



CITY OF STOCKTON



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**STOCKTON, CALIFORNIA**



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**



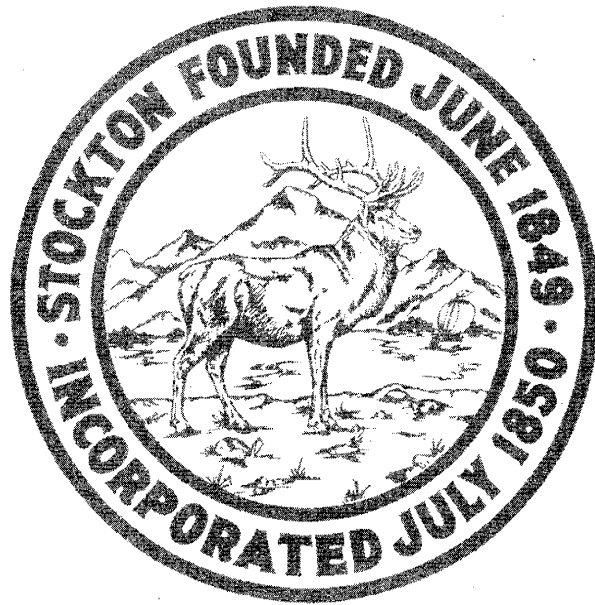
**CITY OF STOCKTON, CALIFORNIA**

**Prepared and Issued by  
The Administrative Services Department**

**MARK MOSES  
Director of Administrative Services**



CITY OF STOCKTON



**INTRODUCTORY SECTION**

**CITY OF STOCKTON**

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FOR THE YEAR ENDED JUNE 30, 2005  
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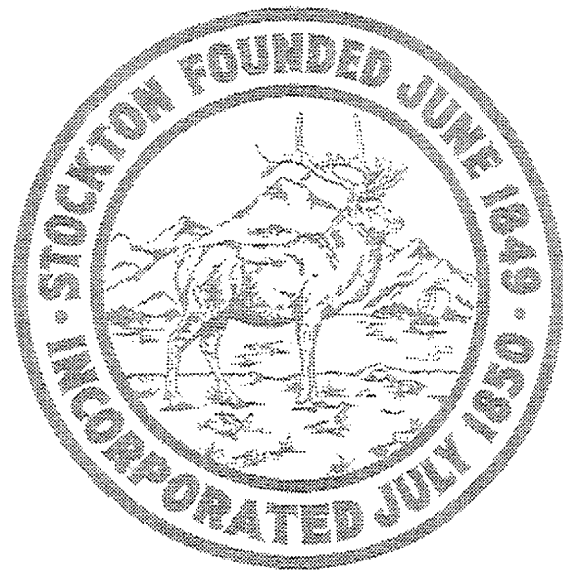
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# CITY OF STOCKTON

## ADMINISTRATIVE SERVICES

City Hall • 425 N. El Dorado Street • Stockton, CA 95202-1997 • 209/937-8460 • Fax 209/937-8844

[www.stocktongov.com](http://www.stocktongov.com)

November 18, 2005

Honorable Mayor, City Council  
and Citizens of the City of Stockton, California

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Stockton for the fiscal year ending June 30, 2005. The City Charter (Section 1910, Article XIX) requires that a licensed certified public accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to the City Council. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

The intent of this report is to provide the City Council, citizens and City staff with a firm understanding of the City's financial position. Management assumes responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed both 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.

Macias, Gini, & Company LLP, an independent firm of licensed certified public accountants, has audited the City's financial statements. 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. Based on the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting the City Charter audit requirements, the audit is also designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. Information relating to this Single Audit, including a Schedule of Expenditures of Federal Awards, the independent auditor's report on internal controls, report on compliance with applicable laws and regulations, and a schedule of findings and recommendations are available in a separately prepared and printed Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of





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

## **Profile of the City of Stockton**

The City of Stockton is located in California's teeming San Joaquin Valley and is the county seat of San Joaquin County. Stockton encompasses nearly 60 square miles and has an estimated population of 275,613. It currently is the 13<sup>th</sup> largest city in California. The City is the home of the busy inland port, which is the entrance to the unique San Joaquin Delta, a series of waterways and agricultural islands leading to the San Francisco Bay.

The City was incorporated in 1850 and subsequently received its first charter, a special legislative charter, from the State in 1851. Stockton's first local Charter under the 1879 State Constitution was approved by the voters in 1888 and ratified by the State Legislature in 1889. The current Charter under which the City operates was approved by the voters in November, 1922. The charter was enacted in 1923 and changed the City from a commission form of government to the current City Council – City Manager form of government. The City Charter has been amended over 100 times since it was originally approved in 1922.

Under the Council-Manager form of government, policy-making and legislative authority are entrusted to the City Council. The mayor and representatives from six districts are chosen by city-wide 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, for appointing department heads, and overseeing the operation of the City. The City Manager, City Attorney, City Auditor, and City Clerk are appointed by the City Council.

The City provides a full range of municipal services. As provided by City Charter these include: public safety (police, fire, paramedics, and building), sanitation (solid waste disposal, wastewater, and stormwater utilities), water utility, community development, library, parks and recreation, and general administrative services. The City Council sits as the Board of the Stockton Redevelopment Agency.

This report includes the financial activity of separate legal entities whose activities the City controls. These entities include:

- Redevelopment Agency
- Stockton Public Financing Authority

Component unit reports (stand-alone reports) are available for the Redevelopment Agency.

## **Budgetary Controls**

The annual budget serves as the foundation for the City financial planning and control. In accordance with the provisions of the City Charter, the City Manager prepares and the City Council adopts a budget on or before June 30 for each subsequent fiscal year.

Each department is given budget targets based on its proportion of the General Fund revenue projections, and is given wide latitude in putting together its budget to meet City goals. The budget is prepared under the supervision of a budget manager and transmitted to the City Council for review 45 days prior to the beginning of each fiscal year. If the Council fails to adopt the annual budget by the beginning of the new fiscal year, the amounts proposed in the budget by the City Manager are considered appropriated until the Council adopts a budget.

Despite the continued revenue takeaways by the State, Stockton operates within a balanced budget. Budgetary control is at the department level within each fund. Fund transfers within like categories of the same department require approval from the City Manager's Office.

## **Economic Outlook**

### **Cash Management**

The Investment Officer of the City is charged with the responsibility of investment of City funds. The government code and City policy stipulate how the City's funds can be invested. The City adopts an investment policy annually that is intended to provide guidelines for the prudent investment of the City's balances, and outlines the policies to assist in maximizing the efficiency of the City's cash management system while meeting the daily cash flow demands of the City. Both the Investment Advisory Committee and the City Council approve the City's investment policy. Additional information on cash management can be found in Note 2 of the financial statements.

### **Risk Management**

The City is self-insured for general liability, workers' compensation, health insurance, and unemployment insurance. The City established three internal service funds to accumulate resources to cover potential losses. Additional information on the City's risk management activities can be found in Note 10 of the financial statements and in the internal service fund financial statements of this report.

### **Pension and Other Post Employment Benefits**

The City participates in the California Public Employees' Retirement System (CalPERS) and makes contributions to the pension plans based on amounts

determined by CalPERS actuaries. The City also pays the employees' required contributions as part of its benefit package.

In addition to providing pension benefits through CalPERS, the City, in accordance with various Memorandums of Understanding, also provides post-retirement health benefits to certain retired employees. Additional information on the City's pension arrangements and post-employment benefits can be found in Notes 9 and 11 in the financial statements.

### **Economic Environment**

Stockton's housing market continues to thrive. There were approximately 9,000 building permits issued during the fiscal year. The growth in the housing market, along with the downtown revitalization is attracting new businesses to the area. Two building product companies, Oldcastle and Lennar, opened facilities in Stockton during the fiscal year. Oldcastle opened a 35,000 square foot manufacturing facility and Lennar a 200,000 square foot facility in South Stockton. The greatest potential for home sales growth in the State continues to be the Central Valley, which makes Stockton the perfect location for manufacturing facilities.

The Airport Gateway Center continues to expand with the addition of BMW and Airport Pointe. Both projects were developed by the Panattoni Development Company which built a 250,000 square foot facility for BMW and created the condominium warehouse complex known as Airport Pointe that contains eight smaller warehouse units ranging from 6,400 to 20,000 square feet in size. In addition, Cintas, one of the largest uniform suppliers in North America recently completed a 54,000 square foot commercial laundry facility on Industrial Drive in the Massie Industrial Park.

The downtown renaissance continued in fiscal year 2005 with the grand openings of the Bob Hope Theatre, the Hotel Stockton and the Stockton Ballpark. Known as the "Fox" since its debut in 1930, the Bob Hope Theatre underwent an \$8.5 million renovation and has been restored to its original glory. The 2,042-seat theater reopened on September 18, 2004 to a sold out audience to witness a spectacular gala event with Jerry Seinfeld as the headlining act.

Built in 1910, the Hotel Stockton, which is now known, simply as "The Stockton" has spent the last two years undergoing a complete restoration. On March 17, 2005 hundreds gathered to participate in the grand opening and see the interior of The Stockton as it appeared nearly a century ago. The Stockton is a mixed-use development incorporating affordable senior apartments in the upper levels with street level shops and restaurants. The rooftop terrace, which overlooks the DeCarli Waterfront Square, is a public space that will be used for weddings and special events.

The Stockton Ballpark opened to a sellout crowd on April 28, 2005 becoming the new home of the Stockton Ports, a Minor League Class A team of the Oakland Athletics. Named the "Minor League Ballpark of choice to visit this summer" by Sports Illustrated, the Stockton Ballpark includes 5,000 fixed seats, 4 luxury suites, a "Back Porch" with giant rocking chairs, lawn seating and family fun area, and a barbeque area with umbrella seating behind the outfield. In addition, Stockton will be the host city for the Class A California League – Carolina League All Star Game in 2007.

The City Centre Cinema Complex continues to thrive with the addition of new restaurants and businesses. Joining the three existing restaurants, one new restaurant opened during the year with three additional restaurants scheduled to open in the very near future. In addition, AAA – California State Automobile Association and H & R Block opened branch offices in the complex to serve citizens that live and work in the downtown area.

On March 30, 2005, a Topping-Out ceremony was held for the new 220,000 square foot Arena currently under construction. This ceremony, which is a custom in the construction industry, signifies the point at which the uppermost steel beam is put into place. The Arena is scheduled to open on December 2, 2005 and will be home to the California Cougars Major Indoor League Soccer Team, Stockton Thunder Minor League Hockey team, and an Arena Football League Team. The 10,000-seat Arena will include 24 suites, 500 club seats, a club area, as well as 5,000 square feet of meeting rooms and will host entertainment and trade show exhibitions when not hosting athletic events. The Arena is located next to the Stockton Ballpark and is a segment of the overall Stockton Events Center that will also include a 7-story parking structure and a Sheraton Hotel.

Other projects currently underway in the downtown area include the San Joaquin Regional Transit District's Downtown Transit Center and the Edmund S. "Ed" Coy Parking Structure. The Downtown Transit Center will combine operational functionality with historic preservation by retaining the facades of three of the existing buildings on the Weber Avenue site. The Ed Coy Parking Structure will not only provide an additional 575 parking spaces to serve customers of the Cineplex and general downtown area, but will also add an additional 7,500 square feet of ground floor retail space.

## **MAJOR INITIATIVES**

Each year the City Council adopts goals, which are used to determine budget and work assignment priorities. The current Council goals are:

- Improve the quality of life for all communities of Stockton by preventing and reducing crime, with an emphasis on proactive neighborhood-based interventions and services.

- Assume the leadership role in developing social, economic and cultural opportunities for all, especially youth.
- Revitalize the Downtown, the Waterfront, and embrace other redevelopment and economic development opportunities throughout the entire City as part of the City's overall strategy of economic development to support healthy, active and viable communities.
- Develop a "Smart Growth Strategy" based on a long-term vision for Stockton, with regional consideration, to provide opportunities for appropriate and viable development and economic growth.
- Exercise fiscal responsibility while providing needed services and keep the City Council actively involved in monitoring the financial health of the City.

To assist the City in achieving the goals of Council, several action teams have been implemented. There are currently nine active teams, including, Airport Corridor Action Team (ACT), Budget Efficiency Action Team (BEAT), Channel District Action Team (CDAT), Community Health Action Team (CHAT), Downtown Action Team (DAT), General Plan Action Team (GPAT), Kentfield Action Team (KAT), Magnolia/Midtown Action Team (MMAT), and Youth and Education Action Team (YEAT). Each action team has a special focus, either by geographic location or activity.

## **OTHER INFORMATION**

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

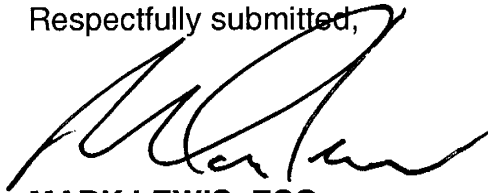
Additionally, the City received its fourteenth consecutive Certificate of Outstanding Financial Reporting from the California Society of Municipal Finance Officers (CSMFO) for its CAFR for the fiscal year ended June 30, 2004. We believe our current report conforms to the Certificate of Outstanding Financial Reporting program requirements and we are again submitting it to CSMFO.

**Acknowledgments**

The preparation of the CAFR represents the dedication of the Accounting Unit staff, as well as other Administrative Services Department staff. In addition, staff in all City departments should be recognized for their cooperative efforts in responding to the many questions and requests for detailed information that accompanies the preparation and production of the CAFR.

We also want to thank the Mayor, members of the City Council, and the audit committee for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



**MARK LEWIS, ESQ.**  
**CITY MANAGER**



**MARK MOSES**  
**DIRECTOR OF ADMINISTRATIVE SERVICES**

**Certificate of Achievement for  
Excellence in Financial  
Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stockton, California for its comprehensive annual financial report for the fiscal year June 30, 2004.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Stockton,  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

*California Society of  
Municipal Finance Officers*

**Certificate of Award**

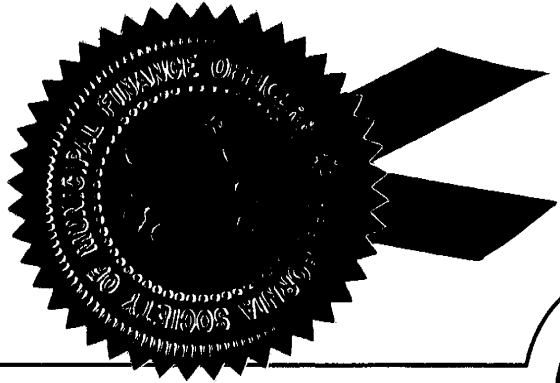
***Outstanding Financial Reporting 2003-04***

**Presented to the**

***City of Stockton***

*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

***February 24, 2005***

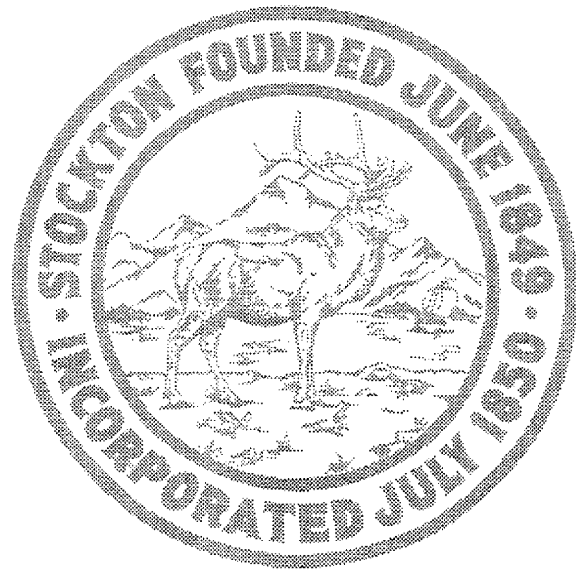


*William A. Stumpf*

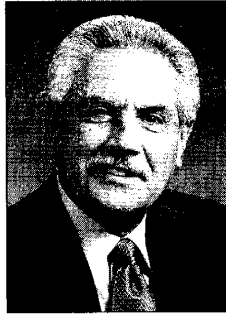
**Bill Thomas, Chair  
Professional & Technical Standards Committee**

***Dedicated to Excellence in Municipal Financial Management***





# CITY OF STOCKTON CITY COUNCIL



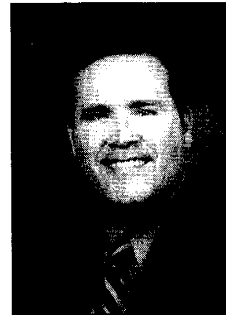
**EDWARD J. CHAVEZ**  
MAYOR



**GARY S. GIOVANETTI**  
VICE MAYOR  
*District 5*



**STEVE J. BESTOLARIDES**  
COUNCILMEMBER  
*District 1*



**DAN J. CHAPMAN**  
COUNCILMEMBER  
*District 2*



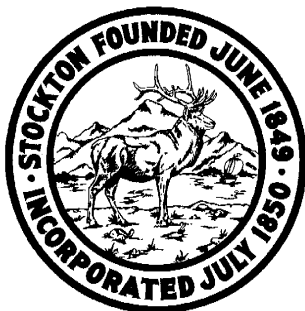
**LESLIE BARANCO MARTIN**  
COUNCILMEMBER  
*District 3*



**CLEM LEE**  
COUNCILMEMBER  
*District 4*



**REBECCA G. NABORS**  
COUNCILMEMBER  
*District 6*



**Stockton**

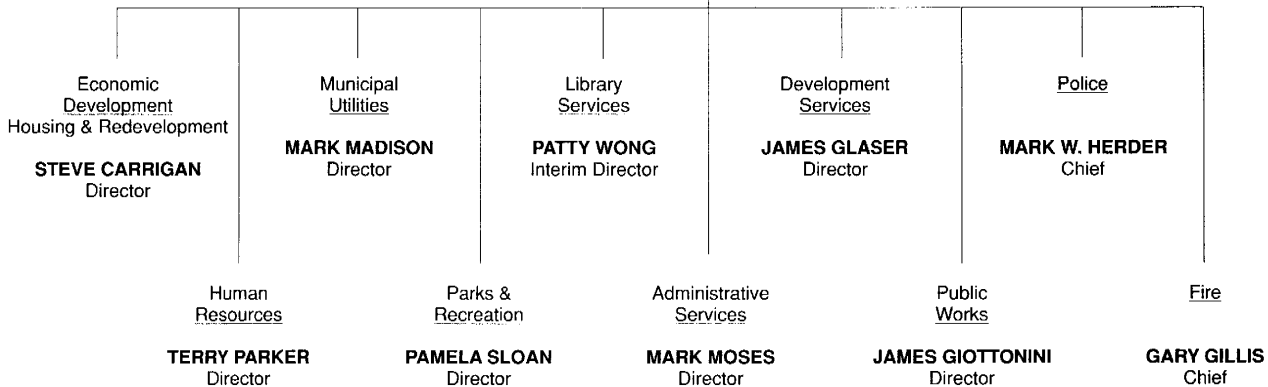
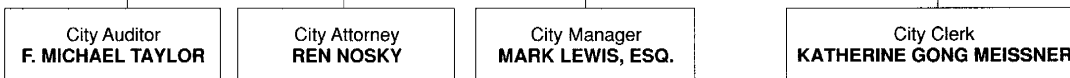
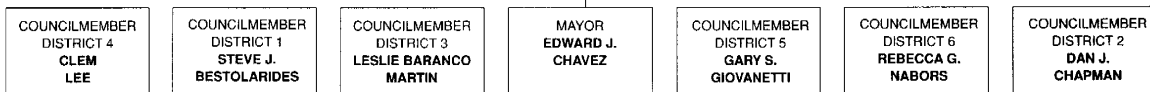


2004  
1999

**CITY OF STOCKTON  
 ORGANIZATION CHART / LIST OF PRINCIPAL OFFICIALS  
 JUNE 30, 2005**

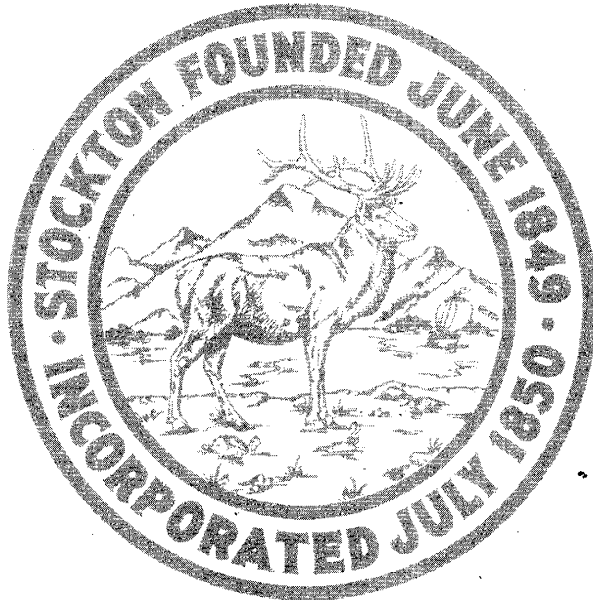
**CITIZENS OF STOCKTON**

**CITY COUNCIL**





CITY OF STOCKTON



**FINANCIAL SECTION**



## MACIAS GINI & COMPANY<sup>LLP</sup>

3000 S Street, Ste. 300  
Sacramento, California 95816

916.928.4600 PHONE  
916.928.2755 FAX

To the City Council  
City of Stockton, California

### INDEPENDENT AUDITOR'S REPORT

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 fiscal year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City management. Our responsibility is to express opinions on these financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2005, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedules of defined benefit pension plans funded status and schedule of revenues, expenditures and changes in fund balance – budget and actual – on a budgetary basis – General Fund, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 fund statements and schedules, 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 fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

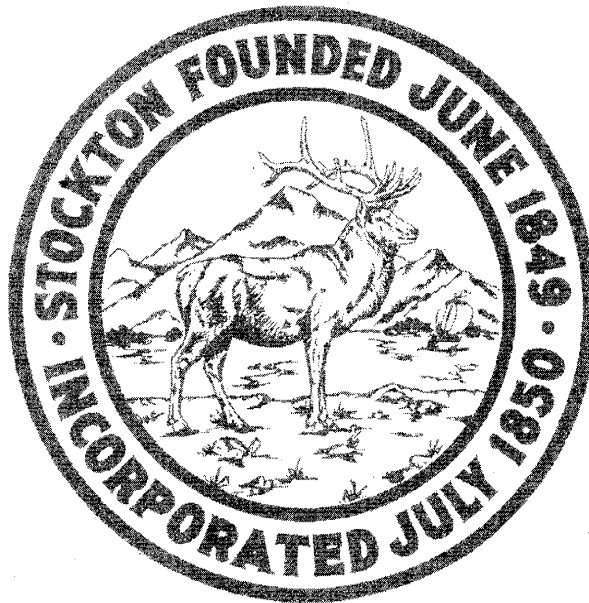
*Macias Gini & Company LLP*

Certified Public Accountants

Sacramento, California  
November 4, 2005



CITY OF STOCKTON



**MANAGEMENT'S  
DISCUSSION  
AND ANALYSIS**

## Management's Discussion and Analysis

The following is presented as discussion and analysis of the financial performance of the City of Stockton (City) for the fiscal year ended June 30, 2005. Please consider the information presented here in conjunction with the information furnished in the Letter of Transmittal, which can be found at the beginning of the Comprehensive Annual Financial Report. All dollar amounts are expressed in thousands unless otherwise indicated.

### FINANCIAL HIGHLIGHTS

- At the close of the 2005 fiscal year, the City's assets exceeded its liabilities by \$950,088 (net assets). Of this amount, \$107,229 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$109,081 is restricted for specific purposes (restricted net assets), and \$733,778 is invested in capital assets, net of related debt.
- The City's total net assets increased by \$109,144. Governmental activities accounted for \$78,182 of this increase and business-type activities accounted for the remaining \$30,962. Contributions of capital assets from developers and development related fees were the key drivers of the increase in net assets.
- Investment earnings totaled \$11,326, an increase of \$9,275 over the prior fiscal year. The average rate of return on the City's general investment pool increased from 2.56% in fiscal year 2004 to 2.68% in fiscal year 2005, contributing to a \$2,404 increase in interest income. As of June 30, 2005, the City also recognized a \$789 net increase in the fair value of investments contrasted with a \$6,802 net decrease in fair value recognized as of June 30, 2004.
- The City's long-term liabilities related to governmental activities decreased by \$8,379 (2%) at fiscal year end. The key factors in this decrease were the issuance of \$6,690 of Mello-Roos Special Tax Bonds to refund \$11,150 in outstanding Mello-Roos Special Tax Bonds, \$10,289 in bond calls and principal repayments, offset by increases of \$1,326, \$2,372, and \$860 respectively in the allowances for general liability, workers' compensation, and health benefit self-insurance claims and judgments.
- Long-term liabilities related to enterprise funds decreased by \$2,385 (2%) due to principal repayments. No new enterprise fund debt was issued during the year.
- As of June 30, 2005, the City's governmental funds (General Fund, special revenue funds, debt service funds, capital projects funds, and the Permanent Fund) reported combined ending fund balances of \$247,071.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. In addition to the basic financial statements, this report includes other supplementary information. **Government-wide Financial Statements** are designed to provide readers with a broad overview of the City's finances and information about the activities of the City as a whole.



The government-wide financial statements include the statement of net assets and the statement of activities. Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety, public works, library, parks and recreation, and general government services. The business-type activities of the City include water utility, wastewater utility, stormwater utility, golf courses, and the parking district, as well as the solid waste operation which is in the process of being phased out.

The government-wide financial statements include the governmental activities of the Redevelopment Agency and the Stockton Public Financing Authority. Although legally separate from the City, these component units are blended with the primary government because of their governance or financial relationships to the City.

The **Statement of Net Assets** presents information on all City assets and liabilities. The difference between the two is reported as net assets. Over time, increases or decreases in net assets and liabilities may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The **Statement of Activities** presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 13-15 of this report.

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

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on how financial assets can readily be converted to available resources and the balances left at year end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

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

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

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental funds financial statements can be found on pages 20-29 of this report.

**Proprietary Funds.** Proprietary funds are generally used to account for activities for which the City charges a fee to either its external or internal customers. Proprietary funds provide the same type of information as in the government-wide financial statements, only in more detail. The City maintains 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 Central Parking District, which are considered major funds. Data for the remaining nonmajor enterprise funds are combined into a single, aggregated presentation.
- **Internal Service Funds** are used to report activities that provide goods and services for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, information technology systems, radio and other equipment, and the City's self insurance programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 30-37 of this report.

**Fiduciary Fund.** The fiduciary fund is used to account for resources held for the benefit of parties outside the government. The City's only fiduciary fund, the Agency Fund, is not reflected in the government-wide financial statements since the resources of the fund are not available to support the City's own programs. The basic fiduciary fund financial statement can be found on page 38 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-76 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This information provides a budgetary comparison schedule for the City's General Fund, as well as information about the City's participation in the California Public Employees' Retirement System defined benefit

pension plan. Required supplementary information can be found on pages 77-81 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. City assets exceeded liabilities by \$950,088 at the close of the fiscal year, which is a \$109,144 (13%) increase from fiscal year 2004.

The largest component of the City's net assets is its investment of \$733,778 (77%) in capital assets (e.g., land and easements, buildings and improvements, infrastructure, and equipment), less any related outstanding debt used to acquire these assets. Capital assets contributed by developers traditionally account for significant growth in the City's net assets. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be liquidated to reduce these liabilities.

### City of Stockton's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Assets:</b>						
Current and other assets	\$323,776	\$362,058	\$137,538	\$154,508	\$461,314	\$516,566
Capital assets	577,659	461,743	465,976	410,329	1,043,635	872,072
Total assets	901,435	823,801	603,514	564,837	1,504,949	1,388,638
<b>Liabilities:</b>						
Long-term liabilities	347,996	356,375	147,523	149,908	495,519	506,283
Other liabilities	37,248	29,417	22,094	11,994	59,342	41,411
Total liabilities	385,244	385,792	169,617	161,902	554,861	547,694
<b>Net assets:</b>						
Invested in capital assets, net of related debt	385,549	289,507	348,229	302,497	733,778	592,004
Restricted	109,016	112,971	65	65	109,081	113,036
Unrestricted	21,626	35,531	85,603	100,373	107,229	135,904
Total net assets	516,191	\$438,009	433,897	\$402,935	950,088	\$840,944

An additional portion of the City's net assets, \$109,081 (12%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$107,229 (11%), may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net assets decreased by \$28,675 (21%) from fiscal year 2004.

Governmental activities accounted for \$13,905 of the decrease in unrestricted net assets. This decrease was largely due to the funding of significant construction costs related to the Stockton Events Center from unrestricted net assets. In addition, expenses continued to exceed

revenues in the Emergency Medical Transportation Fund. The deficit unrestricted net assets in the Internal Service Funds increased by \$1,722 during the fiscal year.

Business-type activities accounted for \$14,770 of the decrease in unrestricted net assets. The major decreases occurred in the Water Utility (\$5,554), the Wastewater Utility (\$7,578), the Stormwater Utility (\$794), and the Central Parking District (\$961).

### City of Stockton's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
Program revenues:						
Charges for service	\$83,330	\$71,514	\$61,931	\$60,971	\$145,261	\$132,485
Operating grants and contributions	9,715	7,924	-	-	9,715	7,924
Capital grants and contributions	44,309	47,789	28,655	31,535	72,964	79,324
General revenues:						
Property taxes	33,723	28,365	-	-	33,723	28,365
Utility taxes	34,908	33,322	-	-	34,908	33,322
Sales and use taxes	46,995	40,333	-	-	46,995	40,333
Special assessments	22,315	18,204	733	675	23,048	18,879
Franchise fees	9,812	5,725	-	-	9,812	5,725
Business licenses	8,960	8,014	-	-	8,960	8,014
Transient occupancy taxes	2,160	2,030	-	-	2,160	2,030
Document transfer fees	2,036	1,525	-	-	2,036	1,525
Other taxes	193	187	-	-	193	187
Grants and contributions not restricted to specific programs	16,137	13,338	881	-	17,018	13,338
Investment earnings	7,484	1,243	3,842	808	11,326	2,051
Gain on sale of capital assets	-	496	-	76	-	572
Other	10,880	1,652	-	-	10,880	1,652
Total revenues	332,957	281,661	96,042	94,065	428,999	375,726
<b>Expenses</b>						
General government	20,777	17,562	-	-	20,777	17,562
Public safety	145,703	125,837	-	-	145,703	125,837
Public works	47,440	42,848	-	-	47,440	42,848
Library	13,190	11,530	-	-	13,190	11,530
Parks and recreation	19,365	15,854	-	-	19,365	15,854
Interest and fiscal charges	16,376	13,081	-	-	16,376	13,081
Water utility	-	-	14,809	15,548	14,809	15,548
Wastewater utility	-	-	31,607	32,674	31,607	32,674
Stormwater utility	-	-	5,653	6,910	5,653	6,910
Central parking district	-	-	2,487	2,585	2,487	2,585
Other	-	-	2,448	5,022	2,448	5,022
Total expenses	262,851	226,712	57,004	62,739	319,855	289,451
Increase in net assets before transfers	70,106	54,949	39,038	31,326	109,144	86,275
Transfers	8,076	7,553	(8,076)	(7,553)	-	-
Increase in net assets	78,182	62,502	30,962	23,773	109,144	86,275
Net assets, beginning of year	438,009	375,507	402,935	379,162	840,944	754,669
Net assets, end of year	\$516,191	\$438,009	\$433,897	\$402,935	\$950,088	\$840,944

**Governmental Activities.** Governmental activities accounted for \$78,182 or 72% of the total increase in the City's net assets. The increase reflects the continuing boom in both residential and commercial development activities. The key factors impacting the change in net assets are:

- Continued high levels of development
- An increase in the rates of public facilities fees

Over 52% of the increase in net assets can be attributed to contributions of capital assets from developers and public facilities fees, \$14,929 and \$26,141 respectively.

As a result of the strengthening economy and new development, the City's governmental activities also realized the following revenue increases:

- Property taxes - \$5,358 (19%)
- Sales taxes - \$5,368 (13%)
- Business licenses - \$946 (12%)
- Document transfer fees - \$511 (34%)

The continued build out of Park West Place located in Spanos Park West and the opening of a Super WalMart in October, 2004 contributed to the growth in sales tax revenue.

The City entered into new contracts with the garbage haulers effective June 1, 2004, which is reflected in increased franchise fees of \$4,087 (71%).

Investment earnings in governmental activities increased by \$6,241 as discussed in the Financial Highlights section.

**Business-type Activities.** Business-type activities accounted for \$30,962 or 28% of the total increase in the City's net assets. The key elements of this increase are:

- Contributions of capital assets from developers:
  - Water Utility: \$3,179
  - Wastewater Utility: \$4,705
  - Stormwater Utility: \$4,359
- Connection fees:
  - Water Utility: \$1,291
  - Wastewater Utility: \$15,121

In fiscal year 2005 water connection fees increased approximately 2.5% on July 1, 2004 and based on an automatic annual inflation factor included in the fee schedule.

Investment earnings in business-type activities increased by \$3,034 as discussed in the Financial Highlights section.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with legal reporting requirements.

