,890)	\$ (154,790)	\$ (97,176)

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

	Fiscal Year				
	2022	2021	2020	2019	2018
General Revenues and Other					
Change in Net Position:					
Governmental activities:					
Taxes:					
Property	\$ 41,066	\$ 38,523	\$ 36,692	\$ 35,739	\$ 33,112
In lieu of sales tax	-	-	-	-	-
Utility user	38,328	36,414	34,537	34,252	35,415
Sales - levied by City (1)	75,037	68,639	57,077	57,911	52,788
Franchise fees	21,186	16,901	15,292	12,307	13,243
Business licenses	15,905	15,695	14,557	19,958	13,507
Hotel/motel room	3,620	2,860	2,834	3,377	3,193
Document transfer	1,626	1,222	912	1,071	1,078
Other	4,016	2,874	3,262	2,905	2,916
Shared revenue:					
Vehicle license fees	27,310	27,757	31,839	23,599	29,091
Sales and use tax levied by state (1)	76,239	65,201	56,122	57,151	68,467
Other	-	-	18,303	-	165
Investment earnings	(25,552)	14,086	21,759	18,438	899
Gain (Loss) on disposal of capital assets	(132)	147	12	(1,602)	(203)
Miscellaneous	10,369	11,105	9,469	7,810	4,083
Special item	-	-	(547)	500	6,203
Proceeds of long-term debt	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Transfers from Successor Agency, Net	-	-	-	-	734
Transfers	438	1,751	(922)	9,074	389
Total governmental activities	289,456	303,175	301,198	282,489	265,082
Business-type activities:					
Other taxes	-	-	1,407	1,341	1,271
Grants and contributions not restricted to	-	-	-	-	100
Investment earnings	(7,018)	57	9,318	7,920	233
Gain on sale of capital assets	-	-	(2)	-	20
Miscellaneous	-	-	-	-	-
Special item	-	-	-	-	3,540
Transfers	(438)	-	922	(9,074)	(389)
Extraordinary items (2)	-	(1,751)	-	-	-
Total business-type activities	(7,456)	(1,694)	11,645	188	4,774
Total general revenues and other changes in net assets	282,000	301,481	312,843	282,676	269,857
Change in Net Position					
Governmental activities	188,559	83,218	32,950	73,671	28,479
Business-type activities	28,178	31,723	40,299	16,865	51,049
Total primary government	\$ 216,737	\$ 114,941	\$ 73,249	\$ 90,536	\$ 79,529

(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				
	2017	2016	2015	2014	2013
General Revenues and Other					
Change in Net Position:					
Governmental activities:					
Taxes:					
Property	\$ 32,411	\$ 30,646	\$ 29,573	\$ 28,015	\$ 29,420
In lieu of sales tax		8,775	9,816	9,706	9,938
Utility user	34,455	33,379	32,921	32,370	31,941
Sales - levied by City (1)	42,506	39,070	37,208	15,536	9,086
Franchise fees	13,289	12,397	12,379	11,981	11,677
Business licenses	12,243	11,996	10,805	10,392	10,153
Hotel/motel room	2,997	2,711	2,378	2,080	2,006
Document transfer	801	857	587	564	458
Other	1,939	1,801	930	728	287
Shared revenue:					
Vehicle license fees	21,423	20,354	19,602	18,069	17,433
Sales and use tax levied by state (1)	49,910	45,097	36,904	35,111	34,031
Other	44	45	49	253	400
Investment earnings	1,966	4,728	1,532	1,128	123
Gain on sale of capital assets	578	568	(13,214)	(3,712)	(1)
Miscellaneous	2,820	7,303	16,982	3,042	2,411
Special item		-	-	-	-
Proceeds of long-term debt	10,237	-	23,396	-	-
Extraordinary items	-	-	250,701	-	-
Transfers from Successor Agency, Net	-	-	-	-	-
Transfers	654	(297)	383	1,330	524
Total governmental activities	228,273	219,430	472,932	166,593	159,887
Business-type activities:					
Other taxes	1,292	1,239	974	1,166	1,197
Grants and contributions not restricted to	-	-	-	-	-
Investment earnings	131	2,653	1,172	1,448	530
Gain on sale of capital assets	(1,156)	-	(3,300)	-	-
Miscellaneous	-	-	-	431	14
Special item	-	-	-	-	-
Transfers	(654)	297	(383)	(1,330)	(524)
Extraordinary items (2)	-	-	9,548	-	-
Total business-type activities	(387)	4,189	8,011	1,715	1,217
Total general revenues and other changes in net assets	227,886	223,619	480,943	168,308	161,104
Change in Net Position					
Governmental activities	27,662	16,829	340,782	13,465	64,475
Business-type activities	20,454	4,271	9,271	53	(547)
Total primary government	\$ 48,116	\$ 21,100	\$ 350,053	\$ 13,518	\$ 63,928

