Attachment A

CITY OF STOCKTON

FY 2016-2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Attachment A

CITY OF STOCKTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
CITY OF STOCKTON, CALIFORNIA

Prepared and Issued by
Administrative Services Department

MATT PAULIN
Chief Financial Officer

City of Stockton
Comprehensive Annual Financial Report
For the year ended June 30, 2017

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CITY OF STOCKTON
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December 31, 2017

To the Honorable Mayor,
City Council, Audit Committee and the
Citizens of the City of Stockton, California

The Stockton City Charter, federal grant regulations and agreements with investors, require the City of Stockton, California ("City") to publish a complete set of financial statements presented in conformance with Generally Accepted Accounting Principles ("GAAP") and audited by a firm of licensed, certified public accountants. Under those requirements, we respectfully submit the Comprehensive Annual Financial Report ("CAFR") of the City of Stockton for the fiscal year ("FY") ended June 30, 2017.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data, as presented, is accurate in all material aspects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. This report contains all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

An overview of the City's financial activities for the fiscal year is discussed in detail in the Management's Discussion and Analysis ("MD&A") section of the CAFR.

PROFILE OF THE GOVERNMENT

The City of Stockton is located in the center of California's San Joaquin Valley and is the seat of San Joaquin County. Stockton is located about 80 miles east of the San Francisco Bay Area and 40 miles south of Sacramento, the Capitol of California.

One of the oldest cities in the State of California, Stockton was founded in 1849 and incorporated in 1850. In 1888, the voters approved Stockton's first local Charter, which was ratified by the State Legislature in 1889. The current Charter was approved by the voters in November 1922 and became effective in 1923. This Charter changed the City from a commission form of government to the current City Council-City Manager form of government. Under the Council-Manager form of government, the City Council has policy-making and legislative authority. Representatives from six districts are chosen by district election, with the Mayor being chosen by citywide election, for staggered four-year terms, with a two-term limit. The City Manager is responsible for carrying out the policies and ordinances of the City Council, appointing department heads and overseeing the operation of the City. The City Council appoints the City Manager, City Attorney, City Auditor, and City Clerk.

The City Charter has been amended many times since 1922, with the most recent amendments approved by voters in November 2016. Those amendments eliminated city-wide voting for council districts, modified the Mayor's compensation, powers, and duties, and made several changes related to budget and fiscal affairs.

The City provides a full range of municipal services including police and fire protection, community development, economic development and affordable housing, public works and street maintenance, parks, recreational services, libraries, and water, wastewater and stormwater utilities. The City serves approximately 55% of water accounts in the City while the California Water Service Company, an investor-owned company, provides water service to 42%, and San Joaquin County provides water service to the remaining 3%.

This report includes the financial activity of the Stockton Public Financing Authority, a separate legal entity controlled by the City. The City reports the Successor Agency to the Redevelopment Agency of the City of Stockton's financial statements as a private-purpose trust fund in these financial statements.

The Council is required to adopt an annual budget following a public hearing to review the proposed annual budget. This annual budget serves as the foundation for the City's financial planning and control. The City prepares the budget by fund, function (and department, e.g., Police). Department heads may transfer budget appropriations within a department as they see fit. Transfers between General Fund departments, however, need City Council approval. Outside the General Fund, the City Manager has authority to transfer budget appropriations at the fund level.

THE LOCAL ECONOMY

The City encompasses nearly 65 square miles and is surrounded by the fertile lands of the San Joaquin Valley and is home to the furthest inland deepwater seaport in California. The City has a diversified economic base as a regional center for commerce, both in agricultural and manufacturing export trade activities. Its distribution of sales tax producing businesses mirrors the diversity of the average of all California cities. The University of the Pacific, California State University-Stanislaus-Stockton campus, Humphries College and San Joaquin Delta Community College are all located in Stockton. Four school districts serve K-12 students within the City limits.

In January 2017, Stockton's population was 320,554 according to the California Department of Finance, which represents a 1.3% increase over last year's population estimate of 316,464. The latest University of the Pacific ("UOP") forecast projects that the population in the Stockton metropolitan area will continue to increase at a rate of approximately 1.4% from 2017 through 2020. As the 13th largest city in California, Stockton is comparable in size to other cities such as Pittsburgh, St. Paul, Cincinnati, and Buffalo.

According to UOP's Eberhardt School of Business, Business Forecasting Center, the Stockton Metropolitan Statistical Area, which includes the City of Stockton and surrounding areas, will continue to experience solid economic growth. Non-farm employment growth is on track for a 1.8% gain in 2017 and is projected to remain above 2% in San Joaquin County in 2018, well above the California average of 1.5%.

The area's unemployment rate is expected to continue to decrease, from 7.5% in 2017 to 7.2% in 2018 and level out at 6.8% through 2020. Unemployment rates remain higher than the 2017 State of California average of 4.9% and the San Jose/Oakland average of 3.5%.

The average annual wage in the Stockton metropolitan area is expected to be $52,547 in 2017, an increase of 2.0% from the previous year. Per capita income, expected to be $40,900 in 2017, will increase each year through 2020, reaching $46,000 in 2020.

Housing starts are gradually expected to increase beginning in 2017. The median home value in Stockton is approximately $268,000, which represents a 12.2% increase over the past year. Home prices are expected to continue to rise in 2017 by over 6% with sales volume staying stable.

FINANCIAL CONDITION HIGHLIGHTS

Financial results for the year compare favorably with budget estimates in most areas of the City's operations. For the General Fund, financial results for the year were better-than-estimated. Expenditures (including encumbrances and carryovers and other uses of funds) came in 5.3% under budget. Revenues (including other sources of funds) were 1.4% above projections. As a result, the General Fund balance at June 30, 2017 (excluding related funds), of $53.1 million was combined with prior year reserve funds of $36.3 million for a total of $89.4 million available to fund reserves.

The City Council has a reserve policy that calls for the City to maintain a 17% operating reserve and establishes additional reserves for known contingencies, unforeseen revenue changes, infrastructure failures, and catastrophic events. Additionally, the policy establishes an automatic process to deposit one-time revenue increases and expenditure savings into the reserves. These policies are consistent with the Government Finance Officers' Association (GFOA) best practice recommendations and Governmental Accounting and Standards Board (GASB) guidance.

The $89.4 million is sufficient to fund the 17% operating reserve ($36.2 million) and set aside $48.2 million for known contingencies and $5 million for the other reserve categories.

These reserves allowed the City to address two of the known contingencies in 2017. In September, the City Council authorized $13.6 million for the purchase of the Waterfront Office Towers, which will serve as the new City Hall. In November, the City Council approved the establishment of a post-employment benefits trust that will be used to prefund the City's pension obligations and authorized $21.2 million to be deposited into the trust.

The Statement of Net Position (revenues and sources of funds less expenses and uses of funds) for the City is approximately $1.2 billion. The change from the prior fiscal year includes a prior period pension adjustment of $51.8 million. Excluding this adjustment, the City's net position is approximately $48.1 million higher, or 4%, than the prior fiscal year, mostly in Governmental Activities.

The City's Long-Range Financial Plan

The City maintains a comprehensive and detailed 30-year Long-Range Financial Plan ("L-RFP"), which provides a long-term forecast for the City's General Fund and the impacts of other funds on the General Fund. The L-RFP is an important tool and reflects the City's commitment to fiscal health and sustainability. This financial model is used to evaluate the immediate impact of budgetary decisions and the costs of decisions over multiple years. The L-RFP was based on the City's bankruptcy exit plan, or Plan of Adjustment, which included certain assumptions and agreements reached with creditors. Since its development, the L-RFP has become a dynamic tool that is updated based on current revenue and expenditure trends. Though the individual variables and assumptions may change over time, the L-RFP provides a consistent model to realistically model the City's fiscal performance.

A summary of the L-RFP is available on the City's website:

http://www.stocktonca.gov/government/departments/adminservices/budLrfp.html

For more detailed analysis of the financial performance of the City, refer to the Management's Discussion and Analysis sections titled *Financial Analysis of the City's Funds* and *General Fund Budgetary Highlights*.

Measure M, a Voter Approved ¼ Cent Transactions and Use Tax (Sales Tax)

In November 2016, Stockton's voters approved Measure M, which is estimated to generate approximately $9 million annually for 16 years. The City can only use the new revenues for library and recreation services, which were significantly reduced by the City during bankruptcy and the Great Recession.

Access to the Financial Markets

Bond ratings on debt backed by the City's General Fund remained stable at B-, with the outlook improving to positive from stable. Bond ratings for debt issued by the City's Municipal Utilities Department also remained stable with ratings of A- or better except for wastewater bonds, which were upgraded to A in December 2016. In response to decreased water consumption and to maintain debt coverage related to the Delta Water Treatment Plant, the City Council approved water rate increases that became effective August 1, 2016, and also authorized annual increases over the next four years, which become effective after review and approval by the City Council.

The Federal Reserve increased its benchmark interest rate three times in 2017 with the last increase occurring in December 2017. The City is not anticipating any bond issuances backed by the General Fund; however, the City does have a $150 million design-build project to upgrade its Wastewater facilities underway, portions of which may be bond-financed.

RESERVE POLICIES

The City's General Fund reserve policy calls for the City to maintain a 17% operating reserve (approximately two months of expenditures) and establishes additional reserves for known contingencies, unforeseen revenue changes, infrastructure failures, and catastrophic events. The known contingencies include amounts to address staff recruitment and retention,

future CalPERS costs and City facilities. Approximately $178.7 million would be needed to fund all of the reserve categories fully, and on November 7, 2017, the City placed $89.4 million into reserves.

The policy establishes an automatic process to deposit one-time revenue increases and expenditure savings into the reserves. These policies are consistent with GFOA best practice recommendations and GASB guidance.

The reserve policy is available on the City's website at:

http://www.stocktonca.gov/files/General_Fund_Reserve_Policy.pdf

DEBT POLICY AND ANNUAL CONTINUING DISCLOSURES

The City's debt policy is available on its website as follows:

http://www.stocktonca.gov/files/Capital_Financing_Debt_Management_Policy.pdf

The City's annual financial disclosures are available on the Municipal Securities Rulemaking Board's and Electronic Municipal Market Access website at http://emma.msrb.org.

INVESTMENT POLICY

The City adopts an investment policy annually that provides guidelines for the prudent investment of the City's cash balances. The City contracts with Public Financial Management for the management of the City's long-term investment portfolio. The Administrative Services Department oversees both the City's long-term investment portfolio management and liquid cash requirements.

The City's investment policy is posted on the City's website:

http://www.stocktonca.gov/files/Investment_Policy_Final_080817.pdf

CASH AND INVESTMENTS

The California Government Code and the City's investment policy adopted in compliance with that Code define how the City can invest its cash. The City's policy also outlines the principles for maximizing the efficiency of the City's cash management operations while meeting the daily cash flow demands of the City. The average overall rate of return on funds not held by fiscal agents for the fiscal year ending June 30, 2017, was .09%. This amount includes both realized and unrealized gains distributed to funds. Absent unrealized Fair Market Value gains and Accrued Interest amounts distributed on June 30, 2017, distributed returns would have been 1.14%.

Additional information on the City's cash and investment management can be found in Notes 1 and 2 in the notes to the financial statements.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The GASB establishes GAAP for local and state governments in the United States and Canada. Its counterpart for private-sector entities is the Financial Accounting Standard Board. The American Institute of Certified Public Accountants and state and federal regulators require that financial reports follow GAAP to receive an unmodified audit opinion. The GFOA and the California Committee on Municipal Accounting entail additional standards that govern disclosures in the CAFR.

GAAP requires management to provide a narrative overview and analysis discussing the City's financial position to accompany the basic financial statements. This narrative overview is called Management's Discussion and Analysis (MD&A), which provides an analytical overview of the City's financial position for its major funds, as defined by GAAP, on a government-wide basis. This letter of transmittal is intended to complement the MD&A and not to duplicate the MD&A. It provides additional qualitative information on impacts to the City to help improve the reader's understanding of the information presented in the CAFR.

The City's CAFR conforms to the requirements established by GAAP, the City's Charter, GFOA standards and agreements with investors. The CAFR includes basic financial statements, footnotes, supplemental information required by GASB for GAAP financial reports, MD&A of the financial statements, the City's independent auditor's opinion regarding the conformance of the financial statements with GAAP, and other information required to conform to GFOA standards.

INDEPENDENT AUDIT

The City Charter, Article XIX, Section 1911, states: "after the close of the fiscal year, an annual audit shall be made of the City's funds. Such audit shall be made by a firm of independent certified public accountants." The Pun Group, LLP, an independent firm of licensed, certified public accountants, has audited the City of Stockton's financial statements.

The purpose of the independent audit is to obtain reasonable assurance that the City's financial statements are free of material misstatement and are fairly presented in conformity with GAAP. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditors issued an unmodified opinion for the fiscal year ended June 30, 2017.

SINGLE AUDIT REPORT TO FEDERAL GRANTING AGENCIES

A broader, federally- mandated "Single Audit," designed to meet the needs of federal granting agencies, is also required. The standards governing Single Audit engagements require the independent auditor to report on the fair presentation of the financial statements and the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

The City prepares a separate single audit report in conformity with the provisions of the Federal Single Audit Act as amended and U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments." This report is filed with the federal clearinghouse on or before March 31 each year.

RISK MANAGEMENT

During FY 2016-17 the City continued its self-insurance program for General Liability and Workers' Compensation. The City is a member of the California Joint Powers Risk Management Authority for General Liability. The self-insured retention ("SIR") is $1 million. The City is also a member of the California State Association of Counties insurance pool for excess Workers' Compensation coverage. The SIR is $500,000. The City also obtains Property Protection as a member of the Authority's All Risks Property Protection Program which is primarily underwritten by a casualty underwriter insurance company. Coverage is up to $400 million per occurrence with a $25,000 deductible.

INTERNAL CONTROLS AND LIMITATIONS

The CAFR intends to provide the City Council and the public with an understanding of the City's financial position. City management assumes responsibility for the completeness, accuracy, and reliability of the information presented in this report. City management established an internal control framework intended to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements.

The City's comprehensive system of internal controls continues to be the subject of ongoing review to ensure the timeliness and accuracy of the CAFR, and to improve management reporting and controls. A large number of significant and material weaknesses in the internal control structure (many due to the use of an antiquated financial system) were found and reported by management and the auditors in prior audits. The City's Finance team, along with the City's Internal Auditor (Moss Adams LLP) continues to work together to close out those prior findings and also continually improve the City's key controls, systems, policies, and procedures.

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

ACKNOWLEDGEMENTS

This report would not have been possible without the dedicated professionals in the Administrative Services Department and the cooperation of employees from throughout the City who provided detailed information and other support and assistance.

We also want to thank the Mayor, City Council and the Audit Committee for your interest and support in planning and conducting the City's financial operations responsibly and sustainably.

Respectfully submitted,

KURT O. WILSON
CITY MANAGER

MATT PAULIN
CHIEF FINANCIAL OFFICER

CITY OF STOCKTON
CITY COUNCIL

MICHAEL TUBBS
MAYOR

ELBERT HOLMAN, JR.
VICE MAYOR
District 1

DAN WRIGHT
COUNCILMEMBER
District 2

SUSAN LOFTHUS
COUNCILMEMBER
District 3

SUSAN LENZ
COUNCILMEMBER
District 4

CHRISTINA FUGAZI
COUNCILMEMBER
District 5

JESUS ANDRADE
COUNCILMEMBER
District 6

CITY OF STOCKTON
ORGANIZATION CHART
AS OF JUNE 30, 2017

THE PUN GROUP
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stockton, California (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, the Schedule of Changes in Net Position Liability and Related Ratios, and the Schedule of Contributions on pages 7 to 23 and 131 to 142 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, Schedule of Sources and Uses – Measure A and B, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of sources and uses – Measure A and B are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Sources and Uses – Measure A and B are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 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 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 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 Pun Group, LLP

Santa Ana, California
December 29, 2017

THE PUN GROUP
ACCOUNTANTS & ADVISORS

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

Independent Auditors' Report

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stockton, California (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 29, 2017

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in a separate *Report on Internal Control Related Matters Identified in the Audit* dated December 29, 2017, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency reported in our separately issued *Report on Internal Control Related Matters Identified in the Audit* to be material weakness as item 2017-01, 2017-02 and 2017-03.

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. We consider the deficiency reported in our separately issued *Report on Internal Control Related Matters Identified in the Audit* to be significant deficiency as item 2017-04.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements 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 statement 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have issued a separate *Report on Internal Control Related Matters Identified in the Audit* dated December 29, 2017, which is an integral part of our audits and should be read in conjunction with this report.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the separately issued *Report on Internal Control Related Matters Identified in the Audit*. We did not audit the City's response and, accordingly, we express no opinion on it.

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. 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.

The Pun Group, LLP

Santa Ana, California
December 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED

JUNE 30, 2017

INTRODUCTION

As management of the City of Stockton ("City"), we offer readers of the City's financial statements this overview and analysis of the City's financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the accompanying Transmittal Letter, the Basic Financial Statements, and the Notes to the Financial Statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

Government-wide:

- The City's total net position for the governmental and business-type activities show that, as of June 30, 2017, total assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by $1.2 billion. Of this amount, $336.3 million represents the unrestricted net position, $175.7 million is restricted for City's ongoing obligation related to programs with external restrictions and $693.5 million represents the City's net investment in capital assets, less any related outstanding debt used to acquire those assets. In the recording of net position for fiscal year ended June 30, 2017, $32.8 million has been reclassified from restricted to unrestricted which represents the Internal Service Fund balances that City Council has restricted for use in equipment replacement.
- Governmental revenues total $289 million and include program revenues of $71 million and general revenues of $218 million. Governmental expenses were $271.7 million.
- Business-type program revenues, other taxes, and investment earnings were $128.4 million while business-type expenses were $107.6 million.

Fund Level:

- The City's governmental funds reported a combined ending fund balance of $225.5 million at the close of June 30, 2017, an increase of $9.5 million compared with the prior fiscal year. The General Fund balance in this report as of June 30, 2017 was $102.7 million absent encumbrances. Included in this fund balance and under the guidance of the Reserve and Fund Balance Policy – General Fund (excluding related funds), Council took action to entirely fund the priority one working capital reserve at $36.2 million, known contingency reserves at $48.2 and partially fund risk-based reserves at $5.0 million.
- Governmental Fund revenues decreased slightly from the prior fiscal year by 1.7 percent.
- Governmental Fund expenditures increased by 17.3 percent compared to the prior fiscal year primarily due to the filling of vacant positions and new police officer positions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 the basic financial statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of City finances. These statements provide both long-term and short-term information about the City's overall financial status.

The Statement of Net Position presents information on all of the City's assets, the deferred outflow of resource, liabilities and deferred inflow of resources; the difference is reported as net position.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. The City reports all changes in net position as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (i.e., accrual basis of accounting). Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues from uncollected taxes and expenses about earned but unused vacation leave.

This Comprehensive Annual Financial Report ("CAFR") includes the financial activity of the separate legal entity controlled by the City, the Stockton Public Financing Authority.

The Successor Agency's activities are reported as a private-purpose trust fund in the CAFR. The City Council sits as the Successor Agency to the Stockton Redevelopment Agency's Board; however, all actions about the Successor Agency's obligations are made by the Successor Agency Oversight Board, which is comprised of members representing the interests of local jurisdictions affected by redevelopment activities and revenue claims, including the City.

The government-wide financial statements can be found on pages 25-27 of this report.

Fund Financial Statements:

A fund is a grouping 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 finance-related legal compliance.

All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

Fund Financial Statements, Continued

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 will understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided to facilitate this comparison for both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances.

The City maintains several individual governmental funds organized according to their category type. The governmental fund category types are the General Fund, special revenue, debt service, capital projects, and permanent funds. Information is presented separately in the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and change in fund balances for the General Fund, HOME Program Loans, Low-Moderate Income Housing City Loans and Capital Improvement funds, which are reported as major funds. Data from the remaining non-major governmental funds are combined into a single, aggregated presentation. The CAFR provides individual fund data for each of the non-major governmental funds in the form of combining statements in the later sections of this report.

The City adopts an annual budget for its General Fund and various other funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget. Budgetary comparison schedules for various other governmental funds are also provided in later sections of this report.

The basic governmental fund's financial statements can be found on pages 30-36 of this report.

Proprietary funds are used to account for services for which the City charges customers – either outside customers or internal units of 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 Water Utility, Wastewater Utility, Stormwater Utility and Parking Authority, which are reported as major funds. Data for the remaining non-major enterprise funds are combined into a single, aggregated presentation. Additional information is provided for each of these nonmajor enterprise funds in later sections of this report.

- **Internal service funds** are used to report activities that provide goods and services for certain City insurance, pension and other related programs and activities. The City uses internal service funds to account for its self-insurance programs, pension obligations, employee health benefits insurance, vehicle fleet, information technology systems, and radio and other equipment. Because these services predominately benefit governmental rather than business-type functions, the CAFR includes them within the governmental activities in the government-wide financial statements. The CAFR combines internal service funds into a single, aggregated presentation in the proprietary fund financial statements. The CAFR also provides individual fund information for the internal service funds in the form of combining statements in its later sections.

The basic proprietary fund financial statements can be found on pages 38-47 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

Fund Financial Statements, Continued:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. It includes resources related to land-secured financing, employee payroll withholdings, the area of benefit fees, public facilities pass through fees and other miscellaneous fiduciary activities. The City's fiduciary funds are reported as agency funds and are not reflected in the government-wide financial statements since the resources of the funds are not available to support the City's programs and services.

The City has established a private-purpose trust fund (fiduciary fund) effective February 1, 2013, for purposes of accounting for the winding down of the Successor Agency.

The basic fiduciary fund's financial statement can be found on pages 50-51 of this report.

Notes to the Basic Financial Statements

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

The notes to the financial statements can be found on pages 54-131 of this report.

Other information

In addition to the basic financial statements, this report presents certain required supplementary information. This information provides a budgetary comparison schedule for the General Fund, HOME Program Loans Fund, and the Low-Moderate Income Housing City Loans Fund, as well as information about the City's participation in the PERS and PARS defined benefit pension plans.

Required supplementary information can be found on pages 133-144 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The City's net position may serve over time as a useful indicator of a government's financial health or financial position. As of June 30, 2017, the City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $1.2 billion which is an increase of $45.1 million or 4.1 percent compared to the prior fiscal year.

The following is the condensed statement of net position for the fiscal years ended June 30, 2017, and 2016 (amounts in thousands).

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	$ 520,764	$ 475,881	$ 180,954	$ 165,148	$ 701,718	$ 641,029
Capital assets	738,736	748,161	712,561	730,680	1,451,297	1,478,841
Total assets	1,259,500	1,224,042	893,515	895,828	2,153,015	2,119,870
Deferred Outflow of Resources:						
Unamortized loss on refunding of debt	452	484	2,174	2,361	2,626	2,845
Deferred Pension Contributions	91,570	28,942	10,602	4,167	102,172	33,109
Total Deferals-Outflows	92,022	29,426	12,776	6,528	104,798	35,954
Liabilities:						
Current and other liabilities	61,490	37,751	21,708	24,279	83,198	62,030
Long-term obligations	135,840	155,353	340,575	349,998	476,415	505,351
Net Pension liability	423,532	343,346	44,735	46,345	468,267	389,691
Total liabilities	620,862	536,450	407,018	420,622	1,027,880	957,072
Deferred Inflow of Resources:						
Deferred Rent	776	444	-	-	776	444
Deferred between projected-actual on plan	21,152	80,405	2,545	12,340	23,697	92,745
Total Deferrals Inflows	21,928	80,849	2,545	12,340	24,473	93,189
Net position:						
Net investment in capital assets	330,655	287,077	362,886	369,983	693,541	657,060
Restricted	124,765	153,087	50,904	54,618	175,669	207,705
Unrestricted (deficit)	253,312	196,005	82,938	44,793	336,250	240,798
Total net position	$ 708,732	$ 636,169	$ 496,728	$ 469,394	$ 1,205,460	$ 1,105,563

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Analysis of Net Position, Continued

The primary components of the City's net position consist of the following elements:

- The investment in capital assets (e.g., infrastructure, land, buildings, improvements other than buildings, construction in progress, and equipment), less any related debt used to acquire assets still outstanding, represents the largest portion of the City's net position of $693.5 million or 57.5 percent. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports its investment in its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources because proceeds from the sale of capital assets are not used to liquidate these liabilities.

- External restrictions represent $175.7 million or 14.6 percent of net position and are subject to various external restrictions on how they may be used. Creditors, grantors, contributions or laws and regulations of other governments have imposed this component of the net position; or it has been imposed by law through enabling legislation or constitutional provisions. The Internal Service Funds balance of $32.8 million was reclassified to unrestricted in fiscal year ended June 30, 2017

- The remaining unrestricted net position of $336.3 million or 27.9 percent can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The current year includes $32.8 million for equipment replacement in the internal service funds that was not considered unrestricted in the prior year. While these assets are technically unrestricted, most of these assets are designated for a specific use.

Information about changes in net position for FY 2016-17 and FY 2015-16 is summarized below. The CAFR discusses the reasons for the changes in the sections for governmental activities and business-type activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Analysis of Net Position, Continued

The following table indicates the change in net position for governmental and business-type activities (amounts in thousands):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	$ 40,886	$ 47,460	$ 121,576	$ 114,509	$ 162,462	$ 161,969
Operating grants and contributions	12,566	12,861	3,889	3,776	16,455	16,637
Capital grants and contributions	17,591	16,286	2,971	3,562	20,562	19,848
General revenues:						
Property taxes	32,411	30,646	-	-	32,411	30,646
In lieu of sales tax	-	8,775	-	-	-	8,775
Utility user taxes	34,455	33,379	-	-	34,455	33,379
Sales and use taxes (City levied)	42,506	39,070	-	-	42,506	39,070
Franchise taxes	13,289	12,397	-	-	13,289	12,397
Business licenses	12,243	11,995	-	-	12,243	11,995
Hotel/motel room taxes	2,997	2,711	-	-	2,997	2,711
Document transfer taxes	801	856	-	-	801	856
Other taxes	1,940	1,801	1,292	1,239	3,232	3,040
Motor vehicle fees in lieu	21,423	20,354	-	-	21,423	20,354
Sales and use taxes (State levied)	49,910	45,097	-	-	49,910	45,097
Other shared revenue	44	46	-	-	44	46
Investment earnings	1,966	4,728	131	2,653	2,097	7,381
Miscellaneous	2,820	7,303	-	-	2,820	7,303
Loss on sale of capital assets	578	568	(1,156)	-	(578)	568
Proceeds from L.T. Debt	-	-	-	-	-	-
Total revenues	288,426	296,333	128,703	125,739	417,129	422,072
Expenses						
General government	33,378	39,608	-	-	33,378	39,608
Public safety	154,932	169,015	-	-	154,932	169,015
Public works	45,670	36,344	-	-	45,670	36,344
Library	10,904	10,406	-	-	10,904	10,406
Parks and recreation	22,481	21,620	-	-	22,481	21,620
Interest and fiscal charges	4,288	2,216	-	-	4,288	2,216
Water utility	-	-	42,886	48,001	42,886	48,001
Wastewater utility	-	-	50,545	58,665	50,545	58,665
Stormwater utility	-	-	5,288	6,601	5,288	6,601
Central parking district	-	-	5,641	5,384	5,641	5,384
Other	-	-	3,235	3,116	3,235	3,116
Total expenses	271,653	279,209	107,595	121,767	379,248	400,976
Increase/(decrease) in net position before transfers	16,773	17,124	21,108	3,972	37,881	21,096
Transfers	654	(297)	(654)	297	-	-
Special Item:	10,237	-	-	-	10,237	-
Change in net position	27,664	16,827	20,454	4,269	48,118	21,096
Net position, beginning, original	636,169	619,342	469,393	465,125	1,105,562	1,084,467
Prior period adjustment	44,899	-	6,881	-	51,780	-
Net position, beginning, as restated	681,068	619,342	476,274	465,125	1,157,342	1,084,467
Net position, end of year	$ 708,732	$ 636,169	$ 496,728	$ 469,394	$1,205,460	$1,105,563

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Analysis of Net Position, Continued

Governmental activities: The change in net position increased by $10.8 million compared to the prior fiscal year, as restated for pension prior year adjustment, due to these significant variances:

- Total governmental activities revenues have decreased by $7.9 million or 2.7 percent compared to the prior fiscal year. The decreases were mostly attributable to grant program revenues on capital projects.
- Capital grants and contributions increased from the prior year primarily due to $5 million in additional Measure K revenues.
- Miscellaneous revenues decreased primarily due to refinancing of Successor Agency debt, $6.2 million.
- Total governmental activities expenses show a decrease from the prior year of $7.6 million or 2.7 percent due to the prior period pension adjustment that restated the beginning net position along with an increase in public safety salary and benefits expenditures attributable to further implementation activities of the Marshall Plan. The pension adjustment was $29.5 million for safety and $15.4 million for general government. Details of the pension adjustments can be found in Note #8.
- Special item is the recording of proceeds from refunding of 2003 A and B COPs debt of $10.2 million.

Business-type activities: The change in net position increased by $16.2 million compared to the prior fiscal year due to prior period pension adjustment of $6.9 million and water rate increases to cover operating costs and capital commitments. Details of the pension adjustments can be found in Note #8.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This analysis should be read in conjunction with fund financial statements beginning on page 29.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available to provide services. 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 spendable resources.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The statement provides fund balance categories and classifications as non-spendable, restricted, committed, assigned and unassigned (Note 10). The fund balance note disclosures also give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. The financial analysis information provided in the following tables are useful in assessing the City's financing requirements. In particular, committed, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED

Governmental Funds, Continued

As of June 30, 2017, the City's governmental funds reported a combined ending balance of $225.5 million, an increase of $9.4 million compared to the prior fiscal year. The total fund balance of the governmental funds consists of the following:

- The non-spendable fund balance of $1.9 million were amounts that inherently cannot be spent such as inventories and prepaid items. Also, long-term loans and notes receivable, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned.
- Restricted fund balance of $123.7 million that is based on restrictions imposed by external parties or enabling legislation.
- Committed fund balance of $56.5 million was constrained for a specific purpose by the City Council through resolution. It would require action by the same group to remove or change the constraints placed on the resources.
- Assigned fund balance of $3.9 million was constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. The amount reported as assigned should not result in a deficit in the unassigned fund balance.
- The unassigned fund balance of $39.6 million of which $36.2 million is the working capital reserve established in the Reserve and Fund Balance Policy-General Fund to accommodate normal fluctuations in the timing of revenues and unforeseen operational costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED

Governmental Funds, Continued

Revenues – The following table presents revenues (amounts in thousands) classified by source with a comparison to the prior fiscal year:

	2017		2016		Increase/(Decrease)	
Revenue by Source	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Property taxes	$ 32,411	11.0%	$ 30,646	10.4%	$ 1,765	5.8%
In lieu of sales tax	-	0.0%	8,775	3.0%	(8,775)	-100.0%
Utility user	34,455	11.7%	33,379	11.4%	1,076	3.2%
Sales tax - levied by City	42,506	14.5%	39,070	13.3%	3,436	8.8%
Franchise fees	13,289	4.5%	12,397	4.2%	892	7.2%
Business license	12,243	4.2%	11,995	4.1%	248	2.1%
Transient occupancy tax	2,997	1.0%	2,711	0.9%	286	10.5%
Document Transfer/other	2,740	0.9%	2,391	0.8%	349	14.6%
License and permits	5,867	2.0%	5,347	1.8%	520	9.7%
Intergovernmental	100,343	34.2%	92,264	31.4%	8,079	8.8%
Charges for services	22,920	7.8%	26,473	9.0%	(3,553)	-13.4%
Fines and forfeitures	1,164	0.4%	624	0.2%	540	86.5%
Use of money and property	8,197	2.8%	8,172	2.8%	25	0.3%
Interest income	1,762	0.6%	3,088	1.1%	(1,326)	-42.9%
Refunds and reimbursements	6,077	2.1%	5,188	1.8%	889	17.1%
Miscellaneous	6,745	2.3%	11,246	3.8%	(4,501)	-40.0%
Total	$ 293,716	100.0%	$ 293,766	100.0%	$ (50)	0.0%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED

Governmental Funds, Continued

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

- In lieu of sales tax can be explained as a shift of sales tax to the State that was backfilled to the City in a different period of time. This State practice ended as of mid-Fiscal Year 2015-16. These revenues are now included in the Sales Tax category.
- Fines and Forfietures vary each year due to code enforcement activities and administrative citations.
- Interest income includes a fair market value adjustment. This adjustment was much less significant in FY 2016-17 causing a variance of 42.9% year over year.
- Miscellaneous revenues decreased primarily due to refinancing Successor Agency debt of $6.2 million.

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

	2017		2016		Increase/(Decrease)	
Expenditures by Function	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	$ 29,235	9.9%	$ 27,229	10.8%	$ 2,006	7.4%
Public safety	171,073	58.0%	150,853	59.9%	20,220	13.4%
Public works	15,818	5.4%	14,861	5.9%	957	6.4%
Library	10,619	3.6%	10,107	4.0%	512	5.1%
Parks and recreation	20,493	6.9%	19,295	7.7%	1,198	6.2%
Capital outlay	31,407	10.6%	23,857	9.5%	7,550	31.6%
Debt service	16,465	5.6%	5,444	2.2%	11,021	202.4%
Total	$ 295,110	100.0%	$ 251,646	100.0%	$ 43,464	17.3%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED

Governmental Funds, Continued

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

- Public safety expenditures have increased by $20 million compared to the prior fiscal year due to continued implementation of the Marshall Plan.
- Capital outlay expenditures increased by $7.6 million compared to the prior fiscal year primarily due to $5 million in additional Measure K-funded capital projects, and various other capital projects.
- General government and debt service expenditures increased by $11 million due to refunding of the 2003 A and B COPs.

General Fund

Below is a graph that depicts the change in General Fund balances between FY 2015-16 and FY 2016-17. The unassigned, committed and restricted balances have all increased from the prior fiscal year.

The City's General Fund provides police, fire, development, public works, and administrative services to the City's residents, other funds, businesses, and visitors. The General Fund is distinct from other funds because it is the only source of unrestricted funds that the City Council can allocate at its discretion for any municipal purpose.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, CONTINUED

Governmental Funds, Continued

General Fund revenues were $228.6 million at the close of June 30, 2017, an increase of $4.5 million compared to the prior fiscal year. The following provides an explanation of significant changes in General Fund revenues compared with the prior fiscal year:

- Property tax revenues increased by $1.8 million from the prior fiscal year due to a steady increase in property values.
- Franchise and utility user taxes increased by $2 million.
- Refunds and Reimbursements include reimbursement of dispatch services from the new San Joaquin County Regional Fire Dispatch Authority.

General Fund expenditures were $210.8 million, an increase of $25.5 million compared to the prior fiscal year. Additional Police Department salary and benefits expenditures associated with the continued implementation of the Marshall Plan largely drove the increase.

Proprietary Funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. At the end of June 30, 2017, the net position of business-type activities was $496.7 million, an increase of $27.3 million or 5.8 percent compared to the prior fiscal year.

The assets and deferred outflows of resources increased by $3.9 million. Of this amount, the current cash and investments and other current assets increased by $19.5 million and non current assets including capital assets and deferred outflows decreased by $15.6 million, primarily due to the disposal and depreciation of capital assets.

The liabilities and deferred inflows of resources decreased by $23.4 million due primarily to the principal payments made on debt and pension related adjustments.

GENERAL FUND BUDGETARY HIGHLIGHTS

While the City's FY 2016-17 General Fund Adopted Budget funded the most pressing needs in support of the Council's strategic priorities, it was also constrained by the fiscal reality of the City's long-term financial outlook. The balanced and fiscally prudent budget plan strengthened reserves while making incremental service-level enhancements consistent with Council-adopted strategic priorities. This analysis should be read in conjunction with the General Fund Budgetary Information beginning on page 133.

The General Fund's original budgeted revenue and transfers-in totaled $229.8 million. These revenues were increased by $300,000 during the year to reflect the receipt of donations for library activities and reimbursements for fire services provided to other agencies. The revised budgeted revenues and transfers-in for FY 2016-17 were $230.1 million.

The General Fund's original budgeted expenditures and transfers-out were $224.9 million; the amended budget was increased by $15.7 million. Included in this amount is $4.5 million for encumbrances not fully expended during the prior fiscal year. Following adoption of the FY 2016-17 budget, the City Council approved employee labor agreements resulting in a $9.9 million increase to the General Fund. Capital outlay carry over from prior year accounted for another 1.1 million. After these amendments, the approved budgeted expenditures and transfers-out for FY 2016-17 were $240.6 million.

GENERAL FUND BUDGETARY HIGHLIGHTS, CONTINUED

Actual FY 2016-17 General Fund revenues and transfers-in were higher than the approved budget by $943,000, a variance of less than one-half percent. Positive variances in property taxes, utility user taxes, other taxes, charges for services and interest income were offset by reductions in the sales and use tax and other governmental revenues. Sales tax revenues levied by State were lower than the budget by $2.1 million as a result of an adjustment for a multi-year misallocation of sales tax from a major retail outlet. Revenues from other governmental agencies were below budget as a result of San Joaquin County opting to retain funding for library services rather than contribute the full amount to the City-County Library System. Improved home prices increased property tax revenues above the budget projections. Utility rate increases generated additional utility user tax revenues in the areas of water, electricity, and gas. Successor Agency residual tax receipts are the primary cause of the positive budget variance in the other taxes category and code enforcement collections increased the charges for services category. The variance in Interest Income of $912,785 reflects the prepayment of the full annual CalPERS cost.

Actual expenditures and transfers-out were lower than the final approved budget appropriations by $19.6 million or 8.1%. The City Council authorized $1.4 million in unspent funds for planned activities to continue into the FY 2016-17 budget. Also, $5.4 million in encumbrances that were not fully expended by June 30, 2016, rolled forward. General Government departments achieved a savings of $6.3 million, $7.9 million was saved in Public Safety largely attributable to salary savings due to vacant positions. The remaining $5.4 million was due to Public Works, Library, Parks and Recreation, Capital Outlay and operating transfers. Approximately $6.5 million of the savings was the result of higher-than-anticipated vacancies across all General Fund departments. The General Fund saved $2.3 million as funding for contingencies, labor litigation tax collection, and election fees was not fully expended.

The City's General Fund balance at June 30, 2017, is $97.3 million on a budgetary basis, which is an increase of $8.1 million from the prior year. This reporting of General Fund balance includes general services to the public such as public safety and streets, along with libraries, recreation centers and marinas. Whereas the quarterly budget status reports released through City Council break down the general operations ($89.4 million) separate from ancillary services of libraries, recreation, etc. The intentional rebuilding of the fund balance is the result of bankruptcy restructuring of debt, reductions to salaries and benefits, various department operating cuts, and high levels of staff vacancies. The vacancy savings were one-time savings and are not expected to continue following the implementation of the three-year employee labor agreements approved effective July 1, 2016, and stabilization of City services. This effort to rebuild the City's General Fund balance is consistent with the City's Long-Range Financial Plan and the Fund Balance and Reserve policy adopted by City Council on March 29, 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in the performance of the City's functions, including infrastructure assets. This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. Infrastructure assets are assets that are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. These assets are classified in major categories, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

CAPITAL ASSETS AND DEBT ADMINISTRATION, CONTINUED

Capital Assets, Continued

The City depreciates all its capital assets over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that all users bear an allocable portion of the cost of the asset.

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounted to $1.5 billion (net of accumulated depreciation). Net investment in capital assets includes infrastructure, land, buildings, and improvements other than buildings, intangible assets, equipment and construction in progress. The total change in the City's net investment in capital assets for the current fiscal year was a decrease of 2 percent.

The City of Stockton's capital assets, net of accumulated depreciation, for the governmental and business-type activities are presented below to illustrate changes from the prior year (amounts in thousands):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 43,039	$ 43,039	$ 11,744	$ 13,090	$ 54,783	$ 56,129
Intangible Assets	4,355	4,355	750	750	5,105	$5,105
Building and Improvements	192,088	198,958	687,965	704,146	880,053	903,104
Machinery and Equipment	25,281	19,948	5,758	4,755	31,039	24,703
Infrastructure	372,664	373,053	-	-	372,664	373,053
Construction in Progress	101,309	108,807	6,343	7,938	107,652	116,745
Total	$ 738,736	$ 748,160	$ 712,560	$ 730,679	$ 1,451,296	$ 1,478,839

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

Bond Indebtedness

At the end of the fiscal year, the City's total outstanding net bonded debt including bankruptcy settlements was $413.1 million. Of this amount, $63.5 million is related to governmental activities, and $349.7 million are debt obligations of business-type activities.