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

As of June 30, 2005 the City's governmental funds reported combined ending fund balances of \$247,071, a decrease of \$50,868 from the prior fiscal year.

Revenues for governmental funds overall totaled \$319,793 in fiscal year 2005, which represents an increase of \$53,909 from fiscal year 2004. Expenditures for governmental functions totaled \$378,346, an increase of \$83,404 from the prior fiscal year. During fiscal year ended June 30, 2005 expenditures for governmental functions exceeded revenues by \$58,553 or approximately 18%.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, the General Fund's unreserved fund balance was \$16,506 and has been designated as follows: \$1,662 for termination pay, \$7,525 for infrastructure, \$3,819 for economic uncertainties, \$2,500 for general liability, and \$1,000 for loan securitization. As a measure of the General Fund's liquidity, it is useful to compare the unreserved fund balance designated for economic uncertainties to total fund expenditures. Unreserved fund balance designated for economic uncertainties represents approximately 2.4% of the General Fund's total expenditures of \$156,107. The total fund balance for the General Fund is \$23,464, which includes the designated unreserved fund balances of \$16,506, as mentioned above, and reserved fund balance in the amount of \$6,958. General Fund revenues exceeded expenditures by \$11,285; however, other financing uses exceeded other financing sources by \$5,668. The net result was to increase fund balance by \$5,617.

The Public Facilities Impact Fees Fund accounts for the collection and expenditure of fees imposed as a condition of new development within the City. At the end of the fiscal year, the Public Facilities Impact Fees Fund's total fund balance of \$47,210 was reported as reserved. This represents a \$2,408 decrease from the prior fiscal year. Revenues which consist primarily of development related fees were \$2,262 less than expenditures. Capital outlay expenditures totaling \$26,453 funded the construction of the Stockton Events Center and multiple street widening and other traffic related projects.

The Capital Improvement Fund accounts for the acquisition, construction, and improvement of capital facilities financed by grants and operating transfers from other City funds. The Capital Improvement Fund reported a reserved fund balance of \$34,741 at fiscal year end. Expenditures exceeded revenues by \$32,868; however, other financing sources exceeded other financing uses by \$16,564, resulting in a net decrease in fund balance of \$16,304. Capital outlay expenditures totaling \$44,759 primarily funded the Stockton Events Center and several smaller projects.

The Redevelopment Agency Fund reported a deficit fund balance of \$7,676 at the end of the fiscal year, a decrease of \$18,311 from the prior year. The decrease is primarily attributed to the expenditure of \$20,410 of Events Center-Arena Project bond construction funds that were recognized as revenue in the prior fiscal year.

**Proprietary Funds.** At the end of the fiscal year, unrestricted net assets were reported as follows: the Water Utility \$10,887, the Wastewater Utility \$70,639, and the Stormwater Utility \$5,284. The Central Parking District reported deficit unrestricted net assets of \$410. The Solid Waste and Golf Courses are combined for financial reporting purposes and together had deficit unrestricted net assets of \$797. The internal service funds had a deficit in unrestricted net assets of \$20,877.

The total growth in net assets for the enterprise funds was \$30,962. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

The internal service funds had a decrease in net assets of \$1,767. This was primarily due to the decrease in net assets of \$1,316 in the Central Garage Fund, \$1,905 in the Computer Equipment Fund, \$1,030 in the Radio Equipment Fund, and \$1,122 in the Health Benefits Insurance Fund, offset by increases in net assets of \$3,013 in the Workers' Compensation Insurance Fund and \$902 in the Other Insurance Fund

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget resulted in an increase in appropriations of \$483. The majority of the increase can be attributed to increases in appropriations relating to public safety of \$807 offset by decreases to general government activities of \$274.

During the year, actual revenues exceeded budgetary estimates by \$11,040.

Some key revenues that exceeded budgetary estimates are as follows:

- An additional \$3,146 in property taxes, reflecting the continued growth in new homes and assessed valuations
- \$983 in utility users tax, reflecting the continued growth in new homes and commercial development
- \$3,044 in sales and use tax due to the economy gaining strength and the growth in commercial development discussed earlier
- \$818 in document transfer fees because of the strong re-sale market
- \$2,539 in other governmental revenue, reflecting revenue from the sale of the Vehicle License Fee receivable and the unanticipated receipt of booking fee relief
- \$1,158 in fines and forfeitures, reflecting increased revenue from traffic, parking, and vehicle code fines (\$568) and code enforcement fines (\$523) due to increased enforcement activities

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2005 amounts to \$1,043,635. This investment in capital assets includes land and easements, buildings and improvements, machinery and equipment, park facilities, roads, street, and bridges. The total increase in the City's capital assets for the fiscal year was 20% (a 25% increase for governmental activities and a 14% increase for business-type activities) as shown in the table below.

### Changes in Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 33,599	\$ 28,498	\$ 13,055	\$ 12,370	\$ 46,654	\$ 40,868
Buildings & Improvements	78,388	21,319	369,144	368,815	447,532	390,134
Machinery & Equipment	11,686	11,561	3,311	3,205	14,997	14,766
Infrastructure	226,665	214,738	-	-	226,665	214,738
Construction in Progress	227,321	185,627	80,466	25,939	307,787	211,566
<b>Total</b>	<b>\$577,659</b>	<b>\$461,743</b>	<b>465,976</b>	<b>\$410,329</b>	<b>\$1,043,635</b>	<b>\$872,072</b>

Additional information on the City's capital assets can be found in Note 5 on pages 54-55 of this report.

**Long-term debt.** At the end of the fiscal year, the City's total outstanding bonded debt was \$411,535. Of this amount, \$146,069 is revenue bonds and certificates of participation backed by the City's water and wastewater utilities, and the central parking district. In addition, there is \$48,575 of lease revenue bonds for the Events-Center Arena Project and certificates of participation with balances totaling \$27,238 for the City's Essential Services Building / Parking Structure and redevelopment housing projects. The remainder is land-secured bond issues including \$93,023 of revenue bonds, \$46,400 of Mello-Roos bonds, and \$50,230 of special assessment bonds for various community facilities districts and local improvement districts.

During fiscal year 2005, the City's net bonded indebtedness decreased by \$16,733. Key factors were \$12,140 of bond calls and principal payments made during the fiscal year, in addition to the issuance of \$6,557 of Mello-Roos special tax bonds in order to defease \$11,150 in outstanding bonds related to the South Stockton Communities Facilities District. Additional information on the City's long-term debt can be found in Note 6 to the financial statements.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

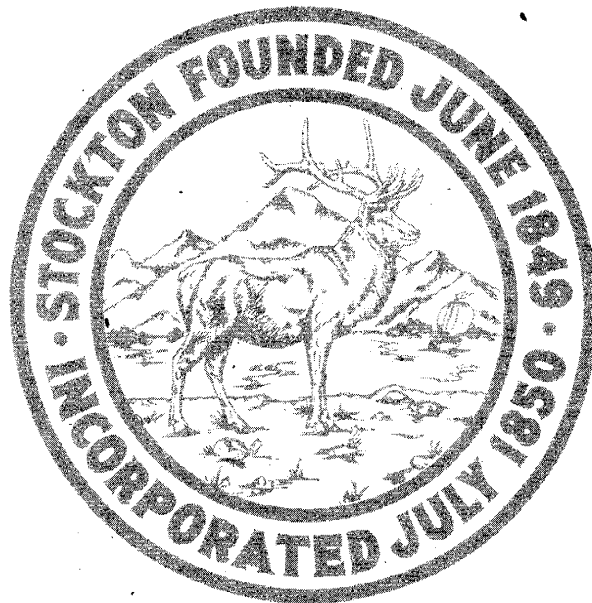
- The City's largest General Fund revenue sources are sales tax, utility user's tax (UUT), property tax, and the motor vehicle license fee (VLF). With the exception of UUT, the proportion the City receives from each source is determined by the State.
- Current year sales tax and property tax revenues reflect the strong economy and continued growth in new homes and commercial development. Sales tax revenue is expected to continue to increase by \$2 to \$3 million per year due to the continued build out of the Park West Place power center, the opening of a Super WalMart in October 2004, and the construction of another Super WalMart in Spanos Park West.
- The VLF has been permanently reduced from 2% to 0.65% by the State, and while the backfill has been eliminated, it will be replaced with a like amount of property taxes.
- Measure W, increased the local sales and use tax by one-quarter of one percent beginning in the fourth quarter of the 2005 fiscal year, and revenues will be used solely to address Stockton's public safety needs. The 2006 fiscal year budget includes a full year of funding at \$9.2 million. The Police Department anticipates hiring an additional 24 sworn employees and the Fire Department anticipates hiring an additional 19 sworn employees.
- The City Council approved a reduction in UUT from 8% to 7.75% effective July 1, 2004. Additional reductions of .75% and 1% are effective in July 2005 and 2006, respectively.
- The fiscal year 2006 Budget and Fee Schedule contains a number of increases in fees for services provided to the public, including cost recovery fees for development, as well as 9-1-1 and emergency services calls. A product sales category was added to include the sale of mulch and firewood garnered through the tree trimming and removal program. Moreover, all existing fees contain an automatic inflation adjustment.
- Based on the provisions of voter approved Proposition 1A, cities and counties are making contributions to the State general fund of \$1.4 billion per year in fiscal years 2005 and 2006. This translates to a revenue loss of \$5.4 million to the City of Stockton over the two year period.
- As of June 30, 2005 state mandated costs reimbursement (SB-90) claims totaling \$4,122 are reported as deferred revenue in the General Fund because the State has not appropriated funds for this reimbursement.
- The unemployment rate for the City was 9.0% as of June 2005. Although the local unemployment rate is 3.6 percentage points higher than the State unemployment rate of 6.4%, it has dropped since June 2004.

## **REQUESTS FOR INFORMATION**

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



CITY OF STOCKTON

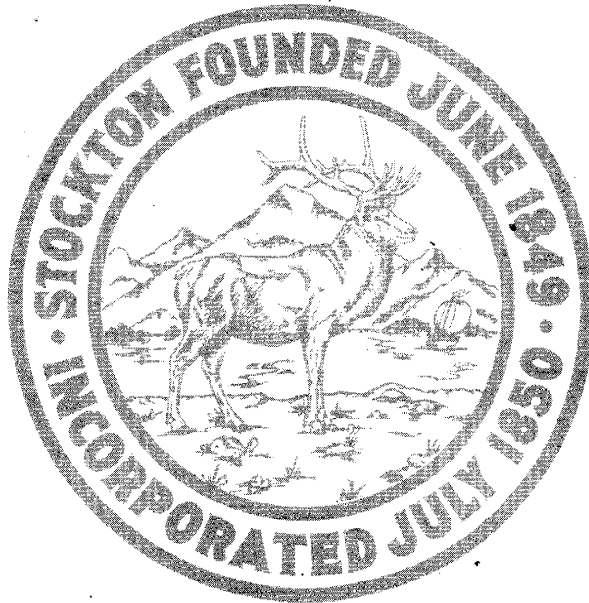


**BASIC FINANCIAL  
STATEMENTS**





CITY OF STOCKTON



**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

# CITY OF STOCKTON

## STATEMENT OF NET ASSETS

JUNE 30, 2005

(With comparative totals as of June 30, 2004)

(Dollar amounts in thousands)

	Governmental Activities	Business-Type Activities	Total	
			2005	2004
<b>ASSETS</b>				
Cash and investments	\$ 229,793	\$ 96,812	\$ 326,605	\$ 387,024
Restricted cash and investments	-	29,924	29,924	42,368
Interest receivable	957	666	1,623	1,588
Taxes receivable	642	-	642	514
Accounts receivable, net	14,310	7,376	21,686	17,535
Internal balances	1,100	(1,100)	-	-
Due from other governments	22,889	-	22,889	16,973
Inventory of supplies	1,495	1,513	3,008	1,372
Other assets	402	-	402	406
Advances to property owners	48,638	-	48,638	42,363
Deferred charges	3,550	2,347	5,897	6,423
Capital assets, net:				
Nondepreciable	260,920	93,521	354,441	252,434
Depreciable, net	316,739	372,455	689,194	619,638
<b>Total assets</b>	<b>901,435</b>	<b>603,514</b>	<b>1,504,949</b>	<b>1,388,638</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	25,281	18,159	43,440	23,979
Accrued payroll and benefits	3,190	-	3,190	3,535
Accrued interest	4,928	2,410	7,338	6,480
Due to other governments	224	46	270	412
Deposits and other liabilities	873	1,479	2,352	1,878
Unearned revenue	2,752	-	2,752	5,127
Long-term liabilities:				
Due within one year	22,970	2,677	25,647	31,482
Due in more than one year	325,026	144,846	469,872	474,801
<b>Total liabilities</b>	<b>385,244</b>	<b>169,617</b>	<b>554,861</b>	<b>547,694</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	385,549	348,229	733,778	592,004
Restricted for:				
Capital projects	20,176	-	20,176	23,478
Debt service	20,000	65	20,065	20,891
Loan programs	52,408	-	52,408	52,800
Endowments:				
Nonexpendable	1,423	-	1,423	1,383
Expendable	265	-	265	266
Other purposes	14,744	-	14,744	14,218
Unrestricted	21,626	85,603	107,229	135,904
<b>Total net assets</b>	<b>\$ 516,191</b>	<b>\$ 433,897</b>	<b>\$ 950,088</b>	<b>\$ 840,944</b>

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

# CITY OF STOCKTON

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005 (With comparative totals for the year ended June 30, 2004) (Dollar amounts in thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 20,777	\$ 11,213	\$ 179	\$ -
Public safety	145,703	39,251	3,298	-
Public works	47,440	21,085	231	41,190
Library	13,190	1,920	5,815	-
Parks and recreation	19,365	9,861	192	3,119
Interest and fiscal charges	16,376	-	-	-
Total governmental activities	<u>262,851</u>	<u>83,330</u>	<u>9,715</u>	<u>44,309</u>
Business-type activities:				
Water utility	14,809	20,125	-	4,470
Wastewater utility	31,607	31,926	-	19,826
Stormwater utility	5,653	4,751	-	4,359
Central parking district	2,487	2,696	-	-
Other	2,448	2,433	-	-
Total business-type activities	<u>57,004</u>	<u>61,931</u>	<u>-</u>	<u>28,655</u>
<b>Total</b>	<u><u>\$ 319,855</u></u>	<u><u>\$ 145,261</u></u>	<u><u>\$ 9,715</u></u>	<u><u>\$ 72,964</u></u>

General revenues:

Taxes:

- Property
- Utility
- Sales and use
- Special assessments
- Franchise fees
- Business license tax
- Transient occupancy
- Document transfer fees
- Other

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

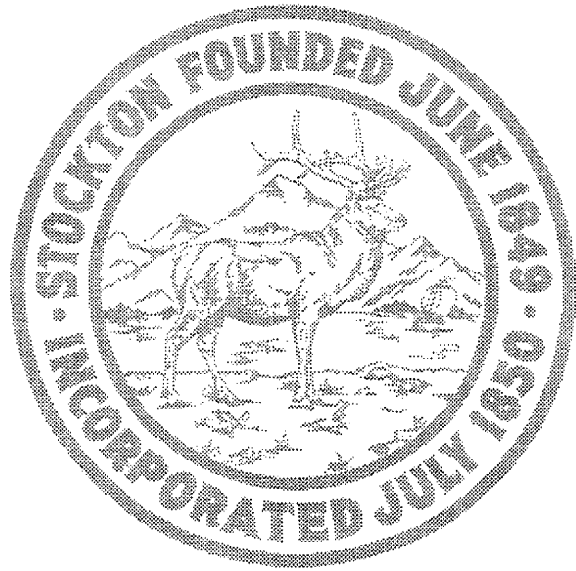
Net assets, beginning of year, restated

Net assets, end of year

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

Net (Expense) Revenue and  
Changes in Net Assets

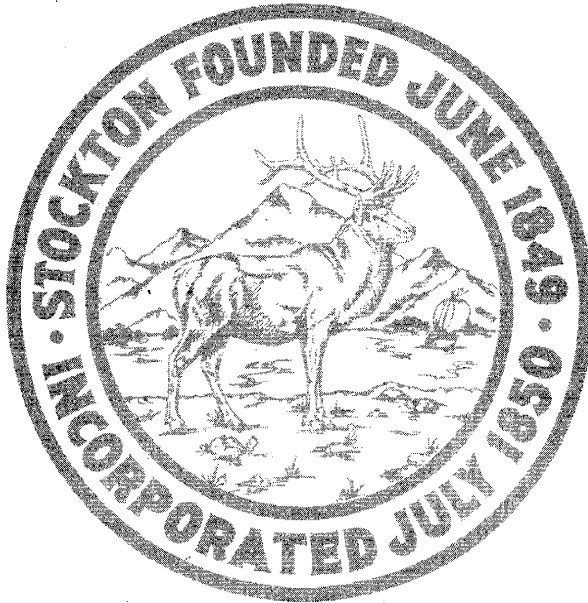
Governmental Activities	Business-Type Activities	Total	
		2005	2004
\$ (9,385)		\$ (9,385)	\$ (9,107)
(103,154)		(103,154)	(92,945)
15,066		15,066	25,642
(5,455)		(5,455)	(5,574)
(6,193)		(6,193)	(4,420)
<u>(16,376)</u>		<u>(16,376)</u>	<u>(13,081)</u>
<u>(125,497)</u>		<u>(125,497)</u>	<u>(99,485)</u>
	\$ 9,786	9,786	9,403
	20,145	20,145	18,027
	3,457	3,457	2,611
	209	209	109
	<u>(15)</u>	<u>(15)</u>	<u>(383)</u>
	<u>33,582</u>	<u>33,582</u>	<u>29,767</u>
<u>(125,497)</u>	<u>33,582</u>	<u>(91,915)</u>	<u>(69,718)</u>
33,723	-	33,723	28,365
34,908	-	34,908	33,322
46,995	-	46,995	40,333
22,315	733	23,048	18,879
9,812	-	9,812	5,725
8,960	-	8,960	8,014
2,160	-	2,160	2,030
2,036	-	2,036	1,525
193	-	193	187
16,137	881	17,018	13,338
7,484	3,842	11,326	2,051
10,880	-	10,880	1,652
-	-	-	572
<u>8,076</u>	<u>(8,076)</u>	<u>-</u>	<u>-</u>
<u>203,679</u>	<u>(2,620)</u>	<u>201,059</u>	<u>155,993</u>
78,182	30,962	109,144	86,275
<u>438,009</u>	<u>402,935</u>	<u>840,944</u>	<u>754,669</u>
<u>\$ 516,191</u>	<u>\$ 433,897</u>	<u>\$ 950,088</u>	<u>\$ 840,944</u>







CITY OF STOCKTON



**FUND FINANCIAL  
STATEMENTS**

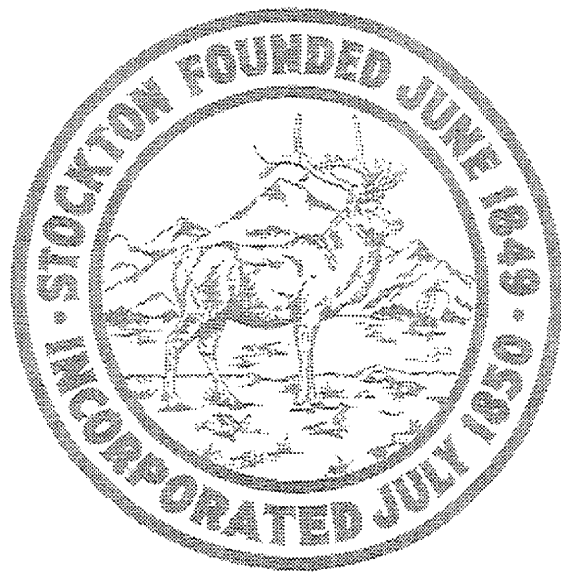
## FUND FINANCIAL STATEMENTS

### **Governmental Fund Types**

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

Major Governmental Funds include:

- **General Fund**  
The fund used to account for resources that are not required legally or by sound financial management to be accounted for in another fund.
- **Public Facilities Impact Fees**  
To account for the collection of and expenditure of fees imposed as a condition of new development within the City. Impact fees have been established for each of the following types of public facilities:
  - Traffic signals
  - Street improvements
  - Community recreation centers
  - City office space
  - Fire stations
  - Libraries
  - Police stations
  - Parkland, street tree & street signs
  - Street light in-lieu
  - Air quality mitigation
  - Public facilities fees - administration
- **Capital Improvement**  
To account for the acquisition, construction and improvement of capital facilities financed by grants and operating transfers from other City funds.
- **Redevelopment Agency**  
To account for the acquisition, relocation, demolition and sale of land for those portions of the City earmarked for redevelopment. Projects are financed from bond proceeds, loans from other city funds and property tax increment revenue.



## **Proprietary Fund Types**

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

Major enterprise funds include:

- **Water Utility**  
To account for activities associated with the acquisition or construction of water facilities, production, distribution and transmission of potable water to users.
- **Wastewater Utility**  
To account for activities associated with the acquisition or construction, and operation and maintenance of wastewater facilities for drainage, treatment, and disposal of wastewater.
- **Stormwater Utility**  
To account for activities associated with the acquisition or construction, and operation and maintenance of stormwater facilities for drainage and disposal of stormwater wastewater.
- **Central Parking District**  
To account for activities associated with the acquisition or construction, operation and maintenance of off-street parking facilities.

## **Fiduciary Fund Type**

The only fiduciary fund is the:

- **Agency fund**  
To account for assets held in an agency capacity for parties outside the City. The resources of this fund cannot be used to support the City's own programs.

# CITY OF STOCKTON

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2005

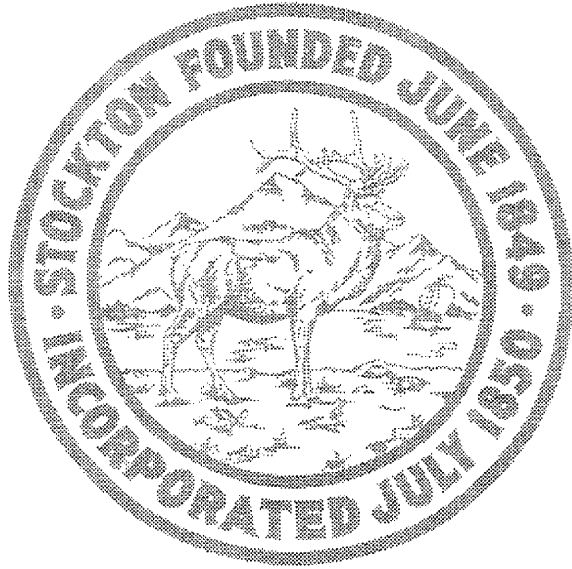
(With comparative totals as of June 30, 2004)

(Dollar amounts in thousands)

	General	Public Facilities Impact Fees	Capital Improvement
<b>ASSETS</b>			
Cash and investments	\$ 2,796	\$ 51,000	\$ 22,105
Cash and investments with fiscal agents	1,059	-	7,280
Restricted cash and investments	-	-	-
Receivables:			
Interest	69	342	201
Taxes and special assessments	9	-	-
Accounts and other receivables	14,335	1,213	36
Allowance for uncollectibles	(4,179)	-	-
Due from other funds	9,743	1,000	-
Due from other governments	8,436	37	4,057
Allowance for uncollectibles	(16)	-	-
Due from other agencies	364	-	-
Inventory of supplies	1,072	-	-
Deposits	-	-	-
Advances to other funds	3,498	137	21,454
Advances to property owners	-	344	75
Property held for resale	-	-	-
	<u>\$ 37,186</u>	<u>\$ 54,073</u>	<u>\$ 55,208</u>
Total assets			
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 1,308	\$ 2,542	\$ 15,378
Accrued payroll and benefits	3,133	-	-
Due to other funds	-	-	3,900
Due to other governments	-	-	30
Due to other agencies	108	-	-
Deposits and other liabilities	203	-	-
Deferred revenue	8,970	593	809
Advances from other funds	-	3,728	350
	<u>13,722</u>	<u>6,863</u>	<u>20,467</u>
Total liabilities			
<b>FUND BALANCES (DEFICIT):</b>			
<b>Reserved:</b>			
Encumbrances	1,061	5,413	1,509
Advances	3,498	481	21,529
Debt service	-	-	-
Capital projects	1,059	41,316	11,703
Loan commitment	-	-	-
Low- and moderate-income housing	-	-	-
Endowments	-	-	-
Other items	1,340	-	-
<b>Unreserved, reported in:</b>			
<b>General Fund:</b>			
Designated for termination pay	1,662	-	-
Designated for infrastructure	7,525	-	-
Designated for economic uncertainties	3,819	-	-
Designated for state initiated revenue reductions	-	-	-
Designated for general liability	2,500	-	-
Designated for loan securitization	1,000	-	-
<b>Special revenue funds:</b>			
Designated for termination pay	-	-	-
Undesignated	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Permanent fund	-	-	-
	<u>23,464</u>	<u>47,210</u>	<u>34,741</u>
Total fund balances (deficit)			
Total liabilities and fund balances (deficit)	<u>\$ 37,186</u>	<u>\$ 54,073</u>	<u>\$ 55,208</u>

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

Redevelopment Agency	Other Governmental	Total Governmental	
		2005	2004
\$ 5,447	\$ 56,030	\$ 137,378	\$ 175,432
21,158	30,713	60,210	76,352
-	-	-	3,161
14	331	957	1,024
-	633	642	514
23	2,752	18,359	14,033
-	-	(4,179)	(2,469)
-	-	10,743	3,200
625	9,750	22,905	16,989
-	-	(16)	(16)
-	-	364	260
-	423	1,495	163
38	-	38	38
-	15,946	41,035	41,601
-	48,219	48,638	42,363
-	-	-	108
<u>\$ 27,305</u>	<u>\$ 164,797</u>	<u>\$ 338,569</u>	<u>\$ 372,753</u>
\$ 2,141	\$ 2,221	\$ 23,590	\$ 13,960
-	-	3,133	3,535
266	5,451	9,617	2,037
-	194	224	359
-	-	108	48
3	559	765	539
-	2,628	13,000	12,949
<u>32,571</u>	<u>4,412</u>	<u>41,061</u>	<u>41,387</u>
<u>34,981</u>	<u>15,465</u>	<u>91,498</u>	<u>74,814</u>
38	2,694	10,715	7,222
-	64,165	89,673	83,985
-	42,458	42,458	46,456
18,729	28,393	101,200	156,948
-	-	-	888
1,004	-	1,004	1,760
-	1,423	1,423	1,383
40	4,422	5,802	4,101
-	-	1,662	662
-	-	7,525	2,470
-	-	3,819	3,419
-	-	-	5,179
-	-	2,500	-
-	-	1,000	-
-	132	132	132
-	5,886	5,886	13,190
-	(244)	(244)	(179)
(27,487)	(262)	(27,749)	(29,884)
-	265	265	207
<u>(7,676)</u>	<u>149,332</u>	<u>247,071</u>	<u>297,939</u>
<u>\$ 27,305</u>	<u>\$ 164,797</u>	<u>\$ 338,569</u>	<u>\$ 372,753</u>



# CITY OF STOCKTON

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2005 (With comparative totals as of June 30, 2004) (Dollar amounts in thousands)

	2005	2004
Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balances - total governmental	\$ 247,071	\$ 297,939
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Nondepreciable capital assets	260,920	214,125
Depreciable capital assets, net	306,465	237,299
Internal service funds are used by management to charge the costs of central garage, computer equipment, radio equipment, other equipment, general insurance, workers' compensation insurance, health benefits insurance and other insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(10,603)	(8,836)
Various long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:		
Compensated absences	(18,170)	(16,663)
Bonds payable and other long-term debt	(278,072)	(292,229)
Unamortized bond discounts and premiums	(229)	(357)
Accrued interest	(4,928)	(4,583)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are:		
deferred in the governmental funds, or	10,248	7,822
not recorded in the governmental funds.	<u>3,489</u>	<u>3,492</u>
Net assets of governmental activities	<u>\$ 516,191</u>	<u>\$ 438,009</u>

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



# CITY OF STOCKTON

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2005 (With comparative totals for the year ended June 30, 2004) (Dollar amounts in thousands)

	General	Public Facilities Impact Fees	Capital Improvement
<b>REVENUES:</b>			
Taxes:			
Property	\$ 26,676	\$ -	\$ -
Utility	34,908	-	-
Sales and use	40,639	-	-
Special assessments	-	-	-
Franchise fees	9,812	-	-
Business licenses	8,873	-	-
Transient occupancy	2,160	-	-
Document transfer fees	2,036	-	-
Other	-	-	10
Licenses and permits	337	-	-
Federal grants and subsidies	-	-	1,138
Other governmental	16,196	-	8,142
Charges for services	10,545	26,141	-
Fines and forfeitures	3,214	-	-
Use of money and property	791	67	1,269
Investment income:			
Interest income	1,053	1,397	874
Net increase (decrease) in fair value of investments	38	107	59
Refunds and reimbursements	5,254	1	-
Miscellaneous	4,860	88	2,062
<b>Total revenues</b>	<b>167,392</b>	<b>27,801</b>	<b>13,554</b>
<b>EXPENDITURES:</b>			
Current:			
General government	13,444	2,049	1,500
Public safety	121,460	196	104
Public works	13,426	974	34
Library	-	268	-
Parks and recreation	7,676	123	-
Capital outlay	101	26,453	44,759
Debt service:			
Principal retirement	-	-	25
Cost of issuance	-	-	-
Advance refunding escrow	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>156,107</b>	<b>30,063</b>	<b>46,422</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>11,285</b>	<b>(2,262)</b>	<b>(32,868)</b>

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

Redevelopment Agency	Other Governmental	Total Governmental	
		2005	2004
\$ 7,047	\$ -	\$ 33,723	\$ 28,365
-	-	34,908	33,322
-	5,062	45,701	40,333
-	22,135	22,135	18,211
-	-	9,812	5,725
-	87	8,960	8,014
-	-	2,160	2,030
-	-	2,036	1,525
-	183	193	187
-	10,775	11,112	9,977
24	9,303	10,465	11,301
-	20,399	44,737	35,330
-	25,767	62,453	57,316
-	36	3,250	1,905
9	1,239	3,375	1,640
718	2,416	6,458	5,000
11	276	491	(3,824)
-	907	6,162	3,213
2,482	2,170	11,662	6,314
<u>10,291</u>	<u>100,755</u>	<u>319,793</u>	<u>265,884</u>
2,084	5,326	24,403	22,812
-	20,451	142,211	123,948
3,855	23,169	41,458	38,122
-	12,123	12,391	11,303
-	10,132	17,931	14,937
21,859	15,388	108,560	60,827
24	10,240	10,289	8,356
22	120	142	2,177
-	5,080	5,080	-
19	15,862	15,881	12,460
<u>27,863</u>	<u>117,891</u>	<u>378,346</u>	<u>294,942</u>
<u>(17,572)</u>	<u>(17,136)</u>	<u>(58,553)</u>	<u>(29,058)</u>

(Continued)

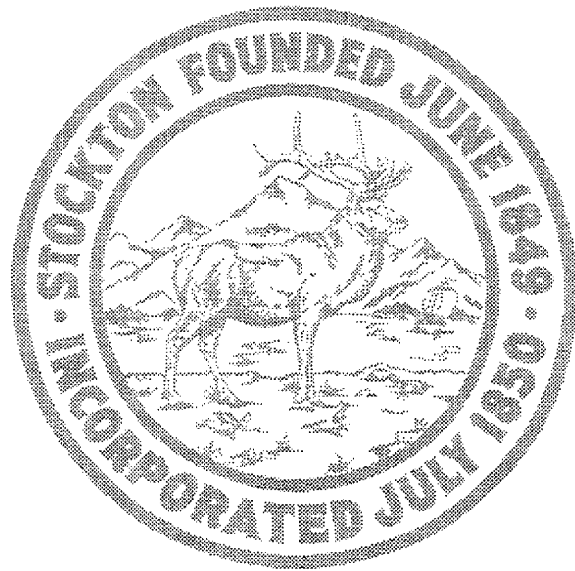
# CITY OF STOCKTON

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (With comparative totals for the year ended June 30, 2004) (Dollar amounts in thousands)

	General	Public Facilities Impact Fees	Capital Improvement
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,285</u>	<u>(2,262)</u>	<u>(32,868)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	10,633	-	16,576
Transfers out	(16,303)	(146)	(12)
Issuance of long-term debt	-	-	-
Sales of capital assets	2	-	-
Payment to refunded bond escrow agent	-	-	-
Premiums on debt issuances	-	-	-
Discounts on debt issuances	-	-	-
Total other financing sources (uses)	<u>(5,668)</u>	<u>(146)</u>	<u>16,564</u>
NET CHANGE IN FUND BALANCES	5,617	(2,408)	(16,304)
FUND BALANCES, BEGINNING OF YEAR	<u>17,847</u>	<u>49,618</u>	<u>51,045</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 23,464</u>	<u>\$ 47,210</u>	<u>\$ 34,741</u>

