



CITY OF STOCKTON



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**STOCKTON, CALIFORNIA**



The Seal of the City of Stockton, featuring the tule elk, was originally designed and adopted by the City Council in 1851. The design includes a sailing vessel on the San Joaquin River and mountains in the background. Common belief is that the mountains depict Mt. Diablo to the west. However, research suggests the mountains may be the Sierra Nevadas to the east.

Through the years, several changes were made to modernize the appearance of the elk. The most recent revision was in March 1994, when the City Council approved the City Clerk's suggestion to bring back part of Stockton's early history by returning to the original elk.

The City Seal is used with the permission of the City Clerk of the City of Stockton.



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**



**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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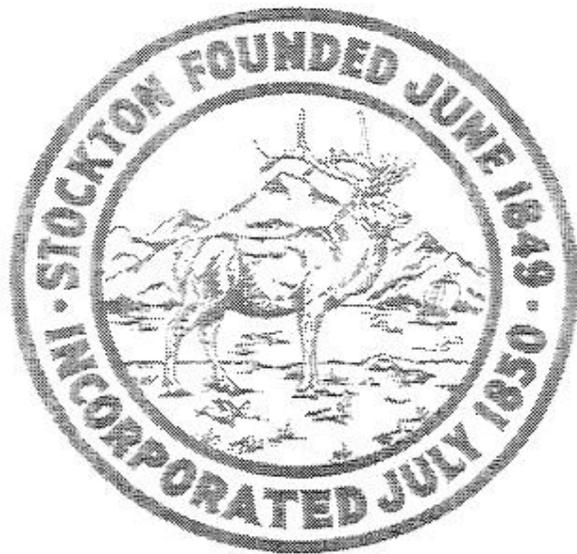
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# CITY OF STOCKTON

## ADMINISTRATIVE SERVICES

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

December 7, 2004

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Stockton (City), California for the fiscal year ending June, 30, 2004 as required by Section 1910, Article XIX of the City Charter.

The intent of this report is to provide the City Council, residents and City staff with a firm understanding of the City's financial position. The financial statements are prepared in conformity with generally accepted accounting principles (GAAP). Management assumes responsibility for the totality and reliability of the information presented in this report and has established an internal control framework that is designed to protect the City's assets from loss, theft, or misuse and has compiled sufficient reliable information for the preparation of the financial statements.

Macias, Gini, & Company LLP, an independent firm of licensed certified public accountants, has audited the City's financial statements in accordance with generally accepted auditing standards. Based on the results of the audit, the City's financial statements for the fiscal year ending June 30, 2004 received an unqualified opinion in the independent auditor's report, which is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis, called the 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 MD&A can be found immediately following the independent auditor's report.

## PROFILE OF THE CITY

The City is located in California's fertile San Joaquin Valley. Stockton encompasses nearly 60 square miles and has an estimated population of 269,100 as of January 1, 2004, which makes it the 13<sup>th</sup> largest city in California. The busy inland port 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 adopted a City Charter in 1851. The current form of government is Council-Manager. The mayor and representatives from six districts are chosen by city-wide election. Stockton is the county seat of San Joaquin County and provides a wide range of services.

The City's major departments include the City Manager, City Attorney, City Auditor, City Clerk, Housing & Redevelopment, Municipal Utilities, Library Services, Community Development, Police, Human Resources, Parks & Recreation, Administrative Services, Public Works, and Fire.

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.

## **OUTLOOK OF THE CITY**

### **Single Audit**

The independent audit of the financial statements of the City is part of a federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. 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.

### **Budgetary Controls**

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 the 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 various amounts proposed in the budget by the City Manager are considered appropriated until the Council adopts a budget.

Despite the continued and expanded revenue takeaways by the State, Stockton continues to operate 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. Additional information about the budget can be found in Note 2 of the required supplementary information notes.

### **Cash Management**

The Investment Officer invests the City's funds in investments allowed by the government code and City policy. The City adopts an annual investment policy intended to provide guidelines for the prudent investment of the City's idle 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 meet 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 the benefit package.

In addition to providing pension benefits through CalPERS, the City, in accordance with various Memorandums of Understanding, also provides medical coverage to certain retired employees. Additional information on the City's pension arrangements and post-employment benefits can be found in Notes 9 and 12 in the financial statements.

### **Economic Environment**

Stockton's housing market continues to thrive. Over 9,000 building permits were issued during the fiscal year. The growth in the housing market, along with the Downtown revitalization is attracting new businesses to the area. Park West Place, a retail power center with 700,000 square feet of shopping and dining space opened in December 2003. Additionally, in December 2003 the City celebrated the grand opening of the \$25 million 16-screen City Centre Cinema and its 18,000 square feet of retail space including, Starbucks, Cold Stone Creamery, and Moo Moos.

\$47 million in revenue bonds were issued for the construction of a 10,000 seat indoor arena which will be joined by a 5,000 seat baseball stadium, 150-room hotel and adjacent retail/commercial development.

## **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 and the Waterfront, 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.

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), Magnolia/Midtown Action Team (MMAT), Neighborhood Action Team (NAT), and Youth and Education Action Team (YEAT). Each action team has a special focus, either by geographic location or activity.

## **OTHER INFORMATION**

### **All-America City**

In June 2004, the National Civic League recognized the City as an "All America City." This is the second time in five years that Stockton received this award for collaborative accomplishments in the community: teaching life skills and providing social support for at-risk families, reducing crime, positively impacting the physical environment, and revitalizing the Downtown area. The City continues to be recognized for its ability to use the diverse talents and skills of its citizens to identify, confront, and creatively solve current urban issues.

### **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, 2003. 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 fifteen 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.

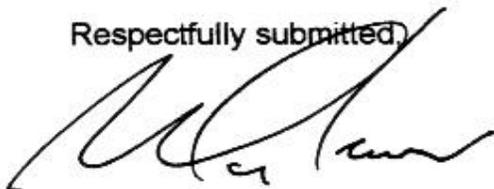
Additionally, the City received its thirteenth consecutive Certificate of Outstanding Financial Reporting from the California Society of Municipal Finance Officers (CSMFO) for its CAFR for the fiscal year ended June 30, 2003. We believe our current report conforms to the Certificate of Outstanding Financial Reporting program requirements and we are again submitting it to CSMFO.

**Acknowledgments**

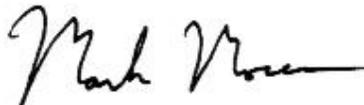
The preparation of the CAFR represents the dedication of the Accounting Division staff, as well as other Administrative Services Department staff. In addition, staff in all City departments should be recognized for their cooperative efforts in responding to the many questions and requests for detailed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

We also want to thank the Mayor and the members of the City Council 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, 2003.

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, 2003

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. Zjelle*

President

*Jeffrey R. Emer*

Executive Director

*California Society of  
Municipal Finance Officers*

**Certificate of Award**

***Outstanding Financial Reporting 2002-2003***

**Presented to the**

***City of Stockton***

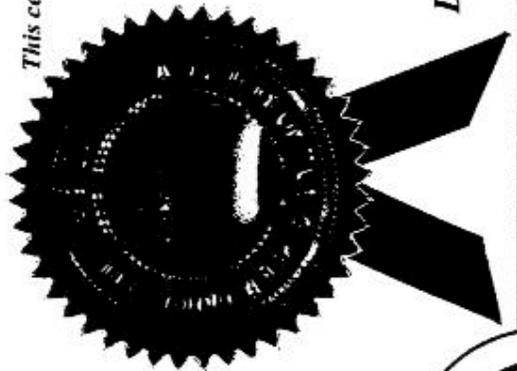
*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