Governmental activities bonded indebtedness decreased by $11.9 million due to scheduled principal payments and amortization of bond premiums and the refunding of bonds formerly backed by the City's General Fund and now backed solely by tax increment from the Successor Agency to the former Redevelopment Agency of the City of Stockton.

CAPITAL ASSETS AND DEBT ADMINISTRATION, CONTINUED

Bond Indebtedness, Continued

Business-type activities bonded indebtedness, as restated, decreased by $11 million due to scheduled principal payments and amortization of bond premium insurance and discounts.

Governmental outstanding net bonded debt of $63.5 million includes $53.6 million in settlement liability to the bond insurer (Assured Guaranty) for 2007 bonds adjusted in bankruptcy and $9.9 million of lease revenue bonds for the City's Stewart/Eberhardt Building.

Business-type activities outstanding net bonded debt obligations of $349.7 million includes $242 million of revenue bonds of the Water Utility, $71.7 million in certificates of participation for the Wastewater Utility, and $25.1 million in settlement liability for the Parking Authority on 2004 bonds adjusted in bankruptcy. Additionally, Marina operations have a loan obligation of $10.9 million through the State Department of Parks and Recreation. This obligation no longer accrues interest due to the bankruptcy settlement. The General Fund annually subsidizes the Marina's operations, and payments on this loan will not commence until subsidization is no longer needed.

Successor Agency bonded debt of $112.8 million is reported separately in a Private Purpose Trust Fund. The balance outstanding at June 30, 2017, includes $83 million of tax-exempt tax allocation bonds issued to refinance revenue bonds for various former redevelopment projects and $29.8 million of taxable tax allocation bonds issued to refinance revenue bonds for various housing projects.

Additional information on the City's long-term debt can be found in Note 7 - Long-Term Debt of this report.

Economic Factors and Next Year's Budget

Continued improvement in the local economy and sound fiscal practices have enabled the City to maintain essential services, fund a 17% working capital reserve, and set aside funds for known contingencies, including pension costs, staff recruitment and retention, financial system replacement and a permanent City Hall. General Fund reserves were $89.4 million at the close of the 2016/17 fiscal year. These reserves provided the resources for the City to move forward with purchase of the Waterfront Towers for the permanent City Hall. These reserves also allowed the City to begin the replacement of its antiquated financial system.

The City continues to utilize its Long-Range Financial Plan (L-RFP), which is an important tool and reflects the City's commitment to fiscal health and sustainability. This financial model is used to evaluate the immediate impact of budgetary decisions and the costs of decisions over multiple years. The Federal Court reviewed the L-RFP extensively and considered challenges by the City's creditors during the bankruptcy process. The L-RFP demonstrated the City's future financial viability with the changes detailed in the Plan of Adjustment, and it was approved by the Court. Since its development, the L-RFP has become a dynamic tool that is updated based on current revenue and expenditure trends. Though the individual variables and assumptions may change over time, the L-RFP provides a consistent model to realistically forecast the City's fiscal performance. The City updates the L-RFP as part of regular quarterly budget updates and presents it to the City Council and the public. These updates are part of developing the budget for the upcoming fiscal year.

In November 2016, Stockton's voters approved Measure M, which is estimated to generate approximately $9 million annually for 16 years. The City can only use the new revenues for library and recreation services, which were significantly reduced by the City during bankruptcy and the Great Recession.

CAPITAL ASSETS AND DEBT ADMINISTRATION, CONTINUED

Economic Factors and Next Year's Budget, continued

The FY 2017-18 Annual Budget is structurally balanced, with revenues expected to exceed expenditures by over $4 million. It dedicates resources in suport of the Council's strategic goals of Public Safety, Fiscal Sustainability, Economic Development, and Infrastructure.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, grantors, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Administrative Services Department of the City of Stockton at City Hall, 425 North El Dorado Street, Stockton, CA 95202.

Financial reports are available on the City's website at:

http://www.stocktongov.com/government/departments/adminServices/finRep.html

City of Stockton
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	$ 319,082,497	$ 107,034,215	$ 426,116,712
Restricted cash and investments	3,112,987	50,904,375	54,017,362
Interest receivable	591,476	465,613	1,057,089
Accounts receivable, net	19,122,185	19,847,511	38,969,696
Due from other governments, net	36,409,189	-	36,409,189
Inventory of supplies	466,296	1,714,789	2,181,085
Other assets	2,788,854	987,950	3,776,804
Prepaid items	64,823	-	64,823
Loans to Successor Agency, net	1,224,441	-	1,224,441
Loans to property owners, net	137,899,840	-	137,899,840
Capital assets:			
Nondepreciable	148,702,992	18,837,695	167,540,687
Depreciable, net	590,032,903	693,723,446	1,283,756,349
Total assets	1,259,498,482	893,515,594	2,153,014,077
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding of debt	452,124	2,174,083	2,626,207
Pension related deferred outflows of resources	91,570,314	10,602,195	102,172,509
Total deferred outflows of resources	92,022,438	12,776,278	104,798,716
LIABILITIES			
Accounts payable and accrued expenses	14,224,447	3,170,622	17,395,069
Accrued payroll and benefits	2,957,273	1,121,000	4,078,274
Accrued interest	1,896,708	5,627,771	7,524,479
Deposits and other liabilities	5,124,336	1,582,674	6,707,010
Unearned revenue	17,909,848	14,790	17,924,638
Long-term liabilities:			
Due within one year			
Compensated absences	5,665,532	741,600	6,407,132
Claims payable	10,905,565	-	10,905,565
Long-term debt	2,806,014	9,449,471	12,255,485
Due in more than one year			
Compensated absences	5,560,539	350,205	5,910,744
Claims payable	51,499,813	-	51,499,813
Long-term debt	78,779,986	340,226,086	419,006,072
Aggregate net pension liability	423,531,624	44,734,535	468,266,159
Total liabilities	620,861,685	407,018,754	1,027,880,440
DEFERRED INFLOWS OF RESOURCES			
Deferred rent	775,873	-	775,873
Pensions related deferred inflows of resources	21,151,634	2,544,654	23,696,288
Total deferred inflows of resources	21,927,507	2,544,654	24,472,161
NET POSITION			
Net investment in capital assets	330,654,527	362,885,918	693,540,445
Restricted	124,765,451	50,904,375	175,669,826
Unrestricted	253,311,750	82,938,171	336,249,921
Total net position	$ 708,731,728	$ 496,728,464	$ 1,205,460,192

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	$ 33,377,759	19,184,093	$ -	$ -
Public safety	154,931,840	9,187,615	7,673,197	-
Public works	45,670,456	3,373,166	11,856	17,591,184
Library	10,904,265	376,612	4,879,574	-
Parks and recreation	22,480,877	8,764,889	-	-
Interest and fiscal charges	4,287,551	-	-	-
Total governmental activities	271,652,748	40,886,375	12,564,627	17,591,184
Business-type activities:				
Water utility	42,886,081	42,308,131	3,889,251	1,349,565
Wastewater utility	50,544,648	66,832,629	-	1,616,589
Stormwater utility	5,288,496	5,618,620	-	5,268
Parking Authority	5,640,942	5,140,906	-	-
Other	3,234,557	1,675,386	-	-
Total business-type activities	107,594,724	121,575,672	3,889,251	2,971,422
Total	$ 379,247,472	$ 162,462,047	$ 16,453,878	$ 20,562,606

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Business-Type Activities	Totals
PRIMARY GOVERNMENT:			
Governmental activities:			
General government	$ (14,193,666)		$ (14,193,666)
Public safety	(138,071,028)		(138,071,028)
Public works	(24,694,250)		(24,694,250)
Library	(5,648,079)		(5,648,079)
Parks and recreation	(13,715,988)		(13,715,988)
Interest and fiscal charges	(4,287,551)		(4,287,551)
Total governmental activities	(200,610,562)		(200,610,562)
Business-type activities:			
Water utility		$ 4,660,869	4,660,869
Wastewater utility		17,904,570	17,904,570
Stormwater utility		335,392	335,392
Parking Authority		(500,036)	(500,036)
Other		(1,559,171)	(1,559,171)
Total business-type activities		20,841,624	20,841,624
Total	(200,610,562)	20,841,624	(179,768,938)
General revenues and transfers:			
General revenues:			
Taxes:			
Property	32,411,463	-	32,411,463
Utility user	34,454,907	-	34,454,907
Sales - levied by City	42,506,378	-	42,506,378
Franchise fees	13,289,073	-	13,289,073
Business license	12,243,208	-	12,243,208
Hotel/motel room	2,996,990	-	2,996,990
Document transfer	801,444	-	801,444
Other	1,938,771	1,292,249	3,231,020
Shared revenue:			
Vehicle license fees	21,422,797	-	21,422,797
Sales and use tax levied by state	49,909,959	-	49,909,959
Other	44,151	-	44,151
Investment earnings	1,965,888	131,422	2,097,310
Miscellaneous	2,820,332	-	2,820,332
Gain (loss) on disposal of capital assets	577,553	(1,156,388)	(578,835)
Transfers	654,384	(654,384)	-
Total general revenues and transfers	218,037,298	(387,101)	217,650,197
Special Items:			
Transfer of Successor Agency for refunding of debt	10,236,779	-	10,236,779
Changes in net position	27,663,515	20,454,523	48,118,038
Net position:			
Beginning of year, as previously reported	636,169,647	469,393,387	1,105,563,034
Prior period adjustment (Note 18)	44,898,566	6,880,554	51,779,120
Beginning of year, as restated	681,068,213	476,273,941	1,157,342,154
End of year	$ 708,731,728	$ 496,728,464	$ 1,205,460,192

See accompanying Notes to the Basic Financial Statements.

GOVERNMENT FUND FINANCIAL STATEMENTS

Governmental Fund Types

Governmental funds consist of the general fund, special revenue, debt service, capital projects, and permanent funds.

Special revenue and capital projects funds are used to account for the financial resources that are restricted, committed, or assigned to expenditures for special purposes or capital outlays, including the acquisition and development of capital facilities and other capital assets.

The City's major governmental funds include:

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

HOME Program Loans Special Revenue Fund
To account for the City's HOME Program providing affordable housing for low- and very low-income residents in accordance with various federal and state laws.

Low and Moderate-Income Housing City Loans Special Revenue Fund
To account for loans extended to eligible low and moderate-income families as approved by the former Stockton Redevelopment Agency and the California Health and Safety Code.

Capital Improvement Capital Projects Fund
To account for the acquisition, construction and improvement of capital facilities as required by City Council action or state law in which the projects are financed by grants, lease proceeds and transfers from other City governmental funds.

City of Stockton
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds			
		Special Revenue		Capital Projects
	General Fund	Home Program Loans	Low-Moderate Income Housing City Loans	Capital Improvement
ASSETS				
Cash and investments	$ 84,055,622	$ 120,344	$ 1,782,598	$ 28,637,820
Cash and investments with fiscal agents	-	-	-	-
Receivables, net:				
Interest	299,708	-	-	19,180
Accounts and other receivables	15,405,663	3,781	-	459,521
Advance deposits	762,357	-	-	500
Due from other governments, net	20,486,564	-	-	3,573,443
Inventory of supplies	466,296	-	-	-
Prepaid items	62,852	-	-	-
Loans to Successor Agency	-	-	1,724,441	-
Loans to property owners, net	-	43,893,933	60,250,100	-
Total assets	$ 121,539,062	$ 44,018,058	$ 63,757,139	$ 32,690,464
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 5,595,328	$ 6,636	$ -	$ 2,181,526
Accrued payroll and benefits	1,296,486	5,992	-	56,585
Due to other funds	-	-	-	-
Due to other governments	2,611,448	-	-	29,652
Due to other agencies	327,481	-	-	-
Deposits and other liabilities	1,298,426	-	-	-
Unearned revenue	336,163	-	-	4,465,877
Total liabilities	11,465,332	12,628	-	6,733,640
Deferred Inflows of Resources:				
Unavailable revenue - Loans to property owners	-	43,893,933	60,250,100	-
Unavailable revenue - Other	6,766,841	-	-	-
Deferred rent	619,754	-	-	-
Total deferred inflows of resources	7,386,595	43,893,933	60,250,100	-
Fund Balances:				
Nonspendable	1,538,673	-	-	-
Restricted	4,603,433	111,497	-	25,956,824
Committed	56,439,123	-	-	-
Assigned	3,922,291	-	-	-
Unassigned	36,183,615	-	3,507,039	-
Total fund balances	102,687,135	111,497	3,507,039	25,956,824
Total liabilities, deferred inflows of resources and fund balances	$ 121,539,062	$ 44,018,058	$ 63,757,139	$ 32,690,464

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Balance Sheet (Continued)
Governmental Funds
June 30, 2017

	Other Governmental	Total Governmental Funds
ASSETS		
Cash and investments	$ 93,615,180	$ 208,211,564
Cash and investments with fiscal agents	1,261,280	1,261,280
Receivables, net:		
Interest	272,588	591,476
Accounts and other receivables	2,210,091	18,079,056
Advance deposits	-	762,857
Due from other governments, net	12,349,182	36,409,189
Inventory of supplies	-	466,296
Prepaid items	-	62,852
Loans to Successor Agency	-	1,724,441
Loans to property owners, net	33,755,807	137,899,840
Total assets	$ 143,464,128	$ 405,468,851
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 4,810,175	$ 12,593,665
Accrued payroll and benefits	1,134,010	2,493,073
Due to other funds	27,706	27,706
Due to other governments	422,336	3,063,436
Due to other agencies	-	327,481
Deposits and other liabilities	385,889	1,684,315
Unearned revenue	13,107,808	17,909,848
Total liabilities	19,887,924	38,099,524
Deferred Inflows of Resources:		
Unavailable revenue - Loans to property owners	30,258,142	134,402,175
Unavailable revenue - Other	-	6,766,841
Deferred rent	-	619,754
Total deferred inflows of resources	30,258,142	141,788,770
Fund Balances:		
Nonspendable	372,879	1,911,552
Restricted	93,000,086	123,671,840
Committed	-	56,439,123
Assigned	-	3,922,291
Unassigned	(54,903)	39,635,751
Total fund balances	93,318,062	225,580,557
Total liabilities, deferred inflows of resources and fund balances	$ 143,464,128	$ 405,468,851

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Position
June 30, 2017

Total Fund Balances - Total Governmental Funds	$	225,580,557
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		
Non-depreciable		148,702,992
Depreciable (net of accumulated depreciation $341,953,741, and net capital assets $22,674,752 reported in the Internal Service Funds)		567,358,151
Prepaid insurance related to bond issuance is not available for current period and, therefore, is expensed in the governmental funds when incurred.		64,823
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Position.		67,569,992
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental funds' Balance Sheet.		
Compensated absences (net of $495,550 reported in Internal Service Funds)		(10,730,521)
Bonds payable and other long-term debt (net of $5,770,300 in capital leases reported in Internal Service Funds)		(76,547,999)
Unamortized bond discount		48,292
Deferred amount on refunding		452,124
Accrued interest payable (net of $73,953 reported in Internal Service Funds)		(1,822,755)
Aggregate net pension liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds.		(423,531,624)
Pension contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflows of resources in the Government-Wide Statement of Net Position.		91,570,314
Difference between projected and actual earnings on pension plan investments are reported in the Government-Wide Statement of Net Position.		(21,151,634)
Revenues which are unavailable on the Fund Balance Sheet, because they are not available currently, are taken into revenue in the Statement of Activities:		
Unavailable revenue - Loans to property owners		134,402,175
Unavailable revenue - Others		6,766,841
Net position of governmental activities	$	708,731,728

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds			
		Special Revenue		Capital Projects
	General Fund	Home Program Loans	Low-Moderate Income Housing City Loans	Capital Improvement
REVENUES:				
Taxes:				
Property	$ 32,411,463	$ -	$ -	$ -
Utility user	34,454,907	-	-	-
Sales - levied by City	30,048,605	-	-	-
Franchise fees	13,289,073	-	-	-
Business license	10,781,783	-	-	-
Hotel/motel room	2,996,990	-	-	-
Document transfer	801,444	-	-	-
Other	1,938,771	-	-	-
Licenses and permits	481,949	-	-	-
Intergovernmental:				
Federal grants and subsidies	144,471	2,241,531	-	3,994,021
Sales and use tax - levied by state	45,076,627	-	-	-
Other governmental	26,765,310	-	-	1,242,576
Charges for services	9,479,177	-	-	-
Fines and forfeitures	1,101,873	-	-	-
Use of money and property	7,322,957	140,735	56,949	11,000
Investment income:				
Interest income	1,506,285	-	29,501	8,826
Refunds and reimbursements	4,912,688	-	-	993,718
Miscellaneous	5,066,692	-	3,000	60,143
Total revenues	228,581,065	2,382,266	89,450	6,310,284
EXPENDITURES:				
Current:				
General government	17,939,541	-	1,064,408	-
Public safety	154,707,628	-	-	-
Public works	7,026,373	-	-	(749,228)
Library	10,522,145	-	-	-
Parks and recreation	17,477,568	-	-	-
Capital outlay	3,095,014	2,494,505	1,731,903	11,387,286
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	210,768,269	2,494,505	2,796,311	10,638,058
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,812,796	(112,239)	(2,706,861)	(4,327,774)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	492,346	-	-	-
Transfers in	2,008,527	-	-	8,272,500
Transfers out	(11,270,206)	-	-	(11,001)
Total other financing sources (uses)	(8,769,333)	-	-	8,261,499
CHANGE IN FUND BALANCES	9,043,463	(112,239)	(2,706,861)	3,933,725
FUND BALANCES:				
Beginning of year	93,643,672	223,736	6,213,900	22,023,099
End of year	$ 102,687,135	$ 111,497	$ 3,507,039	$ 25,956,824

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2017

	Other Governmental	Total Governmental Funds
REVENUES:		
Taxes:		
Property	$ -	$ 32,411,463
Utility user	-	34,454,907
Sales - levied by City	12,457,773	42,506,378
Franchise fees	-	13,289,073
Business license	1,461,425	12,243,208
Hotel/motel room	-	2,996,990
Document transfer	-	801,444
Other	-	1,938,771
Licenses and permits	5,385,146	5,867,095
Intergovernmental:		
Federal grants and subsidies	6,478,846	12,858,869
Sales and use tax - levied by state	4,833,332	49,909,959
Other governmental	9,565,810	37,573,696
Charges for services	13,440,353	22,919,530
Fines and forfeitures	62,328	1,164,201
Use of money and property	665,445	8,197,086
Investment income:		
Interest income	216,926	1,761,538
Refunds and reimbursements	170,854	6,077,260
Miscellaneous	1,615,488	6,745,323
Total revenues	56,353,726	293,716,791
EXPENDITURES:		
Current:		
General government	10,231,040	29,234,989
Public safety	16,365,300	171,072,928
Public works	9,458,734	15,735,879
Library	96,679	10,618,824
Parks and recreation	3,097,450	20,575,018
Capital outlay	12,698,531	31,407,239
Debt service:		
Principal retirement	13,593,113	13,593,113
Interest and fiscal charges	2,871,510	2,871,510
Total expenditures	68,412,357	295,109,500
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,058,631)	(1,392,709)
OTHER FINANCING SOURCES (USES):		
Proceeds from sale of capital assets	-	492,346
Transfers in	13,066,122	23,347,149
Transfers out	(1,684,933)	(12,966,140)
Total other financing sources (uses)	11,381,189	10,873,355
CHANGE IN FUND BALANCES	(677,442)	9,480,646
FUND BALANCES:		
Beginning of year	93,995,504	216,099,911
End of year	$ 93,318,062	$ 225,580,557

See accompanying Notes to the Basic Financial Statements.

City of Stockton

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities For the Year Ended June 30, 2017

Net change in fund balances - Total Governmental Funds:	$ 9,480,646
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. Donated capital assets do not create or use financial resources, and are not reported in governmental funds. However, in the statement of activities, the cost/fair value of those assets are allocated over their estimated useful lives and reported as depreciation expense. Capital outlays, donated capital assets, capital asset disposals, loss from disposal of capital assets and depreciation expense are as follows:	
Capitalized capital outlays	13,816,744
Donated capital assets	59,063
Capital asset disposals, net	(5,857,897)
Depreciation expense (net of depreciation $4,643,454 in reported in Internal Service Funds)	(20,241,346)
Long-term debt (including refunding debt), net of bond premiums and discounts, provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal (including bond refundings) and costs of issuance are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, and the costs of issuance increase deferred charges in the statement of net assets. Long-term debt proceeds, bond premiums, discounts, repayment of principal, costs of issuance and bond refundings are as follows:	
Reduction of state animal control obligation	152,350
Repayment of principal	13,593,113
Amortization of prepaid insurance related to costs of issuance	(120,228)
Internal Service Funds are used by management to charge the costs of certain activities, such as central garage, equipment and insurance, to individual funds. The net revenue (expense) of Internal Service Funds is reported with governmental activities.	22,910,267
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditure in governmental funds (net change):	
Change in compensated absences	(251,299)
Amortization of bond discounts and premiums and deferred amount on refunding	(42,879)
Change in accrued interest	(1,111,547)
Unavailable revenue - Loans to property owners	2,435,440
Unavailable revenue - Others	(3,955,614)
Accounting adjustment pension expense	(3,203,298)
Change in net position of governmental activities	$ 27,663,515

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary Fund Types

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

The City's major enterprise funds include:

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

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

The City elects to present the following as major funds:

Stormwater Utility Enterprise Fund
To account for activities associated with the acquisition or construction, and operation and maintenance of stormwater facilities for drainage and disposal of stormwater, and operations related to the provision of services.

Parking Authority Enterprise Fund
To account for activities associated with the acquisition or construction, operation and maintenance of off-street parking facilities, and operations related to the provision of services.

City of Stockton
Statement of Net Position
Proprietary Funds
June 30, 2017

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
ASSETS				
Current assets:				
Cash and investments	$ 30,339,869	$ 66,979,997	$ 5,991,272	$ 3,164,860
Receivables, net:				
Interest	156,296	280,155	18,433	9,555
Accounts and other receivables	7,247,567	11,247,751	821,713	500,220
Due from other funds	-	-	-	-
Inventory of supplies	-	1,676,049	-	-
Deposits and advances	-	-	-	-
Prepaid insurance	535,539	446,716	284	-
Total current assets	38,279,271	80,630,668	6,831,702	3,674,635
Noncurrent assets:				
Restricted assets:				
Cash and investments	648,314	20,199,295	-	-
Cash and investments with fiscal agents	30,056,400	32	-	334
Capital assets, net:				
Nondepreciable	7,216,508	6,591,915	724,194	3,945,273
Depreciable, net	315,732,922	287,184,938	44,681,224	22,128,644
Total noncurrent assets	353,654,144	313,976,180	45,405,418	26,074,251
Total assets	391,933,415	394,606,848	52,237,120	29,748,886
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	98,106	2,075,977	-	-
Pension-related deferred outflows of resources	3,012,327	6,926,018	663,850	-
Total deferred outflows of resources	3,110,433	9,001,995	663,850	-

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2017

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
LIABILITIES				
Current liabilities:				
Accounts payable	614,411	2,168,756	127,929	23,064
Accrued payroll	275,439	752,042	68,647	23,754
Due to other governments	116,010	-	-	16,809
Deposits and other liabilities	1,333,962	-	100,000	63,264
Accrued interest	4,170,890	1,024,000	-	432,881
Unearned revenue	-	-	-	-
Capital lease obligation	-	-	-	-
Compensated absences - current	182,321	530,848	16,227	12,204
Self-insurance claims and judgments - current	-	-	-	-
Other long-term debt - current	5,110,003	4,219,981	-	119,487
Total current liabilities	11,803,036	8,695,627	312,803	691,463
Noncurrent liabilities:				
Loans from other funds, net	-	-	-	-
Compensated absences - long-term	107,498	231,242	9,267	2,198
Self-insurance claims and judgments - long-term	-	-	-	-
Capital lease obligations	-	-	-	-
Notes payable	-	-	-	-
Bonds payable	236,856,029	67,528,787	-	24,970,449
Net pension liability	12,740,167	29,078,812	2,915,556	-
Total noncurrent liabilities	249,703,694	96,838,841	2,924,823	24,972,647
Total liabilities	261,506,730	105,534,468	3,237,626	25,664,110
DEFERRED INFLOWS OF RESOURCES				
Deferred rent	-	-	-	-
Deferred amounts between projected and actual earning on plan investments	730,128	1,638,907	175,619	-
Total deferred inflows of resources	730,128	1,638,907	175,619	-
NET POSITION				
Net investment in capital assets	80,983,398	222,028,085	45,405,418	984,315
Restricted for capital projects	30,056,400	20,199,327	-	334
Restricted for debt service	648,314	-	-	-
Restricted for equipment replacement	-	-	-	-
Unrestricted	21,118,878	54,208,056	4,082,307	3,100,127
Total net position	$ 132,806,990	$ 296,435,468	$ 49,487,725	$ 4,084,776

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2017

	Other Nonmajor Enterprise	Totals	Governmental Activities Internal Service
ASSETS			
Current assets:			
Cash and investments	$ 558,217	$ 107,034,215	$ 110,870,933
Receivables, net:			
Interest	1,174	465,613	-
Accounts and other receivables	30,260	19,847,511	1,043,129
Due from other funds	-	-	27,706
Inventory of supplies	38,740	1,714,789	-
Deposits and advances	-	-	1,159,000
Prepaid insurance	5,411	987,950	804,145
Total current assets	633,802	130,050,078	113,904,913
Noncurrent assets:			
Restricted assets:			
Cash and investments	-	20,847,609	-
Cash and investments with fiscal agents	-	30,056,766	1,851,707
Capital assets, net:			
Nondepreciable	359,805	18,837,695	-
Depreciable, net	23,995,718	693,723,446	22,674,752
Total noncurrent assets	24,355,523	763,465,516	24,526,459
Total assets	24,989,325	893,515,594	138,431,372
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding of debt	-	2,174,083	-
Pension-related deferred outflows of resources	-	10,602,195	-
Total deferred outflows of resources	-	12,776,278	-

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2017

	Other Nonmajor Enterprise	Totals	Governmental Activities Internal Service
LIABILITIES			
Current liabilities:			
Accounts payable	100,821	3,034,981	1,630,782
Accrued payroll	1,118	1,121,000	464,201
Due to other governments	2,822	135,641	-
Deposits and other liabilities	85,448	1,582,674	49,104
Accrued interest	-	5,627,771	73,953
Unearned revenue	14,790	14,790	-
Capital lease obligation	-	-	605,839
Compensated absences - current	-	741,600	290,673
Self-insurance claims and judgments - current	-	-	10,905,565
Other long-term debt - current	-	9,449,471	-
Total current liabilities	204,999	21,707,928	14,020,117
Noncurrent liabilities:			
Loans from other funds, net	-	-	500,000
Compensated absences - long-term	-	350,205	204,877
Self-insurance claims and judgments - long-term	-	-	51,499,813
Capital lease obligations	-	-	4,480,454
Notes payable	10,870,821	10,870,821	-
Bonds payable	-	329,355,265	-
Net pension liability	-	44,734,535	-
Total noncurrent liabilities	10,870,821	385,310,826	56,685,144
Total liabilities	11,075,820	407,018,754	70,705,261
DEFERRED INFLOWS OF RESOURCES			
Deferred rent	-	-	156,119
Deferred amounts between projected and actual earnings on plan investments	-	2,544,654	-
Total deferred inflows of resources	-	2,544,654	156,119
NET POSITION			
Net investment in capital assets	13,484,702	362,885,918	17,588,459
Restricted for capital projects	-	50,256,061	-
Restricted for debt service	-	648,314	-
Restricted for equipment replacement	-	-	1,851,707
Unrestricted	428,803	82,938,171	48,129,826
Total net position	$ 13,913,505	$ 496,728,464	$ 67,569,992

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
OPERATING REVENUES:				
Charges for services	$ 41,516,569	$ 65,413,338	$ 5,433,421	$ 5,116,446
Miscellaneous	791,562	1,419,291	185,199	24,460
Total operating revenues	42,308,131	66,832,629	5,618,620	5,140,906
OPERATING EXPENSES:				
Operation and maintenance	6,641,498	23,872,100	1,004,626	3,626,626
General and administrative	4,225,043	12,127,932	2,672,825	-
Depreciation and amortization	7,649,189	12,009,713	1,611,045	713,204
Purchased water	7,699,278	-	-	-
Total operating expenses	26,215,008	48,009,745	5,288,496	4,339,830
OPERATING INCOME (LOSS)	16,093,123	18,822,884	330,124	801,076
NON-OPERATING REVENUES (EXPENSES):				
Taxes	-	-	-	1,292,249
Grants and subsidies	3,889,251	-	-	-
Investment income:				
Interest income	(14,989)	147,957	4,686	1,082
Gain (loss) from disposal of capital assets	-	-	-	(1,156,388)
Interest expense and fiscal charges	(16,671,073)	(2,534,903)	-	(1,301,112)
Other non-operating revenues	-	-	-	-
Total non-operating revenues (expenses)	(12,796,811)	(2,386,946)	4,686	(1,164,169)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,296,312	16,435,938	334,810	(363,093)
Capital contributions	1,349,565	1,616,589	5,268	-
Transfers in	-	-	-	-
Transfers out	-	(814,290)	-	(910,094)
CHANGES IN NET POSITION	4,645,877	17,238,237	340,078	(1,273,187)
NET POSITION:				
Beginning of year, as previously reported	126,186,101	274,775,903	48,663,430	5,357,963
Prior period adjustments (Note 18)	1,975,012	4,421,328	484,217	-
Beginning of year, as restated	128,161,113	279,197,231	49,147,647	5,357,963
End of year	$ 132,806,990	$ 296,435,468	$ 49,487,725	$ 4,084,776

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2017

	Other Nonmajor Enterprise	Totals	Governmental Activities Internal Service
OPERATING REVENUES:			
Charges for services	$ 879,021	$ 118,358,795	$ 120,976,125
Miscellaneous	796,365	3,216,877	186,904
Total operating revenues	1,675,386	121,575,672	121,163,029
OPERATING EXPENSES:			
Operation and maintenance	2,598,216	37,743,066	90,308,986
General and administrative	24,911	19,050,711	6,261,193
Depreciation and amortization	611,430	22,594,581	4,643,454
Purchased water	-	7,699,278	-
Total operating expenses	3,234,557	87,087,636	101,213,633
OPERATING INCOME (LOSS)	(1,559,171)	34,488,036	19,949,396
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	1,292,249	-
Grants and subsidies	-	3,889,251	-
Investment income:			
Interest income	(7,314)	131,422	209,261
Gain (loss) from disposal of capital assets	-	(1,156,388)	84,971
Interest expense and fiscal charges	-	(20,507,088)	(141,387)
Other non-operating revenues	-	-	260,221
Total non-operating revenues (expenses)	(7,314)	(16,350,554)	413,066
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,566,485)	18,137,482	20,362,462
Capital contributions	-	2,971,422	2,037,415
Transfers in	1,070,000	1,070,000	814,290
Transfers out	-	(1,724,384)	(303,900)
CHANGES IN NET POSITION	(496,485)	20,454,520	22,910,267
NET POSITION:			
Beginning of year, as previously reported	14,409,990	469,393,387	44,659,725
Prior period adjustments (Note 18)	-	6,880,557	-
Beginning of year, as restated	14,409,990	476,273,944	44,659,725
End of year	$ 13,913,505	$ 496,728,464	$ 67,569,992

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 40,455,300	$ 66,336,706	$ 5,318,157	$ 5,063,784
Receipts for interfund services provided	-	-	-	-
Payments to suppliers	(16,785,445)	(30,247,323)	(2,899,242)	(3,808,230)
Payments to employees	(6,992,538)	(17,849,548)	(2,096,972)	(2,160)
Net cash provided by (used in) operating activities	16,677,317	18,239,835	321,943	1,253,394
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	-	-
Transfers out	-	(814,290)	-	(910,094)
Receipt of cash subsidies and federal grants	3,889,251	-	-	-
Due from other funds / govts.	(101,239)	(883,646)	-	-
Proceeds from taxes	-	-	-	1,292,249
Net cash provided by (used in) noncapital financing activities	3,788,012	(1,697,936)	-	382,155
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	-	-	-	998,158
Purchases of capital assets	(234,106)	(4,985,279)	(580,085)	(808,159)
Capital contributions received	1,349,565	1,616,589	5,268	-
Unamortized loss on refunding of debt	16,818	170,584	-	-
Principal paid on debt	(6,832,681)	(4,074,981)	-	(113,534)
Interest paid on debt	(16,752,670)	(2,579,503)	-	(1,303,071)
Net cash (used in) capital and related financing activities	(22,453,074)	(9,852,590)	(574,817)	(1,226,606)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	(32,527)	73,840	479	(2,678)
Net cash provided by investing activities	(32,527)	73,840	479	(2,678)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,020,272)	6,763,149	(252,395)	406,265
CASH AND CASH EQUIVALENTS:				
Beginning of year	61,089,843	75,994,847	5,759,453	2,758,929
End of year	$ 59,069,571	$ 82,757,996	$ 5,507,058	$ 3,165,194

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2017

	Major Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Parking Authority
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:				
Cash and investments	$ 30,339,869	66,979,997	$ 5,991,272	$ 3,164,860
Restricted assets:				
Cash and investments	648,314	20,199,295	-	-
Cash and investments with fiscal agents	30,056,400	32	-	334
Total cash and investments	$ 61,044,583	87,179,324	$ 5,991,272	$ 3,165,194
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	$ 16,093,123	$ 18,822,884	$ 330,124	$ 801,076
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	7,649,189	12,009,713	1,611,045	713,204
Accounting adjustment for retirement expense	(5,084,198)	(11,622,355)	(1,134,637)	-
Other non-operating revenues	-	-	-	-
Changes in assets and liabilities:				
Accounts and other receivables	(1,908,714)	(1,372,923)	(300,463)	(77,122)
Due from other governments	101,239	883,646		
Prepaid items	(231,442)	98,741	169	-
Inventory of supplies	-	(34,227)	-	-
Deposits and advances	-	-	-	-
Deferred charges	-	-	-	-
Net pension asset	-	-	-	-
Accounts payable	31,415	(687,810)	(162,439)	(198,925)
Accrued payroll	10,825	109,443	(22,934)	894
Due to other governments	82,118	-	-	16,809
Deposits and other liabilities	(45,356)	(6,646)	-	512
Compensated absences	(20,882)	39,369	1,078	(3,054)
Self-insurance - claims and judgments	-	-	-	-
Net cash provided by (used for) operating activities	$ 16,677,317	$ 18,239,835	$ 321,943	$ 1,253,394
NONCASH TRANSACTIONS:				
Amortization of issuance discounts	$ 14,219	$ -	$ -	$ -
Amortization of issuance premiums	(169,222)	-	-	-
Amortization of (gain) on refunding	(16,818)	(170,584)	-	-
Prepaid cost of issuance expense	(9,042)	(98,741)	-	-
Transfer of capital assets from (to) other funds	-	-	-	-
Accounting adjustment for retirement expense	5,084,198	11,622,355	1,134,637	-

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2017

	Other Nonmajor Enterprise	Totals	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	$ 1,673,675	$ 118,847,622	$ 120,434,397
Receipts for interfund services provided	-	-	260,221
Payments to suppliers	(2,629,804)	(56,370,044)	(93,837,572)
Payments to employees	32,806	(26,908,412)	(9,407,485)
Net cash provided by (used in) operating activities	(923,323)	35,569,166	17,449,561
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	1,070,000	1,070,000	814,290
Transfers out	-	(1,724,384)	(303,900)
Receipt of cash subsidies and federal grants	-	3,889,251	-
Due from other funds	-	(984,885)	421,641
Proceeds from taxes	-	1,292,249	-
Net cash provided by (used in) noncapital financing activities	1,070,000	3,542,231	932,031
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	998,158	84,971
Purchases of capital assets	(22,849)	(6,630,478)	(5,404,779)
Capital contributions received	-	2,971,422	-
Unamortized loss on refunding of debt	-	187,402	-
Principal paid on debt	-	(11,021,196)	1,438,007
Interest paid on debt	-	(20,635,244)	(132,845)
Net cash (used in) capital and related financing activities	(22,849)	(34,129,936)	(4,014,646)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	(7,766)	31,348	209,261
Net cash provided by investing activities	(7,766)	31,348	209,261
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	116,062	5,012,809	14,576,207
CASH AND CASH EQUIVALENTS:			
Beginning of year	442,155	146,045,227	98,146,433
End of year	$ 558,217	$ 151,058,036	$ 112,722,640

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2017

	Other Nonmajor Enterprise	Totals	Governmental Activities Internal Service
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:			
Cash and investments	$ 558,217	$ 107,034,215	$ 110,870,933
Restricted assets:			
Cash and investments	-	20,847,609	-
Cash and investments with fiscal agents	-	30,056,766	1,851,707
Total cash and investments	$ 558,217	$ 157,938,590	$ 112,722,640
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	$ (1,559,171)	$ 34,488,036	$ 19,949,396
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	611,430	22,594,581	4,643,454
Accounting adjustment for retirement expense	-	(17,841,190)	-
Other non-operating revenues	-	-	260,221
Changes in assets and liabilities:			
Accounts and other receivables	(5,258)	(3,664,480)	(470,288)
Due from other governments		984,885	-
Prepaid items	14,260	(118,272)	(258,344)
Inventory of supplies	3,729	(30,498)	-
Deposits and advances	-	-	-
Deferred charges	-	-	58,240
Net pension asset	-	-	-
Accounts payable	11,214	(1,006,545)	468,028
Accrued payroll	10	98,238	60,587
Due to other governments	645	99,572	-
Deposits and other liabilities	(182)	(51,672)	-
Compensated absences	-	16,511	5,055
Self-insurance - claims and judgments	-	-	(7,266,788)
Net cash provided by (used for) operating activities	$ (923,323)	$ 35,569,166	$ 17,449,561
NONCASH TRANSACTIONS:			
Amortization of issuance discounts	$ -	$ 14,219	$ -
Amortization of issuance premiums	-	(169,222)	-
Amortization of (gain) on refunding	-	(187,402)	-
Prepaid cost of issuance expense	-	(107,783)	-
Transfer of capital assets from (to) other funds	-	-	2,037,415
Accounting adjustment for retirement expense	-	17,841,190	-

See accompanying Notes to the Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary Fund Types

The fiduciary funds are used to report assets held in a trustee or agency capacity for others and which, therefore, cannot be used to support the government's own programs. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Funds financial statements. The fiduciary funds category includes agency funds and private-purpose trust funds.

Agency Fund
To account for land secured financing, developer area of benefit fees, pass-thru public fees on behalf of other entities, funds held in trust as security for development projects, and various community enhancement programs the City administers on behalf of other entities.

Successor Agency to the Redevelopment Agency of the City of Stockton
To account for a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency pursuant to the City Council actions taken on August 23, 2011. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Stockton as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary funds as a private-purpose trust fund.

City of Stockton
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2017

	Agency Funds	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ASSETS		
Cash and investments	$ 33,361,866	$ 9,927,849
Cash and investments with fiscal agents	3,517,098	16,309
Receivables, net:		
Interest	(14,651)	20,532
Accounts and other receivables	5,152,838	14,064
Deposits	-	54,900
Prepaid items	-	856,070
Due from other governments	145	-
Capital assets:		
Nondepreciable	-	12,997,928
Depreciable, net	-	15,084,086
Total assets	$ 42,017,295	38,971,738
DEFERRED OUTFLOWS OF RESOURCES		
Deferred unamortized loss on refunding		1,219,253
Total deferred outflows of resources		1,219,253
LIABILITIES		
Accounts payable	$ 16,517	554
Accrued payroll	-	7,706
Due to other governments	1,806,932	-
Deposits and other liabilities	40,193,846	-
Loans from the City, net	-	1,224,441
Accrued interest	-	1,328,385
Bonds payable - current	-	4,725,555
Bonds payable - noncurrent	-	108,026,265
Pollution remediation	-	275,000
Total liabilities	$ 42,017,295	115,587,906
NET POSITION HELD IN TRUST		$ (75,396,915)

See accompanying Notes to the Basic Financial Statements.

City of Stockton
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2017

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Property tax	$ 9,570,444
Use of money and property	6,065
Investment Income	39,582
Miscellaneous	1,351,350
Total additions	10,967,441
DEDUCTIONS	
General government	(1,391,309)
Public Works	233,535
Interest and fiscal charges	5,787,633
Total deductions	4,629,859
SPEICAL ITEM:	
Transfer to the City to refund 2003 Series A and B	(10,236,779)
Total special item	(10,236,779)
CHANGE IN NET POSITION	(3,899,197)
NET POSITION (DEFICITS):	
Beginning of year	(71,497,718)
End of year	$ (75,396,915)

See accompanying Notes to the Basic Financial Statements.