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

Redevelopment Agency	Other Governmental	Total Governmental	
		2005	2004
<u>(17,572)</u>	<u>(17,136)</u>	<u>(58,553)</u>	<u>(29,058)</u>
716	26,578	54,503	64,132
(1,455)	(29,983)	(47,899)	(59,459)
-	7,282	7,282	79,713
-	-	2	5
-	(6,070)	(6,070)	-
-	-	-	1,637
<u>-</u>	<u>(133)</u>	<u>(133)</u>	<u>(219)</u>
<u>(739)</u>	<u>(2,326)</u>	<u>7,685</u>	<u>85,809</u>
(18,311)	(19,462)	(50,868)	56,751
<u>10,635</u>	<u>168,794</u>	<u>297,939</u>	<u>241,188</u>
<u>\$ (7,676)</u>	<u>\$ 149,332</u>	<u>\$ 247,071</u>	<u>\$ 297,939</u>



# CITY OF STOCKTON

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals for the year ended June 30, 2004)

(Dollar amounts in thousands)

	2005	2004
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances (deficit) - total governmental	\$ (50,868)	\$ 56,751
Governmental funds report capital outlays as expenditures. And as donated capital assets don't create or use financial resources, they are not reported in governmental funds. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. Capital outlays, donated capital assets and depreciation expense are as follows:		
Capitalized capital outlays	108,560	60,827
Donated capital assets	14,929	22,420
Depreciation expense	(7,263)	(6,590)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, dispositions, etc.) is to decrease net assets.	(265)	(25)
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 changes 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:		
Long-term debt proceeds	(7,282)	(79,713)
Premiums on debt issuances	-	(1,637)
Discounts on debt issuances	133	219
Repayment of principal	10,289	8,356
Costs of issuance	142	2,177
Bond refunding	11,150	-
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.	(1,767)	638
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Deferred revenue	2,426	(1,477)
Other expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the governmental funds.		
Change in compensated absences	(1,507)	1,177
Amortization of bond discounts and costs of issuance	(150)	(133)
Change in accrued interest	(345)	(488)
Change in net assets of governmental activities	<u>\$ 78,182</u>	<u>\$ 62,502</u>

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

# CITY OF STOCKTON

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2005

(With comparative totals as of June 30, 2004)

(Dollar amounts in thousands)

	Enterprise		
	Water Utility	Wastewater Utility	Stormwater Utility
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 16,999	\$ 74,276	\$ 4,860
Cash and investments with fiscal agents	-	3	-
Receivables:			
Interest	121	524	34
Accounts and other receivables	3,122	5,350	904
Allowance for uncollectibles	(230)	(1,595)	(381)
Inventory of supplies	340	1,137	-
Total current assets	<u>20,352</u>	<u>79,695</u>	<u>5,417</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments with fiscal agents	5	14,685	-
Advances to other funds	-	93	-
Deferred charges	160	1,271	-
Capital assets, net:			
Nondepreciable	21,140	53,215	1,338
Depreciable, net	71,708	248,283	43,456
Total noncurrent assets	<u>93,013</u>	<u>317,547</u>	<u>44,794</u>
Total assets	<u>113,365</u>	<u>397,242</u>	<u>50,211</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	7,179	10,768	108
Due to other funds	-	-	-
Due to other governments	46	-	-
Deposits and other liabilities	1,229	141	-
Accrued interest	159	1,695	5
Compensated absences - current	1	28	2
Self-insurance claims and judgments - current	-	-	-
Other long-term debt - current	502	1,960	166
Total current liabilities	<u>9,116</u>	<u>14,592</u>	<u>281</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences - long-term	10	235	18
Self-insurance claims and judgments - long-term	-	-	-
Advances from other governments	790	-	-
Certificates of participation	-	98,567	-
Bonds payable	12,379	-	-
Total noncurrent liabilities	<u>13,179</u>	<u>98,802</u>	<u>18</u>
Total liabilities	<u>22,295</u>	<u>113,394</u>	<u>299</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt	80,178	213,194	44,628
Restricted for debt service	5	15	-
Unrestricted (deficit)	10,887	70,639	5,284
Total net assets (deficit)	<u>\$ 91,070</u>	<u>\$ 283,848</u>	<u>\$ 49,912</u>

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

Enterprise					
Central Parking District	Other	Total		Internal Service	
		2005	2004	2005	2004
\$ 420	\$ 254	\$ 96,809	\$ 106,286	\$ 32,205	\$ 28,901
-	-	3	53	-	-
(12)	(1)	666	564	-	-
146	224	9,746	8,082	257	166
(44)	(120)	(2,370)	(2,152)	(127)	(125)
-	36	1,513	1,209	-	-
<u>510</u>	<u>393</u>	<u>106,367</u>	<u>114,042</u>	<u>32,335</u>	<u>28,942</u>
15,234	-	29,924	39,207	-	-
847	-	940	950	-	-
916	-	2,347	2,636	61	295
17,468	360	93,521	38,309	-	-
7,435	1,573	372,455	372,020	10,274	10,319
<u>41,900</u>	<u>1,933</u>	<u>499,187</u>	<u>453,122</u>	<u>10,335</u>	<u>10,614</u>
<u>42,410</u>	<u>2,326</u>	<u>605,554</u>	<u>567,164</u>	<u>42,670</u>	<u>39,556</u>
65	39	18,159	8,753	1,691	1,266
1,000	126	1,126	1,163	-	-
-	-	46	53	-	-
109	-	1,479	1,291	57	-
551	-	2,410	1,897	-	-
4	14	49	133	71	365
-	-	-	-	11,502	10,258
-	-	2,628	2,468	-	-
<u>1,729</u>	<u>179</u>	<u>25,897</u>	<u>15,758</u>	<u>13,321</u>	<u>11,889</u>
-	914	914	1,164	-	-
38	97	398	182	552	417
-	-	-	-	39,400	36,086
-	-	790	1,058	-	-
-	-	98,567	100,527	-	-
32,712	-	45,091	45,540	-	-
<u>32,750</u>	<u>1,011</u>	<u>145,760</u>	<u>148,471</u>	<u>39,952</u>	<u>36,503</u>
<u>34,479</u>	<u>1,190</u>	<u>171,657</u>	<u>164,229</u>	<u>53,273</u>	<u>48,392</u>
8,296	1,933	348,229	302,497	10,274	10,319
45	-	65	65	-	-
(410)	(797)	85,603	100,373	(20,877)	(19,155)
<u>\$ 7,931</u>	<u>\$ 1,136</u>	<u>\$ 433,897</u>	<u>\$ 402,935</u>	<u>\$ (10,603)</u>	<u>\$ (8,836)</u>



# CITY OF STOCKTON

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2005 (With comparative totals for the year ended June 30, 2004) (Dollar amounts in thousands)

	Enterprise		
	Water Utility	Wastewater Utility	Stormwater Utility
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 19,553	\$ 29,995	\$ 4,602
Miscellaneous	571	1,923	149
<b>Total operating revenues</b>	<b>20,124</b>	<b>31,918</b>	<b>4,751</b>
<b>OPERATING EXPENSES:</b>			
Operation and maintenance	5,481	12,735	2,415
General and administrative	3,481	4,791	1,996
Depreciation and amortization	1,934	8,612	1,242
Purchased water	3,196	-	-
<b>Total operating expenses</b>	<b>14,092</b>	<b>26,138</b>	<b>5,653</b>
<b>OPERATING INCOME (LOSS)</b>	<b>6,032</b>	<b>5,780</b>	<b>(902)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Taxes	-	-	-
Other governmental	-	881	-
Investment income:			
Interest income	527	2,480	144
Net decrease in fair value of investments	39	205	11
Gain (loss) from disposal of property	-	-	-
Interest expense and fiscal charges	(717)	(5,469)	-
Other non-operating revenues	1	8	-
<b>Total non-operating revenues (expenses)</b>	<b>(150)</b>	<b>(1,895)</b>	<b>155</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>5,882</b>	<b>3,885</b>	<b>(747)</b>
Capital contributions	4,470	19,826	4,359
Transfers in	-	-	-
Transfers out	(1,607)	(4,453)	(807)
<b>CHANGE IN NET ASSETS</b>	<b>8,745</b>	<b>19,258</b>	<b>2,805</b>
<b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>	<b>82,325</b>	<b>264,590</b>	<b>47,107</b>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<b>\$ 91,070</b>	<b>\$ 283,848</b>	<b>\$ 49,912</b>

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

Enterprise					
Central Parking District	Other	Total		Internal Service	
		2005	2004	2005	2004
\$ 2,696	\$ 1,689	\$ 58,535	\$ 57,579	\$ 88,727	\$ 73,404
-	744	3,387	3,379	-	-
<u>2,696</u>	<u>2,433</u>	<u>61,922</u>	<u>60,958</u>	<u>88,727</u>	<u>73,404</u>
1,957	2,308	24,896	38,125	86,123	70,931
-	-	10,268	7,522	4,513	3,970
530	140	12,458	8,085	2,853	3,002
-	-	3,196	2,593	-	-
<u>2,487</u>	<u>2,448</u>	<u>50,818</u>	<u>56,325</u>	<u>93,489</u>	<u>77,903</u>
209	(15)	11,104	4,633	(4,762)	(4,499)
733	-	733	675	-	-
-	-	881	-	-	-
435	(8)	3,578	2,925	501	208
9	-	264	(2,117)	34	(141)
-	-	-	76	(43)	516
-	-	(6,186)	(6,414)	-	-
-	-	9	13	1,031	1,674
<u>1,177</u>	<u>(8)</u>	<u>(721)</u>	<u>(4,842)</u>	<u>1,523</u>	<u>2,257</u>
1,386	(23)	10,383	(209)	(3,239)	(2,242)
-	-	28,655	31,535	-	-
-	-	-	6,315	1,495	7,980
<u>(1,209)</u>	<u>-</u>	<u>(8,076)</u>	<u>(13,868)</u>	<u>(23)</u>	<u>(5,100)</u>
177	(23)	30,962	23,773	(1,767)	638
<u>7,754</u>	<u>1,159</u>	<u>402,935</u>	<u>379,162</u>	<u>(8,836)</u>	<u>(9,474)</u>
<u>\$ 7,931</u>	<u>\$ 1,136</u>	<u>\$ 433,897</u>	<u>\$ 402,935</u>	<u>\$ (10,603)</u>	<u>\$ (8,836)</u>

# CITY OF STOCKTON

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals for the year ended June 30, 2004)

(Dollar amounts in thousands)

	Enterprise		
	Water Utility	Wastewater Utility	Stormwater Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 19,032	\$ 31,541	\$ 4,694
Receipts from interfund service providers	-	-	2
Payments to suppliers	(6,087)	(11,606)	(3,932)
Payments to employees	(810)	(1,239)	(550)
Payments for interfund services used	(11)	(144)	(27)
Net cash provided by (used for) operating activities	<u>12,124</u>	<u>18,552</u>	<u>187</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	-	-
Transfers out	(1,607)	(4,453)	(807)
Due to other funds	-	-	-
Advances from other funds	-	-	-
Advances to other funds	-	10	-
Advances from other governments	(50)	-	(162)
Proceeds from taxes	-	-	-
Other governmental	-	881	-
Net cash provided by (used for) noncapital financing activities	<u>(1,657)</u>	<u>(3,562)</u>	<u>(969)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from sale of capital assets	8	-	-
Proceeds from debt	-	-	-
Principal paid on debt	(459)	(2,250)	-
Purchases of capital assets	(12,468)	(31,370)	(487)
Paid interest capitalized	-	-	-
Interest paid on debt	(689)	(5,126)	(5)
Capital contributions	1,291	15,121	-
Net cash provided by (used for) capital and related financing activities	<u>(12,317)</u>	<u>(23,625)</u>	<u>(492)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment earnings	543	2,586	156
Proceeds from sale of investments	-	-	-
Net cash provided by (used for) investing activities	<u>543</u>	<u>2,586</u>	<u>156</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,307)</b>	<b>(6,049)</b>	<b>(1,118)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>18,311</b>	<b>95,013</b>	<b>5,978</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 17,004</b>	<b>\$ 88,964</b>	<b>\$ 4,860</b>

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

Enterprise					
Central Parking District	Other	Total		Internal Service	
		2005	2004	2005	2004
\$ 2,713	\$ 2,473	\$ 60,453	\$ 59,949	\$ 2,362	\$ 3,150
-	-	2	488	87,362	72,009
(1,142)	(604)	(23,371)	(31,496)	(72,378)	(61,801)
(958)	(1,483)	(5,040)	(12,565)	(12,977)	(12,182)
(141)	(181)	(504)	(1,733)	(222)	-
<u>472</u>	<u>205</u>	<u>31,540</u>	<u>14,643</u>	<u>4,147</u>	<u>1,176</u>
-	-	-	6,315	1,495	7,980
(1,209)	-	(8,076)	(13,868)	(23)	(5,100)
-	(37)	(37)	1,163	-	-
-	-	-	(700)	1	(217)
-	(250)	(240)	(279)	-	-
-	-	(212)	(203)	-	-
733	-	733	675	-	-
-	-	881	-	-	-
<u>(476)</u>	<u>(287)</u>	<u>(6,951)</u>	<u>(6,897)</u>	<u>1,473</u>	<u>2,663</u>
-	-	8	3,080	65	1,411
-	-	-	32,712	-	-
-	-	(2,709)	(8,260)	-	-
(9,579)	-	(53,904)	(32,166)	(2,916)	(2,254)
(1,126)	-	(1,126)	-	-	-
-	-	(5,820)	(6,184)	-	-
-	-	16,412	17,545	-	-
<u>(10,705)</u>	<u>-</u>	<u>(47,139)</u>	<u>6,727</u>	<u>(2,851)</u>	<u>(843)</u>
462	(7)	3,740	1,163	535	67
-	-	-	13,445	-	-
<u>462</u>	<u>(7)</u>	<u>3,740</u>	<u>14,608</u>	<u>535</u>	<u>67</u>
(10,247)	(89)	(18,810)	29,081	3,304	3,063
<u>25,901</u>	<u>343</u>	<u>145,546</u>	<u>116,465</u>	<u>28,901</u>	<u>25,838</u>
<u>\$ 15,654</u>	<u>\$ 254</u>	<u>\$ 126,736</u>	<u>\$ 145,546</u>	<u>\$ 32,205</u>	<u>\$ 28,901</u>

(Continued)

# CITY OF STOCKTON

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (With comparative totals for the year ended June 30, 2004) (Dollar amounts in thousands)

	Enterprise		
	Water Utility	Wastewater Utility	Stormwater Utility
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 6,032	\$ 5,780	\$ (902)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,934	8,612	1,242
Provision for uncollectible accounts	50	70	50
Self-insurance	-	-	-
Other non-operating revenues	1	8	-
Changes in assets and liabilities:			
Accounts and other receivables	(1,162)	(501)	(55)
Deferred charges	-	-	-
Inventory of supplies	(340)	36	-
Loans receivable	-	-	-
Accounts payable	5,549	4,313	(149)
Due to other governments	(7)	-	-
Deposits and other liabilities	69	116	-
Compensated absences	(2)	118	1
Net cash provided by (used for) operating activities	<u>\$ 12,124</u>	<u>\$ 18,552</u>	<u>\$ 187</u>
<b>NONCASH TRANSACTIONS:</b>			
Net decrease in fair value of investments	\$ 39	\$ 205	\$ 11
Amortization of issuance discounts	17	27	-
Amortization of loss on refunding	17	343	-
Donation of capital assets	3,179	4,705	4,359
Accrued interest capitalized	-	-	-
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS:</b>			
Cash and investments	\$ 16,999	\$ 74,276	\$ 4,860
Cash with investments fiscal agents	-	3	-
Restricted assets:			
Cash and investments with fiscal agents	5	14,685	-
Total cash and investments	<u>\$ 17,004</u>	<u>\$ 88,964</u>	<u>\$ 4,860</u>

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

Enterprise						
Central Parking District	Other	Total		Internal Service		
		2005	2004	2005	2004	
\$ 209	\$ (15)	\$ 11,104	\$ 4,633	\$ (4,762)	\$ (4,499)	
530	140	12,458	8,085	2,853	3,002	
-	48	218	118	2	(27)	
-	-	-	-	4,558	1,288	
-	-	9	13	1,031	1,674	
14	40	(1,664)	(719)	(91)	110	
-	-	-	(1,136)	234	(234)	
-	-	(304)	(62)	-	-	
-	-	-	12	-	-	
(295)	(12)	9,406	5,685	425	(130)	
-	-	(7)	37	-	-	
3	-	188	69	57	-	
11	4	132	(2,092)	(160)	(8)	
<u>\$ 472</u>	<u>\$ 205</u>	<u>\$ 31,540</u>	<u>\$ 14,643</u>	<u>\$ 4,147</u>	<u>\$ 1,176</u>	
\$ 9	\$ -	\$ 264	\$ (2,117)	34	(141)	
-	-	44	41	-	-	
-	-	360	360	-	-	
-	-	12,243	13,990	-	-	
551	-	551	-	-	-	
\$ 420	\$ 254	\$ 96,809	\$ 106,286	\$ 32,205	\$ 28,901	
-	-	3	53	-	-	
15,234	-	29,924	39,207	-	-	
<u>\$ 15,654</u>	<u>\$ 254</u>	<u>\$ 126,736</u>	<u>\$ 145,546</u>	<u>\$ 32,205</u>	<u>\$ 28,901</u>	

# CITY OF STOCKTON

## STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND

JUNE 30, 2005

(With comparative totals as of June 30, 2004)

(Dollar amounts in thousands)

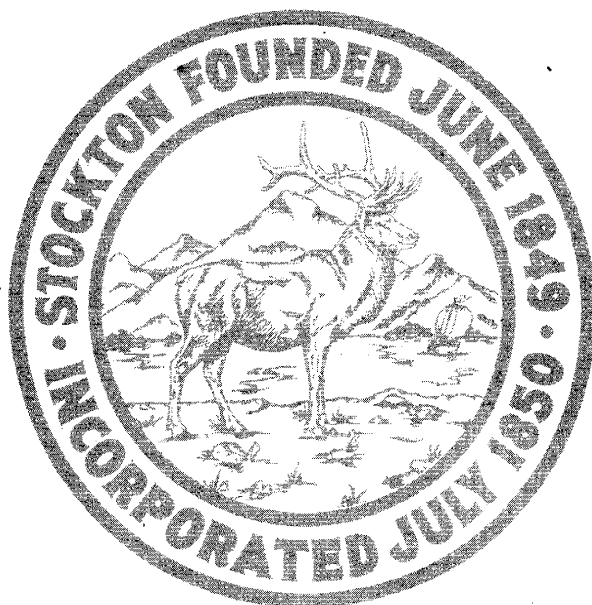
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	2005	2004
<b>ASSETS</b>		
Cash and investments	\$ 16,976	\$ 15,461
Accounts and other receivables	741	494
Due from other governments	-	1,064
	<hr/>	<hr/>
Total assets	<u>\$ 17,717</u>	<u>\$ 17,019</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 82	\$ 367
Due to other governments	3,330	3,339
Deposits and other liabilities	14,305	13,313
	<hr/>	<hr/>
Total liabilities	<u>\$ 17,717</u>	<u>\$ 17,019</u>

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



# CITY OF STOCKTON



## **NOTES TO THE FINANCIAL STATEMENTS**



**CITY OF STOCKTON**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** – The City of Stockton (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. There are seven elected council members including the mayor and a council appointed City Manager. The following services, as authorized by the charter, are provided by the City: public safety (police, fire, paramedics, and building), sanitation (solid waste disposal, wastewater, and stormwater utilities), water utility, community development, library, parks and recreation, and general administrative services.

As required by generally accepted accounting principles in the United States and Governmental Accounting Standards Board (GASB) Statement 14, these financial statements present the City and its component units. Component units are legally separate entities for which the government is considered to be financially accountable. Additionally, blended component units can be organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each blended component unit has a June 30th year-end.

The following is a brief overview of the component units included in the City's accompanying financial statements. Financial information for these component units can be obtained from the City's Administrative Services Department.

The Redevelopment Agency of the City (Agency) was formed to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the City. City Council members in concurrent sessions serve as the governing board of the Agency, and all accounting and administrative functions are performed by the City. The Agency is reported in the City's fund financial statements as a special revenue fund, debt service fund, and capital projects fund, as well as in the City's government-wide financial statements.

The Stockton Public Financing Authority (SPFA) was created in June 1990 and carries out lease financing for the City Wastewater Utility, Central Parking District, General Fund, Redevelopment Agency, Mello-Roos, and Marks-Roos districts. The SPFA governing board is the same as the City Council members. The SPFA is reported in the City's fund financial statements as a debt service fund and capital projects fund, as well as in the City's government-wide financial statements. Consistent with the National Council on Governmental Accounting (NCGA) Statement No. 5 and GASB Statement 14, capital leases between the primary government and blended component units are eliminated. The debt and assets are reported in the primary government. Accordingly, the Wastewater Utility and Central Parking District enterprise funds report the capital assets and related certificates of participation and lease revenue bonds issued by the SPFA and leased to these two enterprise funds under capital leases.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City Council serves as the governing body of the Agency and SPFA. As a result, the financial activities of these entities are integrally related to those of the City and are “blended” with those of the City.

Other governmental agencies that provide services with the City include:

San Joaquin Area Flood Control Agency (SJAFCA) was established by Council resolution in May 1995 and is jointly governed by the City and San Joaquin County. The City retains neither on-going financial interest in nor obligation to SJAFCA, therefore financial information for the organization is not included in the accompanying financial statements.

#### ***Basis of Accounting and Measurement Focus -***

*Government-wide and Fund Financial Statements* – The government-wide financial statements include a statement of net assets and a statement of activities. These statements present summaries of governmental activities for the City. Fiduciary activities of the City are not included in these statements. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program 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*.

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation* The government-wide financial statements are reported using the *economic resources* measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

For this purpose, the government considers intergovernmental revenues, which are primarily grants and subventions, received as reimbursement for specific purposes or projects to be available if they are expected to be received within the upcoming year to repay interfund liabilities incurred as a result of borrowing the cash in order to pay the expenditures. Other major revenues in accordance with GASB Statement No. 22, "Accounting For Taxpayer Assessed Tax Revenues in Governmental Funds" are considered to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered to be available include sales, transient occupancy, gas, and utility user taxes, franchise fees, interest, and intergovernmental revenues, which are virtually unrestricted as to purpose of expenditure and revocable only for failure to meet prescribed compliance requirements. All other revenue items, such as business licenses and fines and penalties, are considered to be measurable and available only when received by the City.

Property taxes receivable are recorded in the fiscal year for which the tax is levied. Revenue is recognized when measurable and available. The County of San Joaquin (County) levies, bills and collects property taxes for the City. Property taxes paid to the City by the County within 60 days after the end of the fiscal year are "available" and are, therefore, recognized as revenue.

Secured and unsecured property taxes are levied based on the assessed value as of January 1, the lien date, of the preceding fiscal year. Secured property tax is levied on October 1 and due in two installments, on November 1 and February 1. Collection dates are December 10 and April 10, which are also the delinquent dates. Under the Teeter Plan, the County pays the City 100% of the tax that is levied. The County assumes responsibility for collecting any delinquent amounts and retains penalties and interest for those amounts.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records deferred revenue related to uncollected estimated special assessments not yet payable and intergovernmental revenues (primarily grants and subventions) received but not earned.

The City reports the following major governmental funds:

The **General Fund** is the primary operating fund of the City. It accounts for normal recurring activities traditionally associated with government, which are not required to be accounted for in another fund. These activities are funded primarily by property taxes, sales and use taxes, business and utility taxes, interest and rental income, charges for services, and state grants.

**Public Facilities Impact Fees Capital Projects Fund** accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. Impact fees were established in July 1988 by Ordinance No. 56-88 C.S. for each of the following types of public facilities:

traffic signals, street improvements, community recreation centers, city office space, fire stations, libraries, police stations, parkland and street tree/street signs, street light in-lieu, air quality mitigation, habitat and open space conservation, and public facilities fees administration.

**Capital Improvement Capital Projects Fund** accounts for the acquisition, construction and improvement of capital facilities financed by grants and operating transfers from other City funds.

**Redevelopment Agency Capital Projects Fund** accounts for the acquisition, relocation, demolition, and sale of land for those portions of the City earmarked for redevelopment. Projects are financed from bond proceeds, loans from other City funds, and property tax increment revenue.

The City reports the following major enterprise funds:

**Water Utility Fund** accounts for activities associated with the acquisition or construction of water facilities, production, distribution and transmission of potable water to users.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Wastewater Utility Fund** accounts for activities associated with the acquisition or construction, and operation and maintenance of wastewater facilities for drainage, treatment, and disposal of wastewater.

**Stormwater Utility Fund** accounts for activities associated with the acquisition or construction, and operation and maintenance of stormwater facilities for drainage and disposal of stormwater wastewater.

**Central Parking District Fund** accounts for activities associated with the acquisition or construction, operation and maintenance of off-street parking facilities.

Additionally, the City reports the following fund types:

**Internal Service Funds** account for the financing of goods, services, or facilities provided by one City department to other City departments on a cost-reimbursement basis.

**Agency Fund** accounts for assets held by the City as an agent for individuals, private organizations and/or other governmental units. The Agency Fund is custodial in nature and does not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are payments-in-lieu of taxes and other charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**Cash and Investments** – Except for certain bond proceeds, the City pools cash from all funds in order to maximize interest from investment activities. Money market investments and certain nonparticipating guaranteed investment contracts are carried at cost. All other investments are stated at fair value which is based on published market prices and quotations from major investment brokers.

The City participates in an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. Based on information obtained from the State of California, the investment in LAIF has been recorded at fair value.

Interest income on pooled investments is allocated on the basis of average daily cash balances in the General Fund, special revenue funds, debt service funds, capital projects funds, Water Utility Fund, Wastewater Utility Fund, Stormwater Utility Fund, Central Parking District Fund, Solid Waste Fund, internal service self-insurance funds, and the Agency Fund, as required by law or as directed by the City Council adopted budget. The remainder of interest income is credited to the General Fund as required by California Government Code.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, LAIF and money market investments, and cash held by fiscal agents to be cash and cash equivalents. Investments that are held with fiscal agents with a maturity of greater than three months are not included as cash and cash equivalents.

**Restricted Cash and Investments** – Proceeds from debt and other cash and investments held by fiscal agents by agreement are classified as restricted assets in the proprietary funds.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Receivables/Payables** – Short-term interfund loan receivables and payables are reported as “due from other funds” and “due to other funds,” respectively.

Long-term interfund loan receivables are reported as “advances to other funds” and are offset equally by fund balance reservations that indicate they do not constitute expendable available resources and, therefore, are not available for appropriation. The corresponding long-term interfund loan payables are reported as “advances 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.”

“Advances to property owners” represent loans for repairs to low-income owner- and tenant-occupied households throughout the City. These loans are to be repaid over an extended period of time; therefore, the vast majority of the year-end balance will not be repaid within the next year.

**Inventory of Supplies** – Inventories consist of expendable supplies held for consumption. The cost is determined using the weighted average method and recorded as an expenditure at the time an item is consumed.

**Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5 for equipment and works of art; \$10 for land, buildings and improvements; \$50 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value on the date of donation.

The costs of normal maintenance and repair that do not add value to the asset or materially extends the asset’s life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. In accordance with generally accepted accounting principles, the City capitalizes net interest cost of funds borrowed to finance the construction of capital assets in the proprietary fund types. For the year ended June 30, 2005, capitalized interest costs totaled \$1,677 in connection with construction in progress.



# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is recorded using the straight line method over the estimated useful lives of assets, as follows:

Building and structures	30 - 50 years
Improvements other than buildings	20 - 30 years
Machinery and equipment	5 - 30 years
Roads and streets infrastructure	50 - 65 years
Curb and gutter infrastructure	65 years
Streetlight and traffic control devices infrastructure	30 years
Transmission and distribution plant (including infrastructure such as water, wastewater and stormwater mains and laterals)	50 - 100 years

**Vacation and Sick Leave Pay** – In accordance with negotiated labor agreements, employees accumulate earned but unused vacation and other compensated leave, and sick pay benefits. Accrued vacation leave is payable at 100% of accumulated hours upon separation of service. Accrued sick leave is payable at 50% of accumulated hours for all City employees upon separation of service due to death, service or disability retirement. Police and Fire department safety and management employees, mid-management, law and unrepresented employees are also eligible for pay-off of 50% of accumulated sick leave upon termination after ten years of service.

All bargaining unit employees may utilize their remaining 50% of accrued sick leave hours for additional California Public Employees' Retirement System (PERS) service credit upon retirement. In addition, upon retirement, Fire department safety employees are eligible for pay-off of 100% of accumulated longevity vacation allowance, based on years of service (up to 20 days plus the current year's accrual).

The value of accumulated vacation, sick, and longevity vacation allowance is accrued, as appropriate, for all funds. A liability for these amounts is presented in the government-wide financial statements.

**Long-Term Obligations** – In the government-wide and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Capital Contributions** – Capital contributions are comprised of cash and assets donated from developers. Connection fees are recorded as revenue in the Water Utility, Wastewater Utility, and Stormwater Utility enterprise funds.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Accounting for Escheat Property** – The City is in compliance with the GASB Statement 21, *Accounting for Escheat Property*, and accounts for these assets in the General Fund when the assets are subject to escheatment in accordance with California state law.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Comparative Data** – The 2004 comparative data amounts are presented only to facilitate financial analysis. These columns do not present information that reflects financial position, changes in financial position or cash flows in accordance with generally accepted accounting principles. Certain amounts in the 2004 comparative data have been reclassified to conform to the 2005 financial statements presentation.

**New Pronouncement** – For the fiscal year ended June 30, 2005, the City implemented GASB Statement No. 40, *Deposit and Risk Disclosures (an amendment to GASB Statement No.3-Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements)*. This statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this statement also should be disclosed.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 2. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed on the balance sheet (governmental funds) and the statement of net assets (proprietary funds) as "cash and investments."

Summary of carrying amounts at June 30, 2005 are as follows:

Deposits	\$	9,269
Investments		364,236
Total cash and investments	\$	<u>373,505</u>
Presented in the government-wide statement of net assets:		
Cash and investments	\$	326,605
Restricted cash and investments		29,924
Presented in the statement of fiduciary net assets		
Total cash and investments	\$	<u>373,505</u>

**Deposits** – At June 30, 2005, the recorded amount of the City's deposits was \$9,269; and the bank balance was \$2,773. The bank balance and carrying amount differ due to deposits in transit of \$12,073 and outstanding checks of \$5,577.

The bank balances were entirely insured or collateralized at June 30, 2005. Section 53652 of the California Government Code requires financial institutions to secure a city's deposits, in excess of insured amounts, by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of a city's deposits. California law also allows financial institutions to secure a city's deposits by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits.

**Investments** – California statutes and the City's investment policy authorize the investment of funds in the following instruments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration loans
- Certificates of deposit
- Negotiable certificates of deposit
- Bankers acceptances
- Commercial paper
- Local Agency Investment Fund (LAIF) demand deposits - State pool
- Repurchase agreements (repos)
- Demand accounts - insured/collateralized
- Money market mutual funds
- Medium term notes
- Guaranteed investment contracts (GICs)

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 2. CASH AND INVESTMENTS (Continued)

The City has entered into nonparticipating guaranteed investment contracts which are in compliance with the City's investment policy. All of the investment contracts bear interest ranging from 2.83% to 6.57% of which \$16,753 is collateralized 100% to 104% by investments.

Although the City did not participate in any securities lending transactions or enter into any reverse repurchase agreements during the year, the City does have an investment in LAIF in the amount of \$39,593. The total amount invested by all public agencies in LAIF at June 30, 2005 was \$18,573,278. LAIF is part of the State of California Pooled Money Investment Account (PMIA) whose balance at June 30, 2005 was \$60,503,474. Of this amount, 2.406% is invested in derivative financial products. PMIA is not SEC-registered, but is required to invest according to California State Code. The average maturity of PMIA investments was 165 days as of June 30, 2005.

The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the City's position in the pool.

#### **Risks –**

*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 ten years. Investments maturing beyond a five year horizon should not exceed fifteen percent (15%) of the total portfolio value at any given time. Specific maturities of investments depend on liquidity needs.

*Credit Risk* - It is the City's policy that medium-term notes must have a rating of A or better. Money market mutual funds and federal agency securities must have the highest rating issued by the nationally recognized statistical rating organizations. The Local Agency Investment Fund (LAIF) administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds and LAIF, are held by a third party custodian (Union Bank of California). Union Bank of California (UBOC) is a registered member of the Federal Reserve Bank. The securities held by UBOC are in the street name, and a customer number assigned to the City identifies ownership.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 2. CASH AND INVESTMENTS (Continued)

As of June 30, 2005, the City's investments in U.S. Agencies, money market mutual funds, and repurchase agreement were rated AAA by Standard and Poor's, and Aaa by Moody's Investors Service. LAIF and GICs are not rated. A summary of investments by category and maturity at June 30, 2005 is as follows:

Investment Type	Fair Value	Investment Maturities (in years)					
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5 years or more
U. S. Agencies	\$ 251,588	\$ 63,031	\$ 99,224	\$ 42,177	\$ 41,247	\$ 4,292	\$ 1,617
U. S. Treasuries	625	568	6	-	-	-	51
U. S. Treasury strips	28	-	-	-	-	-	28
LAIF	39,593	39,593	-	-	-	-	-
Money market mutual funds	35,103	35,103	-	-	-	-	-
Repurchase agreement	1,040	-	-	-	-	-	1,040
GICs	36,259	18,729	10,890	-	-	-	6,640
<b>Total</b>	<b>\$ 364,236</b>	<b>\$ 157,024</b>	<b>\$ 110,120</b>	<b>\$ 42,177</b>	<b>\$ 41,247</b>	<b>\$ 4,292</b>	<b>\$ 9,376</b>
Allocation by percentage	100	43	30	12	11	1	3

**Restricted Cash and Investments** – Certain proceeds of governmental and enterprise funds certificates of participation (COP), revenue bonds, and bonds payable are classified as restricted cash and investments on the statement of net assets because their use is limited by applicable indentures or covenants. These covenants provide that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, may be invested in accordance with the ordinances, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments, not permitted by the City's general investment policy, been authorized. The major part of this restriction is for the construction or acquisition of facilities, but also includes reserves for payment of debt service as required by the bond indentures.

