



STOCKTON FINANCES IN GOOD SHAPE

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THE FINANCIAL STATE OF STOCKTON

Truth in Accounting's (TIA) new city report ranks and grades the 75 most populous cities in the United States by their financial health. Stockton ranks No. 2, earning it a "B" on TIA's grading scale.

Unlike most cities, Stockton's elected officials have only promised the amount of benefits they can afford to pay. Because of this, Stockton has enough money to pay all of its bills. When broken down, the amount available to pay future bills results in a surplus of \$3,000 for each Stockton taxpayer.

Stockton finds itself in a much better fiscal position since a judge ruled the city was eligible for Chapter 9 bankruptcy protection in 2013. Stockton was facing a staggering debt burden, but creditors agreed to debt relief and Stockton retirees lost their healthcare benefits in the bankruptcy. Stockton now has more than enough assets to pay its bills, and the city's overall economy is recovering.

A new accounting standard implemented last year requires state and local governments to report all of their pension debt on the balance sheet. And in fiscal year 2018, governments will have to disclose unfunded retiree healthcare debt as well. Stockton should be commended because it isn't hiding any debt from taxpayers in its 2016 annual financial report.

2

Rank

\$298
million

Money available
to pay future
bills

\$3,000

Taxpayer
Surplus™

B

Financial grade

STOCKTON FINANCIAL BREAKDOWN

FAST FACTS

- + Stockton has \$433.3 million available in assets to pay \$135.3 million worth of bills.
- + The outcome is a \$298 million surplus, which breaks down to \$3,000 per taxpayer.
- + The city reports all of its pension debt on its balance sheet, and it has no retiree healthcare obligations.

THE CITY'S ASSETS EXCEED ITS BILLS

Assets	\$2,119,869,000
<i>Minus:</i> Capital assets	-\$1,478,840,000
Restricted assets	-\$207,705,000
Assets available to pay bills	\$433,324,000
<i>Minus:</i> Bills	-\$135,292,000
Money available to pay bills	\$298,032,000
Each taxpayer's share of surplus	\$3,000

BILLS THE CITY HAS ACCUMULATED

Bonds	\$413,683,000
Other liabilities	\$153,698,000
Unfunded pension benefits	\$389,691,000
<i>Minus:</i> Debt related to capital assets	-\$821,780,000
Bills	\$135,292,000

GRADE: B

Bottom line: Stockton has enough money to pay its bills, so it has received a "B" for its finances from Truth in Accounting. A "B" grade is given to cities with a Taxpayer Surplus™ between \$100 and \$10,000.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.