(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				
	2022	2021	2020	2019	2018
General Fund					
Nonspendable	\$ 2,077	\$ 2,215	\$ 5,796	\$ 3,621	\$ 1,303
Restricted	5,289	4,428	3,998	4,034	4,730
Committed	123,754	77,638	59,714	54,243	45,957
Assigned	4,285	4,526	4,017	4,144	2,227
Unassigned	43,208	42,049	41,085	37,990	36,265
Total General Fund	178,613	130,857	114,611	104,032	90,482
All other governmental funds					
Nonspendable	151	152,462	356	356	370
Restricted	428,305	222,308	189,758	169,507	117,387
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	428,456	374,770	190,114	169,863	117,757
Total Fund Balance	\$ 607,069	\$ 505,627	\$ 304,725	\$ 273,895	\$ 208,239

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				
	2017	2016	2015	2014	2013
General Fund					
Nonspendable	\$ 1,539	\$ 2,214	\$ 810	\$ 500	\$ 409
Restricted	4,603	3,549	2,949	3,551	2,334
Committed	56,439	49,088	28,930	34,008	23,775
Assigned	3,922	5,467	-	3,059	1,710
Unassigned	36,184	33,326	38,639	9,751	3,093
Total General Fund	102,687	93,644	71,328	50,869	31,321
All other governmental funds					
Nonspendable	-	373	382	443	369
Restricted	114,254	122,084	104,785	81,435	75,157
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	3,232	-	-	(20,669)	(18,793)
Total all other governmental funds	117,486	122,457	105,167	61,209	56,733
Total Fund Balance	\$ 220,173	\$ 216,101	\$ 176,495	\$ 112,078	\$ 88,054

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				
	2022	2021	2020	2019	2018
Revenues:					
Taxes:					
Property	\$ 41,066	\$ 38,523	\$ 36,692	\$ 35,342	\$ 33,068
In lieu of sales tax	-	-	-	-	44
Utility user	38,328	36,414	34,537	34,252	35,415
Sales (levied by City) (1)	82,951	68,639	57,077	57,911	52,788
Franchise fees	19,932	16,901	15,292	12,307	13,243
Business license	15,906	15,695	14,557	13,215	13,507
Hotel/motel room	3,620	2,860	2,834	3,377	3,193
Document transfer	1,626	1,222	912	1,071	1,126
Other	4,016	2,874	3,262	2,905	2,916
Licenses and permits	9,129	7,670	6,847	6,744	6,214
Federal grants and subsidies	84,812	30,339	15,578	16,517	13,235
Other shared revenue (sales and use tax levied by state) (1)	76,239	65,201	56,122	51,577	53,817
Other governmental	85,662	99,161	59,367	66,594	57,778
Charges for services	39,532	31,330	26,904	27,227	29,377
Fines and forfeitures	2,001	379	1,101	1,277	1,247
Use of money and property	9,955	5,731	10,569	12,460	9,528
Investment income:		-	-		
Interest income (loss)	(13,673)	7,785	14,075	11,758	1,063
Refunds and reimbursements	550	602	6,633	6,614	7,887
Miscellaneous	8,258	10,189	8,981	8,649	8,596
Total revenues	509,910	441,514	371,340	369,795	344,044
Expenditures:					
Current:					
General government	76,830	72,185	30,148	30,537	26,761
Public safety	206,107	205,923	193,778	189,824	184,426
Public works	34,263	41,960	20,120	19,793	18,852
Library	14,659	12,762	14,400	13,789	12,416
Parks and recreation	14,552	8,207	25,920	26,006	22,462
Capital outlay	53,034	26,127	31,225	35,158	51,210
Debt service:		-	-		-
Principal retirement	1,943	1,806	1,699	11,477	2,204
Cost of issuance	-	-	-		-
Interest and fiscal charges	7,397	4,617	5,229	5,627	5,767
Total expenditures	408,785	373,587	322,521	332,211	324,098
Excess (deficiency) of revenues over (under) expenditures	\$ 101,125	\$ 67,926	\$ 48,819	\$ 37,584	\$ 19,946