City of Stockton
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Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Stockton, California (the "City") have been prepared in conformity with Generally Accepted Accounting Principles of the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting standards in the United States. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City was incorporated on July 25, 1850, under the general laws of the State of California. Under the charter adopted in 1923, the City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, community services, engineering services, planning services, public works, general administrative services and capital improvements.

These basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and either the City can impose its will on that organization, or there is a potential for that organization to provide financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The following entities are reported component units:

Fiduciary Component Unit – Successor Agency

The Successor Agency to the Redevelopment Agency of the City of Stockton ("Successor Agency") is a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency under City Council action taken on August 23, 2011. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Stockton as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor Agency are such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary funds as a private-purpose trust fund for the fiscal year ended June 30, 2017.

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

The Stockton Public Financing Authority (the "SPFA")

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

Excluded Agencies

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

An additional governmental agency in which the City participates is the San Joaquin County Regional Fire Dispatch Joint Powers Authority ("SJCRFDA") consequent to City Council approval of an operating agreement between the SJCRFDA and the City of Stockton. In addition to dispatch services, the City will provide financial and administrative support services to the SJCRFDA. The financial information for the SJCRFDA is not included in the accompanying financial statements. However, the City's portion of the revenues received from emergency communications is tracked and reported in the General Fund.

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

The accounts of the City are organized by funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net position, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City's financial position and results of operations are presented from two perspectives in the following two sets of financial statements:

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Change in Net Position. These statements present summaries of governmental activities and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Government-Wide Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements with nonmajor funds aggregated in and combined with the major funds.

The Government-Wide financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents the Change in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made for inter-fund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and netted in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, transactions between governmental and business-type activities have not been eliminated. The following inter-fund activities have been eliminated:

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Change in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Change in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing use) in fund balances.

Revenues are recognized in the accounting period in which they become both "*measurable*" and "*available*" to finance expenditures of the current period. Revenues are considered to be available when they are collectible within the current period as soon enough after that to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes.

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

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

The City reports the following major governmental funds:

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

- ***HOME Program Loans Special Revenue Fund***
  To account for the City's HOME Program providing affordable housing for low- and very low-income residents by various federal and state laws. HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low- and very low- income households.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements (Continued)

- ***Low and Moderate Income Housing City Loans Special Revenue Fund***
  To account for loans extended to eligible low and moderate-income families as approved by the Stockton Redevelopment Agency (until dissolution on February 1, 2012) and the California Health and Safety Code. Loans have not been extended subsequently to the date of dissolution.

- ***Capital Improvement Capital Projects Fund***
  To account for the acquisition, construction and improvement of general governmental capital facilities as required by City Council action or state law in which the projects are financed by grants, lease proceeds, and transfers from other City governmental funds.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Change in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major enterprise funds:

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

The City also elects to present the following as major funds:

- ***Stormwater Utility Enterprise Fund***
  To account for activities associated with the acquisition or construction, and operation and maintenance of stormwater facilities for drainage and disposal of stormwater, and operations related to the provision of services.

- ***Parking Authority Enterprise Fund***
  To account for activities associated with the acquisition or construction, operation and maintenance of off-street parking facilities, and operations related to the provision of services.

A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements. Internal service funds are a type of proprietary fund used to report the provision of goods and services to other funds, departments, or agencies of the primary government and its component units on a cost-reimbursement basis. The City's internal service funds include nine individual funds which provide services directly to other City funds.

- The Internal Service Funds of the City are the General Liability Insurance, Workers' Compensation Insurance, Health Benefits, Retirement Benefits, Other Benefits & Insurance, Vehicle Fleet Equipment, Computer Equipment, Radio Equipment, and Other Equipment funds.

Fiduciary Fund Financial Statements

Fiduciary funds include private-purpose trust and agency funds. Fiduciary fund types are accounted for according to the nature of the fund. Agency fund financial statements include a Statement of Net Position. The City has agency funds, which are purely custodial in nature (assets equal liabilities), and thus do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting for the proprietary funds. These funds are used to account for money and property held by the City as trustee or custodian. They are also used to account for various assessment districts for which the City acts as an agent for debt service activities. The private-purpose trust fund accounts for assets, liabilities, and activities of the dissolved Redevelopment Agency of the City of Stockton, which is accounted for in the Successor Agency Trust Fund.

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Deferred Outflows/Inflows of Resources

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net position report separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of budgetary controls.

E. Cash, Cash Equivalents, and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents. The statement of cash flows requires presentation of "cash and cash equivalents." For the statement of cash flows, the City considers all proprietary fund pooled cash and investments as "cash and cash equivalents," including restricted cash held by fiscal agents for debt service and capital projects.

The City participates in an external investment pool managed by the State of California (State), the Local Agency Investment Fund (LAIF). The City records its investment in LAIF at fair value based on information obtained from the State on the holdings in the pool.

Investments are recorded at fair value by GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease in investment assets and investment income. Investment income consists of interest income, dividend income, and recognized gains or losses on investments. Money market investments and certain guaranteed investment contracts are carried at cost. Highly liquid market investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. The City allocates the fair value adjustment for unrealized gains and losses at June 30 of each year. Interest earnings on investments are allocated to the individual pooled funds quarterly based on each fund's average quarterly pooled cash and investments balances. The City reported its investments at fair value and the unrealized losses on investments amounted to ($290,663) for the fiscal year ended June 30, 2017.

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Restricted Cash and Investments

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

G. Receivables

Revenues are recorded when received in cash, except revenues subject to accrual (up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services.

Federal and State grants are considered receivable and accrued as revenue when all eligibility requirements have been met on the accrual basis of accounting in the government-wide statement of net positions. The amount recognized as revenue under the modified accrual basis of accounting in the governmental funds is limited to the amount that is deemed measurable and available.

Long-term loans receivable, which consist of the principal amount of the loan plus the accrued borrower's deferred interest is reported in the governmental fund statements with offsetting unavailable revenue as resources are not available for expenditure. Long-term loans receivable reported in the governmental activities on the government-wide statement of net position is not offset by unavailable revenue as it is recorded on an accrual basis at its net realizable value based on an estimate of uncollectible amounts for loan losses.

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

H. Interfund Loans and Advances

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "loans to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Management has determined that there are some inter-fund balances which may or may not be repaid within a reasonable period. U.S. GAAP permits the reporting of inter-fund balances such as inter-fund loans and advances only when repayment is expected within a reasonable period. However, City policy does not permit the elimination of inter-fund balances without City Council approval. Accordingly, inter-fund balances, which are not expected to be repaid within a reasonable period or not at all, have been offset by an allowance for uncollectible advances in both the borrowing and the lending funds.

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Inventory of Supplies

Inventories consist of expendable supplies held for consumption. Inventories are valued at weighted average cost using the first-in-first-out basis. Inventories of all funds are recorded as expenditures/expenses when consumed rather than purchased. Inventory of supplies is recorded in the Wastewater Fund, for the City's Water, Wastewater, and Stormwater Enterprise Funds which operates as a central store for all of the City's utilities.

J. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if the actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets at $5,000 for equipment and works of art; $10,000 for land, buildings, improvements and intangible assets; $50,000 for infrastructure, all of which must have an estimated useful life more than one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and structures	30-50 years
Improvements other than buildings	20-30 years
Machinery and equipment	3-30 years
Infrastructure	30-100 years

Major outlays for capital assets are capitalized as projects progress and once constructed begin depreciation. Repairs and maintenance costs are expensed. Interest accrued during capital assets construction, if any, is capitalized for the business-type funds as part of the asset cost.

K. Capital Contributions

Capital contributions are comprised of cash and assets donated from developers. Connection fees are reported as capital contributions in the Water Utility and Wastewater Utility enterprise funds.

L. Accrued Payroll and Related Liabilities

The City is on a semi-monthly payroll period, and employees are paid seven calendar days after the end of the payroll periods ending on the 15th and the end of the month or the last working day before that date. As of June 30, 2017, the payroll accrual is recorded in the respective funds when the related liability is incurred.

M. Accrued Compensated Absences

By negotiated labor agreements, employees accumulate earned but unused vacation, other compensated leave, and sick leave pay benefits. Employees were allowed to apply 100% of accrued sick leave hours for additional California Public Employees' Retirement System ("CalPERS") service credit upon retirement depending upon bargaining unit and date of hire.

For employees separating from service after February 17, 2012, and before June 30, 2015, vacation payouts are now paid in annual installments on the separation date equal to the greater of $10,000 or 1/3 of the employee's accrued balance until paid in full and sick leave accruals are no longer paid out. For those employees separating from service after July 1, 2013, they receive their full vacation payout.

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Accrued Compensated Absence (Continued)

After subtracting the sick leave balance equivalent of one full year of service credit (2080 hours), which may be applied to CalPERS service credit, any sick leave balance remaining upon separation shall be paid at a specific percentage of the cash value to employees who have remained in City service until the dates specified in the labor agreements.

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as expenses when earned.

Fund Financial Statements

For governmental funds, compensated absences are recorded as expenditures in the year paid. The General Fund is typically used to liquidate compensated absences. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

N. Long-Term Debt

In the government-wide and proprietary fund financial statements, long-term debt and other long-term financial obligations are reported as liabilities.

Before July 1, 2013, bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the straight-line method, which approximates effective interest method. Bonds payable are reported net of the applicable premium or discount except for insurance prepaid bond insurance premiums.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in the year of issuance. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. The differences between the government-wide and fund financial statements are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

O. Pensions

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

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Pensions (Continued)

CalPERS	
Valuation Date	June 30,2015
Measurement Date	June 30,2016
Measurement Period	July 1, 2015 to June 30, 2016
PARS	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Gain and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss.

P. Net Position

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

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets and include deferred inflows and outflows.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of the net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of the net position.

When expenses are incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to first spend the restricted net position.

Q. Fund Balances

For governmental fund financial statements, fund balances are categorized as follows:

Nonspendable – Amounts that cannot be spent because they are (1) not in spendable form, such as prepaid items, inventories and long-term receivables for which the payment of proceeds are not restricted or committed with respect to the nature of the specific expenditures of that fund or (2) legally or contractually required to be maintained intact.

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Fund Balances (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. As a result, these restrictions have been classified as restricted for community development, debt service reserve, general government, housing projects/loans, libraries and arts, parks and recreation, public safety, public services, redevelopment projects, solid waste/recycling and streets, transit and traffic.

Committed – This amount indicates the portion of fund balances which can only be used for specific purposes under formal resolution or ordinance of the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

Assigned – Amounts that have been allocated by action of an official authorized by the Stockton City Council in which the City's intent is to use the funds for a specific purpose. The City considers this level of authority to be the City Manager.

Unassigned – Amounts that constitute the residual balances that have no restrictions placed upon them. If restrictions exceed available resources at the end of the year, the deficit amounts are reported and classified as unassigned.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is first to expend restricted fund balances, then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned depending on the nature of the expenditure

R. Property Taxes

Property taxes are levied on October 1 and are payable by property owners in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Joaquin, California ("County") bills and collects property taxes and remits them to the City according to a payment schedule established by the County. The County generally operates under the Teeter Plan, whereby the County pays the City 100% of the taxes levied. The County assumes responsibility for collecting any delinquent amounts and upon collection retains the penalty and interest portion of those amounts. Therefore, no allowance for doubtful accounts is considered necessary.

The County is permitted by State law to levy taxes at 1% of full market value (at the time of purchase) and can increase the property tax rate no more than 2% per year or the current CPI, whichever is less. The City receives a share of this basic tax levy proportionate to what it received during the years 1980-1981.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 90 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are not recorded as revenue until collected.

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Use of Estimates

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

T. Implementation of Governmental Accounting Standards Board Statements

GASB has issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* This change is implemented at the plan level and did not have a significant impact on the City's financial statements for the year ended June 30, 2017.

GASB has issued Statement No. 77, *Tax Abatement Disclosure*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: 1) Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients. 2) The gross dollar amount of taxes abated during the period 3) Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. This statement became effective for periods beginning after June 15, 2016 and did not have a significant impact on the City's financial statements for the year ended June 30, 2017.

GASB has issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This statement became effective for periods beginning after June 15, 2016 and did not have a significant impact on the City's financial statements for the year ended June 30, 2017.

GASB has issued Statement No. 80, *Blending Requirements for Certain Component Units*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. This statement became effective for periods beginning after June 15, 2016, and should be applied retroactively. This statement did not have a significant impact on the City's financial statements for the year ended June 30, 2017.

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Implementation of Governmental Accounting Standards Board Statements

GASB has issued Statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement became effective for periods beginning after June 15, 2016, and should be applied retroactively. This statement did not have a significant impact on the City's financial statements for the year ended June 30, 2017.

Note 2 – Cash, Cash Equivalents and Investments

The following is a summary of cash, cash equivalents, and investments, including restricted cash and investments on June 30, 2017:

Deposits:		
Cash on hand	$	700,694
Demand deposits		49,897,807
Total deposits		50,598,501
Investments		476,358,695
Total cash and investments	$	526,957,196
Presented in the government-wide statement of net position:		
Cash and investments	$	426,116,712
Restricted cash and investments		54,017,362
Presented in the statement of fiduciary net position:		
Cash and investments		43,289,715
Cash and investments with fiscal agents		3,533,407
Total cash and investments	$	526,957,196

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

A. Cash Deposits

The carrying amount of the City's pooled cash deposits was $49,897,807 at June 30, 2017. Bank balances before reconciling items were $54,994,817 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Fund's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures or by donor direction. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

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

B. Authorized Investments

Investments Authorized by the California Government Code and City's Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum in Portfolio	Minimum Credit Quality
Securities of the U.S. Government or its agencies:			
U.S. Treasury Bonds, Notes and Bills	10 Years**	No Limit	N/A
State of California Obligations	5 Years	No Limit	N/A
49 other States Obligations	5 Years	No Limit	N/A
California Non Stockton Local Agency Obligations	5 Years	No Limit	N/A
U.S. Agency and U.S. Government sponsored Enterprise Securities	10 Years**	No Limit	N/A
City of Stockton Obligations	5 Years*	None	None
Negotiable Certificates of Deposit	5 Years*	30%	AA
Time Certificates of Deposit	5 Years	30%	N/A
Bankers' Acceptances	180 Days	40%	N/A
Commercial Paper	270 Days	25%	A1, P1, F-1
Medium-Term Corporate Notes	5 Years	30%	A
California Local Agency Investment Fund			
- Investments made in County or other types of investment pools require due diligence	Upon Demand	$65,000,000 per account	N/A
California Asset Management Program	Upon Demand	No Limit	N/A
Repurchase Agreements	1 year	None	N/A
Reverse Repurchase Agreements	92 days	20%	N/A
- If the City invests in Repurchase Agreements, a Master Repurchase Agreement is required			
Demand Accounts - Insured/Collateralized Medium Term Notes	N/A	No Limit	N/A
Mutual Funds			
SEC registered Money Market Funds limited to a percentage of the City's surplus as narrowly defined in the California Government Code Section 53601 et seq.	N/A	20%	AAA

* Limited to 5 years, except permits investment in variable rate demand obligations

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

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

B. Authorized Investments (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
Repurchase Agreements	30 days	Top Four Rating Categories	No Limit	No Limit
U.S. Treasury Bonds, Notes and Bills	No Limit	N/A	No Limit	No Limit
U.S. Agency and U.S. Government Sponsored Enterprise Securities	No Limit	No Limit	No Limit	No Limit
State Obligations	No Limit	Not lower than their bond rating	No Limit	No Limit
Commercial Paper	270 days	A-1+	No Limit	No Limit
Negotiable Certificates of Deposit	No Limit	N/A	No Limit	No Limit
Time Certificates of Deposit	No Limit	N/A	No Limit	No Limit
Corporate Notes and Bonds	No Limit	Not lower than their bond rating	No Limit	No Limit
Guaranteed Investment Contracts	No Limit	Not lower than their bond rating	No Limit	No Limit
Shares of Beneficial Interest	No Limit	Top Rating Category	No Limit	No Limit
Money Market Mutual Funds	No Limit	AAm	20%	No Limit
Bankers' Acceptances	365 days	A-1+	30%	30%
Municipal Bonds	No Limit	AAA	No Limit	No Limit
California Local Agency Investment Fund (LAIF)	Upon Demand	N/A	$65,000,000	$65,000,000
Investment Agreements	No Limit	AA-	No Limit	No Limit

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

C. Investments in Local Agency Investment Fund

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF included a portion of pool funds invested in structured notes and asset-backed securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from mortgages (such as Collateralized mortgage obligations) or credit card receivables.

As of June 30, 2017, the City had $65,000,000 invested in LAIF, which had invested 2.89% of the Pool investment funds in medium-term and short-term structured notes and asset-backed securities. The face value of the City's position in the pool is the same as the value of the pool shares.

D. Investments in Repurchase Agreements and Money Market Funds as a Sweep Instrument

Repurchase agreements are a type of short-term investment where there is a sale of securities together with an agreement for the seller to buy back the securities at a later date. The City formerly had a repurchase agreement with Wells Fargo Bank as an overnight sweep of its operating cash account with a one-day maturity. The City has opted to move its sweep to a U.S. dollar-denominated money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations that invest in governmental securities. Essentially this serves to invest excess operating cash in the City's investment pool overnight to receive an investment return on those funds. These repurchase transactions occur daily.

E. Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

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

E. Fair Value of Investments (Continued)

At June 30, 2017, the City had the following recurring fair value measurements.

		Fair Value Measurements Using		
	June 30, 2017	**Level 1**	**Level 2**	**Level 3**
U.S.Agencies	$ 153,772,605	$ -	$ 153,772,605	$ -
US Treasuries	83,755,886	-	83,755,886	-
Medium Term Notes	90,299,252	-	90,299,252	-
Commercial Paper	21,484,721	-	21,484,721	-
Asset-backed securities	29,080,310	-	29,080,310	-
Negotiable CD	10,000,000	-	10,000,000	-
Total investments by fair value level	$ 388,392,774	$ -	$ 388,392,774	$ -
Investments Measured at the net assetvalue (NAV)				
Local Agency Investment Fund	65,000,000			
Money market mutual funds	22,965,921			
Total investments measured at the NAV	87,965,921			
	$ 476,358,695			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Medium term notes: quoted prices for similar securities in active markets;
- Local Agency Investment Fund: application of the June 30, 2017, fair value factor, as calculated, to the City's average daily balance in the Fund; and
- Asset-backed securities: recent appraisals of the asset value.

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

F. Risk Disclosures

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. The exceptions to this policy are that U.S. Treasury or U.S. Agency securities may be invested in greater than five years and investment in variable rate obligations of the City is permissible when allowed by the IRS and SEC. Investments maturing beyond a five-year horizon should not exceed fifteen percent (15%) of the total portfolio value at any given time. The maturity of investments is evaluated before purchase depending on liquidity needs.

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agents) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date.

		Investment Maturities				
Investment Type		Fair Value	1 year or less	1-3 years	3-5 years	5 years or more
U. S. Agencies		$ 153,772,605	$ 9,519,558	$ 82,586,625	$ 61,529,177	$ 137,245
U. S. Treasuries		83,755,886	-	40,007,478	43,748,408	-
Medium term notes		90,299,251	27,240,648	34,954,543	28,100,054	4,007
Local Agency Investment Fund		65,000,000	65,000,000	-	-	-
Money market mutual funds		22,965,922	22,965,922	-	-	-
Negotiable CD		10,000,000	10,000,000	-	-	-
Commercial paper		21,484,721	21,484,721	-	-	-
Asset backed securities		29,080,310	191,369	28,888,941	-	-
	Total	$ 476,358,695	$ 156,402,218	$ 186,437,587	$ 133,377,639	$ 141,252
Allocation by percentage		100%	33%	39%	28%	0%

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

F. Risk Disclosure (Continued)

Credit Risk

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

Presented below is the actual rating as of June 30, 2017, for each investment type as provided by Standard and Poor's investment rating system:

Investment Type	AAA/AAAm	AA / AA+ / AA-	A / A+/ A-	A-1+	Total
Held by the City and its Component Units:					
U. S. Agencies:					
Non-callable	$ -	$ 130,286,164	$ -	$ -	$ 130,286,164
Medium term notes:					
Non-callable	4,436,170	26,321,163	55,520,537	-	86,277,870
Callable	-	-	4,014,174	-	4,014,174
Asset Backed Securities	15,355,006	-	-	-	15,355,006
Money market mutual funds	9,360,712	-	-	-	9,360,712
Commercial Paper	-	-	-	21,484,721	21,484,721
Held by Fiscal Agents:					
U. S. Agencies	-	23,486,441	-	-	23,486,441
Money market mutual funds	13,605,211	-	-	-	13,605,211
Total	$ 42,757,098	$ 180,093,768	$ 59,534,711	$ 21,484,721	$ 303,870,298
Not rated or exempt from rating disclosure:					
Local Agency Investment Fund					65,000,000
U. S. Treasuries					83,755,886
Negotiable certificates of deposits					10,000,000
Medium Term notes and Asset Backed Securities securities not rated by S&P					13,732,511
				Total Investments	$ 476,358,695

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

F. Risk Disclosure (Continued)

Credit Risk (Continued)

The City's portfolio manager utilized ratings of S&P in compiling the previous table. In August 2011, S&P took an extraordinary stance of downgrading the debt of the United States and numerous agencies whose debt it stands behind. Moody's and Fitch only took moves to lower the outlook on U.S. debt while still maintaining the AAA ratings on these entities. In June 2017, S&P maintained the AA+ rating with a stable outlook that is still in place today. Moody's affirmed their AAA rating with stable outlook on August 24, 2017, and Fitch affirmed the AAA rating and brought the outlook to stable on April 12, 2017.

Custodial Credit Risk

For an investment, custodial credit risk refers to the event in which the custodial bank (outside party) in possession of an investment security fails to supply the value of investments or collateral securities to the City upon demand. All securities, except the money market mutual funds and LAIF, are held by a third party custodian, Union Bank of California ("UBOC"). UBOC is a registered member of the Federal Reserve Bank and combined with Bank of Tokyo-Mitsubishi in 2014 to form MUFG Union Bank. The securities held by UBOC are in the street name with a customer number assigned to the City that identifies ownership.

Concentration Credit Risk

The City's investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. Concentrations of 5.0% or more in investments in any one issuer, held by individual funds in the securities of issuers other than U.S. Treasury securities, mutual funds, and external investment pools are required to be disclosed.

At June 30, 2017, the City's Pooled investments that represent a concentration in the securities of any individual issuers, other than U. S. Treasury securities or mutual funds, are set forth below:

Issuer	Investment Type	Reported Amount
Held by City and its Component Units:		
Federal National Mortgage Association	Federal Agency Securities	$ 60,289,611
Federal Home Loan Mortgage Corp	Federal Agency Securities	$ 45,958,388
Federal Home Loan Bank	Federal Agency Securities	$ 20,243,909
Held by Fiscal Agent:		
Federal Home Loan Mortgage Corp	Federal Agency Securities	$ 4,980,050
Federal National Mortgage Association	Federal Agency Securities	$ 3,546,146
Federal Home Loan Bank	Federal Agency Securities	$ 7,892,562

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

G. Restricted Cash and Investments

Certain proceeds of revenue bonds and other long-term liabilities are classified as restricted cash and investments on the Statement of Net Position as their use is limited by applicable indentures or covenants. Covenants provide that these funds, in the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, may be invested by the ordinances, resolutions or indentures specifying the types of investments its trustees or fiscal agents may require. The ordinances, resolutions, and indentures are more restrictive than the City's investment policy. Restricted cash and investments of the City are primary for the construction or acquisition of facilities, and reserves for payment of debt service as required by the bond indentures.

The City has a reserve policy governing the establishment of Rate Stabilization Fund for its Water, Wastewater, and Stormwater Funds. These reserves are to ease future revenue fluctuations, where revenues are interrupted or otherwise insufficient to offset the operating expenditures and to minimize the impact of rate increases. The City has established a Rate Stabilization Fund in the Water Fund in connection with the issuance of its 2010 Variable Rate Demand Water Revenue Bonds and the Wastewater Fund in connection with the 2014 Wastewater Refunding Bonds. The City use money on deposit in the Rate Stabilization Fund for any lawful purpose. All interest or other earnings in the Rate Stabilization Fund may be withdrawn and accounted for as revenues or used for any lawful purpose. The balance in the Water and Wastewater Rate Stabilization Accounts at June 30, 2017, was $2.7 million and $12.0 million, respectively.

At June 30, 2017, Government-Wide restricted cash and investments and restricted cash and investments with fiscal agents are as follows:

Governmental activities	$	3,112,987
Business-type activities:		
Water Utility		30,704,714
Wastewater Utility		20,199,327
Central Parking District		334
Subtotal		50,904,375
Total restricted cash and investments	$	54,017,362
Fiduciary	$	36,878,964

Note 3 – Interfund Transactions

A. Due To/From Other Funds

"Due to" and "Due from" report lending transactions primarily when individual funds overdraw their share of pooled cash or when there are short-term loans between funds. These balances are expected to be repaid shortly after the end of the fiscal year upon receipt of a grant or other reimbursements. There is $27,706 of inter-fund balances as of June 30, 2017, as follows:

The most significant interfund transactions were as follows:

Fund Making Short Term Loan	Fund Receiving Short Term Loan	Amount
Internal Service Fund - Workers' Compensation	Gas Tax - Transportation Development Act	$27,706
		$27,706

Note 3 – Interfund Transactions

B. Loans To/From Other Funds

"Loans to" and "loans from" balances represent loan activity between funds that is non-current. Interfund balances, which are not expected to be repaid within a reasonable period or not at all, have been offset by an allowance for uncollectible loans.

The most significant inter-fund transactions were as follows:

Fund Making Loan	Fund Receiving Loan	Amount	Allowance for Uncollectible Loans	Net
Redevelopment Agency - Administration (Waterfront)	Internal Service Funds -Workers' Comp.	$ (500,000)	$ -	$ (500,000)
Low Moderate Income Housing RDA Loans	Redevelopment Agency Capital Projects Fund	1,724,441	-	1,724,441
Non-Major Governmental - CDBG Fund	Redevelopment Agency Capital Projects Fund	11,010,102	(11,010,102)	-
Public Facilities Impact Fees Capital Projects Fund	Redevelopment Agency Capital Projects Fund	-	-	-
			-	
Non-Major Governmental - Dev. Services Fund	Redevelopment Agency Capital Projects Fund	-	-	-
Wastewater Utility Enterprise Fund	Redevelopment Agency Capital Projects Fund	-	-	-
Parking Authority Fund	Redevelopment Agency Capital Projects Fund	847,000	(847,000)	-
General Fund	Redevelopment Agency Capital Projects Fund	706,917	(706,917)	-
Capital Improvement Capital Projects Fund	Redevelopment Agency Capital Projects Fund	11,534,250	(11,534,250)	-
	Public Facilities Impact Fees Capital Proj. Fund	991,738	(991,738)	-
	Non Major Enterprise Funds - Golf Courses Fu	763,500	(763,500)	-
	Interest on Redevelopment Agency Loans	-	-	-
Total		$ 27,077,948	$ (25,853,507)	$1,224,441

Note 3 – Interfund Transactions (Continued)

C. Transfers

Interfund transfers report the nonreciprocal contributions of resources from one fund to another that include program support, debt service and settlement, and other one-time transfers. The following is a summary of transfers for the year ended June 30, 2017:

		Transfers In	Transfers Out	Net Transfers
Governmental Activities:				
General Fund	Program Support	$ 2,008,527	$ (9,826,333)	$ (7,817,806)
General Fund	Debt Service/ Settlement	-	(1,443,873)	(1,443,873)
SSA	Debt Service/ Settlement	-	(10,236,779)	(10,236,779)
Low-Moderate Income Housing- City Loans	Debt Service/ Settlement	-	-	-
Capital Improvement	Program Support	8,272,500	-	8,272,500
Capital Improvement	Debt Service/ Settlement	-	(11,000)	(11,000)
Other Governmental non-major funds	Program Support	1,070,332	(1,684,933)	(614,601)
Other Governmental non-major funds	Debt Service	11,995,552	-	11,995,552
Internal Service Funds	Transfer Loan Obligation	-	(303,900)	(303,900)
Internal Service Funds	Program Support	814,290	-	814,290
Total governmental activities		24,161,202	(23,506,818)	654,384
Business-type Activities:				
Wastewater Utility	Program Support	-	(814,290)	(814,290)
Central Parking District	Debt Service/ Settlement	-	(910,094)	(910,094)
Other Enterprise non-major funds	Program Support	1,070,000	-	1,070,000
Total business-type activities		1,070,000	(1,724,384)	(654,385)
Total government-wide statements		$ 25,231,202	$ (25,231,202)	-

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 4 – Successor Agency – Loans from City, Net

With the dissolution of the Redevelopment Agency effective January 31, 2012, the following loans are outstanding as of June 30, 2017, most of which are offset by an Allowance for Uncollectible Loans. The Successor Agency received its Finding of Completion from the State Department of Finance on October 30, 2014. On November 4, 2015, the Oversight Board adopted a resolution finding 51 Redevelopment loans from the City were made for legitimate redevelopment purposes. Dissolution law required that the accrued interest on outstanding loans be recalculated quarterly at a simple interest of 3% from the date the loans were originally authorized by the former Redevelopment Agency. Also, the Department of Finance required to have approved resolutions and signed loan agreements for the loans to be approved for repayment. City staff was unable to locate signed loan agreements and approved resolutions for all of the 51 loans. Adjustments for the write off of all loans disallowed by the Department of Finance was made in the 2016-2017 fiscal year.

Also, the interest rate on the loans is limited to the Local Agency Investment Fund interest rate calculated from the inception of each loan. Therefore, the total amount owed has been offset by an allowance for uncollectible interest ($4,926,751 as of June 30, 2017) as the rate on loan was 3%.

Fund Making Loan	Fund Receiving Loan	Amount	Allowance for Uncollectible Loans	Net
Private-Purpose Trust Fund Successor Agency to the Redevelopment Agency	Internal Service Funds -Workers' Comp.	$ (500,000)	$ -	$ (500,000)
Low Moderate Income Housing RDA Loans	Private-Purpose Trust Fund Successor Agency to the Redevelopment Agency	617,860	-	617,860
Low Moderate Income Housing RDA Loans	Private-Purpose Trust Fund Successor Agency to the Redevelopment Agency	1,106,581	-	1,106,581
Non-Major Governmental - CDBG Fund	Private-Purpose Trust Fund Successor Agency to the Redevelopment Agency	6,083,352	(6,083,352)	-
Parking Authority Enterprise Fund	Private-Purpose Trust Fund Successor Agency to the Redevelopment Agency	847,000	(847,000)	-
General Fund	Private-Purpose Trust Fund Successor Agency to the Redevelopment Agency	706,917	(706,917)	-
Capital Improvement Capital Projects Fund	Private-Purpose Trust Fund Successor Agency to the Redevelopment Agency	11,534,250	(11,534,250)	-
	Interest on Private-Purpose Trust Fund Successor Agency to the Redevelopment Agency Loans	4,926,751	(4,926,751)	-
Total		$ 25,322,711	$ (24,098,270)	$ 1,224,441

Note 4 – Successor Agency – Loans from City, Net (Continued)

- The $500,000 loan from the former Redevelopment Agency Waterfront Project Area to the City's Downtown Marina Enterprise Fund was for the initial start-up operations of the Downtown Marina. In the fiscal year ended June 30, 2011, this loan obligation was transferred from the Downtown Marina to the Workers' Compensation Internal Service Fund because the Downtown Marina did not have the demonstrated ability to repay the loan in the foreseeable future. The transfer of this obligation was done to offset a portion of another loan that the Workers' Compensation Fund had extended to the Waterfront Project in the fiscal year ended June 30, 2010.

- The $617,860 of loans from the Low-Moderate Income Housing City Loans Special Revenue Fund to the former Redevelopment Agency Capital Projects Fund for payment of tax increment to the San Joaquin County Supplemental Educational Revenue Augmentation Fund under Assembly Bill 26 4x to be repaid in five installments beginning in the fiscal year 2011-12. The fiscal year 2011-12 payment was not made due to the dissolution of the Redevelopment Agency effective January 31, 2012.

- The $1,106,581 is a loan from the Low-Moderate Income Housing City Loans Special Revenue Fund to the former Redevelopment Agency Capital Projects Fund for the Waterfront Redevelopment Project Area.

- The $6,083,352 in loans from the CDBG Programs Special Revenue Fund to the former Redevelopment Agency Capital Projects Fund was for project area expenditures. Of this balance, $4,685,574 is subject to 3% annual interest. As of June 30, 2017, outstanding accrued interest balance was $4,926,750.

- The $847,000 is a loan from the Central Parking District Enterprise Fund to the former Redevelopment Agency Capital Projects Fund for the Waterfront Redevelopment Project Area.

- The $706,917 is a loan from the General Fund to the former Redevelopment Agency Capital Projects Fund for various project areas.

- The $11,534,250 from the Capital Improvement Capital Projects Fund to the former Redevelopment Agency Capital Projects Fund represents loans for various project areas.

- The fiduciary fund has a special item recorded for the transfer of proceeds of $10,236,779 to the City to refund the 2003 Series A & B.

Note 5 – Loans to Property Owners

Loans provided to property owners are managed by the City's Economic Development Department. Loans receivables under the City's loan programs at June 30, 2017, are as follows:

	FY 2017		
	Governmental Activites		
Loan Programs	Principal	Deferred Interest	Total
First Time Home Buyers Program (HOME)	$ 39,166,439	$ 6,345,558	$ 45,511,997
Community Development Block Grant Programs	17,454,126	3,837,880	21,292,006
Neighborhood Stabilization First Time Home Buyer Program	9,120,402	557,200	9,677,602
California Home Loans	3,681,790	244,918	3,926,708
Low & Moderate Income Housing Programs (former Agency)	51,449,244	8,800,856	60,250,100
	$ 120,872,001	$ 19,786,412	140,658,413
Less: Allowance for doubtful accounts			(2,758,573)
			$ 137,899,840

The governmental funds report unavailable revenues from notes and loans receivable as a deferred inflow of resources. These amounts are recognized or reported as revenues in the period that the amounts become available.

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

Community Development Block Grant Program
The Community Development Block Grants Loan Programs are funded through U.S. Department of Housing and Urban Development CDBG funds. The programs include deferred gap financing loans for qualified first-time homebuyers, owner occupied emergency repair loans, public facility project loans, and commercial loan programs. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans.

Neighborhood Stabilization Program
The Neighborhood Stabilization Program loans are funded through U.S. Department of Housing and Urban Development Neighborhood Stabilization program funds. The programs include acquisition, rehabilitation, and resale of foreclosed homes to qualified home buyers, deferred gap financing loans for qualified home buyers; and acquisition, rehabilitation, and rent of foreclosed properties in targeted areas. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans.

Note 5 – Loans to Property Owners (Continued)

California Home Loans Program
The California Home Loans Program are funded through the California Department of Housing and Community Development. The programs include deferred gap financing loans to qualified first-time homebuyers and owner occupied rehabilitation loans. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans.

Low & Moderate Income Housing
The City's Low & Moderate Income Housing Programs are funded through the Low and Moderate-Income Housing City Loans Special Revenue Fund and Strong Neighborhoods Initiative Bond proceeds. The programs include loans for rehabilitation and construction of affordable housing units which are deed restricted for occupancy by low and moderate income households for at least fifty-five years. Interest income is recorded as payments are received.

Note 6 – Capital Assets

A. Government-Wide Financial Statements

At June 30, 2017, the City's capital assets consisted of the following:

	Governmental Activities	Business - Type Activities	Total
Capital assets, not being depreciated:			
Land	$ 43,038,796	$ 11,743,933	$ 54,782,729
Intangible assets - easements	4,354,960	750,453	5,105,413
Construction in progress	101,309,236	6,343,309	107,652,545
Total capital assets, not being depreciated	148,702,992	18,837,695	167,540,687
Capital assets, being depreciated:			
Infrastructure	556,307,846	-	556,307,846
Buildings and improvements	305,438,815	1,025,209,487	1,330,648,302
Machinery and equipment	70,239,983	14,676,504	84,916,487
Total capital assets, being depreciated	931,986,644	1,039,885,991	1,971,872,635
Less accumulated depreciation for:			
Infrastructure	(183,644,309)	-	(183,644,309)
Buildings and improvements	(113,350,623)	(337,244,038)	(450,594,661)
Machinery and equipment	(44,958,809)	(8,918,507)	(53,877,316)
Total accumulated depreciation	(341,953,741)	(346,162,545)	(688,116,286)
Total capital assets, being depreciated, net	590,032,903	693,723,446	1,283,756,349
Total capital assets, net	$ 738,735,895	$ 712,561,141	$ 1,451,297,036

Note 6 – Capital Assets (Continued)

B. Governmental Activities

Summary of changes in governmental activities capital assets for the year ended June 30, 2017, are as follows:

Governmental activities:	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	$ 43,038,796	$ -	$ -	$ -	$ 43,038,796
Intangible assets - easements	4,354,960	-	-	-	4,354,960
Construction in progress	108,807,479	13,816,744	(3,820,483)	(17,494,505)	101,309,236
Total capital assets, not being depreciated	156,201,235	13,816,744	(3,820,483)	(17,494,505)	148,702,992
Capital assets, being depreciated:					
Infrastructure	543,771,346	59,063	-	12,477,437	556,307,846
Buildings and improvements	305,438,815	-	-	-	305,438,815
Machinery and equipment	62,358,258	4,759,404	(2,709,036)	5,831,357	70,239,983
Total capital assets, being depreciated	911,568,419	4,818,467	(2,709,036)	18,308,794	931,986,644
Less accumulated depreciation for:					
Infrastructure	(170,718,108)	(12,926,201)	-	-	(183,644,309)
Buildings and improvements	(106,480,890)	(6,869,733)	-	-	(113,350,623)
Machinery and equipment	(42,410,064)	(5,088,866)	2,540,121	-	(44,958,809)
Total accumulated depreciation	(319,609,062)	(24,884,800)	2,540,121	-	(341,953,741)
Total capital assets, being depreciated, net	591,959,357	(20,066,333)	(168,915)	18,308,794	590,032,903
Governmental activities capital assets, net	$ 748,160,592	$ (6,249,589)	$ (3,989,398)	$ 814,289	$ 738,735,895

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2017, are as follows:

Governmental Activities:	
General Government	$ 3,362,050
Public Works	13,646,960
Parks & Recreation	2,270,336
Library	181,548
Public Safety	780,454
Internal Service Funds	4,643,453
Total	$ 24,884,800

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Note 6 – Capital Assets (Continued)

C. Business-Type Activities

Summary of changes in business-type activities capital assets for the year ended June 30, 2017, are as follows:

Business-type activities:	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	$ 13,090,320	$ -	$ (1,346,388)	$ -	$ 11,743,932
Intangible asset - easements	750,453	-	-	-	750,453
Construction in progress	7,938,161	4,098,482	(27,639)	(5,665,694)	6,343,310
Total capital assets, not being depreciated	21,778,934	4,098,482	(1,374,027)	(5,665,694)	18,837,695
Capital assets, being depreciated:					
Buildings and improvements	1,019,447,195	96,598	-	5,665,694	1,025,209,487
Machinery and equipment	13,065,735	2,435,398	(10,339)	(814,290)	14,676,504
Total capital assets, being depreciated	1,032,512,930	2,531,996	(10,339)	4,851,404	1,039,885,991
Less accumulated depreciation for:					
Buildings and improvements	(315,300,898)	(21,943,139)	-	-	(337,244,037)
Machinery and equipment	(8,311,176)	(617,670)	10,339	-	(8,918,507)
Total accumulated depreciation	(323,612,074)	(22,560,809)	10,339	-	(346,162,545)
Total capital assets, being depreciated, net	708,900,856	(20,028,813)	-	4,851,404	693,723,446
Business-type activities capital assets, net	$ 730,679,790	$ (15,930,331)	$ (1,374,027)	$ (814,290)	$ 712,561,141

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2017, are as follows:

Business-type Activities:	
Water Utility	$ 7,649,189
Wastewater Utility	11,975,939
Stormwater Utility	1,611,045
Parking Authority	713,204
Golf Courses	79,561
Marina	531,869
Total	$ 22,560,809

Note 6 – Capital Assets (Continued)

D. Fiduciary Fund Activities

Summary of Changes in Fiduciary Fund capital assets for the year ended June 30, 2017, are as follows:

Fiduciary fund activities:	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	$ 12,897,928	$ -	$ -	$ -	$ 12,897,928
Intangible assets - easements	100,000	-	-	-	100,000
Total capital assets, not being depreciated	12,997,928	-	-	-	12,997,928
Capital assets, being depreciated:					
Infrastructure	10,898,549	-	-	-	10,898,549
Buildings and improvements	11,229,529	-	-	-	11,229,529
Machinery and equipment	471,547	-	-	-	471,547
Total capital assets, being depreciated	22,599,625	-	-	-	22,599,625
Less accumulated depreciation for:					
Infrastructure	(1,777,094)	(249,630)	-	-	(2,026,724)
Buildings and improvements	(4,940,052)	(343,980)	-	-	(5,284,032)
Machinery and equipment	(186,142)	(18,641)	-	-	(204,783)
Total accumulated depreciation	(6,903,288)	(612,251)	-	-	(7,515,539)
Total capital assets, being depreciated, net	15,696,337	(612,251)	-	-	15,084,086
Governmental activities capital assets, net	$ 28,694,265	$ (612,251)	$ -	$ -	$ 28,082,014

Fiduciary fund depreciation expenses for capital assets for the year ended June 30, 2017, are as follows:

Fiduciary Fund Activities:	
Successor Agency	$ 612,251

City of Stockton
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 7 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in governmental activities long-term debt for the year ended June 30, 2017, are as follows:

	Balance at 06/30/2016	Additions	Payments/ Reductions	Discounts	Balance at 06/30/2017	Current	Long term Portion
Governmental Fund Activities Debt							
City Debt							
City Debt Service Fund							
Lease Revenue Refunding Bonds							
2006A ESB Lease Revenue Refunding Bonds	$10,385,000	$ -	$ (470,000)	$ -	$ 9,915,000	$ 490,000	$ 9,425,000
Discount	(51,681)	-	-	3,389	(48,292)	(3,389)	(44,903)
Total Lease Revenue Bonds	10,333,319	-	(470,000)	3,389	9,866,708	486,611	9,380,097
Certificates of Participation							
2003A RDA Housing Projects Certificates of Participation	985,000	-	(985,000)	-	-	-	-
Discount	(7,762)	-	-	7,762	-	-	-
2003B RDA Housing Projects Certificates of Participation	10,515,000	-	(10,515,000)	-	-	-	-
Total Certificates of Participation	11,492,238	-	(11,500,000)	7,762	-	-	-
Assured Guaranty Settlement							
Assured Settlement Obligation	53,606,121	-	(17,129)	-	53,588,992	41,943	53,547,049
Total Settlement Obligation Bonds	53,606,121	-	(17,129)	-	53,588,992	41,943	53,547,049
Other Long-Term Obligations							
CDBG							
USD-HUD Housing Note (4)	8,680,000	-	(515,000)	-	8,165,000	505,000	7,660,000
USD-HUD Housing Note (1 replaced with new 1)	1,150,000	-	(200,000)	-	950,000	215,000	735,000
USD-HUD Housing Note (2 paid off FY15, 3 replaced with new 3)	3,930,000	-	(685,000)	-	3,245,000	735,000	2,510,000
Subtotal CDBG	13,760,000	-	(1,400,000)	-	12,360,000	1,455,000	10,905,000
Capital Lease Ogligations							
Capital / Equip (Fire) Tax-Exempt Lease Obligation-2008	504,199	-	(69,649)	-	434,550	72,364	362,186
Capital / Equip (Civic-HVAC) Tax-Exempt Lease Obligation-2010	889,991	-	(205,983)	-	684,008	216,622	467,387
Capital / Equip (Fire) Tax-Exempt Lease Obligation-2013	1,144,087	-	(175,545)	-	968,542	181,338	787,203
Capital/Equip (Fire) Tax-Exempt Lease Obligation- 2015	2,000,000	-	(177,700)	-	1,822,300	184,600	1,637,700
Capital/Equip (Fire) Tax-Exempt Lease Obligation- 2017	-	1,860,900	-	-	1,860,900	167,536	1,693,364
State- Animal Control Facility Obligation	152,350	-	(152,350)	-	-	-	-
Total Capital Leases and Loan	4,690,627	1,860,900	(781,227)	-	5,770,300	822,460	4,947,840
Total	$93,882,305	$ 1,860,900	$(14,168,356)	$ 11,151	$81,586,000	$ 2,806,014	$78,779,986

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Lease Revenue Bonds

2006 Lease Revenue Refunding Bonds, Series A (the "2006 Bonds")

The 2006 Bonds were issued by the Stockton Public Financing Authority (SPFA) in the amount of $13,965,000 on April 6, 2006. As of June 30, 2017, bonds totaling $9,915,000 are due in semi-annual installments ranging from $490,000 on August 1, 2017, to $875,000 on August 1, 2031, with interest rates ranging from 4.0% to 4.5% and a final maturity date of August 1, 2031. The 2006 Bonds are insured and have a reserve fund surety provided by National Public Finance Guaranty ("NPFG").