At June 30, 2005, restricted cash and cash equivalents/investments are as follows:

Business-Type Activities	
Water Utility	\$ 5
Wastewater Utility	14,685
Central Parking District	15,234
Total	<u>\$ 29,924</u>

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 3. INTERFUND RECEIVABLES / PAYABLES

Interfund receivables and payables are as follows at June 30, 2005:

Due to/from other funds:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Other Governmental	\$ 5,451
	Capital Improvement	3,900
	Redevelopment Agency	266
	Other Enterprise	126
Public Facilities Impact Fees	Central Parking District	1,000
Total		<u>\$ 10,743</u>

“Due to” and “due from” balances have primarily been recorded when funds overdraw their share of pooled cash or when there are short-term loans between funds.

Advances from/to other funds:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Redevelopment Agency	\$ 842
	Capital Improvement	350
	Other Governmental	2,306
Public Facilities Impact Fees	Redevelopment Agency	137
Capital Improvement	Public Facilities Impact Fees	3,728
	Redevelopment Agency	14,706
	Other Governmental	2,106
	Other Enterprise	914
Other Governmental	Redevelopment Agency	15,946
Wastewater Utility	Redevelopment Agency	93
Central Parking District	Redevelopment Agency	847
Total		<u>\$ 41,975</u>

“Advances to” and “advances from” balances represent loan activity between various funds. The \$842 is primarily loans from the General Fund to the Redevelopment Agency for various project areas. The \$2,306 is primarily a loan from the General Fund to the new Emergency Medical Transportation fund to help establish the fund. The \$3,728 loan from Capital Improvement to Public Facilities Impact Fees is for architectural and construction costs for Police and Fire Stations. The \$14,706 from Capital Improvement to the Redevelopment Agency represents loans for various project areas. The \$914 is for loans from Capital Improvement to the Golf Courses Fund. Finally, the \$15,946 represents loans in the amount of \$197 from the Development Services Fund, \$4,686 from the Urban Development Action Grant, \$10,499 from the Community Development Block Grant, and \$564 from the Community Development Loan to the Redevelopment Agency to provide funds for various project areas.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 4. TRANSFERS

Transfers for the year ended June 30, 2005 are summarized as follows:

Transfers out:	Transfers In					Total
	General	Capital Improvement	Redevelopment Agency	Other Governmental	Internal Service	
General	\$ -	\$ 4,033	\$ -	\$ 12,270	\$ -	\$ 16,303
Public Facilities Impact Fees	-	-	-	146	-	146
Capital Improvement	-	-	-	-	12	12
Redevelopment Agency	-	-	-	1,455	-	1,455
Other Governmental	6,810	8,290	716	12,707	1,460	29,983
Water Utility	623	984	-	-	-	1,607
Wastewater Utility	2,043	2,410	-	-	-	4,453
Stormwater Utility	329	478	-	-	-	807
Central Parking District	828	381	-	-	-	1,209
Internal Service	-	-	-	-	23	23
Total	<u>\$ 10,633</u>	<u>\$ 16,576</u>	<u>\$ 716</u>	<u>\$ 26,578</u>	<u>\$ 1,495</u>	<u>\$ 55,998</u>

During the year various interfund transfers were made to finance expenditures, subsidize operating losses, and service debt. The \$16,303 General Fund transfer out includes primarily transfers of \$6,295 to the City / County Library, \$4,989 to Recreation Services, and \$4,033 to Capital Improvement Funds.

The General Fund received transfers in of \$4,949 from the Gas Tax Fund primarily for the reimbursement of qualified street repair and maintenance expenditures. In addition, the General Fund received transfers in of \$623 from the Water Utility Fund and \$2,043 from the Wastewater Utility fund for the in-lieu tax and \$828 from the Central Parking District for the payment of debt service on the Stewart Eberhardt Building / Parking Structure.

Transfers between various Other Governmental Funds in the amount of \$12,707 are primarily transfers for the purpose of establishing debt service reserves and the principal payment of bond debt.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Acquisitions	Dispositions	Balance June 30, 2005
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 28,498	\$ 5,101	\$ -	\$ 33,599
Construction in progress	185,627	102,424	(60,730)	227,321
Total capital assets, not being depreciated	<u>214,125</u>	<u>107,525</u>	<u>(60,730)</u>	<u>260,920</u>
Capital assets, being depreciated:				
Infrastructure	263,694	18,012	(737)	280,969
Buildings and improvements	58,924	58,764	-	117,688
Machinery and equipment	34,754	2,834	(1,286)	36,302
Total capital assets, being depreciated	<u>357,372</u>	<u>79,610</u>	<u>(2,023)</u>	<u>434,959</u>
Less accumulated depreciation for:				
Infrastructure	(48,956)	(5,348)	-	(54,304)
Buildings and improvements	(37,605)	(1,695)	-	(39,300)
Machinery and equipment	(23,193)	(3,073)	1,650	(24,616)
Total accumulated depreciation	<u>(109,754)</u>	<u>(10,116)</u>	<u>1,650</u>	<u>(118,220)</u>
Total capital assets, being depreciated, net	<u>247,618</u>	<u>69,494</u>	<u>(373)</u>	<u>316,739</u>
Governmental activities capital assets, net	<u>\$ 461,743</u>	<u>\$ 177,019</u>	<u>\$ (61,103)</u>	<u>\$ 577,659</u>
	Balance July 1, 2004	Acquisitions	Dispositions	Balance June 30, 2005
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 12,370	\$ 685	\$ -	\$ 13,055
Construction in progress	25,939	54,527	-	80,466
Total capital assets, not being depreciated	<u>38,309</u>	<u>55,212</u>	<u>-</u>	<u>93,521</u>
Capital assets, being depreciated:				
Buildings and improvements	487,128	12,244	(8)	499,364
Machinery and equipment	9,003	368	(641)	8,730
Total capital assets, being depreciated	<u>496,131</u>	<u>12,612</u>	<u>(649)</u>	<u>508,094</u>
Less accumulated depreciation for:				
Buildings and improvements	(118,313)	(11,907)	-	(130,220)
Machinery and equipment	(5,798)	(262)	641	(5,419)
Total accumulated depreciation	<u>(124,111)</u>	<u>(12,169)</u>	<u>641</u>	<u>(135,639)</u>
Total capital assets, being depreciated, net	<u>372,020</u>	<u>443</u>	<u>(8)</u>	<u>372,455</u>
Business-type activities capital assets, net	<u>\$ 410,329</u>	<u>\$ 55,655</u>	<u>\$ (8)</u>	<u>\$ 465,976</u>



# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 5. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions and programs of the City as follows:

Governmental activities:	
General government	\$ 100
Public safety	407
Public works	5,466
Library	304
Parks & Recreation	986
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	2,853
Total depreciation expense - governmental activities	<u>\$ 10,116</u>
Business-type activities:	
Water Utility	\$ 1,925
Wastewater Utility	8,552
Stormwater Utility	1,242
Central Parking District	310
Golf Courses	140
Total depreciation expense - business-type activities	<u>\$ 12,169</u>

### 6. LONG-TERM DEBT

#### *Certificates of Participation*

Governmental activities – 1999 Certificates of Participation were authorized and issued to finance a portion of the acquisition and construction of an essential services building and an adjacent public parking facility located within the City. Outstanding certificates have interest rates ranging from 4.60% to 6.00% and final maturity on August 1, 2031. The City leases the essential services building and adjacent parking facility from the SPFA. Lease payments are used to repay the certificates. Under the lease agreement, the City covenanted to make all rental payments to the SPFA. These rental payments are used to service the indebtedness when it becomes due and payable. Consistent with NCGA Statement No. 5 and GASB Statement No. 14, capital leases between the primary government and blended component units are eliminated.

In addition, Certificates of Participation were issued on June 17, 2003 to finance redevelopment housing projects. The interest rates range from 3.0% to 5.28%, the full amount maturing serially through September 1, 2033.

Business-type activities - SPFA (lessor) issued Certificates of Participation on June 3, 2003 in the amount of \$14,135. Outstanding certificates have interest rates ranging from 2.00% - 4.25%, the full amount maturing serially through September 1, 2023. Remaining annual principal installments range from \$550 to \$965. Certificates of participation were issued to advance refund other certificates of participation.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 6. LONG-TERM DEBT (Continued)

In addition, the City issued Certificates of Participation on February 1, 1998, in the amount of \$101,650. Outstanding certificates have interest rates ranging from 4.125% to 5.2%, the full amount maturing serially through September 1, 2029. Remaining annual principal installments range from \$1,780 to \$7,325. The proceeds of the 1998 issue were used to finance the design and construction of a sewer interceptor, to make improvements and modifications to the southern industrial sewer trunk line, and to defease the 1995 Certificates of Participation issue that was used to finance the design, improvements and modifications to the regional wastewater control facilities serving the citizens of the City of Stockton. The defeasance resulted in an unamortized extraordinary loss of \$6,432, which is being amortized over the life of the 1995 Certificates. Interest with respect to the 1998 Certificates of Participation began on the date of issuance. Restrictive covenants include the requirement of a reserve for debt service by providing a reserve policy provided by an outside insurer. The reserve policy is in the amount of the maximum annual debt service on the 1998 Certificates. The Certificates will be repaid from net revenues of the Wastewater Utility Fund.

The statement of net assets, Enterprise-Wastewater Utility Fund (restricted assets) includes \$14,663 cash with fiscal agent held by a fiscal agent (trustee) in charge of investment of funds and disbursements for the improvements and modifications of the project being financed.

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 235	\$ 1,472	\$ 2,330	\$ 5,044
2007	245	1,461	2,415	4,958
2008	255	1,449	2,510	4,867
2009	270	1,436	2,605	4,770
2010	280	1,423	2,720	4,659
2011-2015	3,070	6,745	15,505	21,372
2016-2020	4,350	5,779	19,635	17,245
2021-2025	5,680	4,223	25,150	11,874
2026-2030	7,475	2,601	33,095	4,481
2031-2034	5,470	498	-	-
Total	\$ 27,330	\$ 27,087	\$ 105,965	\$ 79,270

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 6. LONG-TERM DEBT (Continued)

#### *Bonds Payable*

##### Revenue Bonds

Governmental activities – Refunding Revenue Bonds were issued by the SPFA to purchase two series of local obligation refunding bonds and three limited obligation improvement bonds. Additionally, the City issued Mello-Roos revenue bonds to purchase special tax bonds and to finance the acquisition and construction of stormwater lines and pumping plants. The SPFA also issued assessment revenue bonds to refund two prior issues of limited obligation improvement bonds. The Redevelopment Agency issued revenue bonds to finance a portion of the construction costs for the Stockton Events Center – Arena Project.

There are currently eight bonds authorized and issued with interest rates ranging from 2.0% to 6.7%, the full amount maturing serially through September 1, 2036. Remaining debt service will be paid from revenues of the SPFA or City consisting primarily of payments received by the Authority and City as payments of assessments on the local obligation or special tax bonds.

Business-type activities –The City issued \$32,785 of Lease Revenue Bonds to finance the construction of the Edward S. Coy Parking Garage and the Stockton Events Center Parking Structure. The interest rates on outstanding bonds range from 4.00% to 5.25%, the full amount maturing serially through September 1, 2034.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
2006	\$ 5,275	\$ 7,270	\$ 485	\$ 2,276
2007	5,580	6,990	595	2,249
2008	6,100	6,685	665	2,219
2009	6,530	6,354	730	2,185
2010	6,985	5,994	800	2,152
2011-2015	42,205	23,318	5,165	10,187
2016-2020	22,280	13,109	7,595	8,776
2021-2025	11,880	9,631	8,690	6,593
2026-2030	10,210	7,089	8,660	4,523
2031-2035	15,145	3,954	12,780	1,776
2036-2037	7,875	397	-	-
Total	<u>\$ 140,065</u>	<u>\$ 90,791</u>	<u>\$ 46,165</u>	<u>\$ 42,936</u>

**CITY OF STOCKTON**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2005  
(Dollar amounts in thousands)**

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**6. LONG-TERM DEBT (Continued)**

Special Assessment Bonds

Governmental activities – There are currently thirteen bond issues outstanding with interest rates ranging from 2.55% to 8.1%, the full amount maturing serially through September 1, 2034. Remaining debt service will be paid from assessments to property owners.

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2006	\$ 1,850	\$ 2,947
2007	1,950	2,855
2008	1,960	2,756
2009	2,060	2,651
2010	1,960	2,543
2011-2015	7,820	11,387
2016-2020	7,545	9,188
2021-2025	8,995	6,569
2026-2030	9,350	3,573
2031-2035	7,202	920
Total	<u>\$ 50,692</u>	<u>\$ 45,389</u>

Mello-Roos Special Tax Bonds

Governmental activities – Community Facilities Districts (CFD) Special Tax Bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982, to provide funds to: 1) pay costs of the acquisition and construction of new roads, sewer and water facilities to serve property located within the City of Stockton, 2) pay certain public facilities impact fees charged by the City. There are currently eight bond issues outstanding, six of which have interest rates ranging from 1.75% to 6.75%, their full amounts maturing serially through September 1, 2033. Two bonds have variable interest rates, and mature on September 1, 2024. The interest rate for the variable-rate bonds is determined on a weekly basis by the Remarketing Agent as stated in the official statement using the California Municipal Market Data (Cal MMD) 7-day non-amortized interest rate not to exceed 12% per annum. During the year, the City issued \$6,690 of Mello Roos special tax bonds to refund an existing Mello Roos bond. Remaining debt service will be paid from assessments to property owners.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 6. LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for Mello-Roos special tax bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2006	\$ 1,205	\$ 2,120
2007	1,795	2,121
2008	1,905	2,044
2009	1,980	1,959
2010	2,075	1,867
2011-2015	11,130	7,741
2016-2020	4,880	5,570
2021-2025	10,895	4,306
2026-2030	6,270	2,617
2031-2034	5,015	511
Total	<u>\$ 47,150</u>	<u>\$ 30,856</u>

The City issued \$6,690 of Mello-Roos Special Tax Bonds to provide resources of \$6,070 along with \$5,080 in resources available from the refunded bonds to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$11,150 for the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments by \$1,681 and resulted in an economic gain of \$239.

#### ***Loans Payable***

The City entered into a loan with the California Department of Boating and Waterways to complete a planning report for the anticipated development of a small craft harbor facility. The loan amount is for a maximum of \$280, of which the City had \$230 outstanding as of June 30, 2005. The term of the agreement is for ten years commencing on September 3, 2001. Repayment of the loan began on August 1, 2003. Principal of \$24 was paid on this loan during fiscal year 2005. Interest is calculated at 4.5% per annum.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 6. LONG-TERM DEBT (Continued)

The City entered into two loan guarantee agreements with the U.S. Department of Housing and Urban Development to complete redevelopment projects. The loan amounts are for a maximum of \$3,000 and \$10,000 each. Outstanding balances were \$2,670 and \$9,125, respectively, as of June 30, 2005. The terms of these agreements are for 19 and 13 years, respectively, commencing on January 3, 2001. Repayment of these loans began on January 23, 2001. Principal of \$400 was paid on these loans during fiscal year 2005; \$90 and \$310 respectively. Interest is calculated at a variable rate based on the London Interbank Offered Rate (LIBOR) plus 20 basis points per annum. Accumulated interest totals \$278 through June 30, 2005 and will be recognized as an expenditure when paid.

The City also entered into two loan agreements with the California Housing Finance Agency for the purposes of the operation of a local housing program. The loan amounts are for a maximum of \$500 and \$550, of which the City has drawn down \$500 and \$310, respectively, as of June 30, 2005. Simple interest is calculated at 3.0% per annum. The term of the loans are 10 years and 8 years from the date of the agreements and will be due on June 24, 2013 and April 4, 2013, along with all interest charges incurred during the term of the loans.

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2006	\$ 455	\$ 667
2007	486	643
2008	517	617
2009	553	588
2010	584	557
2011-2015	4,325	2,442
2016-2020	4,765	1,036
2019-2020	1,150	33
Total	<u>\$ 12,835</u>	<u>\$ 6,583</u>

### ***Compensated Absences***

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits and unlimited sick leave. A portion of these benefits is paid to the employee upon separation of employment from the City. Both the current and long-term portions of the liability have been recorded.

**CITY OF STOCKTON**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2005  
(Dollar amounts in thousands)**

**6. LONG-TERM DEBT (Continued)**

***Claims and Judgments***

In accordance with GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and GASB No. 30 *Risk Financing Omnibus* liabilities have been accrued representing estimates of amounts to be paid for reported, as well as incurred but not reported claims. The City contracts with independent actuaries to compute the estimated liabilities of the City's self-insurance programs. The estimated liabilities include allocated loss adjustment expenses and exclude unallocated loss adjustment expenses. The effect of specific incremental claim adjustment expenses is included in the allocated loss adjustment expenses and is not specifically identifiable. The effect of salvage and subrogation is minimal. See Note 10 for additional disclosures regarding risk management and risk pool, respectively. Based on information from the City Attorney, actuaries, and others involved with self-insurance programs, City management believes that the aggregate accrual is adequate to cover such losses. Self-insurance liabilities are broken down as follows:

	<u>Long-Term</u>	<u>Current</u>	<u>Total</u>
General liability	\$ 2,700	\$ 1,544	\$ 4,244
Workers' compensation	36,700	6,519	43,219
Health insurance	-	3,439	3,439
Total	<u>\$ 39,400</u>	<u>\$ 11,502</u>	<u>\$ 50,902</u>

***Advances From Other Governments***

	<u>Water Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>
Federal Drought Relief Act	\$ 841	\$ -	\$ 841
Federal Clean Water Act	-	166	166
Total	841	166	1,007
Less current portion	51	166	217
Long-term portion	<u>\$ 790</u>	<u>\$ 0</u>	<u>\$ 790</u>

In August 1977, the City accepted a Federal Drought Relief Act grant of \$1,934 (which was later reduced by \$313) and a loan not to exceed \$1,834 for drought relief projects for the Water Utility Enterprise Fund. The loan bears interest at 5% per annum and is for a term not to exceed 40 years. There was no accrued interest at June 30, 2005.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 6. LONG-TERM DEBT (Continued)

In September 1992, the City accepted a Federal Clean Water Act loan not to exceed \$1,900 for programs to reduce pollutant loading from urban runoff, which will enable the City to comply with the Clean Water Act of 1987 (Stormwater Enterprise Fund). The loan bears interest at 3.1% per annum and is for a term not to exceed 10 years after completion of the City's three-year program. Accrued interest at June 30, 2005 was \$5.

Long-term debt activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
<b>Governmental activities:</b>					
Certificates of participation	\$ 27,550	\$ -	\$ (220)	\$ 27,330	\$ 235
Less deferred amounts:					
For issuance discounts	(95)	-	3	(92)	(3)
Total certificates of participation	<u>27,455</u>	<u>-</u>	<u>(217)</u>	<u>27,238</u>	<u>232</u>
Bonds payable:					
Revenue Bonds	145,060	-	(4,995)	140,065	5,275
Special Assessment Debt with Government Commitment (1915 Act Special Assessment Bonds)	52,267	-	(1,575)	50,692	1,850
Mello-Roos Special Tax Bonds	54,660	6,690	(14,200)	47,150	1,205
Less deferred amounts:					
For issuance premiums	1,637	-	(62)	1,575	50
For issuance discounts	(1,185)	(133)	64	(1,254)	(69)
Total bonds payable	<u>252,439</u>	<u>6,557</u>	<u>(20,768)</u>	<u>238,228</u>	<u>8,311</u>
Loans payable	12,692	592	(449)	12,835	455
Compensated absences	17,445	1,672	(324)	18,793	2,470
Claims and judgments	46,344	32,955	(28,397)	50,902	11,502
Governmental activities - long-term debt	<u>\$ 356,375</u>	<u>\$ 41,776</u>	<u>\$ (50,155)</u>	<u>\$ 347,996</u>	<u>\$ 22,970</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year-end, \$623 of internal service funds compensated absences and \$50,902 of internal service fund claims and judgments are included in the above amounts. The remaining amounts are related to governmental funds, of which the compensated absences are generally liquidated by the General Fund.



# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 6. LONG-TERM DEBT (Continued)

<b>Business-type activities</b>	<b>Balance July 1, 2004</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2005</b>	<b>Due Within One Year</b>
Certificates of participation	\$ 108,215	\$ -	\$ (2,250)	\$ 105,965	\$ 2,330
Less deferred amounts:					
For issuance discounts	(596)	-	27	(569)	(27)
Deferred amount for refunding	(5,212)	-	343	(4,869)	(343)
Total certificates of participation	<u>102,407</u>	<u>-</u>	<u>(1,880)</u>	<u>100,527</u>	<u>1,960</u>
Bonds payable:					
Revenue Bonds	46,625		(459)	46,166	485
Less deferred amounts:					
For issuance discounts	(341)		17	(324)	(17)
Deferred amount for refunding	(317)	-	17	(300)	(17)
Total bonds payable	<u>45,967</u>	<u>-</u>	<u>(425)</u>	<u>45,542</u>	<u>451</u>
Compensated absences	315	217	(85)	447	49
Advances from other governments	1,219	-	(212)	1,007	217
Business-type activities - long-term debt	<u>\$ 149,908</u>	<u>\$ 217</u>	<u>\$ (2,602)</u>	<u>\$ 147,523</u>	<u>\$ 2,677</u>

#### ***Prior Year Defeasance of Debt***

In prior years, the City and the SPFA defeased certain long-term debt by placing the proceeds of new debt in irrevocable trusts to provide for all future debt service payments on the old debt until called. Accordingly, the trust account assets and liabilities for the following defeased debt issues are not included in the City's financial statements. At June 30, 2005, the outstanding balances of the bonds considered defeased were as follows:

City of Stockton Community Facilities District No. 1, Series 308 (Weston Ranch Special Tax Bonds)	\$ 3,050
City of Stockton Community Facilities District No. 90-1 (South Stockton Special Tax Bonds)	\$ 11,150
1995 Certificates of Participation - Wastewater Utility Fund	\$ 38,575

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 7. CONDUIT DEBT

The City has authorized the issuance of revenue bonds to provide financial assistance to public and private sector entities for the funding of mortgage loans, capital improvements to medical facilities and refinancing of previously existing debt deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying assets. Neither the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, there were six series of revenue bonds outstanding, with an aggregate principal amount payable of \$88,940.

### 8. NATURE AND PURPOSE OF REPORTED RESERVES AND DESIGNATIONS

Reserves are portions of the fund balance not appropriable for expenditures under the flow of current financial resources measurement focus or those portions of the fund balance legally segregated for specific future use. Designations are portions of the fund balance, which have been identified by management to reflect tentative plans or commitments of governmental resources.

A summary of reported reserves and designations by fund at June 30, 2005 follows:

	Governmental Funds					Total
	General	Public Facilities Impact Fees	Capital Improvement	Redevelopment Agency	Other	
Reserves:						
Encumbrances	\$ 1,061	\$ 5,413	\$ 1,509	\$ 38	\$ 2,694	\$ 10,715
Advances	3,498	481	21,529	-	64,165	89,673
Debt service	-	-	-	-	42,458	42,458
Capital projects	1,059	41,316	11,703	18,729	28,393	101,200
Low and moderate income housing	-	-	-	1,004	-	1,004
Endowments	-	-	-	-	1,423	1,423
Other items	1,340	-	-	40	4,422	5,802
Total reserves	<u>\$ 6,958</u>	<u>\$ 47,210</u>	<u>\$ 34,741</u>	<u>\$ 19,811</u>	<u>\$ 143,555</u>	<u>\$ 252,275</u>
Designations:						
Termination pay	\$ 1,662	\$ -	\$ -	\$ -	\$ 132	\$ 1,794
Infrastructure	7,525	-	-	-	-	7,525
Economic uncertainties	3,819	-	-	-	-	3,819
General liability	2,500	-	-	-	-	2,500
Loan securitization	1,000	-	-	-	-	1,000
Total designations	<u>\$ 16,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132</u>	<u>\$ 16,638</u>

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 8. NATURE AND PURPOSE OF REPORTED RESERVES AND DESIGNATIONS (Continued)

**Encumbrances** – Represent approved purchase orders, contracts, and other commitments not completed at the end of the fiscal year.

**Advances** – Council approved loans made for the following purposes: 1) Loan to the Redevelopment Agency for redevelopment of blighted areas; 2) Administer the public facilities fees program and to begin the construction of planned infrastructure; 3) Advance for construction of facilities at Buckley Cove Marina; and 4) Advance to the new Emergency Medical Transportation fund to assist with costs for the fire stations expansion for ambulance service.

**Debt Service** – Security for payment of long-term debt principal, interest and related fiscal charges.

**Capital Projects** – The construction and improvement of capital facilities.

**Low and Moderate Income Housing** – Set aside for eligible low and moderate income family housing.

**Endowments** – Set aside for various endowments, the majority is for the arts.

**Other Items** – To offset miscellaneous assets that do not represent expendable available financial resources.

**Termination Pay** – To cover employee separation pay and vacation sellback for all General Fund departments and for the City-County Library Fund.

**Infrastructure** – Set aside for future downtown revitalization activities.

**Economic Uncertainties** – Set aside for unforeseen budgetary requirements of the City.

**General Liability** – Set aside for unanticipated legal challenges.

**Loan Securitization** – Set aside to meet pledge requirements for pending Section 108 loan.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 9. PENSION PLAN

**Plan Description** - The City contributes to the Safety Plan of the City of Stockton and the Miscellaneous Plan of the City of Stockton which are part of the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of California. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

All full-time City employees are eligible to participate in PERS. Part-time employees must meet specific criteria for participation. City employees are eligible for retirement at age 50 or older with five years of service credits. Benefits are payable monthly for life in an amount equal to a certain percent of their average salary during their highest year of employment. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' comprehensive annual financial report may be obtained from their executive office at 400 P Street, Sacramento, California, 95814.

**Funding Policy** - Safety Plan participants are required to contribute 9% of their annual covered salary. Miscellaneous Plan participants are required to contribute 7% of their annual covered salary. As part of the City employees' benefit package, the City pays the employees' contribution. The City is required to contribute at an actuarially determined rate. The rate for Safety members was 32.870% of annual covered payroll. The rate for Miscellaneous members was 12.517% of annual covered payroll. The contribution requirements of the Plans' members and the City are established and may be amended by PERS.

**Annual Pension Cost** - For the year ended June 30, 2005, the City's annual pension cost of \$15,433 for the Safety Plan and \$6,439 for the Miscellaneous Plan were equal to the City's required contributions. The required contributions were determined as part of the June 30, 2002 actuarial valuations using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary depending on age, service, and type of employment from 3.75% to 14.20%; (c) inflation of 3.50%; and (d) payroll growth of 3.75%. The actuarial value of the Plans' assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period. The Plans' initial unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of June 30, 2004 was 25 years for the Safety Plan and 12 years for the Miscellaneous Plan.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 9. PENSION PLAN (Continued)

#### SAFETY PLAN

##### Three-Year Trend Information for (Dollar Amount in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/05	\$ 15,433	100 %	\$ -
6/30/04	9,513	100	-
6/30/03	6,826	100	-

#### MISCELLANEOUS PLAN

##### Three-Year Trend Information for (Dollar Amount in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/05	\$ 6,439	100 %	\$ -
6/30/04	1,896	100	-
6/30/03	-	100	-

### 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established three internal service funds to manage and account for risk of loss that relate to general liability, workers' compensation, and health benefits. These funds are designed to provide coverage up to a maximum of \$1,000 for each general liability claim, \$750 for each workers' compensation claim and \$210 for each medical plan member under the health benefits program. The City purchases commercial insurance for claims in excess of the coverage provided by the funds and for all other risks of loss for health benefit claims. The workers' compensation and health benefits programs are administered by third-party administrators who are experts in their respective fields. The general liability is self-administered by the City of Stockton.

At June 30, 2005, \$4,244, \$43,219, and \$3,439 have been accrued for general liability, workers' compensation, and health benefits insurance claims, respectively. All funds of the City participate in the program and make payments to the respective internal service funds based on actuarial estimates of the amounts needed to pay prior and current year claims. The City contracts with independent actuaries to compute the estimated liabilities of the City's self-insurance programs.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

### 10. RISK MANAGEMENT (Continued)

The claims liabilities above, reported in the respective internal service funds at June 30, 2005, are based on requirements of GASB 10 and GASB 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These accruals represent estimates of amounts to be paid for reported claims, and incurred but unreported claims based upon past experience, modified for current trends and information. While the ultimate amounts of losses incurred through June 30, 2005 are dependent on future developments, based upon information provided from 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 cover such losses. There have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded commercial insurance coverage each of the past three years.

Reconciliation of the changes in the City's aggregate liabilities for the current and prior fiscal year:

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Health</u>	<u>Total</u>
Balance, June 30, 2003	\$ 3,242	\$ 39,073	\$ 2,741	\$ 45,056
Claims incurred	206	8,580	21,638	30,424
Claims paid	(530)	(6,806)	(21,800)	(29,136)
Balance, June 30, 2004	2,918	40,847	2,579	46,344
Claims incurred	1,866	8,471	22,618	32,955
Claims paid	(540)	(6,099)	(21,758)	(28,397)
Balance, June 30, 2005	<u>\$ 4,244</u>	<u>\$ 43,219</u>	<u>\$ 3,439</u>	<u>\$ 50,902</u>

**Risk Pools** – The City is a member of two joint powers authorities organized pursuant to the 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 risk management and insurance program for 22 member entities, which represents 74 cities and special districts. Members pay annual premiums to CJPRMA for general liability excess insurance coverage for claims over the self-insured retention level. Financial statements for the fiscal year ended June 30, 2005 may be obtained from CJPRMA at 2333 San Ramon Valley Blvd., Suite #250 San Ramon, California 94583-4456.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 10. RISK MANAGEMENT (Continued)

Annual deposits are paid by member entities and are adjusted retrospectively to cover costs. Members can participate with self-funded retention levels of either \$500 or \$1,000. The City's self-funded retention is currently set at \$1,000. Separate deposits are collected from the member cities to cover excess claims up to \$25,000 per occurrence. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, errors and omissions and certain other coverage.

*Workers' Compensation Insurance* - In an effort to obtain a lower self-insured retention level for workers' compensation, the City joined California Public Entity Insurance Authority (CPEIA), which has provided excess insurance programs to California since 2001. CPEIA is a sister joint powers authority of the Excess Insurance Authority (EIA), which has provided services to the risk management community since 1979.

CPEIA currently has 88 members participating in its Excess Workers Compensation Program which includes 44 cities and special districts. Members can elect self-insured retention levels as low as \$125 up to \$5,000 per occurrence. The City's self-insured retention is currently set at \$750 per occurrence. Losses above the self-insured retention levels are pooled up to \$5,000 per occurrence. Reinsurance is in place in layers above the \$5,000 up to \$50,000. Effective July 1, 2004, the Program purchased an additional \$100,000 in limits, for a combined total of \$150,000 per occurrence.

*Property Protection* - The City participates in the All Risks Property Protection Program, which is primarily underwritten by a casualty insurance company. The annual deposits paid by participating member cities are based upon deductibility levels and are not subject to retroactive adjustments.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 11. POST-RETIREMENT HEALTH CARE BENEFITS

In addition to providing pension benefits through the Public Employees' Retirement System, the City provides certain health care benefits for retired employees under contractual obligations negotiated between the City and various employee bargaining units. All City management and public safety employees who receive a PERS retirement allowance upon separation are eligible for coverage under the Retiree Medical Plan at age 50. Some employees retired for disability may qualify at a younger age. Other miscellaneous employees receive a PERS retirement allowance with 15 or more years of service at age 50 or 55. Full medical benefits are continued until age 65 or a maximum of 15 years whichever occurs first. Such coverage includes the retiree and one dependent. At age 65, eligible retirees are covered under a Medicare Supplemental Plan, which pays secondary to Medicare. This is a lifetime benefit provided to the retired employee and his or her eligible spouse. Currently, 656 retirees meet these eligibility requirements and participate in the Plan.

The City's contributions are financed on a pay-as-you-go basis. During the year, expenditures of approximately \$8,179 were recognized for post-employment health care.

