



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
June 30, 2019



**CITY OF
LODI, CALIFORNIA**

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CITY OF LODI, CALIFORNIA



MARK CHANDLER, MAYOR

DOUG KUEHNE, MAYOR PRO TEM
ALAN NAKANISHI, COUNCILMEMBER
BOB JOHNSON, COUNCILMEMBER
JOANNE MOUNCE, COUNCILMEMBER

STEVE SCHWABAUER, CITY MANAGER

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INTRODUCTORY SECTION



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CITY COUNCIL
MARK CHANDLER, Mayor
DOUG KUEHNE,
Mayor Pro Tempore
BOB JOHNSON
JOANNE MOUNCE
ALAN NAKANISHI

CITY OF LODI

2015 "Wine Region of the Year"

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February 19, 2020

**To the Honorable Mayor, Members of the City Council
of the City of Lodi:**

The Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019, is hereby submitted. This report is provided to present the financial position, changes in financial position, and where applicable, cash flows of the City of Lodi (City) as of and for the year ended June 30, 2019, in conformity with accounting principles generally accepted in the United States of America (GAAP). The report conforms to the highest standards of financial reporting as established by the Governmental Accounting Standards Board (GASB), for reporting by state and local governments. The responsibility for the accuracy, fairness and completeness of the report rests with the City.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report based on a comprehensive internal control framework established for this purpose. We believe that the information is accurate in all material respects, and that it is presented in a manner designed to fairly present the financial position and changes in financial position of the City. In addition, we believe that all disclosures necessary to enable the reader to gain a full understanding of the City's financial activities have been included.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

THE REPORTING ENTITY AND SERVICES PROVIDED

The funds included in the CAFR are those deemed dependent upon the City, controlled by the City Council, and the financial reporting entity of the City in accordance with GASB Statement No. 14, as amended by GASB Statement Nos. 61 and 80.

The City was incorporated December 6, 1906, as a municipal corporation under the general laws of the State of California. The City operates under a Council-Manager form of government. Under the Council-Manager form of government, policy making and legislative authority are entrusted to the City Council. The City Council consists of five members elected by district by its voters for four-year terms, with no term limits. Elections are held in November of even-numbered years. Each year the Mayor and Mayor Pro-Tempore are chosen by the members of the City Council. The Mayor presides at Council meetings and acts as the ceremonial head of the City, the Mayor Pro Tempore serves as Mayor in his or her absence. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for appointing department heads, and overseeing the operations of the City. The City Manager, City Attorney and the City Clerk are appointed by the City Council.

The City provides a wide range of municipal services including public protection (police and fire), public utilities services (electric, water, and wastewater), public works, transit services, parks and recreation, library, community development, and general government (City Manager, City Clerk, City Attorney, human resources, information systems, financial services, and budget and treasury).

Several municipal services are provided through other government agencies, private companies or public utility companies, including:

	Number of Facilities
Elementary and Secondary Schools	39
Sanitation (solid waste) and Cable Television	3
Ambulance	1
Gas and Telephone	2

ECONOMIC CONDITION AND OUTLOOK

The City of Lodi is located in California’s fertile San Joaquin Valley, adjacent to State Highway Route 99, between Stockton, 10 miles to the south, and Sacramento, 35 miles to the north. The City population is estimated at approximately 68,300 and is contained in an area of 13.98 square miles. The City has grown steadily since incorporation in 1906. The City’s growth is provided for in both the General Plan and the City’s Growth Management Allocation Ordinance that allows an increase in population of 2% per year until the growth limits are reached.

The City is built on a strong and diverse local economy. Lodi is best known for its Zinfandel wines; however, Lodi is an authentic and dynamic wine region with more than 80 wineries within 10 miles of downtown. The City’s employment base is just as diverse with industry that includes agribusiness, biotechnology, distribution, food and beverage product manufacturing, general service, government, health care, heavy manufacturing, and of course, wine based tourism and lodging.

In addition, the City has a wide range of small, financially sound businesses that add to the economic strength of the City. These companies range in size from approximately 10 to 3,500 employees and produce a wide variety of products, services and commodities.

The City is growing. Over the last few years it has seen significant new commercial, industrial and residential development projects come to fruition. The past few years has seen on average 200 new single family homes constructed and sold. The City has entitled over 2,000 residential lots that will allow a consistent amount of residential growth over the next eight to ten years. The City’s first market rate apartment complex in over 25 years has completed construction and is fully rented. A 142 unit senior apartment complex will be finishing construction in late 2019. Another 150 unit senior apartment complex will begin construction in 2019 with occupancy in late 2020. The City has seen commercial investment in pad buildings, stand-alone commercial developments and entertainment facilities with a new bowling alley. A new 400,000 sq. ft. wine storage facility is being constructed, showing the ever growing strength of the wine grape and tourism industries; all this activity is a positive indicator for the City moving forward. The City’s focus on economic development, compact development and quality of life has encouraged these investments within the City, collectively creating hundreds of new employment and housing opportunities.

The most difficult budget issue facing the City is the California Public Employees’ Retirement System (CalPERS) funding crisis. The City is well aware of this challenge and is taking aggressive steps to address this concern. In December 2017, the City approved a Pension Stabilization Funding Policy that requires unassigned reserves in excess of the General Fund target be invested at Public Agency Retirement System (PARS) in an IRS Section 115 irrevocable trust known as a Pension Rate Stabilization Program. Non General Funds must contribute their proportional share to the trust as well. The City has continued to contribute excess budget reserves to the trust account. More details can be found in the Economic Factors and Next Year’s Budget section of the Management’s Discussion and Analysis in this report.

The City of Lodi has worked hard in recent years to protect key measures of quality of life that residents tell us they value – safe neighborhoods, adequate emergency response, decent roads and more. Residents desire the City to maintain or increase current levels of service while also being fiscally responsible. In November 2018, Lodi’s residents successfully passed a ½ cent sales tax, Measure L. Measure L revenue will go to maintaining neighborhood police patrols and gang violence interventions to help reduce crime; improve emergency 911 rapid response times by restoring firefighter and adding police positions; fix

potholes and maintain city streets; repair/upgrade Lodi Lake Park and our trail system, and maintain recreation facilities/programs; provide homelessness solutions, including both intervention services and enforcement. Measure L was effective as of April 1, 2019. As part of the mid-year budget, Council approved adding six new police officers and three new firefighters to fully fund Engine One. In this fiscal year, Measure L will begin to fund capital improvement projects that are important to the community. The sales tax measure should bring in approximately \$5.2 million in additional general revenues to the City. More details can be found in the Economic Factors and Next Year's Budget section of the Management's Discussion and Analysis in this report.

Economic Development

In addition to Measure L, the City continues its commitment to economic development (business retention and attraction) and expanding the tax base to fund City services. Two significant economic development projects in 2019 are the Candlewood Suites and Fairfield Inn & Suites projects, which when completed would add to the transient occupancy, sales tax and property tax revenues. In the last year, Lodi had identified and implemented activities to expand tax and other revenue opportunities, jumpstart a strong business retention and expansion program, increase entertainment opportunities for families and young people, collaborate with local and regional transportation and other economic development agencies to address infrastructure and secure business leads.

In 2019, Lodi's local economy employs just over 33 thousand people. Since 2016, the employment grew at a rate of about 2.05 percent per year. The most common employment sectors for those who live in Lodi are Health Care & Social Assistance (3,446 people), Educational Services (2,932 people), and Retail Trade (2,894 people). Other common employment sectors are Construction (3,014), Manufacturing (2,593), and Agriculture (2,452). The highest paid employment sectors are Utilities, Professional, Scientific, & Technical Services, and Public Administration with average earnings per job of \$77,159, \$64,447, and \$61,797, respectively. The median household income in Lodi is \$52,244. The median property value in Lodi, is \$269,400 and the homeownership rate is 53.9 percent. The largest share of households pay between \$2,000 and \$3,000 in total taxes. In 2018-2019, 28.5 percent of the population in Lodi had at least a High School diploma, 12.72 percent had a Bachelor's Degree, and 6.95 percent had at least one Graduate Degree.

Tourism continues to be a major driving factor of the local economy. Two hotel developments that present significant opportunity for economic development are underway. The Candlewood Inn and Suites and the Fairfield Inn and Suites are currently in building review or active construction. Both are expected to open in FY 2020.

The City saw unprecedented growth with 2,268 dwelling units among twelve residential development projects. These projects have been approved and the dwelling units are fairly evenly divided among low, medium and high density units. Sales for five of these projects are ongoing. Construction will continue to proceed on additional developments over the coming year.

In addition to the growth on the residential side, the City has experienced growth in the downtown area of Lodi. New restaurants and expansion of current restaurants include Five Windows Beer Company, Idol Beer Works, Brick House and The Oxford. Currently under construction is the new Lodi Bowling Alley, Papapavlos Bistro & Bar in other areas of Lodi.

Lodi's Target Industries

Research, Development and Technology

With an impressive base of companies that operate alongside each other, and not far from the state capital, Lodi offers a stable environment for two industry sectors highly dependent on research, development and quickly-evolving technology, grape growing and agriculture, and advanced medical technology.

From young entrepreneurs to scientific researchers at the close-by UC Cooperative Extension Service, and from established businesses like Ag Industrial Machinery and Acampo Machine Works, patented and patent-pending technological solutions for the management of agricultural crops are tried and tested in Lodi. Among them are Agro Thermal Systems, a technological breakthrough for wine growers aimed at flavor development, enhancement of flowering, and deepening of color. Yield enhancement technology has been integrated into olives, almonds, walnuts and cherries as well.

In addition to agricultural research and technology, other industries centering on technology have moved into Lodi. Industry leaders in precision manufacturing of optically-clear laboratory consumables to healthcare clinical testing materials, Cepheid and Scientific Specialties, together employ over 400 full-time employees in Lodi. Transportation access, abundance of water, low cost land, and affordable, reliable municipal power served as key location factors for these companies.

Manufacturing

Lodi could very well represent the future of new manufacturing locations. Choosing Lodi as a business location for manufacturing has a substantial bearing on a company's cost of labor, tax burden, transportation costs, utility expenditures, and other major expense categories. Manufacturers like North American Pipe Company, Pacific Coast Producers, Epic Plastics, Archer Daniels Midland, Holz Rubber, Lodi Iron Works, Lustre-Cal, Mepco Label Systems, Schaefer Systems International, and Miller Packing comprise the largest share of Lodi's manufacturing sector. These manufacturers found key location factors in Lodi including 1) availability of an efficient power supply, 2) availability of affordable water, 3) proximity to raw materials, 4) access to markets, 5) labor supply, 6) transportation access, and 7) affordable rents and tax burden.

In 2018-2019, a total of 38 businesses in food processing, plastics and other manufacturing, generated an estimated level of sales of \$520 million (2018-2019 San Joaquin Partnership Annual Report).

Healthcare

From forming strategic partnerships to enhance patient care, to harnessing cutting edge technology, Lodi is home to one of the top healthcare systems in the state. With many renowned facilities and specialties, Adventist Health Lodi Memorial (AHLM) employs more than 1,100 employees. Lodi-based world-renowned surgeon, Dr. Stephen Howell, developed an FDA-approved kinematic alignment using a 3D technology to map the knee as it was before arthritis develops allowing a custom, individualized placement of the implant in the knee for each patient. Better outcomes included faster recovery times, function, and flexion, pain relief, and improved implant survival. Dr. Howell trains surgeons all over the world in this first-generation tool.

Transportation, Distribution and Logistics (TDL)

Lodi is strategically located between Interstate 5 and State Route (SR) 99. Since 2018-2019, there are an estimated number of 33 transportation and logistics businesses in Lodi generating \$33.98 million in sales (2018-2019 San Joaquin Partnership Annual Report). With a rapidly growing number of logistic businesses in the area, Lodi and the San Joaquin Valley are quickly becoming a logistics hub. In addition to major interstate highways and rail systems, Lodi's transportation and logistics target industry is also served by a regional deep-water port and airport located just nine miles to the south in Stockton.

The City of Lodi supports transportation, distribution and logistics in Lodi by serving on the TDL Partnership, a Delta College Initiative and workforce intermediary to strengthen the talent pipeline for skilled commercial drivers and other TDL trades. The partnership of Delta College, Adult Education Academies, and two local unified school districts work with local employers to receive on- the- job training and classroom preparation to excel in this industry which leads to family sustaining wages.

Approximately 77 acres of vacant and undeveloped land with immediate interstate access are available in Lodi and suitable for the development of transportation and logistics services. At least another 66 acres are available for TDL purposes with 1.7 miles from SR 99.

In 2019, Transportation, Distribution and Logistics was the top growth industry in San Joaquin County and was second in terms of location quotient, a measure of how concentrated a particular industry, cluster, and occupation is in a region. In 2018, TDL was fifth in Gross Regional Product in San Joaquin County.

The PG&E facilities that provide transmission of power to the Lodi Electric Utility system are NOT located within high fire threat areas and as such, there is a low risk of a power shut off by PG&E as it relates to Lodi's interconnected facilities. Should PG&E determine the need to shut off larger transmission facilities that serve areas throughout California, there is a possibility that Lodi Electric, as well as other publicly owned utilities, could experience outages. To date, Lodi Electric Utility's distribution system has not been impacted by PG&E PSPS events.

California faces a continued and growing threat of extreme weather and wildfires. As an additional precautionary measure following the 2017 and 2018 wildfires, PG&E enhanced and expanded its Community Wildfire Safety Program. Part of that program includes turning off power during extreme weather or wildfire conditions. While the City of Lodi Electric Utility owns, operates and maintains Lodi's electric system which provides power to Lodi residents and businesses, Lodi's electric system is interconnected with the system of PG&E.

MAJOR GOALS, OBJECTIVES AND PROJECTS

To assist the citizens of the City in understanding where the City intends to allocate available resources, the City Council, the City Manager and Department Heads established in 2004 a hierarchy of major aspirational goals, objectives and major projects that support and reinforce the City's mission statement. Council then set project specific goals at a series of workshops in 2016.

1.) Aspirational Goals

Four major City goals were established as policy direction and focal points for the efforts of City staff.

These goals include:

- Ensure a High Quality of Life and a Safe Environment for Citizens,
- Ensure Efficient and Productive City Organization,
- Ensure Public Trust, and
- Ensure the Development of the Lodi Economy for a Fiscally Sound City Organization.

City Council, the City Manager and Department Heads established nineteen major City objectives:

- Maintain City's Sense of Community
- Provide Employee Training and Education
- Provide for a Balanced Community
- Evaluate Telecommunications Opportunities
- Enhance Access through Implementation of IT Strategic Plan
- Provide Resources to Maintain City's Infrastructure
- Promote Urban Forestry
- Promote Public Relations and Marketing Efforts
- Attract, Retain and Invest in a Quality City Work Force
- Ensure Open and Accessible Public Meetings
- Encourage Public Arts, Cultural and Recreational
- Opportunities
- Pursue Efforts to be Entrepreneurial
- Provide Appropriate and Sufficient City Facilities
- Improve Customer Service
- Develop Short and Long Range Operational Plans
- Continue to use Partnerships to Advance City's Objectives
- Develop Effective Records Management Program
- Provide a Balanced Budget and Adhere to Adopted Policies
- Promote Commercial/Industrial Base

2.) Project Specific Goals

These projects are designed to accomplish specific objectives and become the focus for organization-wide effort. Council set the following priorities and categories in 2016:

- Economic development for “shovel ready” land
- Economic development and incentive program to focus on underutilized parcels
- Public Safety, Gang Reduction Intervention Program, training and increase in staffing
- Fiscal sustainability, asset preservation, CALPERS and Other Postemployment Benefits
- East side rehabilitation, incentive programs and infrastructure

Additional priorities that did not fit into the above categories include 1) addressing homelessness issues, 2) providing downtown Wi-Fi and music, and 3) beautification of highway overpasses.

As discussed above, economic revitalization continued to be an active focal point of the City in fiscal year 2018-19. The following projects were recently completed, are underway and will see significant progress, or be completed in 2019.

Lockeford Street Improvement Project

This project consists of reconstructing East Lockeford Street. The project provides for bike lanes, a two-way left turn lane, traffic signals, sidewalks and improved lighting. Construction began in April 2019 and is estimated to be completed in October 2019. The construction cost to complete this project is \$3.8 million and is mostly funded by State and Federal grants.

Residential Development

The City has twelve residential development projects that have been approved and total about 2,268 dwelling units. Dwelling units are fairly evenly divided among low, medium and high density units. Sales in five of the twelve projects are ongoing. Construction is proceeding in eight of the twelve projects this year and the remaining four are expected to begin construction in late 2019 / early 2020.

Downtown and Infill Development

The City has seen some growth in the downtown area of Lodi with the beer segment which includes Five Windows Beer Company, Idol Beer Works, a brewery expansion at Lodi Beer Company, and a beer/distillery expansion at Dancing Fox. In addition, there are new restaurants that will be coming to downtown, including Brick House, and The Oxford, occupying critical vacant space in the sector.

Currently under construction on the outskirts of downtown, is a Papapavlos Bistro & Bar. Across Lockeford Street is the new Lodi Bowling Alley. This project consists of a two-story bowling alley that will be equipped with 34 lanes, bar and banquet room. Both projects will put vacant land to use, generating foot traffic on the edges of downtown.

Hotel Development

Two hotel developments that present significant opportunity for economic development and new tax revenue are underway. The 95 room Candlewood Inn and Suites is finishing construction and will be open by late September 2019. The 72 room Fairfield Inn and Suites is currently under construction and is scheduled to open in March 2020.

Water Meters and Water Infrastructure.

Under state law, all residential housing must be billed for water usage on a metered basis by 2025. The City has embarked on a program to install meters on approximately 16,000 parcels over an eleven year period. A portion of this project will also include moving mains and service connections from alleys and rear yards to streets and front yards. Additionally, the City will be appropriately sizing water mains as part of this project. Construction began during fiscal year 2009-10 and will continue through fiscal year 2020-21. To date, approximately 15,300 meters have been installed. Estimated cost for the complete program is \$42.5 million. The final phase of construction will begin in FY2020.

Candy Cane Park Playground

In February 2019, the Parks and Recreation Commission confirmed the selection of Candy Cane Park for renovation. The park is undergoing an extreme makeover, which includes replacing of sidewalks and curbing, a larger play area and modified irrigation due to changing hardscape. The project is estimated at \$350,000 with funding coming from Parks and Recreation funds, Measure L and the Street fund.

FINANCIAL INFORMATION, MANAGEMENT AND CONTROL

A detailed understanding of the financial position and change in financial position of the City is provided in the following sections of this report. The following is a brief description of the City's financial condition, management practices and control techniques.

Basis of Accounting

Basis of accounting refers to the policy as to when revenues, expenditures or expenses are recognized in the financial accounts and reported in the financial statements. The City's accounting records for general government operations are maintained on a modified accrual basis. Revenues are recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liability incurred. For proprietary fund types, the City uses the accrual basis of accounting. As such, the measurement focus is on operating income in addition to financial position and changes in financial position. Revenues are recognized when earned and expenses are recognized as the liability is incurred. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Accounting System and Budgetary Control

In developing the City's accounting system, consideration is given to the adequacy of the internal controls. The objective of the City's internal accounting controls is to provide reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; and to ensure that transactions are properly recorded to permit the preparation of financial statements in accordance with Generally Accepted Accounting Principles. The concept of reasonable assurance recognizes that the cost of the controls should not exceed the benefits likely to be derived and that management estimates and judgments are required in evaluating these costs and benefits.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is responsible for the preparation of the budget and its implementation after adoption. The City Council has the authority to amend the budget at any time during the year. The City Manager has the authority to make adjustments to the budget as long as those changes will not have a significant policy impact nor affect budgeted year-end fund balances. During fiscal year 2018-19, the City Council and City Manager made several supplemental appropriations for operating budgets and capital projects.

Long Term Financial Planning

The City has implemented a long-term financial planning practice to review the impact of current decisions on the City's General Fund. This analysis can be found in the City's budget document beginning in fiscal year 2018-19 and includes assumptions, revenue, expenditures, and fund balance projections. In addition, there is discussion of risks and opportunities not modeled. The tool is a baseline projection that provides management and policy makers a view of what the City's financial condition may be if current operations are maintained and a reasonable set of economic assumptions are made. This plan is updated periodically as new information is available that will materially impact the projection.

Fund Balance

It is the City's goal to target and maintain an unassigned fund balance in the General Fund of at least 16% of revenues and working capital balances in the Water and Wastewater enterprise funds, and at least 25% of operating expenses. Based on a reserve policy adopted in March 2018, the target for the Electric enterprise fund working capital was \$23.3 million for fiscal year 2018-19. In fiscal year 2019-20, the City has budgeted to take the first of three steps to fund another 16% Measure L Reserve fund over three years. The goals allow for variations from year-to-year to account for economic and fiscal changes. The General Fund maintained an unassigned fund balance of \$11,172,483, or 22.60% of revenues at the end of fiscal year 2018-19.

Cash Management

The City has written investment policies that address a wide range of investments. These policies describe the City's investment objectives, investment authority, allowable investment vehicles, maturity terms and eligible financial institutions. They also describe the City's capital preservation and cash management objectives. As provided in the policy, investments are intended to be held until maturity and investment terms are to be consistent with the City's cash flow needs. Investment reports are issued quarterly to the City Manager and City Council to provide detailed information regarding the City's investments and compliance with City policy and state law. The policy has three objectives: (1) protect principle; (2) provide for liquidity needs, and (3) obtain the most reasonable rate of return within the first two objectives. All investment activities are to be undertaken and judged using the Prudent Investor Standard as described within the policy.

Appropriation Limitation

Article XIII B of the Constitution of the State of California (Proposition 4) provides for the limitation of expenditures by state and local governments. Under the provisions of this article, City appropriations funded through tax sources may not exceed Fiscal Year 1979 appropriation levels except as adjusted for increases in population and the growth in the California per capita income or non-residential assessed valuation due to new construction within the City.

Excluded from the limitation are appropriations funded through charges for services, fines and forfeitures, grants, transfers of service responsibilities between government agencies and indebtedness incurred prior to Fiscal Year 1979. Pursuant to subsequent legislation adopted after Article XIII B, the City is required to annually establish and adopt its appropriations limit by resolution. For fiscal year 2018-19, the City's appropriations subject to limit were \$39,885,778 and the appropriation limit was \$105,753,512, leaving appropriations at \$65,867,734 below the limit.

Debt Administration

At June 30, 2019, the City had outstanding Certificates of Participation and Revenue Bonds of \$126,867,624. These liabilities are discussed in Note 7 of the Basic Financial Statements and summarized below.

In 2004, the City issued \$27,360,000 in Wastewater Certificates of Participation (2004A) to finance the costs of improvements to the wastewater collection, treatment and disposal system. These bonds were partially refunded with the 2012 Refunding Wastewater Revenue Bonds, Series A.

On October 1, 2010, the City issued \$9,015,000 Water Revenue Certificates of Participation, 2010 Series A and \$29,650,000 Water Revenue Bonds, 2010 Series B (Federally taxable - Build America Bonds) to finance the construction of the Surface Water Treatment Facility, which is designed to pump water from the Mokelumne River, treat and deliver it to the City's water distribution system.

On September 1, 2012, the City issued \$19,080,000 Refunding Lease Revenue Bonds (2012 LRB) to prepay and cause the immediate defeasance of the outstanding \$21,025,000 Certificates of Participation (2002 COP). The 2002 COP were issued in January 2002 to provide funds to finance the costs of constructing, furnishing and equipping a new police building and jail for the City, to finance portions of certain other projects and to refund the outstanding 1995 and 1996 Certificates of Participation.

The City also issued the \$17,105,000 2012 Refunding Wastewater Revenue Bonds (2012 Bonds) in September 2012 to advance refund the \$17,115,000 principal amount of the 2004 Wastewater Revenue Certificates of Participation (2004 COP). The 2004 COP were issued to provide funds to finance the costs of certain improvements to the wastewater collection, treatment and disposal system of the City.

On March 10, 2016, the City issued the \$20,295,000 2016 Refunding Wastewater Revenue Bonds, Series A (2016 Bonds) to partially refund \$21,415,000 outstanding principal of the 2007A COP.

On December 1, 2017, the City issued \$7,762,794 Installment Purchase Agreement, refunding the Certificates of Participation, 2007 A (2007 COP).

On June 13, 2018 the City issued \$41,610,000 Electric System Revenue Refunding Bonds (2018 Bonds) to allow the City prepay and cause the immediate defeasance of the outstanding \$55,785,000 Certificates of Participation (Electric System Revenue Certifications of Participation 2008 Series A).

The City's debt management policy includes a commitment to monitor all forms of debt annually during the preparation of the City's Financial Plan and Budget to ensure compliance. Also, the City will generally conduct financing on a competitive basis, will seek an investment grade rating on any direct debt and will obtain credit enhancements such as letters of credit or insurance when necessary for marketing purposes, availability and cost effectiveness.

Single Audit

The City is subject to financial and compliance reporting required by the Single Audit Act Amendments of 1996 and the Uniform Guidance, which is a requirement of all local and state governments expending in excess of \$750,000 of federal financial awards annually. As part of the Single Audit, tests are made to determine the adequacy of internal controls, including that portion related to federal financial awards, as well as to determine that the City has complied with certain applicable laws and regulations governing federal funds. The Single Audit report is published as part of the annual financial statements for easy reference.

Competitive Bidding Policy

All required purchases for materials, equipment and services during fiscal year 2018-19 were made pursuant to competitive bidding procedures as established under the City's purchasing ordinance. Contracts for construction projects were awarded pursuant to competitive bidding procedures established by the State of California for projects in excess of \$5,000.

Risk Management

The City is self-insured for dental care, long-term disability, workers' compensation, general liability and unemployment insurance. General liability and workers' compensation are administered by outside agencies. The City administers unemployment insurance and long-term disability. Self-insurance transactions are accounted for under the Insurance Funds. At June 30, 2019, the Insurance Fund had a net position of \$4,795,016.

INDEPENDENT AUDIT

The City Council requires an annual audit of the records and accounts of the City by an independent certified public accountant. To ensure proper internal control, periodically the City conducts a request for proposal (RFP) process for auditing services. The accounting firm of The Pun Group was selected to perform this audit. The independent auditor's report precedes the basic financial statements and concludes that the City's basic financial statements are presented fairly, in all material respects, in accordance with GAAP.

CERTIFICATES OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018. These Certificates of Achievement are prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last twenty-six consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA this year.

ACKNOWLEDGMENTS

As always the professionalism, dedication and efficiency of the Financial Services Division Accounting staff made it possible for the timely preparation of this report and are to be commended. I would also like to personally thank Melissa Munoz, Accounting Manager, Robin Xiang, Supervising Accountant, Harron Akbar, Accountant and the entire Finance Team. Their work in preparing this year's CAFR is greatly appreciated.

I would also like to thank you for your continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Andrew Keys
Deputy City Manager/Internal Services Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Lodi
California

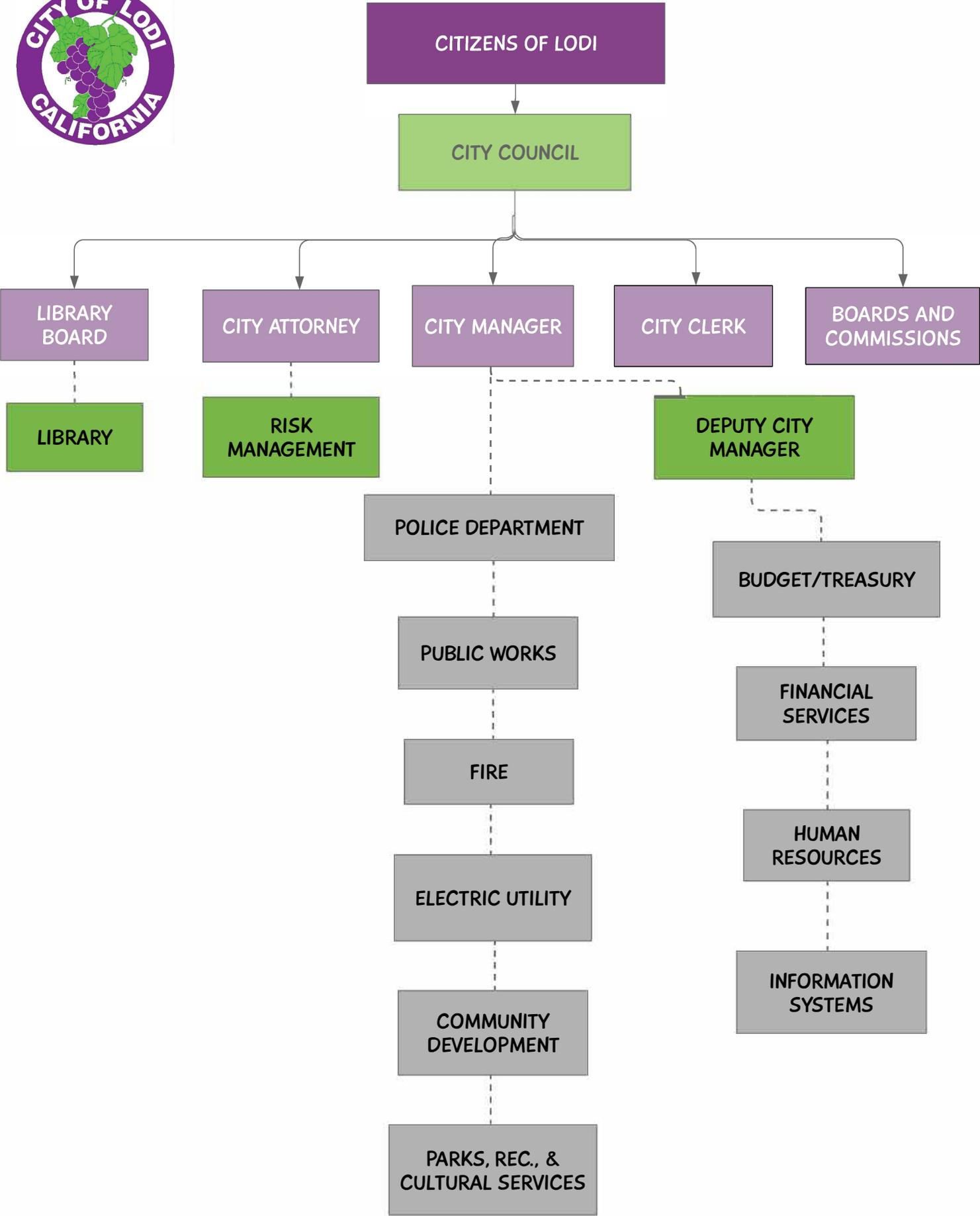
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

CITY OF LODI ORGANIZATIONAL CHART





Mayor and Council



Mark Chandler
Mayor

Lodi City Council Members work to provide citizens with a better, more attractive, and healthier place in which to live. Council establishes local laws, sets policies, approves programs, appropriates funds, and supervises the operations of City government. Council Members are elected on a by-district basis from five single-member Council districts by voters residing in the district in which the Council Member resides. Council Members hold four-year terms and elections are held in November of even-numbered years.



Doug Kuehne
Mayor Pro Tempore



Bob Johnson
Council Member



JoAnne Mounce
Council Member



Alan Nakanishi
Council Member

ADVISORY BODIES AND DIRECTORY OF OFFICIALS

ADVISORY BODIES

Planning Commission
Library Board
Recreation Commission
Site Plan and Architectural Review Committee

Lodi Improvement Committee
Lodi Arts Commission
Youth Commission
Lodi Senior Citizens' Commission

PRINCIPAL ADMINISTRATIVE OFFICERS

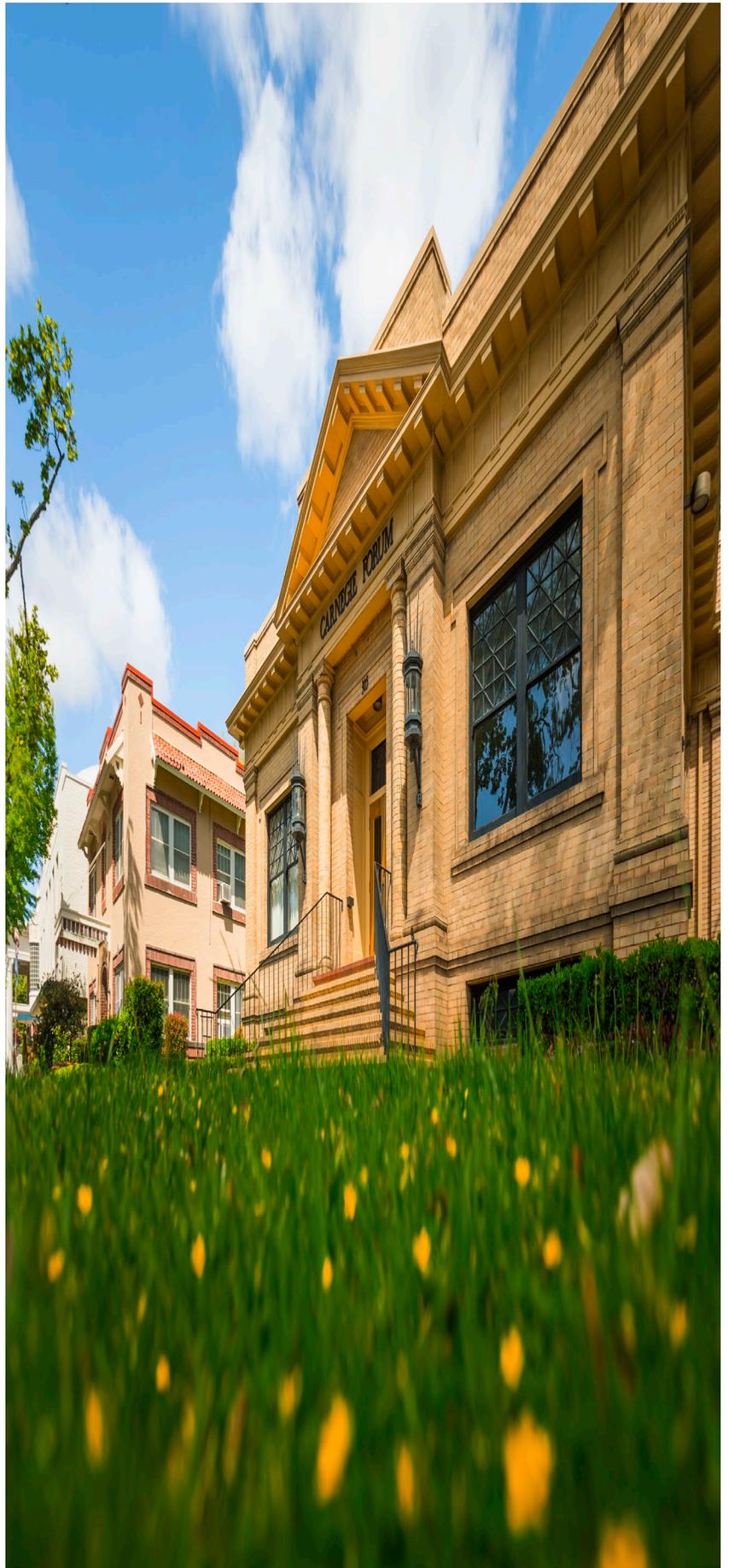
Steve Schwabauer
Andrew Keys
Janice Magdich
Jennifer Ferraiolo
Anwan Baker
Gene Stoddart
Jeff Hood

Charles Swimley
Melissa Price
Steve Schwabauer
Tod Patterson

City Manager
Deputy City Manager
City Attorney
City Clerk
Library Services Director
Fire Chief
Parks, Recreation &
Cultural Services Director
Public Works Director
Interim Electric Utility Director
Community Development Director
Police Chief

FINANCIAL SECTION

The Financial Section is comprised of the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, including the Notes, Required Supplementary Information, and Supplementary Information which includes Combining and Individual Fund Statements and Schedules.



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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lodi, California (the "City"), as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Pension Contributions, and the Schedule of Changes in the Net OPEB Liability and Related Ratios and the Schedules of Employer OPEB Contributions on pages 5 through 14 and 91 through 101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Combining and Individual Nonmajor Fund Financial Statements and the Budgetary Comparison Schedules, and the Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and the Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Walnut Creek, California
February 10, 2020

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CITY OF LODI
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

This section of the Comprehensive Annual Financial Report is presented as discussion and analysis of the financial performance of the City of Lodi (City) for the year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

- The assets and the deferred outflows of resources of the City exceeded its liabilities and the deferred inflows of resources at the close of the fiscal year by \$205,077,060 (net position). Of this amount, \$87,085,974 is unrestricted deficit.
- The City's total net position increased by \$15,590,546 in fiscal year 2019.
- As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$46,350,479, an increase of \$11,519,731 in comparison with the prior year. Of this amount, \$11,172,483 is available for spending at the City's discretion (unassigned fund balance).
- At the close of the fiscal year, fund balance for the General Fund was \$22,452,412, of which \$11,172,483 is unassigned or 26.4% of total general fund expenditures of \$42,226,306.
- The City's total long-term liabilities increased by \$3,317,283 or 1.84% during the current fiscal year. Other liabilities increased \$5,354,943 or 42.16%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to Basic Financial Statements. This report also includes **required supplementary information** and **combining and individual fund statements and schedules** in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflow of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes, and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public protection, public works, community development, library, parks and recreation. The business-type activities of the City include electric operations, wastewater operations, water operations and public transit operations.

CITY OF LODI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2019

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining financial resources available in the near future to finance City programs.

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

The City maintains several individual governmental funds organized according to their type (general, special revenue, capital projects and debt service). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Streets Fund which are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its General Fund and special revenue funds. Budgetary comparison statements and schedules have been provided for the General Fund and the special revenue funds to demonstrate compliance with this budget.

Proprietary Funds. Proprietary funds are generally used to account for services for which the City charges customers, either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Electric, Wastewater, Water, all of which are considered to be major funds and the Transit system, which is considered to be a non-major enterprise fund.
- **Internal Service funds** are used to report activities that account for various employee benefits, self-insurance, and fleet activities of the City. Because these activities predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

CITY OF LODI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2019

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The activities of the Industrial Way-Beckman special assessment and various landscape and lighting districts are accounted for and reported under the fiduciary funds. The activities of the Private-Purpose Trust and the Hutchins Street Square Bequest are also accounted for under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning changes in net pension and other post-employment liabilities and related ratios for the City's Miscellaneous and Safety pension plans, the City's progress in funding its obligation to provide other postemployment benefits (OPEB) to its employees, and schedules comparing budget to actual amounts in the General Fund and Streets Fund.

Combining Statements

The combining statements in connection with non-major governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 70,248,521	\$ 55,518,067	\$ 100,433,764	\$ 84,853,628	\$ 170,682,285	\$ 140,371,695
Capital assets	133,232,653	137,566,325	245,255,952	244,153,401	378,488,605	381,719,726
Total assets	<u>203,481,174</u>	<u>193,084,392</u>	<u>345,689,716</u>	<u>329,007,029</u>	<u>549,170,890</u>	<u>522,091,421</u>
Deferred outflows of resources	19,965,907	21,122,850	10,970,407	12,136,938	30,936,314	33,259,788
Liabilities:						
Net OPEB obligation	33,422,021	33,275,362	-	-	33,422,021	33,275,362
Net pension liability	109,495,299	110,076,401	26,790,552	25,851,930	136,285,851	135,928,331
Long-term liabilities outstanding	42,188,284	34,787,789	141,529,292	145,612,504	183,717,576	180,400,293
Other liabilities	8,277,658	5,031,822	9,779,869	7,670,762	18,057,527	12,702,584
Total liabilities	<u>193,383,262</u>	<u>183,171,374</u>	<u>178,099,713</u>	<u>179,135,196</u>	<u>371,482,975</u>	<u>362,306,570</u>
Deferred inflows of resources	3,204,039	3,444,447	343,129	113,678	3,547,168	3,558,125
Net position:						
Invested in capital assets, net of related debt	116,151,450	119,222,288	129,858,469	137,290,786	246,009,919	256,513,074
Restricted	25,750,892	25,903,963	20,402,223	20,178	46,153,115	25,924,141
Unrestricted	(115,042,563)	(117,534,830)	27,956,589	24,584,129	(87,085,974)	(92,950,701)
Total net position	<u>\$ 26,859,779</u>	<u>\$ 27,591,421</u>	<u>\$ 178,217,281</u>	<u>\$ 161,895,093</u>	<u>\$ 205,077,060</u>	<u>\$ 189,486,514</u>

CITY OF LODI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2019

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$205,077,060 at the close of the current fiscal year.

Assets. The City's total assets increased by \$27,079,469. The increase is primarily due to the following:

Governmental Activities. Total assets for governmental activities had an increase of \$10,396,782 or 5.38%. Current and other assets increased by \$14,730,454 primarily resulting from the increase in restricted assets of \$11,617,849, \$814,053 increase in due from other governmental agencies, and accounts receivables \$455,466. Capital assets decreased by \$4,306,060. Other insignificant activities make up the difference.