***March 1, 2004***

*Bret M. Shumlee*

**Chair, Professional & Technical Standards Committee**

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





# CITY OF STOCKTON CITY COUNCIL



**GARY A. PODESTO**  
MAYOR



**GLORIA C. NOMURA**  
VICE MAYOR  
*District 6*



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



**RICHARD F. NICKERSON, MD**  
COUNCILMEMBER  
*District 2*



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



**LARRY RUHSTALLER**  
COUNCILMEMBER  
*District 4*



**GARY GIOVANETTI**  
COUNCILMEMBER  
*District 5*



**Stockton**

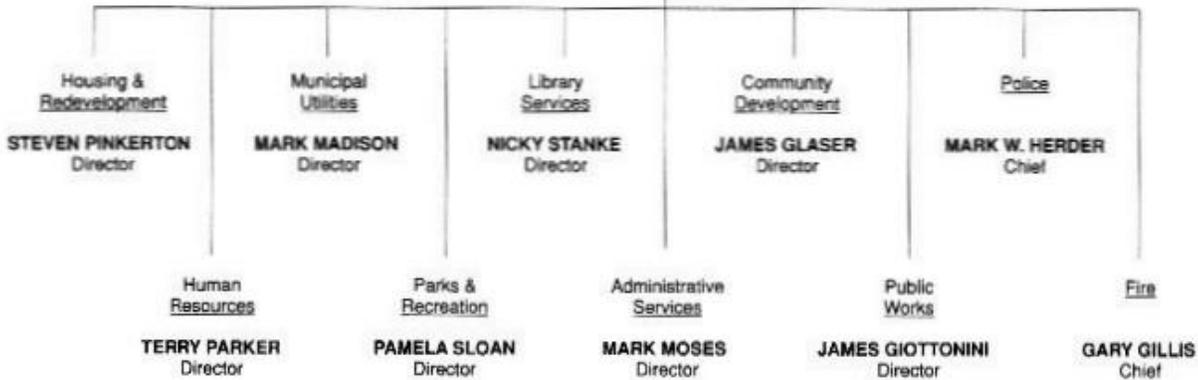
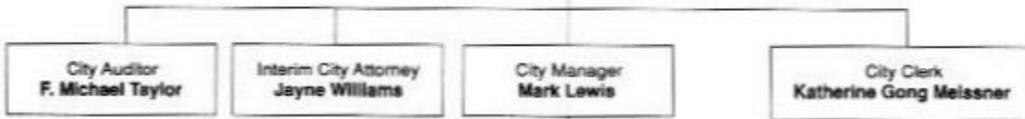
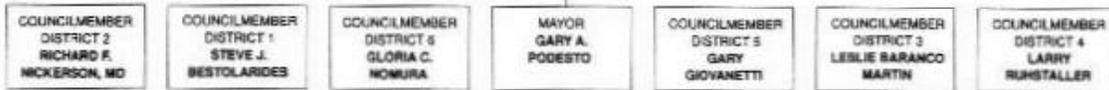


2004  
1999

**CITY OF STOCKTON  
 ORGANIZATION CHART / LIST OF PRINCIPAL OFFICIALS  
 JUNE 30, 2004**

**CITIZENS OF STOCKTON**

**CITY COUNCIL**





# CITY OF STOCKTON



**FINANCIAL SECTION**

## ***FINANCIAL SECTION***

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



## MACIAS GINI & COMPANY LLP

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Sacramento, California 95816

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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, 2004, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2004, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2004, on our consideration of the City's internal control over financial reporting and 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.

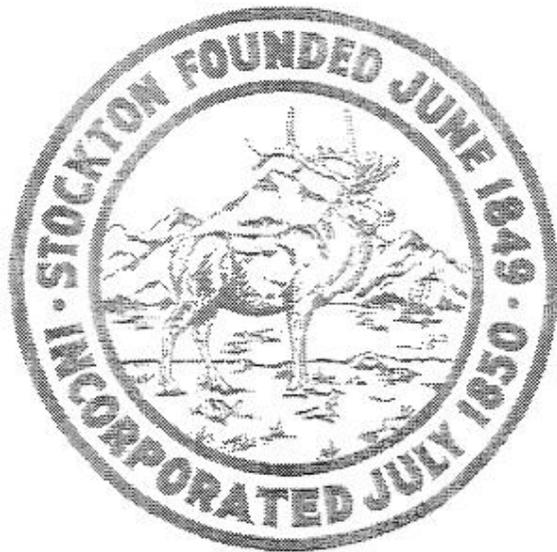
The management's discussion and analysis, schedules of defined benefit pension plans funded status and schedule of revenues, expenditures and changes in fund balance – budget and actual – on a budgetary basis – General Fund, as listed in the table of contents, are not a required part of the basic financial 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  
October 25, 2004





# 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, 2004. 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 2004 fiscal year, the City's assets exceeded its liabilities by \$840,944 (net assets). Of this amount, \$136,084 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$112,856 is restricted for specific purposes (restricted net assets), and \$592,004 is invested in capital assets, net of related debt.
- The City's total net assets increased by \$86,275. Governmental activities accounted for \$62,502 of this increase and business-type activities accounted for the remaining \$23,773. Contributions of capital assets from developers and development related fees were the key drivers of the increase in net assets.
- Overall investment earnings decreased by \$7,311, primarily due to the recognition at June 30 of a \$6,082 net decrease in fair value of investments. In addition, the average rate of return on the City's general investment pool dropped from 3.23% in fiscal year 2003 to 2.56% in fiscal year 2004, resulting in a decrease of \$1,860 in interest income.
- The City's long-term liabilities related to governmental activities increased by \$72,926 (26%) at fiscal year end. The key factors in this increase were the issuance of \$24,645 of 1915 Act Special Assessment Bonds, \$3,250 of Mello-Roos Special Tax Bonds, \$47,000 of Revenue Bonds for the Events Center-Arena project, and an increase of \$1,774 in the allowance for workers' compensation self-insurance claims and judgments.
- Long-term liabilities related to enterprise funds increased by \$22,700, primarily due to the issuance of \$32,785 of Lease Revenue Bonds for parking and capital projects.
- As of June 30, 2004, 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 \$297,939.

### 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, sanitary wastewater utility, stormwater utility, solid waste operations, golf courses, and the parking district.

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 15-17 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 22-31 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, Sanitary 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 32-39 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 40 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 41-76 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

The Redevelopment Agency Fund reported reserved fund balance of \$10,635 at the end of the fiscal year, an increase of \$35,641 from the prior year. The increase is attributed to the \$47,000 revenue bond issuance by the Redevelopment Agency for the City's Events Center-Arena Project, offset by expenditures which exceeded revenues by \$8,678. In addition to the Events Center-Arena Project, the Redevelopment Agency incurred capital outlay expenditures for various redevelopment projects including the Bob Hope Theatre, City Center Cinema and the Stockton Record projects.

**Proprietary Funds.** At the end of the fiscal year, the unrestricted net assets for the Water Utility were \$16,441, the Sanitary Wastewater Utility were \$78,217, the Stormwater Utility were \$6,078, and the Central Parking District were \$551. The Solid Waste and Golf Courses are combined for financial reporting purposes and together had deficit unrestricted net assets of \$914. The internal service funds had a deficit in unrestricted net assets of \$19,155.

The total growth in net assets for the proprietary funds was \$23,773. 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 an increase in net assets of \$638. This was primarily due to the increase in net assets of \$572 in the Workers' Compensation Insurance Fund, \$1,817 in the Health Benefits Insurance Fund, and \$1,628 in the Other Insurance Fund, offset by decreases of \$1,471 in the Computer Equipment Fund and \$1,366 in the Radio Equipment Fund.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget resulted in an increase in appropriations of \$1,545. The majority of the increase can be attributed to increases in appropriations relating to public safety of \$357 and general government activities of \$703.

During the year, actual revenues exceeded budgetary estimates by \$869.

Some key revenues that exceeded budgetary estimates are as follows:

- An additional \$2,219 in property taxes, reflecting the continued growth in new homes and assessed valuations
- \$2,483 in sales and use tax due to the economy gaining strength and the growth in commercial development discussed earlier
- \$1,274 in other taxes (including business licenses and documentary transfer tax) because of the healthy business climate and strong re-sale market

The above increases were offset by a revenue shortfall of \$4,074 in intergovernmental revenues, as a result of the decrease in motor vehicle license fees (VLF), due to State reductions.

## 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, 2004 amounts to \$872,072. 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 14.5% (a 19.4% increase for governmental activities and a 9.4% increase for business-type activities) as shown in the table below.

### Changes in Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 28,498	\$ 27,142	\$ 12,370	\$ 7,248	\$ 40,868	\$ 34,390
Buildings & Improvements	21,319	15,871	368,815	358,218	390,134	374,089
Machinery & Equipment	11,561	12,345	3,205	3,345	14,766	15,690
Infrastructure	214,738	186,111	-	-	214,738	186,111
Construction in Progress, as restated	185,627	145,285	25,939	6,304	211,566	151,589
<b>Total</b>	<b>\$461,743</b>	<b>\$386,754</b>	<b>\$410,329</b>	<b>\$375,115</b>	<b>\$872,072</b>	<b>\$761,869</b>

Additional information on the City's capital assets can be found in Note 5 on pages 56-57 of this report.

**Long-term debt.** At the end of the fiscal year, the City's total outstanding bonded debt was \$428,268. Of this amount, \$148,374 is revenue bonds and certificates of participation backed by the City's water and wastewater utilities, and the central parking district. The remainder is land-secured bond issues including \$98,015 of revenue bonds, \$54,004 of Mello-Roos bonds, and \$51,783 of special assessment bonds for various community facilities districts (CFD) and local improvement districts. In addition, there are \$48,637 of lease revenue bonds for the Events-Center Arena Project and certificates of participation with balances totaling \$27,455 for the City's Essential Services Building / Parking Structure and redevelopment housing projects.