The 2006 Bonds were issued to advance refund and retire $13,795,000 in outstanding 1999 Certificates of Participation which were used to finance a portion of the acquisition and construction of the Stewart/Eberhardt Building and an adjacent parking facility in downtown Stockton.

The 2006 Bonds are limited obligations of the SPFA payable solely from all amounts received by the SPFA or the Trustee under the Lease Agreement and other assets pledged under the Indenture.

The Leased Premises consists of the Stewart/Eberhardt Building (the "Eberhardt Building") located at 22 East Weber Avenue and the adjacent public parking facility located at 15 North El Dorado Street in downtown Stockton.

The General Fund is obligated to make the lease payments, and no other funds are legally pledged to the repayment of the 2006 Bonds. The Parking Authority has budgeted to pay 100% of the debt service. The unamortized loss on refunding of debt was previously reported as a contra liability in the long-term debt. With the implementation of GASB Statement No. 65, the balance on the loss of refunding is reported as a deferred outflow of resources in the amount of $452,124. The principal amount due is reported net of the unamortized discount of $48,292.

Certificates of Participation

Certificates of Participation Series 2003A and Taxable Series 2003B (the "2003 COPs")

The 2003 COPs were issued to finance the construction of capital improvements to provide redevelopment housing. The 2003 COPs were refunded in November 2016 through the issuance of tax allocation bonds by the Successor Agency of the Redevelopment Agency of the City of Stockton. Proceeds of the 2016 Series A and B Tax Allocation bonds provided $10.25 million in resources to defease the 2003 COPs, which previously had a pledge of City General Fund resources that were to step in should tax increment resources prove insufficient to provide ongoing debt payments on the bonds.

For additional information on the Successor Agency 2016 Series A and B Tax Allocation Bonds, see the Successor Agency section of this note, directly following the section on Business-Type Activities.

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Pension Obligation Bonds

Taxable Pension Obligation Bonds 2007 Series A and Series B (the "2007 POBs)

The 2007 POBs were issued on March 26, 2007, to refinance the obligation of the City to make payments to the California Public Employees Retirement System for retirement benefits accruing to its employees and retirees. The 2007 POBs for Series A were issued in the amount of $96,985,000. As of June 30, 2017, bonds totaling $87,330,000 were due in installments of principal ranging from $2,545,000 on September 1, 2017, to $8,400,000 on September 1, 2037, with interest rates ranging from 5.14% to 5.455%, and a final maturity date of September 1, 2037. The 2007 POBs for Series B were issued in the amount of $28,325,000. At June 30, 2016, bonds totaling $28,325,000 are due in installments of principal ranging from $715,000 on September 1, 2018, to $2,800,000 on September 1, 2037, with interest rates ranging from 5.675% to 5.795%. The Series A and Series B for the 2007 POBs are insured by Assured Guaranty and do not have a reserve fund. The above liabilities are written down and an alternate liability is being recorded which reflects the payments required by the City under a settlement agreement reached with Assured Guaranty. This background on the original liabilities is shown in this footnote due to the bonds still trading in the secondary markets.

As part of a settlement between the City and Assured Guaranty, that became effective upon implementation of the approved Plan of Adjustment. The City is obligated, under a revised indenture, to pay a new series of payments. That series of payments is made up of Non-Contingent General Fund payments which are made up of three types; Special Fund, Ask, and Supplemental, which have all been determined. from $1,489,254 on July 1, 2017 to $2,009,482 due on July 1, 2053; Ask Fund payments are due in in installments ranging from $1,334,875 on June 1, 2018 to $2,531,250 due on June 1, 2052; and Supplemental Payments are due in installments of $250,000 from June 1, 2023, to June 1, 2042, and installments of $350,000 from June 1, 2043, to June 1, 2052. Additionally, there are Contingent General Fund Payments, which are yet to be determined by future revenues of the City's General Fund. These Contingent Payments extend from June 1, 2018, to June 1, 2053, should General Fund Revenues require them to be made. The payment due June 1, 2018, is currently anticipated to be $2,106,000.

Payments made after the original debt service end date of September 1, 2037, will be retained by Assured Guaranty. The obligation of the City to pay these settlement amounts when due is an absolute and unconditional obligation of the City imposed by law, and is not limited to any special source of funds. Under the Revised Indenture, the City is obligated to deposit non-contingent settlement payments with the Trustee as detailed above and reflected in the table below.

Under the settlement agreement, payments are to be made from all legally available funds and resources available to the City. Under extraordinary events, the City may notice Assured Guaranty and suspend contingent payments. Should this occur, unpaid amounts accrue interest at the Prime Rate plus 3% and must be paid no later than ten years after the suspension date. Additionally, any delinquent payments due under the agreement shall also accrue interest at the prime rate plus 3%.

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Pension Obligation Bonds (Continued)

Taxable Pension Obligation Bonds 2007 Series A and Series B (the "2007 POBs) (Continued)

Debt Service on the original bonds expires in Sept 2037, and payments under the settlement agreement extend to July 2053. If contingent payment streams drastically exceed expectations, it is possible that scheduled payments could reach a point of paying back funds forwarded and accrued interest associated with these funds. Should this occur, it is possible that payments could cease before July 2053.

The City settlement with Assured Guaranty was confirmed as part of the City's Approved Bankruptcy Plan of Adjustment. The plan for the adjustment of the City's debts provides for material modifications of the City's obligations on the 2007 POBs and results in a schedule of payments reflected in the following table.

Annual Debt Service Requirements to Maturity

Year Ending	Lease Revenue Bonds		Special Fund Payments		2007 Lease Ask Payments		Supplemental Payments	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 490,000	$ 418,894	$ 41,943	$ 1,447,311	$ -	$ 1,334,875	$ -	$ -
2019	510,000	398,894	69,384	1,444,997	-	1,334,875	-	-
2020	530,000	378,094	99,423	1,441,170	-	1,334,875	-	-
2021	550,000	356,219	130,569	1,435,686	-	1,334,875	-	-
2022	570,000	333,188	164,013	1,428,483	-	1,334,875	-	-
2023-2027	3,240,000	1,272,447	1,129,250	6,965,567	-	12,649,688	-	1,250,000
2028-2032	4,025,000	468,563	1,053,420	6,687,459	-	12,647,251	-	1,250,000
2033-2037	-	-	2,006,729	6,298,195	-	12,651,565	-	1,250,000
2038-2042	-	-	4,240,216	5,529,620	5,678,669	6,969,832	-	1,250,000
2043-2047	-	-	5,890,078	4,157,332	8,257,125	4,393,189	1,123,634	626,366
2048-2052	-	-	7,703,946	2,343,464	10,797,340	1,850,661	1,493,943	256,057
2053-2057	-	-	3,709,308	309,656	-	-	-	-
Total	$ 9,915,000	$ 3,626,298	$ 26,238,279	$ 39,488,940	$ 24,733,134	$ 57,836,561	$ 2,617,577	$ 5,882,423

The amounts in the annual debt service requirements to maturity schedule are the scheduled debt service under the bond indentures and settlement agreements.

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Other Long-term Obligations

Notes Payable

The City entered into four Section 108 loan guarantee agreements with the U.S. Department of Housing and Urban Development to complete redevelopment projects. The first loan was paid off on August 1, 2014 and as of June 30, 2017, the second loan totaling $1,150,000 has notes due in installments ranging from $ 215,000 to $260,000 that are to be paid August 1, 2017, through August 1, 2020, with interest rates ranging from 0.93% to 1.98%; the third loan with payments totaling $4,575,000 has notes due in installments ranging from $735,000 to $890,000 that are due to be paid from August 1, 2016, through August 1, 2020, with interest rates ranging from 0.93% to 1.98%. The fourth loan with payments totaling $8,680,000 remaining has notes due in installments ranging from $500,000 to $1,920,000 and are to be paid through August 1, 2024, with interest rates ranging from 4.56% to 5.25%. Repayment of the loans is made from program income received under the City's housing loans program.

Annual Debt Service Requirements to Maturity

	Notes Payable	
	U.S. Dept. of Housing & Urban Development	
Year Ending June 30,	Principal	Interest
2018	1,455,000	461,159
2019	1,515,000	426,927
2020	1,600,000	385,814
2021	1,675,000	338,595
2022	1,750,000	270,002
2023-2027	4,365,000	277,130
Total	$ 12,360,000	$ 2,159,627

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Annual Debt Service Requirements to Maturity (Continued)

Capital Lease Obligations

Fire Vehicles – (Lease #1)

On April 17, 2007, Resolution 07-0133 approved the execution of a Master Equipment/Lease Agreement in the amount of $7,000,000 with Banc of America Leasing and Capital, LLC to provide a tax-exempt financing mechanism and established the underlying financing tool for designated capital projects. Under the terms of the Master Equipment/Lease Agreement, the City authorized the purchase of an aerial fire truck and water rescue vehicle for the Fire Department in the amount of $1,000,000. The remaining $6,000,000 of the original amount authorized by City Council was never utilized and is no longer available due to the City's bankruptcy filing. The long-term master lease agreement with Banc of America Public Capital Corporation for the purchase of these vehicles has lease payments due on April 26 and October 26 through October 26, 2022, with an interest rate of 3.862%.

The assets acquired through the capital lease are as follows:

The assets acquired through the capital lease is as follows:

Machinery and Equipment	$	1,005,792
Less: Accumulated depreciation		(669,140)
Total	$	336,652

Civic Auditorium's Heating, Ventilation & Air Conditioning (HVAC) System – (Lease #2)

On December 15, 2009, Resolution 09-0422 approved the execution of a lease purchase agreement with Wells Fargo Securities, LLC in an aggregate amount not to exceed $2,236,000 to provide a tax-exempt financing mechanism and establish the underlying financing tool for replacement of the Stockton Memorial Civic Auditorium's HVAC system. The City authorized the purchase and installation of the HVAC system, making use of $1,930,000 of the amount authorized. The remaining portion of the project costs was covered through federal grant funding. The lease agreement has payments due on February and August through February 2020 with an interest rate of 5.10%. Lease payments are repayable from the Capital Improvement Projects Fund.

The assets acquired through the capital lease is as follows:

Machinery and Equipment	$	1,861,906
Less: Accumulated depreciation		(473,234)
Total	$	1,388,672

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Annual Debt Service Requirements to Maturity (Continued)

Capital Lease Obligations (Continued)

Fire Pumper Trucks – (Lease #3)

On January 24, 2012, Resolution 2012-01-24-1504 approved the execution of a tax-exempt lease through OshKosh Capital in the amount of $1,795,506 to purchase 4 Pierce Fire Pumper Trucks. Modifications to the contract increased the lease amount to $1,871,404. The tax-exempt lease has annual lease payments due on September 15, through September 15, 2021, with an interest rate of 3.300%.

The assets acquired through the capital lease are as follows:

Machinery and Equipment	$	1,871,404
Less: Accumulated depreciation		(540,628)
Total	$	1,330,776

Fire Engines and Ladder Truck – (Lease #4)

On May 19, 2015, Resolution 2015-05-19-1212 approved the execution of a tax-exempt lease through TPB Investments, Inc.in the amount of $2,000,000 to purchase 3 Pierce Fire Pumper Trucks and one Ladder Truck. The tax-exempt lease has annual lease payments due on February 1 and August 1 of each year, through August 1, 2025, with an interest rate of 3.900%. The trucks were delivered in fall 2016.

The assets acquired through the capital lease are as follows:

Machinery and Equipment	$	2,724,000
Less: Accumulated depreciation		(143,666)
Total	$	2,580,334

Two Fire Engines and Ladder Truck – (Lease #5)

On February 7, 2017, Resolution 2017-02-07-1210 approved the execution of a tax-exempt lease through Western Alliance Business Trust in the amount of $1,860,900 to purchase 2 Pierce Fire Pumper Trucks and one Ladder Truck. The tax-exempt lease has annual lease payments due on February 1 and August 1 of each year, through August 1, 2025, with an interest rate of 4.140%. Delivery of the trucks is expected in spring 2018.

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Annual Debt Service Requirements to Maturity (Continued)

Capital Lease Obligations (Continued)

These five leases qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments. As of June 30, 2017, the future minimum lease obligations and the net present value of this minimum lease payments are as follows:

Year Ending	2007 B of A Capital Lease #1		Civic HVAC Capital Lease #2		Pierce Oshkosh Capital Lease #3		2015 WA lease Capital Lease #4		2017 WA Lease Capital Lease #5	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	72,364	16,090	216,622	32,157	181,338	31,962	184,600	69,287	167,536	59,759
2019	75,186	13,269	227,810	20,969	187,323	25,978	191,900	62,018	158,816	68,478
2020	78,118	10,337	239,577	9,202	193,504	19,796	199,500	54,460	165,459	61,835
2021	81,164	7,291	-	-	199,890	13,410	207,400	46,603	172,380	54,914
2022	84,329	4,126	-	-	206,486	6,814	215,500	38,436	179,591	47,704
2023-2027	43,390	839	-	-	-	-	823,400	65,469	1,017,118	119,355
Total	$ 434,551	$ 51,952	$ 684,009	$ 62,328	$ 968,541	$ 97,960	$ 1,822,300	$ 336,273	$ 1,860,900	$ 412,046

State Animal Control Obligation

The City had claimed $2.9 million from July 1, 1998 through June 30, 2007, in unreimbursed Animal Adoption Program cost from State of California ("State"). Upon audit of the mandated cost claims, the State disallowed $1.9 million of the costs claimed by the City. The State also determined that FY 2002 and 2003 amounts were never reimbursed to the City, which amounted to $282,150. These audit findings required the City to pay the remainder of $1.7 million back to the State by May 15, 2011; however, instead of paying this amount in lump-sum, the State agreed that the City's future reimbursement claims would be used to reduce this liability. This liability was reduced by $915,365 from FY 2012-2015 due to the reimbursement claims submitted by the City. In FY 2015-16, the City's remaining obligation was decreased by additional $651,501. The balance of the obligation at June 30, 2016 was $152,350. This balance was reduced to zero in the fiscal year 2016-17.

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities

Summary of changes in business-type activities long-term debt for the year ended June 30, 2017, are as follows:

Water Utility Obligations	Balance at June 30, 2016	Additions	Payments / Reductions	Balance at June 30, 2017	Current	Non-Current
2002A CSCDA Water Revenue Bonds	$ 6,560,000	$ -	$ (805,000)	$ 5,755,000	$ 840,000	$ 4,915,000
Discount	(97,164)	-	14,219	(82,945)	(14,219)	(68,726)
2005A Water System Revenue Bonds	24,230,000	-	-	24,230,000	150,000	24,080,000
Premium	86,761	-	(4,468)	82,294	4,468	77,826
2009A Water System Revenue Bonds	5,655,000	-	(5,655,000)	-	-	-
2009B Water System Revenue Bonds (Taxable)	154,550,000	-	-	154,550,000	3,835,000	150,715,000
Premium	896,065	-	(40,424)	855,641	40,424	815,217
2010A Water System Demand Revenue Bonds (2013 Conversion)	53,810,000	-	(135,000)	53,675,000	130,000	53,545,000
Premium (From 2013 Conversion)	3,025,373	-	(124,331)	2,901,042	124,330	2,776,712
Federal Drought Relief Act Loan	82,678	-	(82,678)	-	-	-
Total Water Utility	248,798,713	-	(6,832,682)	241,966,032	5,110,003	236,856,029
Wastewater Utility Obligations						
2014 Wastewater Refunding Revenue Bonds	66,210,000	-	(3,345,000)	62,865,000	3,490,000	59,375,000
Premium (on 2014 refunding	9,613,747	-	(729,980)	8,883,767	729,981	8,153,786
Total Wastewater Utility	75,823,747	-	(4,074,980)	71,748,767	4,219,981	67,528,786
Parking Authority						
Parking Bond Settlement Obligation	25,203,471	-	(113,535)	25,089,936	119,487	24,970,449
Total - Central Parking Debt	25,203,471	-	(113,535)	25,089,936	119,487	24,970,449
Marina Operation						
CDBW Harbor Facility Constructionand Planning Loans	10,870,822	-	-	10,870,822	-	10,870,822
Total - Marina Debt	10,870,822	-	-	10,870,822	-	10,870,822
Total - Enterprise Fund Activities Debt	$ 360,696,753	-	$ (11,021,197)	$ 349,675,557	$ 9,449,471	$ 340,226,086

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Water Utility

The bonds and notes of the Water Utility are secured by and payable from certain revenues of the City's water enterprise fund (the "Water Fund"), amounts that are derived from "property related fees" collected by the City for water service. Application of amounts in the Water Fund is governed by the requirements of Article XIIID, Section 6 of the California Constitution, which provides that the Water Fund may only be used for the water enterprise, and may not be used for general governmental purposes. The City is in compliance with its covenants in connection with its obligations, including covenants on the current rates and charges, and the Water Fund has revenues sufficient to meet the operation and maintenance costs of the water enterprise, scheduled debt service and required debt service coverage. The City's Approved Bankruptcy Plan of Adjustment did not directly impact repayment of the bonds.

California Statewide Community Development Authority Revenue Bonds Series 2002A

On April 16, 2002, the City participated in the California Statewide Community Development Authority Water and Wastewater Revenue Bond (Pooled Financing Program), Series 2002A, (the "2002A Bonds") which issued 2002A Bonds in the amount of $14,280,000 for the City. As of June 30, 2017, $5,755,000 of the 2002A Bonds are outstanding with installments of principal ranging from $840,000 on October 1, 2017, to $1,090,000 on October 1, 2022, with interest rates ranging from 4.8000% to 5.125%. The 2002A Bonds were issued to refinance prior water system expansion bonds. Net revenues of the Water Fund are pledged towards repayment of the 2002A Bonds. The unamortized loss on refunding of debt was previously reported as a contra liability of the long-term debt balance. With the implementation of Government Accounting Standard Board ("GASB") Statement No. 65, the balance of the loss on refunding is reported as a deferred outflow of resources in the amount of $98,107. Also, bond issuance costs related to prepaid insurance remained unamortized at June 30, 2017. The principal amount due is reported net of unamortized discount of $82,945.

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Water Utility (Continued)

Stockton Public Financing Authority Revenue Bonds Series 2005A

The 2005 Water Revenue Bonds, Series A (Water System Capital Improvement Projects) (the "2005A Bonds") were issued in the amount of $24,230,000 by the Stockton Public Financing Authority ("SPFA") on November 3, 2005. As of June 30, 2016, $24,230,000 of 2005A Bonds remain outstanding with installments of principal ranging from $150,000 to $2,350,000 beginning October 1, 2017, through October 1, 2035, and interest rates ranging from 4.0% to 5.0%. Net revenue for the water fund is pledged towards repayment of the 2005A Bonds. The 2005A Bonds were issued to finance various water system capital improvement projects. The principal amount due is reported net of the unamortized premium of $82,293.

Please refer to Subsequent Events Note 17 for information regarding the partial call of the above bonds that occurred in October 2017.

Stockton Public Financing Authority Revenue Bonds Series 2009B

The 2009 Water Revenue Bonds, Series B (Taxable Build America Bonds, Delta Water Supply Project) (the "2009B Bonds") were issued in the amount of $154,550,000 by the Stockton Public Finance Authority on August 11, 2009. The 2009B Bonds were issued as "Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009. The SPFA receives a cash subsidy from the United States Treasury under the Recovery Act equal to 35% of the interest payable on or about each Interest Payment Date. The amount of the subsidy received for the year ended June 30, 2017, was $3,889,251 net of a reduction due to sequestration. As of June 30, 2017, there are $154,550,000 in 2009B Bonds outstanding remaining with installments of principal ranging from $3,835,000 to $13,570,000 beginning October 1, 2017, through October 1, 2038, and interest rates ranging from 6.09% to 7.942%. The 2009B Bonds were issued for the design and construction of the first phase of the Delta Water Supply Project. The principal amount due is reported net of the unamortized premium of $855,641. Net revenues of the Water Fund are pledged towards repayment of the 2009B Bonds.

The City was notified that under sequestration the subsidy payment would be reduced by 6.9% for the federal fiscal year ending September 30, 2017.

It is anticipated that future subsidy payments will be subject to similar sized reductions. As long as this reduction continues at this level, net system revenues are projected to be adequate to maintain the coverage requirement (see Debt Covenants below).

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Water Utility (Continued)

Stockton Public Financing Authority Revenue Bonds Series 2010A

The 2010 Water Revenue Bonds, Series A (Delta Water Supply Project) (the "2010A Bonds") were issued in the amount of $55,000,000 by the SPFA on October 20, 2010. The SPFA originally issued the 2010A Bonds as variable rate demand bonds in weekly mode. Due to an inability to successfully obtain a new Letter of Credit while in Chapter 9 bankruptcy, the 2010A Bonds were remarketed in a long-term, fixed rate mode on November 26, 2013. As of June 30, 2017, $53,675,000 of 2010A Bonds remain outstanding with installments of principal ranging from $130,000 to $16,500,000 beginning October 1, 2017, through October 1, 2040, with interest rates ranging from 4.0% to 6.25%. There was no gain or loss as a result of the current refunding.

The bonds were issued for the design and construction of the first phase of the Delta Water Supply Project. The repayment of the 2010A Bonds is from a pledge of net revenues of the Fund. The principal amount due is reported net of the unamortized premium of $2,901,042.

Pledge Revenues

The City has pledged future net system revenues from the Water Fund for the repayment of all of the Revenue Bonds of the Water Fund. For the year ended June 30, 2017, total principal and interest paid was $23,441,755, and net revenues were $23,240,742 after including the Build America Bonds Subsidy and after a deposit of $2,100,000 in Rate Stabilization Fund resources. The total principal and interest remaining to be paid on the Water Utility Revenue Bonds are $488,720,882.

Debt Covenants

The Revenue Bonds all require the maintenance of a financial covenant of minimum debt service coverage (DSC) ratio. The minimum DSC ratio for the senior bonds is 115% of net system revenues, which are pledged for repayment of senior revenue bonds. The minimum DSC ratio for subordinate bonds is 115% of net system revenues after the payment of senior bonds. The DSC ratio is the measure of the Water Fund's ability to have sufficient resources to pay its debt service. The Water Fund has met its DSC for the fiscal year ended June 30, 2016, at each measurement, first on senior lien bond, and then on subordinate lien bonds.

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Wastewater Utility

The bonds of the Wastewater Utility are secured by and payable from certain revenues of the City's wastewater enterprise fund (the "Wastewater Fund"), amounts that are derived from "property related fees" collected by the City for wastewater service. Application of amounts in the enterprise fund is governed by the requirements of Article XIIID, Section 6 of the California Constitution, which provides that the enterprise fund may only be used for the wastewater enterprise, and may not be used for general governmental purposes. The City is in compliance with its covenants in connection with its obligations, including covenants on the current rates and charges, and the Wastewater Fund has revenues sufficient to meet the operation and maintenance costs of the wastewater utility, scheduled debt service and required debt service coverage. The City's Approved Bankruptcy Plan of Adjustment does not impact repayment of the bonds.

Stockton Public Financing Authority

Wastewater Revenue Refunding Bonds, Series 2014 (1998 Wastewater Project and 2003 Wastewater Project) were issued in an amount of $69,440,000 by the SPFA on November 24, 2014. As of June 30, 2017, bonds totaling $59,375,000 are due in annual installments of principal ranging from $3,490,000 to $6,530,000 beginning September 1, 2017, through September 1, 2029, with interest rates ranging from 4.00% to 5.00% on the bonds outstanding. The Bonds were issued to advance refund the 1998 and 2003 certificates of participation. Repayment of the Bonds is a pledge of net revenues of the Wastewater Fund. With the implementation of Government Accounting Standard Board ("GASB") Statement No. 65, the balance of the loss on refunding is reported as a deferred outflow of resources and at June 30, 2017, there is $2,075,977 outstanding. The principal amount due is reported net of the unamortized premium of $8,153,786.

Pledge Revenues

The City has pledged future net revenues from the Wastewater Fund for the repayment of the COPs and Bonds. For the year ended June 30, 2017, the City paid total principal and interest of $6,483,900 and had net revenues of $33,167,866. At June 30, 2017, the total principal and interest remaining to be paid on the Wastewater Bonds are $85,596,900.

Debt Covenants

The Bonds require the maintenance of a financial covenant of minimum debt service coverage (DSC) ratio. The minimum DSC ratio for Bonds is 115% of Adjusted Net System Revenues which are pledged toward repayment of all bonds. The DSC ratio is the measure of the Wastewater Fund's ability to have sufficient resources to pay its debt service. The Wastewater Fund has met its DSC for the fiscal year ended June 30, 2017, at each measurement period.

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Parking Authority

Lease Revenue Bonds, Series 2004 ("2004 Parking Bonds")

The 2004 Parking Bonds were issued in the amount of $32,785,000 by the SPFA on June 25, 2004. As of June 30, 2017, the 2004 Parking Bonds totaling $29,270,000 are due in annual installments of principal ranging from $670,000 on September 1, 2017, to $2,950,000 on September 1, 2034, with interest rates ranging from 4.50% to 5.25%, and a final maturity date of September 1, 2034. The 2004 Parking Bonds were issued to finance the construction of the Stockton Events Center Parking Structure, the Edward S. Coy Parking Garage, and other parking facilities within the Parking Authority. The above bonds, held by investors, while still outstanding has been replaced by an alternate liability of the Parking Authority ("Authority"), which at June 30, 2017, totaled $24,970,449, and was due in installments ranging from $119,487 to be paid in FY 2017 and $1,795,823 to be paid in FY 2047. These principal installments reflect the payments required by the Authority under a settlement agreement reached with the Insurer of the Bonds, National Public Finance Guaranty ("NPFG"). Additional explanation on the liability and how it is reflected is shown below.

The 2004 Parking Bonds are special limited obligations of the SPFA payable from and secured by revenues, consisting primarily of lease payments to be made by the City, as lessee, to the SPFA, as lessor, under a Lease Agreement dated June 1, 2004. The lease payments are made in exchange for the right to use and occupy the property consisting of the property constructed with bond proceeds and an existing parking facility of the City, and the sites on which such parking facilities are located.

On December 17, 2013, the City, by council action established the Parking Authority of the City of Stockton ("Authority"), a new component unit of the City, to operate the parking facilities of the City as described in the settlement with NPFG. Under the terms of the agreement, the City was required to transfer the parking properties (including those built with the original bond proceeds) over to the Authority, who in turn assumed the revised lease of the assets from the City, who had leased them from the SPFA under the original agreement.

Under the Revised Lease, the Authority is obligated to deposit with the Trustee the payment of debt service under the settlement on February 25 and August 25 each year, commencing with 2015 and the pledge to make payments from any available source is no longer in place, but rather is limited to the Authority. In March of 2012, the City defaulted on the 2004 Parking Bond Lease payments and under this new payment structure has an altered obligation, reported in tables elsewhere in this footnote.

The Authority also maintains surface parking and parking meters throughout the District and levies a special tax on properties within the District under the Mello-Roos Community Facilities District Act of 1982. Under the existing documents, the special tax is not pledged as security for the 2004 Parking Bonds, or on the settlement payments.

The principal and interest amounts reported below are based on total settlement payments discounted at the average rate of payment required on the remaining bonds when they were written off. Which is in compliance with Governmental Accounting Standards Board Statement 58 (GASB 58) which is the authoritative literature for government bankruptcy implementation. As part of a settlement between the City and NPFG, that became effective upon implementation of the Approved Bankruptcy Plan of Adjustment, the City is obligated under a revised indenture to pay a new series of payments, which are due February 25 and August 25 of each year, commencing with 2015 and the pledge to make payments from any available source is no longer in place, but rather is limited to gross Authority revenues. That series of payments extends to February 25, 2047. The difference between these payments and the original debt service scheduled on these bonds is to be made up by NPFG. Payments which extend beyond the original debt service end date of September 1, 2034, will be retained by NPFG.

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Downtown Marina

Construction and Planning Loans

On March 17, 1997, the City entered into an agreement with the California Department of Boating and Waterways ("DBAW") for a planning loan to provide funding for a feasibility study regarding the potential construction of waterfront improvements. That feasibility study was approved on May 16, 2000, and the City entered into an agreement with DBAW for the construction loan to develop a small craft harbor facility on August 9, 2004. Engineering work began in the fiscal year 2006. Construction of the facility started during the fiscal year ended June 30, 2009, and the project was completed in 2011. The principal remaining to be paid on both the planning and construction loans as of June 30, 2017, is $10,870,822.

The construction note was scheduled to be repaid under a 30-year repayment schedule at 4.5% interest beginning in August 2011. Repayment of the Note is secured by a pledge of the gross revenues of the Downtown Marina, which have been insufficient to pay the full debt service. The loan provides that, subject to the requirements of Article XVI, Section 18 of the California Constitution (the "Debt Limit"), the City will make up any shortfall in debt service after application of Marina revenues. The Marina does not currently generate sufficient annual revenues to cover operational costs (net of debt service), and the City continues to provide an annual subsidy to the operator to cover this shortfall.

The City's settlement with DBAW as to the treatment of this obligation was confirmed as Part of the City's Approved Bankruptcy Plan of Adjustment. The terms of the settlement call for the outstanding principal to be paid from net operating revenues of the Marina operation, with no interest accruing on the unpaid portion. The settlement removes the General Fund backing and a reserve fund balance formerly in place in the General Fund has been removed. With operations continuing to receive an annual subsidy, it is unknown when any principal reduction payment will occur.

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Annual Debt Service Requirements to Maturity

Year Ending	Lease Revenue Bonds		Special Fund Payments		2007 Lease Ask Payments		Supplemental Payments	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 490,000	$ 418,894	$ 41,943	$ 1,447,311	$ -	$ 1,334,875	$ -	$ -
2019	510,000	398,894	69,384	1,444,997	-	1,334,875	-	-
2020	530,000	378,094	99,423	1,441,170	-	1,334,875	-	-
2021	550,000	356,219	130,569	1,435,686	-	1,334,875	-	-
2022	570,000	333,188	164,013	1,428,483	-	1,334,875	-	-
2023-2027	3,240,000	1,272,447	1,129,250	6,965,567	-	12,649,688	-	1,250,000
2028-2032	4,025,000	468,563	1,053,420	6,687,459	-	12,647,251	-	1,250,000
2033-2037	-	-	2,006,729	6,298,195	-	12,651,565	-	1,250,000
2038-2042	-	-	4,240,216	5,529,620	5,678,669	6,969,832	-	1,250,000
2043-2047	-	-	5,890,078	4,157,332	8,257,125	4,393,189	1,123,634	626,366
2048-2052	-	-	7,703,946	2,343,464	10,797,340	1,850,661	1,493,943	256,057
2053-2057	-	-	3,709,308	309,656	-	-	-	-
Total	$ 9,915,000	$ 3,626,298	$ 26,238,279	$ 39,488,940	$ 24,733,134	$ 57,836,561	$ 2,617,577	$ 5,882,423

C. Fiduciary Fund Activities

Summary of changes in fiduciary fund long-term liabilities for the year ended June 30, 2017, are as follows:

Successor Agency to RDA of Stockton	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Current	Non-Current
Revenue Bonds						
2004 Arena Settlement Obligation	$ 39,978,518	$ -	$ (39,978,518)	$ -	$ -	$ -
2006A Redevelopment SNI Revenue Bonds	49,160,000	-	(49,160,000)	-	-	-
2006C Redevelop SNI Housing Revs -Taxable	22,285,000	-	(22,285,000)	-	-	-
Premium	1,616,349	-	(1,616,349)	-	-	-
2016 Series A Successor Agency Tax Allocation Bonds	-	73,310,000	-	73,310,000	-	73,310,000
Premium	-	10,039,295	(375,301)	9,663,994	562,951	9,101,042
2016 Series B Successor Agency Tax Allocation Bonds (Taxable)	-	30,010,000	-	30,010,000	4,195,000	25,815,000
Discount	-	(253,772)	21,598	(232,174)	(32,396)	(199,778)
Total RDA Liabilities	**$ 113,039,867**	**$ 113,105,523**	**$ (113,393,570)**	**$ 112,751,820**	**$ 4,725,555**	**$ 108,026,265**

The fiduciary fund has a special item recorded for the transfer of proceeds of $10,236,779 to the City to refund the 2003 Series A & B.

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Fund Activities (Continued)

Successor Redevelopment Agency

Revenue Bonds Series 2004 (Event Center – Arena Project)

The Redevelopment Agency of the City of Stockton issued the Series 2004 Revenue Bonds to provide funds to finance a portion of the costs of an indoor arena consisting of approximately 220,000 square feet, including facilities for ice hockey, indoor football, indoor soccer, concerts and other events with a total seating capacity of approximately 10,000. The Series 2004 Revenue Bonds were refunded in November 2016 through the issuance of tax allocation bonds by the Successor Agency of the Redevelopment Agency of the City of Stockton. Proceeds of the 2016 Series A and Tax Allocation bonds provided resources to defease the Series 2004 Revenue Bonds, which previously had a pledge of City of Stockton General Fund resources in the event that tax increment resources were insufficient in providing ongoing debt payments on the bonds.

For additional information on the Successor Agency 2016 Series A and B Tax Allocation Bonds, see below.

Revenue Bonds Series 2006 (Strong Neighborhoods Initiative)

The SPFA issued Revenue Bonds (Redevelopment Projects), 2006 Series A, Taxable Revenue Bonds (Redevelopment Projects, 2006 Series B and the Taxable Revenue Bonds (Housing Projects, 2006 Series C (the "SNI Bonds")) to finance certain redevelopment projects within or of benefit to the Midtown, North Stockton, and South Stockton Redevelopment Projects and to finance certain low, and moderate income housing projects throughout the City. Proceeds of the 2016 Series A and B Tax Allocation bonds provided resources to defease the 2006 Series A and C bonds.

2016 Tax Allocation Refunding Bonds, Series A and B (Federally Taxable)

The Successor Agency issued the 2016 Tax Allocation Bonds, Series A in the amount of $73,310,000 on November 3, 2016 to provide funds to refinance bonds issued in 2004 to finance a portion of the downtown Arena, and 2006 Series A bonds used to finance redevelopment projects in the North, South, and Midtown projects areas of the former Redevelopment Agency.

As of June 30, 2017, the 2016 Series A Bonds totaling $73,310,000 are due in annual installments of principal ranging from $610,000 on September 1, 2024 to $7,195,000 on September 1, 2037, with final payment on September 1, 2037, with interest rates ranging from 3.00% to 5.00%. The principal amount due is reported net of the unamortized premium of $9,663,994.

The 2016 Tax Allocation Bonds, Series B (Federally Taxable) were issued in the amount of $30,010,000 on November 3, 2016 to provide funds to refinance Certificates of Participation issued in 2003 to finance the construction of capital improvements to provide redevelopment housing in the City of Stockton, and 2006 Series C Bonds issued to finance certain low, and moderate income housing projects throughout the City of Stockton.

As of June 30, 2017, the 2016 Series B Bonds totaling $30,010,000 are due in annual installments of principal ranging from $4,195,000 on September 1, 2017 to $3,415,000 on September 1, 2037, with final payment on September 1, 2037, with interest rates ranging from 1.375% to 2.75%. The principal amount due is reported net of the unamortized discount of $232,174.

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Fund Activities (Continued)

Successor Redevelopment Agency (Continued)

The 2016 Series A and B bonds are limited obligations of the Successor Agency secured by a first charge and lien on, and a security interest in Tax Revenues received by the Successor Agency pursuant to the laws of the State of California related to Redevelopment Property Tax Trust Fund ("RPTTF") and the revenues of the former Redevelopment Agency under California Health and Safety Code Sections 34183 and 34170.5(b), whereby the County Auditor-Controller is obligated to deposit the Tax Revenues into the RPTTF.

Annual Debt Service Requirements to Maturity

Year Ending	2016 Series A Successor Agency Tax Allocation Bonds		2016 Series B Successor Agency Tax Allocation Bonds (Taxable)	
June 30,	Principal	Interest	Principal	Interest
2018	-	3,373,800	4,195,000	582,516
2019	-	3,373,800	3,565,000	524,709
2020	-	3,373,800	3,625,000	466,291
2021	-	3,373,800	3,685,000	399,988
2022	-	3,373,800	3,760,000	323,188
2023-2027	9,120,000	16,372,500	11,180,000	427,569
2028-2032	25,290,000	11,551,500	-	-
2033-2037	31,705,000	5,080,088	-	-
2038-2042	7,195,000	149,688	-	-
Total	$ 73,310,000	$ 50,022,776	$ 30,010,000	$ 2,724,260

Note 7 – Long-Term Liabilities (Continued)

D. Debt Without City Commitment

Land Secured Debt Financing (No City Commitment) – The City has authorized the formation of community facilities districts (CFDs) and assessment districts (called local improvement districts) or LIDs and the issuance of bonds under various public improvement acts of the State of California to finance eligible public facilities necessary to serve developing commercial, industrial, residential and/or mixed-use developments. The bonds are secured by annual special tax levies or liens placed on the property within the districts.