Business-type Activities. Total assets for the business-type activities had an increase of \$16,682,687 or 5.07%. Current and other assets increased by \$15,580,137 primarily due to increases in inventory of 733,290, increase in advance receivable of \$1,444,297. Capital assets increased by \$1,102,551 largely from prior period restatement of machinery and equipment. Other insignificant activities contributed to the difference.

Deferred outflows of resources. The decrease in total deferred outflows of resources of \$2,323,474 is primarily from changes in various components related to the Miscellaneous and Safety Plans in the CalPERS valuation reports and current pension contributions made after the measurement date of June 30, 2018.

Liabilities. The City's total liabilities increased by \$9,176,405 or 2.53%. The increase is primarily due to the following:

Governmental Activities. Total liabilities for the governmental activities had an increase of \$10,211,888 or 5.58%, primarily from an increase in current liabilities. Increases in liabilities included prior period adjustment to compensated absences for the sick leave conversion bank options.

Business-type Activities. Total liabilities for the business-type activities decreased by \$1,035,483 or 0.58%. The decrease is primarily attributable to an increase in current liabilities offset by a decrease in net pension liability. Increases in current liabilities include accrued salaries and wages, accounts payable and a decrease in unearned revenue. Other insignificant activities offset the difference.

Net position. The City's overall financial position increased during the fiscal year. The net position has increased by \$15,590,546, or 8.23%

The largest portion (\$246,009,919) of the City's net position reflects its investment in capital assets net of any associated depreciation (e.g., land, buildings and improvements, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources.

An additional portion of the City's net position, \$46,153,115 (22.51%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position amounts to a deficit of \$87,085,974. At the end of the current fiscal year, the City is able to report positive balances in the General Fund and all Enterprise activities. Unrestricted net position is negative for the governmental-type activities primarily as a result of the City's outstanding pension and OPEB obligations.

CITY OF LODI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2019

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 5,666,801	\$ 10,060,332	\$ 97,426,034	\$ 97,391,760	\$ 103,092,835	107,452,092
Operating grants and contributions	7,968,497	2,286,476	8,260,984	5,969,086	16,229,481	8,255,562
Capital grants and contributions	6,861,267	8,737,149	2,092,051	11,307,763	8,953,318	20,044,912
General revenues:						
Property taxes	11,049,741	10,324,516	-	-	11,049,741	10,324,516
Sales taxes	14,286,516	11,333,228	-	-	14,286,516	11,333,228
Other taxes	17,372,832	17,097,961	-	-	17,372,832	17,097,961
Grants and contributions not restricted to specific programs	441,341	600,573	-	-	441,341	600,573
Other	3,482,616	1,244,101	3,905,811	2,960,323	7,388,427	4,204,424
Total revenues	67,129,611	61,684,336	111,684,880	117,628,932	178,814,491	179,313,268
Expenses						
General government	11,389,809	11,600,548	-	-	11,389,809	11,600,548
Public protection	33,396,412	38,794,510	-	-	33,396,412	38,794,510
Public works	11,013,342	9,823,848	-	-	11,013,342	9,823,848
Community development	2,186,691	1,999,587	-	-	2,186,691	1,999,587
Library	785,325	1,752,595	-	-	785,325	1,752,595
Parks and recreation	4,141,648	4,672,015	-	-	4,141,648	4,672,015
Interest on long-term debt	781,669	768,077	-	-	781,669	768,077
Electric	-	-	64,103,994	67,943,086	64,103,994	67,943,086
Wastewater	-	-	14,409,738	16,008,272	14,409,738	16,008,272
Water	-	-	12,139,381	11,775,718	12,139,381	11,775,718
Transit	-	-	5,085,693	5,232,628	5,085,693	5,232,628
Total expenses	63,694,896	69,411,180	95,738,806	100,959,704	159,433,702	170,370,884
Changes in net position before transfers	3,434,715	(7,726,844)	15,946,074	16,669,228	19,380,789	8,942,384
Transfers	4,233,780	4,252,350	(4,233,780)	(4,252,350)	-	-
Changes in net position	7,668,495	(3,474,494)	11,712,294	12,416,878	19,380,789	8,942,384
Net position at beginning of year	27,591,421	55,578,803	161,895,093	149,478,215	189,486,514	205,057,018
Prior period adjustments	(8,400,137)	(24,512,888)	4,609,894	-	(3,790,243)	(24,512,888)
Net position at beginning of year, as restated	19,191,284	31,065,915	166,504,987	149,478,215	185,696,271	180,544,130
Net position at end of year	\$ 26,859,779	\$ 27,591,421	\$ 178,217,281	\$ 161,895,093	\$ 205,077,060	\$ 189,486,514

Part of the overall change in fund balance is a result of prior period adjustments. In total, the City restated and decreased the beginning net position by (\$3,790,253). Of this amount, \$4,609,884 was an increase in net position to the Business-type Activities to restate the capital asset balances and an adjustment related to pension expense for GASB 68. In addition, (\$8,400,137) was restated in the Internal Service Funds related to the pension expense for GASB 68 and an adjustment to restate the sick leave conversion balances under GASB 75. More information on the prior period adjustment can be found in Note 16 of the Notes to the Basic Financial Statements. For purposes of Management's Discussion and Analysis, the fiscal year ending June 30, 2018 was not adjusted for the 2019 restatements.

CITY OF LODI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2019

Analysis of Changes in Net Position

Governmental Activities

Net position for the governmental activities increased by \$7,668,495, not considering the impact of the prior period adjustment to beginning net position of \$(8,400,137) in the current fiscal year. The change in net position is an improvement over last year's decrease of \$(3,474,494) by \$11,142,989. The increase is primarily a result of the following:

- The City receives other taxes, such as franchise tax, business licenses and tourism occupancy tax. These other taxes increased by \$274,871 or 1.61% compared to prior year. The economy continues to show evidence of positive movement particularly in the housing market, businesses and tourism.
- Sales tax saw a significant increase of \$2,953,288 or 26.06% from prior year. For General Fund, sales tax increased by \$1,498,953. Primarily from the new Measure L sales tax revenue of \$1,454,335.
- Property taxes increased by \$725,225 from prior year.
- Capital grants and contributions decreased by \$1,875,882 from the prior fiscal year. The difference is due to departments utilizing state and federal grants for projects. Public Works used Federal grants to complete various projects in the prior fiscal year reducing the amount of grants in this fiscal year.

Expenses for governmental functions totaled \$63,694,896, a decrease of \$5,716,284 or 8.24% relative to the prior fiscal year.

Business-type Activities

Business-type activities increased the City's net position by \$11,712,294 in the current year, which is a decrease of \$704,584 from last year's increase of \$12,416,878. The key elements of this change are:

- Charges for services in the Electric Fund decreased by \$1,285,538, Wastewater Fund increased by \$990,661, and the Water Fund increased by \$339,450.
- Increase in the greenhouse gas allowance (GHG) of \$123,511 in the Electric Fund related to Assembly Bill 32: Global Warming Act, which set the 2020 greenhouse gas emissions reduction into law and also adopted a regulation that established a system of market-based declining annual aggregate emission limits for sources or categories of sources that emit greenhouse gases. In 2011, the California Air Resources Board (ARB) adopted the cap-and-trade regulation. This program covers major sources of GHG emissions in the State such as refineries, power plants, industrial facilities, and transportation fuels. The cap-and-trade program includes an enforceable emissions cap that will decline over time. The State distributes allowances which are tradable permits, equal to emissions allowed under the cap.
- Other revenues increased by \$647,371 primarily from more positive investments returns.
- Bulk power cost decreased by \$1,405,937 compared to the prior year primarily attributable to overall increase in generation and in third party increase in transmission, management services costs paid to NCPA.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, special revenue funds, debt service fund and capital projects funds.

CITY OF LODI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2019

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$46,350,479, for a net change in fund balances of \$11,519,731. In comparison to the prior year, the change in fund balance resulted from an increase in overall revenues and expenditures coming in under budget.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,172,483 while total fund balance was \$22,452,412. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 26.46% and 53.17% of total General Fund expenditures, respectively.

The fund balance of the General Fund increased by \$3,684,507 during the current fiscal year, a decrease of \$115,041 from last year's fund balance of \$3,799,548.

Key factors in this increase are:

- Total revenues increased by \$4,137,219, primarily from the net increase of sales tax of \$2,953,288 which includes the additional revenue from Measure L sales tax, an increase of secured property tax of \$725,225, increase in vehicle license fee of \$252,232; and an increase in business license tax of \$64,325. Other insignificant increases and decreases offset the difference.
- Total expenditures increased by \$1,757,998 primarily from increase in salaries and wages for vacancies filled during the current year, increases approved in labor negotiations, and increases related to OPEB and pensions. Other insignificant increases and decreases offset the difference.

Total fund balance of the Streets Funds was \$9,541,949. Intergovernmental revenues of \$6,364,488 offset by capital expenditures of \$2,533,264 were the largest components that resulted in the increase of \$3,144,797 to fund balance.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year for the Electric Fund was \$26,388,672, Wastewater Fund was \$9,002,045, Water Fund was \$(9,873,898), Transit Fund was \$2,439,770 and the Internal Services Funds unrestricted net position was \$(36,437,375).

Other factors concerning the finances of these funds are discussed in the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget in the General Fund were a net increase in appropriations of \$1,319,370. The increase in appropriations can be briefly summarized as follows:

- \$1,260,438 increase in general revenues
- \$58,932 decrease in overall expenditures

Significant differences between the final budget and the actual revenues and expenditures can be briefly summarized as follows:

- Sales and use tax revenue, a favorable variance between the final budget and actual revenue of \$1,133,196, which resulted from an increase in sales tax. Investment and rental income had a favorable variance between

CITY OF LODI
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
June 30, 2019

the budget and actual of \$548,094. All additional revenues had an unfavorable variance between final budget and actuals but were not significant.

- For expenditures, a favorable variance between the final budget and actual expenditures of \$1,974,242 was due to pension stabilization expense being recorded as restricted cash (\$2,142,605) and savings from vacancies and the continued overall effort to reduce spending and costs.

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, 2019, amounts to \$378,488,605 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, works of art, and construction in progress. The total decrease in the City’s investment in capital assets for the current fiscal year was \$3,231,121, a 0.85% decrease (a 3.15% decrease in governmental activities and 0.45% decrease in business-type activities).

	Governmental Activities	Business-type Activities	Total
Land	\$ 24,886,595	\$ 5,535,718	\$ 30,422,313
Buildings and Improvements	37,238,324	25,352,376	62,590,700
Machinery and equipment	3,487,139	193,646,386	197,133,525
Vehicles	2,271,268	3,682,945	5,954,213
Infrastructure	62,939,799	-	62,939,799
Work of Art	304,907	-	304,907
Construction in Progress	2,104,621	17,038,527	19,143,148
Total	\$ 133,232,653	\$ 245,255,952	\$ 378,488,605

A decrease in construction in progress compared to prior year was primarily from the Water Meter Project Phase 7.

Additional information on the City’s capital assets can be found in Note 6 on pages 62-63 of this report.

Long-term debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$138,339,781. Of this amount, \$16,884,930 is the outstanding balance of the bonds issued to fund the new public safety building, refinancing of the performing arts center and the downtown and Cherokee Lane improvements. The total of \$121,454,851 from the business-type activities consists of \$32,113,704 for the Water Fund, \$41,606,581 for the Wastewater Fund; and \$47,734,566 for the Electric Fund.

The City’s total bonded debt decreased by \$4,480,990 during the current fiscal year.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Economic indicators continue to be positive, leading to projected continued growth in property, sales, and tourism occupancy taxes. The biggest share of growth is coming for the newly added sales tax Measure L. General Fund revenue growth is projected at 7.4% from FY18/19 actuals to the FY 2019/20 budgeted revenue, totaling \$59,605,690. The City added to its reserve balance again in FY 2018/19 and is projecting a balanced budget in the General Fund in FY 2019/20. The City’s General Fund reserves are healthy, but projected CalPERS cost of \$7.95 million in FY19/20 are anticipated to continue to grow to \$16.5 million and \$17.8 million by 2024/25, for an 87% increase over the forecast term; making it apparent that caution and fiscal prudence will be required in the coming years.

CITY OF LODI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2019

The General Fund continues to be the greatest focus. It funds all core municipal services including police, fire, public works, administration, economic development, transfers to the parks and library funds and other essential public services. The great majority of City employees' costs are funded by the General Fund, and is the most impacted by the cost increases imposed on the City by CalPERS (see below).

The City has maintained its workforce over the past three years with strategic reductions to capture cost savings and recognize efficiencies. The City increased by a net of ten positions this year; adding four Firefighters, adding one Administrative Secretary, adding six Police Officers, and the removal of one Neighborhood Services Manager.

The City will continue its capital efforts in the coming year. Significant projects expected to be undertaken include various park projects, and continuation of the water meter and water system maintenance capital projects, Lockeford Street Improvement Project, pavement resurfacing and Church Street Realignment.

Balancing the 2019/20 budget involves balancing several critical issues: employee costs and retirement contributions; capital programs; and combination of cost increases that were either a) imposed on the City by external forces, or b) negotiated by the City with its bargaining groups.

Employee costs and retirement contributions – The primary challenge facing the City stems from the CalPERS funding crisis. The City's combined funded status for the Safety plans is approximately 60.25% and Miscellaneous employee plans is approximately 70.3% as of the most recent June 30, 2018, actuarial report. Staff estimates that the City's combined CalPERS bill will increase from approximately \$10 million per year in FY 2018/19 to between \$16.5 million and \$17.8 million by FY 2024/25. The funded status of the City's plans is expected to decrease over that span, despite the increased contribution requirements as the discount rate drops.

Based on the City's aggressive funding actions over the past three years, by the end of FY 2018/19, total funding in the Pension Stabilization Fund (PSF) is estimated as follows: General Fund: \$10.6 million; Other Funds \$3.3 million. An additional \$2.2 million will be invested based on the ending results for FY18/19 and the City's Pension Stabilization Policy. This is roughly 19% of each fund's pension contribution for the FY18/19.

Imposed costs – The primary concern to the City's budget is the imposed cost increases by CalPERS related to the discount rate reduction from 7.5% to 7.0%. Management has aggressively implemented solutions to counter the imposed costs from the phase of the discount rate reduction. As part of the employee negotiation process that has occurred over the last fiscal year, contracts with employees called for cost sharing agreement to help offset the value of the retirement contributions. As of January 2020, all employees in the City will be contributing some portion of the City's normal cost ranging from 1% to 3%.

The City has negotiated with all units and has presented to Council for approval all agreements. The new agreements became effective in July 2019 or January 2020, depending on the bargaining unit. The final labor contracts will be presented to Council in March 2020 for approval. The new agreements provide salary increases from 9% to 17.3% over the term of the contracts. Salary increases are implemented in different phases based on the approved agreement.

Capital programs – The City continues to utilize one-time funds for capital maintenance, rather than ongoing operations. The Library and Parks, Recreation and Cultural Services (PRCS), are strategically using resources from vacant positions to add to fund balances and deploying reserves to capital projects as necessary. In addition, part of the new Measure L sales tax will be used to fund capital projects and maintain recreation facilities for the Park and Cultural Services that are important to the community.

CITY OF LODI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2019

Rapidly increasing health care costs also continue to be a concern. While the City has negotiated a medical insurance cap with its bargaining units, costs are expected to increase and impact the net pay of the workforce and possibly the City's competitiveness in the labor marketplace. Staff has managed the impact of the Affordable Care Act, and through prudent management of part-time hours, has allowed the City to avoid an economic impact.

Another significant cause of concern is workers' compensation. The City is self-funded for worker's compensation costs. The City's claim experience has ebbed and flowed since a spike in 2008/09. Current loss experience is relatively level with costs trending upward with the settlement of old claims. The City has funded its actuarial liability at more than the 90 percent confidence level. Staff continues to manage the program and provide education to employees to minimize injuries and work time losses.

Economic Development

The City is deep-rooted in California's rival wine country, is as ripe for commercial and residential real estate development as it is for its Zinfandel grapes. Because of its agricultural roots, the City has unfolded into an international tourist destination and real estate market, attracting medical biotech and light industrial development to the area. With San Joaquin County's charming architecture, and Lodi's awe-inspiring vineyards, almond, olive and fruit orchards, it is easy to see why so many are drawn to the areas for its beauty and abundance.

Investors are beginning to look to the City as an opportunity for adding commercial real estate, residential, in-fill, and mixed-use development to its picturesque agricultural setting. The City's strength as a real estate market lies in its strong infrastructure, abundant water, wine tourism industry, and affordable real estate. The accessibility to Interstate 5 and Highway 99 allows manufacturers and distributors to get their product out to market quickly. The Lodi Energy Center, located only about three miles outside the city on I-5 provides consistent and dependable local electricity, which is particularly crucial for its industrial thermoforming companies. The city-owned power is more reliable and less expensive than the investor owned utilities in the area.

REQUEST FOR INFORMATION

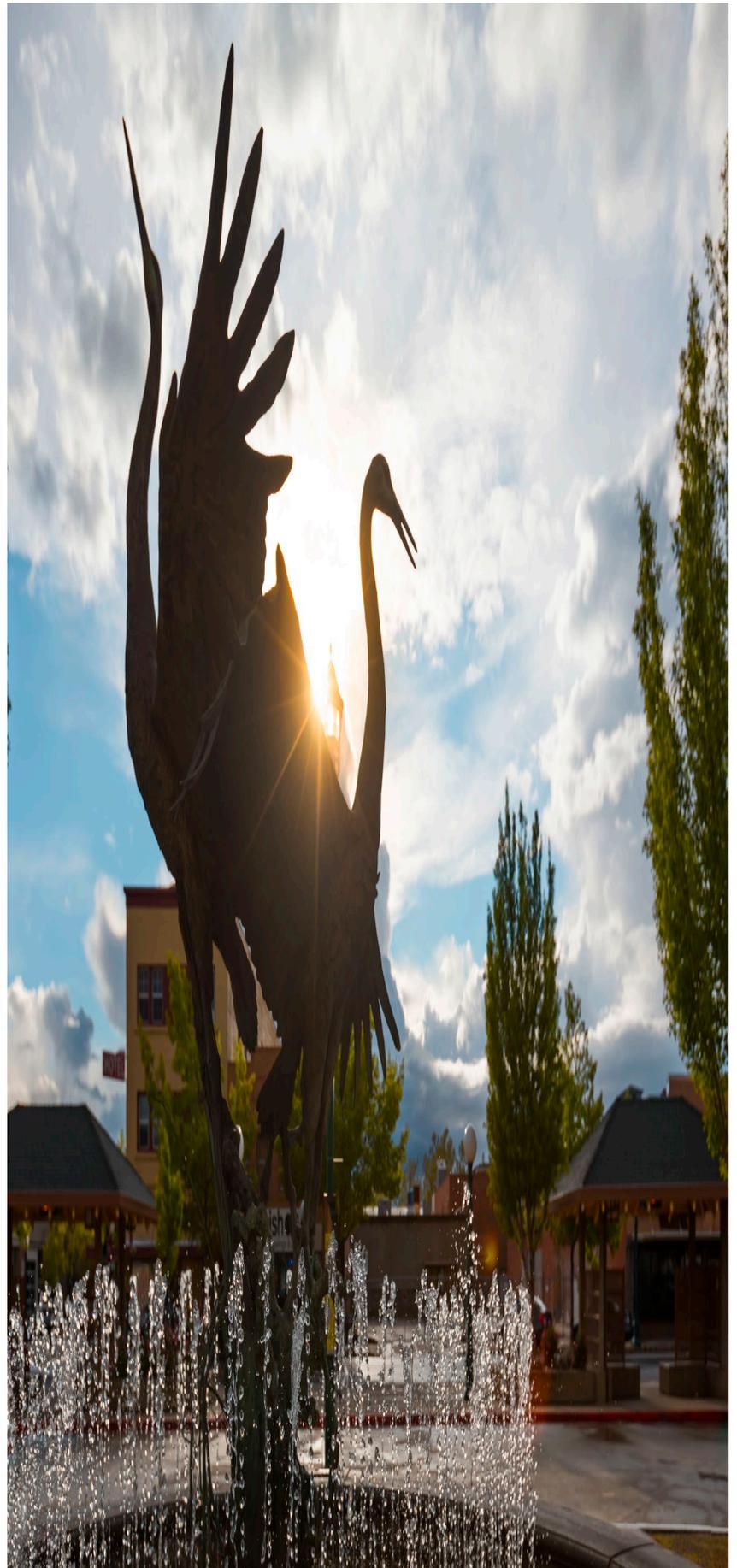
This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Financial Services Division of the City of Lodi at 310 W. Elm Street, Lodi, California, 95240.

BASIC FINANCIAL STATEMENTS

The Government-wide Financial Statements provide a broad overview of the City's financial position and operating results. Information is grouped by governmental activities or business-type activities.

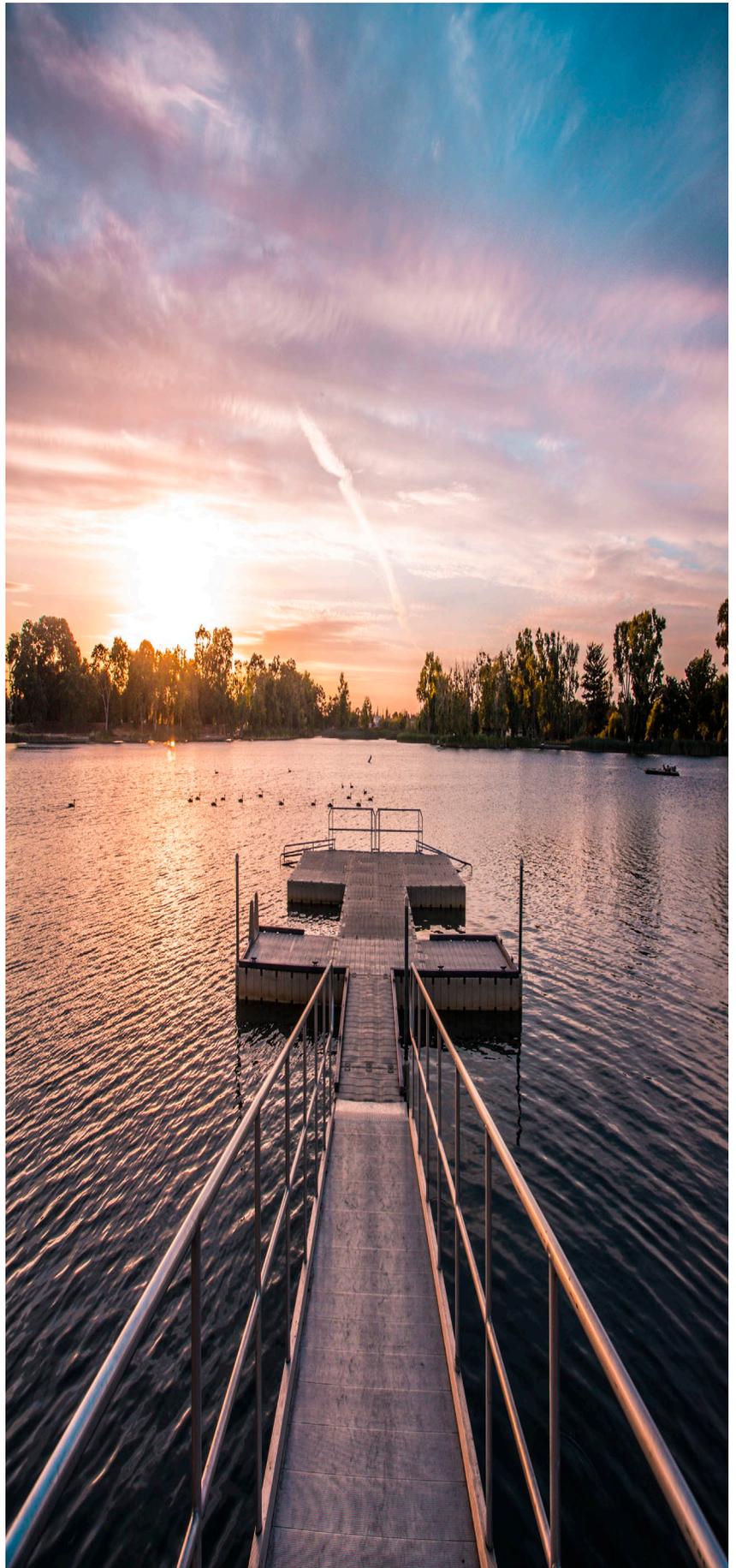
The Fund Financial Statements report information about the City's Governmental Funds, Proprietary Funds, and the Fiduciary Funds.

The notes have an integral role in disclosing information essential to the fair presentation of the Basic Financial Statements.



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GOVERNMENT-WIDE FINANCIAL STATEMENTS



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CITY OF LODI
Statement of Net Position
June 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and investments	\$ 50,612,594	\$ 55,437,336	\$ 106,049,930
Restricted cash and investments	11,617,849	20,402,223	32,020,072
Accounts receivables (net)	6,529,310	7,236,280	13,765,590
Property tax receivable	80,324	-	80,324
Interest receivable	55,005	83,417	138,422
Due from other governmental agencies	1,650,065	1,400,000	3,050,065
Advance receivable	-	10,900,902	10,900,902
Inventory	142,044	4,415,760	4,557,804
Other assets	110,009	9,167	119,176
Internal balances	(548,679)	548,679	-
Capital assets, net: Nondepreciable	27,296,123	22,574,245	49,870,368
Capital assets, net: Depreciable, net	105,936,530	222,681,707	328,618,237
Total assets	<u>203,481,174</u>	<u>345,689,716</u>	<u>549,170,890</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	17,775,219	4,026,351	21,801,570
Related to OPEB	1,862,969	-	1,862,969
Unamortized losses on defeasance	327,719	6,944,056	7,271,775
Total deferred outflows of resources	<u>19,965,907</u>	<u>10,970,407</u>	<u>30,936,314</u>
LIABILITIES			
Accounts payable and accrued liabilities	7,107,277	7,180,404	14,287,681
Accrued salaries and wages	810,249	250,883	1,061,132
Accrued interest	185,378	1,677,146	1,862,524
Unearned revenue	174,754	671,436	846,190
Long term liabilities:			
Due within one year	5,557,689	6,694,228	12,251,917
Due in more than one year	36,630,595	134,835,064	171,465,659
Other long-term obligations:			
Net pension liability	109,495,299	26,790,552	136,285,851
Net OPEB liability	33,422,021	-	33,422,021
Total liabilities	<u>193,383,262</u>	<u>178,099,713</u>	<u>371,482,975</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	1,197,077	343,129	1,540,206
Related to OPEB	2,006,962	-	2,006,962
Total deferred inflows of resources	<u>3,204,039</u>	<u>343,129</u>	<u>3,547,168</u>
NET POSITION			
Net investment in capital assets	116,151,450	129,858,469	246,009,919
Restricted	25,750,892	20,402,223	46,153,115
Unrestricted (deficit)	(115,042,563)	27,956,589	(87,085,974)
Total net position	<u>\$ 26,859,779</u>	<u>\$ 178,217,281</u>	<u>\$ 205,077,060</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 11,389,809	\$ 322,470	\$ 3,010,812	\$ -
Public protection	33,396,412	368,147	533,346	786,389
Public works	11,013,342	2,631,369	2,551,481	5,267,859
Community development	2,186,691	1,058,665	1,504,245	720,826
Library	785,325	-	52,599	86,193
Parks and recreation	4,141,648	1,286,150	316,014	-
Debt Service	781,669	-	-	-
Total governmental activities	<u>63,694,896</u>	<u>5,666,801</u>	<u>7,968,497</u>	<u>6,861,267</u>
Business-type activities:				
Electric	64,103,994	67,961,351	2,385,598	139,731
Transit Funds	5,085,693	216,006	2,814,525	781,518
Wastewater	14,409,738	15,904,204	2,439,863	1,291,892
Water	12,139,381	13,344,473	620,998	(121,090)
Total business-type activities	<u>95,738,806</u>	<u>97,426,034</u>	<u>8,260,984</u>	<u>2,092,051</u>
Total primary government	<u>\$ 159,433,702</u>	<u>\$ 103,092,835</u>	<u>\$ 16,229,481</u>	<u>\$ 8,953,318</u>

General revenues:

- Property taxes
- Special assessments
- Sales tax
- Document transfer
- Franchise taxes
- Business license tax
- Transient occupancy tax
- Grants and contributions not restricted to specific programs
- Investment earnings
- Other
- Transfers
- Total general revenues, and transfers

Change in net position

Net position - beginning, as restated (Note 16)

Net position - ending

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Activities (Continued)
For the Year Ended June 30, 2019

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (8,056,527)	\$ -	\$ (8,056,527)
(31,708,530)	-	(31,708,530)
(562,633)	-	(562,633)
1,097,045	-	1,097,045
(646,533)	-	(646,533)
(2,539,484)	-	(2,539,484)
(781,669)	-	(781,669)
<u>(43,198,331)</u>	<u>-</u>	<u>(43,198,331)</u>
-	6,382,686	6,382,686
-	(1,273,644)	(1,273,644)
-	5,226,221	5,226,221
-	1,705,000	1,705,000
-	<u>12,040,263</u>	<u>12,040,263</u>
<u>(43,198,331)</u>	<u>12,040,263</u>	<u>(31,158,068)</u>
11,049,741	-	11,049,741
138,633	-	138,633
14,286,516	-	14,286,516
5,399,494	-	5,399,494
9,212,445	-	9,212,445
1,886,659	-	1,886,659
735,601	-	735,601
441,341	-	441,341
3,129,648	1,584,188	4,713,836
352,968	2,321,623	2,674,591
4,233,780	(4,233,780)	-
<u>50,866,826</u>	<u>(327,969)</u>	<u>50,538,857</u>
7,668,495	11,712,294	19,380,789
19,191,284	166,504,987	185,696,271
<u>\$ 26,859,779</u>	<u>\$ 178,217,281</u>	<u>\$ 205,077,060</u>

The notes to financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

Governmental Fund Types

Major Funds:

- General Fund
- Streets Fund
- Gas Tax
- Development Impact Mitigation Fees
- Measure K Sales Tax
- Intermodal Surface Transportation Efficiency Act (ISTEA)

Proprietary Fund Types

Major Funds:

- Electric Fund
- Wastewater Fund
- Water Fund

Nonmajor Enterprise Fund:

- Transit Fund

Internal Service Funds

Private-purpose Trust Funds

Agency Fund



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FUND FINANCIAL STATEMENT DESCRIPTIONS

Governmental Fund Types

Governmental funds consist of the General Fund, special revenue funds, debt service fund and capital projects funds.

Major Governmental Funds:

GENERAL FUND

This fund is maintained to account for all financial resources that are not restricted as to their use. This includes property and sales taxes, business tax receipts, franchise taxes and various subventions such as Motor Vehicle In-Lieu fees received from the State of California. With the exception of grant programs, General Fund resources can be utilized for any legitimate governmental purpose.

STREETS FUND

This fund was established to account for the following:

Gas Tax

To account for revenues and expenditures apportioned to the City under the Streets and Highway Code. Portions of the tax rate levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These funds are restricted for expenditure by the State of California for street related purposes only.

Development Impact Mitigation Fees

To account for impact fees charged to provide for the building of various storm drains and street improvements needed to serve new development. The fees are calculated on a per acre basis and are collected at subdivision final map approval or with building permit stage effective November 4, 1991.

Measure K Sales Tax

To account for revenues and expenditures apportioned to the City for sales tax collections under Measure K. Expenditures for administration, maintenance and construction must be for street-related projects.

Intermodal Surface Transportation Efficiency Act (IS TEA)

To account for revenues from the federal highway administration for programs including surface transportation program (STP) for streets and roads, congestion mitigation and air quality program (CMAQ) and hazard elimination safety (HES) for street lighting projects.

FUND FINANCIAL STATEMENT DESCRIPTIONS (CONTINUED)

Proprietary Fund Types

Proprietary funds consist of the enterprise funds and the internal service funds.

Major Enterprise Funds include:

ELECTRIC FUND

The City established this fund in order to account for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, source of supply, overhead, systems maintenance, customer service, engineering, administration, capital improvements maintenance and debt service.

WASTEWATER FUND

This fund was established by the City in order to account for the provision of wastewater collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, improvements and debt service.

WATER FUND

This fund was established by the City in order to account for the provision of water to the residents of the City as well as some customers in the County. All activities to provide such services are accounted for in this fund, including, but not limited to administration, operations, distribution, maintenance, capital improvements and debt service.

Nonmajor Enterprise Fund:

TRANSIT FUND

This fund is used to account for the operations of the Dial-A-Ride and the Grapeline bus system.

Internal Service Funds:

These funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

Fiduciary Fund Types

PRIVATE-PURPOSE TRUST FUNDS

These funds are used to account for assets held by the Library Board as trustee of the Lodi Public Library and for assets held by the City in accordance with the trust agreement on behalf of the Hutchins Street Square.

AGENCY FUND

This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way Beckman Districts and the Downtown and Cherokee Lane Districts and various landscape and lighting districts around the City.

CITY OF LODI
Balance Sheet
Governmental Funds
June 30, 2019

ASSETS	General Fund	Streets	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 13,497,734	\$ 7,791,408	\$ 14,641,361	\$ 35,930,503
Accounts receivables, net	5,255,725	1,029,634	238,694	6,524,053
Property taxes receivables	80,324	-	-	80,324
Interest receivable	18,298	11,251	7,853	37,402
Due from other funds	-	-	82,448	82,448
Due from other governmental agencies	-	976,335	673,730	1,650,065
Inventory	-	-	1,077	1,077
Restricted cash and investments	10,716,555	198,627	572,117	11,487,299
Total assets	<u>\$ 29,568,636</u>	<u>\$ 10,007,255</u>	<u>\$ 16,217,280</u>	<u>\$ 55,793,171</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 5,717,668	\$ 382,454	\$ 779,501	\$ 6,879,623
Accrued salaries and wages	640,070	21,330	134,608	796,008
Due to other funds	-	-	82,448	82,448
Advances from other funds	-	-	548,679	548,679
Unearned revenue	66,883	-	107,871	174,754
Total liabilities	<u>6,424,621</u>	<u>403,784</u>	<u>1,653,107</u>	<u>8,481,512</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	691,603	61,522	208,055	961,180
Total deferred inflows of resources	<u>691,603</u>	<u>61,522</u>	<u>208,055</u>	<u>961,180</u>
FUND BALANCES				
Nonspendable				
Inventory	-	-	1,077	1,077
Restricted				
Road-related projects	-	9,343,322	38,817	9,382,139
Home and CDBG program	-	-	26,122	26,122
Public safety	-	-	423,693	423,693
Community development	-	-	3,597,428	3,597,428
Debt service	-	-	1,260	1,260
Pension	10,716,555	198,627	572,117	11,487,299
Committed				
Video - related capital projects	563,374	-	-	563,374
Parks, recreation and community services	-	-	716,188	716,188
Assigned				
Capital projects	-	-	8,979,416	8,979,416
Unassigned	11,172,483	-	-	11,172,483
Total fund balances	<u>22,452,412</u>	<u>9,541,949</u>	<u>14,356,118</u>	<u>46,350,479</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,568,636</u>	<u>\$ 10,007,255</u>	<u>\$ 16,217,280</u>	<u>\$ 55,793,171</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

Fund balances - total governmental funds	\$	46,350,479
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		
Nondepreciable capital assets		27,296,123
Depreciable capital assets, net		105,936,529
Internal Service Fund capital asset		(21,708)
Deferred outflows of resources related to pensions & OPEB reported in government-wide statement of net position		19,638,188
Deferred inflows of resources related to pensions & OPEB are reported in government-wide statement of net position		(3,204,038)
Deferred outflows of resources related to unamortized losses on defeasance are not reported in governmental funds		327,719
Amounts reported in Internal Service Funds		
Deferred outflows of resources related to pensions & OPEB		(2,090,214)
Deferred inflows of resources related to pensions & OPEB		2,026,328
Long-term liabilities and related accounts are not due and payable in the current period and therefore are not reported in the governmental funds as follows:		
Accrued Interest		(185,378)
Long-term liabilities - Due within one year		(5,557,689)
Long-term Liabilities - Due in more than one year		(36,630,595)
Net pension liability		(109,495,299)
Net OPEB liability		(33,422,021)
Long-term liabilities reported in the Internal Service Funds		
Net pension liability		1,512,040
Net OPEB liability		41,526,837
Accrued compensated absences		157,604
Self-insurance liability		8,065,373
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		961,180
Internal service funds are used by management to charge the costs of general liability insurance, workers' compensation insurance, health benefits insurance, other insurance, employee benefits and the cost of operating and maintaining the City's fleet to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		(36,331,679)
Net position of governmental activities	\$	26,859,779

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Streets	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 28,422,573	\$ -	\$ -	\$ 28,422,573
Sales and use tax	14,286,516	-	-	14,286,516
Licenses and permits	65,639	-	1,504,185	1,569,824
Intergovernmental revenues	1,186,022	6,364,488	1,662,957	9,213,467
Charges for services	1,772,088	832,451	3,953,871	6,558,410
Fines, forfeits, and penalties	1,274,624	-	-	1,274,624
Investment and rental income	2,195,924	111,782	686,115	2,993,821
Miscellaneous revenue	221,949	510,146	80,164	812,259
Total revenues	<u>49,425,335</u>	<u>7,818,867</u>	<u>7,887,292</u>	<u>65,131,494</u>
EXPENDITURES				
Current:				
General government	7,136,809	-	2,471,862	9,608,671
Public protection	31,743,158	-	206,254	31,949,412
Public works	2,180,840	2,258,326	1,012,686	5,451,852
Community development	-	-	2,112,118	2,112,118
Library	1,165,499	-	-	1,165,499
Parks and recreation	-	-	2,680,488	2,680,488
Capital outlay	-	2,553,264	826,818	3,380,082
Debt service:				
Interest	-	-	828,797	828,797
Principal retirement	-	-	1,072,195	1,072,195
Total expenditures	<u>42,226,306</u>	<u>4,811,590</u>	<u>11,211,218</u>	<u>58,249,114</u>
Excess (deficiency) of revenues over expenditures	<u>7,199,029</u>	<u>3,007,277</u>	<u>(3,323,926)</u>	<u>6,882,380</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,233,780	137,520	8,830,445	13,201,745
Transfers out	(7,749,000)	-	(1,218,965)	(8,967,965)
Proceeds from sale of property	698	-	402,873	403,571
Total other financing sources (uses)	<u>(3,514,522)</u>	<u>137,520</u>	<u>8,014,353</u>	<u>4,637,351</u>
Net change in fund balances	3,684,507	3,144,797	4,690,427	11,519,731
Fund balances - beginning	18,767,905	6,397,152	9,665,691	34,830,748
Fund balances - ending	<u>\$ 22,452,412</u>	<u>\$ 9,541,949</u>	<u>\$ 14,356,118</u>	<u>\$ 46,350,479</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019