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues:					
Taxes:					
Property	\$ 32,411	\$ 30,646	\$ 29,573	\$ 28,014	\$ 29,420
In lieu of sales tax	-	8,775	9,816	9,706	9,938
Utility user	34,455	33,379	32,921	32,369	31,941
Sales (levied by City) (1)	42,506	39,070	37,208	15,536	9,086
Franchise fees	13,289	12,397	12,380	11,981	11,677
Business license	12,243	11,996	10,805	10,392	10,153
Hotel/motel room	2,997	2,711	2,378	2,080	2,006
Document transfer	801	856	587	565	458
Other	1,939	1,535	930	728	287
Licenses and permits	5,867	5,347	4,398	3,808	3,696
Federal grants and subsidies	12,859	10,470	21,796	22,453	23,158
Other shared revenue (sales and use tax levied by state) (1)	49,910	45,097	36,904	35,111	34,031
Other governmental	37,574	36,696	41,806	47,951	71,746
Charges for services	22,920	26,473	21,351	19,410	19,059
Fines and forfeitures	1,164	624	3,814	2,925	2,419
Use of money and property	8,197	8,172	9,318	9,536	13,767
Investment income:					
Interest income (loss)	1,762	3,088	916	650	119
Refunds and reimbursements	6,077	5,188	12,710	2,401	1,814
Miscellaneous	6,745	11,246	16,674	7,707	6,942
Total revenues	293,716	293,766	306,285	263,323	281,717
Expenditures:					
Current:					
General government	29,235	27,229	34,652	25,510	23,245
Public safety	171,073	150,853	141,542	129,030	125,331
Public works	15,818	14,861	14,152	14,458	13,498
Library	10,619	10,107	9,880	9,793	9,039
Parks and recreation	20,493	19,295	19,094	17,202	17,733
Capital outlay	31,407	23,857	31,345	43,273	72,568
Debt service:					
Principal retirement	13,593	3,325	8,217	9,589	9,013
Cost of issuance		2,119	-	-	-
Interest and fiscal charges	2,872		3,229	4,661	5,957
Total expenditures	295,110	251,646	262,111	253,516	276,384
Excess (deficiency) of revenues over (under) expenditures	\$ (1,394)	\$ 42,120	\$ 44,174	\$ 9,807	\$ 5,333

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Other financing sources (uses):					
Capital contributions		\$ -	\$ -	\$ -	\$ -
Transfers in	27,618	19,903	18,062	31,310	19,077
Transfers out	(27,480)	(41,452)	(36,445)	(29,479)	(37,913)
Transfers from successor Agency	-	-	-	-	734
Special Item (Note 18)	-	-	-	-	6,203
Bond insurers proceeds	163	-	-	-	-
Operating transfers out to a component unit	-	-	-	-	-
Proceeds of current refunding bonds	-	-	-	-	-
Sales of capital assets	17	2,419	393	52	800
Advances from other funds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	318	(19,131)	(17,990)	1,884	(11,099)
Special items					
Net change in fund balance	101,442	48,796	30,830	39,468	8,847
Fund balance, beginning of year, original	505,627	456,831	273,895	234,427	225,581
Fund balance, beginning of year, restated	505,627	456,831	273,895	234,427	225,581
Fund balance, end of year	\$ 607,069	\$ 505,627	\$ 304,725	\$ 273,895	\$ 234,427
Debt service as a percentage of noncapital expenditures	644956.6%	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				
	2017	2016	2015	2014	2013
Other financing sources (uses):					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	23,347	15,916	16,860	13,497	-
Transfers out	(12,966)	(18,810)	(20,235)	(13,031)	30,678
Transfers from successor Agency	-	-	-	-	(30,360)
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	-	-	-	-	-
Sales of capital assets	492	379	521	200	-
Advances from other funds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(6,080)	-	-
Total other financing sources (uses)	10,873	(2,515)	20,244	8,466	8,605
Special items		-	-	-	-
Net change in fund balance	9,479	39,605	64,417	18,273	13,938
Fund balance, beginning of year, original	216,100	176,495	112,078	93,806	79,869
Fund balance, beginning of year, restated	216,100	176,495	112,078	93,806	79,869
Fund balance, end of year	\$ 225,579	\$ 216,100	\$ 176,495	\$ 112,078	\$ 93,806
Debt service as a percentage of noncapital expenditures	6.7%	2.4%	5.2%	7.3%	7.9%

(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				
	2022	2021	2020	2019	2018
Property (1)	\$ 41,066	\$ 38,523	\$ 36,692	\$ 35,342	\$ 33,068
In lieu of sales tax	-	-	-	-	44
Utility user	38,328	36,414	34,537	34,252	35,415
Sales (levied by city) (2)	82,951	68,639	57,077	57,911	52,788
Franchise fees	19,932	16,901	15,292	12,307	13,243
Business licenses	15,905	15,695	14,557	13,215	13,507
Hotel/motel room	3,620	2,860	2,834	3,377	3,193
Document transfer	1,626	1,222	912	1,071	1,126
Other	4,016	2,874	3,262	2,905	2,916
Totals	\$ 207,444	\$ 183,127	\$ 165,163	\$ 160,379	\$ 155,301

(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 2013 to 2022
	2017	2016	2015	2014	2013	
Property (1)	\$ 32,411	\$ 30,646	\$ 29,573	\$ 28,014	\$ 29,420	40%
In lieu of sales tax	-	8,775	9,816	9,706	9,938	-100%
Utility user	34,455	33,379	32,921	32,369	31,941	20%
Sales (levied by city) (2)	42,506	39,070	37,208	15,536	9,086	813%
Franchise fees	13,289	12,397	12,380	11,981	11,677	71%
Business licenses	12,243	11,995	10,805	10,392	10,153	57%
Hotel/motel room	2,997	2,711	2,378	2,080	2,006	80%
Document transfer	801	856	587	565	458	255%
Other		1,535	930	728	287	1299%
Totals	\$ 138,702	\$ 141,364	\$ 136,598	\$ 111,371	\$ 104,966	98%