Most retirees do not contribute to the plan. Retirees who exhaust their City-paid benefit before reaching age 65 can purchase coverage until they reach age 65. Those that qualify for City paid benefits may purchase coverage for additional dependents not covered by the City's contribution to the Plan.

### 12. CONTINGENCIES AND OTHER COMMITMENTS

**Contingencies** - There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Attorney and City management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements with the following three possible exceptions:

One case alleges that the City's plan to award police tow franchises violated the Sherman Antitrust Act, and also that the City had not followed the procedures set forth in the Ordinance for awarding police tow franchises. The plaintiffs seek injunctive relief and damages on their antitrust claim, and seek a petition for writ of mandate requiring the City to comply with the police tow franchisee selection process set forth in the Ordinance and elsewhere in the City Charter and Municipal Code. The suit also challenges whether the fee the City plans to assess per tow is in an amount in excess of the City's true administrative police tow-related costs. This lawsuit is still in its preliminary stages, and for that reason, the City is not able to estimate the potential loss or range of potential loss.



# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 12. CONTINGENCIES AND OTHER COMMITMENTS (Continued)

Another case seeks injunctive relief against the City and Redevelopment Agency requiring payment of relocation benefits to persons required to move as a result of the City's code enforcement program. The relief sought also includes attorney's fees, and compliance with federal relocation and replacement housing planning obligations and construction of replacement housing. The court issued an order in May 2002 barring the City from ordering downtown buildings vacated because of the owners' failure to remedy code violations, unless an emergency exists. The court required the City to provide relocation benefits to those displaced as a result of the owners' failure to remedy code violations and have also ordered the City to replace any low-income housing units it demolishes. That later order currently is in on appeal to the Ninth Circuit Court of Appeal, but no briefs have yet been filed. The parties are currently engaged in mediation in an attempt to resolve the litigation without resorting to further appeals or trial. At this point, the City is not able to estimate the potential loss or range of potential loss.

The third case challenges the City's code enforcement efforts and resultant closures of downtown hotel/motels. The City is aggressively defending the litigation. Potential liability could be in excess of \$1 million (including attorney fees).

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material.

The City is self-insured and participates in a Public Entity Risk Pool. Details of this are covered in Note 10, Risk Management.

**Commitments** - The City is undertaking a number of capital improvement projects, the most significant of which include the following at June 30, 2005:

• Street Improvements	\$ 66,473
• Wastewater Utility	16,800
• Events Center	3,522
• Water Utility	3,282
• Parkland	3,604
• Traffic Signals	1,618

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 12. CONTINGENCIES AND OTHER COMMITMENTS (Continued)

**Service Contract** - On February 18, 2003, the City Council approved a Service Contract for Wastewater, Water, and Stormwater Utilities Capital Improvements and Asset Management between the City of Stockton and OMI/Thames Water Stockton (Service Contract). The Service Contract is for a 20-year period and commenced on August 1, 2003, following a transition period.

The Service Contract requires OMI/Thames Water Stockton (OMI/Thames) to assume the operations and maintenance responsibilities for the three utilities and to also design and construct certain Initial Capital Improvements (ICI's), if awarded by the issuance of a Notice to Proceed by the City.

The Service Contract requires OMI/Thames to provide substantial performance guarantees, including a performance bond and a \$10 million letter of credit which the City can draw upon in the event of default. The City may terminate the Contract at any time for cause due to non-performance. In addition, the City may terminate the Contract, without cause, by paying \$1 million to OMI/Thames Water. If the City were to terminate the contract for any reason, it would resume responsibility for operating and maintaining the three utilities.

Compensation to OMI/Thames is for construction and operation and maintenance of capital improvements. Payment for their operation and maintenance services is determined from a base fee which is divided into fixed and variable components. Both of these components are eligible for adjustments based on the Consumer Price Index (CPI) or various growth factors specified in the Service Contract. Payment for the ICI's is based on the percent completed as specified in the original billing timeline.

Financial information concerning the Service Contract is reported in the Water Utility, Wastewater Utility, and Stormwater Utility major enterprise funds.

**Facilities Management Agreement** – On March 2, 2004, the City Council approved a Facilities Management Agreement (Agreement) with International Facilities Group, L.L.C.-Stockton, Inc. (IFG).

Under the terms of the Agreement, IFG is responsible for providing development and operation management services, including project design and construction administration services to the City for an events center which includes a multi-purposes indoor arena and a baseball park. IFG is also responsible for managing, operating and marketing the arena, ballpark (for times when the ballpark is not operated by the Stockton Ports baseball team) and the events center common areas, as well as the Bob Hope Theatre and an ice center, all owned by the City. IFG is responsible for operating these facilities in keeping with the management goals set each year and approved by the City, with the overarching goal of having the arena operating revenues exceed its operating expenses.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 12. CONTINGENCIES AND OTHER COMMITMENTS (Continued)

The Agreement is for a period of ten full fiscal years commencing after the opening of the arena, scheduled for fiscal year 2006, and may be renewed at the option of the City for one additional five year period. Either party may terminate the Agreement for cause due to a material breach by the other party. Beginning in 2010, the City may terminate the Agreement, without cause, by paying to IFG a "buy-out" payment, beginning at \$2,350, if the termination occurs during 2010, and declining to \$470, if the termination occurs in 2014. IFG is required to provide various fidelity and performance bonds, including a \$150 faithful performance bond, and a \$1,000 fidelity bond which covers IFG employees who handle cash on behalf of the City.

Compensation to IFG is determined from a base fee this year of \$499 for all venues, plus performance based compensation, as defined in the Agreement. Both of these components are eligible for periodic adjustments based on the CPI.

Financial information concerning the Facilities Management Agreement is reported in the Recreation Services non-major special revenue fund.

### 13. DEFICIT FUND BALANCES AND UNFUNDED LIABILITIES

- The Redevelopment Agency Fund had a deficit fund balance of \$7,676 at June 30, 2005 primarily as a result of expenditures incurred in advance of receipt of revenues. It is the intent of the City's Redevelopment Agency to fund this deficit from future tax increments and other revenues.
- The Measure W Public Safety Tax Fund is new this year and had a deficit fund balance of \$883 at June 30, 2005 primarily as a result of start up costs. The fund is expected to be self-supporting. The deficit was temporary, due to the timing between the adoption of the ordinance and when revenue was actually received.
- The Cooperative Library Fund had a deficit balance of \$2 at June 30, 2005 as a result of expenditures incurred in advance of receipt of revenues. It is the intent of the Library to fund this deficit from future revenues.
- The Emergency Medical Transportation Fund had a deficit fund balance of \$3,933 at June 30, 2005 due to timing difference between expenditures and reimbursements from insurances yet to be received.
- The Solid Waste Fund had a deficit fund balance of \$38 at June 30, 2005 due to the transfer of billing services to California Water Service Company and the resulting write off of residual uncollectible receivables.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 13. DEFICIT FUND BALANCES AND UNFUNDED LIABILITIES (Continued)

- The City budgets revenues and projects expenses in the General Insurance Fund (internal service) based upon an analysis of the cash flows with the fund. On an accrual basis of accounting, the General Insurance Fund has a long-term liability of \$2,700 and a deficit in net assets of \$1,112. The cash balance of the fund at June 30, 2005 is \$3,136. The City will fund the deficit over time by adjusting the rates paid by City funds.
- The City budgets revenues and projects expenses in the Workers' Compensation Insurance Fund (internal service) based upon an analysis of the fund's cash flows. On an accrual basis of accounting, the Workers' Compensation Insurance Fund has a long-term liability of \$36,700 and a deficit in net assets of \$31,262. The cash balance of the fund at June 30, 2005 is \$12,002. The City will fund the deficit over time by adjusting the rates paid by City funds.
- The City budgets revenues and projects expenses in the Health Benefits Insurance Fund (internal service) based upon an analysis of the cash flows with the fund. On an accrual basis of accounting, the Health Benefits Insurance Fund has a current liability for claims of \$3,439 and a deficit in net assets of \$2,505. The cash balance of the fund at June 30, 2005 is \$1,170. The City will fund the deficit over time by adjusting the rates paid by City funds.

### 14. OPERATING LEASES

Operating lease obligations are primarily for rental of parking facilities space, but other lease obligations are included. Total expenditures for leases were \$327 for the year ended June 30, 2005. The future minimum lease payments required for those operating leases are as follows:

June 30,	Amount
2006	\$ 335
2007	205
2008	187
2009	196
2010	206
2011-2015	1,193
2016-2020	1,523
Total	<u>\$ 3,845</u>

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 15. SUBSEQUENT EVENTS

On June 21, 2005, the City authorized, and on July 29, 2005 issued, \$28,350 of Brookside Estates Community Facilities District Special Tax Refunding Bonds. The proceeds of these bonds will be used to defease the remaining balances owed on the 1997 and 2002 series. The bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311, et seq. of the California Government Code. The interest rates range from 3.0% to 3.5%, the full amount maturing serially through August 1, 2015.

On August 9, 2005, the City authorized, and on August 29, 2005 issued, \$18,035 of Stockton Public Financing Authority (SPFA) Refunding Revenue Bonds 2005 Assessment Districts Refunding. The issue consists of \$16,680 Series A Senior Lien Bonds and \$1,355 Series B Subordinate Lien Bonds. The proceeds of these bonds will be used to defease the remaining balances owed on the following five Assessment Districts: Blossom Ranch AD 93-1, Waterford Estates AD 2002-03, La Morada AD B96-01, Morada Ranch AD 2000-1, and Morada North AD 2002-01. The City is authorized to issue Special Assessment Refunding Bonds pursuant to the provisions of the Refunding Act of 1984 for 1915 Act Improvement Bonds. The interest rates range from 2.8% to 4.875%, the full amount maturing serially through September 2, 2032.

On October 4, 2005, the City authorized the issuance of \$24,230 of Stockton Public Financing Authority (SPFA) 2005 Water Revenue Bonds, Series A, Water System Capital Improvement Projects. The bonds are being issued to finance the construction of new projects including wells, water mains, and reservoirs needed to support growth as outlined in the City's current General Plan. The interest rates range from 4.0% to 5.0%, the full amount maturing serially through October 1, 2035.

On June 28, 2005, the City authorized the issuance of tax-exempt bonds by the California Statewide Communities Development Authority (CSCDA) on behalf of Sutter Health for an amount not to exceed \$310 million. The City of Stockton portion of the project is currently underway and is located at 2505 W. Hammer Lane. The estimated project cost is \$19 million of which approximately \$11 million had been spent on the project as of the end of May. The remaining portion or the overall debt is considered conduit debt of other agencies participating in this issue through the CSCDA. This issue is expected to go to market in November 2005.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 16. FUTURE GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Three of the new standards, GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, an amendment of NCGA Statement 1, and GASB Statement No. 45, Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions (OPEB), may have a significant impact on the City's financial reporting process.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. GASB No. 42 will be effective for the fiscal year ending June 30, 2006.

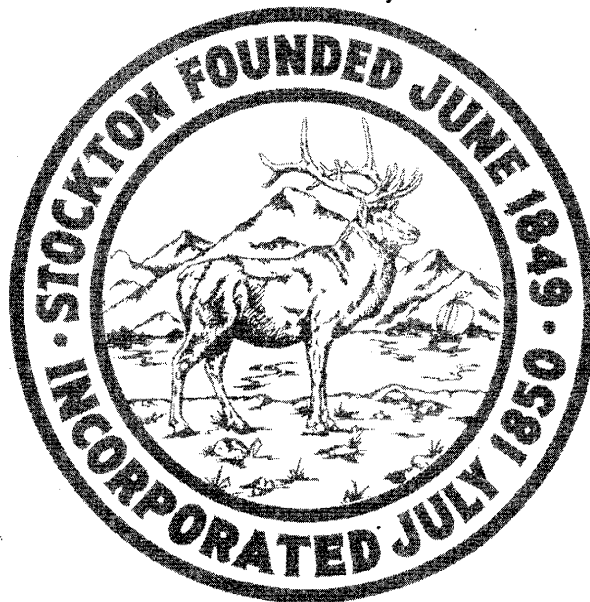
GASB Statement No. 44 guides the preparation of supplementary information included in the statistical section. This new statement provides specific requirements for the information presented in accordance with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and will enhance comparability among governments presenting a statistical section. GASB No. 44 will be effective for the fiscal year ending June 30, 2006.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of other post-employment benefits (OPEBs) expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2008.

The City is currently analyzing the impact of the required implementation of these new statements on its future financial statements.



CITY OF STOCKTON



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF STOCKTON**

**SCHEDULES OF DEFINED BENEFIT PENSION  
PLANS FUNDED STATUS  
FOR THE YEAR ENDED JUNE 30, 2005  
(Dollar amounts in thousands)**

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**MISCELLANEOUS PLAN**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability (1)</b>	<b>Actuarial Value of Assets (2)</b>	<b>Unfunded Liability (1)-(2)</b>	<b>Funded Status (2)/(1)</b>	<b>Annual Covered Payroll (3)</b>	<b>UAAL As a Percentage of Payroll [(1)-(2)]/(3)</b>
6/30/04	\$ 366,460	\$ 321,947	\$ 44,513	87.9%	\$ 50,602	88.0%
6/30/03	344,933	305,879	39,054	88.7%	54,241	72.0%
6/30/02	304,791	302,384	2,408	99.2%	53,151	4.5%

**SAFETY PLAN**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability (1)</b>	<b>Actuarial Value of Assets (2)</b>	<b>Unfunded Liability (1)-(2)</b>	<b>Funded Status (2)/(1)</b>	<b>Annual Covered Payroll (3)</b>	<b>UAAL As a Percentage of Payroll [(1)-(2)]/(3)</b>
6/30/04	\$ 504,303	\$ 401,038	\$ 103,265	79.5%	\$ 45,116	228.9%
6/30/03	473,038	380,682	92,356	80.5%	43,816	210.8%
6/30/02	447,098	375,902	71,196	84.1%	42,400	167.9%

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



# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 23,530	\$ 23,530	\$ 26,676	\$ 3,146
Utility	33,925	33,925	34,908	983
Sales and use	37,595	37,595	40,639	3,044
Franchise fees	9,648	9,648	9,812	164
Business licenses	8,850	8,850	8,873	23
Transient occupancy	2,172	2,172	2,160	(12)
Document transfer fees	1,218	1,218	2,036	818
Licenses and permits	372	372	337	(35)
Other governmental	13,657	13,657	16,196	2,539
Charges for services	10,731	11,203	10,545	(658)
Fines and forfeitures	2,056	2,056	3,214	1,158
Use of money and property	635	644	791	147
Investment income:				
Interest income	1,619	1,619	1,053	(566)
Net increase in fair value of investments	-	-	38	38
Refunds and reimbursements	5,264	5,264	5,254	(10)
Miscellaneous	4,599	4,599	4,860	261
<b>Total revenues</b>	<b>155,871</b>	<b>156,352</b>	<b>167,392</b>	<b>11,040</b>
<b>EXPENDITURES:</b>				
General government:				
City council	539	492	492	-
City manager	2,203	2,268	2,268	-
City attorney	1,102	807	807	-
City clerk	1,027	1,137	1,137	-
City auditor	553	609	609	-
Administrative services	5,631	5,409	5,409	-
Personnel	1,897	1,860	1,860	-
Housing and redevelopment	67	64	64	-
Non-departmental	1,411	1,510	1,477	33
<b>Total general government</b>	<b>14,430</b>	<b>14,156</b>	<b>14,123</b>	<b>33</b>
Public safety:				
Police	78,597	78,563	78,563	-
Fire	42,023	42,864	42,864	-
Housing and redevelopment	102	102	102	-
<b>Total public safety</b>	<b>120,722</b>	<b>121,529</b>	<b>121,529</b>	<b>-</b>

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

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS GENERAL FUND (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public works	13,721	13,711	13,711	-
Parks and recreation	7,846	7,806	7,805	1
Total expenditures	156,719	157,202	157,168	34
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	(848)	(850)	10,224	11,074
OTHER FINANCING SOURCES (USES):				
Transfers in	9,728	10,561	10,633	72
Transfers out	(10,258)	(17,303)	(16,303)	1,000
Sale of capital assets	-	-	2	2
Total other financing sources (uses)	(530)	(6,742)	(5,668)	1,074
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	<u>\$ (1,378)</u>	<u>\$ (7,592)</u>	4,556	<u>\$ 12,148</u>
BASIS ADJUSTMENTS:				
Encumbrances			1,061	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			5,617	
FUND BALANCE, BEGINNING OF YEAR			17,847	
FUND BALANCE, END OF YEAR			<u>\$ 23,464</u>	

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

# CITY OF STOCKTON

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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### 1. DEFINED BENEFIT PENSION PLANS

The schedules of defined benefit pension plan funded status display a historical summary of the Entry Age Normal Accrued Liability, the Actuarial Value of Assets, the Unfunded Actuarial Accrued Liability ("UAAL") or Excess Assets, the Funded Ratio, the estimated annual covered payroll and the UAAL as a percentage of covered payroll for each of the City's defined benefit pension plans.

### 2. BUDGET

#### Budgetary 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, certain special revenue funds (Solid Waste and Recycling, Gas Tax, Measure K Sales Tax, Measure W Public Safety Tax, City-County Library, Special Assessments, Emergency Communication, Emergency Medical Transportation, Recreational Services, 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 budget comparison basis; therefore, budgetary data related to these funds has not been presented.
- If expenditures exceed appropriations, 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.

## CITY OF STOCKTON

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

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#### 2. BUDGET (Continued)

- 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 alternatively 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.

#### Budgetary Basis of Accounting

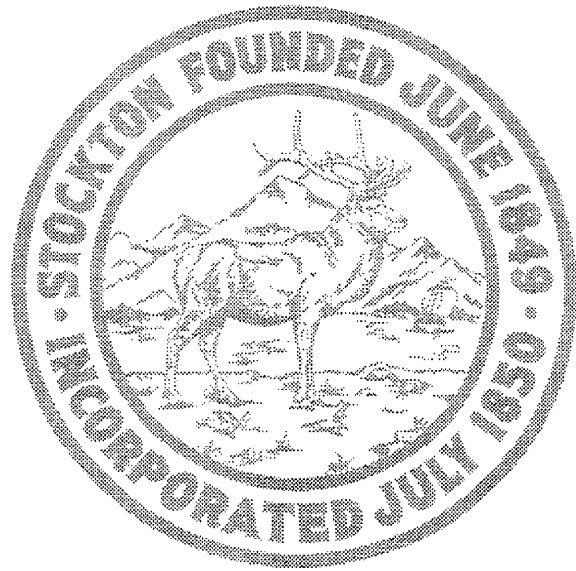
The City adopts budgets each fiscal year on a basis of accounting, which is different from accounting principles generally accepted in the United States of America (GAAP).

The statements of revenues, 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 are that for budgetary purposes:

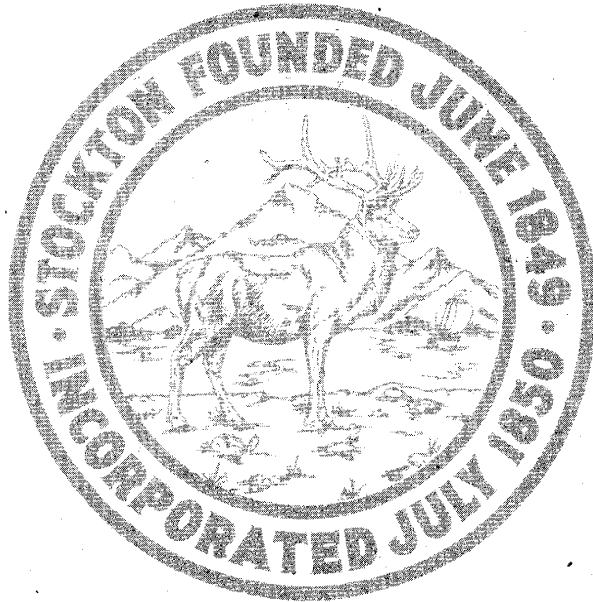
- Outstanding commitments relating to construction contracts and other purchases of goods and services are recorded as expenditures at the time contracts or purchase agreements are entered into. Under GAAP, these obligations are recognized when goods are received or services are rendered.

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



**NONMAJOR  
GOVERNMENTAL FUNDS**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

#### **Special Grants**

To account for miscellaneous, comparatively smaller grants, from federal and state governments, not otherwise established as a stand-alone special revenue fund.

#### **Solid Waste and Recycling**

To account for the administration of solid waste collection services, and planning and implementing solid waste reduction and recycling programs.

#### **Gas Tax**

To account for revenues and expenditures apportioned to the City under the Streets and Highway Code, Sections 2105, 2106, 2107 and 2107.5 of the State of California. Expenditures for administration, maintenance and construction must be street-related. This fund includes Intermodal Surface Transportation Efficiency Act and SB325 Non-Transit revenues and Traffic Congestion Relief.

#### **Measure K Sales Tax**

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

#### **Measure W Public Safety Tax**

To account for revenues and expenditures apportioned to the City from district sales tax collections under Measure W. Expenditures are for administration, implementation, and operation of the Police and Fire Safe Neighborhood Gang and Drug Prevention Program.

#### **Cooperative Library**

To account for federal and state grants to encourage the development, improvement and expansion of the library system within the State of California. Parties to the agreement are neighboring cities, counties and other agencies.

#### **City-County Library**

To account for the public library system for the City of Stockton and San Joaquin County branch libraries. The libraries are funded in cooperation with San Joaquin County, which provides approximately 50% of the funding.

#### **Special Assessments**

To account for revenues and expenditures related to levies on property owners for special types of services - basic lighting, landscape and stormwater drainage maintenance services.

#### **Redevelopment Agency Loan**

To account for loans extended to eligible low- and moderate-income families.

## **SPECIAL REVENUE FUNDS (Continued)**

### **Urban Development Action Grant**

To account for federal grant and other resources, the purpose of which is to revitalize activities in the designated Urban Development Action Grant area.

### **Community Development Block Grant**

To account for the annual federal grant that provides for development of viable urban community by providing a suitable living environment and expansion of economic opportunities, principally for low- and moderate-income residents.

### **Community Development Loan**

To account for the City's Community Rehabilitation Loan program that provides adequate housing and suitable living environments for low- and moderate-income residents.

### **CDBG Revolving Loan**

To account for the City's federal revolving loan program that provides for development of a viable urban community by providing a suitable living environment and expansion of economic opportunities for low and moderate income residents.

### **Special Grant and Loan Programs**

To account for the City's Economic Development grant and loan programs that provide economic development in the downtown Stockton area.

### **Home Program**

To account for the City's Home Program that provides adequate and affordable housing for low- and very low-income residents.

### **Emergency Communication**

To account for the financial consolidation of the City's Police and Fire department emergency communication dispatching service.

### **Emergency Medical Transportation**

To account for the City's 911 emergency response ambulance transportation services provided by the Stockton Fire Department.

### **Recreation Services**

To account for all recreation programs and facilities which provide a variety of recreational opportunities for the community.

### **Development Services**

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

### **Other Special Revenue**

To account for comparatively smaller special revenue funds including Asset Seizure and Boat Launching Facilities.



## **DEBT SERVICE FUNDS**

### **Mello-Roos Districts**

To account for the accumulation of resources for, and the retirement of principal and interest on general long-term debt for Mello-Roos District bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982.

### **1915 Act Assessment Districts**

To account for the accumulation of resources for, and the retirement of principal and interest on general long-term debt for 1915 Act Assessment District bonds.

### **Redevelopment Agency**

To account for the accumulation of resources for, and the retirement of principal and interest on general long-term debt for revenue bonds issued by the Redevelopment Agency.

### **Stockton Public Financing Authority**

To account for the refunding of existing debt in various districts. Financing is provided by property owners through issuance of reassessment revenue bonds as provided in Marks-Roos Local Bond Pooling Act of 1985.

## **CAPITAL PROJECTS FUNDS**

### **Mello-Roos Districts**

To account for the acquisition and construction of facilities in various Mello-Roos districts. Financing is provided by property owners through the issuance of special tax bonds as provided for in the 1982 Mello-Roos Community Facilities Act.

### **1915 Act Assessment Districts**

To account for the acquisition and construction of facilities in various districts. Improvement districts are financed by property owners through the issuance of special assessment bonds as provided in the Municipal Improvement Act of 1915.

### **Stockton Public Financing Authority**

To account for the refunding of existing debt in various districts. Financing is provided by property owners through issuance of reassessment revenue bonds as provided in Marks-Roos Local Bond Pooling Act of 1985.

## **PERMANENT FUNDS**

To account for assets that require the principal to remain intact, but allow earnings to be spent on designated arts, recreation and library programs.

# CITY OF STOCKTON

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2005

(With comparative totals for June 30, 2004)

(Dollar amounts in thousands)

	Special Revenue			
	Special Grants	Solid Waste & Recycling	Gas Tax	Measure K Sales Tax
<b>ASSETS</b>				
Cash and investments	\$ 1	\$ 517	\$ -	\$ 3,523
Cash and investments with fiscal agents	-	-	-	-
Restricted assets - cash and investments	-	-	-	-
Receivables:				
Interest	-	4	(3)	30
Taxes and special assessments	-	-	-	-
Accounts and other receivables	51	43	-	-
Due from other governments	1,884	-	1,635	5,129
Inventory of supplies	-	-	-	-
Advances to other funds	-	-	-	-
Advances to property owners	-	-	-	-
Property held for resale	-	-	-	-
<b>Total assets</b>	<b>\$ 1,936</b>	<b>\$ 564</b>	<b>\$ 1,632</b>	<b>\$ 8,682</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 44	\$ 43	\$ 76	\$ 716
Due to other funds	572	-	1,055	-
Due to other governments	-	-	-	-
Deposits and other liabilities	-	-	-	-
Deferred revenue	906	-	24	379
Advances from other funds	-	-	-	-
<b>Total liabilities</b>	<b>1,522</b>	<b>43</b>	<b>1,155</b>	<b>1,095</b>
<b>FUND BALANCES (DEFICIT):</b>				
Reserved for:				
Encumbrances	252	49	23	67
Advances	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Low- and moderate-income housing	-	-	-	-
Endowments	-	-	-	-
Other items	-	-	-	-
Unreserved, reported in:				
Special revenue funds:				
Designated for termination pay	-	-	-	-
Undesignated	162	472	454	7,520
Debt service funds	-	-	-	-
Capital projects	-	-	-	-
Permanent fund	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>414</b>	<b>521</b>	<b>477</b>	<b>7,587</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 1,936</b>	<b>\$ 564</b>	<b>\$ 1,632</b>	<b>\$ 8,682</b>

Measure W Public Safety Tax	Special Revenue					
	Cooperative Library	City- County Library	Special Assessments	Redevelopment Agency Loan	Urban Development Action Grant	Community Development Block Grant
\$ -	\$ 10	\$ 2,708	\$ 3,981	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1)	-	-	36	-	-	(3)
-	-	-	-	-	-	-
-	-	12	-	-	-	-
523	-	-	-	-	-	579
-	-	-	-	-	-	-
-	-	-	-	-	4,686	10,499
-	-	-	-	13,349	-	-
-	-	-	-	-	-	-
<u>\$ 522</u>	<u>\$ 10</u>	<u>\$ 2,720</u>	<u>\$ 4,017</u>	<u>\$ 13,349</u>	<u>\$ 4,686</u>	<u>\$ 11,075</u>
\$ 10	\$ 1	\$ 206	\$ 152	\$ -	\$ -	\$ 43
1,395	-	-	-	478	-	230
-	-	-	-	-	-	-
-	-	-	-	-	-	2
-	11	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,405</u>	<u>12</u>	<u>206</u>	<u>152</u>	<u>478</u>	<u>-</u>	<u>275</u>
17	-	315	297	-	-	315
-	-	-	-	13,349	4,686	10,499
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	184	-	-	-
-	-	132	-	-	-	-
(900)	(2)	2,067	3,384	(478)	-	(14)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(883)</u>	<u>(2)</u>	<u>2,514</u>	<u>3,865</u>	<u>12,871</u>	<u>4,686</u>	<u>10,800</u>
<u>\$ 522</u>	<u>\$ 10</u>	<u>\$ 2,720</u>	<u>\$ 4,017</u>	<u>\$ 13,349</u>	<u>\$ 4,686</u>	<u>\$ 11,075</u>

(Continued)

# CITY OF STOCKTON

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2005

(With comparative totals for June 30, 2004)

(Dollar amounts in thousands)

	Special Revenue		
	Community Development Loan	CDBG Revolving Loan	Special Grant and Loan Programs
<b>ASSETS</b>			
Cash and investments	\$ 262	\$ 46	\$ 283
Cash and investments with fiscal agents	-	-	-
Restricted assets - cash and investments	-	-	-
Receivables:			
Interest	3	-	-
Taxes and special assessments	-	-	-
Accounts and other receivables	-	1	-
Due from other governments	-	-	-
Inventory of supplies	-	-	-
Advances to other funds	564	-	-
Advances to property owners	18,377	661	-
Property held for resale	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 19,206</u>	<u>\$ 708</u>	<u>\$ 283</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 35	\$ -	\$ -
Due to other funds	-	-	-
Due to other governments	-	4	-
Deposits and other liabilities	-	-	19
Deferred revenue	-	-	-
Advances from other funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>35</u>	<u>4</u>	<u>19</u>
<b>FUND BALANCES (deficit):</b>			
Reserved for:			
Encumbrances	-	-	-
Advances	18,941	661	-
Debt service	-	-	-
Capital projects	-	-	-
Low- and moderate-income housing	-	-	-
Endowments	-	-	-
Other items	864	-	-
Unreserved, reported in:			
Special revenue funds:			
Designated for termination pay	-	-	-
Undesignated	(634)	43	264
Debt service funds	-	-	-
Capital projects	-	-	-
Permanent fund	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficit)	<u>19,171</u>	<u>704</u>	<u>264</u>
	<u>\$ 19,206</u>	<u>\$ 708</u>	<u>\$ 283</u>
Total liabilities and fund balances (deficit)	<u>\$ 19,206</u>	<u>\$ 708</u>	<u>\$ 283</u>

Special Revenue						Debt Service	
Home Program	Emergency Communication	Emergency Medical Transportation	Recreation Services	Development Services	Other Special Revenue	Mello-Roos Districts	1915 Act Assessment Districts
\$ 533	\$ -	\$ -	\$ 504	\$ 350	\$ 1,811	\$ 9,785	\$ 9,047
-	-	-	-	-	-	8,084	4,172
-	-	-	-	-	-	-	-
4	(7)	(9)	-	-	10	68	47
-	-	-	-	-	-	221	394
-	718	1,636	99	96	17	78	1
-	-	-	-	-	-	-	-
-	-	-	423	-	-	-	-
-	-	-	-	197	-	-	-
14,774	-	-	-	-	1,058	-	-
-	-	-	-	-	-	-	-
<u>\$ 15,311</u>	<u>\$ 711</u>	<u>\$ 1,627</u>	<u>\$ 1,026</u>	<u>\$ 643</u>	<u>\$ 2,896</u>	<u>\$ 18,236</u>	<u>\$ 13,661</u>
\$ 39	\$ 31	\$ 121	\$ 223	\$ 237	\$ 159	\$ 36	\$ 23
-	666	1,055	-	-	-	-	-
-	-	-	1	-	-	82	89
-	-	-	284	251	-	-	3
69	-	-	456	11	87	273	394
-	-	4,384	-	-	28	-	-
<u>108</u>	<u>697</u>	<u>5,560</u>	<u>964</u>	<u>499</u>	<u>274</u>	<u>391</u>	<u>509</u>
-	16	238	67	790	50	15	12
14,774	-	-	-	197	1,058	-	-
-	-	-	-	-	-	17,993	13,174
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,563	-	-	423	144	244	-	-
-	-	-	-	-	-	-	-
(2,134)	(2)	(4,171)	(428)	(987)	1,270	-	-
-	-	-	-	-	-	(163)	(34)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>15,203</u>	<u>14</u>	<u>(3,933)</u>	<u>62</u>	<u>144</u>	<u>2,622</u>	<u>17,845</u>	<u>13,152</u>
<u>\$ 15,311</u>	<u>\$ 711</u>	<u>\$ 1,627</u>	<u>\$ 1,026</u>	<u>\$ 643</u>	<u>\$ 2,896</u>	<u>\$ 18,236</u>	<u>\$ 13,661</u>

(Continued)

# CITY OF STOCKTON

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2005

(With comparative totals for June 30, 2004)

(Dollar amounts in thousands)

	Debt Service	
	Redevelopment Agency	Stockton Public Financing Authority
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 1,375
Cash and investments with fiscal agents	6,217	3,677
Restricted assets - cash and investments	-	-
Receivables:		
Interest	-	6
Taxes and special assessments	-	18
Accounts and other receivables	-	-
Due from other governments	-	-
Inventory of supplies	-	-
Advances to other funds	-	-
Advances to property owners	-	-
Property held for resale	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 6,217</u>	<u>\$ 5,076</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 3	\$ 7
Due to other funds	-	-
Due to other governments	-	18
Deposits and other liabilities	-	-
Deferred revenue	-	18
Advances from other funds	-	-
	<u>-</u>	<u>-</u>
Total liabilities	<u>3</u>	<u>43</u>
<b>FUND BALANCES (deficit):</b>		
Reserved for:		
Encumbrances	-	3
Advances	-	-
Debt service	6,217	5,074
Capital projects	-	-
Low- and moderate-income housing	-	-
Endowments	-	-
Other items	-	-
Unreserved, reported in:		
Special revenue funds:		
Designated for termination pay	-	-
Undesignated	-	-
Debt service funds	(3)	(44)
Capital projects	-	-
Permanent fund	-	-
	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>6,214</u>	<u>5,033</u>
Total liabilities and fund balances (deficit)	<u>\$ 6,217</u>	<u>\$ 5,076</u>