During fiscal year 2004, the City's net bonded indebtedness increased by \$93,395. Key factors were the issuance of three new 1915 Act special assessment bonds related to three different developments within the City, \$18,014 for Mosher Estates, \$3,360 for Waterford Estates Phase II, and \$3,082 for March Lane/Holman Road; lease revenue bonds for \$32,712 for parking and capital projects along with \$48,637 to finance the Events-Center Arena Project; and \$3,220 of Mello-Roos special tax bonds related to Camera Estates development. These bond issuances totaling \$109,025 are offset by \$15,630 of bond calls and principal payments made during the fiscal year. Additional information on the City's long-term debt can be found in Note 6 to the financial statements.

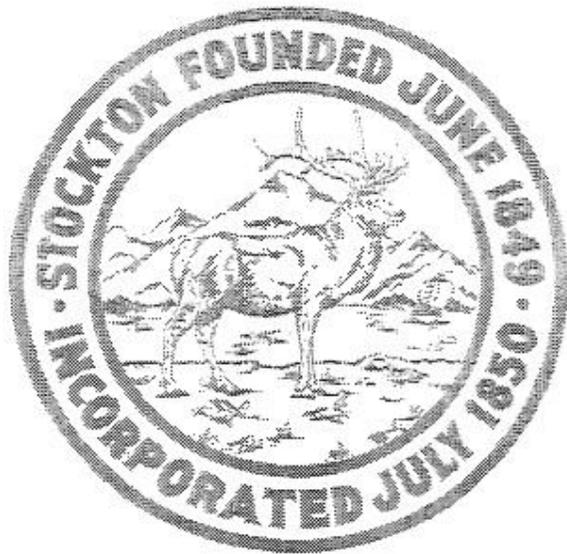
## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The current year continues to be one of economic uncertainty, in part because the State has an estimated accumulated deficit of \$20 billion. The State often resolves its budget crisis by reducing the local government's share of revenue. As a result the City will experience a \$5,413 revenue reduction over the next two fiscal years. Also, as of June 30, 2004 state mandated costs reimbursement (SB-90) claims totaling \$3,936 are reported as deferred revenue in the General Fund because the State has not appropriated funds for this reimbursement.
- 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. 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.
- The City Council approved a reduction in UUT of from 8.0% to 7.75% beginning July 1, 2004. Additional reductions of .75% and 1% will commence in July 2005 and July 2006 respectively.
- The passage of Proposition 1A on the November 2, 2004 ballot restricts the State's ability to reduce local property tax and sales tax revenues thereby safeguarding funding for public safety, public works, libraries, parks and recreation, and other local services. The provisions of Proposition 1A can only be suspended if the Governor declares a fiscal necessity and two-thirds of the State Legislature approves the suspension. Suspended funds must be repaid within three years; the State is also required to fund legislative mandates on local governments or suspend their operation. The passage of proposition 1A is expected to restore some predictability and certainty to the funding needed for essential local services.
- Measure W, which was also approved on the November ballot, will increase the local sales and use tax by one-quarter of one percent beginning in the fourth quarter of the 2005 fiscal year. Revenues will be used solely to address Stockton's critical public safety needs by funding forty additional police officers to prevent gang and drug-related crimes and forty additional firefighters to improve response times to medical emergencies and fires.
- The unemployment rate for the City was 11.6% as of June 2004. Although the local unemployment rate is 5.2 percentage points higher than the State unemployment rate of 6.4%, it has remained stable since June 2003.

- The fiscal year 2005 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 new Technology Fee will help fund equipment and programming that is required because of new development. The monies from this fee will help fund the expansion of e-government programs and cover the costs of the City's Geographical Information System (GIS) program, including the on-going maintenance for these programs. Moreover, all existing fees contain an automatic inflation adjustment.
- Sales tax revenue is expected to increase by \$3 to \$4 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.
- As of June 2004, the City executed exclusive residential and commercial solid waste, recycling, green waste and food waste agreements with two contractors. The contracts contain provisions that will increase the percentage of franchise tax revenues remitted to the City. Additionally, they are paying an AB 939 fee, which is 3.5% of their gross revenue.

## **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**

## ***BASIC FINANCIAL STATEMENTS***

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

The fund financial statements report information about the City's governmental funds, proprietary funds, and the fiduciary fund.

The notes have an integral role in disclosing information essential to the fair presentation of the basic financial statements.



CITY OF STOCKTON



**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**



# CITY OF STOCKTON

## STATEMENT OF NET ASSETS

JUNE 30, 2004

(With comparative totals as of June 30, 2003)

(Dollar amounts in thousands)

	Governmental Activities	Business-Type Activities	Total	
			2004	2003
<b>ASSETS</b>				
Cash and investments	\$ 280,685	\$ 106,339	\$ 387,024	\$ 335,284
Restricted cash and investments	3,161	39,207	42,368	18,540
Interest receivable	1,024	564	1,588	1,788
Taxes receivable	514	-	514	553
Accounts receivable, net	11,605	5,930	17,535	16,981
Internal balances	1,377	(1,377)	-	-
Due from other governments	16,973	-	16,973	16,437
Inventory of supplies	163	1,209	1,372	1,377
Other assets	406	-	406	550
Advances to property owners	42,363	-	42,363	38,526
Deferred charges	3,787	2,636	6,423	3,067
Capital assets, net:				
Nondepreciable	214,125	38,309	252,434	185,979
Depreciable, net	247,618	372,020	619,638	575,890
<b>Total assets</b>	<b>823,801</b>	<b>564,837</b>	<b>1,388,638</b>	<b>1,194,972</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	15,226	8,753	23,979	12,719
Accrued payroll and benefits	3,535	-	3,535	3,614
Accrued interest	4,583	1,897	6,480	6,264
Due to other governments	359	53	412	572
Deposits and other liabilities	587	1,291	1,878	1,565
Deferred revenue	5,127	-	5,127	4,912
Long-term liabilities:				
Due within one year	28,881	2,601	31,482	36,578
Due in more than one year	327,494	147,307	474,801	374,079
<b>Total liabilities</b>	<b>385,792</b>	<b>161,902</b>	<b>547,694</b>	<b>440,303</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	289,507	302,497	592,004	480,618
Restricted for:				
Capital projects	23,478	-	23,478	23,687
Debt service	20,826	65	20,891	19,315
Other purposes	68,487	-	68,487	74,456
Unrestricted	35,711	100,373	136,084	156,593
<b>Total net assets</b>	<b>\$ 438,009</b>	<b>\$ 402,935</b>	<b>\$ 840,944</b>	<b>\$ 754,669</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, 2004

(With comparative totals for the year ended June 30, 2003)

(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	\$ 17,562	\$ 7,962	\$ 185	\$ 308
Public safety	125,837	29,960	2,920	12
Public works	42,848	21,683	225	46,582
Library	11,530	1,859	4,097	-
Parks and recreation	15,854	10,050	497	887
Interest and fiscal charges	13,081	-	-	-
<b>Total governmental activities</b>	<b>226,712</b>	<b>71,514</b>	<b>7,924</b>	<b>47,789</b>
Business-type activities:				
Water utility	15,548	18,328	-	6,623
Sanitary wastewater utility	32,674	30,483	-	20,218
Stormwater utility	6,910	4,827	-	4,694
Central parking district	2,585	2,694	-	-
Other	5,022	4,639	-	-
<b>Total business-type activities</b>	<b>62,739</b>	<b>60,971</b>	<b>-</b>	<b>31,535</b>
<b>Total</b>	<b>\$ 289,451</b>	<b>\$ 132,485</b>	<b>\$ 7,924</b>	<b>\$ 79,324</b>

General revenues:

Taxes:

Property

Utility

Sales and use

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	
		2004	2003
\$ (9,107)		\$ (9,107)	\$ (3,030)
(92,945)		(92,945)	(96,761)
25,642		25,642	20,955
(5,574)		(5,574)	(5,721)
(4,420)		(4,420)	(5,530)
<u>(13,081)</u>		<u>(13,081)</u>	<u>(11,954)</u>
<u>(99,485)</u>		<u>(99,485)</u>	<u>(102,041)</u>
	\$ 9,403	9,403	8,103
	18,027	18,027	26,239
	2,611	2,611	3,066
	109	109	385
	<u>(383)</u>	<u>(383)</u>	<u>(208)</u>
	<u>29,767</u>	<u>29,767</u>	<u>37,585</u>
<u>(99,485)</u>	<u>29,767</u>	<u>(69,718)</u>	<u>(64,456)</u>
28,365	-	28,365	23,449
33,322	-	33,322	32,157
40,333	-	40,333	36,628
35,685	675	36,360	35,974
13,338	-	13,338	18,602
1,243	808	2,051	9,362
1,652	-	1,652	2,896
496	76	572	449
<u>7,553</u>	<u>(7,553)</u>	<u>-</u>	<u>-</u>
<u>161,987</u>	<u>(5,994)</u>	<u>155,993</u>	<u>159,517</u>
62,502	23,773	86,275	95,061
<u>375,507</u>	<u>379,162</u>	<u>754,669</u>	<u>659,608</u>
<u>\$ 438,009</u>	<u>\$ 402,935</u>	<u>\$ 840,944</u>	<u>\$ 754,669</u>