Changes in fund balances - total governmental funds	\$	11,519,731
<p>Amounts reported for governmental activities are different because: Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, contributed capital assets do not impact the governmental funds however they are reported in the statement of activities. Capital outlays, capital asset contributions, and depreciation expense are as follows:</p>		
Capital outlays		3,380,082
Capital asset contributions		1,541,371
Depreciation expense		(9,101,731)
Less: Internal service fund depreciaiton		1,447
<p>Repayments of the principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.</p>		
Principal payment		1,072,195
<p>Internal service funds are used by management to charge the costs of general liability insurance, workers' compensation insurance, health benefits insurance, other insurance, employee benefits and the cost of operating and maintaining the City's fleet to individual funds. The net loss of the internal service funds are reported with governmental activities.</p>		
		(328,259)
<p>Other expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences		18,540
Less Internal Service Funds compensated absences		(4,822)
Amortization of loss on defeasance		(26,936)
Amortization of bond premium		53,830
Change in unavailable revenue		(128,182)
Change in accrued interest		12,318
Change in net pension liability and related amounts		(341,089)
Change in net position of governmental activities	\$	<u>7,668,495</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities		
	Electric	Wastewater	Water
ASSETS			
Current assets:			
Cash and investments	\$ 26,108,963	\$ 19,414,709	\$ 8,846,454
Restricted cash and investments	-	-	13,172,470
Account receivables, net	3,557,264	1,120,218	782,310
Interest Receivable	34,845	22,771	24,367
Due from other governmental agencies	-	-	-
Advance receivables	10,900,902	-	-
Due from other fund	-	-	-
Inventory	3,887,999	50,257	477,504
Other assets	9,167	-	-
Total current assets	<u>44,499,140</u>	<u>20,607,955</u>	<u>23,303,105</u>
Noncurrent assets:			
Restricted assets with fiscal agents	20,884	2,465,248	2,377,384
Restricted cash and investments	1,320,168	489,360	489,360
Advances to other funds	-	-	548,679
Capital assets:			
Nondepreciable	763,785	14,709,457	1,588,584
Depreciable, net	38,837,955	77,790,930	94,810,274
Total noncurrent assets	<u>40,942,792</u>	<u>95,454,995</u>	<u>99,814,281</u>
Total assets	<u>85,441,932</u>	<u>116,062,950</u>	<u>123,117,386</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized losses on defeasance	4,827,584	2,116,472	-
Related to OPEB	-	-	-
Related to pensions	2,325,088	1,445,064	157,931
Total deferred outflows of resources	<u>7,152,672</u>	<u>3,561,536</u>	<u>157,931</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	2,707,033	1,153,580	2,187,251
Accrued salaries and wages	132,000	99,894	11,945
Advances from other funds	-	-	-
Accrued interest	705,562	808,271	163,313
Due to other funds	-	-	-
Unearned revenue	-	-	660,104
Loans payable	214,078	-	-
Accrued compensated absences	389,395	309,456	34,478
Pollution remediation obligation	-	-	400,000
Certificates of participation and revenue			
bonds payable	2,187,246	2,116,195	1,029,700
Total current liabilities	<u>6,335,314</u>	<u>4,487,396</u>	<u>4,486,791</u>
Noncurrent liabilities:			
Loans payable	672,610	-	-
Self insurance liability	-	-	-
Accrued compensated absences	832,737	941,448	-
Certificates of participation and revenue			
bonds payable	45,547,320	39,490,386	31,084,004
Net pension liability	15,470,683	9,615,175	1,050,839
Net OPEB liability	-	-	-
Pollution remediation obligation	-	-	16,189,754
Total noncurrent liabilities	<u>62,523,350</u>	<u>50,047,009</u>	<u>48,324,597</u>
Total liabilities	<u>68,858,664</u>	<u>54,534,405</u>	<u>52,811,388</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	198,146	123,150	13,459
Related to OPEB	-	-	-
Total deferred inflows of resources	<u>198,146</u>	<u>123,150</u>	<u>13,459</u>
NET POSITION			
Net investment in capital assets	(4,191,930)	53,010,278	64,285,154
Restricted for:			
Debt service	20,884	2,465,248	2,377,384
Pensions	1,320,168	489,360	489,360
Pollution Remediation	-	-	13,172,470
Unrestricted	26,388,672	9,002,045	(9,873,898)
Total net position	<u>\$ 23,537,794</u>	<u>\$ 64,966,931</u>	<u>\$ 70,450,470</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2019

	Business-type Activities		Governmental
	Non-Major		Activities
	Transit Funds	Total Enterprise Funds	Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 1,067,210	\$ 55,437,336	\$ 14,682,091
Restricted cash and investments	-	13,172,470	46,562
Account receivables, net	1,776,488	7,236,280	5,258
Interest Receivable	1,434	83,417	17,603
Due from other governmental agencies	1,400,000	1,400,000	-
Advance receivables	-	10,900,902	-
Due from other fund	-	-	75,398
Inventory	-	4,415,760	140,967
Other assets	-	9,167	110,008
Total current assets	<u>4,245,132</u>	<u>92,655,332</u>	<u>15,077,887</u>
Noncurrent assets:			
Restricted assets with fiscal agents	-	4,863,516	-
Restricted cash and investments	67,349	2,366,237	83,988
Advances to other funds	-	548,679	-
Capital assets:			
Nondepreciable	5,512,419	22,574,245	-
Depreciable, net	11,242,548	222,681,707	21,708
Total noncurrent assets	<u>16,822,316</u>	<u>253,034,384</u>	<u>105,696</u>
Total assets	<u>21,067,448</u>	<u>345,689,716</u>	<u>15,183,583</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized losses on defeasance	-	6,944,056	-
Related to OPEB	-	-	1,862,969
Related to pensions	98,268	4,026,351	227,245
Total deferred outflows of resources	<u>98,268</u>	<u>10,970,407</u>	<u>2,090,214</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	1,132,540	7,180,404	227,654
Accrued salaries and wages	7,044	250,883	14,241
Advances from other funds	-	-	-
Accrued interest	-	1,677,146	-
Due to other funds	-	-	75,398
Unearned revenue	11,332	671,436	-
Loans payable	-	214,078	-
Accrued compensated absences	13,680	747,009	45,340
Pollution remediation obligation	-	400,000	-
Certificates of participation and revenue bonds payable	-	5,333,141	-
Total current liabilities	<u>1,164,596</u>	<u>16,474,097</u>	<u>362,633</u>
Noncurrent liabilities:			
Loans payable	-	672,610	-
Self insurance liability	-	-	8,065,374
Accrued compensated absences	76,805	1,850,990	8,217,080
Certificates of participation and revenue bonds payable	-	116,121,710	-
Net pension liability	653,855	26,790,552	1,512,040
Net OPEB liability	-	-	33,422,021
Pollution remediation obligation	-	16,189,754	-
Total noncurrent liabilities	<u>730,660</u>	<u>161,625,616</u>	<u>51,216,515</u>
Total liabilities	<u>1,895,256</u>	<u>178,099,713</u>	<u>51,579,148</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	8,374	343,129	19,366
Related to OPEB	-	-	2,006,962
Total deferred inflows of resources	<u>8,374</u>	<u>343,129</u>	<u>2,026,328</u>
NET POSITION			
Net investment in capital assets	16,754,967	129,858,469	21,708
Restricted for:			
Debt service	-	4,863,516	-
Pensions	67,349	2,366,237	83,988
Pollution Remediation	-	13,172,470	-
Unrestricted	2,439,770	27,956,589	(36,437,375)
Total net position	<u>\$ 19,262,086</u>	<u>\$ 178,217,281</u>	<u>\$ (36,331,679)</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities		
	Electric	Wastewater	Water
OPERATING REVENUES			
Charges for services	\$ 67,961,351	\$ 15,904,204	\$ 13,344,473
OPERATING EXPENSES			
Personnel services	10,094,767	4,575,112	3,014,211
Supplies, materials and services	12,637,458	2,937,048	3,339,632
Utilities	36,982,797	795,186	537,561
Depreciation	2,293,864	4,319,907	3,264,761
Claims	-	-	-
Total operating expenses	<u>62,008,886</u>	<u>12,627,253</u>	<u>10,156,165</u>
Operating income (loss)	<u>5,952,465</u>	<u>3,276,951</u>	<u>3,188,308</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	426,995	650,332	448,331
Interest expense	(2,095,098)	(1,782,485)	(1,983,216)
Operating grants	-	2,439,863	620,998
Greenhouse gas allowance	2,385,598	-	-
Other revenues	1,399,399	273,583	380,777
Gain on sale of city property	36,686	17,417	466
Total nonoperating revenues (expenses)	<u>2,153,580</u>	<u>1,598,710</u>	<u>(532,644)</u>
Income (loss) before contributions and transfers	8,106,045	4,875,661	2,655,664
Capital contributions	139,731	1,291,892	(121,090)
Transfers out	(2,149,040)	(1,083,710)	(821,900)
Change in net position	<u>6,096,736</u>	<u>5,083,843</u>	<u>1,712,674</u>
Total net position (deficit) - beginning, as restated (Note 16)	17,441,058	59,883,088	68,737,796
Total net position (deficit) - ending	<u>\$ 23,537,794</u>	<u>\$ 64,966,931</u>	<u>\$ 70,450,470</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities		Governmental
	Non-Major		Activities
	Transit Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES			
Charges for services	\$ 216,006	\$ 97,426,034	\$ 12,161,074
OPERATING EXPENSES			
Personnel services	361,589	18,045,679	1,543,201
Supplies, materials and services	3,260,464	22,174,602	8,070,955
Utilities	56,737	38,372,281	11,506
Depreciation	1,406,903	11,285,435	1,447
Claims	-	-	3,348,273
Total operating expenses	<u>5,085,693</u>	<u>89,877,997</u>	<u>12,975,382</u>
Operating income (loss)	<u>(4,869,687)</u>	<u>7,548,037</u>	<u>(814,308)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	58,530	1,584,188	200,629
Interest expense	-	(5,860,799)	-
Operating grants	2,814,525	5,875,386	-
Greenhouse gas allowance	-	2,385,598	-
Other revenues	211,319	2,265,078	285,420
Gain on sale of city property	1,966	56,535	-
Total nonoperating revenues (expenses)	<u>3,086,340</u>	<u>6,305,986</u>	<u>486,049</u>
Income (loss) before contributions and transfers	<u>(1,783,347)</u>	<u>13,854,023</u>	<u>(328,259)</u>
Capital contributions	781,518	2,092,051	-
Transfers out	(179,130)	(4,233,780)	-
Change in net position	<u>(1,180,959)</u>	<u>11,712,294</u>	<u>(328,259)</u>
Total net position (deficit) - beginning, as restated (Note 16)	20,443,045	166,504,987	(36,003,420)
Total net position (deficit) - ending	<u>\$ 19,262,086</u>	<u>\$ 178,217,281</u>	<u>\$ (36,331,679)</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		
	Electric	Wastewater	Water
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 68,434,425	\$ 16,284,478	\$ 13,999,706
Cash from interfund customers	-	-	-
Payments to suppliers	(50,368,569)	(2,281,763)	(4,058,434)
Payments to employees	(7,905,476)	(3,798,650)	(2,883,115)
Due from other funds charges for services	(3,940)	(758,835)	(510,950)
Net cash provided (used) by operating activities	<u>10,156,440</u>	<u>9,445,230</u>	<u>6,547,207</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants	-	2,439,863	620,998
Repaid from other funds	-	-	435,346
Received - greenhouse gas allowance	2,385,598	-	-
Sale of property	36,686	17,417	466
Transfers out	(2,149,052)	(1,083,710)	(821,900)
Net cash provided (used) by noncapital financing activities	<u>273,232</u>	<u>1,373,570</u>	<u>234,910</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Fees received for water meter installations	-	-	33,347
Acquisition and construction of capital assets	(1,375,623)	(6,888,453)	120,348
Fees received from developers	1,521,843	548,873	(168,442)
Capital grants received	-	-	-
Principal payments on debt	(193,726)	(1,764,687)	(980,000)
Interest payments on debt	(1,522,360)	(1,570,390)	(1,985,666)
Net cash provided (used) by capital and related financing activities	<u>(1,569,866)</u>	<u>(9,674,657)</u>	<u>(2,980,413)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	411,289	350,575	422,062
Net cash provided by investing activities	<u>411,289</u>	<u>350,575</u>	<u>422,062</u>
Net increase (decrease) in cash and cash equivalents	9,271,095	1,494,718	4,223,766
Balances - beginning of year	18,178,920	18,704,749	20,661,902
Balances - end of the year	<u>\$ 27,450,015</u>	<u>\$ 20,199,467</u>	<u>\$ 24,885,668</u>
Reconciliation to the statement of net position:			
Cash and investments	\$ 26,108,963	\$ 19,414,709	\$ 8,846,454
Restricted cash and investments	-	-	13,172,470
Restricted assets with fiscal agents	20,884	2,465,248	2,377,384
Restricted cash and investments	1,320,168	489,360	489,360
Less: Guaranteed Investment Contract	-	(2,169,850)	-
Total cash and cash equivalents	<u>\$ 27,450,015</u>	<u>\$ 20,199,467</u>	<u>\$ 24,885,668</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		
	Electric	Wastewater	Water
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income	\$ 5,952,465	\$ 3,276,951	\$ 3,188,308
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation Expense	2,293,864	4,319,907	3,264,761
Other revenues	1,399,399	273,583	347,430
Loan proceeds	(15,473)	11,765	-
Fees received for water meter installations	-	-	-
Changes in assets, liabilities and deferred outflow/inflows of resources:			
Loans receivable	15,161	-	-
Customer Receivables	182,694	94,927	122,568
Advance receivable	(1,444,297)	-	-
Inventory	(525,246)	(5,037)	(203,007)
Other assets	(9,167)	-	-
Deferred inflows of resources	-	-	-
Deferred outflows of resources	(259,755)	(121,326)	(16,722)
Compensated absences	(31,301)	36,229	(7,235)
Accounts Payable - Supplier	1,212,670	696,673	(40,181)
Accrued salaries and wages	114,502	84,390	10,271
Net pension liability, OPEB and related amounts	1,270,924	777,168	144,782
Self-insurance liability	-	-	-
Pollution remediation obligation	-	-	(263,768)
Unclaimed Property	-	-	-
Net cash provided by operating activities	<u>\$ 10,156,440</u>	<u>\$ 9,445,230</u>	<u>\$ 6,547,207</u>
<u>Noncash investing, capital and financing activities:</u>			
Capital asset contributions	\$ 139,731	1,291,892	\$ (121,090)
Amortization of issuance premium	438,871	297,292	19,700
Amortization of losses on defeasance	556,877	-	-
Total noncash investing, capital and financing activities	<u>\$ 1,135,479</u>	<u>\$ 1,589,184</u>	<u>\$ (101,390)</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		Governmental Activities
	Non-Major		Internal Service Funds
	Transit Fund	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 427,325	\$ 99,145,934	\$ 341,935
Cash from interfund customers	-	-	12,156,716
Payments to suppliers	(2,591,102)	(59,299,868)	(11,338,239)
Payments to employees	(347,737)	(14,934,978)	(1,684,051)
Due from other funds	(47,222)	(1,320,947)	-
Net cash provided (used) by operating activities	<u>(2,558,736)</u>	<u>23,590,141</u>	<u>(523,639)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants	1,817,859	4,878,720	-
Repaid from other funds	-	435,346	-
Received - greenhouse gas allowance	-	2,385,598	-
Sale of property	1,966	56,535	-
Transfers out	(179,130)	(4,233,792)	-
Net cash provided (used) by noncapital financing activities	<u>1,640,695</u>	<u>3,522,407</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Fees received for water meter installations	-	33,347	-
Acquisition and construction of capital assets	(1,467,274)	(9,611,002)	-
Fees received from developers	-	1,902,274	-
Capital grants received	2,263,279	2,263,279	-
Principal payments on debt	-	(2,938,413)	-
Interest payments on debt	-	(5,078,416)	-
Net cash provided (used) by capital and related financing activities	<u>796,005</u>	<u>(13,428,931)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	58,574	1,242,500	199,987
Net cash provided by investing activities	<u>58,574</u>	<u>1,242,500</u>	<u>199,987</u>
Net increase (decrease) in cash and cash equivalents	(63,462)	14,926,117	(323,652)
Balances - beginning of year	1,198,021	58,743,592	15,136,293
Balances - end of the year	<u>\$ 1,134,559</u>	<u>\$ 73,669,709</u>	<u>\$ 14,812,641</u>
Reconciliation to the statement of net position:			
Cash and investments	\$ 1,067,210	\$ 55,437,336	\$ 14,682,091
Restricted cash and investments	-	13,172,470	46,562
Restricted assets with fiscal agents	-	4,863,516	83,988
Restricted cash and investments	67,349	2,366,237	-
Less: Guaranteed Investment Contract	-	(2,169,850)	-
Total cash and cash equivalents	<u>\$ 1,134,559</u>	<u>\$ 73,669,709</u>	<u>\$ 14,812,641</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		Governmental Activities
	Non-Major Transit Fund	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income	\$ (4,869,687)	\$ 7,548,037	\$ (814,308)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation Expense	1,406,903	11,285,435	1,447
Other revenues	211,319	2,231,731	285,418
Loan proceeds	-	(3,708)	-
Fees received for water meter installations	-	-	-
Changes in assets, liabilities and deferred outflow/inflows of resources:			
Loans receivable	-	15,161	-
Customer Receivables	-	400,189	52,158
Advance receivable	-	(1,444,297)	-
Inventory	-	(733,290)	4,757
Other assets	-	(9,167)	1,323
Deferred inflows of resources	-	-	212,079
Deferred outflows of resources	(6,044)	(403,847)	-
Compensated absences	(1,144)	(3,451)	(364,580)
Accounts Payable - Supplier	678,878	2,548,040	20,251
Accrued salaries and wages	6,319	215,482	11,652
Net pension liability, OPEB and related amounts	14,720	2,207,594	-
Self-insurance liability	-	-	70,838
Pollution remediation obligation	-	(263,768)	-
Unclaimed Property	-	-	(4,674)
Net cash provided (used) by operating activities	<u>\$ (2,558,736)</u>	<u>\$ 23,590,141</u>	<u>\$ (523,639)</u>
<u>Noncash investing, capital and financing activities:</u>			
Capital asset contributions	\$ 781,518	\$ 2,092,051	\$ -
Amortization of issuance premium	-	755,863	-
Amortization of losses on defeasance	-	556,877	-
Total noncash investing, capital and financing activities	<u>\$ 781,518</u>	<u>\$ 3,404,791</u>	<u>\$ -</u>

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Fiduciary Net Position
June 30, 2019

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 145,833	\$ 367,800
Interest receivable	2	451
Total assets	<u>145,835</u>	<u>\$ 368,251</u>
LIABILITIES		
Deposits payable	-	<u>\$ 368,251</u>
NET POSITION	<u>\$ 145,835</u>	

The notes to financial statements are an integral part of this statement.

CITY OF LODI
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

	Private-Purpose Trust Funds
ADDITIONS	
Investment and rental income	\$ 12,543
DEDUCTIONS	
Current:	
Library	2,807
Change in Fiduciary Net Position	9,736
Net Position - beginning of the year	136,099
Net Position - end of the year	\$ 145,835

The notes to financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS



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CITY OF LODI
Notes to Basic Financial Statements
June 30, 2019

Note 1 – Summary of Significant Accounting Policies

A. *The Financial Reporting Entity*

The City of Lodi (City) was incorporated on December 6, 1906, as a municipal corporation under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: general government, public works, community development, public protection (police and fire), public utilities, library, parks and recreation.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

An elected five-member council governs the City of Lodi. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component units, although legally separate entities, are, in substance, part of the City's operations and therefore, their activities are blended with data of the City.

Blended Component Units

The blended component units of the City are as follows:

The Lodi Public Improvement Corporation (LPIC) was formed on April 26, 1988, for the purpose of rendering financial assistance to the City in the issuance of the 1988 Certificates of Participation (refunded by the issuance of the 1991 Certificates of Participation) to finance the expansion of the City's White Slough Pollution Control Facility. Since then, several Certificates of Participation were issued to finance various major projects (See Note 7). The City Council constitutes the Board of Directors of LPIC. The funds of LPIC have been included in the Enterprise (Electric and Wastewater) Funds and in the other governmental funds in the accompanying basic financial statements.

The Lodi Financing Corporation (LFC) was formed on October 12, 1999, for the purpose of assisting the City with the financing of the costs of its environmental abatement program and enhancing the water supply of the City for the use, benefit and enjoyment of the citizens served by the City. The City Council is the Board of Directors of LFC. The funds of LFC are included in the Water Fund in the accompanying basic financial statements.

The Lodi Public Financing Authority (LPFA) was created by a Joint Exercise of Powers Agreement between the City and the Industrial Development Authority (IDA) on July 21, 2010, for the purpose of assisting the City in the financings of public capital improvements. The 2010 Water Revenue Bonds Series A and B were issued in October 2010 to provide funds for a new water treatment facility. On September 1, 2012, the \$19,080,000 Refunding Lease Revenue Bonds (2012 LRB) were issued to prepay and cause the immediate defeasance of the outstanding \$21,025,000 Certificates of Participation (2002 COP). The 2002 COP were issued in January 2002 to provide funds to finance the costs of constructing, furnishing and equipping a new police building and jail for the City, to finance portions of certain other projects and to refund the outstanding 1995 and 1996 Certificates of Participation. The \$17,105,000 2012 Refunding Wastewater Revenue Bonds (2012 Bonds) were also issued in September 2012 to advance refund the \$17,115,000 principal amount of the 2004 Wastewater Revenue Certificates of Participation (2004 COP). The 2004 COP were issued to provide funds to finance the costs of certain improvements to the wastewater collection, treatment and disposal system of the City. The 2016 Refunding Wastewater Revenue Bonds (2016 Bonds) were issued to refinance \$21,415,000 principal amount of the 2007 Wastewater System Revenue Certificates of Participation (2007 COP).

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

A. *The Financial Reporting Entity (Continued)*

The City Council constitutes the Board of Directors of LPFA. The funds of LPFA have been included in the governmental activities and Enterprise (Wastewater and Water) Funds and in the accompanying basic financial statements.

B. *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus and accrual basis of accounting*, as are the proprietary fund and private-purpose trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grant and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds use the accrual basis of accounting, but they do not have a measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal year. All other revenues are considered to be available if they are generally collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments, are recorded only when payment is due.

Property taxes, other local taxes, licenses, intergovernmental revenues, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available when the City receives cash.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The **Streets Fund** accounts for Gas Tax revenues apportioned to the City under the State Streets and Highway Code, impact fees charged to provide for the building of various storm drains and street improvements needed to serve new developments, and to account for funds apportioned to the City for sales tax collections under Measure K.

The City reports the following major proprietary (enterprise) funds:

The **Electric Fund** accounts for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, source of supply, overhead, systems maintenance, customer service, engineering, administration, capital improvements, and maintenance and debt service.

The **Wastewater Fund** accounts for the provision of wastewater collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, improvements and debt service.

The **Water Fund** accounts for the provision of water to the residents of the City as well as some customers in the San Joaquin County (County). All activities to provide such services are accounted for in this fund, including, but not limited to administration, operations, distribution, maintenance, capital improvements and debt service.

Additionally, the City reports the following fund types:

The **Internal Service Funds** account for the City's claims, benefits and fleet services.

The **Fiduciary Funds** account for assets held in trust for other agencies.

Private-Purpose Trust Funds are used to account for trust agreements under which the principal and income benefit individuals, private organizations or other governments. They were established to account for assets held and invested by the Library Board as trustee; and to account for assets held by the City in accordance with a trust agreement on behalf of the Hutchins Square. These funds can only be spent in accordance with the trust agreements.

Agency Fund account for assets held by the City as a trustee or as an agent for individuals, private organizations, related organizations and/or other governmental units. This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way/Beckman Districts, the Downtown/Cherokee Lane Districts and various landscape and lighting districts around the City.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges to other City departments from the Electric, Wastewater, Water and Transit Funds. These charges have not been eliminated because elimination would distort the direct costs and program revenues reported in the statement of activities.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds, and internal service funds are charges for customer services including electric, wastewater, water and public transportation fees. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. *Cash and Investments*

The City maintains a cash and investment pool that is available for all funds of the City for the purpose of increasing interest earnings through investment activities. Investments are generally stated at fair value with the exception of guaranteed investment contracts, which are stated at cost. Income earned or losses arising from the investment of pooled cash are allocated to various funds based on month-end cash balances in accordance with California Government Code Section 53647. Changes in fair value of investments are recognized as a component of investment income.

E. *Restricted Cash and Investments*

The City accounts for certain settlement payments for environmental remediation as restricted with the understanding that these funds will be used exclusively for environmental cleanup, investigation or remediation expenses incurred by the City in the specified areas and that they will not be used for the payment of legal or technical fees. These funds are accounted for in the Water Fund.

F. *Restricted Cash and Investments with Fiscal Agents*

Restricted assets represent the proceeds from debt and other cash and investments held by fiscal agents by agreement that meet the definition of cash and cash equivalents, with the exception of a \$2,169,850 guaranteed investment contract held in the Wastewater Fund which is a long-term investment.

In the Electric Fund, restricted assets represent the proceeds of the 2018 Electric Bonds restricted for debt service. In the Wastewater Fund, the restricted assets represent the proceeds of the 2004A, the 2016A Refunding Wastewater Revenue Bonds and the 2017 Installment Purchase Agreement issued for improvements to the City's wastewater collection, treatment and disposal system. In the Water Fund, restricted assets represent the proceeds of the 2010A and 2010B Revenue Bonds issued for the purpose of providing funds to pay the cost of a new Water Treatment Facility.

G. *Receivables*

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

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

G. *Receivables (Continued)*

Federal and State grants are considered receivable and accrued as revenue when all eligibility requirements have been met under 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 measureable and available.

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

H. *Loan Receivables*

Loans receivable reported in the HOME Program and Community Development Block Grants Special Revenue Fund represent funds loaned to first-time homebuyers. Loans receivable in the Electric Enterprise Fund represent loans to eligible industrial and commercial customers participating in the Lodi Energy Efficiency Financing Pilot Project.

In December 2009, the City entered into a contractual relationship with the California Department of Housing and Community Development (HCD) to administer a First-time Homebuyers Program. The loan program is intended to provide deferred down-payment assistance to first-time homebuyers who are at or below 80% of the median income, for the purchase of homes within Lodi. The loan bears 2% interest and is due and payable 30 years from close of escrow, upon transfer of the property or when the home is no longer owner-occupied, whichever comes first. At June 30, 2019, the outstanding balance of these loans amounted to \$27,159, which the City included in due from other governmental agencies.

In December 2012, the City increased the loan funds in its public benefits program from which G2, G3, G4, G5 or I1 electric utility rate commercial and industrial customers may borrow money to implement energy conservation projects in their facilities. The loan is at zero interest rate payable in two years capped at \$150,000 per customer. As of June 30, 2019, a total of twenty-three loans to industrial and commercial customers have been approved. At June 30, 2019, there were three outstanding loans, with a balance of \$71,203.

I. *Property Taxes*

The County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocation factor calculated by the County under the provisions of Proposition 13, plus a percentage of the increase in market value in specific areas. The City's property tax lien is based on the assessed value listed as of the prior January 1st for all real and personal property located in the City. Property sold after the assessment date (January 1st) is reassessed and the amount of property tax assessed is prorated. The assessed value at January 1, 2019, upon which the 2018-19 levy was based, was \$6,149,013,174.

Secured property taxes are levied on October 1 and are due in two installments on November 1 and February 1. The tax becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is levied on July 1, due on July 31 and becomes delinquent after August 31.

Property taxes levied for the year ended June 30, 2019, are recorded as receivables. Property taxes paid to the City by the County within 60 days of the fiscal year-end are considered "available" and are, therefore, recognized as revenue in governmental funds.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Property Taxes (Continued)

In 1993, the City made an agreement with the San Joaquin County to participate in the Teeter Plan. The Teeter plan is an alternative method of apportioning property tax money. The City receives 95% of the property taxes in advance from the County and the 5% remaining after reconciling the City's balance at June 30. As part of the agreement, the County keeps the penalties and interest on the delinquent taxes.

J. Due From/Due To Other Funds, Advances To/Advances From Other Funds, and Internal Balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In the fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds". Long-term interfund loans receivable are reported as "advances to other funds". The corresponding long-term interfund loans payable are reported as "advances from other funds". In the government-wide financial statements, these receivables and payables are eliminated within the governmental activities and business-type activities columns. Receivables and payables between the governmental activities and the business-type activities are classified as internal balances.

K. Transfers

In the fund financial statements, interfund transfers are recorded as transfers in (out) except for transactions that are described below:

Charges for services are recorded as revenues of the performing fund and expenditures/expenses of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of fiscal year.

Reimbursements for expenditures/expenses, initially made by one fund that is properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

L. Long-term Obligations

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium. Losses occurring from advance refunding are reported as deferred outflows of resources and amortized as an expense for both governmental and business-type activities.

M. Advance Receivable

Advance receivable reported in the Electric Enterprise Fund represents the City's portion of the Northern California Power Agency's (NCPA) General Operating Reserve that is refundable upon demand by the City (See Note 11).

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

N. *Inventory*

Other governmental funds inventories are recorded at cost and are recognized as expenditures when consumed rather than when purchased. For the proprietary fund types, inventories are recorded at cost using the weighted average cost method, which approximates market, and expense is recognized when inventories are consumed in operations.

O. *Deferred Outflows and Inflows of Resources*

Unamortized Losses on Defeasance

Deferred outflows of resources reported in the Wastewater Enterprise Fund and business-type activities include the refunding loss incurred on the issuance of the 2012 Refunding Revenue Bonds amortized over 11 years, and the 2016 Refunding Revenue Bonds amortized over 21 years. Deferred outflows of resources reported in the governmental activities represent the refunding loss incurred with the issuance of the 2012 Refunding Lease Revenue Bonds.

Related to Pensions

Pension contributions made in the current year, changes of assumptions, difference between expected and actual experience and the net difference between projected and actual earnings on plan investments are reported as deferred outflows or deferred inflows of resources per GASB Statement No. 71 as the CalPERS' valuation measurement date is June 30, 2018. These amounts are to be recognized in future pension expense and the amortization period differs depending on the source of the gain or loss.

Related to OPEB

OPEB contributions made in the current year are reported as deferred outflows of resources per GASB Statement No. 71 as the CalPERS' valuation measurement date is June 30, 2018. Those contributions will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Plan earnings in excess of earnings projected, changes in assumptions, differences between expected and actual experience in the OPEB actuarial report are reported as deferred outflows or inflows of resources.

Unavailable Revenue

The unavailable revenue in the governmental funds is related to the HCD's First-time Homebuyers Program, Development Impact Fees, fines, forfeits, and penalties, and miscellaneous revenue for various projects. All fees are expected to be repaid in full.

P. *Capital Assets*

Capital assets, which include land, works of art, buildings and improvements, machinery and equipment, vehicles, infrastructure (e.g., streets, streetlights, traffic signals, sidewalks, and bridges), and electric lines, wastewater lines and storm drains are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the City as assets with individual cost of \$10,000 or more and have an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Capital outlay is recorded as expenditures in the General Fund and other governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized. As required by the Governmental Accounting Standards Board Statement No. 34, beginning July 1, 2002, the City has capitalized infrastructure, primarily its network of streets, as part of the capital assets shown in the governmental activities column on the government-wide statement of net position. This capitalization included infrastructure that could be identified and has been acquired since July 1, 1980.

Depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	3 - 40
Machinery and equipment	2 - 40
Vehicles	5 - 15
Infrastructure	10 - 50

Q. Compensated Absences/Vacation and Sick Leave

The City accrues for compensated absences, in the government-wide financial statements and the proprietary funds financial statements, to pay its employees for the unused vacation, compensatory time, and miscellaneous leave. The City is not obligated to pay for unused sick leave if employees terminate prior to retirement.

Employees hired prior to July 1, 1994, after 10 years with the City and only upon retirement, may convert their accumulated sick leave time to medical insurance premiums under the following options: bank or conversion. The bank option converts the unused sick leave into a dollar amount that will be placed into a “bank” to be used for medical insurance premiums for the employee. The conversion option takes the unused sick leave and converts it to days and the City will pay the medical insurance premiums for the employee for each day after conversion.

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

The following timeframes are used for Pensions reporting:

Valuation Date:	June 30, 2017, rolled forward to June 30, 2018
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Other Post-Employment Benefits (OPEB)

For purposes of measuring the Net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and OPEB 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.

The following timeframes are used for OPEB reporting:

Valuation Date:	June 30, 2017, rolled forward to June 30, 2018
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

T. Self-Insurance

The City is self-insured for general liability, workers' compensation, dental benefits, unemployment and long-term disability. Various City funds are charged premiums for the City's self-insurance liability, which is accounted for in an internal service fund. The accrued liability for estimated self-insured claims represents an estimate of the eventual loss on claims arising prior to year-end including claims incurred but not reported.

U. Net Position

In the government-wide and proprietary funds financial statements, net position is reported in one of three categories:

Net Investment in Capital Assets – This category consists of capital assets net of accumulated depreciation and reduced by deferred outflows of resources and outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – Assets restricted by external creditors, grantors, contributors, enabling legislation or laws or regulations of other governments reduced by liabilities related to those assets.

Unrestricted Net Position – This category consists of all net position that does not meet the definition of net investment in capital assets or restricted net position.

Fund balances presented in the governmental fund financial statements represent the difference between assets, liabilities and deferred inflows of resources. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified in categories based upon the type of constraints imposed on the use of funds. The City evaluated each of its funds at June 30, 2019 and classified fund balances into the following five categories:

Non-spendable – 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 remain intact.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Net Position (Continued)

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.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action by the City’s “highest level of decision-making authority”, which the City considers to be an ordinance passed by the Lodi City Council.

Assigned – Amounts that have been allocated by action of the Lodi City Council in which the City’s intent is to use the funds for a specific purpose. Once assigned, funds may only be released by resolution of the City Council.

Unassigned – Amounts that constitute the residual balances that have no restrictions placed upon them and are reported in the General Fund. For other governmental funds, as restrictions exceed available resources only deficit amounts are reported in the unassigned category.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

The City does not have a policy on the order of spending unrestricted amounts when an expenditure is incurred for which amounts in any of the unrestricted fund balance classifications could be used. Therefore, by default under GASB Statement No. 54, the City uses committed resources first, then assigned resources and unassigned resources last as they are needed.

It is the City’s policy to maintain an unassigned fund balance in the General Fund of at least 16% of revenues and working capital balances in the Water and Wastewater enterprise funds of at least 25% of operating expenses and the target for the Electric Enterprise Fund working capital is \$22.8 million. The policy allows for variations from year-to year to account for economic and fiscal changes. The City Council also adopted a policy to establish the following reserves:

Catastrophic reserve – To maintain the ability of the City to meet operational costs during times of declared emergency or major catastrophe, the City shall designate General Fund balance of a minimum of 8% of annual General Fund revenues reported as unassigned fund balance. This reserve may only be drawn upon pursuant to an emergency as declared under the Municipal Code.

Economic reserve – To maintain the City’s economic viability and to meet seasonal cash flow shortfalls, the City shall designate General Fund economic reserve balance of a minimum of 8% of annual General Fund revenues reported as unassigned fund balance. Funding the economic reserve will begin in the fiscal year following full funding of the catastrophic reserve. Funding may only be disbursed upon a resolution of the City Council.

Once fully funded, if these reserves fall below 5% of annual revenues, the City Manager shall prepare a plan within three months of approval of the City’s financial statements. This plan will restore the 5% within 12 months and the 8% within 24 months.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

V. *Statement of Cash Flows*

A statement of cash flows is presented for proprietary fund types. For purposes of reporting cash flows, the City considers all highly liquid investments with maturities of three months or less when purchased and investments maintained in the pool to be cash equivalents.

W. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

X. *Future Implementation of New Governmental Accounting Standards*

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB Statement No. 83), to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. GASB Statement No. 83 requires the current value of a government's AROs to annually be adjusted for the effects of general inflation or deflation, and relevant factors that may significantly change the estimated asset retirement outlays. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This statement did not have a significant impact to the City's basic financial statements.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB Statement No. 88), to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement did not have a significant impact to the City's basic financial statements.

Future Implementations:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB Statement No. 84 is effective for the City's fiscal year ending June 30, 2020.

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

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

X. Future Implementation of New Governmental Accounting Standards (Continued)

resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB Statement No. 87 is effective for the City’s fiscal year ending June 30, 2021.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB Statement No. 89), to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest cost incurred before the end of a construction period. 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. GASB Statement No. 89 is effective for the City’s fiscal year ending June 30, 2021.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* (GASB Statement No. 90), to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. GASB Statement No. 90 is effective for the City’s fiscal year ending June 30, 2020.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB Statement No. 91), to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 91 is effective for the City’s fiscal year ending June 30, 2022.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-type Activities	Total	Fiduciary Funds Statement of Net Position	Total
Cash and investments	\$ 50,612,594	\$ 55,437,336	\$ 106,049,930	\$ 513,633	\$ 106,563,563
Restricted cash and investments	\$ 11,617,849	\$ 20,402,223	\$ 32,020,072	\$ -	\$ 32,020,072

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 2 – Cash and Investments (Continued)

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$	3,396
Demand deposits		3,973,891
		3,977,287
Investments		134,606,348
Total cash and investments	\$	138,583,635

A. Authorized Investments

The City has adopted an investment policy pursuant to Government Code Section 53601, which authorizes the City to invest surplus funds in the City Treasury in certain investment categories authorized by the California Government Code and the City's Investment Policy. The City's Investment Policy is more restrictive than the Government Code.

The following table identifies the permitted investment types authorized per the City's investment policy. The table also identifies certain provisions that address interest rate risk and concentration of credit risk.

Permitted Investments	Maturity	Maximum % of Portfolio	Minimum Quality Requirements
U.S. Treasury Obligations	5 years	100%	None
US Government Agency Securities & Instrumentalities	5 years	100%	None
Bankers Acceptances	180 days	40%	None
Certificates of Deposit	5 years	100%	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	30%	Credit rating of P1/A1 or A1+/F1 or F1+ by Moody's S&P or Fitch
California State Local Agency Investment Fund	Indefinite	100%	None
Passbook Deposits	Indefinite	100%	None
Mutual Funds & Money Market Mutual Funds	N/A	20%	Multiple Requirements per Gov't Code
Medium Term Corporation Notes	5 years	30%	A-/A3/A- by Moody's, S&P, or Fitch
Joint Powers Authority Pool	Indefinite	30% ⁽¹⁾	Multiple Requirements per Gov't Code
Certificates of Deposit Account Registry Service (CDARS)	Indefinite	30%	None
Supranational Obligations	5 years	30%	AA-/Aa3/AA- by Moody's, S&P, or Fitch
Municipal Securities (50 States or California Local Agencies)	5 years	100%	None

(1) Funds held at NCPA shall not count to this limit)

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 2 – Cash and Investments (Continued)

B. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by the provisions of the debt agreements as to the extent that they are permissible investments of funds of the City.

C. Restricted Cash

The City has established a pension stabilization account with Public Agency Retirement Services (PARS), which invests in a Balanced Index PLUS Fund. The investments made by the City to this fund, are in restricted cash and investments.

D. Disclosure Relating to Interest Rate Risk and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio, as well as limiting a securities maturity to five years or less for investments in the investment pool. Investments held outside the investment pool can have longer maturities as these funds are restricted by bond covenants and are held to the maturity of the bonds.

<i>Investment Type</i>	<i>AAA/Aaa</i>	<i>AA+/AA/AA-</i>	<i>A+/A/A-</i>	<i>BBB+/BBB/BBB-</i>	<i>NR</i>	<i>Total</i>
Investments by Fair Value:						
Held by Trustee:						
US Agency Securities	\$ 250,276	\$ 15,099,528	\$ -	\$ -	\$ 909,986	\$ 16,259,790
Money Market Mutual Funds	-	-	-	-	5,780,808	5,780,808
Municipal Securities	2,353,792	10,857,675	2,143,437	-	-	15,354,904
Corporate Securities	1,109,386	6,315,095	11,857,930	902,535	-	20,184,946
Negotiable Certificate of Deposits	-	-	-	-	12,563,918	12,563,918
Guaranteed Investments Contracts	-	-	-	-	2,169,850	2,169,850
Exempt from Credit Rating Disclosure:						
U.S Treasury Notes	-	-	-	-	10,146,787	10,146,787
Held by City:						
CALTRUST	-	-	-	-	10,062,816	10,062,816
PARS	-	-	-	-	13,937,524	13,937,524
Local Bank Certificate of Deposits	-	-	-	-	2,270,273	2,270,273
Demand Deposits	-	-	-	-	3,973,891	3,973,891
Cash on hand	-	-	-	-	3,396	3,396
LAIF	-	-	-	-	25,874,732	25,874,732
Total Cash and Investments	\$ 3,713,454	\$ 32,272,298	\$ 14,001,367	\$ 902,535	\$ 87,693,981	\$ 138,583,635

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 2 – Cash and Investments (Continued)

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organization. Presented below and on the following page is the minimum rating required by the California Government Code, the City's investment policy, or debt agreements and the actual rating at year end for each investment type.

E. Concentration of Credit Risk

The California Government Code and the investment policy of the City contain limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than investments issued by or explicitly guaranteed by the US Government and investments in mutual funds, external investment pools, and other pooled investments) that represent 5% or more of the total City investments are required to be disclosed. Investments in LAIF, CalTRUST, and money market mutual funds are not subject to the concentration of credit risk disclosure. The City holds 58.41% of its investments in the various securities. These investments in aggregate total are greater than 5% of the total investments, and no one individual holding is greater than 5% of the total investments.

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity Wide:	FEDERAL FARM CREDIT BANK SYSTEM	Federal Agency Obligations	\$ 3,765,683
	FEDERAL HOME LOAN BANK	Federal Agency Obligations	3,895,976
	FEDERAL HOME LOAN MORTGAGE CORPORATION	Federal Agency Obligations	3,986,413

F. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured deposits. The City's deposits with financial institutions, exceeded federal depository insurance limits by \$12,318,393, was collateralized in this fashion.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as LAIF.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 2 – Cash and Investments (Continued)

F. Custodial Credit Risk (Continued)

Investment Type	12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 60 Months	Total
Investments by Fair Value:					
Held by City:					
CALTRUST	\$ 10,062,816	\$ -	\$ -	\$ -	\$ 10,062,816
LAIF	25,874,732	-	-	-	25,874,732
PARS	13,937,524	-	-	-	13,937,524
Local Bank Certificate of Deposits	2,270,273	-	-	-	2,270,273
Cash on Hand	3,396	-	-	-	3,396
Demand Deposits	3,973,891	-	-	-	3,973,891
Held by Trustee:					
Negotiable Certificate of Deposits	1,247,923	1,495,613	2,252,798	7,567,585	12,563,918
US Agency Securities	2,498,758	3,211,635	3,239,083	7,310,314	16,259,790
Money Market Mutual Funds	5,780,808	-	-	-	5,780,808
Municipal Securities	2,752,218	3,049,820	3,964,546	5,588,320	15,354,904
Corporate Securities	4,763,267	4,160,440	3,665,729	7,595,509	20,184,945
Guaranteed Investments Contracts	-	-	-	2,169,850	2,169,850
U.S Treasury Notes	1,994,832	2,494,717	2,650,109	3,007,129	10,146,787
Total Investments	\$ 75,160,438	\$ 14,412,225	\$ 15,772,265	\$ 33,238,707	\$ 138,583,635

G. Investments in Investment Pools

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. At June 30, 2019, the City's investment position in LAIF was \$25.8 million. The City is also a voluntary participant in the CalTRUST which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST, and selects and supervises the activities of the Investment Manager and other agents. As of June 30, 2019, the City's investment in CalTRUST is \$10.1 million; all of which is invested in the Medium term fund.