(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				
	2022	2021	2020	2019	2018
Secured roll	\$ 26,379,229	\$ 24,952,342	\$ 23,628,432	\$ 22,488,506	\$ 21,378,475
Utility roll	6,496	6,507	5,827	5,816	5,863
Unsecured roll	1,563,966	1,507,064	1,439,016	1,610,921	1,629,758
Gross assessed value	27,949,691	26,465,914	25,073,275	24,105,243	23,014,096
Less exemptions (1)	2,020,034	1,980,526	1,948,125	1,917,101	1,532,852
Net assessed value	<u>25,929,657</u>	<u>24,485,388</u>	<u>23,125,150</u>	<u>22,188,142</u>	<u>21,481,244</u>
Land	7,164,141	6,823,616	6,506,827	6,280,943	6,081,944
Improvements	19,716,382	18,716,229	17,635,057	16,582,837	15,666,837
Personal property	1,069,169	926,070	931,391	1,241,463	1,265,315
Gross assessed value	27,949,691	26,465,914	25,073,275	24,105,243	23,014,096
Less exemptions (1)	2,020,034	1,980,526	1,948,125	1,917,101	1,532,852
Net assessed value	<u>\$ 25,929,657</u>	<u>\$ 24,485,388</u>	<u>\$ 23,125,150</u>	<u>\$ 22,188,142</u>	<u>\$ 21,481,244</u>
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%

(1) For FY 2022, all exemptions (secured, utility, and unsecured rolls) are: homeowners - \$215,033 and other - \$1,805,001 = \$2,020,034

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				
	2017	2016	2015	2014	2013
Secured roll	\$ 20,299,172	\$ 19,473,994	\$ 18,496,369	\$ 16,981,109	\$ 16,272,927
Utility roll	5,833	6,199	6,209	6,228	7,504
Unsecured roll	1,596,101	1,651,844	1,638,161	1,557,131	1,566,497
Gross assessed value	21,901,106	21,132,037	20,140,739	18,544,468	17,846,928
Less exemptions (1)	1,786,986	1,729,742	1,717,223	1,699,348	1,608,513
Net assessed value	<u>20,114,120</u>	<u>19,402,295</u>	<u>18,423,516</u>	<u>16,845,120</u>	<u>16,238,415</u>
Land	5,713,082	5,420,167	4,978,511	4,597,437	4,019,017
Improvements	15,004,037	14,501,054	13,928,278	12,868,329	12,696,221
Personal property	1,183,987	1,210,816	1,233,950	1,078,702	1,131,690
Gross assessed value	21,901,106	21,132,037	20,140,739	18,544,468	17,846,928
Less exemptions (1)	1,786,986	1,729,742	1,717,223	1,699,348	1,608,513
Net assessed value	<u>\$ 20,114,120</u>	<u>\$ 19,402,295</u>	<u>\$ 18,423,516</u>	<u>\$ 16,845,120</u>	<u>\$ 16,238,415</u>
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%

(1) For FY 2022, all exemptions (secured, utility, and unsecured rolls) are: homeowners - \$215,033 and other - \$1,805,001 = \$2,020,034

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
2022	1.0000	-	1.0000	0.1922	0.0163	1.2085
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

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					
	2022			2013		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
PW Fund B Development	\$ 207,617	1	0.851	49,062	7	0.333 %
Prologis	201,251	2	0.825 %	-		0.000 %
Patmon Company Inc	149,501	3	0.613 %	-		0.000 %
Excel Stockton LLC	126,103	4	0.517 %	122,966	2	0.836 %
EGMR Norcal Logistics Center LLC	108,519	5	0.445 %	-		0.000 %
Central Valley Indust core holdings LLC	96,237	6	0.395 %	-		0.000 %
Wilshire Newcastle road owner LLC	96,000	7	0.394 %	-		0.000 %
IDIL Stockton Logistics II	84,084	8	0.345 %	86,070	3	0.585 %
Simpson Manufacturing Co Inc	77,020	9	0.316 %	-		0.000 %
Trader Joes company	72,794	10	0.299 %	-		0.000 %
Buzz Oates LLC	-		0.000 %	128,437	1	0.873 %
Diamond Walnut Growers Inc	-		0.000 %	72,600	4	0.493 %
Dameron Hospital Associations	-		0.000 %	70,458	5	0.479 %
Corn Products International Inc	-		0.000 %	65,728	6	0.447 %
Fresh and Easy Neighborhood Market Inc.	-		0.000 %	46,771	8	0.318 %
Inland Western Stockton Airport Way II LLC	-		0.000 %	45,422	9	0.309 %
WTM Glimcher LLC	-		0.000 %	44,113	10	0.300 %
Principal Secured Property Valuation	1,219,126		5.000 %	731,627		4.973 %
Other Secured Taxpayers	25,160,103		103.179	15,541,300		105.641
Total Secured Property Valuation Before Exemptions	26,379,229		108.179 %	16,272,927		110.614 %
Less Exemptions relative to secured tax roll (1)	1,994,405		8.179	1,561,472		10.614
Total Secured Property Valuation	<u>\$ 24,384,825</u>		<u>100.000 %</u>	<u>\$ 14,711,455</u>		<u>100.000 %</u>