CITY OF STOCKTON



**FUND FINANCIAL  
STATEMENTS**



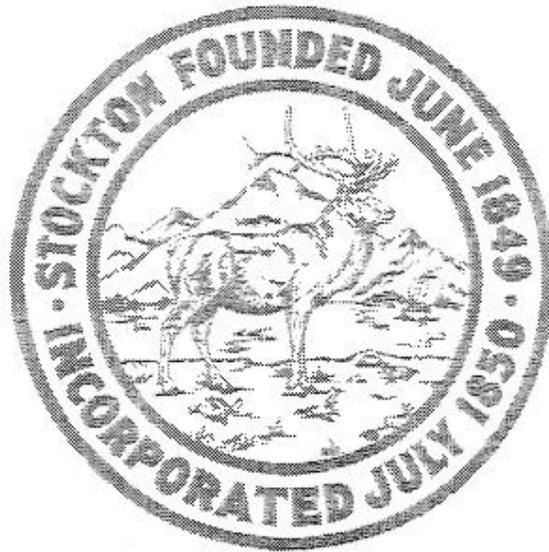
## FUND FINANCIAL STATEMENTS

### **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
  - Infrastructure Financing District 92-1 - administration
  - 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.
- **Sanitary 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 sanitary 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, 2004

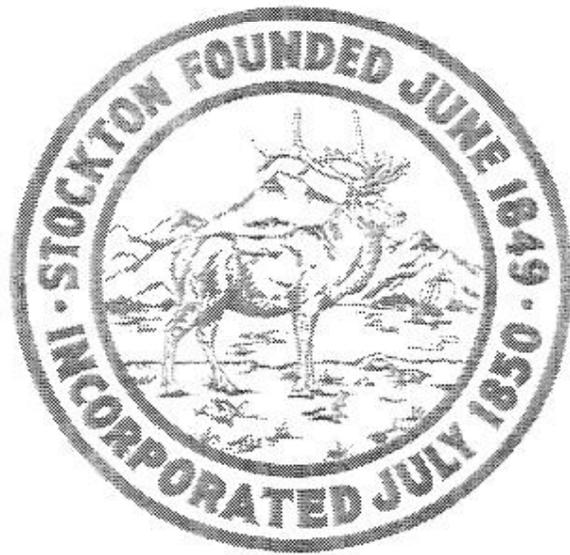
(With comparative totals as of June 30, 2003)

(Dollar amounts in thousands)

	General	Public Facilities Impact Fees	Capital Improvement
<b>ASSETS</b>			
Cash and investments	\$ 6,278	\$ 57,681	\$ 29,635
Cash and investments with fiscal agents	1,042	-	179
Restricted cash and investments	-	-	-
Receivables:			
Interest	168	325	149
Taxes and special assessments	9	-	-
Accounts and other receivables	11,599	943	36
Allowance for uncollectibles	(2,469)	-	-
Due from other funds	2,200	1,000	-
Due from other governments:	7,412	30	3,997
Allowance for uncollectibles	(16)	-	-
Due from other agencies	260	-	-
Inventory of supplies	163	-	-
Deposits	-	-	-
Advances to other funds	3,561	143	22,274
Advances to property owners	-	406	-
Property held for resale	-	-	-
<b>Total assets</b>	<b>\$ 30,207</b>	<b>\$ 60,528</b>	<b>\$ 56,270</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 2,299	\$ 3,932	\$ 3,615
Accrued payroll and benefits	3,535	-	-
Due to other funds	-	-	-
Due to other governments	-	-	30
Due to other agencies	48	-	-
Deposits and other liabilities	203	-	-
Deferred revenue	6,275	1,042	1,230
Advances from other funds	-	5,936	350
<b>Total liabilities</b>	<b>12,360</b>	<b>10,910</b>	<b>5,225</b>
<b>FUND BALANCES (DEFICIT):</b>			
Reserved:			
Encumbrances	1,185	792	1,027
Advances	3,561	549	22,274
Debt service	-	-	-
Capital projects	1,042	48,277	26,856
Loan commitment	-	-	888
Low- and moderate-income housing	-	-	-
Endowments	-	-	-
Other items	329	-	-
Unreserved, reported in:			
General Fund:			
Designated for termination pay	662	-	-
Designated for infrastructure	2,470	-	-
Designated for economic uncertainties	3,419	-	-
Designated for state initiated revenue reductions	5,179	-	-
Special revenue funds:			
Designated for termination pay	-	-	-
Undesignated	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Permanent fund	-	-	-
<b>Total fund balances</b>	<b>17,847</b>	<b>49,618</b>	<b>51,045</b>
<b>Total liabilities and fund balances</b>	<b>\$ 30,207</b>	<b>\$ 60,528</b>	<b>\$ 56,270</b>

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

Redevelopment Agency	Other Governmental	Total Governmental	
		2004	2003
\$ 3,941	\$ 77,897	\$ 175,432	\$ 160,544
39,139	35,992	76,352	32,911
-	3,161	3,161	4,621
25	357	1,024	869
-	505	514	553
23	1,432	14,033	15,006
-	-	(2,469)	(3,478)
-	-	3,200	697
164	5,386	16,989	16,451
-	-	(16)	(14)
-	-	260	392
-	-	163	230
38	-	38	38
-	15,623	41,601	37,869
-	41,957	42,363	38,526
-	108	108	108
<u>\$ 43,330</u>	<u>\$ 182,418</u>	<u>\$ 372,753</u>	<u>\$ 305,323</u>
\$ 240	\$ 3,874	\$ 13,960	\$ 8,255
-	-	3,535	3,614
-	2,037	2,037	480
-	329	359	556
-	-	48	179
3	333	539	164
-	4,402	12,949	14,211
<u>32,452</u>	<u>2,649</u>	<u>41,387</u>	<u>36,676</u>
<u>32,695</u>	<u>13,624</u>	<u>74,614</u>	<u>64,135</u>
220	3,998	7,222	10,848
-	57,601	83,985	76,395
-	46,456	46,456	35,120
39,139	41,634	156,948	100,562
-	-	888	1,517
1,120	640	1,760	1,543
-	1,383	1,383	1,383
40	3,732	4,101	7,953
-	-	662	1,166
-	-	2,470	2,470
-	-	3,419	8,129
-	-	5,179	-
-	132	132	132
-	13,190	13,190	20,083
-	(179)	(179)	20
(29,884)	-	(29,884)	(26,363)
-	207	207	230
<u>10,635</u>	<u>168,794</u>	<u>297,939</u>	<u>241,188</u>
<u>\$ 43,330</u>	<u>\$ 182,418</u>	<u>\$ 372,753</u>	<u>\$ 305,323</u>



# CITY OF STOCKTON

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2004 (With comparative totals as of June 30, 2003) (Dollar amounts in thousands)

	2004	2003
Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balances - total governmental	\$ 297,939	\$ 241,188
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Nondepreciable capital assets	214,125	172,427
Depreciable capital assets, net	237,299	202,365
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.	(8,836)	(9,474)
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	(16,663)	(17,840)
Bonds payable and other long-term debt	(292,229)	(220,872)
Unamortized bond discounts	(357)	1,109
Accrued interest	(4,583)	(4,095)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are:		
deferred in the governmental funds, or	7,822	9,299
not recorded in the governmental funds.	3,492	1,400
<b>Net assets of governmental activities</b>	<b><u>\$ 438,009</u></b>	<b><u>\$ 375,507</u></b>

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, 2004 (With comparative totals for the year ended June 30, 2003) (Dollar amounts in thousands)

	General	Public Facilities Impact Fees	Capital Improvement
<b>REVENUES:</b>			
Taxes:			
Property	\$ 24,349	\$ -	\$ -
Utility	33,322	-	-
Sales and use	36,723	-	-
Other	17,214	-	18
Licenses and permits	517	-	-
Federal grants and subsidies	-	-	106
Other governmental	13,384	-	3,752
Charges for services	11,005	28,122	-
Fines and forfeitures	1,905	-	-
Use of money and property	607	47	173
Investment income:			
Interest income	734	1,373	737
Net decrease in fair value of investments	(686)	(1,111)	(424)
Refunds and reimbursements	2,569	-	17
Miscellaneous	5,179	-	151
	<u>146,822</u>	<u>28,431</u>	<u>4,530</u>
Total revenues			
<b>EXPENDITURES:</b>			
Current:			
General government	12,345	1,292	598
Public safety	110,387	152	747
Public works	11,464	1,761	120
Library	-	255	-
Parks and recreation	7,298	355	122
Capital outlay	34	22,096	20,506
Debt service:			
Principal retirement	-	-	-
Cost of issuance	41	-	-
Interest and fiscal charges	-	-	-
	<u>141,569</u>	<u>25,911</u>	<u>22,093</u>
Total expenditures			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,253</u>	<u>2,520</u>	<u>(17,563)</u>