H. Investments in Guaranteed Investment Contracts

The City has entered into nonparticipating guaranteed investment contracts (GICs), which are authorized under bond documents as outlined in the City's investment policy or the debt agreement. GICs are non-marketable interest bearing agreements with or guaranteed by certain financial institutions. The agreements provide for a guaranteed return on principal over a specified period. A GIC is a general obligation instrument issued by a financial institution, subject to applicable legal restrictions. The City's investments in GIC's represent proceeds from bond issues that have been set aside (held for the benefit of the bondholders) as debt service reserves and proceeds of bonds that have been invested until used on the projects being financed. The investment contracts holding debt service reserves are held long-term and bear interest 5.455%, while most project funds are invested short-term with lower

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 2 – Cash and Investments (Continued)

rates. All of the investment contracts are collateralized by investments, with \$2,169,850 collateralized at 104% to 105%, as set forth in the legal agreements.

I. Fair Value Measurements

In accordance with GASB Statement 72, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability.

Valuation inputs are assumptions that market participants use in pricing an asset or liability. The hierarchy of inputs used to generate the valuation is classified into three different levels.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.
- Level 2 inputs include quoted prices for similar assets or liabilities in markets that are active; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for an asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs from the asset or liability where there is very little market activity and they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

The City has the following fair value measurements as of June 30, 2019:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value:			
Held by City:			
Negotiable Certificate of Deposits	\$ -	\$ 12,563,918	\$ 12,563,918
US Agency Securities	-	16,259,790	16,259,790
Money Market	-	-	5,780,808
Guaranteed Investments Contracts	-	-	2,169,850
U.S Treasury Notes	-	-	10,146,787
Municipal Securities	-	15,354,904	15,354,904
Corporate Securities	-	20,184,946	20,184,946
Subtotal	-	64,363,558	82,461,003
Investments Exempt from Fair Value Hierarchy:			
Held by City			
CALTRUST	-	-	10,062,816
PARS	-	-	13,937,524
LAIF	-	-	25,874,732
Local Certificate of Deposits	-	-	2,270,273
Cash on Hand	-	-	3,396
Demand Deposits	-	-	3,973,891
Total Investments	\$ -	\$ -	\$ 138,583,635

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 3 – Allowance for Uncollectible Accounts

Receivables of the General Fund, Electric, Wastewater and Water funds, as well as the miscellaneous receivables are reported net of uncollectible amounts. Total allowance provided for uncollectible amounts related to receivables of the current period are as follows:

<u>Uncollectibles related to:</u>		
Late charges and services	\$	38,858
Electric sales and services		180,627
Wastewater services		48,955
Water sales and services		41,509
Miscellaneous billing		552,094
Total uncollectibles of the current fiscal year	\$	<u>862,043</u>

Note 4 – Interfund Receivables/Payables

Interfund receivables and payables at June 30, 2019 are as follows:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
<i>Non-major governmental</i>	<i>Non-major governmental</i>	
Community Development	Transportation	15,848
	Home & CDBG	66,600
Internal Service Funds	Internal Service Funds	
Benefits	Fleet	75,398
		<u>\$ 157,846</u>

“Due to” and “due from” balances are recorded primarily when funds overdraw their share of pooled cash or when there are short-term loans between funds. The \$82,448 represents cash deficits in other governmental funds. The \$75,398 represents cash deficits in the Internal Service Funds.

<u>Advances to</u>	<u>Advances from</u>	<u>Amount</u>
Other governmental	Water	<u>\$ 548,679</u>

The advances from the Water Fund were used for the construction of Fire Station #4. In FY2019, the interfund loan was taken to Council to establish interest terms and repayment terms. The repayment terms include a quarterly payment of all fee revenue collected, to be applied to outstanding principle prior to calculation of quarterly interest calculation. Interest is calculated on a quarterly compounded basis after payment is applied at the rate of the Variable-1 year United States Treasury Note. The final payment to be made by June 30, 2024.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 5 – Transfers

Transfers for the year ended June 30, 2019, are summarized as follows:

	Transfers In			Total
	General	Streets	Other Governmental	
Transfers Out:				
General	\$ -	\$ 137,520	\$ 7,606,480	\$ 7,744,000
Other governmental	-	-	1,223,965	1,223,965
Electric	2,149,040	-	-	2,149,040
Wastewater	1,083,710	-	-	1,083,710
Water	821,900	-	-	821,900
Transit	179,130	-	-	179,130
Total	\$ 4,233,780	\$ 137,520	\$ 8,830,445	\$ 13,201,745

During the year, various interfund transfers were made to finance expenditures, subsidize operating losses and service debt.

Transfers out of \$2,149,040 from the Electric Fund, \$1,083,710 from the Wastewater Fund, \$821,900 from the Water Fund and \$179,130 from the Transit Fund represent operating contributions to the General Fund.

The transfer of \$137,520 from the General Fund to the Streets Fund is for operations and for various streets projects.

The transfer of \$7,606,480 from the General Fund to other governmental funds represents transfer of \$1,101,430 to the Debt Service Fund for the interest required to pay the 2012 Refunding Lease Revenue Bonds; \$3,881,960 to Parks, Recreation, and Community Services Fund for operating costs; \$430,000 to the Capital Outlay Reserve Fund for various capital projects; \$2,126,370 to Vehicle Replacement Funds to fund vehicle replacements; and \$100,000 from Library to Library Capital Fund for library-related capital projects. In addition, Community Development transferred to the General Fund \$(33,280) for normal operating costs.

The transfer out of \$1,223,965 from other governmental funds to other governmental funds includes \$656,010 transferred from Parks, Recreation, and Community Services Fund to the Debt Service Fund for the interest required to pay the 2012 Refunding Lease Revenue Bonds; transfer of \$318,000 from Parks, Recreation, and Community Services Fund to Parks Capital Fund for park-related capital projects; and transfer of \$21,000 from the Community Development Fund, and \$190,675 from the Parks, Recreation, to the Vehicle and Equipment Fund for fleet replacement; the Arts fund transferred \$5,000 to Parks and Recreation Capital fund; and \$33,280 was transferred in from Community Development to General Fund.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 6 – Capital Assets

Capital assets activity of the primary government for the year ended June 30, 2019, was as follows:

Governmental activities	As Restated July 1, 2018	Increases	Decreases	June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 24,947,834	\$ -	\$ (61,239)	\$ 24,886,595
Work of Art	304,907	-	-	304,907
Construction in progress	4,212,019	1,240,061	(3,347,459)	2,104,621
Total capital assets, not being depreciated	29,464,760	1,240,061	(3,408,698)	27,296,123
Capital assets, being depreciated:				
Buildings and improvements	77,456,162	235,362	(219,567)	77,471,957
Machinery and equipment	14,044,854	2,373,287	-	16,418,141
Vehicles	11,704,456	131,426	(146,253)	11,689,629
Infrastructure	171,482,881	4,288,776	-	175,771,657
Total capital assets, being depreciated	274,688,353	7,028,851	(365,820)	281,351,384
Less accumulated depreciation for:				
Buildings and improvements	33,356,636	2,095,117	(219,567)	40,232,186
Machinery and equipment	11,965,882	900,579	-	12,866,461
Vehicles	9,189,525	441,077	(146,253)	9,484,349
Infrastructure	107,166,900	5,664,958	-	112,831,858
Total accumulated depreciation	166,678,943	9,101,731	(365,820)	175,414,854
Total capital assets, being depreciated, net	108,009,410	(2,072,880)	-	105,936,530
Governmental activities capital assets, net	\$ 137,474,170	\$ (832,819)	\$ (3,408,698)	\$ 133,232,653

Business-type activities	As Restated July 1, 2018	Increases	Decreases	June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 5,535,718	\$ -	\$ -	\$ 5,535,718
Construction in progress	17,616,644	9,085,135	(9,663,252)	17,038,527
Total capital assets, not being depreciated	23,152,362	9,085,135	(9,663,252)	22,574,245
Capital assets, being depreciated:				
Buildings and improvements	48,581,773	-	-	48,581,773
Machinery and equipment*	300,720,549	11,468,440	(2,672,542)	309,516,447
Vehicles	13,717,900	812,730	(403,548)	14,127,082
Total capital assets, being depreciated	363,020,222	12,281,170	(3,076,090)	372,225,302
Less accumulated depreciation for:				
Buildings and improvements	21,944,521	1,284,876	-	23,229,397
Machinery and equipment*	107,191,953	8,678,108	-	115,870,061
Vehicles	9,514,023	1,322,451	(392,337)	10,444,137
Total accumulated depreciation	138,650,497	11,285,435	(392,337)	149,543,595
Total capital assets, being depreciated, net	224,369,725	995,735	(2,683,753)	222,681,707
Business-type activities capital assets, net	\$ 247,522,087	\$ 10,080,870	\$ (12,347,005)	\$ 245,255,952

*Construction in progress for July 1, 2018 were restated in the amount of \$715,241. Machinery and equipment balances for July 1, 2018 were restated in the amount of \$2,653,445.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 6 – Capital Assets (Continued)

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental Activities:		Business-type Activities:	
General government	\$ 1,544,290	Electric	\$ 2,293,864
Public protection	692,396	Wastewater	4,319,907
Public works	5,198,667	Water	3,264,761
Community development	19,549	Transit	1,406,903
Library	71,465	Total depreciation expense	<u>\$ 11,285,435</u>
Parks and recreation	1,573,917		
Internal service funds	1,447		
Total depreciation expense	<u>\$ 9,101,731</u>		

Note 7 – Long – Term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2019:

Governmental activities:	As Restated July 1, 2018	Additions	Reductions	June 30, 2019	Amounts Due Within One Year
Compensated absences	\$ 8,258,312	\$ 4,579,877	\$ (4,229,015)	\$ 8,609,174	\$ 2,355,345
Sick leave conversion*	8,474,218	-	(369,402)	8,104,816	-
2012 Lease Revenue Bonds	17,130,000	-	(900,000)	16,230,000	930,000
Issuance premium	708,760	-	(53,830)	654,930	53,830
Total	<u>17,838,760</u>	<u>-</u>	<u>(953,830)</u>	<u>16,884,930</u>	<u>983,830</u>
Loan payable	286,236	-	(93,571)	192,665	95,402
Capital lease	409,949	-	(78,624)	331,325	80,272
Self-insurance liability	7,994,536	2,042,840	(1,972,002)	8,065,374	2,042,840
Governmental activities long-term liabilities	<u>\$ 42,892,609</u>	<u>\$ 6,622,717</u>	<u>\$ (7,327,042)</u>	<u>\$ 42,188,284</u>	<u>\$ 5,557,689</u>

*Sick leave conversion bank options balances restated as of July 1, 2018 in the amount of \$8,104,816.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 7 – Long – Term Liabilities (Continued)

	As Restated			Amounts Due	
	July 1, 2018	Additions	Reductions	June 30, 2019	Within One Year
Business-type activities:					
Compensated absences	\$ 2,601,449	\$ 2,626,472	\$ (2,629,922)	\$ 2,597,999	\$ 747,009
Pollution remediation obligation	16,853,522	-	(263,768)	16,589,754	400,000
Loan payable	1,095,888	-	(209,200)	886,688	214,078
Certificates of Participation and Revenue Bonds:					
2004 Certificates of Participation A	2,070,000	-	-	2,070,000	-
2010 Water Revenue Bonds A & B	32,680,000	-	(980,000)	31,700,000	1,010,000
Issuance premium	433,405	-	(19,701)	413,704	19,700
Total	33,113,405	-	(999,701)	32,113,704	1,029,700
2012 Wastewater Refunding Revenue Bonds A	10,200,000	-	(1,535,000)	8,665,000	1,600,000
Issuance premium	873,147	-	(166,314)	706,833	166,313
Total	11,073,147	-	(1,701,314)	9,371,833	1,766,313
2016 Wastewater Refunding Revenue Bonds A	20,295,000	-	(110,000)	20,185,000	110,000
Issuance premium	2,455,855	-	(130,979)	2,324,876	130,979
Total	22,750,855	-	(240,979)	22,509,876	240,979
2017 Installment Purchase Agreement	7,762,794	-	(107,922)	7,654,872	108,903
Issuance premium	-	-	-	-	-
Total	7,762,794	-	(107,922)	7,654,872	108,903
2018 Electric System Refunding Revenue Bonds	41,610,000	-	-	41,610,000	1,710,000
Issuance premium	6,681,443	-	(556,877)	6,124,566	477,246
Total	48,291,443	-	(556,877)	47,734,566	2,187,246
Total Certificates of Participation and Revenue Bonds	125,061,643	-	(3,606,792)	121,454,851	5,333,141
Business-type activities long-term liabilities	\$ 145,612,503	\$ 2,626,472	\$ (6,709,683)	\$ 141,529,292	\$ 6,694,228

Loans Payables

Governmental Activities:

In September 2015, the City obtained a loan in the amount of \$468,000 to finance the purchase of a fire engine. Annual principal and interest payment is \$99,172 with final payment due on December 1, 2020. The annual payments will be paid from Fire department appropriations.

Business-type Activities:

In August 2015, the City obtained a loan in the amount of \$1.5 million to finance the Electric Enterprise Fund's LED Street Light Retrofit project. Annual principal and interest payment is approximately \$235,000 with final payment due December 1, 2022. The annual payments will be paid from the Greenhouse Gas Free Allowance proceeds.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 7 – Long – Term Liabilities (Continued)

Annual debt service requirements to maturity of the loans payables are as follows:

Year Ending June 30,	Governmental Activities		Year Ending June 30,	Business-type Activities	
	Principal	Interest		Principal	Interest
2020	\$ 95,402	\$ 3,770	2020	\$ 214,078	\$ 20,677
2021	97,263	1,908	2021	219,027	15,728
Total	<u>\$ 192,665</u>	<u>\$ 5,678</u>	2022	224,178	10,577
			2023	229,405	5,350
			Total	<u>\$ 886,688</u>	<u>\$ 52,332</u>

Capital Lease

On June 22, 2016, the City entered into a lease-purchase agreement for the acquisition of Dispatch Console equipment for the Police Department. The new equipment will provide the City with a more flexible system for better connectivity between the Lodi Police Department dispatch operators and field personnel.

The present values of future minimum capital lease payments as of June 30, 2019, are as follows:

Year Ending, June 30	
2020	\$ 80,272
2021	81,955
2022	83,673
2023	85,425
Total minimum lease payments	<u>331,325</u>
Plus amounts representing interest	14,834
Present value of minimum capital lease payments	<u>\$ 346,159</u>

Certificates of Participation and Revenue Bonds

Governmental Activities:

On September 1, 2012, the City issued **\$19,080,000** Refunding Lease Revenue Bonds (2012 LRB) to allow the City to prepay and cause the immediate defeasance of the outstanding \$21,025,000 Certificates of Participation (2002 COP). The 2002 COP were issued in January 2002 to provide funds to finance the costs of constructing, furnishing and equipping a new police building and jail for the City, to finance portions of certain other projects and to refund the outstanding 1995 and 1996 Certificates of Participation. As of June 30, 2019, there are no outstanding balances of these refunded Certificates. The 1995 Certificates of Participation (1995 COP) were sold in October 1995 to finance the City Downtown Revitalization and the Cherokee Lane Beautification projects. The 1996 Certificates of Participation (1996 COP) were sold in August 1996 to finance the construction of the Hutchins Square Conference and Performing Arts Center. The total principal and interest remaining to be paid on the 2012 LRB is \$21,390,356. Principal is payable annually on October 1 in amounts ranging from \$260,000 to \$1,605,000 beginning in 2016 with final payment due in 2031. Interest paid for the current year was \$755,213.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 7 – Long – Term Liabilities (Continued)

Certificates of Participation and Revenue Bonds (Continued)

Business-type Activities:

On May 12, 2004, the City issued **\$27,360,000** Certificates of Participation (2004A COP) to provide funds to finance the costs of certain improvements to the wastewater collection, treatment and disposal system of the City. Principal is payable annually commencing 2024 on October 1 in amounts from \$170,000 to \$2,070,000 with final payment due October 1, 2024. The City has pledged future wastewater revenues, net of specified operating expenses, to repay these certificates. The total principal and interest remaining to be paid on the certificates is \$2,561,630. Interest paid for the current year and total net revenues were \$98,326 and \$9,563,357, respectively.

On October 1, 2010, the City issued **\$9,015,000** Water Revenue Bonds, 2010 Series A and **\$29,650,000** Water Revenue Bonds, 2010 Series B (Federally taxable - Build America Bonds) (2010 Bonds) to finance the construction of the Surface Water Treatment Facility which is designed to pump water from the Mokelumne River, treat and deliver it to the City's water distribution system. Principal is payable annually on June 1 in amounts ranging from \$775,000 to \$2,210,000 with final payment due June 1, 2040. The City has pledged future water revenues, net of operation and maintenance costs, to repay these certificates. The total principal and interest remaining to be paid on the certificates is \$57,391,672. Principal and interest paid for the current year and total net revenues were \$2,969,156 and \$8,336,525, respectively.

On August 16, 2012, the City issued **\$17,105,000** 2012 Refunding Wastewater Revenue Bonds Series A (2012 Bonds) to advance refund the \$17,115,000 principal amount of the 2004 Wastewater Revenue Certificates of Participation. Principal is payable annually on October 1 in amounts ranging from \$1,280,000 to \$1,885,000 beginning in 2013 with final payment due in 2023. The City pledged future wastewater revenues, net of specified operating expenses, to repay these certificates. The total principal and interest remaining to be paid on the 2012 Bonds is \$9,707,350. Principal and interest paid for the current year and total net revenues were \$1,949,100 and \$9,563,357, respectively.

On March 10, 2016, the City issued **\$20,295,000** 2016 Refunding Wastewater Revenue Bonds Series A (2016 Bonds) for an advance refunding of the \$21,415,000 principal amount of the 2007 Wastewater Revenue Certificates of Participation. Principal is payable annually on October 1 in amounts ranging from \$110,000 to \$2,175,000 beginning in 2018 with final payment due in 2037. The City pledged future wastewater revenues, net of specified operating expenses, to repay these certificates. The total principal and interest remaining to be paid on the 2016 bonds is \$30,078,556. Interest paid for the current year and total net revenues were \$849,150 and \$9,563,357, respectively. At June 30, 2019, the remaining balance of the refunded debt is \$21,264,470.

On December 1, 2017, the City issued **\$7,762,794** 2017 Installment Purchase Agreement for an advance refunding of the \$7,555,000 principal amount of the 2007 Wastewater Revenue Certificates of Participation. Principal is payable annually on October 1 in amounts ranging from \$107,000 to \$545,000 beginning in 2018 with final payment due in 2037. The City pledged future wastewater revenues, net of specified operating expenses, to repay these certificates. The total principal and interest remaining to be paid on the 2017 Agreement is \$10,021,445.

On June 13, 2018, the City issued **\$41,610,000** Electric System Revenue Refunding Bonds (2018 Bonds) to allow the City to prepay and cause the immediate defeasance of the outstanding \$55,785,000 Certificates of Participation (Electric System Revenue Certificates of Participation 2008 Series A). Principal is payable annually on September 1 in amounts ranging from \$1,710,000 to \$4,045,000 beginning in 2019 with final payment due in 2032. The City has pledged future electric revenues, net of specified operating expenses, to repay these certificates. The total principal and interest remaining to be paid on the certificates is \$59,467,804.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 7 – Long – Term Liabilities (Continued)

Certificates of Participation and Revenue Bonds (Continued)

The various indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts and minimum revenue bond coverage. The City is in compliance with all such significant limitations and restrictions.

Annual debt service requirements to maturity for certificates of participation and bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 930,000	\$ 721,087	\$ 4,538,903	\$ 6,002,497
2021	965,000	685,337	5,179,846	5,357,066
2022	1,020,000	635,712	5,410,675	5,132,628
2023	1,065,000	583,587	5,656,416	4,872,773
2024	1,120,000	528,962	5,912,098	4,587,970
2025-2029	6,505,000	1,714,342	33,176,783	18,116,763
2030-2034	4,625,000	291,329	31,785,733	9,738,583
2035-2039	-	-	18,014,418	3,343,622
2040-2044	-	-	2,210,000	146,678
Total	\$ 16,230,000	\$ 5,160,356	\$ 111,884,872	\$ 57,298,580

Note 8 – Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's separate Miscellaneous and Safety Plans (Plans), agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (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.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 8 – Pension Plans (Continued)

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

Miscellaneous Plan		
	Prior to 1-Jan-13	On or after 1-Jan-13
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-67	52-67
Monthly benefits, as a % of eligible compensation	1.426%-2.418%	1% to 2.5%
Required employee contribution rates	7%	6.75%
Required employer contribution rates	21.80%	21.80%

Safety Plan			
	Prior to 22-Dec-12	December 22, 2012 to 31-Dec-12	On or after 1-Jan-13
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3%	2% to 2.7%
Required employee contribution rates	9%	9%	11.25%
Required employer contribution rates	44.75%	44.75%	44.75%

Employees Covered

At June 30, 2019, the most recent actuarial valuation available, the following employees were covered by the benefits of the City's Plans:

	Miscellaneous Plan	Safety Plan
Inactive employees or beneficiaries currently receiving benefits	255	108
Inactive employees entitled but not yet receiving benefits	117	24
Active employees	130	194
Total	502	326

Contributions

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

	Miscellaneous	Safety	Aggregate Total
Contributions - employer	\$ 4,208,873	\$ 5,549,746	\$ 9,758,619

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 8 – Pension Plans (Continued)

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures.

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Investment Rate of Return	7.50% ⁽¹⁾	7.50% ⁽¹⁾
Mortality	Based on rates of CalPERS Experience Study	

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the 2017 CalPERS Experience Study for the period from 1997 to 2017. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 8 – Pension Plans (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 ⁽¹⁾	Real Return Years 11 + ⁽²⁾
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	77.0%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

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

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

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Miscellaneous Plan:			
Balance at June 30, 2017 ⁽¹⁾	\$ 190,531,368	\$ 132,306,298	\$ 58,225,070
Changes in the year:			
Service cost	3,020,122	-	3,020,122
Interest on the total pension liability	13,374,883	-	13,374,883
Changes in assumptions	(950,894)	-	(950,894)
Changes in benefit terms	47,853	-	47,853
Differences between expected and actual experience	830,292	-	830,292
Contribution - employer	-	4,208,873	(4,208,873)
Contribution - employee	-	1,364,684	(1,364,684)
Net investment income ⁽²⁾	-	11,191,848	(11,191,848)
Benefit payments, including refunds of employee contributions	(9,814,728)	(9,814,728)	-
Other changes in fiduciary net position	-	(598,013)	598,013
Net changes during measurement period	6,507,528	6,352,664	154,864
Balance at June 30, 2018	\$ 197,038,896	\$ 138,658,962	\$ 58,379,934

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense.

(2) Net of administrative expenses.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 8 – Pension Plans (Continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2017 ⁽¹⁾	\$ 189,821,025	\$ 112,118,815	\$ 77,702,210
Changes in the year:			
Service cost	3,385,583	-	3,385,583
Interest on the total pension liability	13,288,494	-	13,288,494
Changes in assumptions	(681,450)	-	(681,450)
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(122,816)	-	(122,816)
Contribution - employer	-	5,549,746	(5,549,746)
Contribution - employee	-	1,079,094	(1,079,094)
Net investment income ⁽²⁾	-	9,544,033	(9,544,033)
Benefit payments, including refunds of employee contributions	(9,712,985)	(9,712,985)	-
Other changes in fiduciary net position	-	(506,769)	506,769
Net changes during measurement period	6,156,826	5,953,119	203,707
Balance at June 30, 2018	\$ 195,977,851	\$ 118,071,934	\$ 77,905,917

- (1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense.
(2) Net of administrative expenses.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, 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 or 1-percentage point higher than the current rate:

	Miscellaneous Plan	Safety Plan
1% Decrease	6.15%	6.15%
Net Pension Liability	\$83,800,072	\$104,835,584
Current Discount Rate	7.15%	7.15%
Net pension Liability	\$58,379,934	\$77,905,917
1% Increase	8.15%	8.15%
Net Pension Liability	\$37,299,772	\$55,833,152

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$3,919,916 and \$6,247,800 for the Miscellaneous and Safety Plans, respectively.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 8 – Pension Plans (Continued)

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

	Miscellaneous Plan		Safety Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,907,206	\$ -	\$ 6,195,073	\$ -	\$ 11,102,279	\$ -
Changes of assumptions	3,011,718	633,929	5,733,509	655,196	8,745,227	1,289,125
Difference between expected and actual experience	553,528	113,794	760,307	137,287	1,313,835	251,081
Net differences between projected and actual earnings on plan investments	354,471	-	285,758	-	640,229	-
Total	\$ 8,826,923	\$ 747,723	\$ 12,974,647	\$ 792,483	\$ 21,807,570	\$ 1,540,206

The \$4,907,206 and \$6,195,073 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next measurement period or the year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending 30-Jun	Miscellaneous Plan	Safety Plan	Total
2019	\$ 4,589,765	\$ 4,091,993	\$ 8,681,758
2020	345,855	3,032,638	3,378,493
2021	(1,378,761)	(784,056)	(2,162,817)
2022	(384,865)	(353,484)	(738,349)
Total	\$ 3,171,994	\$ 5,987,091	\$ 9,159,085

Note 9 – Post Employment Benefits Other Than Pensions

A. Plan Description

The City sponsors a single-employer defined-benefit postemployment healthcare plan (Retiree Health Plan) to provide medical insurance benefits to eligible retired employees and their spouses. The Plan does not issue a publicly available financial report. Medical coverage is provided through CalPERS healthcare program. Employees who retire from the City and receive a CalPERS pension are eligible for postemployment medical benefits. The City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. In general, retirees must contribute any premium amounts in excess of the City contribution. However, as described below, a closed group of active employees and retirees receive additional postemployment benefits.

Employees hired prior to the dates shown in the following table are allowed to convert their accumulated sick leave into postemployment medical benefits at retirement as long as they have ten or more years of service with the City.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 9 – Post Employment Benefits Other Than Pensions (Continued)

A. Plan Description (Continued)

Group	Hired prior to:
Executive Management	July 1, 1994
Mid-Management	July 1, 1994
Fire Mid-Management	December 6, 1995
Police Mid-Management	July 1, 1994
General Services	July 1, 1995
IBEW	July 1, 1995
Maintenance and Operators	July 1, 1995
Dispatchers	July 9, 1994
Police	October 10, 1994
Fire	December 6, 1995

B. Eligibility

Employees of the City are eligible for retiree health benefits if they retire from the City and commence pension benefits under PERS (typically on or after age 50 with at least five years of PERS eligible service). Membership in the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation.

<u>Eligibility</u>	<u>Plan</u>
Active plan members	283
Inactive plan members entitled to, but not yet receiving benefits	194
Retirees electing coverage	93
Retirees	7
Total	<u>577</u>

C. Funding Policy

Contribution requirements of the Retiree Health Plan are based on pay-as-you-go financing. The City's policy is to fund the normal cost (current accrual for benefits being earned) plus an amortization of the net (unfunded accrued) OPEB liability. For fiscal year 2018-19, the City contributed \$1,862,969.

D. Net OPEB Liability

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Actuarial accrued liability (AAL)	\$ 34,566,187
Actuarial value of plan assets	<u>1,144,166</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 33,422,021</u>

E. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial purposes are

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 9 – Post Employment Benefits Other Than Pensions (Continued)

E. Actuarial Methods and Assumptions (Continued)

based on the substantive plan (the plan as understood by the employer and plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members to that point. The actuarial methods and the assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

F. Actuarial Valuations

The net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

Valuation date: June 30, 2017	Measurement date: June 30, 2018
Actuarial Cost Method	Entry Age Normal level percent of pay cost method
Actuarial Assumptions:	
Discount Rate	3.66%
Inflation	2.75%
Wage Inflation	3.00%
Expected Rate of Return	6.73% per annum. This discount rate assumes the City continues to fully fund for its retiree benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment strategy 1 of 7.28% with an additional margin for adverse deviation.
Healthcare Trend Rate	An annual healthcare cost trend rate of 6.8% initially reduced by decrements to an ultimate of 4.40% therefore.

G. Discount Rate

The discount rate used to measure the net OPEB liability was 3.60%. This discount rate assumes the City continues to fully fund for its retiree health benefits through the "California Employers Retiree Benefit Trust" (CERBT) under its investment allocation strategy 2. The rate reflects the OPEB published median interest rate for strategy 1 of 7.59% with an additional margin for adverse deviation.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return¹</u>
Global equity	57.00%	4.82%
Fixed income	27.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
Real estate	8.00%	3.76%

1 - Long term expected rate of return in 6.73%

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 9 – Post Employment Benefits Other Than Pensions (Continued)

G. Discount Rate (Continued)

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (2.66%) or 1-percentage point higher (4.66%) than the current discount rate:

	<u>Plan's Net OPEB Liability/(Asset)</u>	
<u>Discount Rate - 1%</u> <u>(2.66%)</u>	<u>Current Discount</u> <u>Rate (3.66%)</u>	<u>Discount Rate + 1%</u> <u>(4.66%)</u>
\$ 37,208,508	\$ 33,422,021	\$ 30,218,615

H. Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates 1-percentage point lower (5.0%HMO/5.5%PPO decreasing to 4.0%HMO/4.5%PPO) or 1-percentage point higher (7.0%HMO/6.5%PPO decreasing to 6.0%HMO/6.5%PPO) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
HMO	4.00%	5.00%	6.00%
PPO	4.50%	5.50%	6.50%
City Plan	\$ 29,760,503	33,422,021	37,826,184

I. OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,553,080 for the City Plan. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Contributions subsequent to measurement date	\$ 1,862,969	\$ -
Change of assumptions	-	1,987,042
Difference between expected and actual experience	-	19,920
	<u>\$ 1,862,969</u>	<u>\$ 2,006,962</u>

The \$1,862,969 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

	<u>Measurement Period</u> <u>Ended June 30</u>
2020	\$ (392,361)
2021	(392,361)
2022	(392,359)
2023	(384,147)
2024	(385,327)
Thereafter	(60,407)
	<u>\$ (2,006,962)</u>

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 9 – Post Employment Benefits Other Than Pensions (Continued)

J. Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017	\$ 34,354,842	\$ 1,079,480	\$ 33,275,362
Changes Recognized for the Measurement Period:			
Service Cost	1,042,935	-	1,042,935
Interest on the total OPEB liability	1,240,787	-	1,240,787
Changes of assumptions	(209,408)	-	(209,408)
Employer contributions	-	1,862,969	(1,862,969)
Net investment income	-	66,683	(66,683)
Benefit payments, including refunds of member contributions	(1,862,969)	(1,862,969)	-
Administrative expenses	-	(1,997)	1,997
Net Changes during July 1, 2017 to June 30, 2018	211,345	64,686	146,659
Balance at June 30, 2018 (Measurement Date)	\$ 34,566,187	\$ 1,144,166	\$ 33,422,021

Note 10 – Claims and Benefits

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured as discussed in the following paragraphs for which liabilities are recorded in the Internal Service Fund-Insurance Fund.

The City is self-insured for general liability up to the first \$500,000 per occurrence with claims from \$500,000 to \$40,000,000 per occurrence and in the aggregate insured through the California Joint Powers Risk Management Authority. The City has not had any settlements that exceeded its general liability insurance coverage (See Note 12).

The City is self-insured for workers' compensation up to the first \$250,000 per claim. Any claims of \$250,000 up to California statutory limits are covered under a purchased policy through the membership with the Local Agency Workers' Compensation Excess Joint Powers Authority with coverage up to \$300,000,000 in the current year. The City has not had any settlements that exceeded its workers' compensation insurance coverage (See Note 12).

The City is fully self-insured for dental and unemployment for its employees.

General liability and workers' compensation claims are administered by an outside agency and all other claims are administered by the City. The City has accrued a liability of \$8,065,374 at June 30, 2019, for all self-insured claims in the Internal Service Fund-Insurance Funds that includes an amount for incurred but not reported claims. The liability amount is based on the requirements of GASB Statement No. 62, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In the opinion of the City, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 10 – Claims and Benefits (Continued)

Changes in the self-insurance liability for the years ended June 30, 2019, 2018, and 2017 are as follows:

	FY18-19	FY17-18	FY16-17
Beginning Balance	\$ 7,994,536	\$ 8,842,398	\$ 8,480,942
Current Year Claims & Changes In Estimates	2,042,840	1,121,320	2,365,077
Claim Payments	(1,972,002)	(1,969,182)	(2,003,621)
Ending Balance	<u>\$ 8,065,374</u>	<u>\$ 7,994,536</u>	<u>\$ 8,842,398</u>

Note 11 – Participation in Joint Ventures

Northern California Power Agency

The City, along with fifteen other public agencies, is a member of the Northern California Power Agency (NCPA) that was formed in 1968 as a joint powers agency. Its membership consists of twelve cities with publicly owned electric utility distribution systems, one port authority, a transit authority, one public utility district and one associate member. NCPA is generally empowered to purchase, generate, transmit, distribute and sell electrical energy. Members participate in the projects of NCPA on an elective basis. A commission comprising of one representative from each member organization governs NCPA. The commission is responsible for the general management of the affairs, property, and business of NCPA. Under the direction of the General Manager, the staff of NCPA is responsible for providing various administrative, operating and planning services for NCPA, its associated power corporations and its members.

NCPA's project construction and development programs have been individually financed by project revenue bonds collateralized by NCPA's assignment of all payments, revenues and proceeds associated with its interest in each project. Each Project Participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, reduction or curtailment of output from the project for any reason. Certain of the revenue bonds are additionally supported by municipal bond insurance credit enhancements.

Project Financing and Construction

Increase in Non-defaulting Project Participant's Original Project Entitlement Percentage

Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Member Agreement for the projects, and except as sales and transfers are made pursuant thereto, the Member Agreements provide that Project Entitlement for each non-defaulting Project Participant shall be automatically increased for the remaining term of the Member Agreement; pro rata with those of the non-defaulting Project Participant thereunder; provided, however, that the sum of such increase for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Entitlement Percentage Share.

General Operating Reserve with NCPA

Members of NCPA established a general operating reserve in 1992 for the purposes of providing a vehicle to fund reasonably foreseeable contingent liabilities. It was set up primarily to provide the following advantages: minimizes the number and dollar amount of reserve that might otherwise be funded separately in connection with NCPA's individually financed operating plants, projects and programs; and provides each member with flexibility and unilateral control over the determination of what they will fund, how they will fund it and what expenditures from the reserve will be made on their individual behalf. It provides funding for contingent liabilities that are not budgeted but that may require significant future expenditures. The reserve is segregated by participant and is refundable on demand by the participant.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 11 – Participation in Joint Ventures (Continued)

Project Financing and Construction (Continued)

As of June 30, 2019, the City's balance in the NCPA General Operating Reserve, which has been credited with annual interest earnings and settlements, is \$10,900,902.

Project Participation

The NCPA members and their percentage share at June 30, 2019, which is the most recent available data, are as follows:

NCPA MEMBERS	Geothermal Project	Hydro Electric Project	Combustion Turbine Project #1	Multiple Capital Facilities	Transmission Project	Lodi Energy Center
Alameda	16.88%	10.00%	21.82%	19.00%	30.78%	0.00%
Bay Area Rapid Transit	-	-	-	-	-	6.60
Biggs	0.23	-	0.20	-	0.34	0.27
Gridley	0.34	-	0.35	-	0.62	1.96
Healdsburg	3.67	1.66	5.83	-	6.69	1.64
Lodi	10.28	10.37	13.39	39.50	20.61	9.50
Lompoc	3.68	2.30	5.83	5.00	6.71	2.04
Palo Alto	-	22.92	-	-	-	-
Plumas-Sierra Rural Electric Coop	0.70	1.69	1.82	-	1.31	0.79
Roseville	7.88	12.00	-	36.50	13.08	-
Santa Clara	44.39	37.02	41.67	-	-	25.75
Ukiah	5.61	2.04	9.09	-	10.23	1.79
OTHER PARTICIPANTS						
Azusa	-	-	-	-	-	2.79
California Department of Water Resources	-	-	-	-	-	33.50
Modesto Irrigation District	-	-	-	-	-	10.71
Power & Water Resources Pooling Agency	-	-	-	-	-	2.67
Turlock Irrigation District	6.33	-	-	-	9.61	-

Bulk power purchased by the City through NCPA amounted to \$37,055,515 during the year ended June 30, 2019 and is reflected in utilities expense in the Electric Enterprise Fund.

NCPA Geothermal Project

In addition to federal geothermal leasehold, steam wells, gathering system and related facilities, the project consists of two electric generating stations (Plant 1 and Plant 2). With combined 165 MW turbine generator units utilizing low temperature geothermal steam; associated electrical, mechanical and control facilities; a heat dissipation system; a steam gathering system; a transmission tap line; and, other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes well pads, access roads, steam wells and re-injection wells.

Under a power purchase agreement with NCPA, the City is obligated to pay 10.28% of the operating and debt service costs. Outstanding long-term debt related to this project was approximately \$25 million at June 30, 2019.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 11 – Participation in Joint Ventures (Continued)

Project Financing and Construction (Continued)

Calaveras Hydroelectric Project

NCPA contracted to finance, manage, construct and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, NCPA has the right to the electric output of the project for 50 years from February 1982. NCPA has also the option to purchase power from the project in excess of the District's requirements for the subsequent 50 years, subject to regulatory approval.

Under a power purchase agreement, the City is obligated to pay 10.37% of the operating costs and approximately 10.63% of the debt service. At June 30, 2019, approximately \$278 million in long-term debt used to finance this project was outstanding.

NCPA Combustion Turbine Project #1

The original project consisted of five combustion turbine units; each nominally rated at 25 MW. Concurrent with the final project bond maturity, two units located in Roseville were acquired by an NCPA member. The remaining project consists of two units in Alameda and one in Lodi. The project provides capacity during peak load periods and emergency capacity reserves. Excess capacity and energy from the project are also sold to other entities from time to time.

Under the NCPA power agreement, the City is obligated to pay 13.393% of the debt service and operating costs. At June 30, 2019, there was no outstanding long-term debt related to this project.

Capital Facilities Project

The Project consists of one 49.9 MW natural gas-fired steam injected combustion turbine generator unit located in Lodi, California. Wastewater is reclaimed from the City of Lodi's White Slough water pollution control facility, processed to eliminate contaminants, and used in the turbine to produce steam for power enhancement and emissions control.

Under a power purchase agreement with NCPA, the City is obligated to pay 39.5% of the operating and debt service costs. Outstanding long-term debt related to this project was approximately \$30 million at June 30, 2019.

Transmission Project

The project was undertaken to meet certain obligations of NCPA under the NCPA/PG&E Interconnection Agreement. The project includes co-tenancy interest in PG&E's 230 kV Castle Rock to Lakeville Substation Transmission Line in Sonoma County, additional firm transmission rights in that transmission line and a central dispatch facility. The City is obligated to pay 20.6077% of the operating and debt service costs. At June 30, 2019 there was no outstanding long-term debt related to this project.

Lodi Energy Center

The Lodi Energy Center project is a 304 MW natural gas-fired, combined-cycle power generation plant located in Lodi on City property. Pursuant to a power sales agreement, NCPA owns and operates the project, selling the capacity and energy to various project participants, including both members and non-members of NCPA. This project is located next to the Capital Facilities Projects listed above.

The City is obligated to pay 17.03% of the debt service and 9.5% of operating costs. At June 30, 2019, approximately \$221 million in long-term debt was outstanding.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 11 – Participation in Joint Ventures (Continued)

Audited Statements

The following are the most recent available audited condensed financial statements of NCPA:

At June 30, 2019, NCPA's total net outstanding long-term debt was \$680,613,000 at an average interest rate of 5%. The current portion of long-term debt at June 30, 2019, was \$33,340,000.