(1) Exemptions relative to secured tax roll: FY 2022 - homeowners - \$214,936 and other - \$1,779,468 = \$1,994,405
FY 2013 - homeowners - \$240,576 and other - \$1,320,896 = \$1,561,472

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
2022	\$ 39,099	\$ 39,099	100 %	-	\$ 39,099	100 %
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 %

(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				
	2022	2021	2020	2019	2018
<u>Type of Customer</u>					
Residential	8,204,224 cf	10,610,177 cf	7,997,883 cf	7,669,451 cf	8,231,972 cf
Institutional	858,661	1,105,150	827,124	789,265	632,738
Commercial/Industrial	1,707,532	2,018,500	1,588,605	1,645,890	1,640,471
Irrigation	<u>1,603,842</u>	<u>2,025,832</u>	<u>1,457,258</u>	<u>1,294,982</u>	<u>1,310,062</u>
Total	<u><u>12,374,259</u></u>	<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

1 cubic foot (cf) = 7.481 gallons

Source: City of Stockton Department of Administrative Services



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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	
2022	\$ 33.90	\$ 2.47	\$ 2.95	\$ 49.56	
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	

*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 / Lease Payable / Settlements	Pension Bonds*	Total Governmental Activities
2022	\$ -	\$ -	\$ -	\$ 4,700	\$ 53,084	\$ 57,784
2021	\$ -	\$ -	\$ -	\$ 6,321	\$ 53,248	\$ 59,569
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

*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 / Lease Payable	Total Business-type Activities	Total	Percent of Personal Income (2)	Amount Per Capita (2)
2022	\$ 274,238	\$ -	\$ 121,514	\$ 395,752	\$ 453,536	1.26 %	\$ 1,406
2021	\$ 261,845	\$ -	\$ 129,381	\$ 391,226	\$ 450,795	1.25 %	\$ 1,405
2020	\$ 144,710	\$ -	\$ 129,380	\$ 274,090	\$ 427,599	1.19 %	\$ 1,342
2019	\$ 279,039	\$ -	\$ 10,870	\$ 289,909	\$ 448,937	1.41 %	\$ 1,419
2018	\$ 312,700	\$ -	\$ 10,870	\$ 323,570	\$ 501,520	2.32 %	\$ 1,592
2017	\$ 326,165	\$ -	\$ 10,870	\$ 337,035	\$ 521,989	1.85 %	\$ 1,628
2016	\$ 336,218	\$ -	\$ 10,954	\$ 347,172	\$ 552,385	2.56 %	\$ 1,750
2015	\$ 343,926	\$ -	\$ 11,040	\$ 354,966	\$ 563,578	2.61 %	\$ 1,836
2014	\$ 284,225	\$ 81,270	\$ 11,123	\$ 376,618	\$ 725,305	3.36 %	\$ 2,410
2013	\$ 289,360	\$ 84,500	\$ 11,202	\$ 385,062	\$ 749,928	3.47 %	\$ 2,531

*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		
2022	\$ -	\$ -	\$ 53,084	\$ -	\$ 53,084	0.002 %	\$ 0.16		
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		