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

Redevelopment Agency	Other Governmental	Total Governmental	
		2004	2003
\$ 4,016	\$ -	\$ 28,365	\$ 23,449
-	-	33,322	32,157
-	3,610	40,333	36,628
-	18,460	35,692	35,544
-	9,460	9,977	11,444
28	11,167	11,301	15,598
-	18,194	35,330	40,025
-	18,189	57,316	43,181
-	-	1,905	1,490
172	641	1,640	2,011
183	1,973	5,000	5,422
(92)	(1,511)	(3,824)	(367)
-	627	3,213	4,864
153	831	6,314	8,791
<u>4,460</u>	<u>81,641</u>	<u>265,884</u>	<u>260,237</u>
2,673	5,904	22,812	21,220
-	12,662	123,948	113,599
7,832	16,945	38,122	41,454
-	11,048	11,303	10,787
-	7,162	14,937	13,884
1,229	16,962	60,827	46,227
21	8,335	8,356	9,654
1,346	790	2,177	983
37	12,423	12,460	11,937
<u>13,138</u>	<u>92,231</u>	<u>294,942</u>	<u>269,745</u>
<u>(8,678)</u>	<u>(10,590)</u>	<u>(29,058)</u>	<u>(9,508)</u>

(Continued)

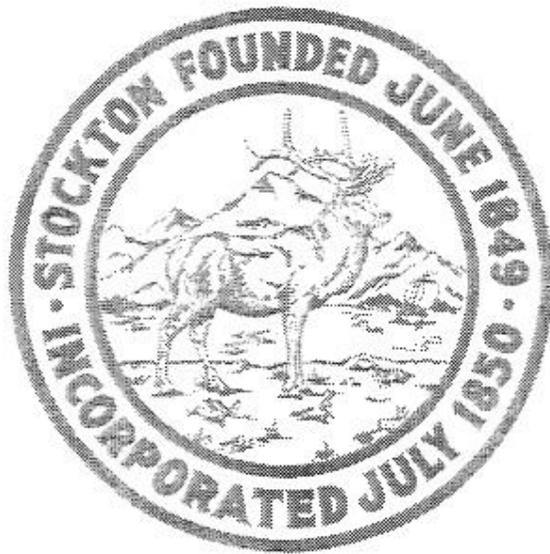
# CITY OF STOCKTON

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (With comparative totals for June 30, 2003) (Dollar amounts in thousands)

	General	Public Facilities Impact Fees	Capital Improvement
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,253</u>	<u>2,520</u>	<u>(17,563)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	7,482	-	21,174
Transfers out	(12,913)	(199)	(6,540)
Issuance of long-term debt	-	-	25
Sales of capital assets	5	-	-
Bond refundings	-	-	-
Premiums on debt issuances	-	-	-
Discounts on debt issuances	-	-	-
Total other financing sources (uses)	<u>(5,426)</u>	<u>(199)</u>	<u>14,659</u>
NET CHANGE IN FUND BALANCES	(173)	2,321	(2,904)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>18,020</u>	<u>47,297</u>	<u>53,949</u>
FUND BALANCES, END OF YEAR	<u>\$ 17,847</u>	<u>\$ 49,618</u>	<u>\$ 51,045</u>

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

Redevelopment Agency	Other Governmental	Total Governmental	
		2004	2003
<u>(8,678)</u>	<u>(10,590)</u>	<u>(29,058)</u>	<u>(9,508)</u>
4,525	30,951	64,132	71,393
(8,843)	(30,964)	(59,459)	(65,969)
47,000	32,688	79,713	38,110
-	-	5	719
-	-	-	(17,205)
1,637	-	1,637	-
<u>-</u>	<u>(219)</u>	<u>(219)</u>	<u>(554)</u>
<u>44,319</u>	<u>32,456</u>	<u>85,809</u>	<u>26,494</u>
35,641	21,866	56,751	16,986
<u>(25,006)</u>	<u>146,928</u>	<u>241,188</u>	<u>224,202</u>
<u>\$ 10,635</u>	<u>\$ 168,794</u>	<u>\$ 297,939</u>	<u>\$ 241,188</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, 2004 (With comparative totals for the year ended June 30, 2003) (Dollar amounts in thousands)

	2004	2003
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental	\$ 56,751	\$ 16,986
<p>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:</p>		
Capitalized capital outlays	60,827	46,227
Donated capital assets	22,420	18,159
Depreciation expense	(6,590)	(5,647)
<p>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:</p>		
Long-term debt proceeds	(79,713)	(38,110)
Premiums on debt issuances	(1,637)	-
Discounts on debt issuances	219	554
Repayment of principal	8,356	9,654
Costs of issuance	2,177	983
Bond refundings	-	17,205
<p>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.</p>		
	638	(15,313)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Deferred revenue	(1,477)	5,647
Gain on sale of capital assets	(25)	(80)
<p>Other expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences	1,177	1,148
Amortization of bond discounts and costs of issuance	(133)	(80)
Change in accrued interest	(488)	63
Change in net assets of governmental activities	<u>\$ 62,502</u>	<u>\$ 57,396</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, 2004

(With comparative totals as of June 30, 2003)

(Dollar amounts in thousands)

	Enterprise		
	Water Utility	Sanitary Wastewater Utility	Stormwater Utility
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 18,306	\$ 80,580	\$ 5,978
Cash and investments with fiscal agents	-	53	-
Receivables:			
Interest	98	425	35
Accounts and other receivables	1,960	4,849	849
Allowance for uncollectibles	(180)	(1,525)	(331)
Inventory of supplies	-	1,173	-
Total current assets	<u>20,184</u>	<u>85,555</u>	<u>6,531</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	5	14,380	-
Interest receivable	-	-	-
Advances to other funds	-	103	-
Loans receivable	-	-	-
Deferred charges	169	1,331	-
Capital assets, net:			
Nondepreciable	9,039	21,846	852
Depreciable, net	70,095	252,129	40,338
Total noncurrent assets	<u>79,308</u>	<u>289,789</u>	<u>41,190</u>
Total assets	<u>99,492</u>	<u>375,344</u>	<u>47,721</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,630	6,455	257
Due to other funds	-	-	-
Due to other governments	53	-	-
Deposits and other liabilities	1,160	25	-
Accrued interest	165	1,722	10
Compensated absences - current	7	65	11
Self-insurance claims and judgments - current	-	-	-
Other long-term debt - current	427	1,880	161
Total current liabilities	<u>3,442</u>	<u>10,147</u>	<u>439</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences - long-term	6	80	8
Self-insurance claims and judgments - long-term	-	-	-
Advances from other governments	891	-	167
Certificates of participation	-	100,527	-
Bonds payable	12,828	-	-
Total noncurrent liabilities	<u>13,725</u>	<u>100,607</u>	<u>175</u>
Total liabilities	<u>17,167</u>	<u>110,754</u>	<u>614</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt	65,879	186,358	41,029
Restricted for debt service	5	15	-
Unrestricted (deficit)	16,441	78,217	6,078
Total net assets (deficit)	<u>\$ 82,325</u>	<u>\$ 264,590</u>	<u>\$ 47,107</u>

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

Enterprise					
Central Parking District	Other	Total		Internal Service	
		2004	2003	2004	2003
\$ 1,079	\$ 343	\$ 106,286	\$ 115,939	\$ 28,901	\$ 25,838
-	-	53	52	-	-
6	-	564	647	-	-
160	264	8,082	7,363	166	276
(44)	(72)	(2,152)	(2,034)	(125)	(152)
-	36	1,209	1,147	-	-
<u>1,201</u>	<u>571</u>	<u>114,042</u>	<u>123,114</u>	<u>28,942</u>	<u>25,962</u>
-	-	-	158	-	-
24,822	-	39,207	13,761	-	-
-	-	-	272	-	-
847	-	950	731	-	-
-	-	-	12	-	-
1,136	-	2,636	1,606	295	61
6,212	360	38,309	13,552	-	-
7,745	1,713	372,020	361,563	10,319	11,962
<u>40,762</u>	<u>2,073</u>	<u>453,122</u>	<u>391,655</u>	<u>10,614</u>	<u>12,023</u>
<u>41,963</u>	<u>2,644</u>	<u>567,164</u>	<u>514,769</u>	<u>39,556</u>	<u>37,985</u>
360	51	8,753	3,068	1,266	1,396
1,000	163	1,163	-	-	217
-	-	53	16	-	-
106	-	1,291	1,222	-	-
-	-	1,897	2,169	-	-
6	44	133	1,015	365	346
-	-	-	-	10,258	10,090
-	-	2,468	7,922	-	-
<u>1,472</u>	<u>258</u>	<u>15,758</u>	<u>15,412</u>	<u>11,889</u>	<u>12,049</u>
-	1,164	1,164	1,924	-	-
25	63	182	1,392	417	444
-	-	-	-	36,086	34,966
-	-	1,058	1,266	-	-
-	-	100,527	102,397	-	-
32,712	-	45,540	13,216	-	-
<u>32,737</u>	<u>1,227</u>	<u>148,471</u>	<u>120,195</u>	<u>36,503</u>	<u>35,410</u>
<u>34,209</u>	<u>1,485</u>	<u>164,229</u>	<u>135,607</u>	<u>48,392</u>	<u>47,459</u>
7,158	2,073	302,497	265,548	10,319	11,962
45	-	65	73	-	-
551	(914)	100,373	113,541	(19,155)	(21,436)
<u>\$ 7,754</u>	<u>\$ 1,159</u>	<u>\$ 402,935</u>	<u>\$ 379,162</u>	<u>\$ (8,836)</u>	<u>\$ (9,474)</u>