The City is not liable for repayment and is only responsible for collecting the special taxes or assessments, making payment from the special taxes or assessments to bondholders, and initiating foreclosure proceedings when necessary. These bonds are payable solely from special taxes or assessments, specific reserves, and the proceeds from property foreclosures. Accordingly, the bonds are not reported as liabilities in the City's basic financial statements. As of June 30, 2017, there was one CFD special tax bond and five revenue bonds outstanding with aggregate principal amounts payable of $18,275,000 and $50,310,000, respectively.

Changes from last year are due to the 2016 Assessment and Special Tax District refunding which reclassed many CFD and AD district debt into a combined revenue bond.

Conduit Debt (No City Commitment) – As of June 30, 2017, there is no longer any conduit debt outstanding that was issued with the City as the conduit issuer

Note 8 – Accrued Compensated Absences

The value of all accumulated vacation and longevity vacation allowance is accrued, as appropriate, for all funds. Earned but unused sick is not accrued starting with negotiated bargaining unit contracts that began in the fiscal year 2012-13 and continued through June 30, 2017. The bargaining unit contracts state that all sick time accrual has no cash value upon separation from the City.

Note 8 – Accrued Compensated Absences (Continued)

The compensated absence accrual is presented in the Government-Wide and Business Type proprietary fund financial statements. The changes in compensated absences of governmental and business-type activities are as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning July 1, 2016	$ 10,969,717	$ 1,075,294	$ 12,045,011
Additions	6,500,635	828,363	7,328,996
Payments	(6,244,280)	(811,852)	(7,056,132)
Balance June 30, 2017	$ 11,226,071	$ 1,091,805	$ 12,317,876
Current Portion	$ 5,665,532	$ 741,600	$ 6,407,132
Non-Current Portion	$ 5,560,539	$ 350,205	$ 5,910,744

Governmental Actvities	11,226,071
ISF - ST	(290,673)
ISF - LT	(204,877)
Total excluding ISF	$ 10,730,521

Note 9 – Unamortized Loss on Refundings

Summary of Changes in Unamortized Loss on Refundings for the year ended June 30, 2017, is as follows:

	Begin Balance at 7/1/2016	Additions	Deletions	Ending Balance at 6/30/2017
Governmental Funds				
2006 Essential Service Building Refinance	$ 483,853	$ -	$ 31,728	$ 452,124
Subtotal Governmental Funds	483,853	-	31,728	452,124
Municipal Utility Enterprise Debt Obligations				
2002 Deferred amounts on refunding	114,925	-	16,819	98,106
2014 Wastewater Refunding Revenue Bond	2,246,561	-	170,583	2,075,977
Subtotal - Business Activities	2,361,486	-	187,403	2,174,083
Total Deferred Amount on Refunding	$ 2,845,339	$ -	$ 219,131	$ 2,626,207

Note 10 – Fund Balances

A summary of the City's fund balance classification as nonspendable, restricted, committed, assigned and unassigned reported in the City's Governmental Funds balance sheet at June 30, 2017, are as follows:

	General Fund	HOME Program Loans	Low-Moderate Income Housing City Loans	Capital Improvement	Other Governmental	Total Governmental Funds
Fund balances:						
Nonspendable:						
Inventories	$ 466,296	$ -	$ -	$ -	$ -	$ 466,296
Prepaid expense	62,852	-	-	-	-	62,852
Advance deposits	762,357	-	-	-	372,879	1,135,236
Other nonspendable asset	247,168	-	-	-	-	247,168
Total Nonspendable	1,538,673	-	-	-	372,879	1,911,552
Restricted for:						
Section 108 Loan	1,277,452	-	-	-	-	1,277,452
Community development	-	-	-	-	24,272,746	24,272,746
Debt service reserve	-	-	-	-	1,549,904	1,549,904
General government	-	-	-	25,289,277	1,890,168	27,179,445
Housing	-	111,497	-	-	2,394,343	2,505,840
Libraries and arts	3,325,981	-	-	667,547	9,067,333	13,060,861
Parks and recreation	-	-	-	-	9,523,730	9,523,730
Public safety	-	-	-	-	5,826,540	5,826,540
Solid waste/recycling	-	-	-	-	1,897,711	1,897,711
Streets, transit & traffic	-	-	-	-	36,577,612	36,577,612
Total Restricted	4,603,433	111,497	-	25,956,824	93,000,086	123,671,840
Committed for:						
General government operations	56,439,123	-	-	-	-	56,439,123
Total Committed	56,439,123	-	-	-	-	56,439,123
Assigned for:						
General government operations	3,922,291	-	-	-	-	3,922,291
Total Assigned	3,922,291	-	-	-	-	3,922,291
Unassigned:	36,183,615	-	3,507,039	-	(54,903)	39,635,751
Total Fund Balances	$ 102,687,135	$ 111,497	$ 3,507,039	$ 25,956,824	$ 93,318,063	$ 225,580,557

Note 11 – Retirement Plans

The City contributes to three pension plans: The Safety Plan of the City of Stockton; the Miscellaneous Plan of the City of Stockton, which are both part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS); and the City of Stockton Retirement Enhancement Plan, a customized supplemental retirement plan administered by Public Agency Retirement Services (PARS) for municipal utilities employees, who worked under a private contract between 2003 and 2008.

Summary:

CalPERS	Total 2017	Governmental Activities	Business Type Activities
Deferred Outflows:			
Safety			
Contribution after measurement Date	$ 24,192,823	$ 24,192,823	$ -
Earnings	36,358,385	36,358,385	-
	60,551,208	60,551,208	-
Miscellaneous:			
Contribution after measurement Date	13,734,030	10,281,158	3,452,872
Investments	27,702,678	20,737,948	6,964,730
	41,436,708	31,019,106	10,417,602
PARS			
Earnings	184,593	-	184,593
	184,593	-	184,593
Total Pension Deferred Outflows	$ 102,172,509	$ 91,570,314	$ 10,602,195
Net Pension Liability:			
Safety			
Net Pension Liability	$ (302,114,751)	$ (302,114,751)	$ -
Miscellaneous			
Net Pension Liability	(162,194,089)	(121,416,873)	(40,777,216)
PARS			
Net Pension Liability	(3,957,319)	-	(3,957,319)
Total Net Pension Liability	$ (468,266,159)	$ (423,531,624)	$ (44,734,535)
Deferred Inflows:			
Safety			
Assumption	$ (8,454,070)	$ (8,454,070)	$ -
Experience	(5,383,027)	(5,383,027)	-
	$ (13,837,097)	$ (13,837,097)	$ -
Miscellaneous:			
Assumption	$ (2,256,263)	$ (1,689,016)	$ (567,247)
Experience	(7,514,822)	(5,625,521)	(1,889,301)
	$ (9,771,085)	$ (7,314,537)	$ (2,456,548)
PARS			
Assumption	$ -	$ -	$ -
Experience	(88,106)	-	(88,106)
	$ (88,106)	$ -	$ (88,106)
Total Pension Deferred Inflows	$ (23,696,288)	$ (21,151,634)	$ (2,544,654)

Note 11 – Retirement Plans (Continued)

A. CalPERS Retirement Plan

General Information about Pension Plans

CalPERS is an agent multiple-employer agency trust, that acts as a common investment and administrative agent for participating public entities in the State of California and provides retirement, disability and death benefits to plan members and beneficiaries. CalPERS benefits are payable monthly for life in an amount equal to a certain percent of the employee's highest annual salary. Benefit provisions and all other requirements are established by contract with CalPERS, State statute, and City ordinance. Copies of the CalPERS comprehensive annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA, 95811.

PARS is an agent multiple-employer agency trust that acts as a common investment and administrative agent for participating public entities in the State of California. Annual financial reports for the aggregate Plan may be obtained by contacting PARS directly.

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City of Stockton's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The Safety Plan is for sworn Police and Fire employees. The contribution requirements of the plan members and the City are established and may be amended by CalPERS.

The Miscellaneous Plan is available to full-time employees not enrolled in the Safety Plan. Part-time employees must meet specific criteria for participation. City employees are eligible for service or normal retirement at age 55 or older with a minimum of five years CalPERS service. The contribution requirements of the plan members and the City are established by CalPERS and may be amended.

Note 11 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

General Information about Pension Plans (Continued)

Benefits provided – CalPERS provides service retirement and disability benefits, the annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits for public safety employees are calculated as a percentage of the employee's final 3-year average salary times the employees' years of service. Public safety employees with ten years of continuous service are eligible to retire at age 55. Public safety employees may retire at any age after 20 years of service. The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Safety	
Hire Date	Prior to January 1, 2014	After January 1, 2014
Benefit Vesting Schedule	5 years service	5 years service
Benefit Formula	Tier II Fire: 3% @ 55 years of age All Other: 3% @ 50 years of age	2.7% @ 57 years of age
Benefit Payments	monthly for life	monthly for life
Required Employee Contribution Rates	9.00%	11.25%
Required Employer Contribution Rates	41.385%	41.385%

	Miscellaneous	
Hire Date	Prior to January 1, 2014	After January 1, 2014
Benefit Vesting Schedule	5 years service	5 years service
Benefit Formula	Tier I: 2% @ 55 years of age Tier II: 2% @ 60 years of age	2% @ 62 years of age
Benefit Payments	monthly for life	monthly for life
Required Employee Contribution Rates	7.00%	6.25%
Required Employer Contribution Rates	20.090%	20.090%

Employees Covered - At June 30, 2017 the following employees were covered under benefit terms:

	Safety Plan	Miscellaneous Plan
Inactive employees or beneficiaries currently receiving benefits	818	1398
Inactive employees entitled to but not yet receiving benefits	148	528
Active employees	540	938
	1506	2864

Note 11 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

General Information about Pension Plans (Continued)

Contributions – The City establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2016, the Safety Plan employer contribution rate was 41.385% of wages. The Miscellaneous Plan was 20.09% of wages.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures.

Actuarial assumptions – The total pension liability on June 30, 2014, the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Safety Plan		Miscellaneous Plan	
Valuation Date	**6/30/2015**		**6/30/2015**	
Measurement Date	**6/30/2016**		**6/30/2016**	
Actuarial Cost Method	**Entry-Age Normal Cost Method**			
Actuarial Assumptions:				
Discount Rate	**7.65%**		**7.65%**	
Inflation	**2.75%**		**2.75%**	
Payroll Growth	**3.00%**		**3.00%**	
Projected Salary Increase	**Varies**	(1)	**Varies**	(1)
Investment Rate of Return	**7.50%**	(2)	**7.50%**	(2)
Mortality	see note	(3)	see note	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries BB. For more details on this table, please refer to the 2014 experience study report

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used on June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

Note 11 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

Net Pension Liability (Continued)

Discount rate – The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of currently active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real arithmetic rates of return for each major asset class are summarized in the following table:

The target allocation and best estimates of arithmetic real reates of return for each major asset class are summarized in the following table:

	Safety Plan/Miscellaneous Plan		
Asset Class	**New Strategic Allocation**	**Real Return Years 1-10(a)**	**Real Return Years 11+(b)**
Global Equity	51.9%	5.25%	5.75%
Global Fixed Income	20.3%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	9.0%	6.83%	6.95%
Real Estate	10.8%	4.50%	5.13%
Infrastructure and Forestland	0.5%	4.50%	5.09%
Liquidity	1.5%	-0.55%	-1.05%
Total	100.0%		

Note 11 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

Changes in the Net Pension Liability

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

Safety Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 06/30/2015	$ 934,566,397	$ 682,984,347	$ 251,582,050
Changes for the year:			
Service cost	13,548,998		13,548,998
Interest	69,765,169		69,765,169
Differences between expected and actual experience	(3,570,311)		(3,570,311)
Contributions-employer		20,338,253	(20,338,253)
Contributions-employee		5,940,342	(5,940,342)
Net investment income		3,348,803	(3,348,803)
Benefit payments, including refunds of employee	(51,615,173)	(51,615,173)	
Administrative expense		(416,243)	416,243
Other changes			
Net Changes	28,128,683	(22,404,018)	50,532,701
Balances at 06/30/2016	$ 962,695,080	$ 660,580,329	$ 302,114,751

Miscellaneous Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 06/30/2015	$ 651,214,143	$ 517,450,480	$ 133,763,663
Changes for the year:			
Service cost	9,240,648		9,240,648
Interest	48,179,529		48,179,529
Differences between expected and actual experience	(8,961,502)		(8,961,502)
Plan to plan resource movement		933	(933)
Contributions-employer		13,879,482	(13,879,482)
Contributions-employee		3,971,944	(3,971,944)
Net investment income		2,491,249	(2,491,249)
Benefit payments, including refunds of employee	(34,150,397)	(34,150,397)	
Administrative expense		(315,359)	315,359
Other changes			
Net Changes	14,308,278	(14,122,148)	28,430,426
Balances at 06/30/2016	$ 665,522,421	$ 503,328,332	$ 162,194,089

Note 11 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

Changes in the Net Pension Liability (Continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.65 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

Safety Plan

	1% Decrease Rate (6.65%)	Current Discount Rate (7.65%)	1% Increase Rate (8.65%)
Net pension liability	$ 431,838,369	$ 302,114,751	$ 195,908,562

Miscellaneous Plan

	1% Decrease Rate (6.65%)	Current Discount Rate (7.65%)	1% Increase Rate (8.65%)
Net pension liability	$ 247,563,708	$ 162,194,089	$ 91,400,450

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

Note 11 – Retirement Plans (Continued)

A. CalPERS Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	$ 24,192,823	$ -
Differences between expected and actual experience		(5,383,027)
Changes of assumptions		(8,454,070)
Net differences between projected and actual earnings on pension plan investments	60,356,007	(24,006,622)
Total	**$ 84,548,830**	**$ (37,843,719)**

	Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	$ 13,734,030	$ -
Differences between expected and actual experience		(7,514,822)
Changes of assumptions		(2,256,263)
Net differences between projected and actual earnings on pension plan investments	45,854,306	(18,151,628)
Total	**$ 59,588,336**	**$ (27,922,713)**

The $24,192,823 and $13,734,030 reported as deferred outflows of resources related to pension resulting from the City's contributions subsequent to the measurement date during the year ended June 30, 2017, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows, and deferred inflows of resources related to pensions will be recognized in future pension expense.

Note 11 – Retirement Plans (Continued)

Safety Plan		
Measurement periods ended June 30:		Deferred Outflows/(inflows) of Resources.
2017	$	(1,544,153)
2018		(1,544,153)
2019		16,038,839
2020		9,561,755

Misccellaneous Plan		
Measurement periods ended June 30:		Deferred Outflows/(inflows) of Resources.
2017	$	(3,921,507)
2018		1,713,504
2019		12,587,357
2020		7,282,239

Note 11 – Retirement Plans (Continued)

B. PARS Enhancement Plan

General Information about Pension Plans

Plan Description – The PARS Retirement Enhancement Plan, a closed retirement plan, provides retirement benefits for Municipal Utility Department employees for the period they worked for OMI-Thames Water Stockton, Inc. The City entered into an agreement with Public Agency Retirement Services (PARS) (a public sector retirement plan administrator specializing in providing public entities customized retirement plans and solutions) to contribute to a supplemental plan for employees joining or re-joining City service after having been employed between 2003 and 2008 by OMI-Thames, a private sector utility contractor. OMI-Thames employees did not earn CalPERS service credit during the period OMI-Thames operated the City utilities.

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

Employees covered - At June 30, 2017, the following employees were covered by the benefit terms:

	Enhancement Plan
Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	0
Active employees	48
	84

Contributions – The City establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Note 11 – Retirement Plans (Continued)

B. PARS Enhancement Plan (Continued)

Net Pension Liability

The City's net pension liability was measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2017, using standard update procedures.

Actuarial assumptions – The total pension liability on June 30, 2016, the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Enhancement Plan	
Valuation Date	**6/30/2016**	
Measurement Date	**6/30/2017**	
Actuarial Cost Method	**Entry-Age Normal Cost Method**	
Actuarial Assumptions:		
Discount Rate	**7.00%**	
Inflation	**2.75%**	
Payroll Growth	**N/A**	
Projected Salary Increase	**3.5% - 9.9%**	(1)
Investment Rate of Return	**7.00%**	
Mortality		(2)

(1) Depending on years of service.
(2) Pre-retirement: CalPERS Miscellaneous Non-Industrial Rates. Post-Retirement: CalPERS 1997-2011 Healthy Retiree Table (sex-distinct) projected using Scale AA and base year of 2008

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Discount rate – The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of currently active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 11 – Retirement Plans (Continued)

B. PARS Enhancement Plan (Continued)

Net Pension Liability (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real arithmetic rates of return for each major asset class are summarized in the following table:

	Enhancement Plan		
Asset Class	New Strategic Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	3.38%	0.36%	0.35%
Core Fixed Income	46.76%	2.17%	2.04%
Broad US Equities	35.93%	4.83%	3.57%
Developed Foreign Equities	9.20%	5.76%	4.15%
Emerging Market Equities	3.24%	8.06%	4.84%
REITs	2%	5.04%	3.27%
Total	100%		

Note 11 – Retirement Plans (Continued)

B. PARS Enhancement Plan (Continued)

Changes in the Net Pension Liability

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

Enhancement Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 06/30/2016	$ 10,192,514	$ 5,847,714	$ 4,344,800
Changes for the year:			
Service cost	134,056		134,056
Interest	701,117		701,117
Differences between expected and actual experience	(110,133)		(110,133)
Contributions-employer		528,894	(528,894)
Contributions-employee			
Net investment income		596,724	(596,724)
Benefit payments, including refunds of employee Contributions	(407,870)	(407,870)	
Administrative expense			
Other changes		(13,097)	13,097
Net Changes	317,170	704,651	(387,481)
Balances at 06/30/2017	$ 10,509,684	$ 6,552,365	$ 3,957,319

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

Enhancement Plan	1% Decrease Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase Rate (8.00%)
Net pension liability	$ 5,282,160	$ 3,957,319	$ 2,847,975

Note 11 – Retirement Plans (Continued)

B. PARS Enhancement Plan (Continued)

Changes in the Net Pension Liability (Continued)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued REP financial report.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Enhancement Plan	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Pension contribution subsequent to measurement date		
Differences between expected and actual experience		
Changes of assumptions		(88,106)
Net differences between projected and actual earnings on pension plan investments	$ 184,593	$ -
Total	**$ 184,593**	**$ (88,106)**

For the year ended June 30, 2017, $184,593 was reported as deferred outflows of resources related to earnings on pension plan investments, and $88,106 was reported as deferred inflows related to experience, expected and actual experience and will be recognized in future pension expense as follows:

Measurement Period Ended June 30	**Deferred Outflows of Resources Enhancement Plan**
2018	67,955
2019	67,957
2020	19,334
2021	(58,759)
Thereafter	-
	$ 96,487

Note 12 – Claims Payable

The City is exposed to various risks of loss related to liability torts; theft of, damage to, and destruction of assets; errors and omissions; health and medical needs of employees; and natural disasters. The City established three internal service insurance funds (General Liability, Workers' Compensation, and Employee Health Insurance funds) to account for and finance its self-insured risks of loss. Under the City's risk management program, the City retains risk for each general liability claim, for each workers' compensation claim (described under Risk Pools), and for each medical plan member under the health benefits program. The City purchases stop-loss coverage for the health benefits program over its $350,000 self-insured retention (SIR) from Union Labor Life Insurance Company up to a maximum of $1,000,000 per Original Plan member and $2,000,000 per Modified Plan member. The City's coverage for SIR excess claims for general liability and workers' compensation is discussed later in this note under risk pools. The workers' compensation and health benefits programs are administered by third-party claims administrators. The general liability program is self-administered by the City.

The City's estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk in the Internal Service Funds is reported as *Self-insurance claims and judgments*.

Charges to the General Fund and other funds are determined from an analysis of claims costs and are recorded as expenditures or expenses in the contributing funds and charges for services in the internal service funds. Charges for general liability and workers' compensation insurances are a percentage of payroll, and the charge for health benefits is a monthly dollar amount for all actively occupied positions.

Independent actuaries perform an analysis of the City's potential liability for the City's retained risk portions of the various self-insurance programs. The amounts recorded as liabilities represent estimates of amounts to be paid for reported claims, as well as incurred but not reported claims based on experience, modified for current trends and information. For general liability and workers' compensation for the current year, the present value of estimated outstanding losses is recognized at a 70% confidence level, using a 1.25% discount rate to reflect future investment earnings. While the ultimate amounts of losses incurred through June 30, 2017, are dependent on future developments, based on information provided by the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to recognize such losses. There have been no significant reductions in any of the City's insurance coverage each of the past three years.

Note 12 – Claims Payable (Continued)

Changes in the balances of the City's claims liabilities, which include incremental claims adjustments expenses, for the current and prior fiscal years, are as follows:

	General Liability	Workers' Compensation	Health Benefits	Total
Balance, June 30, 2015	$ 8,691,954	$ 55,389,000	$ 745,900	$ 64,826,854
Claims incurred	752,305	11,819,022	4,995,070	17,566,397
Claims paid	(1,616,693)	(5,946,022)	(5,158,370)	(12,721,085)
Balance, June 30, 2016	7,827,566	61,262,000	582,600	69,672,166
Claims incurred	5,909,924	2,486,009	3,828,720	12,224,654
Claims adjustment	-	(8,317,000)	-	(8,317,000)
Claims paid	(858,112)	(6,309,009)	(4,007,320)	(11,174,442)
Balance, June 30, 2017	$ 12,879,378	$ 49,122,000	$ 404,000	$ 62,405,378

Risk Pools – The City is a member of two joint powers authorities organized under California Government Code for the purpose of pooling self-insured losses, as described below.

General Liability Insurance - In 1986, the City joined with other municipalities and regional municipal joint powers authorities to form the California Joint Powers Risk Management Authority (CJPRMA), a public entity risk pool currently operating as a general liability risk management and insurance program for 22 member entities. The City's self-insured retention (SIR) is $1 million. Losses above the City's SIR are pooled up to $5 million per occurrence, with reinsurance above the $5 million up to $40 million by CJPRMA. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, errors and omissions, physical automobile damage and certain other coverage.

The CJPRMA governing board is comprised of a representative from each member entity. All members have a single vote for policy and charter changes. An executive committee of seven is elected to handle administration. Members are assessed annual contributions based on actuarially determined rates. CJPRMA retroactively adjusts premium deposits for any excess or deficiency in deposits related to paid claims and reserves. Financial statements for CJPRMA for the fiscal year ended June 30, 2016, can be obtained from CJPRMA at 3201 Doolan Road, Suite #285, Livermore, California 94551.

Property Protection - The City participates in CJPRMA's All Risks Property Protection Program, which is primarily underwritten by a casualty insurance company. The Program provides $10 million per occurrence in coverage to participating members, subject to a deductible of $25,000. Premiums, which are negotiated each year, are based on property values and are not subject to retroactive adjustments.

Note 12 – Claims Payable (Continued)

Workers' Compensation Insurance – The City has been self-funded for its Worker's Compensation Program since 1979. In July 2003, the City joined California Public Entity Insurance Authority (CPEIA), a public entity risk pool which operated an Excess Workers' Compensation Program. CPEIA has since merged into an existing authority known as California State Association of Counties Excess Insurance Authorities (CSAC-EIA). The CSAC-EIA was formed in 1979 by 29 California counties for the purpose of pooling risk and providing a viable and cost effective solution for the counties' insurance and risk management needs. It has since expanded to allow admittance from cities and other entities and currently includes 93% of the counties in California, nearly 61% of the cities, as well as, numerous school districts, special districts, housing authorities and other Joint Powers Authorities. The City's self-insured retention is currently set $500,000 per occurrence. Losses above the City's SIR are pooled up to $4 million per occurrence by the CSAC-EIA. Statutory coverage for losses above $5 million is covered by reinsurance and excess insurance policies throughout CSAC-EIA.

Note 13 – Pollution Remediation Obligations

GASB Statement No. 49 requires the former Agency, now Successor Agency, to report a pollution remediation liability upon the occurrence of an obligating event, such as being compelled by a regulatory agency or legal action to clean up existing pollution. The liability is estimated based on the expected future cash flows technique (i.e., the sum of the probability-weighted amounts in a range of possible estimated amounts). Only components of the liability (e.g., site assessment, site investigation, corrective measures feasibility study, remediation design, remediation operations and maintenance, and post-remediation monitoring) which can be reasonably estimated are included in the estimated liability. Expected recoveries from insurers and other responsible parties reduce the estimated liability.

Actual pollution remediation costs may vary from the estimated liability for many reasons, including changes in pollution laws and regulations, the technology used for the cleanup, the remediation plan or operating conditions, prices of products and services.

The former Agency, now Successor Agency, has identified the UNOCAL site along the Stockton channel that are designated "Brownfields" by the U.S. Environmental Protection Agency, with the goal of revitalizing contaminated properties that the Successor Agency currently owns in the area near Stockton's downtown waterfront in the Waterfront Redevelopment Project Area. The following are details of the Successor Agency-owned contaminated site, including a description of the pollution, the obligating event requiring remediation action, estimable remediation costs components, and recoveries by responsible parties. Details of the liabilities as of June 30, 2017, are also discussed.

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

Note 13 – Pollution Remediation Obligations (Continued)

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

Area 2A-Unocal – Soil and groundwater contamination has been identified in Area 2A-Unocal associated with total petroleum hydrocarbons, volatile and semi-volatile organic compounds. The obligating event for this site stems from a Polanco agreement notice issued to the responsible party, currently in negotiation for settlement. Estimated costs are for a consultant, legal and City personnel costs for cleanup of the soil contamination, and pre-cleanup and investigative study of the site about the groundwater contamination. Future groundwater cleanup and ongoing post-remediation monitoring costs cannot be reasonably estimated. The net pollution remediation liability of this site as of June 30, 2016, is $431,250, which includes an estimated recovery of costs by the responsible party.

The total net estimated net pollution remediation liability for the site in the amount of $275,000, is reported to the Successor Agency as of June 30, 2017.

Note 14 – Individual Fund Disclosures

Deficit Fund Balances

At June 30, 2017, the following funds had net positions or fund balance deficits:

Fund	Fund Type		Deficit
Transportation Development Act	Non-Major Governmental - Special Revenue Fund	$	(54,903)
Workers' Compensation Insurance	Internal Service Fund	$	(9,071,474)
Successor Agency	Agency Fund	$	(75,396,915)

- The Transportation Development Act Fund has a deficit fund balance of $54,903 as of June 30, 2017. The City maintains its general ledger on a modified accrual basis of accounting and has defined its availability period as 90 days. Due to the timing of receipt of reimbursement and the implementation of GASB Statement No. 65, the City classified this revenue as a deferred inflow of resources. This revenue does not qualify for recognition as they are not yet considered available.

- The Workers' Compensation Insurance Fund has an accumulated deficit fund balance of $9,071,474 as of June 30, 2017. The City has historically budgeted revenues and projected expenditures in the Fund on a cash basis. Contributions to cover claims expenditures are based on a percentage of payroll based upon city-wide loss experience. As a result, contributions have been insufficient to cover the outstanding estimated future claims. On an accrual basis of accounting, the Fund has a long-term liability of $40,850,000 for claims and judgments while the cash balance of the fund as of June 30, 2017, is $40,502,706. The City has increased its rates as necessary to help fund the accumulated deficit over time.

- The Successor Agency to the Redevelopment Agency Private Purpose Trust Fund has an accumulated deficit fund balance of $75,396,915 as of June 30, 2017. This is an Agency Private Purpose Trust fund and not included in the City's net position. The fund has a bonds payable balance that causes a liability.

Note 15 – Commitments and Contingencies

Contingent Liability – Pending Litigation

Various claims and legal actions are pending against the City, some of which have a reasonable possibility of an unfavorable outcome. These legal actions involve property, personal injury, and civil rights claims. GASB Statement No. 62 requires disclosure of pending litigation for which contingency is possible, and the amount cannot be reasonably estimated. As discussed in Note 12, the City is self-insured and has accrued a liability for estimated claims outstanding. Amounts for the claims, which cannot be reasonably estimated at this time, have not been included in the financial statements. Management, after consultation with legal counsel, is of the opinion that ultimate disposition of these matters will not have a material adverse effect on the City's financial position or results of operations.

Capital Commitments

The City is undertaking some capital improvement projects, the most significant of which include the following outstanding capital commitments at June 30, 2017:

	Amount
Developer Reimbursements	$ 5,598,041
Regional Wastewater Control Facility	4,373,943
Reimbursement Agreement - University Park	3,150,875
Street Resurfacing	2,925,795
Police Facilities	943,582
Sanitary Sewer Rehabilitation	879,377
Total	$ 17,871,613

Operating Leases

Operating lease obligations are primarily for rental of parking facilities space, but other lease obligations are included. Future minimum lease payments under non-cancelable operating leases with initial or remaining terms of a year or more are as follows:

Year Ended June 30,	Amount
2018	$ 1,375,910
2019	1,715,675
2020	1,740,260
2021	1,766,032
2022	1,793,047
2023-2027	9,179,994
2028-2032	1,873,105
Total	$ 19,444,024

Note 15 – Commitments and Contingencies (Continued)

Encumbrances

The City utilizes encumbrance accounting as a means of controlling expenditures. Under this method, funds are encumbered when purchase orders, contracts, and other commitments are signed or approved by authorized City officials. Such outstanding commitments at the end of the year do not constitute expenditures or liabilities under GAAP.

GASB Statement No. 54 provides additional guidance on the classification within the fund balances section of amounts that have been encumbered. Encumbrances of balances within the governmental funds are classified as either committed, restricted or assigned and are included in the respective classification. Outstanding encumbrances at June 30, 2017, are as follows:

	Amount
General Fund	$ 5,405,043
Capital Improvements	$ 18,428,459
Other Governmental	$ 25,265,210

Facilities Management Agreement

On January 25, 2011, the Stockton City Council approved a Facilities Management Agreement (Agreement) with SMG for providing operation management and marketing services to the City for the Stockton. Events Center, which includes a multi-purpose indoor arena and a baseball park, the Events Center common areas, the Bob Hope Theatre and the Oak Park Ice Arena.

SMG is responsible for operating these facilities in keeping with the management goals set and approved each year by the City Council, with the overarching goal of having the facilities operating revenues exceed the respective operating expenses.

The Agreement is for five years commencing in 2011 and may be renewed at the option of the City for one additional five-year period. Either party may terminate the Agreement for cause during the agreement period due to a material breach by the other party or for default. Beginning in 2014, the City may terminate the Agreement without cause.

SMG is required to provide various fidelity and performance bonds, which includes various types of coverage in the amount of $1,000,000. This coverage extends to the areas of Commercial General and Automobile Liability, Professional Errors and Omissions, Crime, Employment and Worker's Compensation. Additionally, there is an Umbrella Liability coverage requirement of $5,000,000.

Compensation to SMG is determined from a base fee for all venues, plus performance-based compensation, as defined in the Agreement. Both of these components are eligible for periodic adjustments based on the consumer price index (CPI).

Financial activities of SMG, as a service organization, is combined with and reported in the General Fund.

Note 15 – Commitments and Contingencies (Continued)

Federal and State Grant Programs

The City participates in some state and federal grant programs that are subject to financial and compliance audits by the grantors. Audits of certain grant programs for or including the year ended June 30, 2017, have not yet been conducted or completed. The amount, if any, of expenditures which may be disallowed by the granting agencies, cannot be determined at this time. However, management does not believe that any audit disallowances would have a material effect on the financial position of the City.

Note 16 – Restricted Net Position

At June 30, 2017, restricted net position consisted of the following:

	Governmental Activities	Business - Type Activities	Totals
Restricted for:			
Capital projects		$ 50,256,061	$ 50,256,061
			-
DS/SC Invest-DBAW	-		-
Section 108 Loan	1,277,452		1,277,452
Community development	24,272,746		24,272,746
Debt service reserve	1,549,904	648,314	2,198,218
General government	27,179,445		27,179,445
Housing	2,505,840		2,505,840
Libraries and arts	13,060,861		13,060,861
Parks and recreation	9,523,730		9,523,730
Public safety	5,826,540		5,826,540
Public service	-		-
Redevelopment	-		-
Solid waste/recycling	1,897,711		1,897,711
Streets, transit & traffic	35,819,515		35,819,515
Fleet and equipment	1,851,707		1,851,707
Total Restricted	$ 124,765,451	$ 50,904,375	$ 175,669,826

Note 17 – Subsequent Events

Stockton Public Financing Authority Revenue Bonds Series 2005A

On October 26, 2017, remaining project funds from the bonds were used to make partial calls of remaining bonds. Remaining projects had stalled beyond the ability to retain proceeds for use on these projects and $4.9 million in bond calls occurred on October 26, 2017. Should these projects come back on line, they will be paid for either through the use of cash on hand, or will be financed through a future bond issuance at such time as the projects can be completed.

Note 18 – Prior Period Adjustment

As of July 1, 2017, the City reported the following prior period adjustment to the governmental activities and business-type activities to correct an actuarial deferral that was not recorded as of June 30, 2016 accordingly.

	Government Wide Financial Statatements	
	Governmental Activities	Business- Type Activities
Net Position at July 1 2016	$ 636,169,647	$ 469,393,387
Deferred Outflow of Resources	44,898,566	6,880,554
Net Position at July 1, 2016 as Restated	$ 681,068,213	$ 476,273,941

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

1. Budgetary Information

Budget Process

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

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

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

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

All unencumbered appropriations lapse at year-end, with the exception of some capital improvement projects and miscellaneous grants in the respective funds. Encumbered appropriations are re-appropriated in the following year's budget.

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

1. Budgetary Information (Continued)

Budget Basis of Accounting

The City adopts budgets each fiscal year on a basis of accounting, which is different from accounting principles generally accepted in the United States of America (GAAP).

The statements of revenue, expenditures and changes in fund balances have been prepared on the modified accrual basis of accounting in accordance with GAAP. The schedules of revenues, expenditures and changes in fund balances – budget and actual – on a budgetary basis have been prepared on the budgetary basis, which is different from GAAP.

The variations from GAAP that are for budgetary purposes include the following:

Outstanding commitments relating to construction contracts and other purchases of goods and services are recorded as expenditures at the time contracts or purchase agreements are entered into. Under GAAP, these obligations are recognized when goods are received or services are rendered.

The write-off uncollectable accounts receivables is not recognized as an expenditure. Under GAAP, these write-offs are recognized as expenditures when the accounts receivables are determined to be uncollectable.

Certain funds of the City contain capital projects, grant projects, loan programs or other programs that are budgeted on a multi-year or project length basis. The amounts of the projects and programs budgeted on a multi-year basis are significant compared to the items budgeted on an annual basis; therefore, a comparison of budget to actual for the fund would not be meaningful. As a result, such funds are excluded from budgetary reporting.

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

1. Budgetary Information (Continued)

Budget Comparison Schedule - General Fund

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes:				
Property	$ 31,670,000	$ 31,670,000	$ 32,411,463	$ 741,463
Utility user	33,870,000	33,870,000	34,454,907	584,907
Sales - levied by City	30,161,000	30,161,000	30,048,605	(112,395)
Franchise fees	12,808,000	12,808,000	13,289,073	481,073
Business license	10,955,000	10,955,000	10,781,783	(173,217)
Hotel/motel room	2,700,000	2,700,000	2,996,990	296,990
Document transfer	720,000	720,000	801,444	81,444
Other	1,282,000	1,282,000	1,938,771	656,771
Licenses and permits	422,693	422,693	481,949	59,256
Intergovernmental:				
Federal grants and subsidies	-	123,485	144,471	20,986
Sales and use tax - levied by state	47,223,000	47,223,000	45,076,627	(2,146,373)
Other governmental	28,460,928	28,575,219	26,765,310	(1,809,909)
Charges for services	8,499,452	8,525,537	9,479,177	953,640
Fines and forfeitures	858,507	858,507	1,101,873	243,366
Use of money and property	7,526,872	7,526,872	7,322,957	(203,915)
Investment income:				
Interest income	593,500	593,500	1,506,285	912,785
Refunds and reimbursements	4,796,961	4,796,961	4,912,688	115,727
Miscellaneous	4,780,786	4,818,286	5,066,692	248,406
Total revenues	227,328,699	227,630,060	228,581,065	951,005
EXPENDITURES:				
General government:				
City council	533,559	668,693	596,224	72,469
City manager	1,412,659	1,418,188	1,404,493	13,695
City attorney	1,339,924	1,339,948	1,337,337	2,611
City clerk	852,830	853,419	834,222	19,197
City auditor	756,667	1,340,043	639,252	700,791
Administrative services	4,997,605	5,083,558	4,520,065	563,493
Human resources	2,333,149	2,590,190	1,938,281	651,909
Housing	3,323,634	3,455,730	2,014,309	1,441,421
Non-departmental	8,533,245	7,539,707	4,655,358	2,884,349
Total general government	24,083,272	24,289,476	17,939,541	6,349,935

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

1. Budgetary Information (Continued)

Budget Comparison Schedule - General Fund (continued)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Public safety:				
Police	109,917,822	117,680,510	111,773,510	5,907,000
Fire	41,550,444	44,878,417	42,934,118	1,944,299
Total public safety	151,468,266	162,558,927	154,707,628	7,851,299
Public works	6,515,026	7,856,467	7,026,373	830,094
Library	11,268,372	11,440,493	10,522,145	918,348
Parks and recreation	17,942,513	18,446,914	17,477,568	969,346
Capital Outlay	2,195,684	4,353,573	3,095,014	1,258,559
Total expenditures	213,473,133	228,945,850	210,768,269	18,177,581
DEFICIENCY OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	13,855,566	(1,315,790)	17,812,796	19,128,586
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	500,000	500,000	492,346	(7,654)
Transfers in	2,008,527	2,008,527	2,008,527	-
Transfers out	(11,449,873)	(11,699,873)	(11,270,206)	429,667
Total other financing sources (uses)	(8,941,346)	(9,191,346)	(8,769,333)	422,013
NET CHANGE IN FUND BALANCE (GAAP BASIS)	$ 4,914,220	$ (10,507,136)	9,043,463	$ 19,550,599
BASIS ADJUSTMENT:				
Encumbrances (included in Final Budget above)			(5,412,435) *	
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)			3,631,028	
FUND BALANCE, BEGINNING OF YEAR			93,643,672	
FUND BALANCE, END OF YEAR			$ 97,274,700	

* Adjusted to Budgetary Basis.