* 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 6/30/2022	Percentage Applicable (1)	City's share of Debt 6/30/2022
OVERLAPPING TAX AND ASSESSMENT DEBT:			
San Joaquin Delta Community College District	\$ 188,480,000	26.558 %	\$ 50,056,518
Stockton Unified School District	483,242,362	84.349	407,610,100
Lodi Unified School District	300,695,000	33.679	101,271,069
Lodi Unified School District School Facilities Improvement District No. 1	43,095,000	85.311	36,764,775
Lincoln Unified School District	66,074,855	86.483	57,143,517
Lincoln Unified School District Community Facilities District No. 1	15,391,567	79.882	12,295,092
Manteca Unified School District	225,734,885	13.004	29,354,564
Manteca Unified School District Community Facilities District No. 1989-1	12,582,434	100.000	12,582,434
Tracy Joint Unified School District and School Facilities Improvement Dist. No.3	133,540,900	0.003 & 0.007	8,094
City of Stockton Community Facilities District No. 99-02	22,970,000	100.000	22,970,000
City of Stockton Community Facilities District No. 2001-1 (Spanos Park West)	10,244,331	100.000	10,244,331
City of Stockton Community Facilities District No. 2003-1	1,544,655	100.000	1,544,655
City of Stockton Community Facilities District No. 2005-1	9,245,000	100.000	9,245,000
City of Stockton Community Facilities District No. 2006-1	2,274,934	100.000	2,274,934
City of Stockton Community Facilities District No. 2006-2	2,934,000	100.000	2,934,000
City of Stockton Community Facilities District No. 2006-3	4,463,939	100.000	4,463,939
City of Stockton Community Facilities District No. 2018-1	3,325,000	100.000	3,325,000
City of Stockton Community Facilities District No. 2018-2	13,505,000	100.000	13,505,000
City of Stockton 1915 Act Bonds	16,306,374	100.000	16,306,374
Reclamation District No. 2042 Community Facilities District No. 2001-1	4,076,132	18.211	742,304
San Joaquin Area Flood Control District Smith Assessment District	22,125,000	57.451	12,711,034
San Joaquin County Reclamation District No. 17 Assessment District	21,086,256	27.618	5,823,602
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			813,176,336
OVERLAPPING GENERAL FUND DEBT:			
San Joaquin County Certificates of Participation	60,400,000	28.781 %	17,383,724
Lincoln Unified School District Certificates of Participation	8,335,751	86.483	7,209,008
Lodi Unified School District Certificates of Participation	10,065,000	33.679	3,389,791
Manteca Unified School District General Fund Obligations	15,976,000	13.004	2,077,519
Stockton Unified School District Certificates of Participation	25,500,000	84.349	21,508,995
Lathrop-Manteca Rural Fire Protection District certificates of Participation	3,490,000	0.025	873
City of Stockton Capital Lease Obligations		100.000	-
City of Stockton Bond Insurer Settlement Agreement Liability	53,083,658	100.000	53,083,658
TOTAL OVERLAPPING GENERAL FUND DEBT			104,653,568
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	11,180,000	100.000	11,180,000
TOTAL OVERLAPPING TAX INCREMENT DEBT			84,490,000
TOTAL DIRECT DEBT			53,083,658
TOTAL OVERLAPPING DEBT			949,236,246
GROSS COMBINED TOTAL DEBT (2)			1,002,319,904
2021-22 Assessed Valuation (3):	\$ 26,144,691		
(after deducting \$1,805,001 Other Exemptions Valuation)			
2021-22 Population	322,489		
Debt Ratios		Per Capita	Ratio to Assessed Value
Total Gross Debt (2)	\$ 1,002,319,904	\$ 3,108	3833.74 %
Ratios to 2020-21 Assessed Valuation: Total Overlapping Tax and Assessment Debt	813,176,336	2,522	3110.29
Ratios to Adjusted Assessed Valuation: Combined Direct Debt	53,083,658	165	203.04

(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 \$2,020,034

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				
	2022	2021	2020	2019	2018
Assessed valuation (1)	\$ 26,144,691	\$ 24,701,296	\$ 23,343,395	\$ 22,407,298	\$ 21,362,446
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	6,536,173	6,175,324	5,835,849	5,601,825	5,340,612
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit	980,426	926,299	875,377	840,274	801,092
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 980,426</u>	<u>\$ 926,299</u>	<u>\$ 875,377</u>	<u>\$ 840,274</u>	<u>\$ 801,092</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 15
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2017	2016	2015	2014	2013
Assessed valuation (1)	\$ 20,337,129	\$ 19,628,594	\$ 18,653,199	\$ 17,079,491	\$ 16,479,102
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	5,084,282	4,907,149	4,663,300	4,269,873	4,119,776
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit	762,642	736,072	699,495	640,481	617,966
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 762,642</u>	<u>\$ 736,072</u>	<u>\$ 699,495</u>	<u>\$ 640,481</u>	<u>\$ 617,966</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							
2022	\$ 73,686	\$ 38,398	\$ 35,288	\$ 5,910	\$ 8,383	\$ 14,293	2.47
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

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)

(1) Total operating revenue and contributions/transfers

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

* 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							
2022	\$ 82,041	\$ 51,194	\$ 30,847	\$ 4,195	\$ 3,500	\$ 7,695	4.01
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

Includes all nongeneral obligation long term debt backed by pledged revenues.

(Continued)

Details regarding the City's outstanding debt can be found in the Note 8 - Long-Term Debt of these financial statements.

- (1) Total operating revenue and contributions/transfers
- (2) 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							
2022	\$ 4,307	\$ 3,470	\$ 837	\$ 245	\$ 1,174	\$ 1,419	0.59
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 note 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.

(Concluded)

Details regarding the City's outstanding debt can be found in the Note 8 - 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
2022	322,489	\$ 16,710	\$ 51,816	5.9 %	131,200	103,318	3.15	\$ 58,393	105,335
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

(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>	2022			2013		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Stockton Unified School District	5,265	1	4.04%	3,366	3	2.70%
Amazon	4,750	2	3.65%			
St. Joseph's Medical Center	3,200	3	2.46%	4,600	2	3.69%
City of Stockton	2,118	4	1.63%	1,862	4	1.49%
San Joaquin County Office of Education	1,955	5	1.50%	4,720	1	3.78%
Pacific Gas and Electric	1,550	6	1.19%	1,100	6	0.88%
University of the Pacific	1,329	7	1.02%	900	9	0.72%
Lincoln Unified School District	1,125	8	0.86%	631	10	0.51%
Kaiser Permanente	1,065	9	0.82%	1,065	7	0.85%
San Joaquin Delta College	813	10	0.62%	1,000	8	0.80%
Dameron Hospital			0.00%	1,200	5	0.96%
Total	<u>23,170</u>		<u>17.78%</u>	<u>20,444</u>		<u>16.38%</u>

Note: Principal employers are based on best available information.