# CITY OF STOCKTON

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2004 (With comparative totals for the year ended June 30, 2003) (Dollar amounts in thousands)

	Enterprise		
	Water Utility	Sanitary Wastewater Utility	Stormwater Utility
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 17,749	\$ 29,000	\$ 4,415
Miscellaneous	578	1,471	412
Total operating revenues	<u>18,327</u>	<u>30,471</u>	<u>4,827</u>
<b>OPERATING EXPENSES:</b>			
Operation and maintenance	8,107	19,790	3,521
General and administrative	2,624	2,628	2,270
Depreciation and amortization	1,504	4,954	1,119
Purchased water	2,593	-	-
Total operating expenses	<u>14,828</u>	<u>27,372</u>	<u>6,910</u>
<b>OPERATING INCOME (LOSS)</b>	<u>3,499</u>	<u>3,099</u>	<u>(2,083)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Taxes	-	-	-
Federal grants and subsidies	-	-	-
Other governmental	-	-	-
Investment income:			
Interest income	473	2,296	159
Net decrease in fair value of investments	(409)	(1,545)	(133)
Gain (loss) from disposal of property	-	-	-
Interest expense and fiscal charges	(720)	(5,302)	-
Other non-operating revenues	1	12	-
Total non-operating revenues (expenses)	<u>(655)</u>	<u>(4,539)</u>	<u>26</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>2,844</u>	<u>(1,440)</u>	<u>(2,057)</u>
Capital contributions	6,623	20,218	4,694
Transfers in	-	-	-
Transfers out	(1,565)	(4,403)	(756)
<b>CHANGE IN NET ASSETS</b>	<u>7,902</u>	<u>14,375</u>	<u>1,881</u>
<b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>	<u>74,423</u>	<u>250,215</u>	<u>45,226</u>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<u>\$ 82,325</u>	<u>\$ 264,590</u>	<u>\$ 47,107</u>

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

Enterprise					
Central Parking District	Other	Total		Internal Service	
		2004	2003	2004	2003
\$ 2,693	\$ 3,722	\$ 57,579	\$ 55,103	\$ 73,404	\$ 63,795
1	917	3,379	1,714	-	-
<u>2,694</u>	<u>4,639</u>	<u>60,958</u>	<u>56,817</u>	<u>73,404</u>	<u>63,795</u>
1,861	4,846	38,125	33,410	70,931	75,050
-	-	7,522	9,631	3,970	4,730
332	176	8,085	8,383	3,002	2,733
-	-	2,593	2,935	-	-
<u>2,193</u>	<u>5,022</u>	<u>56,325</u>	<u>54,359</u>	<u>77,903</u>	<u>82,513</u>
501	(383)	4,633	2,458	(4,499)	(18,718)
675	-	675	596	-	-
-	-	-	-	-	560
-	-	-	1,909	-	6
(9)	6	2,925	4,297	208	274
(23)	(7)	(2,117)	(245)	(141)	(19)
76	-	76	(66)	516	(190)
(392)	-	(6,414)	(2,582)	-	-
-	-	13	10	1,674	1,721
<u>327</u>	<u>(1)</u>	<u>(4,842)</u>	<u>3,919</u>	<u>2,257</u>	<u>2,352</u>
828	(384)	(209)	6,377	(2,242)	(16,366)
-	-	31,535	37,765	-	-
6,315	-	6,315	-	7,980	4,353
<u>(7,144)</u>	<u>-</u>	<u>(13,868)</u>	<u>(6,477)</u>	<u>(5,100)</u>	<u>(3,300)</u>
(1)	(384)	23,773	37,665	638	(15,313)
<u>7,755</u>	<u>1,543</u>	<u>379,162</u>	<u>341,497</u>	<u>(9,474)</u>	<u>5,839</u>
<u>\$ 7,754</u>	<u>\$ 1,159</u>	<u>\$ 402,935</u>	<u>\$ 379,162</u>	<u>\$ (8,836)</u>	<u>\$ (9,474)</u>

# CITY OF STOCKTON

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2004

(With comparative totals for the year ended June 30, 2003)

(Dollar amounts in thousands)

	Enterprise		
	Water Utility	Sanitary Wastewater Utility	Stormwater Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 18,251	\$ 29,660	\$ 4,606
Receipts from interfund service providers	-	232	256
Payments to suppliers	(10,963)	(13,351)	(4,161)
Payments to employees	(1,753)	(5,202)	(1,400)
Payments for interfund services used	(154)	(687)	(104)
Net cash provided by (used for) operating activities	5,381	10,652	(798)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	-	-
Transfers out	(1,565)	(4,403)	(756)
Due to other funds	-	-	-
Advances from other funds	-	-	-
Advances to other funds	-	(44)	-
Advances from other governments	(48)	-	(155)
Other non-operating revenues	1	12	-
Proceeds from taxes	-	-	-
Other governmental	-	-	-
Federal grants and subsidies	-	-	-
Net cash provided by (used for) noncapital financing activities	(1,612)	(4,435)	(911)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from sale of capital assets	2,668	237	-
Proceeds from capital debt	-	-	-
Principal paid on capital debt	(440)	(1,640)	-
Issuance discounts	-	-	-
Purchases of capital assets	(13,451)	(16,772)	(464)
Interest paid on capital debt	(709)	(5,085)	(5)
Capital contributions	1,381	16,164	-
Net cash provided by (used for) capital and related financing activities	(10,551)	(7,096)	(469)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment earnings	107	1,046	37
Proceeds from sale of investments	-	13,445	-
Net cash provided by investing activities	107	14,491	37
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(6,675)</b>	<b>13,612</b>	<b>(2,141)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>24,986</b>	<b>81,401</b>	<b>8,119</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 18,311</b>	<b>\$ 95,013</b>	<b>\$ 5,978</b>

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

Enterprise					
Central Parking District	Other	Total		Internal Service	
		2004	2003	2004	2003
\$ 2,676	\$ 4,741	\$ 59,934	\$ 56,811	\$ 1,476	\$ 1,138
-	-	488	128	72,009	62,733
(2,259)	(1,552)	(32,286)	(29,511)	(61,801)	(41,787)
(974)	(3,238)	(12,567)	(14,640)	(12,182)	(24,532)
(222)	(566)	(1,733)	(1,950)	-	-
<u>10</u>	<u>(615)</u>	<u>14,630</u>	<u>10,838</u>	<u>(498)</u>	<u>(2,448)</u>
6,315	-	6,315	-	7,980	4,353
(7,144)	-	(13,868)	(6,477)	(5,100)	(3,300)
1,000	163	1,163	-	-	-
(700)	-	(700)	(672)	(217)	217
(175)	(60)	(279)	(59)	-	-
-	-	(203)	(201)	-	-
-	-	13	10	1,674	1,721
675	-	675	596	-	-
-	-	-	1,909	-	330
-	-	-	-	-	560
<u>(29)</u>	<u>103</u>	<u>(6,884)</u>	<u>(4,894)</u>	<u>4,337</u>	<u>3,881</u>
175	-	3,080	806	1,411	152
32,712	-	32,712	14,135	-	-
(6,180)	-	(8,260)	(16,191)	-	-
-	-	-	(214)	-	-
(1,472)	(7)	(32,166)	(18,346)	(2,254)	(2,727)
(385)	-	(6,184)	(2,018)	-	-
-	-	17,545	19,790	-	-
<u>24,850</u>	<u>(7)</u>	<u>6,727</u>	<u>(2,038)</u>	<u>(843)</u>	<u>(2,575)</u>
(29)	2	1,163	4,536	67	255
-	-	13,445	2,244	-	-
<u>(29)</u>	<u>2</u>	<u>14,608</u>	<u>6,780</u>	<u>67</u>	<u>255</u>
24,802	(517)	29,081	10,686	3,063	(887)
<u>1,099</u>	<u>860</u>	<u>116,465</u>	<u>105,779</u>	<u>25,838</u>	<u>26,725</u>
<u>\$ 25,901</u>	<u>\$ 343</u>	<u>\$ 145,546</u>	<u>\$ 116,465</u>	<u>\$ 28,901</u>	<u>\$ 25,838</u>

