

Measure W Public Safety Tax Fund of the City of Stockton

Stockton, California

Independent Auditor's Reports and Financial Schedules

For the Years Ended June 30, 2024 and 2023

City of Stockton
Measure W Public Safety Tax Fund
For the Years Ended June 30, 2024 and 2023

Table of Contents

	<u>Page</u>
Independent Auditor’s Report on the Financial Schedules	1
Schedules of Revenues, Expenditures, and Change in Fund Balances.....	3
Notes to the Financial Schedules.....	4
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Schedules Performed in Accordance with <i>Government Auditing Standards</i>.....	5

This page intentionally left blank.



6 Hutton Centre Drive, Suite 1200
Santa Ana, California 92707



INDEPENDENT AUDITOR'S REPORT

www.pungroup.cpa



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

Report on the Audit of the Financial Schedules

Opinion

We have audited the financial schedules of the Measure W Public Safety Tax Fund (the "Fund") of the City of Stockton, California (the "City") which comprise the schedules of revenues, expenditures and change in fund balance (the "Financial Schedules") for the years ended June 30, 2024 and 2023, and the related notes to the Financial Schedules.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the revenues, expenditures and change in fund balance of the Fund of the City, for the years ended June 30, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the Financial Schedules presents only the revenues, expenditures and change in fund balance of the Fund and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024 and 2023, the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Schedules

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



To the Honorable Mayor and the Members of the City Council
of City of Stockton
Stockton, California
Page 2

Auditor's Responsibilities for the Audit of the Financial Schedules

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2025, on our consideration of the City's internal control over the Fund's 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 Fund's 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 the Fund's financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
September 17, 2025

City of Stockton
Measure W Public Safety Tax Fund
Schedules of Revenues, Expenditures, and Change in Fund Balances
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Police	Fire	Total	Police	Fire	Total
REVENUES:						
Taxes:						
Sales - levied by City	\$ 7,703,437	\$ 7,703,437	\$ 15,406,874	\$ 8,289,088	\$ 8,289,088	\$ 16,578,176
Investment income (loss)	210,341	187,204	397,545	(39,929)	(35,537)	(75,466)
Total revenues	7,913,778	7,890,641	15,804,419	8,249,159	8,253,551	16,502,710
EXPENDITURES - PUBLIC SAFETY:						
Payroll:						
Salaries	3,401,027	3,231,302	6,632,329	2,964,944	2,901,296	5,866,240
Benefits	3,192,267	3,380,819	6,573,086	2,932,215	2,953,595	5,885,810
Total payroll	6,593,294	6,612,121	13,205,415	5,897,159	5,854,891	11,752,050
Equipment, services and supplies:						
Tax collection fee	107,729	107,729	215,458	145,833	145,833	291,666
Liability insurance	264,249	309,189	573,438	223,043	226,697	449,740
Vehicle rental charges	404,568	248,663	653,231	405,671	182,776	588,447
Radio rental charges	35,368	38,410	73,778	36,305	28,566	64,871
Materials and services	220,972	184,909	405,881	128,240	4,169	132,409
Fuel charges	124,452	24,226	148,678	138,854	31,552	170,406
Capital outlay/equipment	10,462	308,491	318,953	10,462	102,294	112,756
Total equipment, services and supplies	1,167,800	1,221,617	2,389,417	1,088,408	721,887	1,810,295
Total expenditures	7,761,094	7,833,738	15,594,832	6,985,567	6,576,778	13,562,345
OTHER FINANCING SOURCES:						
Transfers in	-	118,182	118,182	-	-	-
Total other financing sources	-	118,182	118,182	-	-	-
NET CHANGE IN FUND BALANCES	152,684	175,085	327,769	1,263,592	1,676,773	2,940,365
FUND BALANCES, BEGINNING OF YEAR	6,774,172	6,139,871	12,914,043	5,510,580	4,463,098	9,973,678
FUND BALANCES, END OF YEAR	\$ 6,926,856	\$ 6,314,956	\$ 13,241,812	\$ 6,774,172	\$ 6,139,871	\$ 12,914,043

City of Stockton
Measure W Public Safety Tax Fund
Notes to the Financial Schedules
For the Years Ended June 30, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies

A. Description of Reporting Entity

The Measure W Public Safety Tax Fund (the “Fund”) of the City of Stockton, California (the “City”) accounts for the Measure W Taxes collected and spent for police and fire purposes. The Fund is included in the basic financial statements of the City. These financial schedules are intended to present only the revenues, expenditures and change in fund balances of the Fund of the City. It does not present fairly the financial position of the Fund or the City, nor the change in financial position of the City in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The accounting policies of the Fund conform to U.S. GAAP as they are applicable to governmental units. The Governmental Accounting Standards Board (the “GASB”) is the standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies reflected in the financial schedules are summarized below.

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

The activities of the Fund are recorded in a special revenue fund and accounted for using the modified accrual basis of accounting. Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (i.e. both measurable and available). Measurable means that the amount of the transaction can be determined. Available means the funds are collectible within 90 days after year-end. Expenditures of governmental funds are generally recognized when the related fund liability is incurred.

C. Sales and Use Tax – Measure W

The people of the City approved Measure W on November 2, 2004, which authorized Ordinance No. 038-04 CS that added a new Part of Chapter 8 of the Stockton Municipal Code. This Ordinance provided authorization for an additional one-quarter of one percent transaction and use tax, the proceeds of which shall be used to maintain current police and fire protection service levels and to contract with the State of California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of the tax.

D. Allocation of Revenue and Expenditures between Police and Fire Department

Tax revenue collected is distributed evenly between the Police and Fire Department. Investment expense and investment income are allocated between the Police and Fire Department based on balance reduced by expenditures incurred in each department during the year. All other expenditures are recorded based on actual amount incurred in respective department.

E. Use of Estimates

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



6 Hutton Centre Drive, Suite 1200
Santa Ana, California 92707

www.pungroup.cpa

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL SCHEDULES PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standard applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedules of revenues, expenditures and change in fund balance (the "Financial Schedules") of the Measure W Public Safety Tax Fund (the "Fund") of the City of Stockton, California (the "City"), for the years ended June 30, 2024 and 2023, and the related notes to the Financial Schedules, and have issued our report thereon dated September 17, 2025. Our report contained an explanatory paragraph describing that the schedules only presents the revenues, expenditures and change in fund balance of the Fund and not the City.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the Financial Schedules, we considered the City's internal control over the Fund's financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Financial Schedules, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over the Fund's financial reporting. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund's financial schedules will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over the Fund's Financial Schedules was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Honorable Mayor and the Members of the City Council
of City of Stockton
City of Stockton, California
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Financial Schedules are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Financial Schedules amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance as they relate to the Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Santa Ana, California
September 17, 2025