Mello-Roos Districts	Capital Projects		Stockton Public Financing Authority	Permanent		Total	
	1915 Act Assessment Districts	Miscellaneous		Miscellaneous	2005	2004	
\$ 3,936	\$ 15,669	\$ 3	\$ 1,686	\$ 56,030	\$ 77,897		
7,498	746	319	-	30,713	35,992		
-	-	-	-	-	3,161		
30	106	-	10	331	357		
-	-	-	-	633	505		
-	-	-	-	2,752	1,432		
-	-	-	-	9,750	5,386		
-	-	-	-	423	-		
-	-	-	-	15,946	15,623		
-	-	-	-	48,219	41,957		
-	-	-	-	-	108		
<u>\$ 11,464</u>	<u>\$ 16,521</u>	<u>\$ 322</u>	<u>\$ 1,696</u>	<u>\$ 164,797</u>	<u>\$ 182,418</u>		
\$ 2	\$ 4	\$ 2	\$ 8	\$ 2,221	\$ 3,874		
-	-	-	-	5,451	2,037		
-	-	-	-	194	329		
-	-	-	-	559	333		
-	-	-	-	2,628	4,402		
-	-	-	-	4,412	2,649		
<u>2</u>	<u>4</u>	<u>2</u>	<u>8</u>	<u>15,465</u>	<u>13,624</u>		
-	168	-	-	2,694	3,998		
-	-	-	-	64,165	57,601		
-	-	-	-	42,458	46,456		
11,459	16,614	320	-	28,393	41,634		
-	-	-	-	-	640		
-	-	-	1,423	1,423	1,383		
-	-	-	-	4,422	3,732		
-	-	-	-	132	132		
-	-	-	-	5,886	13,190		
-	-	-	-	(244)	(179)		
3	(265)	-	-	(262)	-		
-	-	-	265	265	207		
<u>11,462</u>	<u>16,517</u>	<u>320</u>	<u>1,688</u>	<u>149,332</u>	<u>168,794</u>		
<u>\$ 11,464</u>	<u>\$ 16,521</u>	<u>\$ 322</u>	<u>\$ 1,696</u>	<u>\$ 164,797</u>	<u>\$ 182,418</u>		

# CITY OF STOCKTON

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals for the year ended June 30, 2004)

(Dollar amounts in thousands)

	Special Revenue			
	Special Grants	Solid Waste & Recycling	Gas Tax	Measure K Sales Tax
<b>REVENUES:</b>				
Taxes:				
Sales and use	\$ -	\$ -	\$ -	\$ 4,015
Special assessments	-	-	-	-
Business licenses	-	-	-	-
Other	-	-	183	-
Licenses and permits	-	-	-	-
Federal grants and subsidies	2,048	-	3,392	-
Other governmental	1,568	-	4,994	7,797
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	2	-	3
Investment income:				
Interest income	(2)	11	1	155
Net increase (decrease) in fair value of investments	1	1	3	14
Refunds and reimbursements	1	2	11	-
Miscellaneous	-	1,125	-	19
Total revenues	<u>3,616</u>	<u>1,141</u>	<u>8,584</u>	<u>12,003</u>
<b>EXPENDITURES:</b>				
Current:				
General government	66	-	-	-
Public safety	2,587	-	-	-
Public works	39	800	1,107	270
Library	139	-	-	-
Parks and recreation	464	-	-	-
Capital outlay	17	-	2,665	11,932
Debt service:				
Principal retirement	-	-	-	-
Cost of issuance	-	-	-	-
Advance refunding escrow	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>3,312</u>	<u>800</u>	<u>3,772</u>	<u>12,202</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>304</u>	<u>341</u>	<u>4,812</u>	<u>(199)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	159	-	-	-
Transfers out	(394)	-	(4,949)	-
Proceeds of long-term debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Discounts on debt issuances	-	-	-	-
Total other financing sources (uses)	<u>(235)</u>	<u>-</u>	<u>(4,949)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	69	341	(137)	(199)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>345</u>	<u>180</u>	<u>614</u>	<u>7,786</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 414</u>	<u>\$ 521</u>	<u>\$ 477</u>	<u>\$ 7,587</u>



Special Revenue						
Measure W Public Safety Tax	Cooperative Library	City- County Library	Special Assessments	Redevelopment Agency Loan	Urban Development Action Grant	Community Development Block Grant
\$ 1,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	87	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,032
-	132	5,544	-	-	-	-
-	271	356	1,800	-	-	-
-	-	-	-	-	-	-
-	-	5	-	-	-	-
(2)	-	-	122	-	-	(21)
-	-	-	7	-	-	(1)
-	-	64	-	-	-	-
-	-	-	-	-	-	(25)
<u>1,045</u>	<u>403</u>	<u>5,969</u>	<u>2,016</u>	<u>-</u>	<u>-</u>	<u>2,985</u>
-	-	-	70	-	-	-
1,546	-	-	-	-	-	-
-	-	-	253	-	-	2,917
-	403	11,176	-	-	-	-
-	-	-	1,084	-	-	-
-	-	405	-	-	-	221
-	-	-	-	-	-	400
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	676
<u>1,546</u>	<u>403</u>	<u>11,581</u>	<u>1,407</u>	<u>-</u>	<u>-</u>	<u>4,214</u>
<u>(501)</u>	<u>-</u>	<u>(5,612)</u>	<u>609</u>	<u>-</u>	<u>-</u>	<u>(1,229)</u>
-	-	6,295	-	789	-	2,834
(382)	-	-	-	-	-	(1,253)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(382)</u>	<u>-</u>	<u>6,295</u>	<u>-</u>	<u>789</u>	<u>-</u>	<u>1,581</u>
<u>(883)</u>	<u>-</u>	<u>683</u>	<u>609</u>	<u>789</u>	<u>-</u>	<u>352</u>
<u>-</u>	<u>(2)</u>	<u>1,831</u>	<u>3,256</u>	<u>12,082</u>	<u>4,686</u>	<u>10,448</u>
<u>\$ (883)</u>	<u>\$ (2)</u>	<u>\$ 2,514</u>	<u>\$ 3,865</u>	<u>\$ 12,871</u>	<u>\$ 4,686</u>	<u>\$ 10,800</u>

(Continued)

# CITY OF STOCKTON

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (With comparative totals for the year ended June 30, 2004) (Dollar amounts in thousands)

	Special Revenue		
	Community Development Loan	CDBG Revolving Loan	Special Grant and Loan Programs
<b>REVENUES:</b>			
Taxes:			
Sales and use	\$ -	\$ -	\$ -
Special assessments	-	-	-
Business licenses	-	-	-
Other	-	-	-
Licenses and permits	-	-	-
Federal grants and subsidies	-	-	310
Other governmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	114	1	-
Investment income:			
Interest income	145	-	4
Net increase (decrease) in fair value of investments	5	-	-
Refunds and reimbursements	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>264</u>	<u>1</u>	<u>314</u>
<b>EXPENDITURES:</b>			
Current:			
General government	329	-	-
Public safety	-	-	-
Public works	-	-	-
Library	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Cost of issuance	-	-	-
Advance refunding escrow	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>329</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(65)</u>	<u>1</u>	<u>314</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	1,116	703	-
Transfers out	(3,537)	-	(579)
Proceeds of long-term debt	-	-	267
Payment to refunded bond escrow agent	-	-	-
Discounts on debt issuances	-	-	-
Total other financing sources (uses)	<u>(2,421)</u>	<u>703</u>	<u>(312)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,486)</u>	<u>704</u>	<u>2</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>21,657</u>	<u>-</u>	<u>262</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 19,171</u>	<u>\$ 704</u>	<u>\$ 264</u>

Home Program	Special Revenue					Debt Service	
	Emergency Communication	Emergency Medical Transportation	Recreation Services	Development Services	Other Special Revenue	Mello-Roos Districts	1915 Act Assessment Districts
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	12,661	7,793
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,775	-	-	-
521	-	-	-	-	-	-	-
-	-	-	-	-	364	-	-
-	4,224	3,836	2,204	12,377	149	550	-
-	36	-	-	-	-	-	-
78	2	-	1,023	-	6	-	-
25	(29)	(34)	-	-	27	576	294
-	(2)	-	-	-	2	62	43
-	22	118	20	28	3	-	1
-	-	-	78	17	956	-	-
<u>624</u>	<u>4,253</u>	<u>3,920</u>	<u>3,325</u>	<u>23,197</u>	<u>1,507</u>	<u>13,849</u>	<u>8,131</u>
6	-	-	-	3,917	41	385	341
-	4,239	5,024	-	6,737	318	-	-
571	-	-	-	3,100	-	-	-
-	-	-	-	-	405	-	-
-	-	-	8,290	-	282	-	-
-	-	58	-	85	5	-	-
-	-	-	-	-	-	6,010	2,880
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,162	4,235
<u>577</u>	<u>4,239</u>	<u>5,082</u>	<u>8,290</u>	<u>13,839</u>	<u>1,051</u>	<u>12,557</u>	<u>7,456</u>
<u>47</u>	<u>14</u>	<u>(1,162)</u>	<u>(4,965)</u>	<u>9,358</u>	<u>456</u>	<u>1,292</u>	<u>675</u>
-	-	-	4,989	-	-	352	1,001
-	-	(40)	-	(10,794)	-	(5,032)	(671)
-	-	-	-	-	325	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(40)	4,989	(10,794)	325	(4,680)	330
47	14	(1,202)	24	(1,436)	781	(3,388)	1,005
15,156	-	(2,731)	38	1,580	1,841	21,233	12,147
<u>\$ 15,203</u>	<u>\$ 14</u>	<u>\$ (3,933)</u>	<u>\$ 62</u>	<u>\$ 144</u>	<u>\$ 2,622</u>	<u>\$ 17,845</u>	<u>\$ 13,152</u>

(Continued)

# CITY OF STOCKTON

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2005 (With comparative totals for the year ended June 30, 2004) (Dollar amounts in thousands)

	Debt Service	
	Redevelopment Agency	Stockton Public Financing Authority
<b>REVENUES:</b>		
Taxes:		
Sales and use	\$ -	\$ -
Special assessments	-	1,595
Business licenses	-	-
Other	-	-
Licenses and permits	-	-
Federal grants and subsidies	-	-
Other governmental	-	-
Charges for services	-	-
Fines and forfeitures	-	-
Use of money and property	-	-
Investment income:		
Interest income	122	189
Net increase (decrease) in fair value of investments	39	37
Refunds and reimbursements	-	-
Miscellaneous	-	-
Total revenues	<u>161</u>	<u>1,821</u>
<b>EXPENDITURES:</b>		
Current:		
General government	2	64
Public safety	-	-
Public works	-	-
Library	-	-
Parks and recreation	-	-
Capital outlay	-	-
Debt service:		
Principal retirement	-	950
Cost of issuance	-	-
Advance refunding escrow	-	-
Interest and fiscal charges	2,005	2,287
Total expenditures	<u>2,007</u>	<u>3,301</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,846)</u>	<u>(1,480)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	-	2,014
Transfers out	-	(375)
Proceeds of long-term debt	-	-
Payment to refunded bond escrow agent	-	-
Discounts on debt issuances	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,639</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,846)</u>	<u>159</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>8,060</u>	<u>4,874</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 6,214</u>	<u>\$ 5,033</u>

Mello-Roos Districts	Capital Projects		Stockton Public Financing Authority	Permanent Miscellaneous	Total	
	1915 Act Assessment Districts				2005	2004
\$ -	\$ -	\$ -	\$ -	\$ 5,062	\$ 3,610	
86	-	-	-	22,135	18,210	
-	-	-	-	87	81	
-	-	-	-	183	169	
-	-	-	-	10,775	9,460	
-	-	-	-	9,303	11,167	
-	-	-	-	20,399	18,194	
-	-	-	-	25,767	18,189	
-	-	-	-	36	-	
-	5	-	-	1,239	641	
255	527	6	45	2,416	1,973	
9	42	-	14	276	(1,511)	
-	637	-	-	907	627	
-	-	-	-	2,170	831	
<u>350</u>	<u>1,211</u>	<u>6</u>	<u>59</u>	<u>100,755</u>	<u>81,641</u>	
95	-	2	8	5,326	5,904	
-	-	-	-	20,451	12,662	
27	14,085	-	-	23,169	16,945	
-	-	-	-	12,123	11,048	
-	-	-	12	10,132	7,162	
-	-	-	-	15,388	16,962	
-	-	-	-	10,240	8,335	
120	-	-	-	120	790	
5,080	-	-	-	5,080	-	
497	-	-	-	15,862	12,423	
<u>5,819</u>	<u>14,085</u>	<u>2</u>	<u>20</u>	<u>117,891</u>	<u>92,231</u>	
<u>(5,469)</u>	<u>(12,874)</u>	<u>4</u>	<u>39</u>	<u>(17,136)</u>	<u>(10,590)</u>	
5,032	-	1,294	-	26,578	30,951	
(352)	(337)	(1,288)	-	(29,983)	(30,964)	
6,690	-	-	-	7,282	32,688	
(6,070)	-	-	-	(6,070)	-	
(133)	-	-	-	(133)	(219)	
<u>5,167</u>	<u>(337)</u>	<u>6</u>	<u>-</u>	<u>(2,326)</u>	<u>32,456</u>	
(302)	(13,211)	10	39	(19,462)	21,866	
<u>11,764</u>	<u>29,728</u>	<u>310</u>	<u>1,649</u>	<u>168,794</u>	<u>146,928</u>	
<u>\$ 11,462</u>	<u>\$ 16,517</u>	<u>\$ 320</u>	<u>\$ 1,688</u>	<u>\$ 149,332</u>	<u>\$ 168,794</u>	

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS PUBLIC FACILITIES IMPACT FEES MAJOR CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Other governmental	\$ 26	\$ -	\$ (26)
Charges for services	20,834	26,141	5,307
Use of money and property	-	67	67
Investment income:			
Interest income	2,117	1,397	(720)
Net increase in fair value of investments	-	107	107
Refunds and reimbursements	-	1	1
Miscellaneous	-	88	88
<b>Total revenues</b>	<u>22,977</u>	<u>27,801</u>	<u>4,824</u>
<b>EXPENDITURES:</b>			
General government	3,035	2,485	550
Public safety	7,662	2,437	5,225
Public works	42,970	22,566	20,404
Library	2,791	293	2,498
Park and recreation	11,542	7,695	3,847
<b>Total expenditures</b>	<u>68,000</u>	<u>35,476</u>	<u>32,524</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)</b>	<b>(45,023)</b>	<b>(7,675)</b>	<b>37,348</b>
<b>OTHER FINANCING USES:</b>			
Transfers out	<u>(146)</u>	<u>(146)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<u><b>\$ (45,169)</b></u>	<u><b>(7,821)</b></u>	<u><b>\$ 37,348</b></u>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		<u>5,413</u>	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>		<b>(2,408)</b>	
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<u>49,618</u>	
<b>FUND BALANCE, END OF YEAR</b>		<u><u>\$ 47,210</u></u>	

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS CAPITAL IMPROVEMENT MAJOR CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Other	\$ 16	\$ 10	\$ (6)
Federal grants and subsidies	2,039	1,138	(901)
Other governmental	18,144	8,142	(10,002)
Use of money and property	-	1,269	1,269
Investment income:			
Interest income	855	874	19
Net increase in fair value of investments	-	59	59
Miscellaneous	15	2,062	2,047
<b>Total revenues</b>	<b>21,069</b>	<b>13,554</b>	<b>(7,515)</b>
<b>EXPENDITURES:</b>			
General government	58,091	39,953	18,138
Public safety	1,502	1,301	201
Public works	4,108	3,239	869
Park and recreation	8,933	3,438	5,495
<b>Total expenditures</b>	<b>72,634</b>	<b>47,931</b>	<b>24,703</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)</b>	<b>(51,565)</b>	<b>(34,377)</b>	<b>17,188</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	19,414	16,576	(2,838)
Transfers out	(2,922)	(12)	2,910
<b>Total other financing sources (uses)</b>	<b>16,492</b>	<b>16,564</b>	<b>72</b>
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<b>\$ (35,073)</b>	<b>(17,813)</b>	<b>\$ 17,260</b>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		1,509	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>		<b>(16,304)</b>	
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>51,045</b>	
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 34,741</b>	

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS SOLID WASTE & RECYCLING NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Use of money and property	\$ -	\$ 2	\$ 2
Investment income:			
Interest income	18	11	(7)
Net increase in fair value of investments	-	1	1
Refunds and reimbursements	-	2	2
Miscellaneous	<u>1,134</u>	<u>1,125</u>	<u>(9)</u>
Total revenues	1,152	1,141	(11)
<b>EXPENDITURES:</b>			
Public works	<u>1,110</u>	<u>849</u>	<u>261</u>
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<u>\$ 42</u>	292	<u>\$ 250</u>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		<u>49</u>	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>		341	
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<u>180</u>	
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ 521</u>	



# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS GAS TAX NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Other	\$ 170	\$ 183	\$ 13
Federal grants and subsidies	5,272	3,392	(1,880)
Other governmental	4,846	4,994	148
Investment income:			
Interest income	83	1	(82)
Net increase in fair value of investments	-	3	3
Refunds and reimbursements	-	11	11
<b>Total revenues</b>	<b>10,371</b>	<b>8,584</b>	<b>(1,787)</b>
<b>EXPENDITURES:</b>			
Public works	5,674	3,795	1,879
<b>EXCESS OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)</b>	<b>4,697</b>	<b>4,789</b>	<b>92</b>
<b>OTHER FINANCING USES:</b>			
Transfers out	(4,886)	(4,949)	(63)
<b>Total other financing sources (uses)</b>	<b>(4,886)</b>	<b>(4,949)</b>	<b>(63)</b>
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<b>\$ (189)</b>	<b>(160)</b>	<b>\$ 29</b>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		23	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>		<b>(137)</b>	
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>614</b>	
<b>FUND DEFICIT, END OF YEAR</b>		<b>\$ 477</b>	

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS MEASURE K SALES TAX NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Sales and use	\$ 4,015	\$ 4,015	\$ -
Other governmental	69,068	7,797	(61,271)
Use of money and property	3	3	-
Investment income:			
Interest income	155	155	-
Net increase in fair value of investments	-	14	14
Miscellaneous	19	19	-
Total revenues	73,260	12,003	(61,257)
<b>EXPENDITURES:</b>			
Public works	80,828	12,269	68,559
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<u>\$ (7,568)</u>	(266)	<u>\$ 7,302</u>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		67	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>		(199)	
<b>FUND BALANCE, BEGINNING OF YEAR</b>		7,786	
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ 7,587</u>	

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS MEASURE W PUBLIC SAFETY TAX NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Taxes:			
Sales and use	\$ 1,047	\$ 1,047	\$ -
Investment income:			
Interest income	-	(2)	(2)
Total revenues	1,047	1,045	(2)
EXPENDITURES:			
Public safety	1,945	1,563	382
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	(898)	(518)	380
OTHER FINANCING SOURCES (USES):			
Transfers out	(382)	(382)	-
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	<u>\$ (1,280)</u>	(900)	<u>\$ 380</u>
BASIS ADJUSTMENTS:			
Encumbrances		17	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		(883)	
FUND BALANCE, BEGINNING OF YEAR		-	
FUND DEFICIT, END OF YEAR		<u>\$ (883)</u>	

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS CITY-COUNTY LIBRARY NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Other governmental	\$ 5,538	\$ 5,544	\$ 6
Charges for services	405	356	(49)
Use of money and property	-	5	5
Refunds and reimbursements	157	64	(93)
Total revenues	6,100	5,969	(131)
<b>EXPENDITURES:</b>			
Library	13,253	11,896	1,357
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	(7,153)	(5,927)	1,226
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	6,295	6,295	-
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	<u>\$ (858)</u>	368	<u>\$ 1,226</u>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		315	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		683	
FUND BALANCE, BEGINNING OF YEAR		1,831	
FUND BALANCE, END OF YEAR		<u>\$ 2,514</u>	

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS SPECIAL ASSESSMENTS NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Special assessments	\$ -	\$ 87	\$ 87
Charges for services	2,435	1,800	(635)
Investment income:			
Interest income	-	122	122
Net increase in fair value of investments	-	7	7
	<u>2,435</u>	<u>2,016</u>	<u>(419)</u>
Total revenues			
<b>EXPENDITURES:</b>			
General government	-	70	(70)
Public works	305	327	(22)
Parks and recreation	2,425	1,307	1,118
	<u>2,730</u>	<u>1,704</u>	<u>1,026</u>
Total expenditures			
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<u>\$ (295)</u>	312	<u>\$ 607</u>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		<u>297</u>	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>		609	
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<u>3,256</u>	
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ 3,865</u>	

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - ON A BUDGETARY BASIS EMERGENCY COMMUNICATION NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 4,543	\$ 4,224	\$ (319)
Fines and forfeitures	-	36	36
Use of money and property	-	2	2
Investment income:			
Interest income	-	(29)	(29)
Net decrease in fair value of investments	-	(2)	(2)
Refunds and reimbursements	-	22	22
<b>Total revenues</b>	<b>4,543</b>	<b>4,253</b>	<b>(290)</b>
<b>EXPENDITURES:</b>			
Public safety	4,543	4,255	288
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<b>\$ -</b>	<b>(2)</b>	<b>\$ (2)</b>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		16	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>		<b>14</b>	
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>-</b>	
<b>FUND DEFICIT, END OF YEAR</b>		<b>\$ 14</b>	

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - ON A BUDGETARY BASIS EMERGENCY MEDICAL TRANSPORTATION NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Charges for services	\$ 4,970	\$ 3,836	\$ (1,134)
Investment income:			
Interest income	-	(34)	(34)
Refunds and reimbursements	-	118	118
Total revenues	4,970	3,920	(1,050)
EXPENDITURES:			
Public safety	6,615	5,320	1,295
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	(1,645)	(1,400)	245
OTHER FINANCING SOURCES (USES):			
Transfers out	(40)	(40)	-
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	<u>\$ (1,685)</u>	(1,440)	<u>\$ 245</u>
BASIS ADJUSTMENTS:			
Encumbrances		238	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		(1,202)	
FUND DEFICIT, BEGINNING OF YEAR		(2,731)	
FUND DEFICIT, END OF YEAR		<u>\$ (3,933)</u>	

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS RECREATIONAL SERVICES NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 2,458	\$ 2,204	\$ (254)
Use of money and property	514	1,023	509
Investment income:			
Refunds and reimbursements	25	20	(5)
Miscellaneous	3	78	75
	<u>3,000</u>	<u>3,325</u>	<u>325</u>
Total revenues			
<b>EXPENDITURES:</b>			
Parks and recreation	<u>8,012</u>	<u>8,357</u>	<u>(345)</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)</b>			
	(5,012)	(5,032)	(20)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	<u>4,989</u>	<u>4,989</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>			
	<u>\$ (23)</u>	(43)	<u>\$ (20)</u>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		<u>67</u>	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>			
		24	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			
		<u>38</u>	
<b>FUND BALANCE, END OF YEAR</b>			
		<u>\$ 62</u>	



# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS DEVELOPMENT SERVICES NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
License and permits	\$ 12,002	\$ 10,775	\$ (1,227)
Charges for services	12,377	12,377	-
Refunds and reimbursements	28	28	-
Miscellaneous	17	17	-
<b>Total revenues</b>	<b>24,424</b>	<b>23,197</b>	<b>(1,227)</b>
<b>EXPENDITURES:</b>			
General government	4,702	4,546	156
Public safety	7,430	6,815	615
Public works	3,566	3,268	298
<b>Total expenditures</b>	<b>15,698</b>	<b>14,629</b>	<b>1,069</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)</b>	<b>8,726</b>	<b>8,568</b>	<b>(158)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(10,794)	(10,794)	-
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<b>\$ (2,068)</b>	<b>(2,226)</b>	<b>\$ (158)</b>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		790	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>		<b>(1,436)</b>	
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>1,580</b>	
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 144</b>	

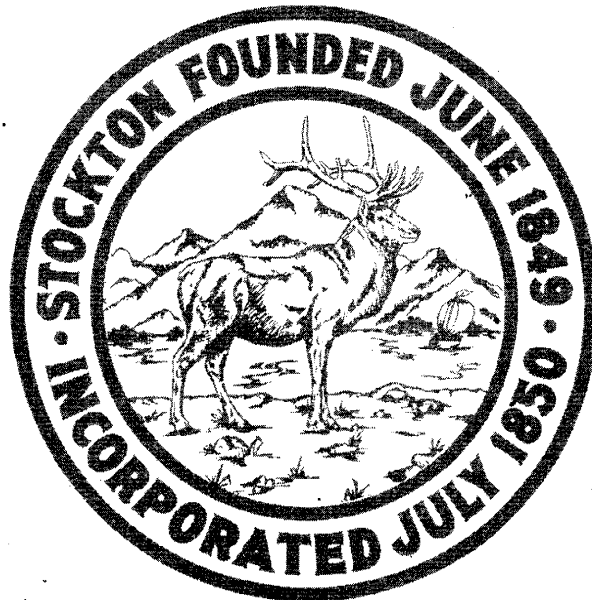
# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS OTHER SPECIAL REVENUE NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Other governmental	\$ 518	\$ 364	\$ (154)
Charges for services	175	149	(26)
Use of money and property	-	6	6
Investment income:			
Interest income	11	27	16
Net increase in fair value of investments	-	2	2
Refunds and reimbursements	3	3	-
Miscellaneous	964	956	(8)
<b>Total revenues</b>	<b>1,671</b>	<b>1,507</b>	<b>(164)</b>
<b>EXPENDITURES:</b>			
General government	118	42	76
Public safety	477	342	135
Library	748	403	345
Parks and recreation	424	314	110
<b>Total expenditures</b>	<b>1,767</b>	<b>1,101</b>	<b>666</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)</b>	<b>(96)</b>	<b>406</b>	<b>502</b>
<b>OTHER FINANCING SOURCES:</b>			
Proceeds of long-term debt	15	325	310
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<b>\$ (81)</b>	<b>731</b>	<b>\$ 812</b>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances		50	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>		<b>781</b>	
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>1,841</b>	
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 2,622</b>	



CITY OF STOCKTON



**NONMAJOR ENTERPRISE  
FUNDS**

## **NONMAJOR ENTERPRISE FUNDS**

### **Solid Waste**

To account for residual activities as a result of final transition and outsourcing of garden refuse collection service.

### **Golf Courses**

To account for activities associated with the improvement and operation and maintenance of Swenson, Van Buskirk and Lyons golf courses.

# CITY OF STOCKTON

## COMBINING STATEMENT OF NET ASSETS

### - NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2005

(With comparative totals as of June 30, 2004)

(Dollar amounts in thousands)

	Solid Waste	Golf Courses	Total	
			2005	2004
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ -	\$ 254	\$ 254	\$ 343
Receivables:				
Interest	(1)	-	(1)	-
Accounts and other receivables	211	13	224	264
Allowance for uncollectibles	(122)	2	(120)	(72)
Inventory of supplies	-	36	36	36
Total current assets	<u>88</u>	<u>305</u>	<u>393</u>	<u>571</u>
Noncurrent assets:				
Capital assets, net:				
Nondepreciable	-	360	360	360
Depreciable, net	-	1,573	1,573	1,713
Total noncurrent assets	<u>-</u>	<u>1,933</u>	<u>1,933</u>	<u>2,073</u>
Total assets	<u>88</u>	<u>2,238</u>	<u>2,326</u>	<u>2,644</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	39	39	51
Due to other funds	126	-	126	163
Compensated absences - current	-	14	14	44
Total current liabilities	<u>126</u>	<u>53</u>	<u>179</u>	<u>258</u>
Noncurrent liabilities:				
Advances from other funds	-	914	914	1,164
Compensated absences - long-term	-	97	97	63
Total noncurrent liabilities	<u>-</u>	<u>1,011</u>	<u>1,011</u>	<u>1,227</u>
Total liabilities	<u>126</u>	<u>1,064</u>	<u>1,190</u>	<u>1,485</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	-	1,933	1,933	2,073
Unrestricted (deficit)	<u>(38)</u>	<u>(759)</u>	<u>(797)</u>	<u>(914)</u>
Total net assets (deficit)	<u>\$ (38)</u>	<u>\$ 1,174</u>	<u>\$ 1,136</u>	<u>\$ 1,159</u>

# CITY OF STOCKTON

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2005 (With comparative totals for the year ended June 30, 2004) (Dollar amounts in thousands)

	Solid Waste	Golf Courses	Total	
			2005	2004
OPERATING REVENUES:				
Charges for services	\$ 2	\$ 1,687	\$ 1,689	\$ 3,722
Miscellaneous	19	725	744	917
Total operating revenues	21	2,412	2,433	4,639
OPERATING EXPENSES:				
Operation and maintenance	51	2,257	2,308	4,846
Depreciation and amortization	-	140	140	176
Total operating expenses	51	2,397	2,448	5,022
OPERATING INCOME (LOSS)	(30)	15	(15)	(383)
NON-OPERATING REVENUES (EXPENSES):				
Investment income:				
Interest income	(8)	-	(8)	6
Net decrease in fair value of investments	-	-	-	(7)
Total non-operating revenues (expenses)	(8)	-	(8)	(1)
CHANGE IN NET ASSETS	(38)	15	(23)	(384)
NET ASSETS, BEGINNING OF YEAR	-	1,159	1,159	1,543
NET ASSETS (DEFICIT), END OF YEAR	\$ (38)	\$ 1,174	\$ 1,136	\$ 1,159

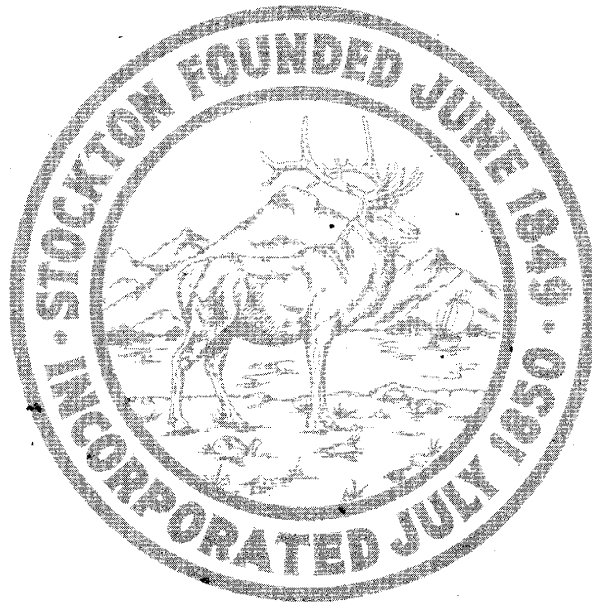
# CITY OF STOCKTON

## COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2005 (With comparative totals for the year ended June 30, 2004) (Dollar amounts in thousands)

	Solid Waste	Golf Courses	Total	
			2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 50	\$ 2,423	\$ 2,473	\$ 4,741
Payments to suppliers	(5)	(599)	(604)	(1,552)
Payments to employees	(1)	(1,482)	(1,483)	(3,238)
Payments for interfund services used	-	(181)	(181)	(566)
Net cash provided by (used for) operating activities	<u>44</u>	<u>161</u>	<u>205</u>	<u>(615)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Due to other funds	(37)	-	(37)	163
Advances to other funds	-	(250)	(250)	(60)
Net cash provided by (used for) noncapital financing activities	<u>(37)</u>	<u>(250)</u>	<u>(287)</u>	<u>103</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases of capital assets	-	-	-	(7)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment earnings	(7)	-	(7)	2
NET DECREASE IN CASH AND CASH EQUIVALENTS	-	(89)	(89)	(517)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	343	343	860
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ 254</u>	<u>\$ 254</u>	<u>\$ 343</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (30)	\$ 15	\$ (15)	\$ (383)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	-	140	140	176
Provision for uncollectible accounts	50	(2)	48	(31)
Changes in assets and liabilities:				
Accounts and other receivables	29	11	40	133
Accounts payable	(5)	(7)	(12)	14
Compensated absences	-	4	4	(524)
Net cash provided by (used for) operating activities	<u>\$ 44</u>	<u>\$ 161</u>	<u>\$ 205</u>	<u>\$ (615)</u>
<b>NONCASH TRANSACTIONS:</b>				
Net decrease in fair value of investments	\$ -	\$ -	\$ -	\$ (7)



CITY OF STOCKTON



**INTERNAL SERVICE FUNDS**



## **INTERNAL SERVICE FUNDS**

### **Central Garage**

The fund established to account for the financing, operating and maintenance of vehicles and similar equipment provided to City departments on a cost reimbursement basis.

### **Computer Equipment**

Provide the fund established to account for the financing, service and maintenance of all computer and related equipment to City departments on a cost reimbursement basis.