(Continued)

# CITY OF STOCKTON

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (With comparative totals for June 30, 2003) (Dollar amounts in thousands)

	Enterprise		
	Water Utility	Sanitary Wastewater Utility	Stormwater Utility
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 3,499	\$ 3,099	\$ (2,083)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,504	4,954	1,119
Provision for uncollectible accounts	17	(8)	96
Self-insurance	-	-	-
Changes in assets and liabilities:			
Accounts and other receivables	(178)	(552)	(60)
Deferred charges	-	-	-
Inventory of supplies	-	(62)	-
Loans receivable	3	9	-
Accounts payable	713	4,444	184
Due to other governments	37	-	-
Deposits and other liabilities	86	(18)	-
Compensated absences	(300)	(1,214)	(54)
Deferred revenue	-	-	-
Net cash provided by (used for) operating activities	<u>\$ 5,381</u>	<u>\$ 10,652</u>	<u>\$ (798)</u>
<b>NONCASH TRANSACTIONS:</b>			
Net decrease in fair value of investments	\$ (409)	\$ (1,545)	\$ (133)
Unamortized cost of issuance on defeased debt removed	14	27	-
Refunding debt added	-	-	-
Cost of issuance on refunding debt added	-	-	-
Loss on defeased debt	17	343	-
Donation of capital assets	5,242	4,054	4,694
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS:</b>			
Cash and investments	\$ 18,306	\$ 80,580	\$ 5,978
Cash with cash investments fiscal agents	-	53	-
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	5	14,380	-
Total cash and investments	<u>18,311</u>	<u>95,013</u>	<u>5,978</u>
Less long term investments reported as:			
Cash and investments with fiscal agents	-	-	-
Net cash and cash equivalents	<u>\$ 18,311</u>	<u>\$ 95,013</u>	<u>\$ 5,978</u>

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

Enterprise					
Central Parking District	Other	Total		Internal Service	
		2004	2003	2004	2003
\$ 501	\$ (383)	\$ 4,633	\$ 2,458	\$ (4,499)	\$ (18,718)
332	176	8,085	8,383	3,002	2,733
44	(31)	118	51	(27)	6
-	-	-	-	1,288	13,878
(62)	133	(719)	36	110	70
(1,136)	-	(1,136)	(205)	(234)	-
-	-	(62)	(26)	-	-
-	-	12	57	-	-
330	14	5,685	146	(130)	(335)
-	-	37	(159)	-	-
1	-	69	411	-	-
-	(524)	(2,092)	(292)	(8)	(82)
-	-	-	(22)	-	-
<u>\$ 10</u>	<u>\$ (615)</u>	<u>\$ 14,630</u>	<u>\$ 10,838</u>	<u>\$ (498)</u>	<u>\$ (2,448)</u>
\$ (23)	\$ (7)	\$ (2,117)	\$ (245)	(141)	(19)
-	-	41	31	-	-
-	-	-	14,135	-	-
-	-	-	(214)	-	-
-	-	360	361	-	-
-	-	13,990	17,975	-	-
\$ 1,079	\$ 343	\$ 106,286	\$ 115,939	\$ 28,901	\$ 25,838
-	-	53	52	-	-
-	-	-	158	-	-
<u>24,822</u>	<u>-</u>	<u>39,207</u>	<u>13,761</u>	<u>-</u>	<u>-</u>
25,901	343	145,546	129,910	28,901	25,838
-	-	-	13,445	-	-
<u>\$ 25,901</u>	<u>\$ 343</u>	<u>\$ 145,546</u>	<u>\$ 116,465</u>	<u>\$ 28,901</u>	<u>\$ 25,838</u>

# CITY OF STOCKTON

## STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND JUNE 30, 2004 (With comparative totals as of June 30, 2003) (Dollar amounts in thousands)

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	2004	2003
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,461	\$ 13,533
Accounts and other receivables	494	181
Due from other governments	<u>1,064</u>	<u>-</u>
Total assets	<u>\$ 17,019</u>	<u>\$ 13,714</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 367	\$ 101
Due to other governments	3,339	3,647
Deposits and other liabilities	<u>13,313</u>	<u>9,966</u>
Total liabilities	<u>\$ 17,019</u>	<u>\$ 13,714</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, 2004**

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# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

---

### 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. The City's original charter was adopted on January 15, 1889. The City operates under a Council-Manager form of government consisting of seven elected council members including the mayor and a council appointed City Manager. The City provides the following services as authorized by its charter: public safety (police, fire, paramedics, and building), sanitation (solid waste disposal, sanitary wastewater, and stormwater utilities), water utility, community development, library, parks and recreation, and general administrative services.

As required by accounting principles generally accepted in the United States of America and Governmental Accounting Standards Board (GASB) Statement 14, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each blended component unit has a June 30th year-end.

The 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.

**Blended Component Units** – The Redevelopment Agency of the City of Stockton (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 Sanitary 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 Sanitary 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, 2004 (Dollar amounts in thousands)

---

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

Financial statements for the Agency and SPFA may be obtained at the entities' respective administration office as follows:

Redevelopment Agency of the  
City of Stockton  
425 North El Dorado Street  
Stockton, CA 95202-1997

Stockton Public Financing Authority  
City of Stockton  
425 North El Dorado Streets  
Stockton, CA 95202-1997

**Government-wide and Fund Financial Statements** – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, 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 segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

#### **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.

Revenues are recognized for utility funds based on billings rendered to customers. The City accrues revenues for services provided but not yet billed, at the end of a fiscal period.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (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 levies, bills and collects property taxes for the City of Stockton. 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 and assumes responsibility for collecting any delinquent amounts plus penalties and interest.

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.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

---

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

On July 6, 1988, the City Council adopted (Ordinance No. 56-88C.S.) Stockton Municipal Code Sections 16-175 et seq. creating and establishing the authority for imposing and charging Public Facilities Fees. These funds are to provide for the mitigation of the impact of contemplated future development on existing public facilities and to provide for new public facilities and improvements as needed. On September 12, 1988, the City Council adopted Resolution No. 88-0616 imposing Public Facilities Fees to be paid at the time of issuance of a building permit for development. The revenue is recognized when the building permits are paid. The building division began collecting these fees on November 14, 1988.

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 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 and street tree/street signs, street light in-lieu, air quality mitigation, habitat and open space conservation, infrastructure financing district 92-1 administration, 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.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

---

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

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.

**Sanitary 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 to this general rule 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.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

---

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

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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 nonoperating 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 as described below, the City pools cash from all funds for the purpose of maximizing interest through investment activities. Pooled investments do not include certain bond proceeds. Investments are carried at fair value with the exception of money market investments and certain nonparticipating guaranteed investment contracts, which are carried at cost. The fair value of investments is based on published market prices and quotations from major investment brokers.

The Local Agency Investment Fund (LAIF) is an external investment pool established under California State statutes. LAIF is not registered with the Securities and Exchange Commission. The State of California has regulatory oversight of LAIF. 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, Sanitary Wastewater Utility Fund, Stormwater Utility Fund, Solid Waste Fund, Central Parking District 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.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

---

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

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 to be cash and cash equivalents. The LAIF and money market investments are determined to be included as cash and cash equivalents. Proceeds from debt and other cash and investments held by fiscal agents by agreement are classified as restricted assets in the proprietary funds. Cash held with fiscal agents is included as cash and cash equivalents. Investments that are held with fiscal agents with a maturity of three months or greater are not included as cash and cash equivalents.

**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 on a consumption basis, wherein 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 at the date of donation.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

---

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are 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 accounting principles generally accepted in the United States of America, 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, 2004, there was no capitalized interest cost in connection with the construction in progress.

Property, plant, equipment and infrastructure of the City are depreciated using the straight line method over the following estimated useful lives:

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, sanitary wastewater and stormwater mains and laterals)	50 - 100 years

**Vacation and Sick Leave Pay** – 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 based upon terms negotiated with individual bargaining units. 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. With respect to obligations of the governmental fund types, the amounts are presented in the government-wide financial statements.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

---

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are 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 accounting principles generally accepted in the United States of America, 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, 2004, there was no capitalized interest cost in connection with the construction in progress.

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**Vacation and Sick Leave Pay** – 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 based upon terms negotiated with individual bargaining units. 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. With respect to obligations of the governmental fund types, the amounts are presented in the government-wide financial statements.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

---

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

**Long-Term Obligations** – In the government-wide financial statements, and proprietary fund types in the 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.