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

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

1. Budgetary Information (Continued)

Budget Comparison Schedule - HOME Program Loans Special Revenue Fund

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental:	$ 1,608,613	$ 2,241,531	$ 2,241,531	$ -
Federal grants and subsidies	200,000	81,335	140,735	59,400
Use of money and property	-	-	-	-
Interest income	-	-	-	-
Miscellaneous				
Total revenues	1,808,613	2,322,866	2,382,266	59,400
EXPENDITURES:	1,611,624	2,494,504	2,494,505	(1)
Capital outlay	1,611,624	2,494,504	2,494,505	(1)
Total expenditures				
DEFICIENCY OF REVENUES OVER EXPENDITURES (GAAP BASIS)	196,989	(171,638)	(112,239)	59,399
OTHER FINANCING USES:		-	-	-
Transfers in		-	-	-
Transfers out				
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE (GAAP BASIS)	$ 196,989	$ (171,638)	(112,239)	$ 59,399
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)			(112,239)	
FUND BALANCE, BEGINNING OF YEAR			223,736	
FUND BALANCE, END OF YEAR			$ 111,497	

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

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

1. Budgetary Information (Continued)

Budget Comparison Schedule - Low and Moderate-Income Housing City Loans Special Revenue Fund

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	$ 60,000	$ 85,295	$ 56,949	$ (28,346)
Interest income	-	4,155	29,501	25,346
Miscellaneous	-	-	3,000	3,000
Total revenues	60,000	89,450	89,450	-
EXPENDITURES:				
General government	1,270,890	1,731,903	1,064,408	667,495
Capital outlay	3,106,027	3,106,027	1,731,903	1,374,124
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	4,376,917	4,837,930	2,796,311	2,041,619
DEFICIENCY OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	(4,316,917)	(4,748,480)	(2,706,861)	2,041,619
OTHER FINANCING SOURCES (USES):				
Transfers in	4,915,575	-	-	-
Transfers out	(977,744)	(977,744)	-	977,744
Total other financing sources (uses)	3,937,831	(977,744)	-	977,744
NET CHANGE IN FUND BALANCE (GAAP BASIS)	$ (379,086)	$ (5,726,224)	(2,706,861)	$ 3,019,363
BASIS ADJUSTMENT:				
Encumbrances			-	
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)			(2,706,861)	
FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY REPORTED			6,213,900	
FUND BALANCE, END OF YEAR			$ 3,507,039	

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

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

2. Defined Benefit Pension Plan Funded Status

Schedule of Changes in the City's Net Pension Liability and Relations Ratios for the Measurement Periods Ended June 30

Safety Plan	Measurement Date		
	2016	2015	2014
Total pension liability			
Service cost	$ 13,548,998	$ 13,593,233	$ 13,907,523
Interest	69,765,169	67,693,599	65,730,714
Changes of benefit terms			-
Differences between expected and actual experience	(3,570,311)	(5,410,590)	-
Changes of assumptions	-	(16,908,140)	-
Benefit payments, including refunds of employee contributions	(51,615,173)	(49,614,935)	(47,761,534)
Net change in total pension liability	28,128,683	9,353,167	31,876,703
Total pension liability - beginning	934,566,397	925,213,230	893,336,527
Total pension liability - ending (a)	$ 962,695,080	$934,566,397	$925,213,230
Plan fiduciary net position			
Contributions - employer	20,338,253	17,178,961	13,818,051
Contributions - employee	5,940,342	5,896,729	6,449,394
Net investment income	3,348,803	15,155,169	105,163,288
Benefit payments, including refunds of employee contributions	(51,615,173)	(49,614,935)	(47,761,534)
Plan to plan resource movement	-	3,305	-
Administrative expense	(416,243)	(771,300)	-
Other	-	-	-
Net change in plan fiduciary net position	$ (22,404,018)	$ (12,152,071)	$ 77,669,199
Plan fiduciary net position - beginning	682,984,347	695,136,418	617,467,219
Plan fiduciary net position - ending (b)	660,580,329	682,984,347	695,136,418
City's net pension liability - ending (a) - (b)	$ 302,114,751	$251,582,050	$230,076,812
Plan fiduciary net position as a percentage of the total pension liability	68.62%	73.08%	75.13%
Covered - employee payroll	$ 47,115,477	$ 46,710,538	$ 45,422,701
City's net pension liability as a percentage of covered employee payroll	641.22%	538.60%	506.52%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for volunary benefit changes as well as any offers of Two Additional Service Credit (a.k.a. Golden Handshakes)

Changes of assumptions. The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

2. Defined Benefit Pension Plan Funded Status (Continued)

Schedule of Changes in the City's Net Pension Liability and Relations Ratios for the Measurement Periods Ended June 30 (Continued)

Miscellaneous Plan	Measurement Date		
	2016	2015	2014
Total pension liability			
Service cost	$ 9,240,648	$ 9,145,587	$ 9,440,824
Interest	48,179,529	47,148,768	46,152,921
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(8,961,502)	(10,000,256)	-
Changes of assumptions	-	(11,281,319)	-
Benefit payments, including refunds of employee contributions	(34,150,397)	(33,662,380)	(32,763,729)
Net change in total pension liability	14,308,278	1,350,400	22,830,016
Total pension liability - beginning	651,214,143	649,863,743	627,033,727
Total pension liability - ending (a)	$ 665,522,421	$651,214,143	$649,863,743
Plan fiduciary net position			
Contributions - employer	13,879,482	10,783,508	9,402,881
Contributions - employee	3,971,944	3,802,226	3,761,959
Net investment income	2,491,249	11,522,892	79,512,728
Benefit payments, including refunds of employee contributions	(34,150,397)	(33,662,380)	(32,763,729)
Plan to plan resource movement	933	(13,377)	-
Administrative expense	(315,359)	(599,978)	-
Other	-	-	-
Net change in plan fiduciary net position	$ (14,122,148)	$ (8,167,109)	$ 59,913,839
Plan fiduciary net position - beginning	517,450,480	525,617,589	465,703,750
Plan fiduciary net position - ending (b)	503,328,332	517,450,480	525,617,589
City's net pension liability - ending (a) - (b)	$ 162,194,089	$133,763,663	$124,246,154
Plan fiduciary net position as a percentage of the total pension liability	75.63%	79.46%	80.88%
Covered - employee payroll	$ 56,400,439	$ 53,997,677	$ 52,603,907
City's net pension liability as a percentage of covered employee payroll	287.58%	247.72%	236.19%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for volunary benefit changes as well as any offers of Two Additional Service Credit (a.k.a. Golden Handshakes)

Changes of assumptions. The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

2. Defined Benefit Pension Plan Funded Status (Continued)

Schedule of Changes in the City's Net Pension Liability and Relations Ratios for the Measurement Periods Ended June 30 (Continued)

Enhancement Plan	Measurement Date		
	2016	2015	2014
Total pension liability			
Service cost	$ 134,056	$ 150,623	$ 145,882
Interest	701,117	680,023	650,386
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Demographic gains/losses	(110,133)	-	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(407,870)	(397,530)	(358,380)
Net change in total pension liability	317,170	433,116	437,888
Total pension liability - beginning	10,192,514	9,759,398	9,321,510
Total pension liability - ending (a)	$ 10,509,684	$ 10,192,514	$ 9,759,398
Plan fiduciary net position			
Contributions - employer	528,894	705,192	751,157
Contributions - employee	-	-	-
Net investment income	596,724	8,851	124,454
Benefit payments, including refunds of employee contributions	(407,870)	(397,530)	(358,380)
Administrative expense	(13,097)	(43,490)	(966)
Other	-	-	-
Net change in plan fiduciary net position	$ 704,651	$ 273,023	$ 516,265
Plan fiduciary net position - beginning	5,847,714	5,574,691	5,058,426
Plan fiduciary net position - ending (b)	6,552,365	5,847,714	5,574,691
City's net pension liability - ending (a) - (b)	$ 3,957,319	$ 4,344,800	$ 4,184,707
Plan fiduciary net position as a percentage of the total pension liability	62.35%	57.37%	57.12%
Covered - employee payroll	$ 3,454,139	$ 3,454,139	$ 3,610,315
City's net pension liability as a percentage of covered employee payroll	114.57%	125.79%	115.91%

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

2. Defined Benefit Pension Plan Funded Status (Continued)

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

Safety Plan	Fiscal Year 2017	2016	2015
Actuarially determined contribution	$ 20,338,253	$ 17,178,961	$ 13,818,051
Contributions in relation to the actuarially determined contribution	(20,338,253)	(17,178,961)	(13,818,051)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered - employee payroll	$ 47,115,477	$ 46,710,538	$ 45,422,701
City's Contributions as a percentage of covered employee payroll	43.17%	36.78%	30.42%

SAFTEY PLAN:
Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization method/Period	For details, see June 30, 2012 Funding Valuation Report.
Asset valuation method	Market Value of Assets. Varies, see June 30, 2013 Funding Valuation Report.
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 expense, including inflation.
Retirement age	The probabilites of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

2. Defined Benefit Pension Plan Funded Status (Continued)

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

Miscellaneous Plan	Fiscal Year 2017	2016	2015
Actuarially determined contribution	$ 12,545,482	$ 10,783,518	$ 9,402,881
Contributions in relation to the actuarially determined contribution	(13,879,482)	(10,783,518)	(9,402,881)
Contribution deficiency (excess)	$ (1,334,000)	$ -	$ -
Covered - employee payroll	$ 56,400,439	$ 53,997,677	$ 52,603,907
City's Contributions as a percentage of covered employee payroll	24.61%	19.97%	17.87%

MISCELLANEOUS PLAN:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization Method/Period	Varies, see June 30, 2013 Funding Valuation Report.
Asset valuation method	Market Value of Assets. Varies, see June 30, 2013 Funding Valuation Report.
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 expense, including inflation.
Retirement age	The probabilites of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of Stockton
Required Supplementary Information (Unaudited)
For the year ended June 30, 2017

2. Defined Benefit Pension Plan Funded Status (Continued)

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

Enhancement Plan	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarially determined contribution	$ 528,894	$ 705,192	$ 700,451
Contributions in relation to the actuarially determined contribution	- (528,894)	- (705,192)	- (751,157)
Contribution deficiency (excess)	$ -	$ -	$ (50,706)
Covered - employee payroll	$ 3,454,139	$ 3,454,139	$ 3,610,315
City's Contributions as a percentage of covered employee payroll	15.31%	20.42%	20.81%

ENHANCEMENT PLAN:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization method	Level dollar, closed.
Remaining amortization period	13.67 years
Asset valuation method	None
Inflation	2.75%
Salary increases	Varies by entry age and service.
Investment rate of return	7.00%
Retirement age	Consistent with those used to value the Miscellaneous CalPERS Pension Plans 2.7% at age 55. The rates used are those for retirees with 20 years of service, with an increased retirement rate of 20% at age 55.
Mortality	Pre-retirement: CalPERS Miscellaneous Non-Industrial Rates. Post-retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) projected using Scale AA and base year of 2008.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific governmental revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects.

The City's non-major governmental special revenue funds include:

Special Grants Fund

To account for resources from miscellaneous, comparatively smaller grants from federal and state governments to support public safety and other community programs which are not otherwise accounted for in other special revenue funds.

Solid Waste and Recycling Fund

To account for the administration of solid waste collection services, and the planning and implementation of solid waste reduction and recycling programs, in compliance with California Public Resources Code Section 40050 through 40063 (AB 939).

Gas Tax Fund

To account for revenues and expenditures apportioned to the City under the California Streets and Highway Code, sections 2103 through 2107.5. Expenditures of these resources for administration, maintenance and construction must be street and transportation related.

Measure K streets Sales Tax Fund

To account for revenues and expenditures apportioned to the City from ½ cent sales tax collections under Measure K. The Measure K program is administered by the San Joaquin Council of Governments ("SJCOG") as the Local Transportation Authority for San Joaquin County. SJCOG was established as the Local Transportation Authority for this measure when San Joaquin County voters approved the enactment of the Measure K program in 1990. In 2006 voters approved to extend this measure for an additional 30 years. Expenditures for administration, maintenance and construction received under Measure K must be for street and transportation related projects.

Measure M Strong Communities Initiative

Measure M implements a dedicated one-quarter (1/4) cent special transactions and use sales tax for a period of 16 years for the provision of library and recreation services. On May 24, 2016, the Stockton City Council approved placing a one-quarter (1/4) cent sales tax on the November 8, 2016, General Election ballot with a Council vote of 7 - 0 and adopted Resolution 2016-05-24-1602. Minor amendments were made to define the incorporated area of the City of Stockton, the election date, and to correct the name of a state board that had changed, based on comments received from the California State Board of Equalization, and the Resolution was superseded by Resolution 2016-06-07-1212 on June 7, 2016.

Measure W Public Safety Tax Fund

To account for revenues and expenditures apportioned to the City ¼ cent sales tax collections from the district including the City of Stockton under Measure W, which was adopted by local voters in November 2004. Expenditures are for administration, implementation, and operation of the Police and Fire Safe Neighborhood Gang and Drug Prevention Program, among other programs.

Special Assessment Fund

To account for revenues and expenditures related to levies on property owners as approved by the City Council and state laws for special types of services – basic street and neighborhood lighting, land and streetscapes, and stormwater drainage maintenance services.

Community Development Block Grant Programs Fund

To account for federal grant programs and other resources that provide for development of a viable urban community by providing a suitable living environment and expansion of economic opportunities, principally for low- and moderate-income residents. This fund includes the City's annual federal funding from the Community Development Block Grant, Community Rehabilitation Loan program, federal revolving loan program, and revitalization activities in the designated Urban Development Action Grant area.

Neighborhood Stabilization Loan Program Fund

To account for the City's Neighborhood Stabilization Loan Program that provides loans to non- profit housing developers to acquire and rehabilitate abandoned and foreclosed homes, and provides down payment assistance to qualified low- and moderate-income households who purchase from the non-profit organization authorized under the NSLP program as authorized by Division B, Title 111 of the U.S. Housing and Economic Recovery Act of 2008.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

Housing Grants and Loans Program Fund
To account for the City's economic development and federal department of Housing and Urban Development (HUD) Section 108 housing grant and loan programs that provide funding for low- and moderate-income housing development in Stockton, as approved by the City Council and various federal and state laws.

Development Services Fund
To account for resources for development planning and project review services including land use entitlements, permit processing and review and inspection of public improvements to ensure orderly physical growth and development of the City as approved by the City Council. Revenues and fees collected and recorded in this fund are committed to its related activities.

Cal-Home Programs Fund
To account for resources for the City's CalHome State Loan Program that support homeownership programs aimed at very low income households. This fund includes the City's annual funding to single family, down-payment assistance and single family rehabilitation.

Other Special Revenue Fund
To account for the resources of comparatively smaller special revenue funds, including the Litigated Asset Seizure public safety program, State Housing Loan Program and various governmental expendable special revenue/trusts of funds donated to the City for various community projects and programs.

Transportation Development Act Fund
To account for the Local Transportation Fund revenues derived from a 1/4-cent general sales tax. The use the revenues for non-transit related purposes.

CAPITAL PROJECTS FUNDS
Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The City's non-major governmental capital project funds include:

Public Facilities Impact Fees Capital Projects Fund
To account for the collection of and expenditure of fees imposed as a condition of new development within the City, in compliance with California Government Code Section 66006 (AB 1600).

Impact fees have been established for each of the following types of public facilities: Traffic signals, Street improvements, Community recreation center, City office space, Fire stations, Libraries, Police stations, Parkland, Street tree & street signs, Street light in-lieu, Air quality mitigation, and Public facilities fees – administration.

DEBT SERVICE FUNDS
Debt Service Funds are used to account for and report financial resources that are restricted committed, or assigned to expenditures for principal and interest on long-term debt.

The City's non-major governmental debt service funds include:

Stockton Public Financing Authority Debt Service Fund
To account for the accumulation of resources for the retirement of principal and interest payment on long-term debt for municipal bonds issued on behalf of and approved by the Stockton Public Financing Authority.

PERMANENT FUND
The Permanent Fund reports resources that are legally restricted to the extent that only earnings, and not principal, can be spent. Permanent Fund resources help support designated arts, recreation, library and public safety programs.

City of Stockton
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Special Grants	Solid Waste & Recycling	Gas Tax	Measure K Streets Sales Tax
ASSETS				
Assets:				
Cash and investments	$ 2,777,935	$ 1,899,094	$ 1,966,106	$ 10,145,095
Cash and investments with fiscal agents	-	-	-	-
Receivables, net:				
Interest	-	6,204	-	35,557
Accounts and other	179,997	55,512	-	-
Due from other governments, net	1,301,376	-	543,760	6,234,985
Loans to property owners, net	-	-	-	-
Total assets	$ 4,259,308	$ 1,960,810	$ 2,509,866	$ 16,415,637
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 334,591	$ 15,137	$ 201,418	$ 3,572,087
Accrued payroll	140,222	44,047	156,610	45,827
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deposits and other liabilities	-	3,915	-	-
Unearned revenue	2,703,217	-	-	5,357,749
Total liabilities	3,178,030	63,099	358,028	8,975,663
Deferred Inflows of Resources:				
Unavailable revenue - Loans to property owners	-	-	-	-
Unavailable revenue - Other	-	-	-	-
Total deferred inflows of resource	-	-	-	-
Fund Balances (Deficit):				
Nonspendable	-	-	-	-
Restricted	1,081,278	1,897,711	2,151,838	7,439,974
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	1,081,278	1,897,711	2,151,838	7,439,974
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 4,259,308	$ 1,960,810	$ 2,509,866	$ 16,415,637

(Continued)

City of Stockton
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue				
	Measure M Strong Communities	Measure W Public Safety Tax	Special Assessments	CDBG Programs	Neighborhood Stabilization Loan Program
ASSETS					
Assets:					
Cash and investments	$ 543	$ 1,493,735	$ 15,199,474	$ 1,046,061	$ 204,054
Cash and investments with fiscal agents	-	-	-	-	-
Receivables, net:					
Interest	-	-	49,582	-	-
Accounts and other	-	3,685	2,280	11,762	-
Due from other governments, net	2,421,355	1,790,703	-	-	-
Loans to property owners, net	-	-	-	20,580,540	9,677,602
Total assets	$ 2,421,898	$ 3,288,123	$ 15,251,336	$ 21,638,363	$ 9,881,656
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 30,308	$ 209	$ 220,753	$ 56,241	$ -
Accrued payroll	-	391,258	22,315	41,933	704
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	218,986	203,350
Deposits and other liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	30,308	391,467	243,068	317,160	204,054
Deferred Inflows of Resources:					
Unavailable revenue - Loans to property owners	-	-	-	20,580,540	9,677,602
Unavailable revenue - Other	-	-	-	-	-
Total deferred inflows of resource	-	-	-	20,580,540	9,677,602
Fund Balances (Deficit):					
Nonspendable	-	-	-	-	-
Restricted	2,391,590	2,896,656	15,008,268	740,663	-
Committed	-	-	-	-	-
Unassigned (deficit)		-	-	-	-
Total fund balances (deficit)	2,391,590	2,896,656	15,008,268	740,663	-
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 2,421,898	$ 3,288,123	$ 15,251,336	$ 21,638,363	$ 9,881,656

(Continued)

City of Stockton
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue				
	Housing Grants / Loans Program	Development Services	CalHome Programs	Other Special Revenue	Transportation Development Act
ASSETS					
Assets:					
Cash and investments	$ 262,391	$ 9,746,843	$ 128,431	$ 1,199,706	$ -
Cash and investments with fiscal agents	1,261,275	-	-	-	-
Receivables, net:					
Interest	505	30,041	-	-	-
Accounts and other	-	604,552	1,078	-	-
Due from other governments, net	-	-	-	-	57,003
Loans to property owners, net	-	-	3,497,665	-	-
Total assets	$ 1,524,171	$ 10,381,436	$ 3,627,174	$ 1,199,706	$ 57,003
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ -	$ 307,866	$ -	$ 9,159	$ 27,197
Accrued payroll	-	263,206	-	-	-
Due to other funds	-	-	-	-	27,706
Due to other governments	-	-	-	-	-
Deposits and other liabilities	-	381,974	-	-	-
Unearned revenue	-	163,913	3,497,665	-	57,003
Total liabilities	-	1,116,959	3,497,665	9,159	111,906
Deferred Inflows of Resources:					
Unavailable revenue - Loans to property owners	-	-	-	-	-
Unavailable revenue - Other	-	-	-	-	-
Total deferred inflows of resource	-	-	-	-	-
Fund Balances (Deficit):					
Nonspendable	-	-	-	-	-
Restricted	1,524,171	9,264,477	$129,509	1,190,547	-
Committed	-	-	-	-	(54,903)
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	1,524,171	9,264,477	129,509	1,190,547	(54,903)
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 1,524,171	$ 10,381,436	$ 3,627,174	$ 1,199,706	$ 57,003

(Continued)

City of Stockton
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Capital Projects	Debt Service	Permanent	
	Public Facilities Impact Fees	Primary City Debt Service	Miscellaneous	Totals
ASSETS				
Assets:				
Cash and investments	$ 45,556,816	$ 1,570,221	$ 418,675	$ 93,615,180
Cash and investments with fiscal agents	-	5	-	1,261,280
Receivables, net:				
Interest	146,328	3,484	887	272,588
Accounts and other	1,339,874	11,351	-	2,210,091
Due from other governments, net	-	-	-	12,349,182
Loans to property owners, net	-	-	-	33,755,807
Total assets	$ 47,043,018	$ 1,585,061	$ 419,562	$ 143,464,128
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 21,681	$ 12,028	$ 1,500	$ 4,810,175
Accrued payroll	4,759	23,129	-	1,134,010
Due to other funds	-	-	-	27,706
Due to other governments	-	-	-	422,336
Deposits and other liabilities	-	-	-	385,889
Unearned revenue	1,328,261	-	-	13,107,808
Total liabilities	1,354,701	35,157	1,500	19,887,924
Deferred Inflows of Resources:				
Unavailable revenue - Loans to property owners	-	-	-	30,258,142
Unavailable revenue - Other	-	-	-	-
Total deferred inflows of resource	-	-	-	30,258,142
Fund Balances (Deficit):				
Nonspendable	-		372,879	372,879
Restricted	45,688,317	1,549,904	45,183	93,000,086
Committed	-	-	-	(54,903)
Unassigned (deficit)	-	-	-	-
Total fund balances	45,688,317	1,549,904	418,062	93,318,062
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 47,043,018	$ 1,585,061	$ 419,562	$ 143,464,128

(Concluded)

City of Stockton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Special Grants	Solid Waste & Recycling	Gas Tax	Measure K Streets Sales Tax
REVENUES:				
Taxes:				
Sales - levied by City	$ -	$ -	$ -	$ -
Business licenses	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal grants and subsidies	2,255,536	-	-	-
Sales and use tax - levied by state	-	-	-	4,833,332
Other governmental	2,169,222	-	5,442,198	1,566,345
Charges for services	1,185,158	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	-	-
Investment income:				
Interest income	26,842	2,473	27,723	39,153
Refunds and reimbursements	-	-	1,384	25,394
Miscellaneous	-	1,546,988	-	-
Total revenues	5,636,758	1,549,461	5,471,305	6,464,224
EXPENDITURES:				
Current:				
General government	764,521	-	-	-
Public safety	4,284,683	-	-	-
Public works	-	1,542,451	6,070,442	1,690,161
Library	72,895	-	-	-
Parks and recreation	8,685	-	286,748	-
Capital outlay	305,876	-	7,008	8,324,480
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	5,436,660	1,542,451	6,364,198	10,014,641
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	200,098	7,010	(892,893)	(3,550,417)
OTHER FINANCING SOURCES (USES):				
Transfers in	70,333	-	-	-
Transfers out	-	-	-	-
Developer contributions	-	-	-	-
Bond insurers proceeds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	70,333	-	-	-
CHANGE IN FUND BALANCES	270,431	7,010	(892,893)	(3,550,417)
FUND BALANCES:				
Beginning of year	810,847	1,890,701	3,044,731	10,990,391
End of year	$ 1,081,278	$ 1,897,711	$ 2,151,838	$ 7,439,974

(Continued)

City of Stockton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue				
	Measure M Strong Communities	Measure W Public Safety Tax	Special Assessments	CDBG Programs	Neighborhood Stabilization Loan Program
REVENUES:					
Taxes:					
Sales - levied by City	$ 2,474,095	$ 9,983,678	$ -	$ -	$ -
Business licenses	-	-	1,461,425	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental:	-				
Federal grants and subsidies	-	-	-	3,548,875	674,435
Sales and use tax - levied by state	-	-	-	-	-
Other governmental	-	-	-	-	-
Charges for services	-	-	3,229,178	3,775	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	-	-	502,518	22,952
Investment income:	-				
Interest income	-	(6,115)	21,592	-	-
Refunds and reimbursements	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	2,474,095	9,977,563	4,712,195	4,055,168	697,387
EXPENDITURES:					
Current:					
General government	-	-	1,450,071	140,567	-
Public safety	-	10,148,782	-	-	-
Public works	-	-	153,369	-	-
Library	-	-	-	-	-
Parks and recreation	82,505	-	2,681,364	-	-
Capital outlay	-	336,976	-	2,053,799	697,387
Debt service:					
Principal retirement	-	-	-	1,400,000	-
Interest and fiscal charges	-	-	-	492,299	-
Total expenditures	82,505	10,485,758	4,284,804	4,086,665	697,387
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,391,590	(508,195)	427,391	(31,497)	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Developer contributions		-	-	-	-
Bond insurers proceeds		-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
CHANGES IN FUND BALANCES	2,391,590	(508,195)	427,391	(31,497)	-
FUND BALANCES:					
Beginning of year	-	3,404,851	14,580,877	772,160	-
End of year	$ 2,391,590	$ 2,896,656	$ 15,008,268	$ 740,663	$ -

(Continued)

City of Stockton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue				
	Housing Grants / Loans Program	Development Services	CalHome Programs	Other Special Revenue	Transportation Development Act
REVENUES:					
Taxes:					
Sales - levied by City	$ -	$ -	$ -	$ -	$ -
Business licenses	-	-	-	-	-
Licenses and permits	-	5,385,146	-	-	-
Intergovernmental:					
Federal grants and subsidies	-	-	-	-	-
Sales and use tax - levied by state	-	-	-	-	-
Other governmental	-	-	-	119,660	268,385
Charges for services	-	4,203,801	-	-	-
Fines and forfeitures	-	62,328	-	-	-
Use of money and property	-	-	66,422	-	-
Investment income:					
Interest income	1,563	13,840	(1)	12,646	-
Refunds and reimbursements	-	122,378	-	-	-
Miscellaneous	-	55,824	-	12,676	-
Total revenues	1,563	9,843,317	66,421	144,982	268,385
EXPENDITURES:					
Current:					
General government	-	7,536,616	-	3,650	-
Public safety	-	1,844,181	-	52,485	-
Public works	-	-	-	-	-
Library	-	-	-	23,784	-
Parks and recreation	-	-	-	20	-
Capital outlay	-	50,628	289,538	14,467	57,003
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	9,431,425	289,538	94,406	57,003
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,563	411,892	(223,117)	50,576	211,382
OTHER FINANCING SOURCES (USES):					
Transfers in	-	1,000,000	-	-	-
Transfers out	(1,086,000)	(586,500)	-	(12,433)	-
Developer contributions	-	-	-	-	-
Bond insurers proceeds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	(1,086,000)	413,500	-	(12,433)	-
CHANGES IN FUND BALANCES	(1,084,437)	825,392	(223,117)	38,143	211,382
FUND BALANCES:					
Beginning of year	2,608,608	8,439,085	352,626	1,152,404	(266,285)
End of year	$ 1,524,171	$ 9,264,477	$ 129,509	$ 1,190,547	$ (54,903)

(Continued)

City of Stockton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Capital Projects	Debt Service	Permanent	
	Public Facilities Impact Fees	Primary City Debt Service	Miscellaneous	Totals
REVENUES:				
Taxes:				
Sales - levied by City	$ -	$ -	$ -	$ 12,457,773
Business licenses	-	-	-	1,461,425
Licenses and permits	-	-	-	5,385,146
Intergovernmental:				
Federal grants and subsidies	-	-	-	6,478,846
Sales and use tax - levied by state	-	-	-	4,833,332
Other governmental	-	-	-	9,565,810
Charges for services	3,331,736	1,486,705	-	13,440,353
Fines and forfeitures	-	-	-	62,328
Use of money and property	73,553	-	-	665,445
Investment income:				
Interest income	92,612	(13,763)	(1,639)	216,926
Refunds and reimbursements	21,698	-	-	170,854
Miscellaneous	-	-	-	1,615,488
Total revenues	3,519,599	1,472,942	(1,639)	56,353,726
EXPENDITURES:				
Current:				
General government		334,115	1,500	10,231,040
Public safety	35,169	-	-	16,365,300
Public works	2,311	-	-	9,458,734
Library	-	-	-	96,679
Parks and recreation	38,128	-	-	3,097,450
Capital outlay	561,369	-	-	12,698,531
Debt service:				
Principal retirement	-	12,193,113	-	13,593,113
Interest and fiscal charges	-	2,379,211	-	2,871,510
Total expenditures	636,977	14,906,439	1,500	68,412,357
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,882,622	(13,433,497)	(3,139)	(12,058,631)
OTHER FINANCING SOURCES (USES):				
Transfers in	11,237	11,984,552	-	13,066,122
Transfers out	-	-	-	(1,684,933)
Developer contributions		-	-	-
Bond insurers proceeds		-	-	-
Payment to refunded bond escrow agent		-	-	-
Total other financing sources (uses)	11,237	11,984,552	-	11,381,189
CHANGES IN FUND BALANCES	2,893,859	(1,448,945)	(3,139)	(677,442)
FUND BALANCES:				
Beginning of year	42,794,458	2,998,849	421,201	93,995,504
End of year	$ 45,688,317	$ 1,549,904	$ 418,062	$ 93,318,062

(Concluded)

NON-MAJOR ENTERPRISE FUNDS

Enterprise funds are used to report activities for which a fee is charged to external users for goods and services. These funds are used by governments to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of City Council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of income is appropriate for accountability purposes.

The City's non-major enterprise funds include:

Downtown Marina Enterprise Fund
To account for resources and activities associated with the operations and maintenance of the Downtown Stockton Marina facilities.

Golf Courses Enterprise Fund
To account for resources and activities associated with the improvement, operation and maintenance of the Swenson and Van Buskirk golf courses.

City of Stockton
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2017

	Downtown Marina	Golf Courses	Total
ASSETS			
Current assets:			
Cash and investments	$ 408,597	$ 149,620	$ 558,217
Receivables, net:			
Interest	1,174	-	1,174
Accounts and other receivables	27,463	2,797	30,260
Prepaid items	1,250	4,161	5,411
Inventory of supplies	-	38,740	38,740
Total current assets	438,484	195,318	633,802
Noncurrent assets:			
Capital assets, net:			
Nondepreciable	-	359,805	359,805
Depreciable, net	23,363,436	632,282	23,995,718
Total noncurrent assets	23,363,436	992,087	24,355,523
Total assets	23,801,920	1,187,405	24,989,325
LIABILITIES			
Current liabilities:			
Accounts payable	40,961	59,860	100,821
Accrued payroll	236	882	1,118
Deposits and other liabilities	10,679	74,769	85,448
Accrued interest	-	-	-
Unearned Revenues	14,790		14,790
Due to other governments	-	2,822	2,822
Total current liabilities	66,666	138,333	204,999
Noncurrent liabilities:			
Notes payable	10,870,821	-	10,870,821
Total noncurrent liabilities	10,870,821	-	10,870,821
Total liabilities	10,937,487	138,333	11,075,820
NET POSITION			
Net investment in capital assets	12,492,615	992,087	13,484,702
Unrestricted (deficit)	371,818	56,985	428,803
Total net position	$ 12,864,433	$ 1,049,072	$ 13,913,505

City of Stockton
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2017

	Downtown Marina	Golf Courses	Total
OPERATING REVENUES:			
Charges for services	$ 214,325	$ 664,696	$ 879,021
Miscellaneous	91,138	705,227	796,365
Total operating revenues	305,463	1,369,923	1,675,386
OPERATING EXPENSES:			
Operation and maintenance	447,342	2,150,874	2,598,216
General and administrative	24,911	-	24,911
Depreciation and amortization	531,869	79,561	611,430
Total operating expenses	1,004,122	2,230,435	3,234,557
OPERATING INCOME (LOSS)	(698,659)	(860,512)	(1,559,171)
NON-OPERATING REVENUES AND EXPENSES:			
Investment income:			
Interest income	722	(8,036)	(7,314)
Total non-operating revenues (expenses)	722	(8,036)	(7,314)
INCOME (LOSS) BEFORE TRANSFERS	(697,937)	(868,548)	(1,566,485)
Transfers in	220,000	850,000	1,070,000
Extraordinary Items	-	-	-
CHANGE IN NET POSITION	(477,937)	(18,548)	(496,485)
NET POSITION:			
Beginning of year	13,342,370	1,067,620	14,409,990
End of year	$ 12,864,433	$ 1,049,072	$ 13,913,505

City of Stockton
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2017

	Downtown Marina	Golf Courses	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	$ 304,704	$ 1,368,971	$ 1,673,675
Payments to suppliers	(443,019)	(2,186,785)	(2,629,804)
Payments to employees	23	32,783	32,806
Net cash (used for) operating activities	(138,292)	(785,031)	(923,323)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of capital assets	1	(22,850)	(22,849)
Net cash (used for) noncapital financing activities	1	(22,850)	(22,849)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	220,000	850,000	1,070,000
Net cash provided by noncapital financing activities	220,000	850,000	1,070,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	270	(8,036)	(7,766)
Net cash provided by (used for) noncapital financing activities	270	(8,036)	(7,766)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	81,979	34,083	116,062
CASH AND CASH EQUIVALENTS:			
Beginning of year	326,618	115,537	442,155
End of year	$ 408,597	$ 149,620	$ 558,217
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES:			
Operating income (loss)	$ (698,659)	$ (860,512)	$ (1,559,171)
Adjustments to reconcile operating loss to net cash provided (used for) by operating activities:			
Depreciation and amortization	531,869	79,561	611,430
Changes in assets and liabilities:			
Accounts and other receivables	(8,142)	2,884	(5,258)
Prepaids	7,317	6,943	14,260
Inventory of supplies	-	3,729	3,729
Accounts payable	21,917	(10,703)	11,214
Accrued payroll	23	(13)	10
Due to other governments	-	645	645
Deposits and other liabilities	7,383	(7,565)	(182)
Net cash (used for) operating activities	$ (138,292)	$ (785,031)	$ (923,323)

INTERNAL SERVICE FUNDS

Internal service funds are a type of proprietary fund used to report any activity that provides goods and services on a cost-reimbursement basis to other funds, departments, or agencies of the primary government and its component units, or to other governments.

The City's internal service funds include:

General Liability Insurance Fund
To account for premiums and claims paid and the administration of general liability insurance provided to all City departments on a cost reimbursement basis. The fund also accounts for future estimated related liabilities to the City based on independent actuarial studies utilizing insurance industry standards of applicable data, factors and assumptions.

Workers' Compensation Insurance Fund
To account for premiums and claims paid and the administration of workers' compensation liability insurance provided to all City employees incurring injury on the job, of which health benefits and other related liability costs are funded by City department payments into the fund. The fund also accounts for future estimated related liabilities to the City based on independent actuarial studies utilizing insurance industry standards of applicable data, factors and assumptions.

Employee and Retiree Health Insurance Fund
To account for premiums and claims paid and the administration of health benefits insurance provided to qualified active and qualified retired City employees, with City departmental payments made to the Fund sought to reimburse health related expenses incurred by the Fund. The fund also accounts for future estimated related liabilities to the City based on independent actuarial studies utilizing insurance industry standards of applicable data, factors and assumptions.

Retirement Benefits Fund
To account for the accumulation and payout of resources for the purpose of providing defined retirement and disability benefits, annual cost of living adjustments and death benefits to City employee plan members and beneficiaries through the California Public Employees' Retirement System ("CalPERS") on a cost reimbursement basis. The fund also accounts for future estimated related liabilities to the City based on independent actuarial studies utilizing insurance industry standards of applicable data, factors and assumptions, of which were pre-funded by bond proceeds from the 2007 Taxable Pension Obligations Bonds, Series A and B.

Other Benefits and Insurance Fund
To account for premiums and claims paid and the administration of comparatively smaller insurance funds provided to City employees on a cost reimbursement basis. Included are long - term disability, life insurance, and termination pay benefits.

Vehicle Fleet Equipment Fund
To account for the financing, operations, servicing and maintenance of fleet vehicles and major equipment utilized by City departments, of which the services are rendered on a cost reimbursement basis.

Computer Equipment Fund
To account for the financing, service and maintenance of all computer and related equipment provided to City departments on a cost reimbursement basis.

Radio Equipment Fund
To account for the financing, service and maintenance of radio equipment provided to City departments on a cost reimbursement basis.

Other Equipment Fund
To account for the financing, operating and maintenance of other, comparatively smaller equipment funds provided to City departments on a cost reimbursement basis. Included are telephone, office, and printing and mailing equipment.