Complete financial information for NCPA may be obtained at the following administration office:

Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678-6411

Condensed Statement of Net Position
June 30, 2019
(in thousands)

Assets and Deferred Outflows of Resources	
Current assets	\$ 99,363
Restricted assets	213,312
Electric plant, net	502,479
Other assets	224,403
Total assets	1,039,557
Deferred outflows of resources	112,427
Total assets and deferred outflows of resources	\$ 1,151,984
Liabilities, Deferred Inflows of Resources and Net Position	
Long-term debt, net	\$ 647,273
Current liabilities	103,344
Non-current liabilities	272,445
Deferred inflows of resources	90,456
Net position	
Net investment in capital assets	(45,572)
Restricted	49,243
Unrestricted	34,705
Total liabilities, deferred inflows of resources and net position	\$ 1,151,894

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 11 – Participation in Joint Ventures (Continued)

Audited Statements (Continued)

**Condensed Statement of Revenues, Expenses
and Changes in Net Position
Year ended June 30, 2019
(in thousands)**

Sales for resale	\$	699,166
Operating expenses		(656,115)
Other expenses		(20,774)
Future recoverable costs		(7,791)
Net revenues before refunds		14,486
Refunds to participants		(14,178)
Increase in net position		308
Net position, beginning of year		38,068
Net position, end of year	\$	38,376

**Combined Statement of Cash Flows
Year ended June 30, 2019
(in thousands)**

Net cash from operating activities	\$	89,879
Net from investing activities		458
Net cash from capital and related financing activities		(86,746)
Net cash from noncapital and related financing activities		(6,525)
Increase in cash and cash equivalents		(2,934)
Cash and cash equivalents, beginning of year		103,996
Cash and cash equivalents end of year	\$	101,062

Transmission Agency of Northern California

The City of Lodi is a member of the Transmission Agency of Northern California (TANC), a California Joint Powers Agency formed in the early 1980's to build the California Oregon Transmission Project (COTP) – a transmission line connecting the Pacific Northwest with Central California.

On April 2, 2014, the Lodi City Council approved a 25-year layoff of the City's share of the COTP transfer capability, effective July 1, 2014, whereby the City and all of the TANC members who are in the CAISO Balancing Authority lay off their interests to certain other COTP participants. In exchange, these entities pay the City's allocated share of COTP costs. This layoff arrangement does not change Lodi's membership status in TANC and does not relieve the City of its obligations under the TANC Agreement in the event of any default in payment by an acquiring party.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 11 – Participation in Joint Ventures (Continued)

Transmission Agency of Northern California (Continued)

TANC and certain TANC members have arranged for Pacific Gas & Electric (PG&E) to provide TANC and its members with 300 MW of firm bi-directional transmission capacity on its transmission system between its Midway Substation near Buttonwillow, CA and its Tesla Substation near Tracy, CA, near the southern terminus of the COTP under an agreement known as the South of Tesla (SOT) Principles. The City has utilized its full allocation of Tesla-Midway Transmission Service for power transactions in the past. The City is responsible for 2.07% of TANC's SOT debt service which as of June 30, 2019 had an outstanding balance of approximately \$2.6 million.

Complete financial information for TANC may be obtained at the following administration office:

Transmission Agency of Northern California
35 Iron Point Circle, Suite 225
Folsom, CA 95630

Note 12 – Membership in Insurance Pools

California Joint Powers Risk Management Authority

The City is a member, along with sixteen other individual cities and four joint powers authorities, of California Joint Powers Risk Management Authority (CJPRMA) organized under a Joint Powers Agreement pursuant to the California Government Code for the purpose of sharing the risk of catastrophic general liability, automobile liability and public officials' errors and omissions losses. CJPRMA has a twenty-one member Board of Directors, including a director from the City of Lodi. The Board members elect officers of CJPRMA every two years.

The ultimate cost of the program to the City depends on the catastrophic losses of all members, as well as the City's own loss experience and will be determined through an actuarial analysis of loss history during the ten-year period preceding the three years prior to the end of the current program year. The City periodically pays premiums to the CJPRMA. These premiums are recorded as expenses in the year paid, as they are a reasonable estimate of the actual cost of the program. During the year ended June 30, 2019, premiums of \$223,568 were paid to CJPRMA for the liability program.

The participants at June 30, 2019, are as follows: Alameda, Chico, Fairfield, Fremont, Livermore, Lodi, Northern California Cities Self Insurance Fund, Petaluma, Redding, Redwood Empire Municipal Insurance Fund, Richmond, Roseville, San Leandro, San Rafael, Santa Rosa, Small Cities Organized Risk Effort, Stockton, Sunnyvale, Vacaville, Vallejo, and Yolo County Public Agencies Risk Management Insurance Authority.

Complete financial information for CJPRMA may be obtained at the following administration office:

California Joint Powers Risk Management Authority
3252 Constitution Dr.
Livermore, CA 94551

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 12 – Membership in Insurance Pools (Continued)

Local Agency Workers' Compensation Excess Joint Powers Authority

The City, along with thirty-three other public agencies, is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), which was formed July 1992, for the purpose of sharing the risk of workers' compensation losses. LAWCX offers \$150,000, \$250,000, \$350,000, \$500,000 and \$1 million self-insured retentions (SIR) or a member can attach directly to the purchased excess insurance. LAWCX covers the layer above the member SIR up to \$5 million. The City's self-insured retention is \$250,000. LAWCX participates in the California State Association of Counties Excess Insurance Authority (CSAC-EIA) to obtain coverage up to statutory limits. The City paid \$495,382 in premiums to LAWCX during the year ended June 30, 2019.

The participants at June 30, 2019, are as follows: City of Alameda, Association of Bay Area Governments Shared Risk Pool (ABAG SHARP), Bay Cities Joint Powers Insurance Authority (BCJPIA), City of Benicia, Central Contra Costa County Transit Agency (CCCTA), California Housing Workers' Compensation Authority (CHWCA), Central San Joaquin Valley Risk Management Authority (CSJVRMA), City of Clovis, City of Coronado, City of Encinitas, Fire Agencies Self Insurance System (FASIS), City of Gilroy, City of Livermore, City of Lodi, Town of Los Gatos, City of Merced, Monterey County Local Agencies Insurance Authority (MCLAIA), City of Morgan Hill, City of Newark, City of Placentia, City of Pleasanton, Public Agency Risk Sharing Authority of California (PARSAC), City of Roseville, Public Entity Risk Management Authority (PERMA), City of San Leandro, City of Santa Maria, City of Santee, Small Cities Organized Risk Effort (SCORE), City of South Lake Tahoe, City of Suisun City, City of Vacaville, City of Vallejo, Vector Control Joint Powers Agency (VCJPA) and City of Vista.

Complete financial information for LAWCX may be obtained at the following administration office:

Local Agency Workers' Compensation Excess Joint Powers Authority
1750 Creekside Oaks Drive, Suite 200
Sacramento, California 95833

California Transit Insurance Pool

The City, along with thirty-three other public agencies is a member of the California Transit Insurance Pool (Cal TIP), a joint powers insurance authority which was formed for the purpose of sharing the risk of property damage, bodily injury, personal injury and public officials errors and omissions losses for public transit systems.

Liability protection coverage is provided under two programs:

Program I applies to members who choose to utilize Cal Tip's claims administrator services.

Program II applies to members with self-insured retentions who choose to provide their own claims administrator services.

Cal TIP purchases excess insurance over its \$1,000,000 retention up to \$20 million per occurrence. Each member is provided with \$4 million in excess of the pooled retention for a total of \$5 million in coverage and has the option to choose one or both of two additional layers for the full \$20 million.

Cal TIP also provides physical damage coverage to its members. This coverage program is optional for all members and offers damage or loss protection for transit, staff and maintenance vehicles to transit operators. Cal TIP self-insures up to \$100,000, under which members have the option of five levels of deductible ranging from \$500 to \$10,000 per vehicle. Claims are administered by the Cal Tip's adjuster.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 12 – Membership in Insurance Pools (Continued)

California Transit Insurance Pool (Continued)

The City paid \$134,249 in premiums to Cal TIP during the year ended June 30, 2019. There have been no reductions in insurance coverage from the prior year and there were no insurance settlements in excess of insurance coverage in any of the last three years.

	Program	Self-Insured Retention	Limit (in millions)	Physical Damage
City of Lodi Transit System	I	Prefunded	20	Yes

Complete financial information for Cal Tip may be obtained at the following administration office:

California Transit Insurance Pool
1750 Creekside Oaks Drive, Suite 200
Sacramento, California 95833

Note 13 – Deficit in Net Position

The City has a deficit net position in its governmental activities in the amount of (\$115,042,563) which is primarily attributable to the net pension and OPEB obligations outstanding as of June 30, 2019.

A deficit in net position in the amount of (\$1,370,909) in the ISF Fleet Services Fund at June 30, 2019, is attributed to the increase in personnel expenses. The City will evaluate the rates charged to departments to eliminate the deficit during the budget process.

A deficit in net position in the amount of (\$39,755,786) in the ISF Benefits Fund at June 30, 2019, is attributed to the OPEB Liability as required by GASB 75.

Note 14 – Pollution Remediation Obligation

The City relies on groundwater for its drinking water and in the late 1980's, Perchloroethylene (PCE) and Trichloroethylene (TCE) pollution was discovered in several municipal water supply wells. Investigations conducted by the California Regional Water Quality Control Board (RWQCB) in the early 1990's under the Well Investigation program revealed numerous areas where TCE was discharged, or where PCE from dry cleaning operations was discharged to the sewer system. In 1997, the Department of Toxic Substances Control (DTSC) and the City entered into a cooperative agreement whereby the City assumed a lead role in the cleanup and agreed to pursue legal action against potentially responsible parties (PRPs). The City's estimate of the pollution remediation obligation was \$70 million. The City has settled with all the involved parties.

The City received a draft cleanup and abatement order to investigate the discharges of waste, clean up the waste and abate the effects of the discharges of waste in conformance with the State Water Resources Control Board's (SWRCB) Resolution No. 92-49 Policies and Procedures for Investigation and Cleanup and Abatement of Discharges Under the Water Code Section 13304 and with the RWQCB's Water Quality Control Plan for the Sacramento River and San Joaquin River. The City then engaged the services of Treadwell and Rollo to advise the City on courses of action in the preparation of feasibility studies, remedial design, and remedial action plan to comply with the technical and reporting requirements of the SWRCB. The City's estimated total pollution remediation obligation as of June 30, 2019, is \$16,589,754. This amount is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 15 – Commitments and Contingencies

Litigation and claims – The City from time to time is a party to various claims, legal actions, and complaints arising in the ordinary course of business. In the opinion of the City’s administration, the various claims, legal actions, and complaints resulting from such litigation not covered by the City’s self-insurance program (see Note 12) would not materially affect the financial position of the City.

Water Purchase Agreement with Woodbridge Irrigation District – The City obtains its municipal water supply from wells located within the City, extracting water from the underground aquifer, which is replenished in part by flows of the Mokelumne River. To avoid being wholly dependent upon wells and the possible impacts of eventual overdraft of the groundwater supply, the City made a commitment in 2003 to purchase surface water supply from Woodbridge Irrigation District for an initial term of 40 years. The agreement provides for the purchase of 6,000 acre feet per year and the City pays the District \$1.2 million annually. The initial term of the agreement was for 40 years. In January 2008, the District and the City of Lodi amended the 2003 water sale contract to, among other matters, extend that agreement for four years to October 2047.

Arbitrage Earnings Rebate Liability – Arbitrage earnings are defined as income earned on the unexpended tax-exempt certificate proceeds in excess of that which would have been earned had the moneys been invested in securities with a yield of the effective rate of the certificates. Currently, arbitrage earnings must be rebated to the United States Treasury every five years. There is no cumulative arbitrage liability as of June 30, 2019, for any of the City’s outstanding Certificates of Participation and Revenue Bonds.

Construction and Other Significant Commitments – Commitments are existing arrangements to enter into future transactions or events, such construction contracts for ongoing projects and long-term contractual obligations with suppliers for future purchases at specified prices and sometimes specified quantities. Significant commitments as of June 30, 2019 are as follows:

Governmental Activities:		Business-type Activities:	
General Fund	\$ 186,784	Electric Fund	\$ 186,819
Other governmental funds	3,644,880	Wastewater Fund	1,639,232
		Water Fund	1,069,398
		Transit Fund	1,244,060
Total governmental activities	\$ 3,831,664	Total business-type activities	\$ 4,139,509

Note 16 – Prior Period Adjustments

Restatement of Fund Balance

	Net Position				
	Electric	Wastewater	Water	Non-major Transit	Business-type Activities
Net Position July 1, 2018	\$ 14,693,993	\$ 59,242,325	\$ 67,948,515	\$ 20,010,270	\$ 161,895,103
Prior Period Adjustments:					
GASB 68	690,205	469,083	47,804	34,106	
Capital assets	2,056,860	171,680	741,477	398,669	
Total Prior Period Adjustments	2,747,065	640,763	789,281	432,775	4,609,884
July 1, 2018, as restated	\$ 17,441,058	\$ 59,883,088	\$ 68,737,796	\$ 20,443,045	\$ 166,504,987

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 16 – Prior Period Adjustments (Continued)

Business-type Activities

GASB 68

In the process of recording the GASB 68 deferred outflows related to Pensions, the City recorded a prior period adjustment to the beginning net position of the Water, Wastewater, Non-major Transit fund and the Fleet Internal Service Fund. The prior period adjustment was necessary to correctly book the deferred outflows and pension expense related to the City paying the Unfunded Accrued Liability contribution amounts in fiscal year 2018.

Business-type Activities (continued)

Capital assets

In the process of recording the current year capital assets, the City recorded prior period adjustments to the beginning net position of the Electric, Water, Wastewater and Non-major Transit funds. During the analysis of the information provided by the departments for their capital assets, it was determined that certain capital improvement projects and certain machinery and equipment was either completed or placed into service in prior years and not yet capitalized or was not properly valued utilizing a current replacement or actual cost. An adjustment to capital assets was booked to correctly report the value of completed projects, placing the machinery and equipment in service and valuing the replacement of underground utility lines.

	Net Position			
	Fleet Internal Service Fund	Benefits Internal Service Fund	Insurance Internal Service Fund	Total Internal Service Funds
Net Position July 1, 2018	\$ (1,370,125)	\$ (31,955,868)	\$ 5,722,710	\$ (27,603,283)
Prior Period Adjustments				
GASB 68	74,081	-	-	
GASB 16	-	(8,474,218)	-	
Total Prior Period Adjustments	74,081	(8,474,218)	-	(8,400,137)
July 1, 2018, as restated	\$ (1,296,044)	\$ (40,430,086)	\$ 5,722,710	\$ (36,003,420)

	Net Position
	Governmental Activities
Net Position July 1, 2018	\$ 27,591,421
Prior Period Adjustments	
GASB 68	74,081
GASB 16	(8,474,218)
July 1, 2018, as restated	\$ 19,191,284

Governmental Activities

GASB 68

As required by GASB Statement 34, the Internal Service Funds are to be reported both at the fund level and in the government-wide statements. The prior period adjustment for the Benefits Internal Service Fund to restate the accrued compensated absences balances for the sick leave conversion bank, and the adjustment for the GASB 68 expense in the Fleet Internal Service Fund were also reported at the government-wide statements.

CITY OF LODI
Notes to Basic Financial Statements (continued)
June 30, 2019

Note 16 – Prior Period Adjustments (Continued)

Governmental Activities (Continued)

GASB16

During the implementation of GASB 75, entries were made to correctly state the new balances of the accrued liability for the City's sick leave conversion balances. During a review of the current actuarial report, it was determined the City has two sick leave conversion programs: sick leave conversion and sick leave conversion bank. The sick leave conversion was correctly reported under the GASB 75 requirements. The sick leave conversion bank program required a prior period adjustment to recognize the liability balances to be used for future conversions. The City recorded a prior period adjustment to the Benefits Internal Service Fund to reinstate the sick leave conversion bank program balances in accrued compensated absences under GASB 16.

Note 17 – Subsequent Events

On December 31, 2018, the employment contract, Memorandum of Understanding's (MOU), between the City of Lodi and the International Brotherhood of Electrical Workers (IBEW) expired. The City entered into a successor MOU with IBEW on August 21, 2019, containing significant increases to compensation that should allow the City to better attract and retain these critical employees. The new contract runs from January 1, 2019 through December 31, 2021.

On June 30, 2019, the MOUs between the City and the Police Officers Association of Lodi (POAL), Lodi Police Mid-Management Association (LPMMA), and Lodi Police Dispatch Association (LPDA), expired. The City has since entered into a successor MOU with all three groups. MOU with POAL and LPMMA were approved on July 17, 2019, and MOU with LPDA was approved on August 21, 2019, containing significant increases to compensation for all three groups.

These MOU should allow the City to better attract and retain critical safety employees in the community. The new contracts run from July 1, 2019, through June 30, 2022. Given the substantial increases to compensation, General Fund Reserves will likely be need to finance some of the contract over the next three-year period.

On December 31, 2019, MOU between the City and the Associated Federation of City and County Municipal Employees (AFSCME) General Services and Maintenance and Operators, Lodi City Mid-Management Association, and Lodi Professional Firefighters, will expire. The City has begun negotiations with these employee groups on successor MOU.

On June 1, 2020, the Lodi Public Finance Authority's outstanding 2010 Water Revenue Bond, Series B, (Taxable Build America Bonds) will become eligible for optional redemption. Based on current market analysis, interest rates are favorable to achieve significant savings through a refinancing of the outstanding principal. The City is engaged with Fieldman, Rolapp & Associates as Municipal Advisor to manage the refinancing process with an anticipated closing date within 90 days of the optional redemption date.

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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF LODI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MISCELLANEOUS PLAN

Measurement Period	2017-18 ⁽¹⁾	2016-17 ⁽¹⁾
Total Pension Liability		
Service Cost	\$ 3,020,122	\$ 2,862,495
Interest	13,374,883	12,923,048
Changes of Benefit Terms	47,853	-
Differences Between Expected and Actual Experience	830,292	(398,276)
Changes of Assumptions	(950,894)	10,541,016
Benefit Payments, Including Refunds of Employee		
Benefit Payments, Including Refunds of Employee Contributions	(9,814,728)	(9,129,724)
Net Change in Total Pension Liability	6,507,528	16,798,559
Total Pension Liability - Beginning	190,531,368	173,732,809
Total Pension Liability - Ending (a)	197,038,896	190,531,368
Plan Fiduciary Net Position		
Contributions - Employer	4,208,873	3,950,727
Contributions - Employee	1,364,684	1,341,146
Net Investment Income ⁽²⁾	11,191,848	13,581,013
Benefit Payments, Including Refunds of Employee Contributions	(9,814,728)	(9,129,724)
Other Changes in Fiduciary Net Position	(206,493)	(181,224)
Other Miscellaneous Income/(Expense) ⁽³⁾	(391,520)	-
Net Change in Fiduciary Net Position	6,352,664	9,561,938
Plan Fiduciary Net Position - Beginning	132,306,298	122,744,360
Plan Fiduciary Net Position - Ending (b)	138,658,962	132,306,298
Plan Net Pension Liability - Ending (a) - (b)	\$ 58,379,934	\$ 58,225,070
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		
	70.37%	69.44%
Covered Payroll	\$ 18,995,671	\$ 17,970,339
Plan Net Pension Liability as a Percentage of Covered Payroll		
	307.33%	324.01%

Notes to Schedule:

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Net of administrative expenses.

⁽³⁾ 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 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).

Information in this schedule is not available prior to fiscal year 2013-14 measurement period. Additional years will be added to this schedule until 10 years of data is presented.

CITY OF LODI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MISCELLANEOUS PLAN (Continued)

Measurement Period	2015-16 ⁽¹⁾	2014-15 ⁽¹⁾	2013-14 ⁽¹⁾
Total Pension Liability			
Service Cost	\$ 2,464,894	\$ 2,358,112	\$ 2,478,901
Interest	12,565,553	12,061,399	11,705,179
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	542,177	(1,655,012)	-
Changes of Assumptions	-	(2,903,507)	-
Benefit Payments, Including Refunds of Employee			
Benefit Payments, Including Refunds of Employee Contributions	<u>(8,641,550)</u>	<u>(8,208,103)</u>	<u>(7,729,680)</u>
Net Change in Total Pension Liability	6,931,074	1,652,889	6,454,400
Total Pension Liability - Beginning	<u>166,801,735</u>	<u>165,148,846</u>	<u>158,694,446</u>
Total Pension Liability - Ending (a)	<u>173,732,809</u>	<u>166,801,735</u>	<u>165,148,846</u>
Plan Fiduciary Net Position			
Contributions - Employer	3,500,179	2,994,958	2,694,850
Contributions - Employee	1,241,136	1,183,452	1,237,916
Net Investment Income ⁽²⁾	643,509	2,829,910	19,249,151
Benefit Payments, Including Refunds of Employee Contributions	(8,641,550)	(8,208,103)	(7,729,680)
Other Changes in Fiduciary Net Position	(76,838)	(145,538)	-
Other Miscellaneous Income/(Expense) ⁽³⁾	-	-	-
Net Change in Fiduciary Net Position	<u>(3,333,564)</u>	<u>(1,345,321)</u>	<u>15,452,237</u>
Plan Fiduciary Net Position - Beginning	<u>126,077,924</u>	<u>127,423,245</u>	<u>111,971,008</u>
Plan Fiduciary Net Position - Ending (b)	<u>122,744,360</u>	<u>126,077,924</u>	<u>127,423,245</u>
Plan Net Pension Liability - Ending (a) - (b)	<u>\$ 50,988,449</u>	<u>\$ 40,723,811</u>	<u>\$ 37,725,601</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	75.59%	77.16%
Covered Payroll	\$ 17,423,446	\$ 16,572,579	\$ 16,669,363
Plan Net Pension Liability as a Percentage of Covered Payroll	292.64%	245.73%	226.32%

Notes to Schedule:

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Net of administrative expenses.

⁽³⁾ 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 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).

Information in this schedule is not available prior to fiscal year 2013-14 measurement period. Additional years will be added to this schedule until 10 years of data is presented.

CITY OF LODI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SAFETY PLAN

Measurement Period	2017-18 ⁽¹⁾	2016-17 ⁽¹⁾
Total Pension Liability		
Service Cost	3,385,583	3,336,917
Interest	13,288,494	12,869,943
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(122,816)	1,123,761
Changes of Assumptions	(681,450)	10,945,791
Benefit Payments, Including Refunds of Employee		
Benefit Payments, Including Refunds of Employee Contributions	(9,712,985)	(9,433,148)
Net Change in Total Pension Liability	6,156,826	18,843,264
Total Pension Liability - Beginning	189,821,025	170,977,761
Total Pension Liability - Ending (a)	195,977,851	189,821,025
Plan Fiduciary Net Position		
Contributions - Employer	5,549,746	5,220,306
Contributions - Employee	1,079,094	1,095,689
Net Investment Income ⁽²⁾	9,544,033	11,443,777
Benefit Payments, Including Refunds of Employee Contributions	(9,712,985)	(9,433,148)
Other Changes in Fiduciary Net Position	(174,988)	(153,469)
Other Miscellaneous Income/(Expense) ⁽³⁾	(331,781)	-
Net Change in Fiduciary Net Position	5,953,119	8,173,155
Plan Fiduciary Net Position - Beginning	112,118,815	103,945,660
Plan Fiduciary Net Position - Ending (b)	118,071,934	112,118,815
Plan Net Pension Liability - Ending (a) - (b)	\$ 77,905,917	\$ 77,702,210
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.25%	59.07%
Covered Payroll	\$ 11,886,327	\$ 11,518,923
Plan Net Pension Liability as a Percentage of Covered Payroll	655.42%	674.56%

Notes to Schedule:

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Net of administrative expenses.

⁽³⁾ 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 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).

Information in this schedule is not available prior to fiscal year 2013-14 measurement period. Additional years will be added to this schedule until 10 years of data is presented.

CITY OF LODI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SAFETY PLAN (Continued)

Measurement Period	2015-16 ⁽¹⁾	2014-15 ⁽¹⁾	2013-14 ⁽¹⁾
Total Pension Liability			
Service Cost	\$ 2,890,607	\$ 2,968,819	\$ 3,048,048
Interest	12,357,788	11,827,918	11,390,793
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	600,847	(932,918)	-
Changes of Assumptions	-	(2,939,033)	-
Benefit Payments, Including Refunds of Employee			
Benefit Payments, Including Refunds of Employee Contributions	(8,730,081)	(8,134,067)	(7,448,361)
Net Change in Total Pension Liability	7,119,161	2,790,719	6,990,480
Total Pension Liability - Beginning	163,858,600	161,067,881	154,077,401
Total Pension Liability - Ending (a)	170,977,761	163,858,600	161,067,881
Plan Fiduciary Net Position			
Contributions - Employer	4,660,278	4,176,197	4,106,044
Contributions - Employee	1,062,984	1,007,876	1,058,376
Net Investment Income ⁽²⁾	558,434	2,397,191	16,070,261
Benefit Payments, Including Refunds of Employee Contributions	(8,730,081)	(8,134,067)	(7,448,361)
Other Changes in Fiduciary Net Position	(64,882)	(119,971)	-
Other Miscellaneous Income/(Expense) ⁽³⁾	-	-	-
Net Change in Fiduciary Net Position	(2,513,267)	(672,774)	13,786,320
Plan Fiduciary Net Position - Beginning	106,458,927	107,131,701	93,345,381
Plan Fiduciary Net Position - Ending (b)	103,945,660	106,458,927	107,131,701
Plan Net Pension Liability - Ending (a) - (b)	\$ 67,032,101	\$ 57,399,673	\$ 53,936,180
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 60.79%	 64.97%	 66.51%
 Covered Payroll	 \$ 11,106,615	 \$ 11,293,867	 \$ 11,194,123
 Plan Net Pension Liability as a Percentage of Covered Payroll	 603.53%	 508.24%	 481.83%

Notes to Schedule:

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Net of administrative expenses.

⁽³⁾ 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 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).

Information in this schedule is not available prior to fiscal year 2013-14 measurement period. Additional years will be added to this schedule until 10 years of data is presented.

**CITY OF LODI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS**

	2018-19 ⁽¹⁾	2017-18 ⁽¹⁾	2016-17 ⁽¹⁾
Miscellaneous Plan:			
Actuarially Determined Contributions			
Contributions in Relation to the Actuarially Determined Contributions ⁽²⁾	\$ 4,907,206	\$ 4,208,873	\$ 3,880,495
Contribution Deficiency	<u>(4,907,206)</u>	<u>(4,208,873)</u>	<u>(3,880,495)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ^(3,4)			
	\$ 18,995,671	\$ 17,970,339	\$ 17,802,886
Contributions as a Percentage of Covered Payroll	25.83%	23.42%	21.80%
Safety Plan:			
Actuarially Determined Contributions			
Contributions in Relation to the Actuarially Determined Contributions ⁽²⁾	\$ 6,195,073	\$ 5,549,746	\$ 5,136,610
Contribution Deficiency	<u>(6,195,073)</u>	<u>(5,549,746)</u>	<u>(5,136,610)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ^(3,4)			
	\$ 11,886,327	\$ 11,518,923	\$ 11,477,432
Contributions as a Percentage of Covered Payroll	52.12%	48.18%	44.75%

Notes to Schedule:

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽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⁾ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employers, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁽⁴⁾ Payroll from prior year \$18,995,671 for miscellaneous was assumed to increase by 2.75 percent payroll growth assumption. Payroll from prior year \$11,886,327 for safety was assumed to increase by 2.75 percent payroll growth assumption.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	
Asset Valuation Method	Market value of assets.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

Changes of Assumptions: No changes in assumptions for fiscal year 2017-18. In fiscal year 2016-17, the probabilities of mortality were updated to include the 2014 CalPERS Experience Study through 2011, and mortality rates were changed from 5 years of projected mortality improvement using Scale AA to 20 years of projected on-going mortality improvement using Scale BB. In fiscal year 2015-16, the asset valuation method was changed to market value of assets from actuarial value of assets. No change in assumptions for fiscal year 2014-15.

CITY OF LODI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS (Continued)

	2015-16 ⁽¹⁾	2014-15 ⁽¹⁾	2013-14 ⁽¹⁾
Miscellaneous Plan:			
Actuarially Determined Contributions			
Contributions in Relation to the Actuarially Determined Contributions ⁽²⁾	\$ 3,500,179	\$ 2,994,958	\$ 2,694,850
Contribution Deficiency	(3,500,179)	(2,994,958)	(2,694,850)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ^(3, 4)	\$ 17,423,446	\$ 16,572,579	\$ 16,669,363
Contributions as a Percentage of Covered Payroll	20.09%	18.07%	16.17%
Safety Plan:			
Actuarially Determined Contributions			
Contributions in Relation to the Actuarially Determined Contributions ⁽²⁾	\$ 4,660,278	\$ 4,176,197	\$ 4,106,044
Contribution Deficiency	(4,660,278)	(4,176,197)	(4,106,044)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ^(3, 4)	\$ 11,106,615	\$ 11,293,867	\$ 11,194,123
Contributions as a Percentage of Covered Payroll	41.96%	36.98%	36.68%

Notes to Schedule:

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽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⁾ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employers, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁽⁴⁾ Payroll from prior year \$18,995,671 for miscellaneous was assumed to increase by 2.75 percent payroll growth assumption. Payroll from prior year \$11,886,327 for safety was assumed to increase by 2.75 percent payroll growth assumption.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	
Asset Valuation Method	Market value of assets.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

Changes of Assumptions: No changes in assumptions for fiscal year 2017-18. In fiscal year 2016-17, the probabilities of mortality were updated to include the 2014 CalPERS Experience Study through 2011, and mortality rates were changed from 5 years of projected mortality improvement using Scale AA to 20 years of projected on-going mortality improvement using Scale BB. In fiscal year 2015-16, the asset valuation method was changed to market value of assets from actuarial value of assets. No change in assumptions for fiscal year 2014-15.

CITY OF LODI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years ⁽¹⁾
For the Year Ended June 30, 2019

Measurement period, year ending:	<u>6/30/2018 ⁽¹⁾</u>	<u>6/30/2017 ⁽¹⁾</u>
Total OPEB liability		
Service cost	\$ 1,042,935	\$ 1,139,099
Interest	1,240,787	1,073,783
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(209,408)	(2,518,711)
Benefit payments, including refunds of member contributions	<u>(1,862,969)</u>	<u>(1,947,260)</u>
Net change in total OPEB liability	211,345	(2,253,089)
Total OPEB liability - beginning	<u>34,354,842</u>	<u>36,607,931</u>
Total OPEB liability - ending (a)	<u><u>\$ 34,566,187</u></u>	<u><u>\$ 34,354,842</u></u>
 OPEB fiduciary net position		
Contributions - employer	\$ 1,862,969	\$ 2,947,260
Net investment income	66,683	79,789
Benefit payments, including refunds of member contributions	(1,862,969)	(1,947,260)
Administrative expense	<u>(1,997)</u>	<u>(309)</u>
Net change in plan fiduciary net position	64,686	1,079,480
 Plan fiduciary net position - beginning	<u>1,079,480</u>	<u>-</u>
 Plan fiduciary net position - ending (b)	<u><u>\$ 1,144,166</u></u>	<u><u>\$ 1,079,480</u></u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 33,422,021</u></u>	<u><u>\$ 33,275,362</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	3.31%	3.14%
 Covered-employee payroll	\$ 33,204,023	\$ 35,314,645
 Plan net OPEB liability as a percentage of covered-employee payroll	100.66%	94.23%

Notes to Schedule:

⁽¹⁾ Information in this schedule is not available prior to FY2017-18 measurement period. Additional years will be added to this schedule until 10 years of data is presented

CITY OF LODI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
Last Ten Fiscal Years ⁽¹⁾
For the Year Ended June 30, 2019

	2019	2018	2017
Actuarially determined contribution (2)	\$ -	\$ -	\$ -
Contributions in relation to the			
Actuarially determined contribution	1,862,969	2,947,260	-
Contribution deficiency (excess)	<u>\$ 1,862,969</u>	<u>\$ 2,947,260</u>	<u>\$ -</u>
Covered-employee payroll	33,204,023	34,286,063	-
Contributions as a percentage of covered-employee payroll	100.7%	97.1%	0%
Actuarially determined contribution for fiscal year	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date:	June 30, 2017	June 30, 2017	June 30, 2017
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Asset valuation method	Straight line 5 year period	Straight line 5 year period	Straight line 5 year period
Discount rate	3.66%	3.60%	
Inflation	2.75%	2.75%	
Payroll increases			
Mortality	Based on assumptions for PERS, Police & Fire members June 30, 2016 CalPERS actuarial valuation	Based on assumptions for PERS, Police & Fire members June 30, 2016 CalPERS actuarial valuation	Based on assumptions for PERS, Police & Fire members June 30, 2016 CalPERS actuarial valuation

Notes to Schedule:

⁽¹⁾ Information in this schedule is not available prior to FY2017-18 measurement period. Additional years will be added to this schedule until 10 years of data is presented

(2) Per GASB 75 paragraph 57c., these disclosure are only required if the employer calculates an Actuarially Determined Contribution (ADC). The City does not currently calculate an ADC.

CITY OF LODI
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 28,387,200	\$ 28,387,200	\$ 28,422,573	\$ 35,373
Sales and use tax	12,172,600	13,153,320	14,286,516	1,133,196
Licenses and permits	101,970	101,970	65,639	(36,331)
Intergovernmental revenues	569,310	629,198	1,186,022	556,824
Charges for services	1,666,040	1,867,040	1,772,088	(94,952)
Fines, forfeits, and penalties	1,474,050	1,474,050	1,274,624	(199,426)
Investment and rental income	1,647,830	1,647,830	2,195,924	548,094
Miscellaneous revenue	328,600	347,430	221,949	(125,481)
Total revenues	<u>46,347,600</u>	<u>47,608,038</u>	<u>49,425,335</u>	<u>1,817,297</u>
EXPENDITURES				
Current:				
City Manager	984,940	975,725	888,866	86,859
City Clerk	738,420	731,510	677,958	53,552
City Attorney	693,010	686,100	506,408	179,692
Human Resources	632,220	622,150	625,664	(3,514)
Information Systems	1,316,370	1,297,325	1,139,143	158,182
Financial Services	886,690	868,555	787,965	80,590
Revenue Services	1,069,030	1,040,820	975,199	65,621
Budget and Treasury	327,010	322,405	296,707	25,698
Non Departmental	1,633,000	1,633,000	1,238,899	394,101
Total general government	<u>8,280,690</u>	<u>8,177,590</u>	<u>7,136,809</u>	<u>1,040,781</u>
Public protection:				
Police	20,752,850	20,518,600	19,982,951	535,649
Fire	11,569,300	11,858,920	11,760,207	98,713
Total public protection	<u>32,322,150</u>	<u>32,377,520</u>	<u>31,743,158</u>	<u>634,362</u>
Public works				
	2,466,940	2,394,640	2,180,840	213,800
Library				
	1,189,700	1,250,798	1,165,499	85,299
Total expenditures	<u>44,259,480</u>	<u>44,200,548</u>	<u>42,226,306</u>	<u>1,974,242</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>2,088,120</u>	<u>3,407,490</u>	<u>7,199,029</u>	<u>3,791,539</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,233,780	4,233,780	4,233,780	-
Transfers out	(7,749,000)	(7,749,000)	(7,749,000)	-
Gain on sale of property	(5,000)	(5,000)	698	5,698
Total other financing sources (uses)	<u>(3,520,220)</u>	<u>(3,520,220)</u>	<u>(3,514,522)</u>	<u>5,698</u>
Net changes in fund balance	(1,432,100)	(112,730)	3,684,507	<u>\$ 3,797,237</u>
FUND BALANCES, BEGINNING OF YEAR	18,767,905	18,767,905	18,767,905	
FUND BALANCES, END OF YEAR	<u>\$ 17,335,805</u>	<u>\$ 18,655,175</u>	<u>22,452,412</u>	
Basis adjustment:				
Cummulative pension set aside			<u>(10,716,555)</u>	
Fund balance (budgetary basis)			<u>\$ 11,735,857</u>	

See accompanying notes to the required supplementary information.

CITY OF LODI
Streets
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 6,066,720	\$ 6,066,720	\$ 6,364,488	\$ 297,768
Charges for services	969,970	969,970	832,451	(137,519)
Investment and rental income	31,200	31,200	111,782	80,582
Miscellaneous revenue	50,000	50,000	510,146	460,146
Total revenues	<u>7,117,890</u>	<u>7,117,890</u>	<u>7,818,867</u>	<u>700,977</u>
EXPENDITURES				
Current:				
Public works	3,277,630	3,290,168	2,258,326	1,031,842
Capital outlay	3,005,040	7,547,120	2,553,264	4,993,856
Total expenditures	<u>6,282,670</u>	<u>10,837,288</u>	<u>4,811,590</u>	<u>6,025,698</u>
Excess (deficiency) of revenues over expenditures	<u>835,220</u>	<u>(3,719,398)</u>	<u>3,007,277</u>	<u>6,726,675</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	652,240	652,240	137,520	(514,720)
Total other financing sources (uses)	<u>652,240</u>	<u>652,240</u>	<u>137,520</u>	<u>(514,720)</u>
Net change in fund balance	1,487,460	(3,067,158)	3,144,797	<u>\$ 6,211,955</u>
FUND BALANCES, BEGINNING OF YEAR	6,397,152	6,397,152	6,397,152	
FUND BALANCES, END OF YEAR	<u>\$ 7,884,612</u>	<u>\$ 3,329,994</u>	9,541,949	
Basis adjustment:				
Cummulative pension set aside			<u>(198,627)</u>	
Fund balance (budgetary basis)			<u>\$ 9,343,322</u>	

See accompanying notes to the required supplementary information.

CITY OF LODI
Note to the Required Supplementary Information
June 30, 2019

Budgetary Data

The City adopts an annual budget for the General Fund and special revenue funds. These budgets are prepared in accordance with generally accepted accounting principles with the exception of deposits into the pension stabilization account that the City budgeted for as expenditures in the General Fund; Streets; Parks, Recreation, and Community Services; and Community Development funds. As part of the City's internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The budgetary comparison schedules present budget and actual data only of funds for which an annual budget was adopted. The budgets for capital projects are primarily "long-term" budgets that emphasize the major programs and capital project plans extending over a number of years. Due to the long-term nature of these projects, "annual" budget and actual comparisons are not considered meaningful. Formal budgetary integration is not employed for debt service funds since effective budgetary control is alternatively achieved through the bond indenture provisions. Accordingly, no budgetary information is included in the combining and individual fund statements and schedules for capital projects and debt service funds.

The City Council follows the following procedures in establishing the budgetary data reflected in the accompanying required supplementary information and in the budgetary comparison schedules for nonmajor special revenue funds:

Original Budget

On or prior to the first regular Council meeting in June of each year, the City Manager submits to the City Council a proposed Financial Plan and Budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.

Budgeted revenues are adopted by the City Council at the time the budget is approved. Budgeted revenues are modified when the tax base changes, when fees are modified or when new revenue sources are identified.

Public hearings are conducted during meetings of the City Council to obtain citizens' comments. Prior to July 1, the budget is legally enacted through passage of a resolution.

Final Budget

The final budgetary data presented in the required supplementary information and in the budgetary comparison schedules for nonmajor special revenue funds reflects the following changes to the original budget:

- Budgeted expenditures represent original appropriations adjusted by budget transfers and appropriation amendments. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the department level. The operating budget is prepared and controlled at the department level (e.g., city clerk, city manager, etc.) for the General Fund. Special revenue fund expenditures, including transfers out, are approved by Council at the fund level.
- The City Manager may transfer appropriations from one activity to another within a department without approval from the City Council. All other appropriation adjustments during the year, whether transfers, increases or decreases, require City Council approval.