### **Radio Equipment**

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

### **Other Equipment**

The fund established to account for financing, operating and maintenance of other, comparatively smaller equipment funds on a cost reimbursement basis. Included are telephone, other office, and printing and mailing equipment.

### **General Insurance**

To account for premiums and claims paid and administration of the fund established to provide general liability insurance coverage to City departments on a cost reimbursement basis.

### **Workers' Compensation Insurance**

The fund established to account for workers' compensation premiums and claims paid and administration of the fund on behalf of all City departments on a cost reimbursement basis.

### **Health Benefits Insurance**

The fund established to account for health benefits insurance premiums and claims paid and administration of the fund on behalf of all City departments on a cost reimbursement basis.

### **Other Insurance**

To report, on a cost reimbursement basis, the premiums and claims paid and administration of comparatively smaller insurance funds for long-term disability and life insurance, payments to CalPERS, and termination pay.

# CITY OF STOCKTON

## COMBINING STATEMENT OF NET ASSETS

### - INTERNAL SERVICE FUNDS

JUNE 30, 2005

(With comparative totals as of June 30, 2004)

(Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment	Other Equipment
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 3,287	\$ 3,083	\$ 1,009	\$ 3,470
Receivables:				
Accounts and other receivables	121	-	-	-
Allowance for uncollectibles	(127)	-	-	-
Total current assets	<u>3,281</u>	<u>3,083</u>	<u>1,009</u>	<u>3,470</u>
Noncurrent assets:				
Deferred charges	-	-	-	-
Capital assets, net:				
Depreciable, net	7,700	1,098	1,195	281
Total noncurrent assets	<u>7,700</u>	<u>1,098</u>	<u>1,195</u>	<u>281</u>
 Total assets	 <u>10,981</u>	 <u>4,181</u>	 <u>2,204</u>	 <u>3,751</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	357	376	447	141
Deposits and other liabilities	-	-	-	-
Compensated absences - current	36	26	-	5
Self-insurance claims and judgments - current	-	-	-	-
Total current liabilities	<u>393</u>	<u>402</u>	<u>447</u>	<u>146</u>
Noncurrent liabilities:				
Compensated absences - long-term	261	223	-	34
Self-insurance claims and judgments - long-term	-	-	-	-
Total noncurrent liabilities	<u>261</u>	<u>223</u>	<u>-</u>	<u>34</u>
 Total liabilities	 <u>654</u>	 <u>625</u>	 <u>447</u>	 <u>180</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	7,700	1,098	1,195	281
Unrestricted (deficit)	2,627	2,458	562	3,290
 Total net assets (deficit)	 <u>\$ 10,327</u>	 <u>\$ 3,556</u>	 <u>\$ 1,757</u>	 <u>\$ 3,571</u>

General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total	
				2005	2004
\$ 3,136	\$ 12,002	\$ 1,170	\$ 5,048	\$ 32,205	\$ 28,901
27	75	17	17	257	166
-	-	-	-	(127)	(125)
<u>3,163</u>	<u>12,077</u>	<u>1,187</u>	<u>5,065</u>	<u>32,335</u>	<u>28,942</u>
-	-	61	-	61	295
-	-	-	-	10,274	10,319
-	-	61	-	10,335	10,614
<u>3,163</u>	<u>12,077</u>	<u>1,248</u>	<u>5,065</u>	<u>42,670</u>	<u>39,556</u>
17	51	302	-	1,691	1,266
5	49	3	-	57	-
1	2	1	-	71	365
1,544	6,519	3,439	-	11,502	10,258
<u>1,567</u>	<u>6,621</u>	<u>3,745</u>	<u>-</u>	<u>13,321</u>	<u>11,889</u>
8	18	8	-	552	417
2,700	36,700	-	-	39,400	36,086
<u>2,708</u>	<u>36,718</u>	<u>8</u>	<u>-</u>	<u>39,952</u>	<u>36,503</u>
4,275	43,339	3,753	-	53,273	48,392
-	-	-	-	10,274	10,319
(1,112)	(31,262)	(2,505)	5,065	(20,877)	(19,155)
<u>\$ (1,112)</u>	<u>\$ (31,262)</u>	<u>\$ (2,505)</u>	<u>\$ 5,065</u>	<u>\$ (10,603)</u>	<u>\$ (8,836)</u>

# CITY OF STOCKTON

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2005 (With comparative totals for the year ended June 30, 2004) (Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment	Other Equipment
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 6,078	\$ 4,631	\$ 934	\$ 1,444
Total operating revenues	6,078	4,631	934	1,444
<b>OPERATING EXPENSES:</b>				
Operation and maintenance	4,450	6,731	1,760	1,555
General and administrative	1,658	-	-	-
Depreciation and amortization	1,919	628	226	80
Total operating expenses	8,027	7,359	1,986	1,635
OPERATING INCOME (LOSS)	(1,949)	(2,728)	(1,052)	(191)
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income:				
Interest income	-	-	-	-
Net increase (decrease) in fair value of investments	-	-	-	-
Gain (loss) from disposal of property	(17)	2	-	(28)
Other non-operating revenues	21	-	-	-
Total non-operating revenues (expenses)	4	2	-	(28)
INCOME (LOSS) BEFORE TRANSFERS	(1,945)	(2,726)	(1,052)	(219)
Transfers in	629	821	22	-
Transfers out	-	-	-	-
CHANGE IN NET ASSETS	(1,316)	(1,905)	(1,030)	(219)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	11,643	5,461	2,787	3,790
NET ASSETS (DEFICIT), END OF YEAR	\$ 10,327	\$ 3,556	\$ 1,757	\$ 3,571

General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total	
				2005	2004
<u>\$ 4,085</u>	<u>\$ 13,254</u>	<u>\$ 23,502</u>	<u>\$ 34,799</u>	<u>\$ 88,727</u>	<u>\$ 73,404</u>
<u>4,085</u>	<u>13,254</u>	<u>23,502</u>	<u>34,799</u>	<u>88,727</u>	<u>73,404</u>
3,311	9,153	25,155	34,008	86,123	70,931
903	1,369	583	-	4,513	3,970
-	-	-	-	2,853	3,002
<u>4,214</u>	<u>10,522</u>	<u>25,738</u>	<u>34,008</u>	<u>93,489</u>	<u>77,903</u>
<u>(129)</u>	<u>2,732</u>	<u>(2,236)</u>	<u>791</u>	<u>(4,762)</u>	<u>(4,499)</u>
57	263	99	82	501	208
5	18	5	6	34	(141)
-	-	-	-	(43)	516
-	-	1,010	-	1,031	1,674
<u>62</u>	<u>281</u>	<u>1,114</u>	<u>88</u>	<u>1,523</u>	<u>2,257</u>
(67)	3,013	(1,122)	879	(3,239)	(2,242)
-	-	-	23	1,495	7,980
<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>(5,100)</u>
(90)	3,013	(1,122)	902	(1,767)	638
<u>(1,022)</u>	<u>(34,275)</u>	<u>(1,383)</u>	<u>4,163</u>	<u>(8,836)</u>	<u>(9,474)</u>
<u>\$ (1,112)</u>	<u>\$ (31,262)</u>	<u>\$ (2,505)</u>	<u>\$ 5,065</u>	<u>\$ (10,603)</u>	<u>\$ (8,836)</u>

# CITY OF STOCKTON

## COMBINING STATEMENT OF CASH FLOWS

### - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals for the year ended June 30, 2004)

(Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment	Other Equipment
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 159	\$ 34	\$ -	\$ -
Receipts from interfund service providers	5,944	4,597	934	1,444
Payments to suppliers	(3,069)	(4,465)	(1,202)	(459)
Payments to employees	(3,086)	(2,254)	(113)	(929)
Payments for interfund services used	(6)	(20)		(180)
Net cash provided by (used for) operating activities	<u>(58)</u>	<u>(2,108)</u>	<u>(381)</u>	<u>(124)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	629	821	22	-
Transfers out	-	-	-	-
Due to other funds	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>629</u>	<u>821</u>	<u>22</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from sale of capital assets	59	6	-	-
Purchases of capital assets	(2,586)	(227)	(69)	(34)
Net cash used for capital and related financing activities	<u>(2,527)</u>	<u>(221)</u>	<u>(69)</u>	<u>(34)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment earnings	-	-	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,956)</b>	<b>(1,508)</b>	<b>(428)</b>	<b>(158)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>5,243</b>	<b>4,591</b>	<b>1,437</b>	<b>3,628</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 3,287</u></b>	<b><u>\$ 3,083</u></b>	<b><u>\$ 1,009</u></b>	<b><u>\$ 3,470</u></b>

General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total	
				2005	2004
\$ 520	\$ 459	\$ 1,190	\$ -	\$ 2,362	\$ 3,150
3,565	12,802	23,284	34,792	87,362	72,009
(1,108)	(7,220)	(24,318)	(30,537)	(72,378)	(61,801)
(1,817)	(947)	(360)	(3,471)	(12,977)	(12,182)
(8)	(6)	(2)		(222)	-
<u>1,152</u>	<u>5,088</u>	<u>(206)</u>	<u>784</u>	<u>4,147</u>	<u>1,176</u>
-	-	-	23	1,495	7,980
(23)	-	-	-	(23)	(5,100)
-	-	1	-	1	(217)
<u>(23)</u>	<u>-</u>	<u>1</u>	<u>23</u>	<u>1,473</u>	<u>2,663</u>
-	-	-	-	65	1,411
-	-	-	-	(2,916)	(2,254)
-	-	-	-	(2,851)	(843)
<u>62</u>	<u>281</u>	<u>104</u>	<u>88</u>	<u>535</u>	<u>67</u>
1,191	5,369	(101)	895	3,304	3,063
<u>1,945</u>	<u>6,633</u>	<u>1,271</u>	<u>4,153</u>	<u>28,901</u>	<u>25,838</u>
<u>\$ 3,136</u>	<u>\$ 12,002</u>	<u>\$ 1,170</u>	<u>\$ 5,048</u>	<u>\$ 32,205</u>	<u>\$ 28,901</u>

(Continued)

# CITY OF STOCKTON

## COMBINING STATEMENT OF CASH FLOWS

- INTERNAL SERVICE FUNDS (Continued)

FOR THE YEAR ENDED JUNE 30, 2005

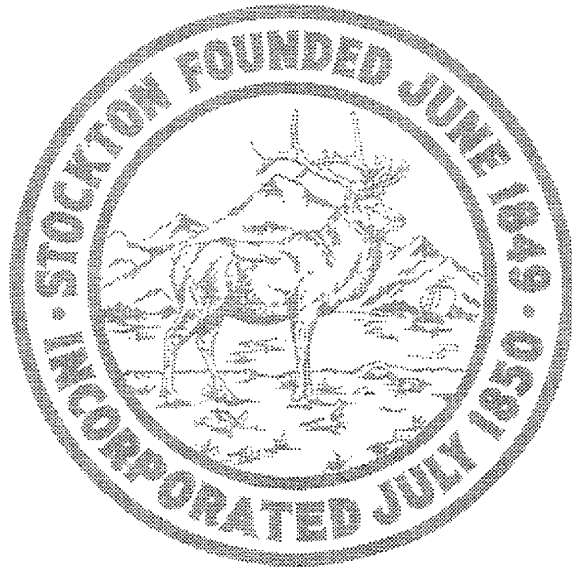
(With comparative totals for the year ended June 30, 2004)

(Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment	Other Equipment
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,949)	\$ (2,728)	\$ (1,052)	\$ (191)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	1,919	628	226	80
Provision for uncollectible accounts	2	-	-	-
Self-insurance	-	-	-	-
Other non-operating revenues	21	-	-	-
Changes in assets and liabilities:				
Accounts and other receivables	4	-	-	-
Deferred charges	-	234	-	-
Accounts payable	49	(258)	445	4
Deposits and other liabilities	-	-	-	-
Compensated absences	(104)	16	-	(17)
Net cash provided by (used for) operating activities	<u>\$ (58)</u>	<u>\$ (2,108)</u>	<u>\$ (381)</u>	<u>\$ (124)</u>
NONCASH TRANSACTIONS:				
Net increase (decrease) in fair value of investments	\$ -	\$ -	\$ -	\$ -

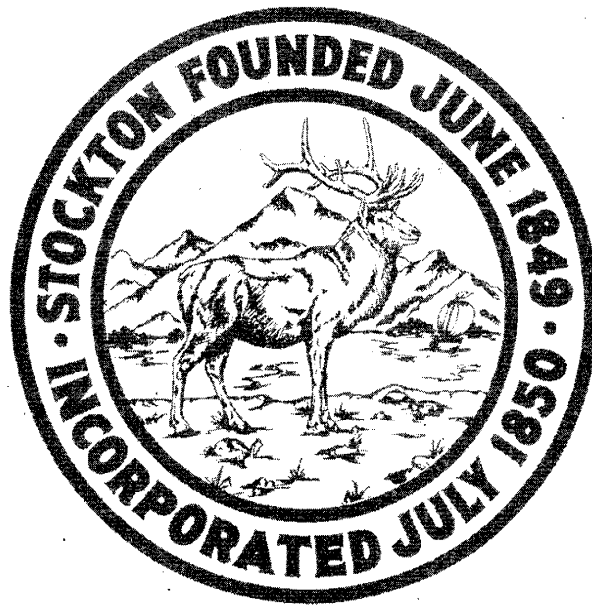


General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total	
				2005	2004
\$ (129)	\$ 2,732	\$ (2,236)	\$ 791	\$ (4,762)	\$ (4,499)
-	-	-	-	2,853	3,002
-	-	-	-	2	(27)
1,326	2,372	860	-	4,558	1,288
-	-	1,010	-	1,031	1,674
(5)	(42)	(41)	(7)	(91)	110
-	-	-	-	234	(234)
(37)	32	190	-	425	(130)
5	49	3	-	57	-
(8)	(55)	8	-	(160)	(8)
<u>\$ 1,152</u>	<u>\$ 5,088</u>	<u>\$ (206)</u>	<u>\$ 784</u>	<u>\$ 4,147</u>	<u>\$ 1,176</u>
-	-	-	-	-	-
\$ 5	\$ 18	\$ 5	\$ 6	\$ 34	\$ (141)





CITY OF STOCKTON

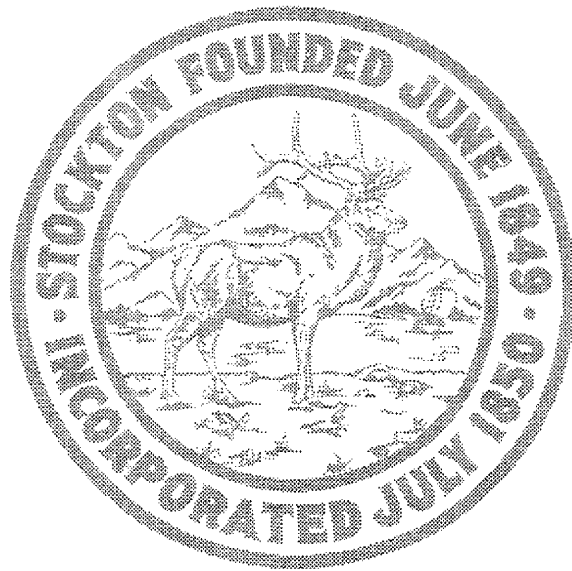


**AGENCY FUND**

# CITY OF STOCKTON

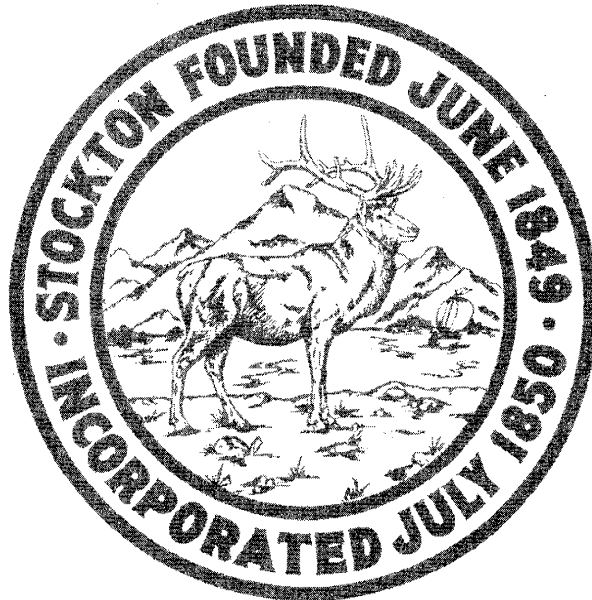
## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

	<u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2005</u>
<b>ASSETS</b>				
Cash and temporary investments	\$ 15,461	\$ 115,633	\$ 114,118	\$ 16,976
Receivables:				
Accounts and other receivables	494	11,274	11,027	741
Due from other governments	1,064	-	1,064	-
Total assets	<u>\$ 17,019</u>	<u>\$ 126,907</u>	<u>\$ 126,209</u>	<u>\$ 17,717</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 367	\$ 1,077	\$ 1,362	\$ 82
Due to other governments	3,339	10,922	10,931	3,330
Deposits and other liabilities	13,313	108,626	107,634	14,305
Total liabilities	<u>\$ 17,019</u>	<u>\$ 120,625</u>	<u>\$ 119,927</u>	<u>\$ 17,717</u>





CITY OF STOCKTON



**CAPITAL ASSETS USED IN  
THE OPERATION OF  
GOVERNMENTAL FUNDS**

# CITY OF STOCKTON

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

### COMPARATIVE SCHEDULE BY SOURCE

JUNE 30, 2005

(With comparative totals as of June 30, 2004)

(Dollar amounts in thousands)

	2005	2004
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	\$ 33,599	\$ 28,498
Buildings and improvements	117,561	58,796
Infrastructure	280,968	263,694
Equipment	2,512	2,172
Public art collections	58	32
Construction in progress	227,322	185,626
Total	<u>\$ 662,020</u>	<u>\$ 538,818</u>
INVESTMENTS IN GOVERNMENTAL FUND CAPITAL ASSETS BY SOURCE:		
General Fund	\$ 1,074	\$ 973
Special revenue funds	31,923	16,907
Capital projects funds	363,181	270,025
Donations	265,842	250,913
Total	<u>\$ 662,020</u>	<u>\$ 538,818</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

# CITY OF STOCKTON

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION JUNE 30, 2005 (Dollar amounts in thousands)

	Land	Buildings and Improvements	Infrastructure	Equipment	Public Art Collections	Construction in Progress	Total
General government	\$ 407	\$ 5,663	\$ -	\$ 35	\$ -	\$ -	\$ 6,105
Public safety	3,998	40,360	-	1,665	-	-	46,023
Public works	5,013	2,014	279,840	192	-	-	287,059
Library	1,207	6,885	-	399	-	-	8,491
Parks and recreation	10,945	57,337	629	218	58	-	69,187
Other property	2,081	-	-	3	-	-	2,084
Redevelopment Agency	9,948	5,302	499	-	-	-	15,749
Construction in progress	-	-	-	-	-	227,322	227,322
Total	<u>\$ 33,599</u>	<u>\$ 117,561</u>	<u>\$ 280,968</u>	<u>\$ 2,512</u>	<u>\$ 58</u>	<u>\$ 227,322</u>	<u>\$ 662,020</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

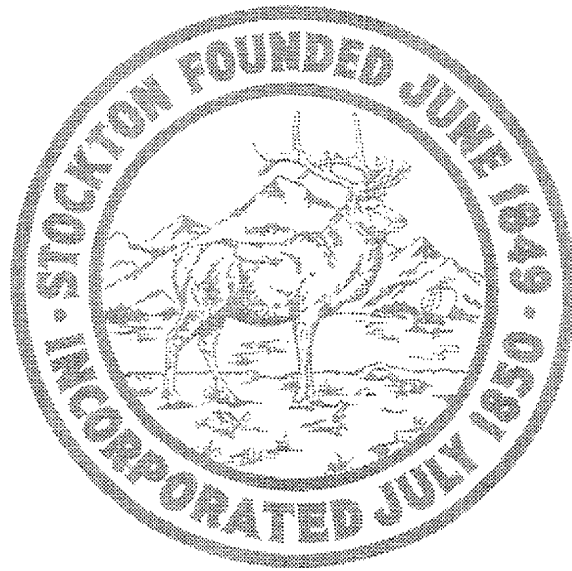


# CITY OF STOCKTON

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION FOR THE YEAR ENDED JUNE 30, 2005 (Dollar amounts in thousands)

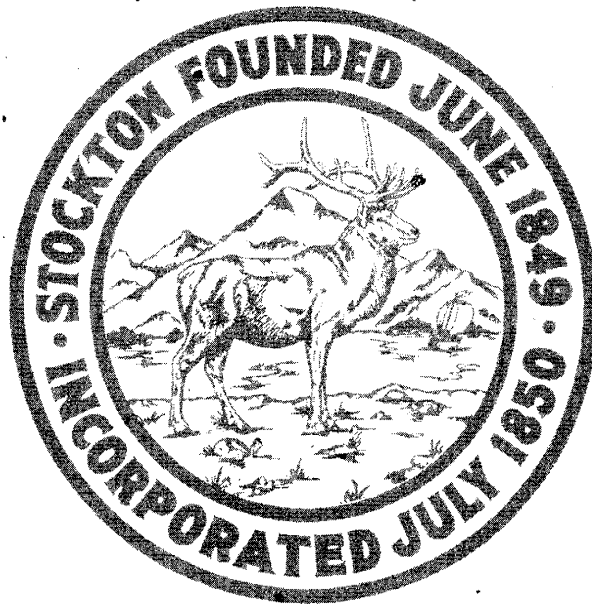
	Balance 7/1/04	Additions	Deductions	Transfers & Adjustments	Balance 6/30/05
General government	\$ 5,262	\$ 843	\$ -	\$ -	\$ 6,105
Public safety	17,033	28,891	-	99	46,023
Public works	267,363	20,433	(737)	-	287,059
Library	8,412	79	-	-	8,491
Parks and recreation	41,750	27,084	(17)	370	69,187
Other property	2,084	-	-	-	2,084
Redevelopment Agency	11,288	4,929	-	(468)	15,749
Construction in progress	<u>185,626</u>	<u>102,426</u>	<u>(61,198)</u>	<u>468</u>	<u>227,322</u>
Total	<u>\$ 538,818</u>	<u>\$ 184,685</u>	<u>\$ (61,952)</u>	<u>\$ 469</u>	<u>\$ 662,020</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.





CITY OF STOCKTON



**STATISTICAL SECTION**

## ***STATISTICAL SECTION***

The statistical section is presented for the purpose of additional analysis and contains data that may provide the viewer with valuable insight regarding the demographics and financial position of the City.

# CITY OF STOCKTON

**TABLE 1  
GOVERNMENT-WIDE EXPENSES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

Fiscal Year	General Government	Public Safety	Public Works	Library	Parks and Recreation	Interest & Fiscal Charges	Water Utility	Waste-water Utility	Storm-water Utility	Central Parking District	Other	Total
2002	\$ 16,844	\$ 106,062	\$ 30,895	\$11,475	\$ 16,203	\$ 11,186	\$ 13,742	\$ 25,743	\$ 4,612	\$ 1,978	\$ 4,898	\$ 243,638
2003	15,454	126,815	46,031	11,594	15,397	11,954	14,672	29,427	5,657	2,260	4,991	284,252
2004	17,562	125,837	42,848	11,530	15,854	13,081	15,548	32,674	6,910	2,585	5,022	289,451
2005	20,777	145,703	47,440	13,190	19,365	16,376	14,809	31,607	5,653	2,487	2,448	319,855

Note: Information is available beginning in fiscal year 2002, when the City implemented GASB 34 "Basic Financial Statements - and Managements Discussion and Analysis - for State and Local Governments."

Source: City of Stockton Administrative Services Department

# CITY OF STOCKTON

**TABLE 2  
GOVERNMENT-WIDE REVENUES  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

Fiscal Year	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Investment Earnings	Misc.	Gain on Sale of Capital Assets	Total
2002	\$ 97,464	\$ 8,950	\$ 43,478	\$ 121,822	\$ 22,428	\$ 13,808	\$ 4,047	\$ 99	\$ 312,096
2003	124,376	8,741	86,679	128,208	18,602	9,362	2,896	449	379,313
2004	132,485	7,924	79,324	138,380	13,338	2,051	1,652	572	375,726
2005	145,261	9,715	72,964	161,835	17,018	11,326	10,880	-	428,999

Note: Information is available beginning in fiscal year 2002, when the City implemented GASB 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments."

Source: City of Stockton Administrative Services Department

# CITY OF STOCKTON

**TABLE 3  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

Fiscal Year	General Government	Public Safety	Public Works	Library	Parks and Recreation	Capital Outlay	Debt Service	Total (1)
1996	\$ 11,131	\$ 69,566	\$ 10,912	\$ 6,908	\$ 7,932	\$ 20,098	\$ 17,636	\$ 144,183 <i>144,183</i>
1997	11,038	77,107	11,264	7,526	8,300	37,214	18,470	170,919 <i>165,791</i>
1998	11,037	79,432	11,152	7,619	8,905	29,315	16,439	163,899 <i>153,699</i>
1999	11,370	80,296	10,059	8,187	9,449	32,199	15,791	167,351 <i>151,181</i>
2000	13,128	85,400	12,183	8,571	10,461	49,950	15,051	194,744 <i>168,756</i>
2001	14,440	91,226	12,721	9,358	11,898	65,957	19,062	224,662 <i>182,648</i>
2002	16,182	102,626	15,206	10,403	13,433	60,652	18,570	237,072 <i>190,443</i>
2003	21,220	113,599	41,454	10,787	13,884	46,227	22,574	269,745 <i>213,268</i>
2004	22,812	123,948	38,122	11,303	14,937	60,827	22,993	294,942 <i>230,025</i>
2005	24,403	142,211	41,458	12,391	17,931	108,560	31,392	378,346 <i>291,845</i>

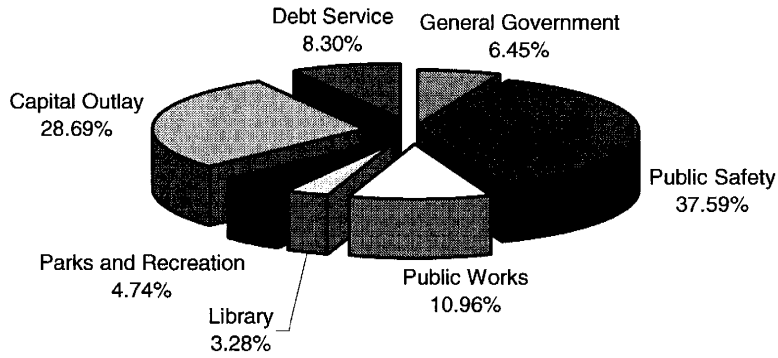
Note: General Governmental Expenditures includes General, Special Revenue, Debt Service, Capital Projects, Permanent Funds.

(1) Italicized numbers represent "constant dollars" based on the annual average (June to July) Consumer Price Index (CPI) for all urban consumers utilizing June, 1996 as the base period (100%). Data provided by the United States Department of Labor, Bureau of Labor Statistics.

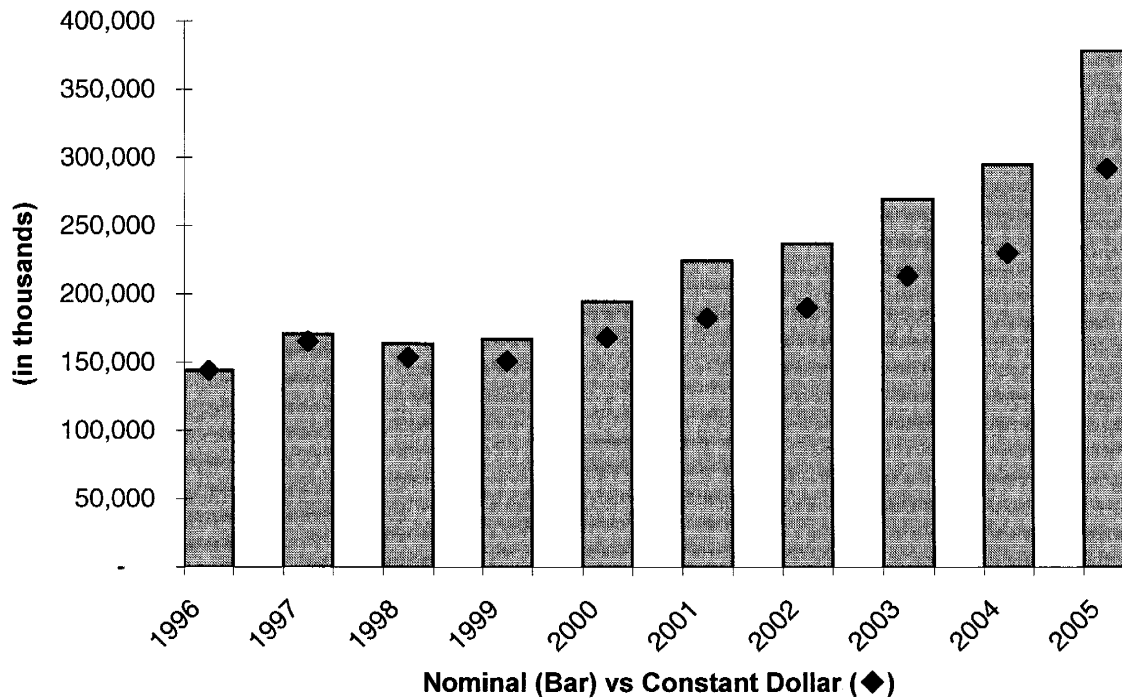
Source: City of Stockton Administrative Services Department  
US Department of Labor, Bureau of Labor Statistics

# General Governmental Expenditures

By Function  
(in thousands)



## General Governmental Expenditures Last Ten Fiscal Years





# CITY OF STOCKTON

**TABLE 4  
GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

Fiscal Year	Taxes	Licenses & Permits	Federal Grants & Subsidies	Other Governmental	Charges for Services	Fines & Forfeitures	Use of Money & Property	Investment Income (1)	Refunds & Reimbursements	Misc.	Total (2)
1996	\$ 89,402	\$ 2,281	\$ 9,943	\$ 17,977	\$ 16,051	\$ 612	\$ 6,809	\$ -	\$ 6,611	\$ 5,017	\$ 154,703
											<i>154,703</i>
1997	91,381	2,064	12,996	18,657	16,789	545	1,373	5,861	5,717	4,221	159,604
											<i>154,816</i>
1998	93,902	2,337	13,269	26,275	19,051	511	2,170	5,596	988	5,226	169,325
											<i>158,787</i>
1999	97,719	2,507	11,838	24,804	20,665	899	1,701	4,501	7,098	5,870	177,602
											<i>160,441</i>
2000	103,000	3,333	8,535	38,588	26,044	1,115	1,467	5,494	1,250	6,908	195,734
											<i>169,614</i>
2001	117,181	3,758	18,073	40,706	26,557	1,445	1,416	11,893	2,822	5,182	229,033
											<i>186,202</i>
2002	121,448	5,493	9,188	42,250	32,117	1,552	1,806	7,401	3,310	6,661	231,226
											<i>185,747</i>
2003	127,778	11,444	15,598	40,025	43,181	1,490	2,011	5,055	4,864	8,791	260,237
											<i>205,750</i>
2004	137,712	9,977	11,301	35,330	57,316	1,905	1,640	1,176	3,213	6,314	265,884
											<i>207,363</i>
2005	159,628	11,112	10,465	44,737	62,453	3,250	3,375	6,949	6,162	11,662	319,793
											<i>246,679</i>

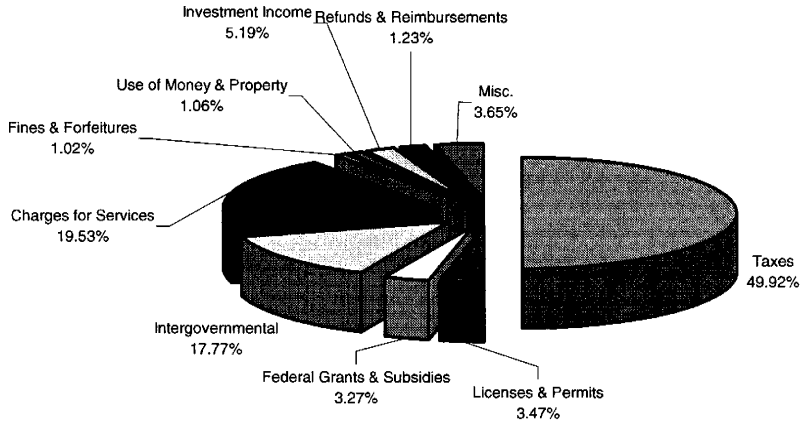
Note: General Governmental Revenues includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

- (1) The recognition of fair value as an element of investment income, beginning in fiscal year 1997 (as restated) is a result of the implementation of GASB 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".
- (2) Italicized numbers represent "constant dollars" based on annual average (June to July) Consumer Price Index (CPI) for all urban consumers utilizing June, 1996 as the base period (100%). Data provided by the United States Department of Labor, Bureau of Labor Statistics.