City of Stockton
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	General Liability Insurance	Workers' Compensation Insurance	Employee & Retiree Health Insurance	Retirement Benefits	Other Benefits & Insurance
ASSETS					
Current assets:					
Cash and investments	$ 16,789,551	$ 40,502,706	$ 13,275,176	$ 3,700,390	$ 2,940,027
Receivables, net:					
Accounts and other receivables	701,864	126,888	43,222	6,450	9,578
Due from other funds	-	27,706	-	-	-
Deposits and advances	-	-	1,159,000	-	-
Prepaid items	-	-	-	-	-
Total current assets	17,491,415	40,657,300	14,477,398	3,706,840	2,949,605
Noncurrent assets:					
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
Capital assets, net	-	-	-	-	-
Total noncurrent assets	-	-	-	-	-
Total assets	17,491,415	40,657,300	14,477,398	3,706,840	2,949,605

City of Stockton
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2017

	Vehicle Fleet Equipment	Computer Equipment	Radio Equipment	Other Equipment	Total
ASSETS					
Current assets:					
Cash and investments	$ 4,847,254	$ 22,681,312	$ 1,742,628	$ 4,391,889	$ 110,870,933
Receivables, net:					
Accounts and other receivables	64,441	72,078	5,034	13,574	1,043,129
Due from other funds	-	-	-	-	27,706
Deposits and advances	-	-	-	-	1,159,000
Prepaid items	-	728,071	23,476	52,598	804,145
Total current assets	4,911,695	23,481,461	1,771,138	4,458,061	113,904,913
Noncurrent assets:					
Restricted assets:					
Cash and investments with fiscal agents	1,851,707	-	-	-	1,851,707
Capital assets, net	18,975,927	2,268,673	1,324,258	105,894	22,674,752
Total noncurrent assets	20,827,634	2,268,673	1,324,258	105,894	24,526,459
Total assets	25,739,329	25,750,134	3,095,396	4,563,955	138,431,372

City of Stockton
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2017

	General Liability Insurance	Workers' Compensation Insurance	Employee & Retiree Health Insurance	Retirement Benefits	Other Benefits & Insurance
LIABILITIES					
Current liabilities:					
Accounts payable	214,822	29,679	90,410	461,237	19,612
Accrued payroll	52,192	25,141	35,870	(400)	-
Deposits and other liabilities	-	49,104	-	-	-
Accrued interest	-	-	-	-	-
Capital lease obligations - current	-	-	-	-	-
Compensated absences - current	12,286	2,850	8,709	-	-
Self-insurance claims and judgments - current	2,229,565	8,272,000	404,000	-	-
Total current liabilities	2,508,865	8,378,774	538,989	460,837	19,612
Noncurrent liabilities:					
Loans from other funds	-	500,000	-	-	-
Compensated absences - long-term	6,173	-	110	-	-
Self-insurance claims and judgments - long-term	10,649,813	40,850,000	-	-	-
Total liabilities	13,164,851	49,728,774	539,099	460,837	19,612
DEFERRED INFLOWS OF RESOURCES					
Deferred rent	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted for fleet and equipment replacement	-	-	-	-	-
Unrestricted (deficits)	4,326,564	(9,071,474)	13,938,299	3,246,003	2,929,993
Total net position	$ 4,326,564	$ (9,071,474)	$ 13,938,299	$ 3,246,003	$ 2,929,993

City of Stockton
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2017

	Vehicle Fleet Equipment	Computer Equipment	Radio Equipment	Other Equipment	Total
LIABILITIES					
Current liabilities:					
Accounts payable	299,464	228,680	193,253	93,625	1,630,782
Accrued payroll	135,856	198,216	6,540	10,786	464,201
Deposits and other liabilities	-	-	-	-	49,104
Accrued interest	73,953	-	-	-	73,953
Capital lease obligations - current	605,839	-	-	-	605,839
Compensated absences - current	85,729	169,559	5,107	6,433	290,673
Self-insurance claims and judgments - current	-	-	-	-	10,905,565
Total current liabilities	1,200,841	596,455	204,900	110,844	14,020,117
Noncurrent liabilities:					
Loans from other funds	-	-	-	-	500,000
Compensated absences - long-term	39,773	153,657	3,305	1,859	204,877
Self-insurance claims and judgments - long-term	-	-	-	-	51,499,813
Total liabilities	5,721,068	750,112	208,205	112,703	70,705,261
DEFERRED INFLOWS OF RESOURCES					
Deferred rent	-	156,119	-	-	156,119
Total deferred inflows of resources	-	156,119	-	-	156,119
NET POSITION					
Net investment in capital assets	13,889,634	2,268,673	1,324,258	105,894	17,588,459
Restricted for fleet and equipment replacement	1,851,707	-	-	-	1,851,707
Unrestricted (deficits)	4,276,920	22,575,230	1,562,933	4,345,358	48,129,826
Total net position	$ 20,018,261	$ 24,843,903	$ 2,887,191	$ 4,451,252	$ 67,569,992

City of Stockton
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	General Liability Insurance	Workers' Compensation Insurance	Employee & Retiree Health Insurance	Retirement Benefits	Other Benefits & Insurance
OPERATING REVENUES:					
Charges for services	$ 7,015,666	$ 16,830,685	$ 19,380,055	$ 50,832,670	$ 1,184,465
Miscellaneous	-	(3)	-	-	-
Total operating revenues	7,015,666	16,830,682	19,380,055	50,832,670	1,184,465
OPERATING EXPENSES:					
Operation and maintenance	8,799,270	(5,780,777)	18,807,446	50,286,841	1,306,023
General and administrative	1,240,918	2,271,115	875,965	-	-
Depreciation and amortization	-	-	-	-	-
Total operating expenses	10,040,188	(3,509,662)	19,683,411	50,286,841	1,306,023
OPERATING INCOME (LOSS)	(3,024,522)	20,340,344	(303,356)	545,829	(121,558)
NON-OPERATING REVENUES (EXPENSES):					
Investment income:					
Interest income	32,908	105,117	20,704	(14,705)	3,042
Gain from disposal of capital assets	-	-	-	-	-
Interest expense and fiscal charges	-	-	-	-	-
Other non-operating revenues	-	-	260,221	-	-
Total non-operating revenues (expenses)	32,908	105,117	280,925	(14,705)	3,042
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,991,614)	20,445,461	(22,431)	531,124	(118,516)
Capital contributions	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(303,900)	-
CHANGES IN NET POSITION	(2,991,614)	20,445,461	(22,431)	227,224	(118,516)
NET POSITION:					
Beginning of year	7,318,178	(29,516,935)	13,960,730	3,018,779	3,048,509
End of year	$ 4,326,564	$ (9,071,474)	$ 13,938,299	$ 3,246,003	$ 2,929,993

City of Stockton
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2017

	Vehicle Fleet Equipment	Computer Equipment	Radio Equipment	Other Equipment	Total
OPERATING REVENUES:					
Charges for services	$ 10,297,242	$ 11,859,653	$ 1,623,759	$ 1,951,930	$ 120,976,125
Miscellaneous	186,907	-	-	-	186,904
Total operating revenues	10,484,149	11,859,653	1,623,759	1,951,930	121,163,029
OPERATING EXPENSES:					
Operation and maintenance	5,689,889	8,689,087	1,636,057	875,150	90,308,986
General and administrative	1,873,195	-	-	-	6,261,193
Depreciation and amortization	3,838,723	598,265	170,772	35,694	4,643,454
Total operating expenses	11,401,807	9,287,352	1,806,829	910,844	101,213,633
OPERATING INCOME (LOSS)	(917,658)	2,572,301	(183,070)	1,041,086	19,949,396
NON-OPERATING REVENUES (EXPENSES):					
Investment income:					
Interest income	6,398	43,408	(1,327)	13,716	209,261
Gain from disposal of capital assets	84,971	-	-	-	84,971
Interest expense and fiscal charges	(141,387)	-	-	-	(141,387)
Other non-operating revenues	-	-	-	-	260,221
Total non-operating revenues (expenses)	(50,018)	43,408	(1,327)	13,716	413,066
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(967,676)	2,615,709	(184,397)	1,054,802	20,362,462
Capital contributions	1,695,761	180,031	161,623	-	2,037,415
Transfers in	814,290	-	-	-	814,290
Transfers out	-	-	-	-	(303,900)
CHANGES IN NET POSITION	1,542,375	2,795,740	(22,774)	1,054,802	22,910,267
NET POSITION:					
Beginning of year	18,475,886	22,048,163	2,909,965	3,396,450	44,659,725
End of year	$ 20,018,261	$ 24,843,903	$ 2,887,191	$ 4,451,252	$ 67,569,992

City of Stockton
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	General Liability Insurance	Workers' Compensation Insurance	Employee & Retiree Health Insurance	Retirement Benefits	Other Benefits & Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	$ 6,690,004	$ 16,779,823	$ 19,368,898	$ 50,833,746	$ 1,182,546
Receipts for interfund services provided	-	-	260,221	-	-
Payments to suppliers	3,544,291	(8,645,248)	(18,718,179)	(49,843,029)	(1,326,281)
Payments to employees	(8,346,980)	(5,272)	(1,082,391)	(824)	-
Net cash provided by (used in) operating activities	1,887,315	8,129,303	(171,451)	989,893	(143,735)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(303,900)	-
Due from other funds	-	421,641	-	-	-
Net cash provided by (used in) noncapital financing activities	-	421,641	-	(303,900)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sales of capital assets	-	-	-	-	-
Purchases of capital assets	-	-	-	-	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Net cash used in capital and related financing activities	-	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment earnings	32,908	105,117	20,704	(14,705)	3,042
Net cash provided by investing activities	32,908	105,117	20,704	(14,705)	3,042
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,920,223	8,656,061	(150,747)	671,284	(140,693)
CASH AND CASH EQUIVALENTS:					
Beginning of year	14,869,328	31,846,645	13,425,923	3,029,106	3,080,720
End of year	$ 16,789,551	$ 40,502,706	$ 13,275,176	$ 3,700,390	$ 2,940,027

City of Stockton
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2017

	Vehicle Fleet Equipment	Computer Equipment	Radio Equipment	Other Equipment	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	$ 10,431,860	$ 11,596,323	$ 1,610,838	$ 1,940,359	$ 120,434,397
Receipts for interfund services provided	-	-	-	-	260,221
Payments to suppliers	(8,023,338)	(8,527,768)	(1,469,787)	(828,229)	(93,837,572)
Payments to employees	(28,489)	55,993	795	(317)	(9,407,485)
Net cash provided by (used in) operating activities	2,380,033	3,124,548	141,846	1,111,813	17,449,561
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	814,290	-	-	-	814,290
Transfers out	-	-	-	-	(303,900)
Due from other funds	-	-	-	-	421,641
Net cash provided by (used in) noncapital financing activities	814,290	-	-	-	932,031
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sales of capital assets	84,971	-	-	-	84,971
Purchases of capital assets	(3,866,628)	(1,034,330)	(503,822)	1	(5,404,779)
Principal paid on debt	1,438,007	-	-	-	1,438,007
Interest paid on debt	(132,845)	-	-	-	(132,845)
Net cash used in capital and related financing activities	(2,476,495)	(1,034,330)	(503,822)	1	(4,014,646)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment earnings	6,398	43,408	(1,327)	13,716	209,261
Net cash provided by investing activities	6,398	43,408	(1,327)	13,716	209,261
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	724,226	2,133,626	(363,303)	1,125,530	14,576,207
CASH AND CASH EQUIVALENTS:					
Beginning of year	5,974,735	20,547,686	2,105,931	3,266,359	98,146,433
End of year	$ 6,698,961	$ 22,681,312	$ 1,742,628	$ 4,391,889	$ 112,722,640

City of Stockton
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2017

	General Liability Insurance	Workers' Compensation Insurance	Employee Health Insurance	Retirement Benefits	Other Benefits & Insurance
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:					
Cash and investments	$ 16,789,551	$ 40,502,706	$ 13,275,176	$ 3,700,390	$ 2,940,027
Restricted assets:					
Cash with investments fiscal agents	-	-	-	-	-
Total cash and investments	$ 16,789,551	$ 40,502,706	$ 13,275,176	$ 3,700,390	$ 2,940,027
(LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Operating income (loss)	$ (3,024,522)	$ 20,340,344	$ (303,356)	$ 545,829	$ (121,558)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	-	-	-	-	-
Other non-operating revenues	-	-	260,221	-	-
Changes in assets and liabilities:					
Accounts and other receivables	(325,662)	(50,859)	(11,157)	1,076	(1,919)
Prepaid expenses	-	-	-	-	-
Deferred charges	-	-	-	-	-
Accounts payable	179,939	(14,910)	70,836	443,812	(20,258)
Accrued payroll	3,983	6,567	12,499	(824)	-
Compensated absences	1,765	(11,839)	(21,894)	-	-
Self-insurance - claims and judgments	5,051,812	(12,140,000)	(178,600)	-	-
Net cash provided by (used in) operating activities	$ 1,887,315	$ 8,129,303	$ (171,451)	$ 989,893	$ (143,735)
NONCASH TRANSACTIONS:					
Transfer of capital assets from other funds	$ -	$ -	$ -	$ -	$ -

City of Stockton
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2017

	Vehicle Fleet Equipment	Computer Equipment	Radio Equipment	Other Equipment	Total
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS:					
Cash and investments	$ 4,847,254	$ 22,681,312	$ 1,742,628	$ 4,391,889	$ 110,870,933
Restricted assets:					
Cash with investments fiscal agents	1,851,707	-	-	-	1,851,707
Total cash and investments	$ 6,698,961	$ 22,681,312	$ 1,742,628	$ 4,391,889	$ 112,722,640
(LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Operating income (loss)	$ (917,658)	$ 2,572,301	$ (183,070)	$ 1,041,086	$ 19,949,396
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	3,838,723	598,265	170,772	35,694	4,643,454
Other non-operating revenues	-	-	-	-	260,221
Changes in assets and liabilities:					
Accounts and other receivables	(52,289)	(23,227)	(71)	(6,180)	(470,288)
Prepaid expenses	-	(240,103)	(12,850)	(5,391)	(258,344)
Deferred charges	-	58,240	-	-	58,240
Accounts payable	(507,657)	103,079	166,270	46,921	468,028
Accrued payroll	11,552	27,290	580	(1,060)	60,587
Compensated absences	7,362	28,703	215	743	5,055
Self-insurance - claims and judgments	-	-	-	-	(7,266,788)
Net cash provided by (used in) operating activities	$ 2,380,033	$ 3,124,548	$ 141,846	$ 1,111,813	$ 17,449,561
NONCASH TRANSACTIONS:					
Transfer of capital assets from other funds	$ 1,695,761	$ 180,031	$ 161,623	-	$ 2,037,415

AGENCY FUNDS

Agency funds are a type of fiduciary fund used to account for assets held in an agency capacity for parties outside the City. The resources of these funds cannot be used to support the City's own programs.

The City's agency funds include:

Land Secured Financing Agency Fund
To account for special taxes or assessment collections from property owners that are authorized under various public improvement acts of the State of California. The City acts only as an agent and forwards collections to bondholders and initiated foreclosure proceedings when necessary.

Area of Benefit Fees Agency Fund
To account for the collection of developer fees, proportionate share fees, and reimbursement of construction costs required as a condition of a development or subdivision for approved public improvements within established areas of benefit.

Public Facilities Fees Agency Fund
To account for fees collected on behalf of other governments and agencies related to community new development impacts.

Miscellaneous Agency Fund
To account for deposits held by the City as security for construction improvements and development, unified utility bill collections on behalf of other entities, and for other deposits held in a fiduciary capacity.

All Other Agency Funds
To account for various cultural, recreational and educational programs that the City administers on behalf of other governmental and private sector entities and organizations.

City of Stockton
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
LAND SECURED FINANCING				
Assets:				
Cash and investments	$ 21,399,843	$ 8,731,884	$ 12,205,454	$ 17,926,273
Cash and investments with fiscal agents	6,360,646	103,752,797	106,596,345	3,517,098
Receivables:				
Interest & other receivables	49,955	57,680	173,881	(66,247)
Accounts and other receivables			-	-
Prepaid	-	-	-	-
Total assets	$ 27,810,444	$ 112,542,361	$ 118,975,680	$ 21,377,124
Liabilities:				
Deposits and other liabilities	27,810,444	$ 106,597,802	$ 113,031,122	21,377,124
				$ -
Total liabilities	$ 27,810,444	$ 106,597,802	$ 113,031,122	$ 21,377,124
AREA OF BENEFIT FEES				
Assets:				
Cash and investments	$ 12,208,462	$ 133,658	$ 802,591	$ 11,539,529
Receivables:				
Interest	31,828	37,427	31,828	37,427
Total assets	$ 12,240,290	$ 171,085	$ 834,419	$ 11,576,956
Liabilities:				
Deposits and other liabilities	$ 12,240,290	$ (912,910)	$ (249,576)	$ 11,576,956
Total liabilities	$ 12,240,290	$ (912,910)	$ (249,576)	$ 11,576,956
PUBLIC FACILITIES FEES				
Assets:				
Cash and investments	$ 1,226,635	$ 3,176,147	$ 3,175,272	$ 1,227,510
Receivables:				
Interest	1,273	1,098	1,274	1,097
Accounts and other receivables	$ -	538,237	-	538,237
Total assets	$ 1,227,908	$ 3,715,482	$ 3,176,546	$ 1,766,844
Liabilities:				
Due to other governments	$ 1,227,908	$ 7,429,261	$ 6,890,324	$ 1,766,844
Total liabilities	$ 1,227,908	$ 7,429,261	$ 6,890,324	$ 1,766,844

City of Stockton
Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
MISCELLANEOUS				
Assets:				
Cash and investments	$ 5,175,043	$ 22,812,518	$ 25,416,558	$ 2,571,003
Receivables:				
Interest	13,658	12,823	13,658	12,823
Accounts and other receivables	4,085,711	23,580,268	23,050,620	4,615,358
Total assets	$ 9,274,412	$ 46,405,609	$ 48,480,836	$ 7,199,185
Liabilities:				
Accounts payable	$ (6,176)	$ 806,071	$ 787,481	$ 12,414
Due to other governments	55,242	33	15,188	40,087
Deposits and other liabilities	9,225,346	24,564,737	26,643,399	7,146,685
Total liabilities	$ 9,274,412	$ 25,370,840	$ 27,446,068	$ 7,199,185
ALL OTHER				
Assets:				
Cash and investments	$ 80,391	$ 177,707	$ 160,547	$ 97,551
Receivables:				
Interest	254	243	1,006	(509)
Due from other governments	385	255	495	145
Total assets	$ 81,030	$ 178,205	$ 162,048	$ 97,187
Liabilities:				
Accounts payable	$ 3,438	$ 115,587	$ 114,922	$ 4,103
Deposits and other liabilities	77,592	178,516	163,024	93,084
Total liabilities	$ 81,030	$ 294,103	$ 277,946	$ 97,187
TOTAL				
Assets:				
Cash and investments	$ 40,090,374	$ 35,031,914	$ 41,760,422	$ 33,361,866
Cash and investments with fiscal agents	6,360,646	103,752,797	106,596,345	3,517,098
Receivables:				
Interest	97,726	109,271	221,647	(14,650)
Accounts and other receivables	4,084,953	24,118,505	23,050,620	5,152,838
Prepaid	-	-	-	-
Due from other governments	385	255	495	145
Total assets	$ 50,634,084	$ 163,012,742	$ 171,629,530	$ 42,017,296
Liabilities:				
Accounts payable	$ (2,738)	$ 921,658	$ 902,403	$ 16,517
Due to other governments	1,283,150	7,429,294	6,905,512	1,806,932
Deposits and other liabilities	49,353,672	130,428,144	139,587,969	40,193,847
Total liabilities	$ 50,634,084	$ 138,779,095	$ 147,395,884	$ 42,017,296

City of Stockton
Measures A and B
Schedule of Sources and Uses
For Year Ended June 30, 2017

	Final Budget	Year End Actual	Variance with Final Budget
Revenues			
Measure A Transaction and Use Tax	$ 30,161,000	$ 30,048,605	$ (112,395)
Total Revenues	$ 30,161,000	$ 30,048,605	$ (112,395)
Uses/Expenditures			
Police			
Salary & Benefits			
Sworn	16,685,841	11,077,640	5,608,201
Non-Sworn	3,325,678	2,313,333	1,012,345
Vacancy Savings	(3,640,000)	-	(3,640,000)
Other Services	1,363,526	1,217,757	145,769
Materials & Supplies			
Fuel	146,461	135,690	10,771
Other Supplies	540,024	441,864	98,160
Equipment			
Radios	489,465	411,352	78,113
Vehicles	1,487,914	1,259,990	227,924
Technology Upgrades	195,851	170,401	25,450
Other Expenses			
Training	405,460	405,456	4
	21,000,220	17,433,483	3,566,737
Office of Violence Prevention			
Salary & Benefits			
Non-Sworn	627,914	615,792	12,122
Other Services	252,850	169,557	83,293
Materials & Supplies			
Other Supplies	11,289	9,487	1,802
Equipment			
Office Equipment	20,897	20,928	(31)
Vehicles	23,747	23,746	1
Other Expenses	8,750	7,712	1,038
	945,447	847,222	98,225
Basis Adjustment			
Encumbrances (included in Final Budget)	-	160,609	(160,609)
Total Measure B Expenditures	21,945,667	18,441,314	3,504,353
Crime Prevention (Measure B) expenditures as a % of annual Measure A revenues	**73%**	**61%**	
Other City Services			
Transfers to Mission Critical Projects			
Street Resurfacing	273,801	273,801	-
Economic Dev. Implementation - ULI	76,166	31,600	44,566
Marketing/Communications Plan	100,000	74,800	25,200
General Fund Available Fund Balance	7,765,366	11,199,924	(3,434,558)
Basis Adjustment			
Encumbrances (included in Final Budget)	-	27,166	(27,166)
	8,215,333	11,607,291	(3,391,958)
Total Uses/Expenditures	**$ 30,161,000**	**$ 30,048,605**	$ 112,395

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

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

Note: Some prior year balances may have been restated from previous CAFRs to reflect new GASB implementations or prior period restatements.

Source: City of Stockton Department of Administrative Services

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

	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental activities:					
Net investment in capital assets	$ 703,266	$ 645,249	$ 612,914	$ 611,775	$ 594,070
Restricted	84,099	122,730	188,655	162,363	172,088
Unrestricted	(114,859)	(169,356)	(139,549)	(66,091)	(21,053)
Total governmental activities net position	672,506	598,623	662,020	708,047	745,105
Business-type activities:					
Net investment in capital assets	432,082	414,066	402,215	400,551	399,813
Restricted	27,976	33,558	30,751	35,408	39,568
Unrestricted	54,340	61,172	41,442	42,449	39,138
Total business-type activities net position	514,398	508,796	474,408	478,408	478,519
Primary government:					
Net investment in capital assets	1,135,348	1,059,315	1,015,129	1,012,326	993,883
Restricted	112,075	156,288	219,406	197,771	211,656
Unrestricted	(60,519)	(108,184)	(98,107)	(23,642)	18,085
Total primary government net position	$ 1,186,904	$ 1,107,419	$ 1,136,428	$ 1,186,455	$ 1,223,624

Note: Some prior year balances may have been restated from previous CAFRs to reflect new GASB implementations or prior period restatements.

Source: City of Stockton Department of Administrative Services

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
General government	$ 33,378	$ 39,608	$ 35,576	$ 34,594	$ 24,909
Public safety	154,932	169,015	123,403	124,806	108,931
Public works	45,670	36,344	37,685	51,942	49,259
Library	10,904	10,406	9,098	9,807	8,445
Parks and recreation	22,481	21,620	20,801	19,456	19,736
Interest and fiscal charges	4,288	2,216	3,401	14,486	14,615
Total governmental activities	271,653	279,209	229,964	255,091	225,895
Business-type activities:					
Water utility	42,886	48,001	47,474	44,720	48,570
Wastewater utility	50,545	58,665	56,153	55,724	51,166
Stormwater utility	5,288	6,601	7,084	5,758	5,959
Parking Authority	5,641	5,384	5,026	5,120	4,944
Other	3,235	3,116	3,374	3,448	2,939
Total business-type activities	107,595	121,767	119,111	114,770	113,578
Total expenses	379,247	400,976	349,075	369,861	339,473
Program Revenues					
Governmental activities:					
Charges for services:					
General government	19,184	15,831	15,169	14,785	17,977
Public safety	9,188	13,663	16,863	21,016	18,130
Public works	3,373	8,292	6,105	5,178	6,136
Library	377	517	441	437	670
Parks and recreation	8,765	9,158	6,145	5,655	6,597
Operating grants and contributions	12,565	12,861	18,823	18,840	23,827
Capital grants and contributions	17,591	16,286	34,268	36,052	57,146
Total governmental activities	71,042	76,608	97,814	101,963	130,483
Business-type activities:					
Charges for services:					
Water utility	42,308	33,277	35,059	37,855	37,464
Wastewater utility	66,833	68,938	65,726	59,953	55,369
Stormwater utility	5,619	5,573	5,569	5,571	5,503
Parking Authority	5,141	4,971	4,170	2,882	2,669
Other	1,675	1,750	1,769	1,870	1,934
Operating grants and contributions	3,889	3,776	5,133	3,865	4,175
Capital grants and contributions	2,971	3,562	2,945	1,112	4,700
Total business-type activities	128,436	121,847	120,371	113,108	111,814
Total program revenues	199,479	198,455	218,185	215,071	242,297
Change in Net Position					
Governmental activities	(200,611)	(202,601)	(132,150)	(153,128)	(95,412)
Business-type activities	20,842	80	1,260	(1,662)	(1,764)
Total primary government	$ (179,769)	$ (202,521)	$ (130,890)	$ (154,790)	$ (97,176)

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

	Fiscal Year				
	2012	2011	2010	2009	2008
Expenses					
Governmental activities:					
General government	$ 41,548	$ 40,873	$ 30,765	$ 33,923	$ 27,819
Public safety	154,230	182,582	187,647	190,692	181,187
Public works	34,635	48,826	56,416	43,985	134,737
Library	10,176	11,589	12,767	14,852	14,723
Parks and recreation	20,760	24,435	22,309	26,038	33,138
Interest and fiscal charges	20,529	19,274	20,430	19,620	17,921
Total governmental activities	281,878	327,579	330,334	329,110	409,525
Business-type activities:					
Water utility	30,162	35,909	28,856	24,146	22,070
Wastewater utility	51,530	49,234	45,958	49,414	40,045
Stormwater utility	6,685	7,406	7,842	8,129	6,696
Parking Authority	4,903	4,264	4,616	4,810	5,002
Other	3,750	3,517	2,394	2,237	2,093
Total business-type activities	97,030	100,330	89,666	88,736	75,906
Total expenses	378,908	427,909	420,000	417,846	485,431
Program Revenues					
Governmental activities:					
Charges for services:					
General government	15,342	17,079	11,387	13,180	12,141
Public safety	15,002	16,765	18,812	22,131	30,738
Public works	6,255	15,005	17,755	19,750	30,429
Library	719	593	504	4,800	1,462
Parks and recreation	6,037	7,353	6,464	2,104	9,741
Operating grants and contributions	20,460	22,355	17,251	16,051	10,352
Capital grants and contributions	54,487	50,112	40,661	33,112	43,874
Total governmental activities	118,302	129,262	112,834	111,128	138,737
Business-type activities:					
Charges for services:					
Water utility	33,308	30,056	25,775	24,258	22,882
Wastewater utility	50,324	42,598	37,271	35,607	33,661
Stormwater utility	5,888	5,879	5,655	5,498	6,160
Parking Authority	3,487	3,585	3,672	3,934	3,815
Other	2,071	1,852	1,701	-	-
Operating grants and contributions	4,175	4,175	2,482	1,845	2,065
Capital grants and contributions	10,139	15,960	4,917	4,409	13,251
Total business-type activities	109,392	104,105	81,473	75,551	81,834
Total program revenues	227,694	233,367	194,307	186,679	220,571
Change in Net Position					
Governmental activities	(163,576)	(198,317)	(217,500)	(217,982)	(270,788)
Business-type activities	12,362	3,775	(8,193)	(13,185)	5,928
Total primary government	$ (151,214)	$ (194,542)	$ (225,693)	$ (231,167)	$ (264,860)

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

	Fiscal Year				
	2017	2016	2015	2014	2013
General Revenues and Other					
Change in Net Position:					
Governmental activities:					
Taxes:					
Property	$ 32,411	$ 30,646	$ 29,573	$ 28,015	$ 29,420
In lieu of sales tax		8,775	9,816	9,706	9,938
Utility user	34,455	33,379	32,921	32,370	31,941
Sales - levied by City (1)	42,506	39,070	37,208	15,536	9,086
Franchise fees	13,289	12,397	12,379	11,981	11,677
Business licenses	12,243	11,996	10,805	10,392	10,153
Hotel/motel room	2,997	2,711	2,378	2,080	2,006
Document transfer	801	857	587	564	458
Other	1,939	1,801	930	728	287
Shared revenue:					
Vehicle license fees	21,423	20,354	19,602	18,069	17,433
Sales and use tax levied by state (1)	49,910	45,097	36,904	35,111	34,031
Other	44	45	49	253	400
Investment earnings	1,966	4,728	1,532	1,128	123
Gain on sale of capital assets	578	568	(13,214)	(3,712)	(1)
Miscellaneous	2,820	7,303	16,982	3,042	2,411
Special item		-	-	-	-
Proceeds of long-term debt	10,237	-	23,396	-	-
Extraordinary items		-	250,701	-	-
Transfers	654	(297)	383	1,330	524
Total governmental activities	228,274	219,430	472,932	166,593	159,887
Business-type activities:					
Other taxes	1,292	1,239	974	1,166	1,197
Grants and contributions not restricted to specific programs		-	-	-	-
Investment earnings	131	2,653	1,172	1,448	530
Gain on sale of capital assets	(1,156)	-	(3,300)	-	-
Miscellaneous		-	-	431	14
Special item		-	-	-	-
Transfers	(654)	297	(383)	(1,330)	(524)
Extraordinary items (3)		-	9,548	-	-
Total business-type activities	(387)	4,189	8,011	1,715	1,217
Total general revenues and other changes in net assets	227,887	223,619	480,943	168,308	161,104
Change in Net Position					
Governmental activities	27,663	16,828	340,782	13,465	64,475
Business-type activities	20,455	4,269	9,273	53	(547)
Total primary government	$ 48,118	$ 21,097	$ 350,055	$ 13,518	$ 63,928

(1) Measure A-Public Safety Tax, approved an additional .75% sales tax and Measure M - a new .25% sales tax approved in 2017 contributed to increases

(2) In fiscal year 2010-11 Net Assets were restated for prior period restatements for the Government activities and Business-type activities.

(3) In fiscal year 2015 Extraordinary items for Government activities and Business-type activites relate to GASB #58 Bankruptcy, with both principal and interest debt forgiven. GASB #68 Pension obligations being restated to show on balance sheet.

Source: City of Stockton Department of Administrative Services

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

	Fiscal Year				
	2012	2011	2010	2009	2008
General Revenues and Other					
Change in Net Position:					
Governmental activities:					
Taxes:					
Property	$ 32,772	$ 41,051	$ 45,549	$ 58,640	$ 63,998
In lieu of sales tax	8,392	8,118	7,087	9,823	10,164
Utility user	31,505	30,994	30,717	30,854	30,861
Sales - levied by City (1)	8,576	7,875	7,652	7,921	9,409
Franchise fees	12,465	11,503	11,354	11,608	11,537
Business licenses	9,873	9,855	9,717	9,699	10,772
Hotel/motel room	1,933	1,799	1,749	1,962	2,287
Document transfer	603	583	559	702	686
Other	159	155	203	234	246
Shared revenue:					
Vehicle license fees	17,734	20,014	20,468	23,459	24,051
Sales and use tax levied by state (1)	32,604	30,061	28,856	31,245	36,098
Other	-	352	361	370	389
Investment earnings	2,802	1,620	5,927	13,104	15,007
Gain on sale of capital assets	-	-	8	127	88
Miscellaneous	974	1,083	172	722	756
Special item	-	3,270	(288)	(8,736)	-
Proceeds of long-term debt	-	-	-	-	-
Extraordinary items	75,350	-	-	-	-
Transfers	1,718	542	1,382	803	1,049
Total governmental activities	237,460	168,875	171,473	192,537	217,398
Business-type activities:					
Other taxes	1,205	1,152	1,095	1,066	1,055
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	1,865	3,176	4,192	4,075	5,892
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	(18,012)	-	-	-	-
Special item	-	-	288	8,736	-
Transfers	(1,718)	(542)	(1,382)	(803)	(1,049)
Extraordinary items (3)	-	-	-	-	-
Total business-type activities	(16,660)	3,786	4,193	13,074	5,898
Total general revenues and other changes in net assets	220,800	172,661	175,666	205,611	223,296
Change in Net Position					
Governmental activities	73,884	(29,442)	(46,027)	(25,445)	(53,390)
Business-type activities	(4,298)	7,561	(4,000)	(111)	11,826
Total primary government	$ 69,586	$ (21,881)	$ (50,027)	$ (25,556)	$ (41,564)

(1) Measure A-Public Safety Tax, approved an additional .75% sales tax and Measure M - a new .25% sales tax approved in 2017 contributed to increases

(2) In fiscal year 2010-11 Net Assets were restated for prior period restatements for the Government activities and Business-type activities.

(3) In fiscal year 2015 Extraordinary items for Government activities and Business-type activites relate to GASB #58 Bankruptcy, with both principal and interest debt forgiven. GASB #68 Pension obligations being restated to show on balance sheet.

Source: City of Stockton Department of Administrative Services

City of Stockton
Table 3
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund					
Nonspendable	$ 1,539	$ 2,214	$ 810	$ 500	$ 409
Restricted	4,603	3,549	2,949	3,551	2,334
Committed	56,439	49,088	28,930	34,008	23,775
Assigned	3,922	5,467	-	3,059	1,710
Unassigned	36,184	33,326	38,639	9,751	3,093
Total General Fund	102,687	93,644	71,328	50,869	31,321
All other governmental funds					
Nonspendable	384	373	382	443	369
Restricted	114,254	122,350	104,785	81,435	75,157
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	3,232	(266)	-	(20,669)	(18,793)
Total all other governmental funds	117,870	122,456	105,167	61,209	56,733
Total Fund Balance	$ 220,557	$ 216,100	$ 176,495	$ 112,078	$ 88,054

	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-	-
Total General Fund	-	-	-	-	-
All other governmental funds					
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Total all other governmental funds	-	-	-	-	-
Total Fund Balance	$ -	$ -	$ -	$ -	$ -

Notes:

The City implemented the provisions of GASB Statement #54 in fiscal year 2010 which changed the fund balance classifications. The implementaiton was implemented prospectively. Other prior year balances were changed based on prior period restatements.

Source: City of Stockton Department of Administrative Services

City of Stockton
Table 3
Fund Balance, Governmental Funds (Continued)
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2012	2011	2010	2009	2008
General Fund					
Nonspendable	$ 355	$ 317	$ 13,466	$ -	$ -
Restricted	2,100	2,100	2,100	-	-
Committed	8,070	5,081	1,851	-	-
Assigned	4,111	4,758	5,730	-	-
Unassigned	-	-	-	-	-
Total General Fund	14,636	12,256	23,147	-	-
All other governmental funds					
Nonspendable	370	304	1,604	-	-
Restricted	83,636	115,700	228,190	-	-
Committed	-	-	67,466	-	-
Assigned	-	-	1,815	-	-
Unassigned	(18,775)	(15,017)	(63,475)	-	-
Total all other governmental funds	65,231	100,987	235,600	-	-
Total Fund Balance	$ 79,867	$ 113,243	$ 258,747	$ -	$ -

	Fiscal Year				
	2012	2011	2010	2009	2008
General Fund					
Reserved	$ -	$ -	$ -	$ 14,175	$ 13,498
Unreserved	-	-	-	8,607	9,627
Total General Fund	-	-	-	22,782	23,125
All other governmental funds					
Reserved	-	-	-	285,941	289,368
Unreserved, reported in:					
Special revenue funds	-	-	-	6,417	24,677
Debt service funds	-	-	-	-	38
Capital projects funds	-	-	-	(53,248)	(25,307)
Permanent Fund	-	-	-	358	333
Total all other governmental funds	-	-	-	239,468	289,109
Total Fund Balance	$ -	$ -	$ -	$ 262,250	$ 312,234

Notes:

The City implemented the provisions of GASB Statement #54 in fiscal year 2010 which changed the fund balance classifications. The implementaiton was implemented prospectively. Other prior year balances were changed based on prior period restatements.

Source: City of Stockton Department of Administrative Services

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues:					
Taxes:					
Property	$ 32,411	$ 30,646	$ 29,573	$ 28,014	$ 29,420
In lieu of sales tax	-	8,775	9,816	9,706	9,938
Utility user	34,455	33,379	32,921	32,369	31,941
Sales (levied by City) (1)	42,506	39,070	37,208	15,536	9,086
Franchise fees	13,289	12,397	12,380	11,981	11,677
Business license	12,243	11,996	10,805	10,392	10,153
Hotel/motel room	2,997	2,711	2,378	2,080	2,006
Document transfer	801	856	587	565	458
Other	1,939	1,535	930	728	287
Licenses and permits	5,867	5,347	4,398	3,808	3,696
Federal grants and subsidies	12,859	10,470	21,796	22,453	23,158
Other shared revenue (sales and use tax levied by state) (1)	45,096	45,097	36,904	35,111	34,031
Other governmental	37,364	36,696	41,806	47,951	71,746
Charges for services	22,920	26,473	21,351	19,410	19,059
Fines and forfeitures	1,164	624	3,814	2,925	2,419
Use of money and property	8,197	8,172	9,318	9,536	13,767
Investment income:					
Interest income	1,762	3,088	916	650	119
Refunds and reimbursements	6,077	5,188	12,710	2,401	1,814
Miscellaneous	6,745	11,246	16,674	7,707	6,942
Total revenues	288,693	293,766	306,285	263,323	281,717
Expenditures:					
Current:					
General government	29,235	27,229	34,652	25,510	23,245
Public safety	171,073	150,853	141,542	129,030	125,331
Public works	15,818	14,861	14,152	14,458	13,498
Library	10,619	10,107	9,880	9,793	9,039
Parks and recreation	20,493	19,295	19,094	17,202	17,733
Capital outlay	31,407	23,857	31,345	43,273	72,568
Debt service:					
Principal retirement	13,593	3,325	8,217	9,589	9,013
Cost of issuance	-	2,119	-	-	-
Interest and fiscal charges	2,872		3,229	4,661	5,957
Total expenditures	295,110	251,646	262,111	253,516	276,384
Excess (deficiency) of revenues over (under) expenditures	$ (6,416)	$ 42,120	$ 44,174	$ 9,807	$ 5,333

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

	Fiscal Year				
	2012	2011	2010	2009	2008
Revenues:					
Taxes:					
Property	$ 32,772	$ 41,051	$ 45,549	$ 58,640	$ 63,998
In lieu of sales tax	8,392	8,118	7,087	9,823	10,164
Utility user	31,505	30,994	30,717	30,854	30,861
Sales (levied by City) (1)	8,576	7,875	7,652	7,921	9,409
Franchise fees	12,465	11,503	11,354	11,608	11,537
Business license	9,873	9,855	9,717	9,699	10,772
Hotel/motel room	1,933	1,799	1,749	1,962	2,287
Document transfer	603	583	559	702	686
Other	159	155	203	234	246
Licenses and permits	4,024	3,584	4,257	4,335	5,273
Federal grants and subsidies	19,927	33,244	26,034	12,976	13,617
Other shared revenue (sales and use tax levied by state) (1)	32,604	30,061	28,856	31,245	36,098
Other governmental	66,985	47,929	47,779	53,498	59,976
Charges for services	21,655	21,262	26,174	31,462	55,244
Fines and forfeitures	2,792	3,538	5,090	4,499	3,321
Use of money and property	11,848	14,966	11,962	13,234	12,922
Investment income:					
Interest income	2,367	1,339	5,352	11,375	13,100
Refunds and reimbursements	3,213	9,790	5,186	4,113	4,253
Miscellaneous	6,088	7,594	8,449	13,429	8,515
Total revenues	277,781	285,240	283,726	311,609	352,279
Expenditures:					
Current:					
General government	22,742	30,900	21,818	24,272	22,285
Public safety	139,047	152,527	152,714	163,339	168,372
Public works	13,989	13,528	14,029	16,113	18,464
Library	9,537	10,252	11,041	12,485	13,432
Parks and recreation	16,887	19,669	17,948	22,376	27,185
Capital outlay	68,005	66,975	84,194	105,384	135,071
Debt service:					
Principal retirement	5,883	22,661	11,739	3,973	1,017
Cost of issuance	-	-	846	99	777
Interest and fiscal charges	13,531	12,706	12,523	11,938	10,771
Total expenditures	289,621	329,218	326,852	359,979	397,374
Excess (deficiency) of revenues over (under) expenditures	$ (11,840)	$ (43,978)	$ (43,126)	$ (48,370)	$ (45,095)

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Other financing sources (uses):					
Capital contributions	$ -	$ -	$ -	$ -	$ -
Transfers in	23,347	15,916	16,860	13,497	30,678
Transfers out	(12,966)	(18,810)	(20,235)	(13,031)	(30,360)
Bond insurers proceeds	-	-	29,178	7,800	8,287
Operating transfers out to a component unit	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-
Sales of capital assets	492	379	521	200	-
Payment to refunded bond escrow agent	-	-	(6,080)	-	-
Premiums on debt issuances	-	-	-	-	-
Discounts on debt issuances	-	-	-	-	-
Total other financing sources (uses)	10,873	(2,515)	20,244	8,466	8,605
Special items			-	-	-
Net change in fund balance	4,457	39,605	64,417	18,273	13,938
Fund balance, beginning of year, original	216,100	176,495	112,078	93,805	79,868
Prior period restatement	-	-	-	-	-
Fund balance, beginning of year, restated	216,100	176,495	112,078	93,805	79,868
Fund balance, end of year	$ 220,557	$ 216,100	$ 176,495	$ 112,078	$ 93,806
Debt service as a percentage of noncapital expenditures	6.7%	2.4%	5.2%	7.3%	7.9%

(1) Measure A-Public Safety Tax, approved an additional .75% sales tax and Measure M - a new .25% sales tax approved in 2017 contributed to increases

Note: Some prior year balances may have been restated from previous CAFRs to reflect new GASB implementations or prior period restatement.

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

	Fiscal Year				
	2012	2011	2010	2009	2008
Other financing sources (uses):					
Capital contributions	$ -	$ (284)	$ -	$ -	$ -
Transfers in	24,706	78,125	35,341	46,051	59,991
Transfers out	(25,450)	(74,128)	(34,357)	(45,381)	(59,839)
Bond insurers proceeds	-	-	-	-	-
Operating transfers out to a component unit	-	-	-	-	-
Issuance of long-term debt	533	30	39,702	6,343	53,436
Sales of capital assets	-	1,127	-	109	44
Payment to refunded bond escrow agent	-	-	-	-	-
Premiums on debt issuances	-	-	-	-	-
Discounts on debt issuances	-	-	(775)	-	(24)
Total other financing sources (uses)	(211)	4,870	39,911	7,122	53,608
Special items	(21,324)	3,270	(288)	(8,736)	-
Net change in fund balance	(33,375)	(35,838)	(3,503)	(49,984)	8,513
Fund balance, beginning of year, original	113,244	258,748	262,250	312,234	303,721
Prior period restatement	-	(109,666)	-	-	-
Fund balance, beginning of year, restated	113,244	149,082	262,250	312,234	303,721
Fund balance, end of year	$ 79,869	$ 113,244	$ 258,747	$ 262,250	$ 312,234
Debt service as a percentage of noncapital expenditures	9.6%	15.6%	11.5%	6.7%	5.0%

(1) Measure A-Public Safety Tax, approved an additional .75% sales tax and Measure M - a new .25% sales tax approved in 2017 contributed to increases

Note: Some prior year balances may have been restated from previous CAFRs to reflect new GASB implementations or prior period restatement.

City of Stockton
Table 5
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2017	2016	2015	2014	2013
Property (1)	$ 32,411	$ 30,646	$ 29,573	$ 28,014	$ 29,420
In lieu of sales tax (2)	-	8,775	9,816	9,706	9,938
Utility user (3)	34,455	33,379	32,921	32,369	31,941
Sales (levied by city) (4)	42,506	39,070	37,208	15,536	9,086
Franchise fees (5)	13,289	12,397	12,380	11,981	11,677
Business licenses (6)	12,243	11,995	10,805	10,392	10,153
Hotel/motel room	2,997	2,711	2,378	2,080	2,006
Document transfer (7)	801	856	587	565	458
Other	1,939	1,535	930	728	287
Totals	$ 140,642	$ 141,364	$ 136,598	$ 111,371	$ 104,966

(1) Property taxes decreased beginning in 2009 due to declining residential home values and foreclosures, resulting in a devaluation of City's assessed valuation performed by San Joaquin County. Also, between 2008 and 2011, property taxes collected by the RDA was included in the CIty's property tax revenue.

(2) Effective with fiscal year 2005, the City began receiving property tax in-lieu of sales tax under provisions of Proposition 1A approved by the voters of the State of California. Fluctuations are due to the value of property when sold.

(3) Measure A-Public Safety Tax, approved an additional .75% sales tax and Measure M - a new .25% sales tax approved in 2017 contributed to increases

Source: City of Stockton Department of Administrative Services

City of Stockton
Table 5
Tax Revenues by Source, Governmental Funds (Continued)
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year					
	2012	2011	2010	2009	2008	% Change 2006 (or inception) to 2017
Property (1)	$ 32,772	$ 41,051	$ 45,549	$ 58,640	$ 63,998	-32%
In lieu of sales tax (2)	8,392	8,118	7,087	9,823	10,164	-100%
Utility user (3)	31,505	30,994	30,717	30,854	30,861	0%
Sales (levied by city) (4)	8,576	7,875	7,652	7,921	9,409	328%
Franchise fees (5)	12,465	11,503	11,354	11,608	11,537	29%
Business licenses (6)	9,873	9,855	9,717	9,699	10,772	9%
Hotel/motel room	1,933	1,799	1,749	1,962	2,287	38%
Document transfer (7)	603	583	559	702	686	-60%
Other	159	155	203	234	246	789%
Totals	$ 106,278	$ 111,933	$ 114,587	$ 131,443	$ 139,960	11%

(1) Property taxes decreased beginning in 2009 due to declining residential home values and foreclosures, resulting in a devaluation of City's assessed valuation performed by San Joaquin County. Also, between 2008 and 2011, property taxes collected by the RDA was included in the City's property tax revenue.