Sources: San Joaquin Partnership Survey, August 2022
City of Stockton ACFR, 2013

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

Function/Program/Department:	Fiscal Year				
	2022	2021	2020	2019	2018
Admin Svcs	73	78	74	73	74
City Attorney	9	10	12	10	11
City Clerk	7	7	7	5	6
City Council/Mayor	4	3	4	3	3
City Manager	32	30	26	28	28
Community Development	42	40	42	38	32
Community Services	102	101	101	98	101
Human Resources	30	22	32	25	27
Information Technology	37	39	41	40	41
Police:					
Sworn	405	433	432	469	470
Non-sworn	175	189	216	193	193
Animal control	6	11	12	11	12
Total Police	586	633	660	673	675
Fire:					
Firefighters-sworn	165	171	160	177	169
Firefighters-auxiliary	41	0	21	32	20
Non-sworn personnel	34	34	32	30	25
Total Fire	240	205	213	239	214
Public Works	140	135	135	141	142
Economic Development	20	20	18	17	17
Water Utility	47	48	47	47	44
Wastewater Utility	147	147	142	144	145
Stormwater Utility	3	5	4	4	3
Total	1519	1523	1558	1585	1,563

*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				
	2022	2021	2020	2019	2018
General government:					
Building permits issued	7,714	8,815	7,378	7,380	7,538
Business tax certificates:					
Retail sales and service	5,109	6,434	7,805	5,707	4,786
Rental Properties - Commercial and Residential	2,495	4,267	4,491	4,165	4,062
Wholesale	319	443	393	404	387
Manufacturers and processors	121	152	149	159	139
Professions	1,289	1,760	1,561	1,614	1,614
Miscellaneous contractors, peddlers, delivery vehicles, etc.	5,219	5,640	4,900	4,579	6,419
Improvement district and hotel/motel room tax					40
Utility billing/customer service:					
Utility bills issued	1,040,607	1,186,454	1,000,452	1,051,220	1,169,160
Utility accounts opened and closed	19,933	46,905	17,582	20,818	23,828
New service locations (water) added	411	378	283	245	185
Delinquency Notices Sent - Active Accounts	-	-	75,687	82,303	82,660
Water Service Terminated for Non-Payment	-	-	3,055	4,989	4,921
Utility customer service calls received	59,951	49,999	45,231	54,695	54,613
Utility customers using automated voice response	678,091	802,378	709,134	849,706	895,369
Utility Customers Using Online Pmt/Account Access	32,850	44,467	32,852	32,893	32,960
Miscellaneous accounts receivable bills issued	10,005	14,770	14,024	37,057	35,880
Public safety:					
Police:					
Major reported crimes	12,250	12,548	15,654	17,233	15,613
Total arrests	12,915	8,272	11,152	10,945	11,543
Dispatched calls for service	204,270	207,355	176,311	183,834	186,795
Fire:					
Interior structure fire calls	332	293	398	364	338
Non-structural fire calls	2,616	3,895	5,719	3,254	3,022
Hazardous materials calls	252	301	593	331	259
Emergency medical calls	19,557	18,485	34,287	26,129	27,105
Total emergency calls	46,756	51,515	57,396	51,613	47,179
Total number of units dispatched	57,198	54,470	60,162	61,026	50,614
Public works:					
Miles of streets resurfaced	26	22	28	7	6
Fleet job orders completed	5,725	6,617	7,764	8,765	9,937

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Library:					
Registered borrowers	145,990	155,999	152,726	175,374	197,830
Circulation of library materials	1,021,233	576,605	943,196	1,356,142	1,359,790
Reference, research and informational questions answered	61,020	43,122	70,583	104,670	143,396
Annual attendance at libraries	425,695	120,679	578,193	793,255	761,815
Number of programs offered	1,719	246	3,110	4,416	4,171
Annual attendance at programs	38,640	5,831	60,066	94,216	92,521
Parks and Recreation:					
Golf rounds:					
Swenson Park golf course	59,076	79,968	65,489	50,290	52,502
Van Buskirk golf course		-	1,904	9,990	13,765
Trees planted	106	20	3	7	10
Heritage tree removal-permits issued		-	9	5	-
After school program registration (number of participants)	11,558	471	16,153	21,728	14,382
Day camp participants	2,703	444	2,753	3,685	5,062
Instructional classes	2,036	-	1,781	2,986	6,569
Softball/baseball diamonds bookings	169	41	142	147	142
Showmobile (Mobile Stage) bookings	15	1	15	17	14
Community center bookings	423	-	636	635	1,029
Picnic facility bookings	305	7	172	306	272
Adult sports (number of teams):					
Softball	153	45	57	101	191
Basketball	63	-	16	23	5
Volleyball	9	-	-	-	6
Youth sports (basketball, track, soccer, baseball, volleyball, flag football) (number of participants)	1,397	375	1,351	2,997	2,920