Source: City of Stockton Administrative Services Department  
US Department of Labor, Bureau of Labor Statistics

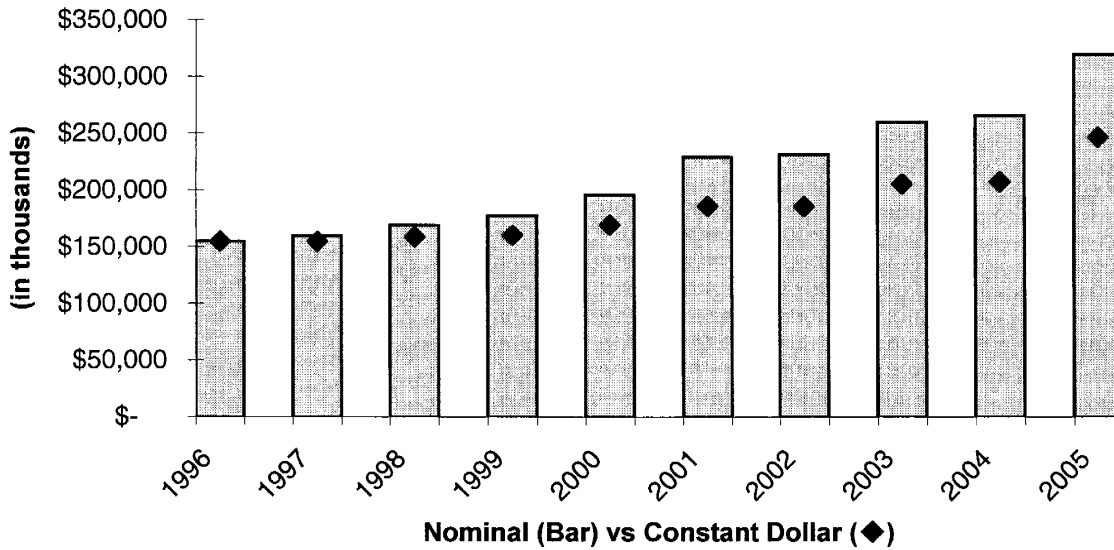
## General Governmental Revenues

By Source  
(in thousands)



## General Governmental Revenues

Last Ten Fiscal Years



# CITY OF STOCKTON

**TABLE 4A  
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

Fiscal Year	Property	Utility	Sales & Use	Franchise	Business License	Transient Occupancy	Document Transfer	Special Assmts.	Other		Total (1)
									Transit	Misc.	
1996	\$ 16,207	\$21,141	\$23,710	\$ 3,350	\$ 4,964	\$ 1,106	\$ 1,230	\$ 17,439	\$ -	\$ 255	\$ 89,402 <i>89,402</i>
1997	15,820	22,271	23,983	3,951	5,459	1,136	1,391	17,160	192	18	91,381 <i>88,640</i>
1998	16,270	22,994	25,290	4,056	5,244	1,280	1,689	16,945	114	20	93,902 <i>88,058</i>
1999	16,747	24,160	27,265	4,630	5,714	1,385	1,095	16,591	111	21	97,719 <i>88,277</i>
2000	17,584	25,468	31,722	4,222	6,133	1,559	478	15,680	134	20	103,000 <i>89,255</i>
2001	18,997	31,188	36,323	5,255	6,643	1,994	692	15,877	154	20	117,143 <i>95,236</i>
2002	20,742	31,462	35,812	5,364	6,897	2,005	777	18,135	188	66	121,448 <i>97,561</i>
2003	23,449	32,157	36,628	5,623	8,065	2,048	1,043	18,591	159	15	127,778 <i>101,025</i>
2004	28,365	33,322	40,333	5,725	8,014	2,030	1,525	18,211	169	18	137,712 <i>107,402</i>
2005	33,723	34,908	45,701	9,812	8,960	2,160	2,036	22,135	183	10	159,628 <i>123,133</i>

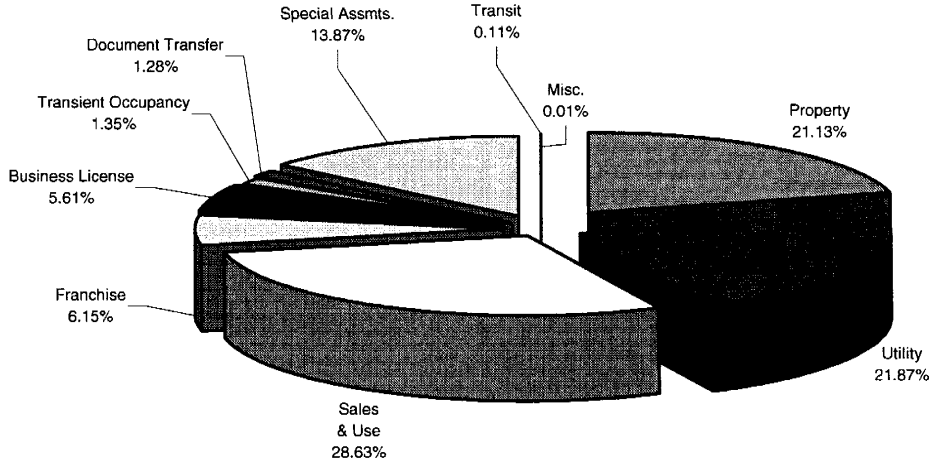
Note: General Governmental Revenues includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

(1) Italicized numbers represent “constant dollars” based on the annual average (June – July) Consumer Price Index (CPI) for all urban consumers utilizing June, 1994 as the base period (100%). Data provided by the United States Department of Labor, Bureau of Labor Statistics.

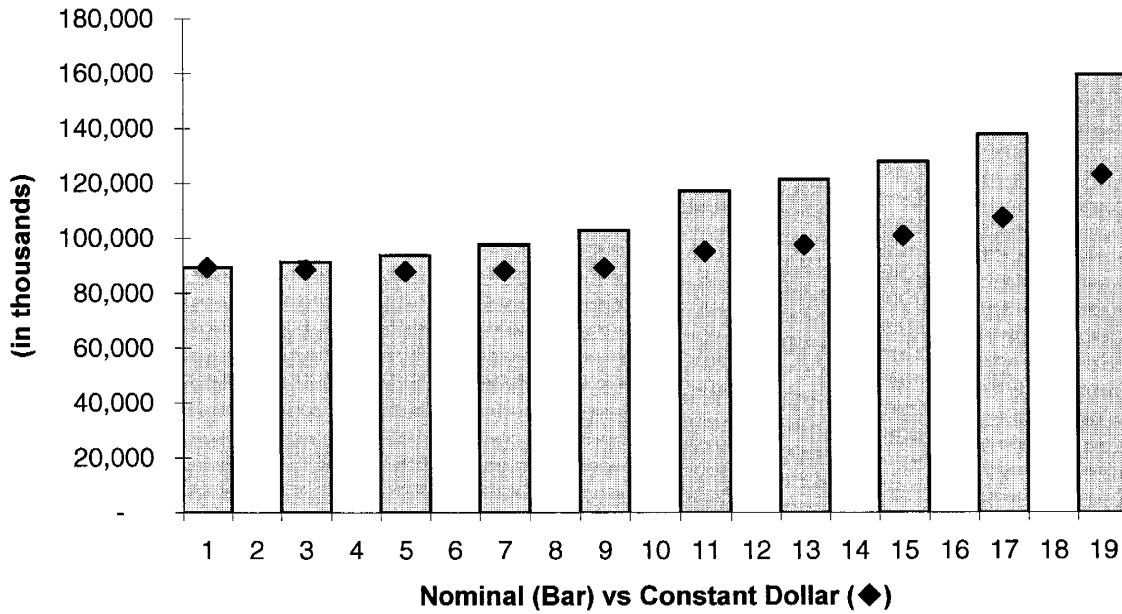
Source: City of Stockton Administrative Services Department  
US Department of Labor, Bureau of Labor Statistics

## General Governmental Tax Revenues

**By Source**  
(in thousands)



## Total Governmental Tax Last Ten Fiscal Years



# CITY OF STOCKTON

**TABLE 5  
SECURED PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected (1)	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to
1996	\$ 13,763	\$ 13,763	100.00 %	-	\$ 13,763	100.00 %
1997	13,626	13,626	100.00	-	13,626	100.00
1998	14,268	14,268	100.00	-	14,268	100.00
1999	14,518	14,518	100.00	-	14,518	100.00
2000	15,164	15,164	100.00	-	15,164	100.00
2001	16,132	16,132	100.00	-	16,132	100.00
2002	18,056	18,056	100.00	-	18,056	100.00
2003	20,176	20,176	100.00	-	20,176	100.00
2004	23,498	23,498	100.00	-	23,498	100.00
2005	26,685	26,685	100.00	-	26,685	100.00

(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 revenues collected for interest and penalties. This agreement is commonly referred to as the Teeter Plan.

Source: San Joaquin County Auditor/Controller's Office

# CITY OF STOCKTON

**TABLE 6  
ASSESSED FULL CASH VALUE OF ALL TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

Fiscal Year	Secured Roll	Mineral	Utility Roll	Unsecured Roll	Gross Assessed Value	Less Exemptions (1)	Net Assessed Value
1996	\$ 8,001,731	\$ -	\$ 11,523	\$ 801,470	\$ 8,814,724	\$ 710,256	\$ 8,104,468
1997	7,995,188	-	11,644	783,505	8,790,337	733,337	8,057,000
1998	8,165,852	-	14,893	786,120	8,966,865	755,604	8,211,261
1999	8,347,987	-	17,038	775,627	9,140,653	780,309	8,360,344
2000	8,719,177	-	15,364	799,923	9,534,464	902,578	8,631,886
2001	10,201,671	-	13,536	834,424	11,049,631	952,815	10,096,816
2002	11,300,938	-	12,683	904,354	12,217,975	1,003,662	11,214,313
2003	12,567,833	-	15,054	951,164	13,534,050	1,061,968	12,472,082
2004	14,398,725	-	16,316	1,015,499	15,430,540	1,111,509	14,319,031
2005	16,860,177	-	15,883	1,127,627	18,003,687	1,185,310	16,818,377

Fiscal Year	Land	Improvements	Personal Property	Gross Assessed Value	Less Exemptions (1)	Net Assessed Value
1996	\$ 2,348,413	\$ 5,802,491	\$ 663,820	\$ 8,814,724	\$ 710,256	\$ 8,104,468
1997	2,297,478	5,848,754	644,105	8,790,337	733,337	8,057,000
1998	2,329,276	5,984,645	652,944	8,966,865	755,604	8,211,261
1999	2,373,758	6,089,228	677,666	9,140,653	780,309	8,360,344
2000	2,439,069	6,384,457	713,937	9,534,464	902,578	8,631,886
2001	2,756,278	7,579,417	713,936	11,049,631	952,815	10,096,816
2002	3,132,565	8,350,637	734,773	12,217,975	1,003,662	11,214,313
2003	3,532,906	9,220,951	780,193	13,534,050	1,061,968	12,472,082
2004	4,104,660	10,509,572	816,308	15,430,540	1,111,509	14,319,031
2005	4,811,339	12,251,910	940,438	18,003,687	1,185,310	16,818,377

Note: Gross assessed value includes homeowners and other exemptions, and excludes redevelopment area incremental credits.

(1) Exemptions include homeowners (\$268,961) and other (\$916,349).

Source: San Joaquin County Auditor/Controller's Office

# CITY OF STOCKTON

**TABLE 7  
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Basic Countywide Levy</b>	<b>City</b>	<b>Stockton Unified School District (1)</b>	<b>Groundwater Investigation (2)</b>	<b>Total</b>
1996	1.0000 %	-	0.0332 %	0.0034 %	1.0366 %
1997	1.0000	-	0.0223	0.0034	1.0257
1998	1.0000	-	0.0103	0.0034	1.0137
1999	1.0000	-	0.0206	0.0034	1.0240
2000	1.0000	-	0.0003	0.0034	1.0037
2001	1.0000	-	-	-	1.0000
2002	1.0000	-	0.0277	-	1.0277
2003	1.0000	-	0.0206	-	1.0206
2004	1.0000	-	0.0571	-	1.0571
2005	1.0000	-	0.0679	-	1.0679

Note: On June 6, 1978, California voters approved an amendment to the Article XIII A of the California Constitution. The amendment, commonly known as Proposition 13, limits the taxing power of California public agencies. The California Legislature enacted legislation to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) providing that local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted of \$1.00 per 100 of full assessed value.

(1) Stockton Unified School District Building Loan Repayment.

(2) Approved by the San Joaquin County Board of Supervisors for testing groundwater quality and investigating causes of contamination. Effective July 1, 2000 Groundwater investigation is being charged as a benefit assessment.

Source: San Joaquin County Tax Rate Book, 2005

# CITY OF STOCKTON

**TABLE 8**  
**PRINCIPAL SECURED PROPERTY TAXPAYERS**  
**June 30, 2005**  
**(Dollar amounts in thousands)**

<b>Taxpayer</b>	<b>Nature of Business</b>	<b>2005 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Corn Products, Inc.	Processing	\$ 68,502	0.436 %
Diamond Walnut Growers, Inc.	Manufacturing	47,576	0.303
Simpson Manufacturing Co., Inc.	Manufacturing	45,617	0.290
Pavillions Apartments LP	Apartment Rentals	37,727	0.240
TRU Properties - Toys R US	Warehouse	37,167	0.237
POSDEF Power Co.	Wholesale Steam	36,159	0.230
Ralphs Grocery Company	Distributing/Wholesaling	30,720	0.196
Washington Mutual Bank	Commercial Rental	29,676	0.189
ONI Stockton Inc. - The Record	Newspaper	28,044	0.179
Stockton Park West Place L	Commercial Rental	26,629	0.170
Principal Secured Property Valuation		\$ 387,817	2.469 %
Other Secured Taxpayers		15,320,268	97.531
Total Secured Property Valuation - Net of Exemptions (1)		\$ 15,708,085	100.000 %

(1) Exemptions relative to the secured tax roll are homeowners (\$268,803) and other (\$883,289).

Source: San Joaquin County Assessor's Office  
San Joaquin County Auditor/Controller



# CITY OF STOCKTON

**TABLE 9  
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

<b>Fiscal Year</b>	<b>Current Assessments Due</b>	<b>Current Assessments Collected</b>	<b>Total Collection as Percentage of Current Assessments Due</b>	<b>Total Outstanding Delinquent Assessments</b>
1996	\$ 17,241	\$ 16,845	97.70 %	\$ 1,909
1997	16,763	16,379	97.71	1,620
1998	15,928	15,928	100.00	1,748
1999	17,546	17,436	99.37	942
2000	16,431	16,318	99.31	887
2001	18,724	18,672	99.72	885
2002	18,340	18,280	99.67	678
2003	19,713	19,713	100.00	512
2004	20,985	20,927	99.72	505
2005	23,688	23,570	99.50	633

Note: Includes Central Parking District; excludes Water and Wastewater Utilities.

Source: City of Stockton Administrative Services Department

# CITY OF STOCKTON

**TABLE 10**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2005**  
**(Dollar amounts in thousands)**

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Total Assessed Valuation (less other exemptions)	\$ 17,087,338
Less: Redevelopment Tax Increments	<u>547,498</u>
Basis of Levy	<u><u>\$ 16,539,840</u></u>
Debt Limit - 15 Percent of Assessed Valuation (1)	\$ 2,563,101
Amount of Debt Applicable to Debt Limit	<u>-</u>
Legal Debt Margin	<u><u>\$ 2,563,101</u></u>

(1) Section 43605 California Government Code

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

# CITY OF STOCKTON

**TABLE 11**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT**  
**TO TAXABLE ASSESSED VALUE AND**  
**NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
**(Dollar amounts in thousands)**

Fiscal Year	Population (1)	Gross Assessed Value	Gross Bonded Debt	Debt Payable from Enterprise Revenue	Net Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996	233,600	\$ 8,814,724	-	-	-	- %	-
1997	236,500	8,790,337	-	-	-	-	-
1998	240,100	8,966,865	-	-	-	-	-
1999	243,700	9,140,653	-	-	-	-	-
2000	247,300	9,534,464	-	-	-	-	-
2001	251,100	11,049,631	-	-	-	-	-
2002	253,800	12,217,975	-	-	-	-	-
2003	261,300	13,534,050	-	-	-	-	-
2004	269,100	15,430,540	-	-	-	-	-
2005	275,613	18,003,687	-	-	-	-	-

2000 Federal Census Population: 243,771 (City)

(1) Population data estimates are as of January 1 of the corresponding year and are not in thousands.

Source: State of California, Department of Finance, Demographic Research Unit  
 City of Stockton Administrative Services Department  
 San Joaquin County Auditor/Controller's Office

# CITY OF STOCKTON

**TABLE 12**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION**  
**BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN FISCAL YEARS**  
**(Dollar amounts in thousands)**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
1996	-	-	-	\$ 144,183	N/A %
1997	-	-	-	170,919	N/A
1998	-	-	-	163,899	N/A
1999	-	-	-	167,351	N/A
2000	-	-	-	194,744	N/A
2001	-	-	-	224,662	N/A
2002	-	-	-	237,072	N/A
2003	-	-	-	269,745	N/A
2004	-	-	-	294,942	N/A
2005	-	-	-	378,346	N/A

Source: City of Stockton Administrative Services Department

# CITY OF STOCKTON

**TABLE 13  
DIRECT AND OVERLAPPING BONDED DEBT (1)  
June 30, 2005**

OVERLAPPING TAX AND ASSESSMENT BONDED DEBT (1)	Percentage Applicable to City	City Share of Debt
Stockton Unified School District	82.882 %	\$ 64,900,750
Lodi Unified School District	30.793	29,652,119
Lincoln Unified School District	88.300	26,489,453
Lincoln Unified School District Community Facilities District #1	82.215	12,344,582
Manteca Unified School District	21.792	9,260,658
Manteca Unified School District Community Facilities District #1989-1	100.000	39,691,013
City of Stockton Community Facilities District #1	100.000	33,585,000
City of Stockton Community Facilities District #90-1	97.662	6,533,588
City of Stockton Community Facilities District #90-2	100.000	28,630,000
City of Stockton Community Facilities District #90-4	100.000	10,805,000
City of Stockton Community Facilities District #96-1	100.000	4,590,000
City of Stockton Community Facilities District #99-02	100.000	6,260,000
City of Stockton Community Facilities District #2001-1 (Spanos Park West)	100.000	20,840,000
City of Stockton Community Facilities District #2003-1	100.000	3,250,000
City of Stockton 1915 Act Bonds	100.000	76,100,000
Reclamation District #2042 Community Facilities District #2001-1	18.211	1,412,263
San Joaquin Area Flood Control Assessment District	81.832	<u>16,227,286</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$ 390,571,712</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		
San Joaquin County Certificates of Participation	34.797 %	\$ 48,534,856
San Joaquin Delta Community College District Certificates of Participation	31.680	28,512,000
Lincoln Unified School District Certificates of Participation	88.300	3,200,875
Lodi Unified School District Certificates of Participation	30.793	11,567,390
Stockton Unified School District Certificates of Participation	82.882	21,570,370
City of Stockton General Fund Obligations	100.000	107,115,000
South San Joaquin Irrigation District Certificates of Participation	0.975	<u>62,839</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 220,563,330</b>
Less: South San Joaquin Irrigation District (100% self supporting)		<u>62,839</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 220,500,491</b>
<b>GROSS COMBINED TOTAL DEBT (1)</b>		<b>\$ 611,135,042</b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$ 611,072,203</b>
<b>2004-05 Assessed Valuation</b>	<b>\$ 16,818,376,774</b>	
(after deducting \$547,497,735 redevelopment incremental valuation and other exemptions of \$916,349,380)		
<b>2004-05 Population (2)</b>	<b>275,613</b>	

Debt Ratios	Per Capita	Ratio to Assessed Value
Total Gross Debt	\$ 611,135,042	\$ 2,217 3.63%
Total Net Debt	\$ 611,072,203	\$ 2,217 3.63%

**State School Building Aid Repayable as of 6/30/05:** \$ 9,929

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

(2) Population data estimates are as of January 1 of the corresponding year.

Source: 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 14  
REVENUE BOND COVERAGE  
WATER REVENUE BONDS  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2002	\$ 16,960	\$ 11,295	\$ 5,665	\$ -	\$ -	\$ -	N/A
2003	16,333	12,320	4,013	-	614	614	6.54 %
2004	18,392	13,324	5,068	440	671	1,111	4.56
2005	20,691	12,158	8,533	459	648	1,107	7.71

Note: Revenue bonds were not issued in the ten fiscal years prior to fiscal year 2002.

(1) Total revenues (including investment earnings) exclusive of capital contributions.

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

(3) Includes principal and interest of water revenue bonds only. Does not include debt defeasance transactions.

Source: City of Stockton Administrative Services Department

# CITY OF STOCKTON

**TABLE 15  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	Square Miles	City Population (1)	Population Percent Change	County Population (1)	City Population as a Percent of County	Rank in California by Population
1996	55.50	233,600	0.357 %	529,300	44.134 %	12
1997	55.50	236,500	1.241	535,400	44.173	12
1998	55.90	240,100	1.522	545,200	44.039	12
1999	56.49	243,700	1.499	554,400	43.960	12
2000	56.49	247,300	1.477	566,600	43.646	12
2001	57.74	251,100	1.537	583,700	43.019	13
2002	57.74	253,800	1.075	596,000	42.584	13
2003	57.49	261,300	2.955	613,500	42.592	13
2004	57.64	269,100	2.985	630,600	42.674	13
2005	58.53	275,613	2.420	644,900	42.737	13

2000 Federal Census Population: 243,771 (City)  
563,598 (County)

(1) Population estimates are as of January 1 of the corresponding year.

Source: City of Stockton Community Development Department  
State of California, Department of Finance, Demographic Research Unit

# CITY OF STOCKTON

**TABLE 16  
CONSTRUCTION ACTIVITY AND BANK DEPOSITS  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

Fiscal Year	Building Permits		Estimated Valuation		Deposits: Banks Savings & Loans Credit Unions (1)	
	Issued	Percent Change	Valuation	Percent Change	(1)	Percent Change
1996	5,841	22.325 %	\$ 211,338	41.474 %	\$ 2,905,214	-10.350 %
1997	5,730	-1.900	211,016	-0.152	3,029,472	4.277
1998	5,514	-3.770	236,854	12.245	3,228,462	6.568
1999	6,321	14.635	277,659	17.228	4,729,720	46.501
2000	7,397	17.023	406,693	46.472	4,671,407	-1.233
2001	7,459	0.838	437,740	7.634	8,220,859	75.983
2002	7,478	0.255	438,905	0.266	10,640,618	29.434
2003	9,476	26.718	768,186	75.023	11,357,755	6.740
2004	9,118	-3.778	750,297	-2.329	34,111,216	200.334
2005	8,999	-1.305	870,919	16.077	N/A	N/A

(1) Current fiscal year data becomes available the following year.

Source: City of Stockton Community Development Department  
The Findley Reports on Financial Institutions, Anaheim, California



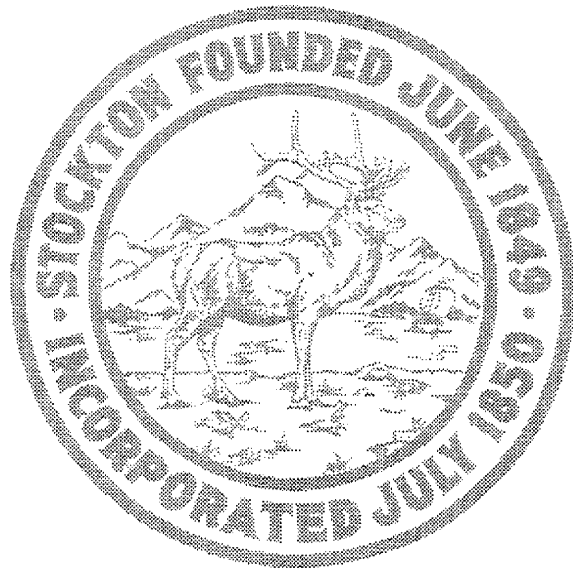
# CITY OF STOCKTON

**TABLE 17  
MISCELLANEOUS STATISTICS  
June 30, 2005**

**GEOGRAPHICAL LOCATION**

Situated 345 miles north of Los Angeles and 78 miles east of San Francisco, Stockton is nestled between the Sierra Nevadas and the Pacific Ocean. It is the seat of San Joaquin County, which is in the heart of the San Joaquin Valley – one of the world's most productive agricultural regions.

<b><u>GENERAL</u></b>		<b><u>PUBLIC EDUCATION FACILITIES</u></b>		<b><u>POLICE PROTECTION</u></b>	
Date of Incorporation	July 23, 1850	Elementary Schools	49	<b><u>Personnel:</u></b>	
City Charter Adopted	1851	Enrollment	30,959	Sworn	400
Form of Government	Council-Manager	K-8 Schools	21	Non-Sworn	193
Area/Square Miles	58.53	Enrollment	12,265	Animal Control	18
Elevation	23	Secondary Schools (7-8)	8	Reserve/Volunteer Police	14
		Enrollment	8,446	Officers	
		High Schools	16	Other Volunteers (VIPS)	44
<b><u>DEMOGRAPHIC</u></b>		Enrollment	20,279	<b><u>Facilities:</u></b>	
Number of Housing Units	91,725	Special Education	2	Stations and Substations	4
Median Family Income	55,300	Enrollment	148	Animal Control Facility	1
		Alternative Education and Occupational		Police Training Facility	1
<b><u>LAND USE – SQUARE MILES</u></b>		Training classes are offered at many of		<b><u>Vehicles:</u></b>	
Residential	32.93	the facilities listed above.		Marked Patrol Cars	127
Mixed Use	1.62			Motorcycles and Scooters	27
Commercial	4.99	<b><u>CULTURE &amp; RECREATION</u></b>		Animal Control Vehicles	9
Industrial	10.97	Parks and Squares	62	VIPS Vehicles	5
Institutional	4.86	Park Acreage	614	Other Mobile Units	37
Vacant/Agricultural	-	Boating Facilities - Lane	10	Other Automobiles	122
All Other Use	3.26	Municipal Golf Courses	4		
		Golf Course Acreage	408	<b><u>FIRE PROTECTION</u></b>	
<b><u>PUBLIC WORKS</u></b>		Family Camps	1	Firefighters- Sworn	251
Miles of Streets	706	Museums	1	Firefighters- Auxiliary	30
Miles of Stormwater Main Drain Lines	550	Senior Citizens Centers	3	Non-Sworn Personnel	33
Miles of Wastewater Main Lines	820	Ice Rinks	1	Paramedic Teams (2/Team)	13
Miles of Water Main Lines	480	Community Centers	5	Fire Stations	13
Traffic Signals	278	Swimming Pools	4	Training Facilities	1
		Baseball/Softball-Diamonds	42	Fire Insurance Class	1
<b><u>BUSINESS TAX CERTIFICATES</u></b>		Tennis Courts	65	Fire Hydrants	7,087
Retail Sales & Service	9,220	After School Programs	55		
Wholesalers	329	Day Camps	4-Winter	<b><u>AMBULANCE SERVICE</u></b>	
Manufacturers & Processors	201		6-Summer	Sworn Personnel	3
Professions	2,091		1@Childrens	Non-Sworn Personnel	38
Misc. Contractors, Peddlers, Delivery			Museum	Stations	6
Vehicles, etc.	4,107	Mobile Recreation Programs	2 units @		
			11 sites		
<b><u>COLLEGES &amp; UNIVERSITIES</u></b>		Skate Board Park	1	<b><u>HOSPITALS</u></b>	
Junior Colleges	2	Miles of Bike & Jogging Paths	19	Acute Care Facilities	2
4-Year Colleges	3	Picnic Facilities	100	Patient Beds	504
4-Year Colleges (Satellites)	3	Instruction Classes	154		
		Teen Center	1		
		<b><u>LIBRARIES</u></b>		<b><u>CITY EMPLOYEES</u></b>	
		Central Library	1	Full Time (Civil Service)	1,363
		City Branches	3	Full Time (Non-competitive)	152
		Library Mobile Units	2	Part Time (Unclassified)	1,070
		S.J. County Branches	7		
Sources:	City of Stockton	Total Volumes Held	1,090,771		
	San Joaquin County Office of Education				



## Accounting Section, City of Stockton Administrative Services Department



Pictured (left to right)

Back Row: Kevin Beltz, Lynne Farrar, Cathy Lucas, Susan Jamison, Armando Castillo.  
Front Row: Maryann Garcia, Teri Chapa, Shawn Battle, Katharine Moon.

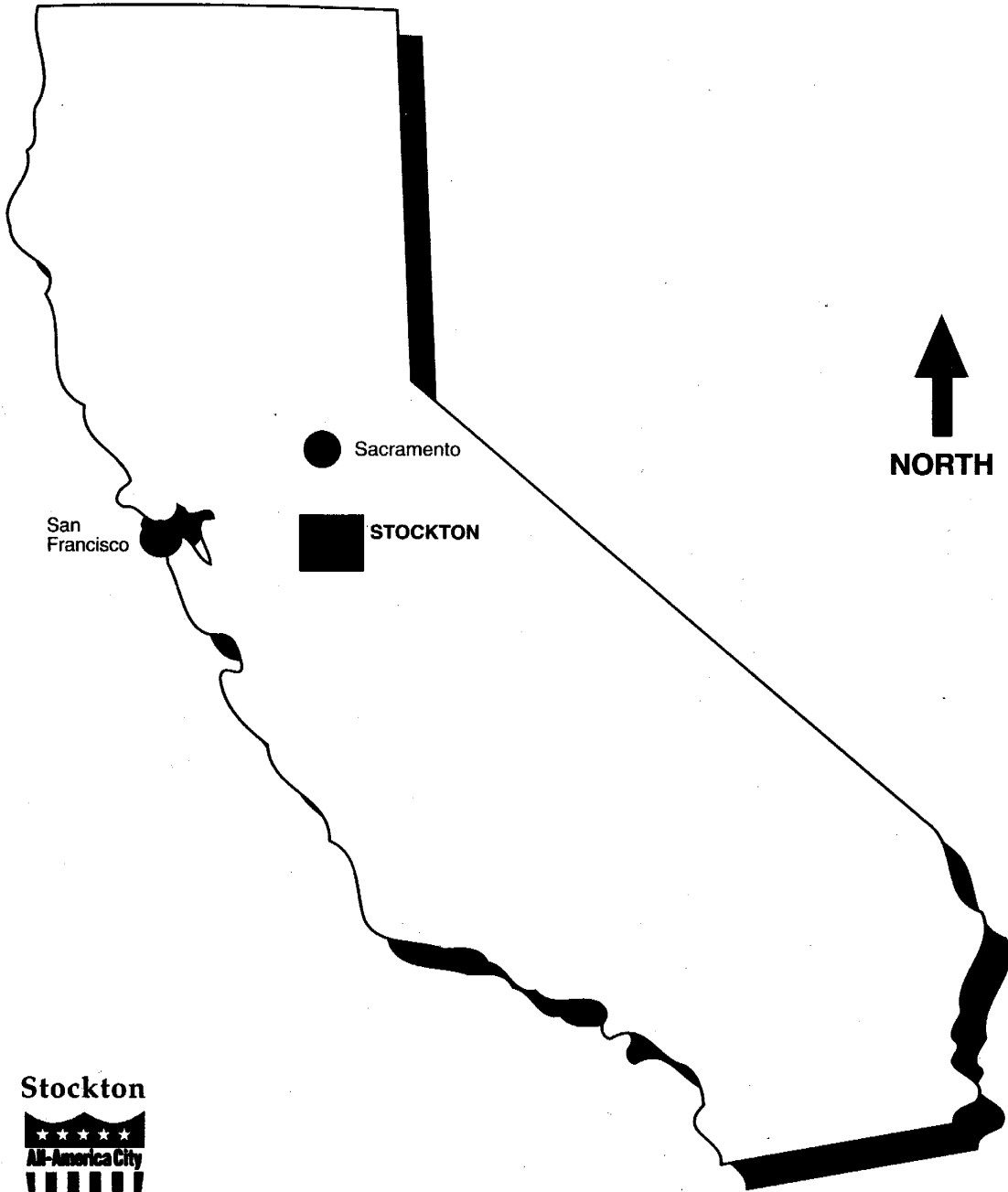
This picture was taken in the stands of the new Stockton Ballpark which opened April 28, 2005, to a sell-out crowd. This waterfront gem is the new home of the Stockton Ports, a Minor League Class A farm team of the Oakland Athletics. Feeling more like a major league ballpark – especially considering its location right on the Stockton Channel and adjacent to downtown Stockton – it features something for everyone: 5,000 fixed seats, lawn seating and family fun area, 4 luxury suites, unique “Back Porch” with giant rocking chairs, and a Barbeque Area with umbrella seating in the outfield. It’s little wonder then that Sports Illustrated included the Stockton Ballpark as one of their 25 Summer Essentials in their Double Summer Issue of 2005. And just as exciting was the recent announcement that Stockton will be the host city for the Class A California League-Carolina League All Star Game in 2007.

For information about the Stockton Ports, and their schedule, please visit their web site at [www.stocktonports.com](http://www.stocktonports.com).

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CITY OF STOCKTON



Stockton



2004  
1999