(2) Effective with fiscal year 2005, the City began receiving property tax in-lieu of sales tax under provisions of Proposition 1A approved by the voters of the State of California. Fluctuations are due to the value of property when sold.

(3) Measure A-Public Safety Tax, approved an additional .75% sales tax and Measure M - a new .25% sales tax approved in 2017 contributed to increases

Source: City of Stockton Department of Administrative Services

City of Stockton
Table 6
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2017	2016	2015	2014	2013
Secured roll	$ 21,378,475	$ 20,299,172	$ 19,473,994	$ 16,981,109	$ 16,272,927
Utility roll	5,863	5,833	6,199	6,228	7,504
Unsecured roll	1,629,758	1,596,101	1,651,844	1,557,131	1,566,497
Gross assessed value	23,014,096	21,901,106	21,132,037	18,544,468	17,846,928
Less exemptions (1)	1,532,852	1,786,986	1,729,742	1,699,348	1,608,513
Net assessed value	21,481,244	20,114,120	19,402,295	16,845,120	16,238,415
Land	6,081,944	5,713,082	5,420,167	4,597,437	4,019,017
Improvements	15,666,837	15,004,037	14,501,054	12,868,329	12,696,221
Personal property	1,265,315	1,183,987	1,210,816	1,078,702	1,131,690
Gross assessed value	23,014,096	21,901,106	21,132,037	18,544,468	17,846,928
Less exemptions (1)	1,532,852	1,786,986	1,729,742	1,699,348	1,608,513
Net assessed value	$ 21,481,244	$ 20,114,120	$ 19,402,295	$ 16,845,120	$ 16,238,415
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%

(1) For FY 2017, all exemptions (secured, utility, and unsecured rolls) are: homeowners - $220,165,719 and other - $88,605 = $220,254,324.

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the property being sold is reassessed at the purchase price. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: San Joaquin County Auditor-Controller's Office

City of Stockton
Table 6
Assessed Value and Estimated Actual Value of Taxable Property (Continued)
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2012	2011	2010	2009	2008
Secured roll	$ 16,575,192	$ 17,388,579	$ 18,339,819	$ 20,988,391	$ 21,520,451
Utility roll	7,204	7,119	7,081	5,633	5,652
Unsecured roll	1,566,928	1,606,951	1,628,749	1,588,293	1,234,912
Gross assessed value	18,149,324	19,002,649	19,975,649	22,582,317	22,761,015
Less exemptions (1)	1,654,143	1,584,109	1,514,454	1,398,902	1,302,249
Net assessed value	16,495,181	17,418,540	18,461,195	21,183,415	21,458,766
Land	4,168,722	4,461,053	4,817,327	6,387,373	6,661,962
Improvements	12,846,828	13,284,209	13,910,082	14,984,980	15,092,621
Personal property	1,133,774	1,257,387	1,248,240	1,209,964	1,006,432
Gross assessed value	18,149,324	19,002,649	19,975,649	22,582,317	22,761,015
Less exemptions (1)	1,654,143	1,584,109	1,514,454	1,398,902	1,302,249
Net assessed value	$ 16,495,181	$ 17,418,540	$ 18,461,195	$ 21,183,415	$ 21,458,766
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%

(1) For FY 2017, all exemptions (secured, utility, and unsecured rolls) are: homeowners - $220,165,719 and other - $88,605 = $220,254,324.

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the property being sold is reassessed at the purchase price. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: San Joaquin County Auditor-Controller's Office

City of Stockton
Table 7
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per $100 of assessed value)

Fiscal Year	Basic Countywide Levy	City	Total Direct	Stockton Unified School District (1)	San Joaquin Delta College District	Total
2017	1.0000	-	1.0000	0.2537	0.0180	1.2717
2016	1.0000	-	1.0000	0.2710	0.0198	1.2908
2015	1.0000	-	1.0000	0.2280	0.0233	1.2513
2014	1.0000	-	1.0000	0.2105	0.0194	1.2299
2013	1.0000	-	1.0000	0.1917	0.0202	1.2119
2012	1.0000	-	1.0000	0.1601	0.0200	1.1801
2011	1.0000	-	1.0000	0.1730	0.0194	1.1924
2010	1.0000	-	1.0000	0.1273	0.0180	1.1453
2009	1.0000	-	1.0000	0.1497	0.0160	1.1657
2008	1.0000	-	1.0000	0.1514	0.0015	1.1529

(1) Stockton Unified School District Building Loan Repayment.

Note: On June 6, 1978, California voters approved an amendment to the Article XIIIA of the California Constitution. The amendment, commonly known as Proposition 13, limits the taxing power of California public agencies. The California Legislature enacted legislation to implement Article XIIIA (Statues of 1978, Chapter 292, as amended) providing that local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted of $1.00 per $100.00 of full assessed value.

Source: San Joaquin County Tax Rate Book

City of Stockton
Table 8
Principal Property Tax Payers
Current Year and Nine Years Ago
(Dollar amounts in thousands)

	Fiscal Year					
	2017			2008		
Taxpayer	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Excel Stockton LLC	$ 124,667	1	0.900 %	-		-
DTE Stockton LLC	118,571	2	0.856	-		-
Central Valley Indl Core Hold	97,787	3	0.706	-		-
Corn Products International Inc	77,865	4	0.562	64,845	2	0.320
Diamond Foods Inc	76,425	5	0.551	-		-
Pacific Ethanol Stockton LLC	76,035	6	0.549	-		-
Simpson Manufacturing CO Inc	74,809	7	0.540	59,834	3	0.295
Wal Mart Stores Inc/Sam's	68,869	8	0.497	-		-
Buzz Oates LLC ETAL	66,378	9	0.479	-		-
AG Spanos Professional Office Center LLC	65,651	10	0.474	-		-
Levine Investments Ltd PTP/Pacific Companies	-		-	80,623	1	0.398
Diamond Walnut Growers Inc	-		-	59,244	4	0.292
FR Net Lease Co-Invest Prog 10 LLC	-		-	43,000	5	0.212
Sherwood Mall LLC	-		-	42,088	6	0.208
WTM Glimcher LLC	-		-	41,524	7	0.205
Pavilions Apartments LP	-		-	39,229	8	0.194
Inland Western Stkn Airport Way LLC-Cost Plus Inc	-		-	37,776	9	0.186
Toys R US Inc-TRU Properties Inc	-		-	37,691	10	0.186
Principal Secured Property Valuation	847,058		6.112 %	505,854		2.497 %
Other Secured Taxpayers	13,774,651		99.392	21,014,597		103.718
Total Secured Property Valuation Before Exemptions	14,621,709		105.504 %	21,520,451		106.215 %
Less Exemptions relative to secured tax roll (1)	762,855		5.504	1,259,157		6.215
Total Secured Property Valuation	$ 13,858,854		100.000 %	$ 20,261,294		100.000 %

(1) Exemptions relative to secured tax roll: FY 2017 - homeowners - $167,023 and other - $595,832 = $762,855
FY 2008 - homeowners - $269,059 and other - $990,099 = $1,259,157

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold. At that point, the purchase price becomes the new assessed value. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: San Joaquin County Assessor's Office
San Joaquin County Auditor-Controller's Office

City of Stockton
Table 9
Secured Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollar amounts in thousands)

		Collected Within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Secured Taxes Levied for the Fiscal Year	Amount	Percent of Levy (1)	Collections in Subsequent Years	Amount	Percent of Levy
2017	$ 30,495	$ 30,495	100 %		$ 30,495	100 %
2016	$ 28,907	$ 28,907	100 %	-	$ 28,907	100 %
2015	$ 27,852	$ 27,852	100 %	-	$ 27,852	100 %
2014	$ 25,952	$ 25,952	100 %	-	$ 25,952	100 %
2013	$ 24,745	$ 24,745	100 %	-	$ 24,745	100 %
2012	$ 24,785	$ 24,785	100 %	-	$ 24,785	100 %
2011	$ 26,519	$ 26,519	100 %	-	$ 26,519	100 %
2010	$ 22,150	$ 22,150	100 %	-	$ 22,150	100 %
2009	$ 31,134	$ 31,134	100 %	-	$ 31,134	100 %
2008	$ 33,633	$ 33,633	100 %	-	$ 33,633	100 %

(1) Per agreement with San Joaquin County; the County provides the City of Stockton with 100% of the amount owed to the City of Stockton for secured properties, regardless of collection status. In exchange, the County is entitled to 100% of delinquency and penalty revenues collected.

Source: San Joaquin County Auditor-Controller's Office

City of Stockton
Table 10
Water Sold by Customer Type
Last Five Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Type of Customer					
Residential	7,289,614 cf	7,088,802 cf	8,220,045 cf	9,303,185 cf	9,834,835 cf
Institutional	573,873	442,461	608,940	651,307	2,379,843
Commercial/Industrial	1,512,098	1,429,848	1,598,432	1,596,477	1,678,854
Irrigation	1,110,614	861,094	1,344,966	1,531,137	1,724,891
Total	10,486,199 cf	9,822,205 cf	11,772,383 cf	13,082,106 cf	15,618,423 cf

1 cubic foot (cf) = 7.481 gallons

Source: City of Stockton Department of Administrative Services

City of Stockton
Table 11
Water and Wastewater Utility Rates
Last Ten Fiscal Years

	Water			Wastewater
Fiscal Year	Monthly Base Rate	Tier 1 Additional Per 100 cf**	Tier 2 Additional Per 100 cf**	Monthly Base Rate
2017	$ 28.00	$ 2.00	$ 2.39	$ 38.36
2016	$ 22.25	$ 1.67	$ -	$ 37.76
2015	$ 21.90	$ 1.64	$ -	$ 37.09
2014	$ 21.51	$ 1.61	$ -	$ 34.03
2013	$ 21.15	$ 1.58	$ -	$ 31.22
2012	$ 20.00	$ 1.40	$ -	$ 28.64
2011	$ 18.80	$ 1.21	$ -	$ 24.69
2010	$ 17.65	$ 1.02	$ -	$ 20.75
2009	$ 16.75	$ 0.82	$ -	$ 20.00
2008	$ 15.90	$ 0.78	$ -	$ 21.10

*Effective 8/01/2016-Water Cosumption Tier 1 0-15 CF and Tier 2 15+CF.
100 cf = 100 cubic feet (748 gallons)

Rates are based on 1" and less meter, which is the standard household meter size.

**The Utility charges an excess use rate above normal demand.

Source: City of Stockton Department of Administrative Services

City of Stockton
Table 12
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollar amounts in thousands, except per capita)

	Governmental Activities*					
Fiscal Year	Revenue* Bonds (1)	Certificates of Participation	Redevelopment Agency Revenue Bonds*	Notes Payable / Equip. Leases / Settlements	Pension Bonds*	Total Governmental Activities
2017	$ 9,915	$ -	$ 103,320	$ 18,130	$ 53,589	$ 184,954
2016	$ 10,385	$ 11,500	$ 111,424	$ 18,298	$ 53,606	$ 205,213
2015	$ 10,835	$ 11,890	$ 113,262	$ 18,095	$ 54,530	$ 208,612
2014	$ 75,285	$ 12,265	$ 119,210	$ 20,157	$ 121,770	$ 348,687
2013	$ 81,465	$ 12,625	$ 122,100	$ 25,326	$ 123,350	$ 364,866
2012	$ 87,520	$ 12,970	$ 124,695	$ 26,625	$ 124,280	$ 376,090
2011	$ 88,050	$ 13,300	$ 127,200	$ 29,353	$ 124,660	$ 382,563
2010	$ 88,560	$ 13,300	$ 145,855	$ 42,881	$ 124,910	$ 415,506
2009	$ 53,965	$ 13,300	$ 155,020	$ 38,800	$ 125,040	$ 386,125
2008	$ 54,305	$ 13,300	$ 157,010	$ 32,528	$ 125,060	$ 382,203
2007	$ 13,860	$ 13,300	$ 157,185	$ 19,405	$ 125,310	$ 329,060

*Includes settlement amounts for debts adjusted under Chapter 9 of the US Bankruptcy Code.

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements, Note 8-Long-Term Debt and Note 8-Short-Term Debt of these financial statements.

(1) Beginning with fiscal year 2006, land-secured financings were removed from the City's government-wide financial statements and are no longer reported as governmental activities debt. For comparative purposes, 2005 balances were restated to reflect this change. For fiscal years 2004 and prior, the balances of land-secured financings are reflected in the balances reported above as revenue bonds, special assessment bonds, and Mello-Roos bonds of the governmental activities.

(2) These ratios are calculated using the latest available data, personal income for fiscal year 2015 and population for fiscal year 2017.

Sources: City of Stockton Department of Administrative Services
US Dept. of Commerce, Bureau of Economic Analysis
State of California, Department of Finance

City of Stockton
Table 12
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years
(Dollar amounts in thousands, except per capita)

	Business-type Activities						
Fiscal Year	Revenue Bonds	Certificates of Participation	Notes Payable	Total Business-type Activities	Total	Percent of Personal Income (2)	Amount Per Capita (2)
2017	$ 326,165	$ -	$ -	$ 326,165	$ 511,119	1.82 %	$ 1,594
2016	$ 336,218	$ -	$ 10,954	$ 347,172	$ 552,385	2.56 %	$ 1,750
2015	$ 343,926	$ -	$ 11,040	$ 354,966	$ 563,578	2.61 %	$ 1,836
2014	$ 284,225	$ 81,270	$ 11,123	$ 376,618	$ 725,305	3.36 %	$ 2,410
2013	$ 289,360	$ 84,500	$ 11,202	$ 385,062	$ 749,928	3.47 %	$ 2,531
2012	$ 293,425	$ 87,590	$ 11,276	$ 392,291	$ 768,381	3.56 %	$ 2,598
2011	$ 294,370	$ 90,545	$ 11,600	$ 396,515	$ 779,078	3.69 %	$ 2,654
2010	$ 240,245	$ 90,545	$ 545	$ 331,335	$ 746,841	3.87 %	$ 2,557
2009	$ 67,920	$ 96,105	$ 610	$ 164,635	$ 550,760	2.86 %	$ 1,896
2008	$ 68,650	$ 98,710	$ 672	$ 168,032	$ 550,235	2.85 %	$ 1,898
2007	$ 69,315	$ 101,220	$ 731	$ 171,266	$ 500,326	2.59 %	$ 1,727

*Includes settlement amounts for debts adjusted under Chapter 9 of the US Bankruptcy Code.

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements, Note 8-Long-Term Debt and Note 8-Short-Term Debt of these financial statements.

(1) Beginning with fiscal year 2006, land-secured financings were removed from the City's government-wide financial statements and are no longer reported as governmental activities debt. For comparative purposes, 2005 balances were restated to reflect this change. For fiscal years 2004 and prior, the balances of land-secured financings are reflected in the balances reported above as revenue bonds, special assessment bonds, and Mello-Roos bonds of the governmental activities.

(2) These ratios are calculated using the latest available data, personal income for fiscal year 2015 and population for fiscal year 2017.

Sources: City of Stockton Department of Administrative Services
US Dept. of Commerce, Bureau of Economic Analysis
State of California, Department of Finance

City of Stockton
Table 13
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollar amounts in thousands, except per capita)

	General Bonded Debt Outstanding*						
Fiscal Year	Lease Revenue Bonds	Certificates of Participation (2)	Pension Obligation Bonds (1)	Redevelopment Agency Bonds*	Total	Percent of Assessed Property Value (4)	Amount Per Capita (3)
2017	$ 9,915	$ -	$ 53,589	$ -	$ 63,504	0.003 %	$ 198.107
2016	$ 10,385	$ 11,500	$ 53,606	$ -	$ 75,491	0.004 %	$ 239.204
2015	$ 10,835	$ 11,890	$ 54,529	$ -	$ 77,254	0.004 %	$ 251.643
2014	$ 75,285	$ 12,265	$ 121,770	$ 119,210	$ 328,530	0.020 %	$ 1,091.828
2013	$ 81,465	$ 12,625	$ 123,350	$ 122,100	$ 339,540	0.021 %	$ 1,145.763
2012	$ 87,520	$ 12,970	$ 124,280	$ 124,695	$ 349,465	0.021 %	$ 1,181.795
2011	$ 88,050	$ 13,300	$ 124,660	$ 127,200	$ 353,210	0.020 %	$ 1,203.380
2010	$ 88,560	$ 13,300	$ 124,910	$ 145,855	$ 372,625	0.020 %	$ 1,275.532
2009	$ 53,965	$ 13,300	$ 125,040	$ 155,020	$ 347,325	0.016 %	$ 1,195.986
2008	$ 54,305	$ 13,300	$ 125,060	$ 157,010	$ 349,675	0.016 %	$ 1,206.079

* Redevelopment Agency Bonds are no longer included in the General Bonded debt

(1)Includes settlement amounts for debts adjusted under Chapter 9 of the US Bankruptcy Code.

(2)General Fund liability limited to only 80.5% of amounts due on principal shown

(3)Amount Per Capita understated in prior years and have been adjusted to correct amounts.

(4)2016/2015 Percent of Assessed Property Value previously stated at .005, correct % is .004.

General bonded debt is payable with governmental fund resources. General obligation bonds (of which the City has none) are backed by the taxing authority of the City (taxes may be raised to provide resources for debt service payments.)

Source: City of Stockton Department of Administrative Services
San Joaquin County Auditor-Controller's Office
State of California, Department of Finance

City of Stockton
Table 14
Direct and Overlapping Governmental Activites Debt

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2017	Percentage Applicable (1)	City's share of Debt 6/30/2017
San Joaquin Delta Community College District	$ 126,614,970	28.020 %	$ 35,477,515
Stockton Unified School District	378,117,362	84.965	321,267,417
Lodi Unified School District	161,955,000	33.243	53,838,701
Lodi Unified School District School Facilities Improvement District No. 1	34,295,000	84.649	29,030,375
Lincoln Unified School District	81,115,538	87.220	70,748,972
Lincoln Unified School District Community Facilities District No. 1	23,361,567	80.608	18,831,292
Manteca Unified School District	101,829,885	14.086	14,343,758
Manteca Unified School District Community Facilities District No. 1989-1	22,176,013	100.000	22,176,013
Tracy Joint Unified School District and School Facilities Improvement Dist. No.3	104,919,900	.005 & .009	7,857
City of Stockton Community Facilities District No. 90-2	18,275,000	100.000	18,275,000
City of Stockton Community Facilities District No. 2001-1 (Spanos Park West)	13,760,000	100.000	13,760,000
City of Stockton Community Facilities District No. 2003-1	1,980,000	100.000	1,980,000
City of Stockton Community Facilities District No. 2006-1	2,740,000	100.000	2,740,000
City of Stockton Community Facilities District No. 2006-3	5,020,000	100.000	5,020,000
City of Stockton 1915 Act Bonds	26,810,000	100.000	26,810,000
Reclamation District No. 2042 Community Facilities District No. 2001-1	5,768,853	18.211	1,050,566
San Joaquin County Reclamation District No. 17 Assessment District	23,932,948	27.618	6,609,802
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			641,967,266
OVERLAPPING GENERAL FUND DEBT:			
San Joaquin County Certificates of Participation	124,925,000	30.594 %	38,219,555
Lincoln Unified School District Certificates of Participation	4,769,835	87.220	4,160,250
Lodi Unified School District Certificates of Participation	24,735,000	33.243	8,222,656
Manteca Unified School District General Fund Obligations	25,961,000	14.086	3,656,866
Stockton Unified School District Certificates of Participation	38,155,000	84.965	32,418,396
City of Stockton 2006 Lease Revenue Bonds	**9,915,000**	**100.000**	**9,915,000**
City of Stockton Capital Lease Obligations	**5,770,300**	**100.000**	**5,770,300**
City of Stockton Bond Insurere Settlement Agreement Liability	**53,588,991**	**100.000**	**53,588,991**
TOTAL OVERLAPPING GENERAL FUND DEBT			155,952,014
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):			
2016 Tax Allocation Revenue Bonds Series A	73,310,000	100.000	73,310,000
2016 Tax Allocation Revenue Bonds Series B	30,010,000	100.000	30,010,000
TOTAL OVERLAPPING TAX INCREMENT DEBT			103,320,000
TOTAL DIRECT DEBT			**69,274,291**
TOTAL OVERLAPPING DEBT			**831,964,988**
GROSS COMBINED TOTAL DEBT (2)			901,239,279
2016-17 Assessed Valuation (3):	$ 20,337,129,485		
(after deducting $1,563,976,305 Other Exemptions Valuation)			
2016-17 Population	320,554		

Debt Ratios		Per Capita	Ratio to Assessed Value
Total Gross Debt (2)	$ 901,239,279	$ 2,812	4.43 %
Ratios to 2016-17 Assessed Valuation: Total Overlapping Tax and Assessment Debt	641,967,266	2,003	3.16
Ratios to Adjusted Assessed Valuation: Combined Direct Debt	69,274,291	216	0.34

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

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

(3) Represents Gross Assessed Valuation after deducting $1,563,976,305

(4) Includes debt outside Stockton limits. Therefore, no per capita calculated.

Sources: California Municipal Statistics, Inc., San Francisco, CA
San Joaquin County Auditor-Controller's Office
State of California, Department of Finance, Demographic Research Unit

City of Stockton
Table 15
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2017	2016	2015	2014	2013
Assessed valuation (1)	$ 20,337,129	$ 19,628,594	$ 18,653,199	$ 17,079,491	$ 16,479,102
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	5,084,282	4,907,149	4,663,300	4,269,873	4,119,776
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit	762,642	736,072	699,495	640,481	617,966
Total net debt applicable to limit		-	-	-	-
Legal debt margin	$ 762,642	$ 736,072	$ 699,495	$ 640,481	$ 617,966
Legal debt margin/debt limit	100%	100%	100%	100%	100%

(1) Reflects City assessed valuation excluding other exemptions of $1,563,976,305. Redevelopment Agency was dissolved in 2013.

Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries, adjusted for subsequent legislative actions. In accordance with California Government Code Section 43605, only the City's general obligation bonds are subject to the legal limit. The City of Stockton does carry bonded debt secured by special assessments and other revenue sources, but at this time, doesn't have any outstanding general obligation bonds. The City is not at risk of exceeding its legal debt limit.

Sources: City of Stockton Department of Administrative Services
California Municipal Statistics, Inc., San Francisco, CA
San Joaquin County Auditor-Controller's Office

City of Stockton
Table 15
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years
(Dollar amounts in thousands)

	Fiscal Year				
	2012	2011	2010	2009	2008
Assessed valuation (1)	$ 15,572,567	$ 16,340,562	$ 16,957,547	$ 18,903,286	$ 19,281,142
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,893,142	4,085,141	4,239,387	4,725,822	4,820,286
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit	583,971	612,771	635,908	708,873	723,043
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	$ 583,971	$ 612,771	$ 635,908	$ 708,873	$ 723,043
Legal debt margin/debt limit	100%	100%	100%	100%	100%

(1) Reflects City assessed valuation excluding other exemptions of $1,563,976,305. Redevelopment Agency was dissolved in 2013.

Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries, adjusted for subsequent legislative actions. In accordance with California Government Code Section 43605, only the City's general obligation bonds are subject to the legal limit. The City of Stockton does carry bonded debt secured by special assessments and other revenue sources, but at this time, doesn't have any outstanding general obligation bonds. The City is not at risk of exceeding its legal debt limit.

Sources: City of Stockton Department of Administrative Services
California Municipal Statistics, Inc., San Francisco, CA
San Joaquin County Auditor-Controller's Office

City of Stockton
Table 16
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars amounts in thousands)

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Debt Coverage Ratio
Water Revenue Bonds							
2017	$ 43,643	$ 23,798	$ 19,845	$ 83	$ 12,798	$ 12,881	1.54
2016	$ 37,906	$ 23,312	$ 14,594	$ 87	$ 13,242	$ 13,329	1.09 *
2015	$ 42,416	$ 22,830	$ 19,586	$ 4,263	$ 13,397	$ 17,660	1.11 *
2014	$ 38,991	$ 19,762	$ 19,229	$ 3,939	$ 12,116	$ 16,055	1.20
2013	$ 40,601	$ 21,652	$ 18,949	$ 3,780	$ 10,139	$ 13,919	1.36
2012	$ 35,914	$ 20,055	$ 15,859	$ 711	$ 2,146	$ 2,857	5.55
2011	$ 34,245	$ 19,987	$ 14,258	$ 688	$ 8,839	$ 9,527	1.50
2010	$ 29,131	$ 17,546	$ 11,585	$ 655	$ 3,199	$ 3,854	3.01
2009	$ 26,080	$ 20,123	$ 5,957	$ 627	$ 1,728	$ 2,355	2.53
2008	$ 26,352	$ 18,010	$ 8,342	$ 599	$ 1,758	$ 2,357	3.54

* Coverage requirement is 1.15, however, it is applied in sequence, first to the senior, and then to the subordinate issues.
Done in sequence both senior and subordinate issues met the coverage requirement in both years.

City of Stockton
Table 16
Pledged-Revenue Coverage (Continued)
Last Ten Fiscal Years
(Dollars amounts in thousands)

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Debt Coverage Ratio
Wastewater Certificates of Participation							
2017	$ 68,597	$ 43,201	$ 25,396	$ 3,345	$ 3,139	$ 6,484	3.92
2016	$ 70,532	$ 43,730	$ 26,802	$ 3,230	$ 3,254	$ 6,484	4.13
2015	$ 57,321	$ 39,698	$ 17,623	$ 3,390	$ 3,217	$ 6,607	2.67
2014	$ 61,230	$ 40,173	$ 21,057	$ 3,230	$ 4,143	$ 7,373	2.86
2013	$ 56,316	$ 35,423	$ 20,893	$ 3,090	$ 4,287	$ 7,377	2.83
2012	$ 51,708	$ 35,206	$ 16,502	$ 2,955	$ 4,417	$ 7,372	2.24
2011	$ 45,152	$ 33,325	$ 11,827	$ -	$ 4,480	$ 4,480	2.64
2010	$ 39,716	$ 30,094	$ 9,622	$ 2,720	$ 4,659	$ 7,379	1.30
2009	$ 38,298	$ 35,002	$ 3,296	$ 2,605	$ 4,770	$ 7,375	0.45 ~(3)
2008	$ 39,602	$ 25,633	$ 13,969	$ 2,510	$ 4,867	$ 7,377	1.89

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

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

(1) Total revenues including investment earnings. Also includes connection fees in Water & Wastewater funds. In 2008 CAFR, statistical section did not include connection fees in Water & Wastewater funds - included in 2009. Also, net increase/decrease in fair value of investments and other non - operating revenues were reported in gross revenues - removed in 2009.

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

(3) The FY 2008-09 Wastewater Certificates of Participation debt coverage ratio fell below the 1.25 times net revenues required by the bond covenants.

Source: City of Stockton Department of Administrative Services

City of Stockton
Table 17
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (millions of dollars)	Per Capita Personal Income	Unemployment Rate	Labor Force	Total Housing Units	Household Average Size	Median Family Income	School Enrollment
2017	320,554	$ 12,428	$ 38,770	7.3	316,200	100,254	3.23	$ 44,797	71,491
2016	315,592	$ 11,404	$ 36,136	8.3 %	323,200	100,146	3.20	$ 45,347	71,738
2015	306,999	$ 10,670	$ 34,755	8.5 %	311,600	100,097	3.23	$ 46,831	66,037
2014	300,899	$ 9,937	$ 33,024	12.8 %	125,600	100,025	3.23	$ 47,246	69,183
2013	296,344	$ 9,191	$ 31,013	14.8 %	124,800	100,003	3.20	$ 47,246	67,997
2012	295,707	$ 9,171	$ 31,013	17.0 %	125,400	99,925	3.19	$ 47,365	68,568
2011	293,515	$ 9,020	$ 30,732	20.0 %	128,400	99,637	3.16	$ 47,797	88,258
2010	292,133	$ 9,105	$ 31,166	19.8 %	131,000	97,085	3.09	$ 63,100	-
2009	290,409	N/A	N/A	18.1 %	130,800	96,854	3.08	$ 63,600	-
2008	289,927	$ 8,459	$ 29,178	10.0 %	127,200	96,553	3.09	$ 61,300	91,744

College and Graduate School Enrollment numbers for 2017 were unavailable.

Personal income is the income received by all persons from all sources. Personal income is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and personal current transfer receipts.

Per capita personal income is calculated as the personal income of residents of a given area divided by the resident population of the area. In computing per capita personal income, Bureau of Economic Analysis uses the Census Bureau's annual midyear population estimates.

Sources: City of Stockton Department of Administrative Services & Community Development Department
CA Dept. of Finance and Employment Development Department
US Dept. of Commerce, Bureau of Economic Analysis
US Census Bureau
CA Dept. of Education

City of Stockton
Table 18
Principal Employers
Current Year and Nine Years Ago

	Fiscal Year					
	2017			2008		
Employer	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
St. Joseph's Medical Center	4,600	1	1.48 %	2,650	3	2 %
Stockton Unified School District	3,894	2	1.25 %	4,100	2	3.77 %
City of Stockton	1,862	3	0.60 %	1,754	4	1.61 %
Dameron Hospital	1,200	4	0.39 %	1,200	5	1 %
Kaiser Permanente	1,065	5	0.34 %	1,060	6	0.97 %
San Joaquin Delta College	967	6	0.31 %	-	-	- %
University of the Pacific	900	7	0.29 %	1,000	7	0.92 %
Lincoln Unified School District	765	8	0.25 %	-	-	- %
O'Reilly Auto Parts	600	9	0.19 %	-	-	- %
World Class Distribution, Inc	550	10	0.18 %	-	-	- %
San Joaquin County	-	-	- %	6,700	1	6 %
Diamond Walnut	-	-	- %	1,000	8	0.92 %
California Department of Transportation	-	-	- %	750	9	0.69 %
Washington Mutual	-	-	- %	650	10	0.60 %
Total	16,403		5.27 %	20,864		19.18 %

San Joaquin County employs both within and outside of the City. Details of the split are not available and so has not been included in the list.

Note: Principal employers are based on best available information.

Sources: San Joaquin Partnership Survey, August 2017
City of Stockton CAFR, 2008

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Function/Program/Department:					
Admin Svcs	76	65	59	88	89
City Attorney	11	9	10	8	8
City Auditor	-	-	-	-	-
City Clerk	7	7	7	5	5
City Council/Mayor	3	1	1	1	1
City Manager	28	25	20	19	19
Community Development	30	33	29	27	26
Community Services	79	82	78	78	77
Human Resources	29	28	26	25	25
Information Technology	39	36	35	-	-
Police:					
Sworn	445	411	387	348	324
Non-sworn	195	179	168	165	167
Animal control	12	12	13	13	11
Total Police	652	602	568	526	502
Fire:					
Firefighters-sworn	171	168	160	168	168
Firefighters-auxiliary	37	22	28	18	26
Non-sworn personnel	24	24	24	23	23
Paramedic teams (2 per team)	-	-	-	-	-
Total Fire	232	214	212	209	217
Public Works	143	142	140	138	132
Economic Development	14	18	17	17	16
Water Utility	43	45	49	41	41
Wastewater Utility	153	149	138	136	144
Stormwater Utility	-	2	7	6	3
Central Parking District (1)	-	-	-	-	-
Total	1,539	1,458	1,396	1,324	1,305

(1) In FY 2015 the Central Parking District was dissolved and current operations are handled by the Parking Authority.

Source: City of Stockton Human Resources Department

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

	Fiscal Year				
	2017	2016	2015	2014	2013
General government:					
Building permits issued	7,132	2,537	6,576	4,595	3,956
Business tax certificates:					
Retail sales and service	4,782	6,228	5,908	5,821	5,886
Rental Properties - Commercial and Residential	4,399	4,700	4,485	4,466	4,624
Wholesale	282	424	390	374	330
Manufacturers and processors	188	179	156	163	177
Professions	1,872	1,809	1,856	1,878	1,947
Miscellaneous contractors, peddlers, delivery vehicles, etc.	4,430	4,534	4,018	4,054	4,104
Improvement district and hotel/motel room tax	39	46	42	90	90
Utility billing/customer service:					
Utility bills issued	1,100,374	1,091,429	636,359	640,836	626,335
Utility accounts opened and closed	23,188	27,214	16,635	19,138	21,405
New service locations (water) added	109	124	107	120	113
Delinquency Notices Sent - Active Accounts	81,725	85,752	80,682	82,050	81,358
Water Service Terminated for Non-Payment	4,796	4,489	6,674	4,972	5,909
Utility customer service calls received	41,717	62,178	56,549	46,179	57,126
Utility customers using automated voice response	845,359	45,026	291,065	195,917	195,478
Utility Customers Using Online Pmt/Account Access	33,068	39,369	35,614	29,209	26,430
Miscellaneous accounts receivable bills issued	47,199	30,748	45,157	31,355	44,243
Public safety:					
Police:					
Major reported crimes	15,940	16,871	16,943	17,821	19,859
Total arrests	11,497	10,893	11,278	11,541	10,585
Dispatched calls for service	149,527	129,602	123,737	119,187	119,276
Fire:					
Interior structure fire calls	377	356	363	403	364
Non-structural fire calls	2,296	2,019	1,668	1,430	1,117
Hazardous materials calls	232	527	226	234	226
Emergency medical calls	26,777	22,933	18,686	18,422	21,729
Total emergency calls	45,551	39,613	35,748	37,387	39,518
Total number of units dispatched	54,414	47,284	47,467	45,709	47,939
Public works:					
Miles of streets resurfaced	5	7	2	4	19
Fleet job orders completed	10,082	8,368	8,797	10,065	9,625

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Library:					
Registered borrowers	190,049	191,699	151,504	221,844	209,823
Circulation of library materials	1,363,048	1,498,176	1,576,156	1,640,185	1,673,049
Reference, research and informational questions answered	140,784	156,340	167,744	167,857	228,240
Annual attendance at libraries	773,374	877,766	922,957	952,894	981,213
Number of programs offered	3,506	3,446	2,977	2,898	2,567
Annual attendance at programs	84,658	87,505	78,874	81,356	77,448
Parks and Recreation:					
Golf rounds:					
Swenson Park golf course	44,073	50,683	50,699	57,757	54,492
Van Buskirk golf course	13,753	18,083	21,731	21,919	24,316
Trees planted	-	6	-	-	5
Heritage tree removal-permits issued	6	11	7	10	16
After school program registration (number of participants)	2,087	22,454	23,408	20,620	23,365
Day camp participants	3,106	4,951	7,444	4,363	2,583
Instructional classes	1,414	3,866	3,591	2,327	1,426
Softball/baseball diamonds bookings	251	368	344	273	73
Showmobile (Mobile Stage) bookings	14	27	32	30	34
Community center bookings	175	928	1,133	1,444	1,441
Picnic facility bookings	166	417	339	328	475
Adult sports (number of teams):					
Softball	185	238	297	347	348
Basketball	4	-	-	-	26
Volleyball	-	-	-	-	15
Youth sports (basketball, track, soccer, baseball, volleyball, flag football) (number of participants)	2,241	2,785	3,620	3,715	2,688

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Parks and Recreation (cont.):					
Admissions to:					
Pixie Woods	5,584	12,452	13,950	12,500	12,161
Senior Center memberships	2,450	874	1,276	911	943
Civic Auditorium bookings	16	99	144	139	157
Parks and Recreation sponsored events	3	13	17	14	-
Weber Point Events Center bookings	9	18	25	35	43
Economic Development:					
Rental Housing Units	176	-	49	71	91
Owner Housing (Emergency Repair or Rehabilitation)	6	5	5	17	6
Down Payment Assistance	-	4	-	18	2
Special Needs (Homes Repaired or Rehabilitated)	9	6	5	2	7
Public Facilities (Rehabilitated or Constructed)	1	1	-	1	1
Façade Program (Commercial Façade Repair/Rehabilitated)	2	4	-	6	2
Public Services Provided	120,765	52,424	118,316	205,884	189,606
Homeless Services Provided	4,578	3,597	532,043	3,555	4,420
Meals Provided to Homeless	-	-	-	539,626	519,740
Jobs Created and/or Retained	-	5	2	14	14
Business Assisted (Entrepreneur Program)	401	-	-	-	-
Water utility:					
New connections (DUE's) (1)	106	124	29	92	219
Water main breaks	21	13	14	16	16
Wastewater utility:					
Average daily influent (million gallons per day)	29 mgd	24 mgd	30 mgd	32 mgd	33 mgd

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

Source: City of Stockton Departments

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

	Fiscal Year				
	2017	2016	2015	2014	2013
General government:					
Land use-square miles:					
Residential	24	25	25	25	25
Mixed use	4	4	4	4	4
Commercial	4	4	5	4	4
Industrial	13	13	13	13	13
Institutional	4	4	4	4	4
All other uses	4	3	3	3	3
Total square miles	53	53	54	53	53
Public safety:					
Police:					
Facilities:					
Stations and substations	1	1	1	1	1
Animal control facility	1	1	1	1	1
Police training facility (pistol range)	1	1	1	1	1
Vehicles:					
Marked patrol cars	175	211	189	164	145
Motorcycles and scooters	30	28	27	32	34
Animal control vehicles	8	8	8	9	9
VIPS vehicles	7	7	7	7	7
Other automobiles	209	283	173	154	154
Other mobile units (all others)	21	444	444	15	15
Public area security cameras	324	300	300	76	76
Fire:					
Fire stations	12	12	12	12	12
Training facilities	1	1	1	1	1
Fire hydrants	9,054	9,032	9,039	8,981	8,959
Public works:					
Miles of streets	769	769	806	760	760
Traffic signals	307	291	291	312	307
Street light fixtures	19,206	21,993	19,224	19,196	19,195

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Parks and recreation:					
Arena	1	1	1	1	1
Ballpark	1	1	1	1	1
Baseball/softball diamonds	54	54	54	54	54
Bike/jogging paths (miles)	20	20	20	20	20
Boating facilities - launch lanes	12	12	10	10	10
Children's Museum	1	1	1	1	1
Civic Auditorium (2,800 capacity)	1	1	1	1	1
Community centers	5	5	5	5	5
Dog Areas	3	3	3	3	3
Family camps	1	1	1	1	1
Golf course acreage	371	371	371	371	371
Group picnic areas	31	31	31	31	31
Gymnasium	5	5	5	5	5
Ice rink	1	1	1	1	1
Municipal golf courses	3	3	3	3	3
Park acreage	625	625	625	625	625
Parks and squares	67	67	67	67	67
Philomathean Club	1	1	1	1	1
Playgrounds	71	71	71	71	71
Senior center	1	1	1	1	1
Showmobile (Mobile Stage)	1	1	1	1	1
Skateboard park	1	-	1	1	1
Swimming pools	7	7	7	7	7
Teen Center	1	1	1	1	1
Tennis courts	67	67	67	67	67
Theater (Bob Hope)	1	1	1	1	1
Weber Point Events Center	1	1	1	1	1
Consolidated landscape maintenance districts:					
Streetscaping (square feet)	3.6 million	3.6 million	3.6 million	3.6 million	3.6 million
Public open spaces (acreage)	70	70	70	70	70

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Library:					
Central library (1)	-	-	-	-	-
City branches	5	5	4	4	4
Library mobile units	2	2	2	2	2
San Joaquin County branches	8	8	8	8	8
Total items in collection	873,377	810,473	895,640	893,419	886,370
Cargo delivery van	2	2	2	2	2
Cargo van	1	1	1	1	1
Undeveloped land for branch library	2	2	2	2	2
Integrated library system	1	1	1	1	1
Microform readers	7	7	7	7	7
Microform readers/printers	7	7	7	7	7
Self check out machines	28	28	28	28	28
Water utility:					
Water main lines (miles)	668	668	668	668	665
Storage capacity (thousand gallons)	26,200	26,200	26,200	26,200	26,200
Water wells (active)	21	19	20	21	21
Water reservoirs	8	8	8	8	8
Wastewater utility:					
Wastewater main lines (miles)	899	899	899	861	928
Treatment capacity (million gals/day)	55	55	55	55	55
Wastewater pump stations	27	27	27	27	27
Stormwater utility:					
Stormwater main drain lines (miles)	626	626	626	488	488
Stormwater pump stations	74	74	72	72	72
Parking Authority: (2)					
Parking spaces	5,783	5,549	4,259	3,656	3,656
Parking lots & garages	23	23	18	21	21

(1) Prior to fiscal year ended June 30, 2012, the Central Library total was reported separate from the City Branches total.

(2) In FY 2015 the Central Parking District was dissolved and current operations are handled by the Parking Authority.

Source: City of Stockton Departments