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Parks and Recreation (Cont.):					
Admissions to:					
Pixie Woods	14,235	973	8,995	15,480	13,000
Senior Center memberships	1,131	-	1,075	615	744
Civic Auditorium bookings	120	66	116	133	228
Parks and Recreation sponsored events	5	1	15	22	10
Weber Point Events Center bookings	16	1	15	15	20
Economic Development: (1)					
Rental Housing Units	105	-	127	51	-
Owner Housing (Emergency Repair or Rehabilitation)	1	2	2	5	2
Down Payment Assistance	-	-	-	3	-
Special Needs (Homes Repaired or Rehabilitated)	-	-	-	2	5
Public Facilities (Rehabilitated or Constructed)	1	-	5	1	2
Façade Program (Commercial Façade Repair/Rehabilitated)	1	2	2	1	5
Public Services Provided	712	83,553	47,605	23,760	129,584
Homeless Services Provided	7,040	4,806	5,413	4,859	4,464
Meals Provided to Homeless	249,455	126,408	41,882	39,848	23,541
Jobs Created and/or Retained	-	1	2	-	5
Business Assisted (Entrepreneur Program)	175	157	229	292	475
Water utility:					
New connections (DUE's) (2)	473	589	105	221	422
Water main breaks	26	18	15	21	15
Wastewater utility:					
Average daily influent (million gallons per day)	25mgd	25mgd	27 mgd	30 mgd	30 mgd

(1) Housing Dept. was abolished and Economic Development Dept. was established in FY 2010.

(2) Changed reporting to Dwelling Unit Equivalent (DUE) in 2011 to more accurately reflect new connections. Not all single water connections are equal to one dwelling unit equivalent (DUE), or single family residence. For example, a 12" meter is equal to 209 single family residential connections. In 2011, there were 115 new connections which were equal to 654 DUE's.

Source: City of Stockton Departments

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

	Fiscal Year				
	2022	2021	2020	2019	2018
General government:					
Land use-square miles:					
Residential	22	24	25	25	25
Mixed use	4	4	4	4	4
Commercial	5	4	4	4	4
Industrial	13	14	13	13	13
Institutional	6	4	4	4	4
All other uses	4	3	3	3	3
Total square miles	54	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	153	181	212	192	217
Motorcycles and scooters	27	27	27	32	30
Animal control vehicles	12	11	9	8	8
VIPS vehicles	6	5	6	7	7
Other automobiles	158	198	213	231	208
Other mobile units (all others)	24	24	15	22	22
Public area security cameras	372	356	356	345	338
Fire:					
Fire stations	12	12	12	12	12
Training facilities	1	1	1	1	1
Fire hydrants	9302	9220	9177	9218	9,080
Public works:					
Miles of streets	781	781	769	769	769
Traffic signals	317	316	316	310	307
Street light fixtures	19,296	19,279	19,279	19,208	19,137

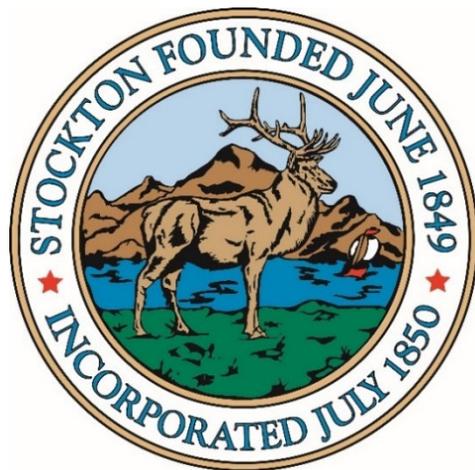
City of Stockton
Table 21
Capital Asset Statistics by Function/Program/Department (Continued)
Last Five Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
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	2	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	63	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				
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				
	2022	2021	2020	2019	2018
Library:					
City branches	8	8	8	7	6
Library mobile units	2	2	2	2	2
San Joaquin County branches	8	8	8	8	8
Total items in collection	655,305	704,864	875,434	772,206	856,101
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
Microform readers/printers	6	6	7	7	7
Self check out machines	21	21	22	24	28
Water utility:					
Water main lines (miles)	702	702	702	668	668
Storage capacity (thousand gallons)	26,200	26,200	26,200	26,200	26,200
Water wells (active)	19	20	20	20	21
Water reservoirs	8	8	8	8	8
Wastewater utility:					
Wastewater main lines (miles)	921	919	887	883	899
Treatment capacity (million gals/day)	55	55	55	55	55
Wastewater pump stations	28	28	27	27	27
Stormwater utility:					
Stormwater main drain lines (miles)	628	627	627	626	626
Stormwater pump stations	75	73	73	73	74
Parking Authority:					
Parking spaces	5,179	5,440	5,440	5,440	5,396
Parking lots & garages	21	21	21	21	20

Source: City of Stockton Departments



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