**COMBINING & INDIVIDUAL
FUND STATEMENTS &
SCHEDULES**



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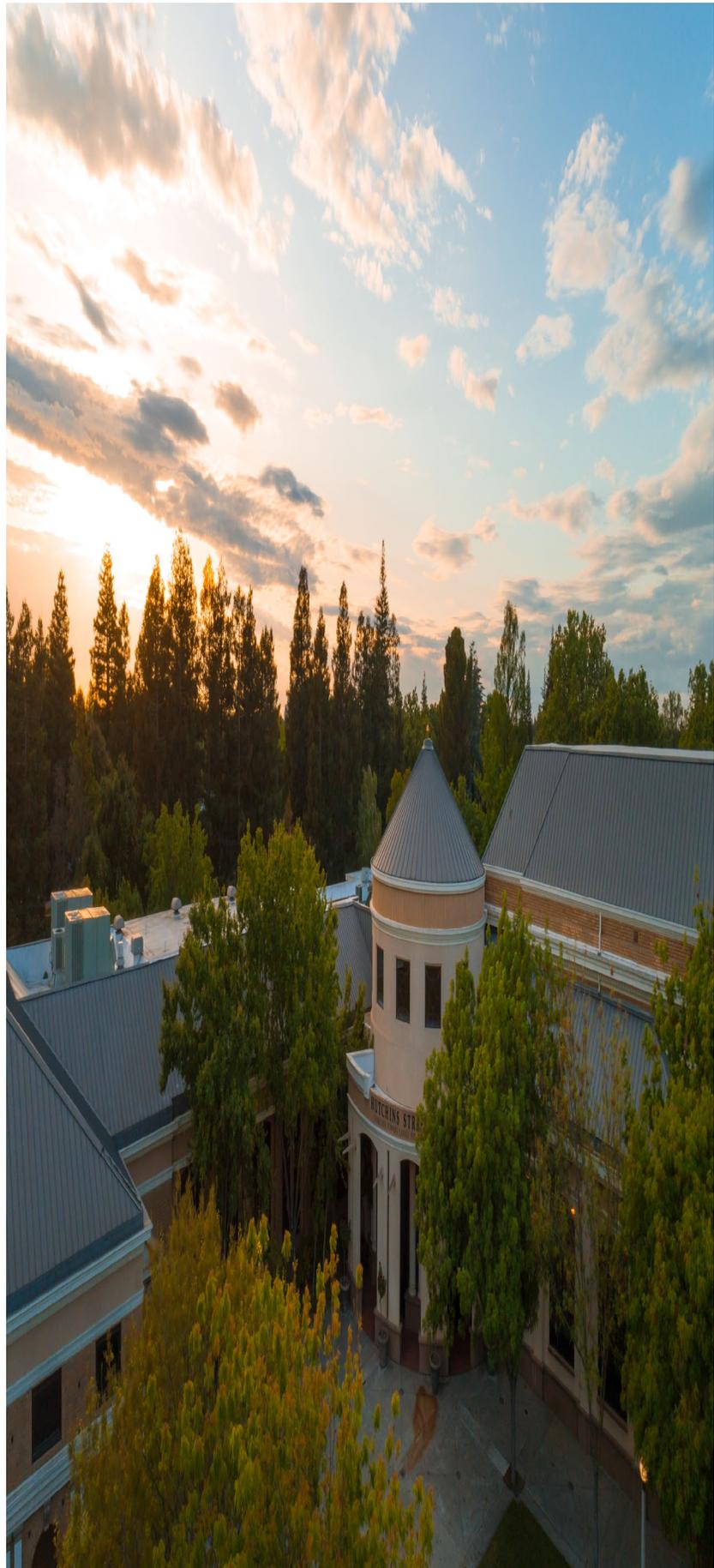
NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds include:

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted or committed by law or administrative action to expenditures for specified purposes, other than those for major capital projects;

Debt Service Fund account for the accumulation of resources for the repayment of principal and interest on general long-term debt;

Capital Projects Funds account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.



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CITY OF LODI
Combining Balance Sheet
Nonmajor Governmental Funds
Summary by Fund Type
June 30, 2019

	Special revenue funds	Capital projects funds	Debt service funds	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 4,993,649	\$ 9,646,452	\$ 1,260	\$ 14,641,361
Restricted cash and investments	572,117	-	-	572,117
Accounts receivable, net	66,989	171,705	-	238,694
Interest Receivables	1,964	5,889	-	7,853
Due from other funds	82,448	-	-	82,448
Due from other governmental agencies	673,730	-	-	673,730
Inventory	1,077	-	-	1,077
Total assets	\$ 6,391,974	\$ 9,824,046	\$ 1,260	\$ 16,217,280
LIABILITIES				
Accounts payable and other liabilities	\$ 655,103	\$ 124,398	\$ -	\$ 779,501
Accrued salaries and wages	134,608	-	-	134,608
Due to other funds	82,448	-	-	82,448
Advances from other funds	-	548,679	-	548,679
Unearned revenue	107,871	-	-	107,871
Total liabilities	980,030	673,077	-	1,653,107
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	36,502	171,553	-	208,055
Total deferred inflows of resources	36,502	171,553	-	208,055
FUND BALANCES				
Nonspendable				
Inventory	1,077	-	-	1,077
Restricted				
Road-related projects	38,817	-	-	38,817
Public safety	423,693	-	-	423,693
Home and CDBG program	26,122	-	-	26,122
Community development	3,597,428	-	-	3,597,428
Debt service	-	-	1,260	1,260
Pension	572,117	-	-	572,117
Committed				
Parks, recreation and community services	716,188	-	-	716,188
Assigned				
Capital projects	-	8,979,416	-	8,979,416
Total fund balances	5,375,442	8,979,416	1,260	14,356,118
Total liabilities and fund balances	\$ 6,391,974	\$ 9,824,046	\$ 1,260	\$ 16,217,280

CITY OF LODI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Summary by Fund Type
For the Year Ended June 30, 2019

	Special revenue funds	Capital projects funds	Debt service funds	Total Other Governmental Funds
REVENUES				
Licenses and permits	\$ 1,504,185	\$ -	\$ -	\$ 1,504,185
Intergovernmental revenues	1,662,957	-	-	1,662,957
Charges for services	3,010,363	943,508	-	3,953,871
Investment and rental income	607,846	78,269	-	686,115
Miscellaneous revenue	11,885	68,279	-	80,164
Total revenues	<u>6,797,236</u>	<u>1,090,056</u>	<u>-</u>	<u>7,887,292</u>
EXPENDITURES				
Current:				
General government	2,471,862	-	-	2,471,862
Public protection	206,254	-	-	206,254
Public works	1,012,686	-	-	1,012,686
Community development	2,112,118	-	-	2,112,118
Parks and recreation	2,680,488	-	-	2,680,488
Capital outlay	102,035	724,783	-	826,818
Debt service:				
Interest	7,916	57,526	763,355	828,797
Principal retirement	78,624	-	993,571	1,072,195
Total expenditures	<u>8,671,983</u>	<u>782,309</u>	<u>1,756,926</u>	<u>11,211,218</u>
Excess (deficiency) of revenues over expenditures	<u>(1,874,747)</u>	<u>307,747</u>	<u>(1,756,926)</u>	<u>(3,323,926)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,886,960	3,186,045	1,757,440	8,830,445
Transfers out	(1,218,965)	-	-	(1,218,965)
Proceeds from sale of property	-	402,873	-	402,873
Total other financing sources (uses)	<u>2,667,995</u>	<u>3,588,918</u>	<u>1,757,440</u>	<u>8,014,353</u>
Net change in fund balances	793,248	3,896,665	514	4,690,427
Fund balances - beginning	4,582,194	5,082,751	746	9,665,691
Fund balances - ending	<u>\$ 5,375,442</u>	<u>\$ 8,979,416</u>	<u>\$ 1,260</u>	<u>\$ 14,356,118</u>

NONMAJOR SPECIAL REVENUE FUNDS

Parks, Recreation, and Community Services

This fund was established to account for the revenues and expenditures related to the activities of the Hutchins Street Square and Performing Arts Theater and the wide-range of parks and recreation activities and programs offered to the public.

Public Safety

This fund was established to account for the revenues and expenditures related to the City's share of property forfeited by persons convicted of possession and selling illegal drugs and the State of California auto theft prosecution monies along with State and Federal grants related to public safety operations.

Community Development

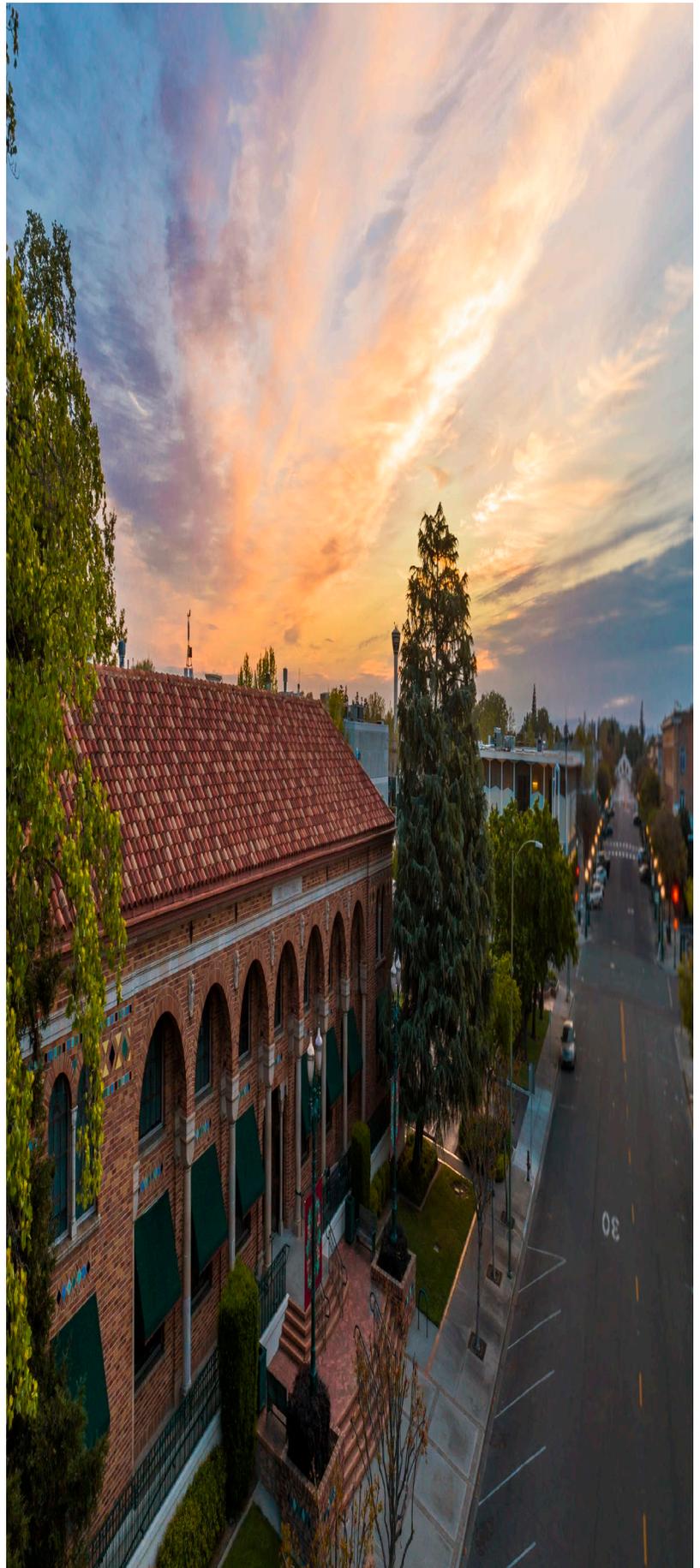
This fund was established to account for development planning and project review services including land use entitlements, permit processing and review/inspection of public improvements to ensure orderly physical growth and development of the City.

Transportation

This fund was established to account for the receipt of moneys from the State of California apportioned to the City for transportation purposes. The State has designated 1/4% of the 6% sales tax levied statewide for local transportation purposes. Funding for this program was provided during the 1971 legislative session with the enactment of the Transportation Development Act, which extended the 6% sales tax to include purchases of gasoline. Revenues allocated to the City of Lodi under this program are divided into two categories: Article 8 funds, which are restricted for the improvement and maintenance of street systems; and Article 4 funds, which are restricted for public transit systems.

HOME Program and Community Development Block Grants

This fund was established to account for the City's HOME Program that provides adequate and affordable housing for low and very low-income residents, and Community Development Block Grants provided to the City principally for low and moderate income residents to develop a suitable living environment and expand economic opportunities.



CITY OF LODI
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Parks, Recreation & Community Services	Public Safety	Community Development
ASSETS			
Cash and investments	\$ 961,820	\$ 413,590	\$ 3,618,239
Restricted cash and investments	359,692	-	212,425
Accounts receivables, net	7,760	-	4,564
Due from other funds	-	-	82,448
Interest receivables	1,262	634	-
Due from other governmental agencies	-	23,604	106,602
Inventory	1,077	-	-
Total assets	<u>\$ 1,331,611</u>	<u>\$ 437,828</u>	<u>\$ 4,024,278</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 71,023	\$ 189	\$ 191,182
Accrued salaries and wages	111,365	-	23,243
Due to other funds	-	-	-
Unearned revenue	62,923	13,946	-
Total liabilities	<u>245,311</u>	<u>14,135</u>	<u>214,425</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	9,343	-	-
Total deferred inflow of resources	<u>9,343</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Inventory	1,077	-	-
Restricted			
Road-related projects	-	-	-
Public safety	-	423,693	-
Home and CDBG program	-	-	-
Community development	-	-	3,597,428
Pension	359,692	-	212,425
Committed			
Parks, recreation and community services	716,188	-	-
Total fund balances	<u>1,076,957</u>	<u>423,693</u>	<u>3,809,853</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,331,611</u>	<u>\$ 437,828</u>	<u>\$ 4,024,278</u>

CITY OF LODI
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2019

	Transportation	HOME Program and Community Development Block Grants	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and investments	\$ -	\$ -	\$ 4,993,649
Restricted cash and investments	-	-	572,117
Accounts receivables, net	54,665	-	66,989
Due from other funds	-	-	82,448
Interest receivables	-	68	1,964
Due from other governmental agencies	-	543,524	673,730
Inventory	-	-	1,077
Total assets	<u>\$ 54,665</u>	<u>\$ 543,592</u>	<u>\$ 6,391,974</u>
LIABILITIES			
Accounts payable and other liabilities	\$ -	\$ 392,709	\$ 655,103
Accrued salaries and wages	-	-	134,608
Due to other funds	15,848	66,600	82,448
Unearned revenue	-	31,002	107,871
Total liabilities	<u>15,848</u>	<u>490,311</u>	<u>980,030</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	27,159	36,502
Total deferred inflow of resources	<u>-</u>	<u>27,159</u>	<u>36,502</u>
FUND BALANCES			
Nonspendable			
Inventory	-	-	1,077
Restricted			
Road-related projects	38,817	-	38,817
Public safety	-	-	423,693
Home and CDBG program	-	26,122	26,122
Community development	-	-	3,597,428
Pension	-	-	572,117
Committed			
Parks, recreation and community services	-	-	716,188
Total fund balances	<u>38,817</u>	<u>26,122</u>	<u>5,375,442</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,665</u>	<u>\$ 543,592</u>	<u>\$ 6,391,974</u>

CITY OF LODI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Parks, Recreation & Community Services	Public Safety	Community Development
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	1,504,185
Intergovernmental revenues	-	343,015	213,569
Charges for services	1,951,699	-	1,058,664
Investment and rental income	546,593	2,281	58,456
Miscellaneous revenue	11,825	-	60
Total revenues	<u>2,510,117</u>	<u>345,296</u>	<u>2,834,934</u>
EXPENDITURES			
Current:			
General government	2,471,862	-	-
Public protection	-	206,254	-
Public works	-	-	-
Community development	-	-	2,112,118
Parks and recreation	2,680,488	-	-
Capital outlay	47,308	-	-
Debt service:			
Principal	-	78,624	-
Interest	-	7,916	-
Total expenditures	<u>5,199,658</u>	<u>292,794</u>	<u>2,112,118</u>
Excess (deficiency) of revenues over expenditures	<u>(2,689,541)</u>	<u>52,502</u>	<u>722,816</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,886,960	-	-
Transfers out	<u>(1,164,685)</u>	<u>-</u>	<u>(54,280)</u>
Total other financing sources (uses)	<u>2,722,275</u>	<u>-</u>	<u>(54,280)</u>
Net change in fund balances	32,734	52,502	668,536
Fund balances - beginning	1,044,223	371,191	3,141,317
Fund balances - ending	<u>\$ 1,076,957</u>	<u>\$ 423,693</u>	<u>\$ 3,809,853</u>

CITY OF LODI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Transportation	HOME Program and Community Development Block Grants	Total Nonmajor Special Revenue Funds
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	1,504,185
Intergovernmental revenues	93,687	1,012,686	1,662,957
Charges for services	-	-	3,010,363
Investment and rental income	(303)	819	607,846
Miscellaneous revenue	-	-	11,885
Total revenues	<u>93,384</u>	<u>1,013,505</u>	<u>6,797,236</u>
EXPENDITURES			
Current:			
General government	-	-	2,471,862
Public protection	-	-	206,254
Public works	-	1,012,686	1,012,686
Community development	-	-	2,112,118
Parks and recreation	-	-	2,680,488
Capital outlay	54,727	-	102,035
Debt service:			
Principal	-	-	78,624
Interest	-	-	7,916
Total expenditures	<u>54,727</u>	<u>1,012,686</u>	<u>8,671,983</u>
Excess (deficiency) of revenues over expenditures	<u>38,657</u>	<u>819</u>	<u>(1,874,747)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	3,886,960
Transfers out	-	-	(1,218,965)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,667,995</u>
Net change in fund balances	38,657	819	793,248
Fund balances - beginning	160	25,303	4,582,194
Fund balances - ending	<u>\$ 38,817</u>	<u>\$ 26,122</u>	<u>\$ 5,375,442</u>

CITY OF LODI
Parks, Recreation & Community Services
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 2,406,180	\$ 2,406,180	\$ 1,951,699	\$ (454,481)
Investment and rental income	486,000	486,000	546,593	60,593
Miscellaneous revenue	256,500	256,500	11,825	(244,675)
Total revenues	<u>3,148,680</u>	<u>3,148,680</u>	<u>2,510,117</u>	<u>(638,563)</u>
EXPENDITURES				
Current:				
General government	2,743,840	2,700,850	2,471,862	228,988
Parks and recreation	3,481,150	3,957,140	2,680,488	1,276,652
Capital Outlay	882,340	1,195,840	47,308	1,148,532
Total expenditures	<u>7,107,330</u>	<u>7,853,830</u>	<u>5,199,658</u>	<u>2,654,172</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,958,650)</u>	<u>(4,705,150)</u>	<u>(2,689,541)</u>	<u>2,015,609</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,886,960	3,886,960	3,886,960	-
Transfers out	(717,710)	(1,164,685)	(1,164,685)	-
Total other financing sources (uses)	<u>3,169,250</u>	<u>2,722,275</u>	<u>2,722,275</u>	<u>-</u>
Net changes in fund balance	(789,400)	(1,982,875)	32,734	<u>\$ 2,015,609</u>
FUND BALANCES, BEGINNING OF YEAR	<u>1,044,223</u>	<u>1,044,223</u>	<u>1,044,223</u>	
FUND BALANCES, END OF YEAR	<u>\$ 254,823</u>	<u>\$ (938,652)</u>	<u>1,076,957</u>	
Basis adjustment:				
Cummulative pension set aside			<u>(359,692)</u>	
Fund balance (budgetary basis)			<u>\$ 717,265</u>	

CITY OF LODI
Public Safety
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 382,870	\$ 577,757	\$ 343,015	\$ (234,742)
Investment and rental income	2,600	2,600	2,281	(319)
Total revenues	<u>385,470</u>	<u>580,357</u>	<u>345,296</u>	<u>(235,061)</u>
EXPENDITURES				
Current:				
Public protection	315,000	969,388	206,254	763,134
Debt service:				
Principal retirement	-	-	78,624	(78,624)
Interest expense	-	-	7,916	(7,916)
Total expenditures	<u>315,000</u>	<u>969,388</u>	<u>292,794</u>	<u>676,594</u>
Net change in fund balances	70,470	(389,031)	52,502	<u>\$ 441,533</u>
FUND BALANCES, BEGINNING OF YEAR	371,191	371,191	371,191	
FUND BALANCES, END OF YEAR	<u>\$ 441,661</u>	<u>\$ (17,840)</u>	<u>\$ 423,693</u>	

CITY OF LODI
Community Development
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 1,543,100	\$ 1,543,100	\$ 1,504,185	\$ (38,915)
Intergovernmental revenues	200,000	200,000	213,569	13,569
Charges for services	654,000	654,000	1,058,664	404,664
Investment and rental income	24,000	24,000	58,456	34,456
Miscellaneous revenue	-	-	60	60
Total revenues	<u>2,421,100</u>	<u>2,421,100</u>	<u>2,834,934</u>	<u>413,834</u>
EXPENDITURES				
Current:				
Community development	2,229,990	2,515,790	2,112,118	403,672
Total expenditures	<u>2,229,990</u>	<u>2,515,790</u>	<u>2,112,118</u>	<u>403,672</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>191,110</u>	<u>(94,690)</u>	<u>722,816</u>	<u>817,506</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	165,000	165,000	-	(165,000)
Transfers out	-	-	(54,280)	(54,280)
Total other financing sources (uses)	<u>165,000</u>	<u>165,000</u>	<u>(54,280)</u>	<u>(219,280)</u>
Net change in fund balances	356,110	70,310	668,536	<u>\$ 598,226</u>
FUND BALANCES, BEGINNING OF YEAR	<u>3,141,317</u>	<u>3,141,317</u>	<u>3,141,317</u>	
FUND BALANCES, END OF YEAR	<u>\$ 3,497,427</u>	<u>\$ 3,211,627</u>	<u>3,809,853</u>	
Basis adjustment:				
Cummulative pension set aside			<u>(212,425)</u>	
Fund balance (budgetary basis)			<u>\$ 3,597,428</u>	

CITY OF LODI
Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 54,730	\$ 54,730	\$ 93,687	\$ 38,957
Investment and rental income	-	-	(303)	(303)
Total revenues	<u>54,730</u>	<u>54,730</u>	<u>93,384</u>	<u>38,654</u>
EXPENDITURES				
Capital outlay	<u>60,000</u>	<u>60,000</u>	<u>54,727</u>	<u>5,273</u>
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>54,727</u>	<u>5,273</u>
Net change in fund balances	(5,270)	(5,270)	38,657	<u>\$ 43,927</u>
FUND BALANCES, BEGINNING OF YEAR	160	160	160	
FUND BALANCES, END OF YEAR	<u>\$ (5,110)</u>	<u>\$ (5,110)</u>	<u>\$ 38,817</u>	

CITY OF LODI
HOME Program and Community Development Block Grants
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 1,233,920	\$ 1,233,920	\$ 1,012,686	\$ (221,234)
Investment and rental income	-	-	819	819
Total revenues	<u>1,233,920</u>	<u>1,233,920</u>	<u>1,013,505</u>	<u>(220,415)</u>
EXPENDITURES				
Public works	<u>1,233,920</u>	<u>2,483,920</u>	<u>1,012,686</u>	<u>1,471,234</u>
Total expenditures	<u>1,233,920</u>	<u>2,483,920</u>	<u>1,012,686</u>	<u>1,471,234</u>
Net change in fund balances	-	(1,250,000)	819	<u>\$ 1,250,819</u>
FUND BALANCES, BEGINNING OF YEAR	25,303	25,303	25,303	
FUND BALANCES, END OF YEAR	<u>\$ 25,303</u>	<u>\$ (1,224,697)</u>	<u>\$ 26,122</u>	

NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECT FUNDS

Vehicle and Equipment

This fund was established to account for the financing and replacement of vehicles and equipment for all funds of the City with the exception of the Enterprise Funds. Financing is primarily provided through transfers from other funds, interest earnings and sales of surplus property.

Library

This fund is used to account for the acquisition, construction and installation of capital facilities for the Library.

Hutchins Street Square

When the old Lodi High School burned down, the City purchased the property and renamed it Hutchins Street Square. The Old Lodi High Site Foundation was established which organizes events to raise money for the capital restoration of Hutchins Street Square.

Capital Outlay Reserve

This fund was established to account for the entire City's construction projects and capital purchases in excess of \$10,000 with the exception of those funded through Enterprise Funds. Financing is provided primarily through transfers from other funds and from State and Federal grants.

Parks Capital

This fund was established to account for the acquisition, construction and installation of capital facilities for the various City parks.



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CITY OF LODI
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2019

	Vehicle and Equipment	Library	Hutchins Street Square
ASSETS			
Cash and investments	\$ 4,632,848	\$ 180,382	\$ 1,140
Accounts receivables, net	-	-	-
Interest receivables	-	-	1
Total assets	<u>\$ 4,632,848</u>	<u>\$ 180,382</u>	<u>\$ 1,141</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 15,208	\$ -	\$ -
Advances from other funds	-	-	-
Total liabilities	<u>15,208</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Assigned			
Capital projects	4,617,640	180,382	1,141
Total fund balances	<u>4,617,640</u>	<u>180,382</u>	<u>1,141</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,632,848</u>	<u>\$ 180,382</u>	<u>\$ 1,141</u>

CITY OF LODI
Combining Balance Sheet (Continued)
Nonmajor Capital Projects Funds
June 30, 2019

	Capital Outlay Reserve	Parks Capital	Total Nonmajor Capital Projects Funds
ASSETS			
Cash and investments	\$ 3,852,083	\$ 979,999	\$ 9,646,452
Accounts receivables, net	171,705	-	171,705
Interest receivables	4,721	1,167	5,889
Total assets	<u>\$ 4,028,509</u>	<u>\$ 981,166</u>	<u>\$ 9,824,046</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 109,190	\$ -	\$ 124,398
Advances from other funds	548,679	-	548,679
Total liabilities	<u>657,869</u>	<u>-</u>	<u>673,077</u>
DEFERRRED INFLOWS OF RESOURCES			
Unavailable revenue	171,553	-	171,553
Total deferred inflows of resources	<u>171,553</u>	<u>-</u>	<u>171,553</u>
FUND BALANCES			
Assigned			
Capital projects	3,199,087	981,166	8,979,416
Total fund balances	<u>3,199,087</u>	<u>981,166</u>	<u>8,979,416</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,028,509</u>	<u>\$ 981,166</u>	<u>\$ 9,824,046</u>

CITY OF LODI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2019

	Vehicle and Equipment	Library	Hutchins Street Square
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Investment and rental income	21,745	-	(2,442)
Miscellaneous revenue	57,055	-	(2,181)
Total revenues	<u>78,800</u>	<u>-</u>	<u>(4,623)</u>
EXPENDITURES			
Capital outlay	162,367	-	-
Debt service:			
Interest	-	-	-
Total expenditures	<u>162,367</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(83,567)</u>	<u>-</u>	<u>(4,623)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,338,045	100,000	-
Proceeds from sale of property	-	-	-
Total other financing sources (uses)	<u>2,338,045</u>	<u>100,000</u>	<u>-</u>
Change in fund balances	2,254,478	100,000	(4,623)
Fund balances - beginning	2,363,162	80,382	5,764
Fund balances - ending	<u>\$ 4,617,640</u>	<u>\$ 180,382</u>	<u>\$ 1,141</u>

CITY OF LODI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2019

	<u>Capital Outlay Reserve</u>	<u>Parks Capital</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES			
Charges for services	\$ 943,508	\$ -	\$ 943,508
Investment and rental income	52,492	6,474	78,269
Miscellaneous revenue	-	13,405	68,279
Total revenues	<u>996,000</u>	<u>19,879</u>	<u>1,090,056</u>
EXPENDITURES			
Capital outlay	452,978	109,438	724,783
Debt service:			
Interest	<u>57,526</u>	<u>-</u>	<u>57,526</u>
Total expenditures	<u>510,504</u>	<u>109,438</u>	<u>782,309</u>
Excess (deficiency) of revenues over expenditures	<u>485,496</u>	<u>(89,559)</u>	<u>307,747</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	430,000	318,000	3,186,045
Proceeds from sale of property	<u>402,873</u>	<u>-</u>	<u>402,873</u>
Total other financing sources (uses)	<u>832,873</u>	<u>318,000</u>	<u>3,588,918</u>
Change in fund balances	1,318,369	228,441	3,896,665
Fund balances - beginning	1,880,718	752,725	5,082,751
Fund balances - ending	<u>\$ 3,199,087</u>	<u>\$ 981,166</u>	<u>\$ 8,979,416</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are maintained to account for the internal transfer of services between operating units of the City and to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple organizations.

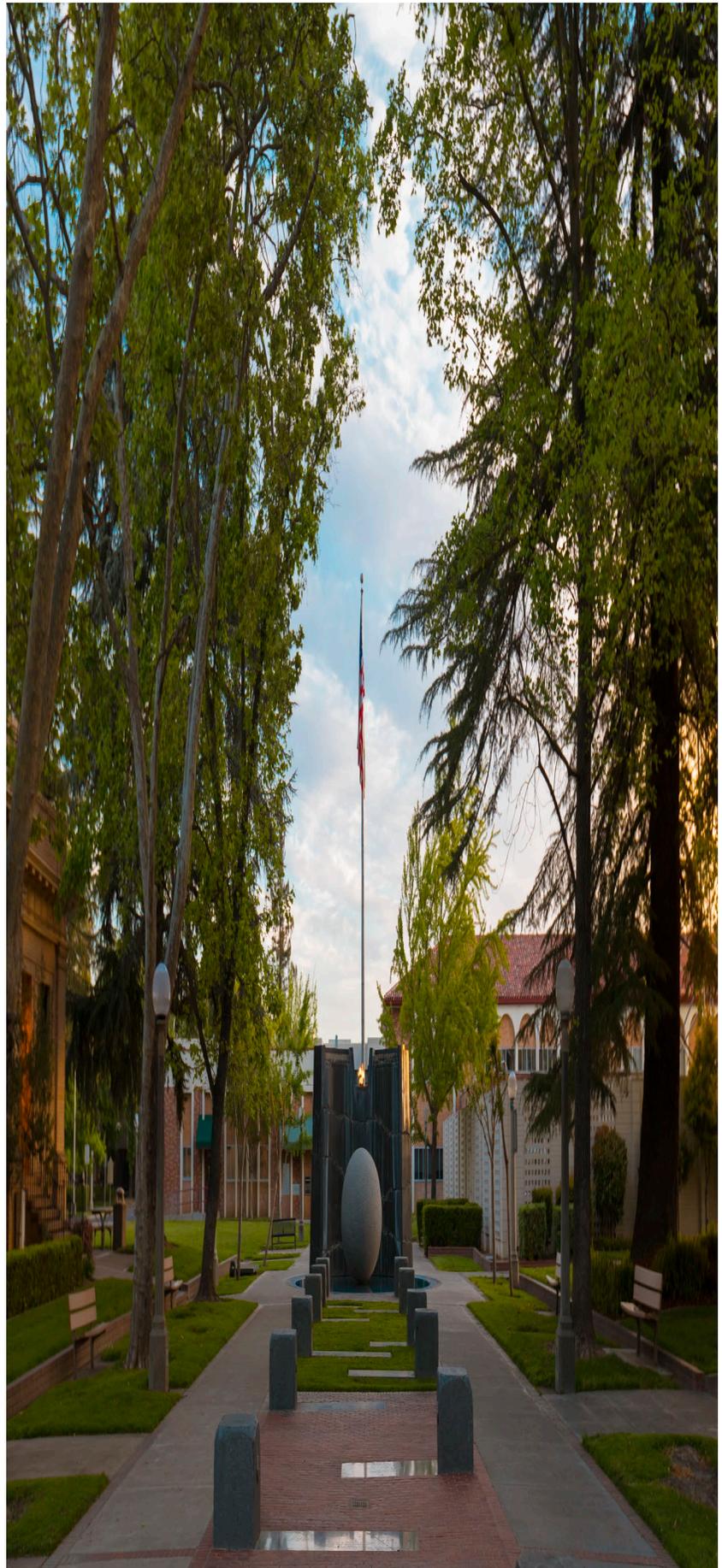
Fleet Services is used to account for the operation, maintenance and timely replacement of the City's fleet of vehicles which serve the transportation needs of all City departments.

Benefits is used to account for the following employee benefits:

- Dental
- Employee Assistance Program
- Chiropractic
- Employee Recognition Program
- Life/Accidental Insurance
- Unemployment Insurance
- Medical
- Flexible Spending Program
- Vision
- Long Term Disability

Insurance is used to account for the following insurances:

- General Liability
- Workers' Compensation
- Other Insurance



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CITY OF LODI
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Fleet Services	Benefits	Insurance	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 1,721,146	\$ 12,960,945	\$ 14,682,091
Restricted cash and investments	-	-	46,562	46,562
Receivables: Accounts, net	358	130	4,770	5,258
Receivables: Interest	-	1,946	15,657	17,603
Inventory	140,967	-	-	140,967
Due from other fund	-	75,398	-	75,398
Prepaid	-	110,008	-	110,008
Restricted cash and investments	83,988	-	-	83,988
Capital assets, net	21,708	-	-	21,708
Total assets	<u>247,021</u>	<u>1,908,628</u>	<u>13,027,934</u>	<u>15,183,583</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	227,245	-	-	227,245
Related to OPEB	-	1,862,969	-	1,862,969
Total deferred outflows of resources	<u>227,245</u>	<u>1,862,969</u>	<u>-</u>	<u>2,090,214</u>
LIABILITIES				
Current liabilities:				
Accounts payable and other liabilities	66,526	(6,416)	167,544	227,654
Accrued salaries and wages	14,241	-	-	14,241
Accrued compensated absences	45,340	-	-	45,340
Due to other fund	75,398	-	-	75,398
Noncurrent liabilities:				
Self insurance liability	-	-	8,065,374	8,065,374
Accrued compensated absences	112,264	8,104,816	-	8,217,080
Net OPEB Liability	-	33,422,021	-	33,422,021
Net pension liability	1,512,040	-	-	1,512,040
Total liabilities	<u>1,825,809</u>	<u>41,520,421</u>	<u>8,232,918</u>	<u>51,579,148</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	19,366	-	-	19,366
Related to OPEB	-	2,006,962	-	2,006,962
Total deferred inflows of resources	<u>19,366</u>	<u>2,006,962</u>	<u>-</u>	<u>2,026,328</u>
NET POSITION				
Investment in capital assets	21,708	-	-	21,708
Unrestricted (deficit)	(1,392,617)	(39,755,786)	4,795,016	(36,353,387)
Total net position	<u>\$ (1,370,909)</u>	<u>\$ (39,755,786)</u>	<u>\$ 4,795,016</u>	<u>\$ (36,331,679)</u>

CITY OF LODI
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	Fleet Services	Benefits	Insurance	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 2,054,575	\$ 7,846,452	\$ 2,260,047	\$ 12,161,074
Total operating revenues	<u>2,054,575</u>	<u>7,846,452</u>	<u>2,260,047</u>	<u>12,161,074</u>
OPERATING EXPENSES				
Personnel services	963,574	378,687	200,940	1,543,201
Supplies, materials and services	1,156,841	5,811,480	1,102,634	8,070,955
Utilities	11,506	-	-	11,506
Depreciation	1,447	-	-	1,447
Claims/premiums	20,730	1,231,018	2,096,525	3,348,273
Total operating expenses	<u>2,154,098</u>	<u>7,421,185</u>	<u>3,400,099</u>	<u>12,975,382</u>
Operating income (loss)	<u>(99,523)</u>	<u>425,267</u>	<u>(1,140,052)</u>	<u>(814,308)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	(3,030)	13,399	190,260	200,629
Other revenues	27,688	235,634	22,098	285,420
Total nonoperating revenues (expenses)	<u>24,658</u>	<u>249,033</u>	<u>212,358</u>	<u>486,049</u>
Change in net position	<u>(74,865)</u>	<u>674,300</u>	<u>(927,694)</u>	<u>(328,259)</u>
Total net position - beginning, as restated (Note 16)	<u>(1,296,044)</u>	<u>(40,430,086)</u>	<u>5,722,710</u>	<u>(36,003,420)</u>
Total net position - ending	<u>\$ (1,370,909)</u>	<u>\$ (39,755,786)</u>	<u>\$ 4,795,016</u>	<u>\$ (36,331,679)</u>

CITY OF LODI
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Fleet Services	Benefits
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 27,345	\$ 272,356
Cash from interfund customers	2,058,472	7,771,052
Payments to suppliers	(1,149,710)	(7,163,587)
Payments to employees	(849,089)	(634,022)
Net cash provided (used) by operating activities	<u>87,018</u>	<u>245,799</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>(3,030)</u>	<u>24,322</u>
Net cash provided (used) by investing activities	<u>(3,030)</u>	<u>24,322</u>
Net increase (decrease) in cash and cash equivalents	83,988	270,121
Balances - beginning of year	-	1,451,025
Balances - end of the year	<u>\$ 83,988</u>	<u>\$ 1,721,146</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income (loss)	(99,523)	425,267
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense	1,447	-
Changes in assets, liabilities and deferred outflow/inflows of resources:		
Customer Receivables	(343)	36,722
Inventory	4,757	-
Other assets	-	1,323
Accounts Payable - Supplier	34,610	(122,412)
Accrued salaries and wages	11,652	-
Unclaimed Property	-	-
Compensated absences	4,822	(369,402)
Due to other funds	3,898	(75,398)
Self-insurance liability	-	-
Deferred inflows (outflows) of resources	98,011	114,068
Other revenues	27,687	235,631
Net cash provided (used) by operating activities	<u>\$ 87,018</u>	<u>\$ 245,799</u>

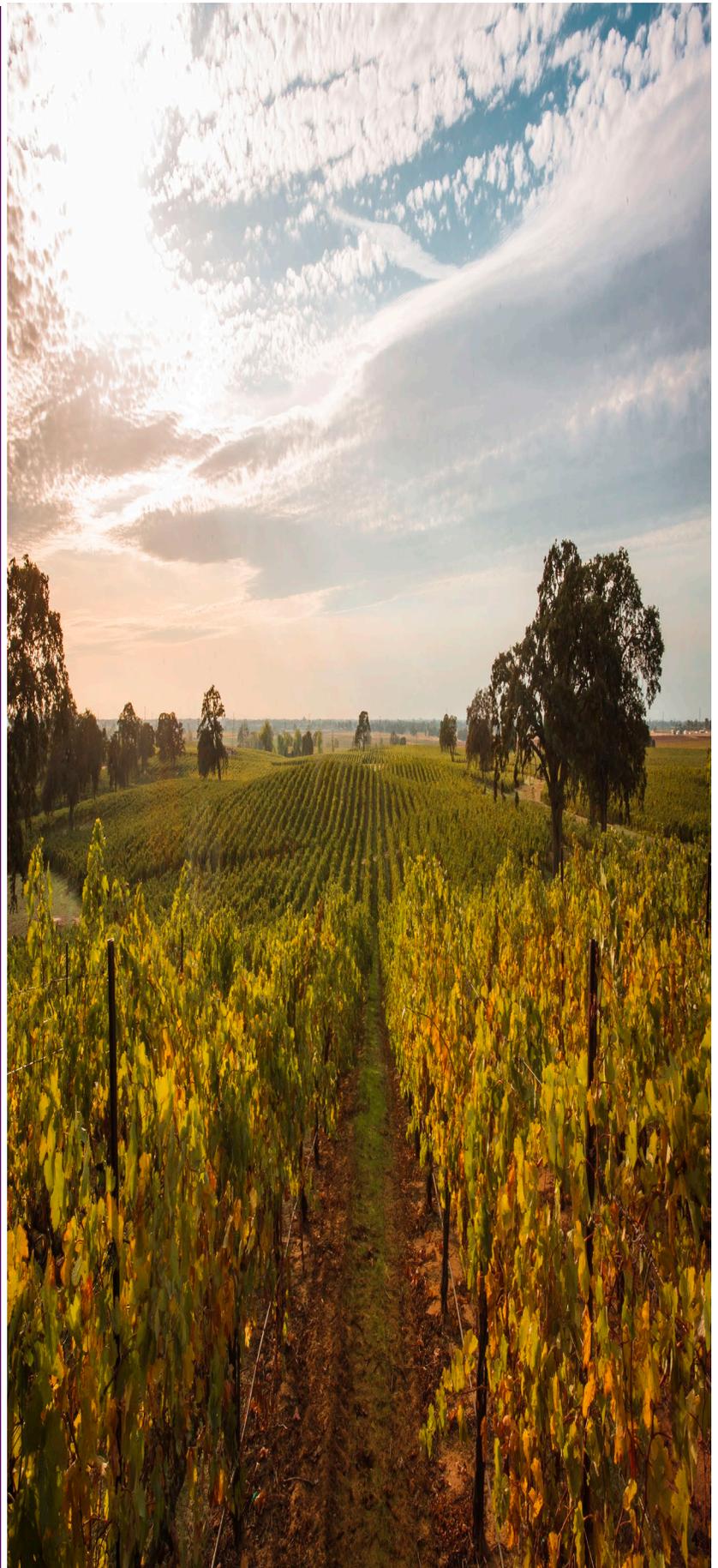
CITY OF LODI
Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2019

	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 42,234	\$ 341,935
Cash from interfund customers	2,327,192	12,156,716
Payments to suppliers	(3,024,942)	(11,338,239)
Payments to employees	(200,940)	(1,684,051)
Net cash provided (used) by operating activities	(856,456)	(523,639)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	178,695	199,987
Net cash provided (used) by investing activities	178,695	199,987
Net increase (decrease) in cash and cash equivalents	(677,761)	(323,652)
Balances - beginning of year	13,685,268	15,136,293
Balances - end of the year	\$ 13,007,507	\$ 14,812,641
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income (loss)	(1,140,052)	\$ (814,308)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense	-	1,447
Changes in assets, liabilities and deferred outflow/inflows of resources:		
Customer Receivables	15,779	52,158
Inventory	-	4,757
Other assets	-	1,323
Accounts Payable - Supplier	108,053	20,251
Accrued salaries and wages	-	11,652
Unclaimed Property	(4,674)	(4,674)
Compensated absences	-	(364,580)
Due to other funds	71,500	-
Self-insurance liability	70,838	70,838
Deferred inflows (outflows) of resources	-	212,079
Other revenues	22,100	285,418
Net cash provided (used) by operating activities	\$ (856,456)	\$ (523,639)

FIDUCIARY FUNDS

Private-Purpose Trust Funds account for trust agreements under which the principal and income benefit individuals, private organizations or other governments.

Agency Funds account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way Beckman districts and the Downtown and Cherokee Lane Districts.



CITY OF LODI
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2019

	Library	Hutchins St Sq/Holz Bequest	Total Private-Purpose Trust Funds
ASSETS			
Cash and investments	\$ 144,265	\$ 1,568	\$ 145,833
Interest receivable	-	2	2
Total assets	<u>144,265</u>	<u>1,570</u>	<u>145,835</u>
 Fiduciary Net Position	 <u>\$ 144,265</u>	 <u>\$ 1,570</u>	 <u>\$ 145,835</u>

CITY OF LODI
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2019

	Library	Hutchins St Sq/Holz Bequest	Total Private-Purpose Trust Funds
ADDITIONS			
Investment and rental income	\$ 12,495	\$ 48	\$ 12,543
DEDUCTIONS			
Current:			
Library	2,807	-	2,807
Changes in fiduciary net position	9,688	48	9,736
Fiduciary Net Position - beginning of the year	134,577	1,522	136,099
Fiduciary Net Position - end of the year	\$ 144,265	\$ 1,570	\$ 145,835

CITY OF LODI
Combining Statement of Fiduciary Net Position
Agency funds
June 30, 2019

	Special Assessments			Balance June 30, 2019
	Balance July 1, 2018	Additions	Deductions	
ASSETS				
Cash and investments	\$ 423,634	\$ 39,231	\$ 95,066	\$ 367,800
Interest receivable	133	450	132	451
Total assets	<u>\$ 423,767</u>	<u>\$ 39,682</u>	<u>\$ 95,198</u>	<u>\$ 368,251</u>
LIABILITIES				
Deposits payable	\$ 423,767	\$ 382,988	\$ 438,504	\$ 368,251
Total liabilities	<u>\$ 423,767</u>	<u>\$ 382,988</u>	<u>\$ 438,504</u>	<u>\$ 368,251</u>

STATISTICAL SECTION
UNAUDITED



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STATISTICAL SECTION

The Statistical Section provides detailed information as a framework for understanding the information in the financial statements, notes and required supplementary information. This section presents additional data and analysis that may provide the reader with valuable insight regarding the demographics and the overall health of the City.

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs.

Sources

Unless otherwise noted, the information in these schedules are derived from the comprehensive annual financial report.

CITY OF LODI
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year									
	2019	2018 ⁽²⁾	2017	2016	2015 ⁽¹⁾	2014	2013	2012	2011	2010
Governmental activities:										
Net investment in capital assets	\$ 116,151	\$ 119,222	\$ 117,196	\$ 111,256	\$ 105,944	\$ 105,462	\$ 106,828	\$ 107,587	\$ 114,165	\$ 113,308
Restricted	25,751	25,904	15,545	13,911	12,001	11,809	12,601	16,176	14,894	13,233
Unrestricted	(115,043)	(117,535)	(77,162)	(76,984)	(74,146)	2,551	1,157	(3,606)	(5,148)	(6,110)
Total governmental activities net position	26,859	27,591	55,579	48,183	43,799	119,822	120,586	120,157	123,911	120,431
Business-type activities:										
Net investment in capital assets	129,858	137,291	129,086	121,468	119,924	116,156	113,008	109,582	104,858	100,233
Restricted	20,402	20	3,929	3,893	6,810	6,703	6,600	6,533	5,303	-
Unrestricted	27,957	24,584	16,463	14,427	892	16,535	14,827	(34,563)	(34,129)	(28,591)
Total business-type activities net position	178,217	161,895	149,478	139,788	127,626	139,394	134,435	81,552	76,032	71,642
Primary government:										
Net investment in capital assets	246,010	256,513	246,282	232,724	225,868	221,618	219,836	217,169	219,023	213,541
Restricted	46,153	25,924	19,474	17,804	18,811	18,512	19,201	22,709	20,197	13,233
Unrestricted	(87,086)	(92,951)	(60,699)	(62,557)	(73,254)	19,086	15,984	(38,169)	(39,277)	(34,701)
Total primary government net position	\$ 205,077	\$ 189,486	\$ 205,057	\$ 187,971	\$ 171,425	\$ 259,216	\$ 255,021	\$ 201,709	\$ 199,943	\$ 192,073

(1) Fiscal year 2015 beginning net position was restated due to the implementation of GASB 68.

(2) Fiscal year 2018 beginning net position was restated due to the implementation of GASB 75.

Source: City of Lodi Financial Services Division

CITY OF LODI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$ 11,390	\$ 11,601	\$ 9,650	\$ 10,369	\$ 9,109	\$ 9,580	\$ 8,943	\$ 9,381	\$ 8,262	\$ 8,749
Public protection	33,396	38,795	33,239	31,395	27,426	27,884	25,930	25,432	25,113	27,186
Public works	11,013	9,823	10,614	10,326	10,281	10,644	10,546	10,248	9,305	10,462
Community development	2,187	1,999	1,709	1,792	1,165	1,174	1,050	1,003	973	1,114
Library	785	1,753	1,253	1,389	1,324	1,282	1,342	1,381	1,355	1,440
Parks and recreation	4,142	4,672	3,663	4,262	3,116	3,164	2,933	2,913	5,778	5,077
Interest and fiscal charges	782	768	824	822	818	825	416	1,033	1,075	1,105
Total governmental activities expenses	63,695	69,411	60,952	60,355	53,239	54,553	51,160	51,391	51,861	55,133
Business-type activities:										
Electric	64,104	67,943	62,791	61,764	64,367	61,974	61,106	62,599	63,399	64,364
Wastewater	14,410	16,008	16,318	14,024	12,912	12,527	13,423	17,441	11,687	11,289
Water	12,138	11,776	11,961	10,967	9,905	11,014	(34,877)	7,953	8,188	6,148
Transit	5,086	5,233	4,925	4,415	4,134	3,834	4,141	4,256	4,132	4,785
Total business-type activities expenses	95,738	100,960	95,995	91,170	91,318	89,349	43,793	92,249	87,406	86,586
Total primary government expenses	159,433	170,371	156,947	151,525	144,557	143,902	94,953	143,640	139,267	141,719
Program Revenues										
Governmental activities:										
Charges for services:										
General government	323	3,670	3,246	1,490	1,971	1,955	2,337	1,718	1,793	2,184
Public protection	368	1,000	779	740	609	582	538	500	643	714
Public works	2,631	990	1,209	734	832	415	224	166	356	326
Community development	1,059	2,665	2,838	2,292	1,378	1,219	1,458	993	1,601	786
Library	-	37	43	63	43	43	44	43	47	48
Parks and recreation	1,286	1,698	1,660	1,637	1,360	1,479	1,404	1,241	1,245	1,269
Operating grants and contributions	7,968	2,287	2,391	2,596	3,369	2,686	2,341	2,300	2,236	1,927
Capital grants and contributions	6,861	8,737	12,830	10,559	3,131	5,359	4,216	5,025	6,737	5,122
Total governmental activities program revenues	20,496	21,084	24,996	20,111	12,693	13,738	12,562	11,986	14,658	12,376
Business-type activities:										
Charges for services:										
Electric	67,961	69,247	65,848	67,507	65,237	64,693	63,230	64,251	62,167	69,664
Wastewater	15,904	14,914	15,106	14,960	14,714	14,305	13,747	13,280	13,090	11,513
Water	13,345	13,005	12,474	12,161	12,723	12,756	12,441	12,083	11,940	11,716
Transit	216	227	220	210	230	203	185	186	195	217
Operating grants and contributions	8,261	5,969	4,514	5,089	5,186	4,431	5,178	4,214	3,983	3,449
Capital grants and contributions	2,092	11,307	7,972	2,860	5,284	2,846	4,715	3,206	5,150	1,408
Total business-type activities program revenues	107,779	114,669	106,134	102,787	103,374	99,234	99,496	97,220	96,525	97,967
Total primary government program revenues	128,275	135,753	131,130	122,898	116,067	112,972	112,058	109,206	111,183	110,343
Net (Expense)/Revenue										
Governmental activities	(43,198)	(48,327)	(35,956)	(40,244)	(40,546)	(40,815)	(38,598)	(39,405)	(37,203)	(42,757)
Business-type activities	12,040	13,709	10,139	11,617	12,056	9,885	55,703	4,971	9,119	11,381
Total primary government net expense	\$ (31,158)	\$ (34,618)	\$ (25,817)	\$ (28,627)	\$ (28,490)	\$ (30,930)	\$ 17,105	\$ (34,434)	\$ (28,084)	\$ (31,376)

CITY OF LODI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (CONTINUED)
(Dollar amounts in thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
Property	\$ 11,050	\$ 10,325	\$ 9,984	\$ 9,373	\$ 8,969	\$ 8,290	\$ 8,075	\$ 12,103	\$ 12,698	\$ 12,836
Special assessments ¹	139	44	-	-	-	-	-	-	-	-
Sales ¹	14,287	11,333	11,749	11,808	10,624	10,111	9,349	-	-	-
Document transfer ¹	5,399	5,147	4,903	4,572	4,559	4,315	4,176	-	-	-
Franchise	9,212	9,218	9,099	9,073	8,976	8,838	8,735	8,712	8,692	8,658
Business license	1,887	1,822	1,736	1,552	1,486	1,528	1,524	1,628	1,246	1,242
Transient occupancy	736	867	849	783	666	594	546	486	426	382
Grants and contributions not restricted to specific programs ¹	441	601	2	-	1	180	-	9,277	8,954	7,064
Investment earnings	1,576	311	257	326	145	203	44	132	133	155
Rent	1,553	-	-	1,954	1,942	1,906	1,370	-	-	-
Other	353	933	722	719	605	528	610	2,052	1,556	1,917
Special item-gain on sale of parkland	-	-	-	-	-	-	-	-	321	-
Transfers	4,233	4,252	4,051	4,469	7,514	4,792	5,682	1,261	6,657	5,868
Total governmental activities	50,866	44,853	43,352	44,629	45,487	41,285	40,111	35,651	40,683	38,122
Business-type activities:										
Investment earnings	1,584	716	816	952	632	757	497	566	575	731
Litigation- environmental lawsuits proceeds	-	-	-	100	-	-	1,107	-	-	300
Rent	-	-	-	4	4	4	-	-	-	-
Other	2,321	2,244	2,786	3,957	2,745	2,370	1,258	1,244	1,353	923
Special item-forgiveness of debt	-	-	-	-	-	-	-	-	-	-
Special item-swap termination	-	-	-	-	-	-	-	-	-	-
Transfers	(4,233)	(4,252)	(4,051)	(4,469)	(7,514)	(4,792)	(5,682)	(1,261)	(6,657)	(5,868)
Total business-type activities	(328)	(1,292)	(449)	544	(4,133)	(1,661)	(2,820)	549	(4,729)	(3,914)
Total primary government	50,538	43,561	42,903	45,173	41,354	39,624	37,291	36,200	35,954	34,208
Change in Net Position										
Governmental activities	7,668	(3,474)	7,396	4,385	4,941	470	1,513	(3,754)	3,480	(4,635)
Business-type activities	11,712	12,417	9,690	12,161	7,923	8,224	52,883	5,520	4,390	7,467
Total primary government	\$ 19,380	\$ 8,943	\$ 17,086	\$ 16,546	\$ 12,864	\$ 8,694	\$ 54,396	\$ 1,766	\$ 7,870	\$ 2,832

Source: City of Lodi Financial Services Division

¹ Certain tax amounts have been reclassified in fiscal year 2013.

CITY OF LODI
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010
General Fund										
Reserved	\$ 10,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 389
Unreserved	-	-	-	-	-	-	-	-	-	3,896
Nonspendable	-	-	-	33	-	10	9	6	357	-
Committed	563	9,031	3,520	465	345	301	277	-	-	-
Assigned	-	-	-	1,564	26	29	65	50	136	-
Unassigned	11,172	9,737	11,448	11,185	12,107	9,134	7,614	6,233	5,654	-
Total General Fund	22,452	18,768	14,968	13,247	12,478	9,474	7,965	6,289	6,147	4,285
All other governmental funds										
Reserved	-	-	-	-	-	-	-	-	-	7,801
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	963
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	3,649
Nonspendable	1	1	1	1	1	4	3	1	-	-
Assigned	8,979	-	-	-	-	-	-	-	-	-
Committed	716	-	-	-	-	-	-	-	-	-
Restricted	14,202	16,062	15,263	13,867	11,957	11,764	12,556	15,017	13,786	-
Unassigned	-	-	-	-	-	(99)	(512)	(863)	(846)	-
Total all other governmental funds	23,898	16,063	15,264	13,868	11,958	11,669	12,047	14,155	12,940	12,413
	\$ 46,350	\$ 34,831	\$ 30,232	\$ 27,115	\$ 24,436	\$ 21,143	\$ 20,012	\$ 20,444	\$ 19,087	\$ 16,698

(1) Implemented GASB 54 during the 2011 fiscal year changing the presentation of fund balance.

Source: City of Lodi Financial Services Division

CITY OF LODI
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes	\$ 28,423	\$ 27,423	\$ 26,491	\$ 25,327	\$ 24,631	\$ 23,719	\$ 23,022	\$ 22,928	\$ 23,061	\$ 23,118
*Sales and use tax	14,287	-	-	-	-	-	-	-	-	-
Licenses and permits	1,570	1,764	2,015	1,646	967	852	921	686	954	520
Intergovernmental revenues	9,213	20,807	23,975	21,083	17,557	17,392	14,625	15,289	12,579	12,579
Charges for services	6,558	6,020	5,722	5,830	3,827	3,558	3,880	3,427	3,946	4,116
Fines, forfeits, and penalties	1,274	1,396	906	1,495	1,573	1,557	1,632	1,357	1,407	1,444
Investment and rental income	2,994	2,325	2,319	2,155	2,029	2,025	1,389	1,264	817	923
Contributions and donations	-	-	818	-	282	1,003	-	-	689	-
Miscellaneous revenue	812	1,206	-	1,116	538	-	1,078	813	799	1,093
Total revenues	65,131	60,941	62,246	58,652	51,404	50,106	46,547	45,764	44,252	43,793
Expenditures:										
Current:										
General government	9,609	9,738	9,499	9,360	9,151	9,019	8,522	8,820	7,667	7,666
Public protection	31,949	30,788	30,201	28,821	26,646	27,093	26,282	25,249	24,489	24,466
Public works	5,452	4,628	4,608	4,070	4,508	4,393	4,532	4,174	3,715	4,383
Community development	2,112	1,756	1,651	1,601	1,226	1,192	1,111	1,037	969	1,013
Library	1,166	1,058	1,153	1,153	1,311	1,268	1,411	1,381	1,357	1,322
Parks and recreation	2,680	2,497	2,378	2,369	2,145	2,299	2,370	2,254	4,127	4,180
Capital outlay	3,380	8,296	11,592	13,117	9,842	7,652	6,271	2,961	9,377	5,108
Debt service:										
Interest	821	805	858	847	845	851	483	1,039	1,081	1,110
Principal payments	1,080	1,028	1,240	260	-	-	245	630	752	725
Advance refunding escrow	-	-	-	-	-	-	1,689	-	-	-
Total expenditures	58,249	60,594	63,180	61,598	55,674	53,767	52,916	47,545	53,534	49,973
Excess (deficiency) of revenues over (under) expenditures	6,882	347	(934)	(2,946)	(4,270)	(3,661)	(6,369)	(1,781)	(9,282)	(6,180)
Other financing sources (uses):										
Transfers in	13,201	13,863	11,723	13,310	15,599	11,596	12,546	14,486	11,881	11,173
Transfers out	(8,968)	(9,611)	(7,672)	(8,716)	(8,036)	(6,804)	(6,864)	(11,348)	(5,224)	(5,305)
Proceeds from sale	404	-	-	-	-	-	-	-	98	-
Refunding bonds issued	-	-	-	-	-	-	20,103	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(19,848)	-	-	-
Capital lease proceeds	-	-	-	563	-	-	-	-	-	-
Loan proceeds	-	-	-	468	-	-	-	-	-	-
Residual equity transfer	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	4,637	4,252	4,051	5,625	7,563	4,792	5,937	3,138	6,755	5,868
Special item-sale of parkland	-	-	-	-	-	-	-	-	630	-
Net change in fund balances	11,520	4,599	3,117	2,679	3,293	1,131	(432)	1,357	(1,897)	(312)
Fund balances, beginning of year	34,831	30,232	2,651	(28)	(3,321)	(4,452)	(4,020)	(5,377)	(3,480)	(3,168)
Fund balances, end of year	\$ 46,351	\$ 34,831	\$ 5,768	\$ 2,651	\$ (28)	\$ (3,321)	\$ (4,452)	\$ (4,020)	\$ (5,377)	\$ (3,480)
Debt service as a percentage of noncapital expenditures	3.5%	3.5%	4.1%	2.3%	1.8%	1.8%	5.2%	3.7%	4.2%	4.1%

*Sales and use tax separated in FY2019.

CITY OF LODI
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year										% Change 2010 to 2019
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	
Property	\$ 11,050	\$ 10,043	\$ 9,744	\$ 9,151	\$ 8,810	\$ 8,314	\$ 7,955	\$ 7,861	\$ 8,285	\$ 8,342	5.80%
Sales and Use	14,286	11,333	11,750	11,809	10,625	10,111	9,350	9,246	8,663	6,873	26.40%
Transient Occupancy	735	867	849	783	666	594	545	486	426	382	114.33%
Franchise	2,128	2,059	1,915	1,990	1,942	1,862	1,758	1,734	1,715	1,681	96.19%
Documentary Transfer	230	281	240	223	159	155	120	91	95	117	92.12%
Motor Vehicle in Lieu	5,399	5,176	4,904	4,572	4,533	4,289	4,143	4,151	4,317	4,377	2.23%
Public Protection	441	401	378	365	362	341	325	295	250	267	11.88%
Business License	1,887	1,822	1,736	1,552	1,133	1,220	1,187	1,182	958	962	52.29%
In Lieu Franchise	7,197	7,159	7,131	7,082	7,033	6,977	6,977	6,977	6,977	6,977	-14.72%
Totals	\$ 43,353	\$ 39,141	\$ 38,647	\$ 37,527	\$ 35,263	\$ 33,863	\$ 32,360	\$ 32,023	\$ 31,686	\$ 29,978	12%

Note: General governmental tax revenues are included in taxes, licenses and permits, intergovernmental revenues and miscellaneous revenues.

CITY OF LODI
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Secured roll	\$ 6,566,183	\$ 6,174,155	\$ 5,603,023	\$ 5,394,659	\$ 5,156,704	\$ 4,895,091	\$ 4,737,807	\$ 4,738,823	\$ 4,907,588	\$ 4,986,693
Utility roll	1,901	2,300	2,300	3,490	3,490	3,490	2,382	2,382	2,423	2,423
Unsecured roll	247,608	258,680	254,946	250,160	257,856	230,827	233,398	226,651	270,600	270,315
Gross assessed value	6,815,692	6,435,135	5,860,269	5,648,309	5,418,050	5,129,408	4,973,587	4,967,856	5,180,611	5,259,431
Less exemptions (1)	338,170	345,179	334,485	331,562	326,833	324,439	327,783	314,448	321,138	332,701
Net assessed value	<u>\$ 6,477,522</u>	<u>\$ 6,089,956</u>	<u>\$ 5,525,784</u>	<u>\$ 5,316,747</u>	<u>\$ 5,091,217</u>	<u>\$ 4,804,969</u>	<u>\$ 4,645,804</u>	<u>\$ 4,653,408</u>	<u>\$ 4,859,473</u>	<u>\$ 4,926,730</u>
Land	\$ 1,971,712	\$ 1,873,216	\$ 1,711,208	\$ 1,601,581	\$ 1,469,347	\$ 1,364,401	\$ 1,227,969	\$ 1,264,884	\$ 1,322,830	\$ 1,345,815
Improvements	4,614,261	4,286,480	3,854,604	3,736,867	3,610,391	3,443,266	3,445,328	3,401,792	3,534,778	3,600,824
Personal property	229,719	275,439	294,457	309,861	338,312	321,741	300,290	301,180	323,003	312,792
Gross assessed value	6,815,692	6,435,135	5,860,269	5,648,309	5,418,050	5,129,408	4,973,587	4,967,856	5,180,611	5,259,431
Less exemptions (1)	338,170	345,179	334,485	331,562	326,833	324,439	327,783	314,448	321,138	332,701
Net assessed value	<u>\$ 6,477,522</u>	<u>\$ 6,089,956</u>	<u>\$ 5,525,784</u>	<u>\$ 5,316,747</u>	<u>\$ 5,091,217</u>	<u>\$ 4,804,969</u>	<u>\$ 4,645,804</u>	<u>\$ 4,653,408</u>	<u>\$ 4,859,473</u>	<u>\$ 4,926,730</u>
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

(1) All exemptions (secured, utility, and unsecured rolls) are homeowners - \$59,458 and other - \$279,025 = \$338,080

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 assessed 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
California Municipal Statistics Inc

CITY OF LODI

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

(Rate per \$100 of assessed value)

Fiscal Year	Basic Countywide Levy	City	School	All Other	Total
2019	1.0000		0.0843	0.0225	1.1068
2018	1.0000	0.0000	0.0857	0.0180	1.1037
2017	1.0000		0.0371	0.0180	1.0551
2016	1.0000		0.0401	0.0198	1.0599
2015	1.0000		0.0425	0.0233	1.0658
2014 ⁽¹⁾	1.0000		0.0574	0.0000	1.0574
2013	1.0000		0.0646	0.0000	1.0646
2012	1.0000		0.0658	0.0000	1.0658
2011	1.0000		0.0626	0.0000	1.0626
2010	1.0000	0.0000	0.0575	0.0000	1.0575

Source: California Municipal Statistics, Inc.

San Joaquin County Tax Collector Website

Request from San Joaquin Audit Controllers Office

(1) Amounts restated based on new assessed value information provided.

CITY OF LODI
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Dollar amounts in thousands)

Taxpayer	Fiscal Year							
	2019				2010			
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	
California Physicians Service Corp	\$ 606,537	1	9.364 %	\$ 51,083	4	1.098 %		
Pacific Coast Producers	537,777	2	8.302	86,021	3	1.848		
PACIFIC Cost Producers CORP	450,225	3	6.951	-		-		
Big Box Property	423,248	4	6.534	-		-		
Walmart	352,887	6	5.448	-		-		
Winterfell Vintage	323,136	7	4.989	-		-		
ConAgra/Cottage Bakery	281,230	8	4.342	-		-		
PACIFIC Coast Producers Inc	252,962	9	3.905	-		-		
Costco	224,504	10	3.466	-		-		
North American Specialty Products LLC	-		0.000	-		-		
Wine & Roses LLC	-		-	16,440	10	0.353		
Calpurnia Associates LP	373,739	5	-	-		-		
Panattoni, Carl D ETAL	-		-	-		-		
Lodi Memorial Hospital Assn	-		-	155,179	1	3.334		
General Mills	-		-	147,574	2	3.171		
Cottage Bakery	-		-	39,950	5	0.858		
Certainteed Corp	-		-	18,623	7	0.400		
Dart Container Corp	-		-	18,446	8	0.396		
Archer Daniels Midland Co Corp	-		-	16,935	9	0.364		
Thule Hitch Systems	-		-	22,125	6	0.475		
Lowe's	-		-	-		-		
Principal Secured Property Valuation	3,826,245		59.070	572,376		12.299		
Other Secured Taxpayers	2,739,938		42.299	4,414,317		94.850		
Exemptions relative to secured tax roll	88,661		1.369	332,701		7.149		
Total Secured Property Valuation	\$ 6,477,522		100.000 %	\$ 4,653,992		100.000 %		

CITY OF LODI
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percent of Levy (1)	Amount	Percent of Levy
2019	\$ 10,883	\$ 10,883	100.0%	\$ 10,883	100.0%
2018	10,222	10,222	100.0%	10,222	100.0%
2017	9,821	9,821	100.0%	9,821	100.0%
2016	9,117	9,117	100.0%	9,117	100.0%
2015	8,742	8,742	100.0%	8,742	100.0%
2014	8,353	8,353	100.0%	8,353	100.0%
2013	7,865	7,865	100.0%	7,865	100.0%
2012	7,754	7,754	100.0%	7,754	100.0%
2011	8,143	8,143	100.0%	8,143	100.0%
2010	8,291	8,291	100.0%	8,291	100.0%

(1) Per agreement with San Joaquin County, the County provides the City of Lodi with 100% of the amount owed to the City for secured properties, regardless of collection status. In exchange, the County is entitled to 100% of revenues collected for interest and penalties. This agreement is commonly referred to as the Teeter Plan.

Source: San Joaquin County Auditor/Controller's Office

CITY OF LODI
ELECTRICITY SOLD BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS

Type of Customer	Billed Accounts									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
City Accounts	248	223	217	213	212	207	204	195	197	189
Contract Large Industrial	-	-	-	-	-	-	-	-	-	-
Contract Medium Industrial	-	-	-	-	-	-	-	-	-	-
Contract Small Industrial	-	-	-	-	-	-	-	-	-	-
Domestic Residential	22,228	22,041	21,917	22,497	22,393	22,623	22,541	22,361	22,360	22,525
Domestic Mobile Home Park	13	13	13	13	13	13	13	13	13	13
Dusk to Dawn	91	92	85	85	88	89	88	92	89	89
Industrial	-	43	-	-	-	-	-	-	-	-
Large Commercial	383	96	355	348	337	339	344	336	350	357
Large Industrial	69	55	35	44	41	39	40	38	40	39
Medium Commercial	-	375	-	-	-	-	-	-	-	-
Medium Industrial	14	10	10	11	12	11	11	9	9	9
Residential Low Income	2,796	2,539	2,669	2,688	2,798	2,788	2,582	2,531	2,258	2,193
Small Commercial	2,795	3,148	3,434	3,416	3,332	3,367	3,358	3,340	3,324	3,280
Small Industrial	11	N/A	10	11	7	8	9	11	11	10
Total	28,648	28,635	28,745	29,326	29,233	29,484	29,190	28,926	28,651	28,704

Notes:

“Large commercial” previously had medium commercial combined now “Medium Commercial” stated separately.

Small, Medium, Large Industrial now combined into one “Industrial”.

Source: City of Lodi Financial Services Division
 Intranet Dashboard Stats Util by Month and Sch

CITY OF LODI
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Dollar amounts in thousands, except per capita)

Fiscal Year	Governmental Activities				Total Governmental Activities	Certificates of Participation and Revenue Bonds	Notes/ Loan Payable	Business-type Activities				
	Lease Revenue Bonds	Loan Payable	Notes Payable	Capital Lease				Total Business-type Activities	Total Primary Government	Percent of Personal Income (1)	Per Capita (1)	
2019	\$ 16,885	\$ 193	\$ -	\$ 331	17,409	\$ 121,566	\$887	122,453	139,862	5.03	%	\$ 2,049
2018	17,839	286	-	410	18,535	125,062	1,096	126,158	144,693	5.56		2,156
2017	18,753	378	-	487	19,618	138,193	1,300	139,493	159,111	6.41		2,484
2016	19,637	468	245	562	20,912	143,417	1,500	144,917	165,829	7.26		2,623
2015	19,950	-	245	-	20,195	149,767	-	149,767	169,962	7.67		2,667
2014	20,004	-	245	-	20,249	157,297	-	157,297	177,546	8.45		2,789
2013	20,058	-	245	-	20,303	167,743	-	167,743	188,046	9.64		2,988
2012	21,025	-	245	-	21,270	173,241	-	173,241	194,511	10.07		3,096
2011	21,655	-	245	-	21,900	178,827	-	178,827	200,727	10.67		3,213
2010	22,265	-	245	-	22,510	144,165	1,409	145,574	168,084	8.49		2,645

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

(1) See Demographic and Economic Statistics table for personal income and population.

Source: City of Lodi Financial Services Division

CITY OF LODI
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

(Dollar amounts in thousands, except per capita)

Fiscal Year	Lease Revenue Bonds	Less Amounts Available for Debt Service	Net	Percent of Assessed Value (1) of Property	Per Capita
2019	\$ 16,885		\$ 16,885	\$ 0.3	\$ 247.32
2018	17,839	-	17,839	0.3	265.77
2017	18,753	-	18,753	0.4	292.75
2016	19,637	-	19,637	0.4	310.62
2015	19,950	-	19,950	0.4	313.09
2014	20,004	-	20,004	0.4	314.28
2013	20,058	10	20,048	0.4	318.58
2012	21,025	1,692	19,333	0.4	307.73
2011	21,655	1,692	19,963	0.4	319.55
2010	22,265	1,692	20,573	0.4	323.73

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: City of Lodi Financial Services Division

CITY OF LODI
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Assessed valuation (1)	\$ 6,536,577	\$ 6,156,110	\$ 5,585,242	\$ 5,377,266	\$ 5,152,666	\$ 4,867,731	\$ 4,709,916	\$ 4,718,766	\$ 4,926,130	\$ 4,995,362
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,634,144	1,539,028	1,396,311	1,344,317	1,288,167	1,216,933	1,177,479	1,179,692	1,231,533	1,248,841
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit	245,122	230,854	209,447	201,647	193,225	182,540	176,622	176,954	184,730	187,326
Total net debt applicable to limit	16,885	17,839	18,753	19,637	19,950	20,004	20,048	19,333	19,963	20,573
Legal debt margin	\$ 228,237	\$ 213,015	\$ 190,694	\$ 182,010	\$ 173,275	\$ 162,536	\$ 156,574	\$ 157,621	\$ 164,767	\$ 166,753
Total net debt applicable to the limit as a percent of debt limit	6.9%	7.7%	9.0%	9.7%	10.3%	11.0%	11.4%	10.9%	10.8%	11.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1982 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computation shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the state.

(1) All exemptions (secured, utility, and unsecured rolls) are homeowners - \$59,055

Source: San Joaquin County Auditor/Controller's Office
California Municipal Statistics Inc.

CITY OF LODI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2019

		Total Debt	Percentage Applicable (1)	City's Share of Debt
OVERLAPPING DEBT:				
San Joaquin Community College District	\$ 198,475,000	7.579	%	\$ 15,042,420
Lodi Unified School District		145,245,000	36.004	52,294,010
San Joaquin County Certificates of Participation		81,070,000	8.28	6,712,596
Lodi Unified School District Certificates of Participation		14,170,000	36.004	5,101,767
SUBTOTAL OVERLAPPING DEBT				<u>79,150,793</u>
DIRECT DEBT:				16,230,000
City of Lodi Lease Revenue Bonds		16,884,930	100.00	16,884,930
City of Lodi - Loan payable		192,665	100.00	192,665
City of Lodi -Capital lease		331,326	100.00	331,326
SUBTOTAL DIRECT DEBT				<u>17,408,921</u>
TOTAL DIRECT AND OVERLAPPING DEBT(2)				<u><u>\$ 96,559,714</u></u>
2018-19 Gross Assessed Valuation	\$ 6,149,013,174			
2018-19 Population	68,272			
DEBT RATIOS		Total Gross Debt	Per Capita	Value
		96,559,714	1,414	1.57%

(1) Percent of overlapping agency's assessed valuation located within the 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.

SOURCE: California Municipal Statistics, San Francisco, CA

San Joaquin County Auditors-Controller Office

State of California, Department of Finance, Demographic Research Unit

CITY OF LODI
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Dollars amounts in thousands)

Fiscal Year	Adjusted Annual Revenues (1)	Adjusted Operating Expenses (2)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest (3)	Total	
Electric Revenue Certificates of Participation							
2019	\$ 69,846	\$ 58,916	\$ 10,930	\$ -	\$ 1,497	\$ 1,497	7.30
2018	73,505	50,317	23,188	2,510	2,788	5,298	4.38
2017	67,815	52,259	15,556	2,390	2,898	5,288	2.94
2016	70,440	51,205	19,235	5,195	3,094	8,289	2.32
2015	67,132	52,116	15,016	4,960	3,358	8,318	1.81
2014	67,144	50,349	16,795	4,750	3,606	8,356	2.01
2013	63,974	51,209	12,765	4,575	3,839	8,414	1.52
2012	65,220	50,164	15,056	3,270	4,021	7,291	2.07
2011	63,307	48,397	14,910	3,080	4,152	7,232	2.06
2010	70,288	49,949	20,339	2,920	4,274	7,194	2.83
Wastewater Certificates of Participation and Revenue Bonds							
2019	\$ 17,864	\$ 8,301	9,563	\$ 1,753	1,573	3,326	2.88
2018	19,317	7,302	12,015	1,650	954	2,604	4.61
2017	16,707	10,128	6,579	1,575	1,492	3,067	2.15
2016	16,941	7,237	9,704	1,535	2,131	3,666	2.65
2015	15,845	6,335	9,510	1,500	2,172	3,672	2.59
2014	15,186	6,003	9,183	4,610	2,294	6,904	1.33
2013	14,305	5,674	8,631	1,500	2,560	4,060	2.13
2012	13,787	6,659	7,128	1,430	2,688	4,118	1.73
2011	16,508	5,972	10,536	1,370	2,748	4,118	2.56
2010	12,284	6,180	6,104	1,320	2,832	4,152	1.47
Water Revenue Bonds							
2019	\$ 15,509	\$ 7,173	\$ 8,336	\$ 980	\$ 1,368	\$ 2,348	3.55
2018	17,187	10,895	6,292	950	1,356	2,306	2.73
2017	13,844	7,733	6,111	915	1,393	2,308	2.65
2016	13,025	6,801	6,224	870	1,482	2,352	2.65
2015	13,370	5,815	7,555	850	1,506	2,356	3.21
2014	14,166	6,835	7,331	825	1,530	2,355	3.11
2013	13,367	6,899	6,468	800	1,535	2,335	2.77
2012	13,275	5,392	7,883	775	1,530	2,305	3.42
2011	14,051	5,662	8,389	1,409	874	2,283	3.67

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

Details regarding the City's outstanding debt can be found in Note 8 to the basic financial statements.

- (1) Total operating revenues including investment earnings, operating grants, capital contributions (including developer impact fees) and other revenue.
- (2) Total operating expenses including cost of services paid to the General Fund and excluding in-lieu fees, depreciation and amortization.
- (3) Net of Build America Bonds interest subsidy - Water Revenue Bonds.

**CITY OF LODI
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Square Miles	City Population	Population Percent Change	San Joaquin County Population	Population Percent of County	Rank in Size of California Cities	Personal Income (millions of dollars)	Per Capita Personal Income	Unemployment Rate
2019	13.98	68,272	0.8%	770,385	8.9%	134	\$ 2,779	\$ 40,707	6.1%
2018	13.98	67,121	0.7%	758,744	8.8%	136	2,602	38,769	6.9%
2017	13.98	64,058	0.7%	746,868	8.6%	139	2,483	38,769	6.9%
2016	13.98	63,219	0.7%	733,383	8.6%	139	2,284	36,136	7.8%
2015	13.98	63,719	0.4%	719,511	8.9%	138	2,215	34,755	7.8%
2014	13.98	63,651	0.2%	710,731	9.0%	135	2,102	33,024	8.8%
2013	13.98	62,930	0.2%	698,414	9.0%	137	1,952	31,013	9.0%
2012	13.98	62,825	0.8%	695,750	9.0%	136	1,931	30,732	11.3%
2011	13.92	62,473	0.6%	690,899	9.0%	135	1,882	30,132	13.4%
2010	13.92	63,549	0.6%	694,293	9.2%	136	1,980	31,166	13.3%

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.

Source: State of California, Department of Finance, Demographic Research Unit and Department of Labor.

CITY OF LODI
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Current			Nine Years Ago			<u>Labor Force</u>
	Employees	Rank	Percent	Employees	Rank	Percent	
			of Total City Employment			of Total City Employment	
Lodi Unified School District	2,109	1	7.13 %	3,301	1	11.15 %	29,600
Pacific Coast Producers	1,350	2	4.56	1,200	2	4.05	29,600
Adventist Health Lodi Memorial *	1,270	3	4.29	1,360	3	4.59	29,600
Blue Shield of CA	901	4	3.04	850	4	2.87	29,600
Walmart Supercenter **	410	5	1.39	285	9	0.96	29,600
City of Lodi	381	6	1.29	457	7	1.54	29,600
TreeHouse formerly known as Cottage Bakery	301	7	1.02	700	5	2.36	29,600
Costco Wholesale	256	8	0.86			0.00	29,600
Farmers & Merchant Bank	204	9	0.69	336	8	1.14	29,600
Frank c Alegre Trucking Inc	200	10	0.68			0.00	29,600
General Mills (3)	-		-	494	6	1.67	29,600
Target	-		-	165	10	0.56	29,600
Total	7,382		24.94	9,148		30.35	

Note: Principal employers are based on the best available information.

Source: MuniServices, LLC / an Avenu Insights & Analytics Company

Results based on direct correspondence with city's local businesses.

* Count includes FTE, PTE, Temporary & Seasonal Employees.

** No response from employer, previous number applied.

(1) Prior year data provided by previous published CAFR.

(2) Total City Labor Force provided by EDD Labor Force Data.

(3) General Mills permanently closed.

CITY OF LODI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT - LAST TEN FISCAL YEARS

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011*	2010
Department:										
Administration	9	9	10	10	10	10	10	12	13	31
Community Development	11	11	11	11	11	9	9	9	13	13
Electric	52	52	51	49	44	43	40	40	41	51
Financial Services	-	-	-	-	-	-	-	-	-	24
Fire	53	53	54	54	57	53	53	54	64	64
Internal Services	31	31	32	31	31	31	31	29	35	
Library	7	7	7	10	11	10	11	12	14	14
Parks and Recreation	-	-	-	-	-	-	-	-	-	31
Parks, Recreation and Cultural Services	24	24	24	26	28	27	27	29	37	-
Police	103	103	103	102	107	104	104	103	125	125
Public Works	101	101	101	100	97	95	92	93	98	102
Total	391	390	393	393	396	382	377	381	440	455

Community Center, Human Resources and Information Systems were previously included in Administration. Budget, Financial Services,

Human Resources and Information Services are now Internal Services.

Community Center, Parks & Recreation are now Parks, Recreation and Cultural Services.

Source: City of Lodi Budget Document

CITY OF LODI
OPERATING INDICATORS BY FUNCTION/PROGRAM/DEPARTMENT
LAST TEN FISCAL YEARS

	Fiscal Year			
	2019	2018	2017	2016
General government:				
Building permits issued	2,502	2,699	2,447	2,482
Business tax certificates:				
Retail sales and service	3,014	2,137	2,443	2,288
Manufacturers and processors	87	75	76	78
Professions	330	294	308	316
Miscellaneous contractors, peddlers, delivery vehicles, etc.	1,986	1,232	949	1,268
Utility billing/customer service:				
Number of customers	24,576	24,259	26,018	26,034
Energy sales (KWH)	410,566,814	425,157,874	425,410,574	437,246,335
Peak demand (MW)	118	130.9	129	124
Public safety:				
Police:				
Major reported crimes	1,943	2,062	2,025	3,068
Total arrests	3,611	3,460	4,226	4,083
Dispatched calls for service	37,806	37,301	37,866	40,390
Fire:				
Interior structure fire calls	70	56	51	33
Non-structural fire calls	255	235	177	154
Hazardous materials calls	87	55	90	73
Emergency medical calls	3,915	5,364	3,572	3,123
Total emergency calls	7,600	6,996	5,869	5,238
Total number of units dispatched	7,701	8,230	7,225	7,430
Public works:				
Miles of streets resurfaced	3	0	6	6
Fleet job orders completed	1,866	1,744	2,129	2,162
Trees planted	500	372	135	135
Water utility:				
New connections	290	180	205	69
Water main breaks	1	2	2	3
Wastewater utility:				
Average daily treatment (million gal/day)	4.6MG	4.5MG	4.65MG	4.6MG
Library:				
Registered borrowers	67,334	63,631	64,742	60,362
Circulation of library materials	168,793	162,796	187,853	199,096
Reference, research and informational questions answered	11,296	9,852	9,695	11,109
Annual attendance at libraries	231,391	225,558	231,602	245,936
Number of programs offered	715	789	764	456
Annual attendance at programs	18,825	24,682	23,960	15,452
Public access computer usage	27,603	25,825	31,205	34,071
Community center:				
Community center bookings	809	595	597	758
Instructional classes	616	438	554	518
Registered students	2,546	2,695	3,010	2,744
Yearly attendance	14,220	11,011	13,925	13,925
Parks and recreation:				
CITY after school program	2,950/4	2,705/4	1,964/4	1,898/4
LUSD After School Program	9,867/10	12,985/13	13,016/3	12,318/13
Camps	63 1/3	70 2/3	103	67
Adult sports				
Program/Participation	2,045	1,990	1,895	1,976
Programs offered	14	14	14	15
Partnerships	2	2	2	2
Tournaments	7	4	6	8
Youth/Teen sports				
Program attendance	3,517	3,480	3,496	3,652
Programs offered	18	11	18	18
Aquatics				
Program attendance	18,202	26,571	28,974	28,195
Number of programs	12	8	14	14

CITY OF LODI
OPERATING INDICATORS BY FUNCTION/PROGRAM/DEPARTMENT
LAST TEN FISCAL YEARS (CONTINUED)

Fiscal Year					
2015	2014	2013	2012	2011	2010
2,404	2,404	1,578	1,461	2,022	1,709
2,281	2,281	2,526	2,485	2,530	2,406
23	23	78	77	76	80
323	323	362	364	371	373
1,256	1,256	1,456	1,362	1,357	1,312
25,912	25,912	23,927	23,761	23,575	25,573
438,780,911	438,780,911	435,822,465	435,655,731	421,130,329	434,200,987
134	134	122	116	116	120
2,268	2,268	2,643	3,573	2,885	2,377
3,690	3,690	3,825	4,350	4,410	4,238
35,992	35,992	50,124	46,756	52,061	51,870
32	32	67	57	56	47
143	143	209	163	121	123
65	65	58	41	69	70
3,418	3,418	3,882	3,820	3,752	3,494
3,666	3,666	5,823	5,620	5,753	5,385
5,727	5,727	7,954	7,855	7,835	7,390
6	6	6	6	6	3
2,500	2,500	1,803	1,953	2,810	3,303
135	135	131	131		
8	8	8	7	8	17
16	16	14	10	8	6
4.6MG	4.6MG	5.10MG	5.5MG	6.5MG	6.5MG
58,824	58,824	51,594	47,147	43,927	39,199
197,673	197,673	215,293	217,742	248,250	251,967
13,189	13,189	16,270	14,463	16,234	16,501
		224,762	222,148	210,279	207,123
432	432	407	432	388	344
12,888	12,888	14,443	12,993	13,133	10,676
34,071	41,180	45,871	47,428	58,990	52,124
794	769	718	698	926	789
500	553	580	307	536	583
2,586	3,269	2,819	3,713	3,438	3,525
13,925	13,925	13,925	13,925	14,217	13,355
1,679/4	1,630/4	1,811/4	1,783/4	1,680/4	1,630/4
12,001/13	12,878/13	11,800/13	8,285/9	10,275/11	9,296/10
74	89	45	71	61	65
2,106	2,082	2,246	2,420	2,528	2,528
18	17	16	15	16	16
2	2	2	3	5	5
10	5	6	12	7	7
3,621	3,672	3,643	3,889	4,251	4,251
18	18	19	24	16	16
28,009	27,731	23,414	34,366	32,566	32,566
15	13	13	25	13	13

Source: City of Lodi

CITY OF LODI
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM/DEPARTMENT
LAST TEN FISCAL YEARS

	Fiscal Year			
	2019	2018	2017	2016
General government:				
Total square miles	13.98	13.98	13.98	13.98
Public safety:				
Police:				
Facilities:				
Stations	1	1	1	1
Animal control facility	1	1	1	1
Police training facility (pistol range)	1	1	1	1
Vehicles:				
Marked patrol cars	21	23	23	23
Motorcycles and scooters	5	6	7	7
Animal control vehicles	2	2	2	2
Other automobiles	36	37	37	37
Fire:				
Facilities:				
Fire stations	4	4	4	4
Vehicles:				
Fire engines	6	6	7	6
Trucks/Trailers	5	5	8	6
Other automobiles	5	8	5	11
Public works:				
Miles of streets	19	190	202	202
Miles of alley ways	12	12	16	16
Traffic signals	69	69	68	67
Street lights	7,739	7,697	7,270	7,270
Parks and recreation:				
Parks and squares	28	28	26	26
Park acreage	367	366	361	361
Boating facilities - launch lanes	1	1	1	1
Senior center	1	1	1	1
Community Centers	1	1	1	1
Swimming pools	4	4	4	4
Baseball/softball diamonds	20	20	20	20
Tennis courts	11	11	11	11
Skateboard park	1	1	1	1
Playgrounds	20	17	20	20
Ballpark	24	24	24	24
Soccer Field	22	22	22	22
Football Field	1	1	1	1
Handball/Basketball/Volleyball Courts/ Bocce Courts	15	12	12	12
Horseshoe Pits	9	8	8	8
Library:				
Central library	1	1	1	1
Total items in collection	110,000	111,544	125,730	130,657
Integrated library system	1	1	1	1
Microfilm readers	0	0	0	0
Microfilm readers/printers	0	0	1	1
Self check out machines	3	3	3	3
Electric utility:				
Overhead lines 12kv (miles)	117	117.19	117	117
Overhead lines 60kv (miles)	14	13.56	14	14
Underground lines (miles)	129	128.36	123	121
Water utility:				
Water main lines	245	245	243	240
Water storage capacity (gallons)	4,100,000	4,100,000	4,100,000	4,100,000
Water wells	28	28	28	28
Water reservoirs	3	3	3	3
Water Treatment Plant	1	1	1	1
Wastewater utility:				
Wastewater main lines (miles)	203	203	196	196
Treatment capacity	8.5MG	8.5MG	8.5MG	8.5 MG
Wastewater treatment plant	1	1	1	1
Wastewater Pump Stations	13	13	9	9
Stormwater utility:				
Stormwater main drain lines (miles)	130	130	128	126
Stormwater pump stations	17	17	16	16
Central parking district:				
Parking structure	1	1	1	1
Parking spaces	2,450	2,450	2,450	2,450
Parking lots	25	25	25	25

Source: City of Lodi Departments

CITY OF LODI
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM/DEPARTMENT
LAST TEN FISCAL YEARS (CONTINUED)

Fiscal Year						
2015	2014	2013	2012	2011	2010	
13.98	13.98	13.98	13.98	13.92	13.92	
1	1	1	1	1	1	
1	1	1	1	1	1	
1	1	1	1	1	1	
23	23	23	23	23	23	
7	5	5	5	5	5	
2	2	2	2	2	2	
37	37	37	37	37	37	
4	4	4	4	4	4	
6	6	6	6	7	7	
6	6	6	5	5	6	
11	11	11	9	8	10	
202	202	202	202	202	202	
16	16	16	16	16	16	
67	67	67	67	67	62	
7,270	7,270	7,270	7,270	7,270	7,270	
26	26	26	26	26	26	
361	361	361	373	373	373	
1	1	1	1	1	1	
1	1	1	1	1	1	
1	1	1	1	1	1	
4	4	4	4	4	4	
20	20	20	24	24	24	
11	11	11	11	11	11	
1	1	1	1	1	1	
20	20	20	22	25	25	
24	24	24	24	24	24	
22	22	22	22	22	22	
1	1	1	1	1	1	
12	12	12	10	10	10	
8	8	8	8	6	6	
1	1	1	1	1	1	
119,554	148,287	149,243	135,113	134,804	130,530	
1	1	1	1	1	1	
1	1	1	1	1	1	
1	1	1	1	1	1	
2	2	2	2	2	2	
117	117	133	133	133	130	
14	14	14	14	13	13	
118	115	159	159	157	155	
236	236	236	236	236	237	
4,100,000	4,100,000	4,100,000	1,100,000	1,100,000	1,100,000	
28	28	28	27	27	26	
3	3	3	2	2	2	
0	0	0	0	0	0	
196	196	196	196	196	191	
8.5 MG	8.5 MG	8.5 MG	8.5 MG	8.5 MG	8.5 MG	
1	1	1	1	1	1	
0	0	0	0	0	0	
124	124	124	124	124	124	
14	14	14	14	14	14	
1	1	1	1	1	1	
2,450	2,450	2,453	2,453	2,453	2,453	
25	25	25	25	25	25	

Source: City of Lodi Departments

CONTINUING DISCLOSURES

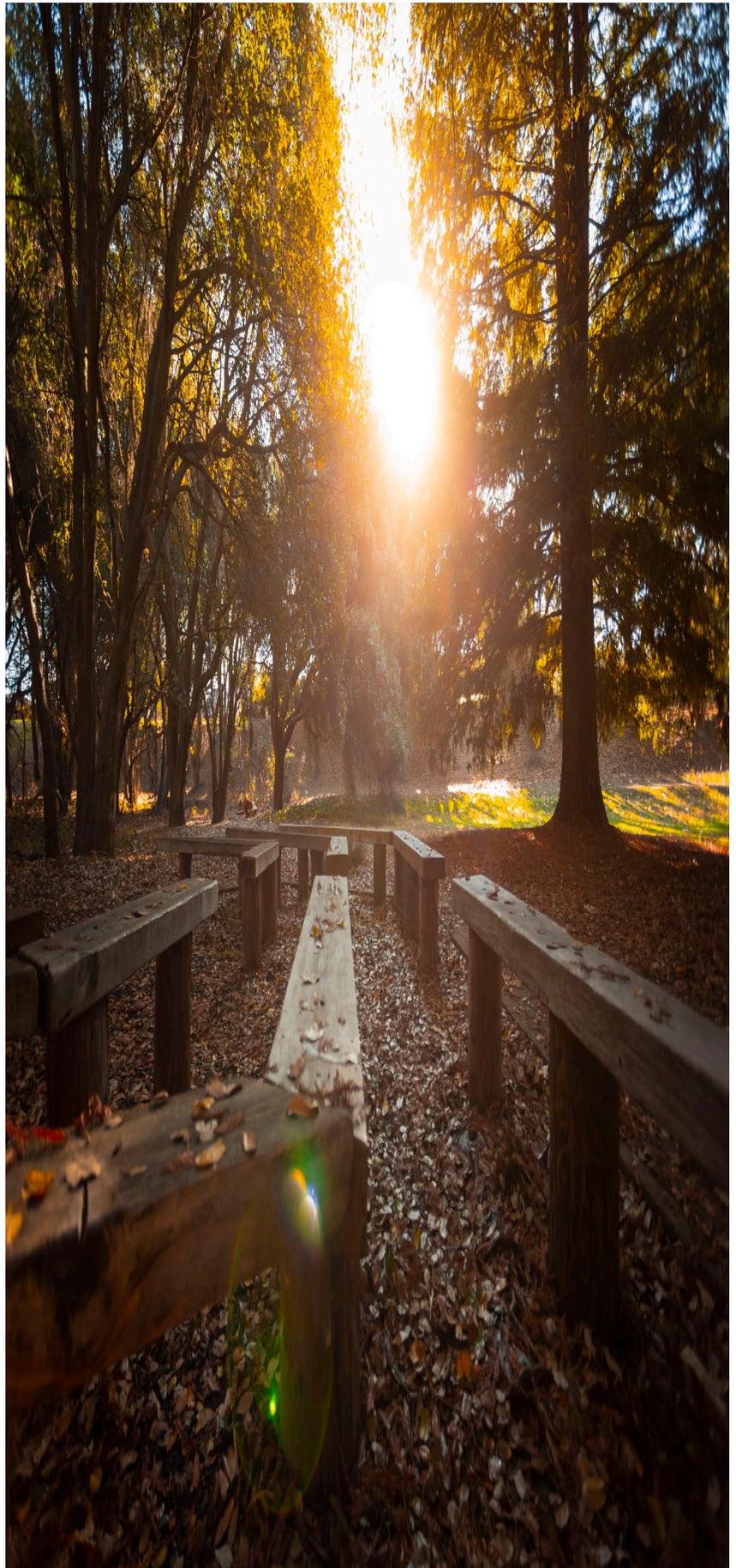
UNAUDITED

CONTINUING DISCLOSURE REQUIREMENTS FOR THE CITY OF LODI, THE LODI PUBLIC IMPROVEMENT CORPORATION AND THE LODI PUBLIC FINANCING AUTHORITY

FISCAL YEAR 2018-2019

The City of Lodi has executed Continuing Disclosure Certificates associated with the various debt issues outstanding by the Electric Utility, Wastewater Utility, Water Utility, the Lodi Public Improvement Corporation and the Lodi Public Financing Authority. These Certificates were executed to satisfy provisions of Securities and Exchange Commission Rule 15c2-12(b) (5). The material provided herein applies to the various debt issues as noted. Data for each utility is shown separately.

This Bond Disclosure Section included within the City's Comprehensive Annual Financial Report (CAFR) provides the information required by the Continuing Disclosure Certificates. The CAFR, in turn, will be filed with the Municipal Securities Rulemaking Board. The CAFR may also be found on the City's website at www.lodi.gov.



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Annual Report for Electric Utility (Unaudited)

The Lodi Electric Utility (LEU) has Continuing Disclosure requirements associated with its 2018 Electric System Revenue Refunding Bonds. The annual report includes, by reference, the audited financial statement of the City of Lodi (including the Electric Utility).

The annual report also contains the following four (4) tables to reflect the most recently completed fiscal year as required in the Bonds:

1. Electric System Power Supply Resources
2. Electric System Customers, Sales, Revenues and Peak Demand
3. Outstanding Debt of Joint Powers Agencies
4. Historical Operating Results

Reporting of Significant Events

The Bonds identify sixteen (16) specific events that require special reporting. As of June 30, 2019, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending Significant Event that would require disclosure under the provisions of the Bonds.

Annual Report for Electric Utility (Unaudited)

Table 1 A table setting forth the City's power supply resources.

CITY OF LODI ELECTRIC UTILITY DEPARTMENT POWER SUPPLY RESOURCES For the Fiscal Year Ended June 30, 2019			
Source	Capacity Available (MW) ^{(1) (4)}	Annual Energy (MWh)	% of Total Energy
Purchased Power ⁽²⁾ :			
Western	5.4	25,006	5.6%
NCPA			
Geothermal Project	14.8	77,689	17.4%
Hydroelectric Project	26.2	88,243	19.7%
Combustion Turbine Project No. 1	9.5	1,507	0.3%
Capital Facilities, Unit One	19.6	5,827	1.3%
Lodi Energy Center	28.7	131,319	29.4%
Contracts and Exchanges ⁽³⁾	31.7	117,815	26.3%
Total	135.90	447,406	100.00%
Total Capacity and Energy Sold at Wholesale	N/A	22,223.00	
City System Requirement for Retail Load ⁽⁵⁾	117.9	425,183.00	

(1) Source: NCPA Annual Resource Adequacy Filings.

(2) Entitlements, firm allocations and contracts.

(3) Includes participation in Astoria 2 Solar Project, Seattle City Light Exchange, and NCPA contracts.

(4) Includes supply from exchanges and line losses.

(5) NCPA All Resources Bill.

Annual Report for Electric Utility (Unaudited)

Table 2 A table showing the average number of customers, sales, revenues and demand for the past five fiscal years (2).

CITY OF LODI		
ELECTRIC UTILITY DEPARTMENT		
Consumer Sales, Revenue, and Demand		
	Fiscal Year Ended June 30	Fiscal Year Ended June 30
	2019	2018
Number of Customers:		
Residential	23,480	23,145
Commercial	3,104	3,075
Industrial	41	41
Other	173	169
Total Customers	26,798	26,430
Kilowatt Hour (kWH) Sales:		
Residential	147,116,802	155,539,509
Commercial	148,133,314	144,244,913
Industrial	104,931,881	115,066,917
Other	10,384,817	10,306,535
Total kWH sales	410,566,814	425,157,874
Revenues from Sales of Energy ⁽¹⁾:		
Residential	27,702,390	27,967,919
Commercial	25,081,515	25,105,915
Industrial	13,908,500	14,877,597
Other	1,268,946	1,295,278
Total Revenues from Sale of Energy:	67,961,351	69,246,709
Peak Demand (MW)	117.9	130.9

(1) Excludes revenues from California Energy Commission Tax.

(2) Only two year comparison shown. Will show five fiscal years when point in time is reached.

Annual Report for Electric Utility (Unaudited)

Table 3 A table showing the average number of customers, sales, revenues and demand for the fiscal year.

CITY OF LODI ELECTRIC UTILITY DEPARTMENT OUTSTANDING DEBT OF JOINT POWERS AGENCIES (Dollar Amounts in Millions) For the Fiscal Year Ended June 30, 2019			
	Outstanding Debt (1)	Lodi's Participation (2)	Lodi's Share of Outstanding Debt
NCPA			
Geothermal Project Three	\$ 25.00	10.28%	\$ 2.50
Hydroelectric Project	278.00	10.37%	29.60
Capital Facilities Project Unit One	30.00	39.50%	11.70
Lodi Energy Center Project	221.00	9.50%	37.60
Combustion Turbine	-	13.39%	-
Transmission Project	-	20.61%	-
TANC (4)	2.60	2.07%	0.05
TOTAL*	\$ 556.60	14.63%	\$ 81.45

*Columns may not add to totals due to independent rounding.

(1) Source: NCPA.

(2) Participation obligation is subject to increase upon default of another project participant. Such increase shall not exceed, without the written consent of a non-defaulting participant, an accumulated maximum of 25% of such non-defaulting participant's original participation.

(3) Participation obligation combined percentage of Generation Entitlement Share adjusted for other NCPA member opt-out and subsequent defeasance.

(4) The City is responsible for 2.07% of TANC's South of Tesla debt service of approximately \$70,200 per year.

Annual Report for Electric Utility (Unaudited)

Table 4 A table showing a summary of operating results for the past two fiscal years.

CITY OF LODI			
ELECTRIC SYSTEM			
Summary of Operating Results ⁽¹⁾			
Ending Fiscal Year June 30 (Dollars in 000s)			
	Actual 2019 ⁽³⁾	Actual 2018 ⁽³⁾	
Operating Revenues			
Beginning Reserves ⁽⁴⁾	\$ 26,573	\$ 26,642	
Rate Revenue	63,776	65,054	
ECA Revenue	4,186	4,192	
Other Revenue ⁽⁵⁾	4,155	3,475	
Total Operating Revenue	72,117	72,721	
Operating Expenses			
Purchased Power	37,043	39,519	
Non-Power Costs ⁽²⁾	14,289	16,422	
Total Operating Expenses	51,332	55,941	
Net Revenue Available for Debt Service	20,785	16,780	
Parity Debt Service			
2008 Bonds	-	5,298	
2018 Bonds	1,497	-	
Total Net Debt Service	1,497	5,298	
Debt Service Coverage ⁽⁴⁾	13.88	3.17	
Remaining Revenue Available for Other Purposes	19,288	11,482	
Non-Operating Revenue/Expenses			
Greenhouse gas allowance	94	559	
Impact Fees	245	138	
In-Lieu Transfer to General Fund	(7,197)	(7,159)	
PERS Stabilization Contribution	(204)	(603)	
Net Cash Flow Before Capital Expenditures	38,799	31,059	
Net change in Balance Sheet Accounts	272	(1,768)	
Capital Funded from Rates	(2,061)	(2,718)	
Ending Reserves ⁽⁶⁾	\$ 37,010	\$ 26,573	

Source: City of Lodi

(1) As defined in the Installment Purchase Contract, this may or may not be on the same basis as Generally Accepted Accounting Principals

(2) Non-power costs include cost of services provided by other departments and does not include depreciation and amortization expense.

(3) Only two year comparison shown. Will show five fiscal years when point in time is reached.

(4) The calculation of Debt Service Coverage does not include Available Reserves as permitted by the 2018 Installment Purchase Agreement.

(5) Includes Greenhouse Gas Revenues not eligible for application to Operating Expenses or Debt Service.

(6) Includes reserve funds held locally and available at NCPA.

Annual Report for Wastewater Utility (Unaudited)

The Lodi Wastewater Utility has Continuing Disclosure requirements associated with its 2004 Series A Certificates of Participation, 2012 Refunding Wastewater Revenue Bonds, the 2016 Refunding Wastewater Revenue Bonds and the 2017 Installment Purchase Agreement. The annual report includes, by reference, the audited financial statements of the City of Lodi (including the Wastewater Utility).

The annual report also contains the following six (6) tables as required in the Certificates:

1. A table setting forth the City's number of connections by user type for the past five fiscal years.
2. A table showing the proportion of service charge revenue by class of user for the most recent fiscal year (applicable only to the 2004 Series A issue).
3. A table showing the largest users by service charge revenues for the most recent fiscal year.
4. A table showing a schedule of service charges.
5. A table showing a summary of historic operating results and debt service coverage for the past five fiscal years.
6. A table showing historical revenue balances for the past five fiscal years.

Reporting of Significant Events

The Certificates identify sixteen (16) specific events that require special reporting. As of June 30, 2019, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending significant event that would require disclosure under the provisions of the Certificates.

Annual Report for Wastewater Utility (Unaudited)

Table 1 A table setting forth the City’s number of connections by user type for the past five fiscal years.

CITY OF LODI						
WASTEWATER SYSTEM						
Number of Connections by User Type as of June 30						
and Percentage of Fiscal Year 2018-19 Service Charge Revenue by User Type						
User Type	2019	2018	2017	2016	2015	% of FY 18/19 Service Charge Revenue
Residential	22,528	22,083	21,891	21,700	21,920	91.7%
Commercial/Industrial	2,047	2,041	2,001	1,909	1,876	8.3%
Total All Users	<u>24,575</u>	<u>24,124</u>	<u>23,892</u>	<u>23,609</u>	<u>23,796</u>	<u>100%</u>

Source: City of Lodi

Annual Report for Wastewater Utility (Unaudited)

Table 2 A table showing the proportion of service charge revenue by class of user for the most recent fiscal year.

CITY OF LODI
WASTEWATER SYSTEM
Proportion of Service Charge Revenues by Class of User
Fiscal Year 2018-19

<u>User Type</u>	<u>% of Total Annual Service Charge Revenue</u>
Single Family Residential	60%
Multiple Family Residential	18%
Commercial/Industrial	22%
Total	<u>100%</u>

Source: City of Lodi

Annual Report for Wastewater Utility (Unaudited)

Table 3 A table showing the largest users by service charge revenue for the most recent fiscal year.

CITY OF LODI WASTEWATER SYSTEM Largest Users by Service Charge Revenues Fiscal Year 2018-19			
User	Type of Business	Service Charge Revenue	Percentage of Total Annual Service Charge Revenue
TreeHouse Foods	Specialty bakery, frozen dough	\$ 408,582	2.58%
Lodi Unified School District	K-12 adult education	342,528	2.16
City of Lodi	Government	70,696	0.45
Pacific Coast Producers	Private label fruit canning	48,302	0.30
Lodi Memorial Hospital	Health Care	42,430	0.27
Archer Daniels Midland	Agricultural processor	41,350	0.26
Blue Shield of California	Health insurance	40,167	0.25
Miller Packing Company	Hot dog producer	29,293	0.18
Tokay Villa Apartments	Apartment complex	28,678	0.18
Casa de Lodi	Mobile home park	28,522	0.18
	Total top ten users	\$ 1,080,548	6.82%
	Total System	\$ 15,854,205	100.00%

Source: City of Lodi Public Works

Annual Report for Wastewater Utility (Unaudited)

Table 4 A table showing the schedule of service charges.

CITY OF LODI				
WASTEWATER SYSTEM				
Schedule of Wastewater Service Charges				
	Service Charge (effective July 1, 2018)	Service Charge (effective July 1, 2017)	Service Charge (effective July 1, 2016)	Service Charge (effective July 1, 2015)
For Residential Users				
(flat rate per month):				
1 Bedroom	\$27.90	\$27.90	\$27.90	\$27.22
2 Bedrooms	37.20	37.20	37.20	36.29
3 Bedrooms	46.49	46.49	46.49	45.36
4 Bedrooms	55.79	55.79	55.79	54.43
5 Bedrooms	65.09	65.09	65.09	63.51
6 Bedrooms	74.39	74.39	74.39	72.58
7 Bedrooms	83.69	83.69	83.69	81.65
For Residential Users				
(usage based rate per month):				
Monthly Usage Charge (\$/CCF) ⁽¹⁾	\$2.89	\$2.89	\$2.89	\$2.82
3/4" Meter Charge	25.40	25.40	25.40	24.78
For Commercial/Industrial Users:				
Moderate Strength (annual per Sewage Service Unit (SSU))	\$446.40	\$446.40	\$446.40	\$423.61
High Strength:				
Flow (annual per MG)	3,849.00	3,849.00	3,730.00	3,674.68
BOD (annual per 1,000 lbs.)	636.00	636.00	616.00	606.41
SS (annual per 1,000 lbs.)	397.00	397.00	385.00	379.17
Grease Interceptor/Septic Holding Tank Waste within City Limits (per 1,000 gal)	336.00	336.00	326.00	321.00
Septic Holding Tank Waste Outside City Limits (per 1,000 gal.)	505.00	505.00	489.00	482.00
Disposal to Storm Drain System (per MG)				
Disposal to Industrial System:				
Flow (per MG, annual basis)	7,911.00	7,666.00	7,666.00	7,553.00
BOD (per 1,000 lbs., annual basis)	166.00	161.00	161.00	159.00
Winery Waste (per 1,000 gal.)	316.00	316.00	301.04	301.04

(1) Winter water usage determined as average monthly usage from December through February

Annual Report for Wastewater Utility (Unaudited)

Table 5 A table showing summary of historic operating results and debt service coverage for the past five fiscal years.

CITY OF LODI WASTEWATER SYSTEM Historical Operating and Debt Service Coverage Fiscal Years 2014-15 through 2018-19					
	2014-15	2015-16	2016-17	2017-18 ⁽¹⁾	2018-19
Operating Revenues					
Charges for Services	\$ 14,714,213	\$ 14,959,756	\$ 15,106,432	\$ 14,913,543	\$ 15,904,204
Non-Operating Revenues					
Interest Income	356,590	460,862	510,079	400,533	650,332
Other	774,007	1,520,966	1,091,001	752,514	2,730,863
Total System Revenues	15,844,810	16,941,584	16,707,512	16,066,590	19,285,399
Operating Expenses					
Personnel services	3,116,493	2,923,572	4,501,156	3,505,621	4,681,397
Supplies, Materials and services	2,541,909	3,622,348	4,828,494	5,065,464	2,905,401
Utilities	676,838	691,632	798,452	726,588	795,186
Total Operating Expenses	6,335,240	7,237,552	10,128,102	9,297,673	8,381,984
System Net Revenues	9,509,570	9,704,032	6,579,410	6,768,917	10,903,415
Parity Debt Service					
2004 Installment Payments	98,325	98,325	98,326	98,326	98,326
2007 Installment Payments	1,602,850	1,606,850	547,613	556,213	-
2012 Installment Payments	1,970,350	1,961,100	1,947,100	1,949,300	1,949,100
2016 Installment Payments	-	-	474,109	849,150	959,150
2017 Installment Payments	-	-	-	63,450	319,915
Total Parity Debt Service	3,671,525	3,666,275	3,067,148	3,516,439	3,326,491
Debt Service Coverage	2.59	2.65	2.15	1.92	3.28
Non-Operating Expenses					
Transfers (In)/Out	1,068,000	1,068,000	1,101,000	1,108,270	1,083,710
Total Non-Operating Expenses	1,068,000	1,068,000	1,101,000	1,108,270	1,083,710
Net Cashflow Before Capital Expenditures	\$ 4,770,045	\$ 4,969,757	\$ 2,430,502	\$ 2,144,208	\$ 6,493,214

Source: Financial Services Division

(1) FY17-18 added in 2017 Installment Payment missed in reporting. Corrected Net Cashflow Before Capital Expenditures.

Annual Report for Wastewater Utility (Unaudited)

Table 6 A table showing historical reserve balances for the past five fiscal years.

CITY OF LODI WASTEWATER SYSTEM Historical Reserve Balances (in millions)					
Fund	2015	2016	2017	2018	2019
Operating	5.60	9.70	13.00	15.40	15.87
Rate Stabilization	0.50	0.50	0.50	0.50	0.50
Impact Mitigation	0.80	1.00	1.70	1.70	1.82
Capital	6.90	4.50	1.00	0.25	1.22
Total	13.80	15.70	16.20	17.85	19.41
25% Operating Reserve Goal	1.50	2.40	3.30	3.90	4.85

Source: City of Lodi

Annual Report for The Lodi Public Financing Authority (Unaudited)

The Lodi Public Financing Authority has Continuing Disclosure requirements associated with its 2012 Refunding lease Revenue Bonds. The annual report includes, by reference, the audited financial statements of the City of Lodi.

The annual report also contains the following six (6) tables as required in the Certificates:

1. A table setting forth the approved budget and actual results for the most recent fiscal year.
2. A table showing the comparative statements of revenue, expenditures and changes in fund balance for the general fund for the past five fiscal years.
3. A table showing the assessed valuations for the last five fiscal years.
4. A table showing the secured property tax collections for the past ten fiscal years.
5. A table showing the ten largest locally secured taxpayers for the last fiscal year.
6. A table showing the Employee-paid and City-paid employee portion of the retirement plan.

Reporting of Significant Events

The Certificates identify sixteen (16) specific events that require special reporting. As of June 30, 2019, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending significant event that would require disclosure under the provisions of the Certificates.

Annual Report for The Lodi Public Financing Authority (Unaudited)

Table 1 A table setting forth the approved budget and actual results for the most current fiscal year.

Please refer to the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on page 99 of this Comprehensive Annual Financial Report.

Table 2 A table showing the comparative statements of revenue, expenditures and changes in fund balance for the general fund for the past five fiscal years.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GENERAL FUND LAST FIVE FISCAL YEARS

	2015 ⁽¹⁾	2016	2017	2018	2019
Revenues:					
Taxes	\$ 24,630,745	\$ 25,327,203	\$ 26,490,919	\$ 27,422,477	\$ 28,422,573
Licenses and permits	87,908	92,702	86,844	67,757	65,639
Intergovernmental revenues	12,642,107	12,887,767	12,830,329	12,377,159	15,472,538
Charges for services	1,482,448	1,437,440	1,852,855	1,934,180	1,772,088
Fines, forfeits and penalties	1,573,071	1,494,758	906,563	1,396,137	1,274,624
Investment and rental income	1,546,845	1,554,198	1,734,773	1,747,857	2,195,924
Miscellaneous revenue	290,951	349,153	319,373	342,549	221,949
Total revenues	42,254,075	43,143,221	44,221,656	45,288,116	49,425,335
Expenditures:					
Current:					
General government	6,490,907	6,824,884	6,926,368	6,980,564	7,136,809
Public protection	26,388,172	28,612,592	29,969,781	30,576,759	31,793,158
Public works	1,882,250	1,866,277	1,698,518	1,852,852	2,130,840
Library	1,311,367	1,152,901	1,152,721	1,058,133	1,165,499
Total expenditures	36,072,696	38,456,654	39,747,388	40,468,308	42,226,306
Excess of revenues over expenditures	6,181,379	4,686,567	4,474,268	4,819,808	7,199,029
Other financing sources (uses):					
Transfers in	3,952,000	3,952,000	3,952,000	7,608,579	4,233,780
Transfers out	(7,128,586)	(7,869,927)	(6,705,104)	(8,628,840)	(7,749,000)
Sale of City property	-	-	-	-	698
Total other financing sources (uses)	(3,176,586)	(3,917,927)	(2,753,104)	(1,020,261)	(3,514,522)
Net change in fund balance	3,004,793	768,640	1,721,164	3,799,547	3,684,507
Fund balance, beginning of year	9,473,760	12,478,553	13,247,193	14,968,358	18,767,905
Fund balance, end of year	\$ 12,478,553	\$ 13,247,193	\$ 14,968,357	\$ 18,767,905	\$ 22,452,412

Annual Report for The Lodi Public Financing Authority (Unaudited)

Table 3 A table showing the assessed valuations for the last ten fiscal years.

Please refer to the table shown in the Statistical Section on page 143.

Table 4 A table showing the secured property tax collections for the past ten fiscal years.

Please refer to the table shown on the Statistical Section on page 146.

Table 5 A table showing the ten largest locally secured taxpayers for the fiscal year.

Please refer to the table shown in the Statistical Section on page 145.

Table 6 A table showing the Employee-paid and City-paid employee portion of the retirement plan.

Pension Contributions			
As of Fiscal Year Ended June 30, 2019			
Bargaining Units	Employee Paid*	City's Share of Employees %	Total Employee Share
Council appointees	10.00%	0%	10.00%
Executive management	10.00%	0%	10.00%
Confidential mid-management	10.00%	0%	10.00%
Confidential	10.00%	0%	10.00%
Fire mid-management	12.00%	0%	12.00%
Fire	12.00%	0%	12.00%
Mid-management	10.00%	0%	10.00%
General services	9.00%	0%	9.00%
Maintenance and operators	10.00%	0%	10.00%
IBEW	7.00%	0%	7.00%
Police mid-management	12.00%	0%	12.00%
Police	12.00%	0%	12.00%
Dispatchers	10.00%	0%	10.00%
*PEPRA Miscellaneous Employees	9.75%	0%	9.75%
*PEPRA Safety Employees	11.25%	0%	11.25%

Annual Report for Water Utility (Unaudited)

The Lodi Water Utility has Continuing Disclosure requirements with its 2010 Series A and B Certificates of Participation. The annual report includes, by reference, the audited financial statements of the City of Lodi (including the water Utility).

The annual report also contains the following four (4) tables as required in the Certificates:

1. A table setting forth the City's number of accounts and revenues by user type for the past five fiscal years.
2. A table showing the largest users by service charge revenues for the most recent fiscal year.
3. A table showing a schedule of selected rates effective January 1, 2019.
4. A table showing a summary of historic operating results and debt service coverage for the past five fiscal years.

Additionally, the Certificate for the 2010 Series A issue requires a description of any additional indebtedness incurred during the prior fiscal year which is payable from the system net revenues on a parity with the installment payments.

Reporting of Significant Events

The Certificates identify sixteen (16) specific events that require special reporting. As of June 30, 2019, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending significant events that would require disclosure under the provisions of the Certificates.

Annual Report for Water Utility (Unaudited)

Table 1 A table setting forth the City's number of accounts and revenues by user type for the past ten fiscal years.

CITY OF LODI WATER SYSTEM				
Number of Accounts and Revenues by User Type				
Commercial / Industrial /				
Municipal				
Residential				
Year Ending December 31	Number of Accounts	Revenue	Number of Accounts	Revenue
2009	1,382	2,188,486	21,577	9,600,129
2010	1,383	2,097,001	21,622	9,604,412
2011	1,396	2,169,967	21,593	9,706,537
2012	1,432	2,329,957	23,399	8,411,315
2013	1,415	2,436,777	21,717	10,353,374
2014	1,435	2,534,741	21,722	10,359,235
2015	1,524	2,830,790	21,387	9,410,460
2016	1,821	2,991,610	21,683	9,500,400
2017	2,909	3,087,136	22,106	9,960,627
2018	2,903	3,170,623	22,464	10,213,988

Source: City of Lodi.

Annual Report for Water Utility (Unaudited)

Table 2 A table showing the largest users by service charge revenues for the most recent fiscal year.

CITY OF LODI WATER SYSTEM Largest Users by Service Charge Revenues Fiscal Year 2018-19			
User	Type of Business	Service Charge Revenue	Percentage of Total Annual Service Charge Revenue
City of Lodi	Government	\$ 484,915	3.62%
Lodi Unified School District	K-12, adult education	382,317	2.86%
Pacific Coast Producers	Private label fruit canning	160,516	1.20%
Lodi Memorial Hospital	Health care	65,454	0.49%
Treehouse Foods	Specialty bakery, frozen dough	52,500	0.39%
Casa de Lodi	Mobile home park	24,866	0.19%
All State Packers	Crop preparation	24,530	0.18%
Sweetener Products	Sweetener distribution	22,338	0.17%
Lodi Wine & Business Center	Tourism center	20,651	0.15%
Tokay Villa	Apartment complex	19,314	0.14%
Subtotal Top Ten Users		\$ 1,247,401	9.39%
TOTAL SYSTEM		\$ 13,344,473	100.00%

Annual Report for Water Utility (Unaudited)

Table 3 A table showing a schedule of selected rates effective January 1, 2019.

CITY OF LODI WATER SYSTEM Selected Rates Effective January 1, 2019	
<u>Percent Increase</u>	<u>Current</u>
<i>Flat Rates (\$/month)</i>	
Single Family Residential Unit (\$/month)	
1 Bedroom	\$ 33.66
2 Bedroom	\$ 40.43
3 Bedroom	\$ 48.45
<i>Metered Water Rates</i>	
Service Charge (\$/month)	
<i>Single Family Residential</i>	
Up to 3/4" Meter	\$ 22.42
<i>Multi-Family and Non-Residential</i>	
1" Meter	\$ 35.20
1 1/2" Meter	\$ 66.88
2" Meter	\$ 105.08
Water Usage rates (\$/CCF)	
<i>Single Family Residential</i>	
Tier 1 - 0 to 10 CCF/month	\$ 0.99
Tier 2 - 11 to 50 CCF/month	\$ 1.32
Tier 3 - Over 50CCF/month	\$ 1.64
<i>Multi-Family and Non-Residential</i>	
All Water Usage	\$ 1.18

Source: City of Lodi.

Annual Report for Water Utility (Unaudited)

Table 4 A table showing historic operating results and debt service coverage for the past five fiscal years.

CITY OF LODI WATER SYSTEM					
Historical Operating Results and Debt Service Coverage					
Fiscal Years 2014-15 through 2018-19					
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Revenues					
Water Sales ⁽¹⁾	\$ 12,722,619	\$ 12,161,186	\$ 12,473,676	\$ 13,005,023	\$ 13,344,473
Investment Earnings	87,211	166,791	132,364	99,018	448,331
Water Impact Mitigation Fees	20,299	332,765	206,847	362,481	528,885
Meter Retrofit Installation Charges	56,052	76,103	19,255	21,577	33,347
Other Revenues ⁽²⁾	483,710	287,839	1,011,756	932,652	1,095,363
Total Gross Revenues	13,369,891	13,024,684	13,843,898	14,420,751	15,450,399
Operating and Maintenance Expenses					
Personnel Services	2,316,305	2,515,542	2,998,026	2,833,892	3,014,211
Supplies, Materials and Services ⁽⁷⁾	2,139,014	3,008,676	3,468,229	3,220,625	3,339,632
Utilities	579,774	496,316	453,488	518,271	537,561
Administrative Overhead	780,000	780,000	813,000	820,560	821,900
Total O & M Expenses	5,815,093	6,800,534	7,732,743	7,393,348	7,713,304
Net Revenue Available for Debt Service	7,554,798	6,224,150	6,111,155	7,027,403	7,737,095
Debt Service					
2010 Bonds ⁽³⁾	2,356,141	2,351,580	2,308,061	2,305,611	2,307,111
Total Net Debt Service	2,356,141	2,351,580	2,308,061	2,305,611	2,307,111
Debt Service Coverage ⁽⁴⁾					
Debt Service Coverage	3.21	2.65	2.65	3.05	3.35
Debt Service Coverage (excluding impact mitigation fees)	3.20	2.51	2.56	2.89	3.12
Net Remaining Revenues Available for Capital	5,198,657	3,872,570	3,803,094	4,721,792	5,429,984
Capital Improvement Projects					
Meter Retrofit Program ⁽⁵⁾	4,841,932	1,606,734	4,589,636	4,068,588	652,540
Other Water System Improvements	267,902	9,097	330,380	114,412	436,433
Total Capital Improvement Projects	5,109,834	1,615,831	4,920,016	4,183,000	1,088,973
Net Change in Reserve	88,823	2,256,739	(1,116,922)	538,792	4,341,011
Water Enterprise Fund ⁽⁶⁾					
Beginning Cash Balance	7,027,567	6,755,522	6,270,786	4,558,222	4,450,028
Ending Cash Balance	6,755,522	6,270,786	4,558,222	4,450,028	8,846,454

Source: City of Lodi.

Annual Report for Water Utility (Unaudited)

Table 4 A table showing historic operating results and debt service coverage for the past five fiscal years (continued).

- (1) Water sales reflect Council-adopted rate increases effective January 1.
- (2) Includes rent, sales of City property, discounts, water reimbursements, and damage to property, water tap fees, Groundwater Pollution Remediation reimbursements, also known as DBCP reimbursements, and other miscellaneous revenues. DBCP reimbursements are expected to decline beginning in Fiscal Year 2012-13 as new plant becomes operational and groundwater draws diminish.
- (3) Reflects total debt service for the 2010 Water Revenue Bonds net of the 35% interest rate subsidy for the Series 2010B bonds.
- (4) Coverage calculated based on Net Revenues divided by Net Debt Service and Net Revenues less mitigation fees divided by Net Debt Services.
- (5) Annual capital costs of transition to water meters. Program expected to be completed in Fiscal Year 2020-21.
- (6) Water Enterprise Fund balance includes both operating and capital reserves and is presented on a cash basis. Cash position is expected to increase substantially upon completion of the water meter installation program.
- (7) Correction to Supplies, Materials and Services. FY17 previously included depreciation.