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, Sanitary 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 ultimate fund (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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

---

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

**Comparative data** – The 2003 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 2003 comparative data have been reclassified to conform to the 2004 financial statements presentation.

### 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."

**Deposits** – At June 30, 2004, the recorded amount of the City's deposits was \$12,734; and the bank balance was \$5,538. The bank balance and carrying amount differ due to deposits in transit of \$12,027 and outstanding checks of \$4,831.

The bank balances were entirely insured or collateralized at June 30, 2004. 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.

The City's deposits are categorized to give an indication of the level of custodial credit risk at year-end:

Category 1 – Insured or collateralized with securities held by the City or its agent in the City's name. The City held \$5,538 in Category 1 deposits at June 30, 2004.

**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)

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

### 2. CASH AND INVESTMENTS (Continued)

- Demand accounts - insured/collateralized
- Money market mutual funds
- Medium term notes
- Guaranteed investment contracts

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 5.58% to 6.57% of which \$5,862 is collateralized 100% to 103% 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 \$13,948. The total amount invested by all public agencies in LAIF is \$57,600,699, of which 1.603% is invested in derivative financial products. 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.

The City's investments are categorized to give an indication of the level of custodial credit risk at year-end:

Category 1 – Insured or registered or securities held by the City or its agent in the City's name.

During the year ended June 30, 2004, the City did not utilize investment types different from those categorized below.

A summary of cash and investments by such categories at June 30, 2004 is as follows:

Investment Type	Category 1	Non Categorized	Fair Value
U.S. Government securities	\$ 293,680	\$ -	\$ 293,680
Commercial paper	2,952	-	2,952
LAIF	-	13,948	13,948
Money market funds	-	113,831	113,831
Guaranteed investment contracts	-	7,708	7,708
Total investments	\$ 296,632	\$ 135,487	\$ 432,119

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

### 2. CASH AND INVESTMENTS (Continued)

Summary of GASB Statement No. 3 disclosure carrying amounts:

Deposits	\$ 12,734
Investments	432,119
Total cash and investments	<u>\$ 444,853</u>
Presented in the government-wide statement of net assets:	
Cash and investments	\$ 387,024
Restricted cash and investments	42,368
Presented in the statement of fiduciary net assets	15,461
Total cash and investments	<u>\$ 444,853</u>

**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 and governmental funds balance sheet 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, 2004, restricted cash and cash equivalents/investments are as follows:

<b>Governmental Activities</b>	
Redevelopment Agency Loan	\$ 593
Community Development Loan	1,230
HOME Program	1,338
Total	<u>\$ 3,161</u>
<b>Business-Type Activities</b>	
Water Utility	\$ 5
Sanitary Wastewater Utility	14,380
Central Parking District	24,822
Total	<u>\$ 39,207</u>

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

### 3. INTERFUND RECEIVABLES / PAYABLES

Interfund receivables and payables are as follows at June 30, 2004:

Due to/from other funds:			
<b>Receivable Fund</b>	<b>Payable Fund</b>		<b>Amount</b>
General	Other Governmental	\$	2,037
	Other Enterprise		163
Public Facilities Impact Fees	Central Parking District		1,000
Total		\$	<u>3,200</u>
Advances from/to other funds:			
<b>Receivable Fund</b>	<b>Payable Fund</b>		<b>Amount</b>
General	Redevelopment Agency	\$	905
	Capital Improvement		350
	Other Governmental		2,306
Public Facilities Impact Fees	Redevelopment Agency		143
Capital Improvement	Public Facilities Impact Fees		5,936
	Redevelopment Agency		14,831
	Other Governmental		343
	Other Enterprise		1,164
Other Governmental	Redevelopment Agency		15,623
Sanitary Wastewater Utility	Redevelopment Agency		103
Central Parking District	Redevelopment Agency		847
Total		\$	<u>42,551</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 to" and "advances from" balances represent loan activity between various funds. The \$905 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 \$5,936 loan from Capital Improvement to Public Facilities Impact Fees is for architectural and construction costs for Police and Fire Stations. The \$14,831 from Capital Improvement to the Redevelopment Agency represents loans for various project areas. The \$1,164 is for loans from Capital Improvement to the Golf Courses funds. Finally, the \$15,623 represents loans in the amount of \$4,686 from the Urban Development Action Grant, \$10,373 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, 2004 (Dollar amounts in thousands)

### 4. TRANSFERS

Transfers for the year ended June 30, 2004 are summarized as follows:

Transfers out:	Transfers In						Total
	General	Capital Improvement	Redevelopment Agency	Other Governmental	Central Parking District	Internal Service	
General	\$ -	\$ 7	\$ -	\$ 10,267	\$ -	\$ 2,639	\$ 12,913
Public Facilities Impact Fees	-	-	-	147	-	52	199
Capital Improvement	-	-	-	225	6,315	-	6,540
Redevelopment Agency	-	2	-	8,841	-	-	8,843
Other Governmental	3,746	11,053	4,525	11,471	-	169	30,964
Water Utility	562	994	-	-	-	9	1,565
Sanitary Wastewater Utility	2,038	2,354	-	-	-	11	4,403
Stormwater Utility	307	449	-	-	-	-	756
Central Parking District	829	6,315	-	-	-	-	7,144
Internal Service	-	-	-	-	-	5,100	5,100
<b>Total</b>	<b>\$ 7,482</b>	<b>\$ 21,174</b>	<b>\$ 4,525</b>	<b>\$ 30,951</b>	<b>\$ 6,315</b>	<b>\$ 7,980</b>	<b>\$ 78,427</b>

During the year various interfund transfers were made to finance expenditures, subsidize operating losses, and service debt. The \$12,913 General Fund transfer out includes primarily transfers of \$5,878 to the City-County Library, \$3,522 to Recreation Services, \$829 to Debt Service, and \$2,639 to Internal Service Funds. The transfer to the internal service funds includes transfers in the amount of \$2,504 to provide for compensated absences.

The General Fund received transfers in of \$3,746 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 \$562 from the Water Utility Fund and \$2,038 from the Sanitary Wastewater Utility fund for the in-lieu tax and \$829 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 \$11,471 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, 2004 (Dollar amounts in thousands)

### 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003 As Restated	Acquisitions	Dispositions	Balance June 30, 2004
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 27,142	\$ 1,357	\$ (1)	\$ 28,498
Construction in progress	145,285	58,184	(17,842)	185,627
Total capital assets, not being depreciated	<u>172,427</u>	<u>59,541</u>	<u>(17,843)</u>	<u>214,125</u>
Capital assets, being depreciated:				
Infrastructure	230,171	33,235	288	263,694
Buildings and improvements	51,920	7,292	(288)	58,924
Machinery and equipment	35,528	3,236	(4,010)	34,754
Total capital assets, being depreciated	<u>317,619</u>	<u>43,763</u>	<u>(4,010)</u>	<u>357,372</u>
Less accumulated depreciation for:				
Infrastructure	(44,060)	(4,896)	-	(48,956)
Buildings and improvements	(36,049)	(1,556)	-	(37,605)
Machinery and equipment	(23,183)	(3,140)	3,130	(23,193)
Total accumulated depreciation	<u>(103,292)</u>	<u>(9,592)</u>	<u>3,130</u>	<u>(109,754)</u>
Total capital assets, being depreciated, net	<u>214,327</u>	<u>34,171</u>	<u>(880)</u>	<u>247,618</u>
Governmental activities capital assets, net	<u>\$ 386,754</u>	<u>\$ 93,712</u>	<u>\$ (18,723)</u>	<u>\$ 461,743</u>
	Balance July 1, 2003	Acquisitions	Dispositions	Balance June 30, 2004
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 7,248	\$ 5,211	\$ (89)	\$ 12,370
Construction in progress	6,304	20,106	(471)	25,939
Total capital assets, not being depreciated	<u>13,552</u>	<u>25,317</u>	<u>(560)</u>	<u>38,309</u>
Capital assets, being depreciated:				
Buildings and improvements	468,916	20,732	(2,520)	487,128
Machinery and equipment	8,961	106	(64)	9,003
Total capital assets, being depreciated	<u>477,877</u>	<u>20,838</u>	<u>(2,584)</u>	<u>496,131</u>
Less accumulated depreciation for:				
Buildings and improvements	(110,698)	(7,691)	76	(118,313)
Machinery and equipment	(5,616)	(246)	64	(5,798)
Total accumulated depreciation	<u>(116,314)</u>	<u>(7,937)</u>	<u>140</u>	<u>(124,111)</u>
Total capital assets, being depreciated, net	<u>361,563</u>	<u>12,901</u>	<u>(2,444)</u>	<u>372,020</u>
Business-type activities capital assets, net	<u>\$ 375,115</u>	<u>\$ 38,218</u>	<u>\$ (3,004)</u>	<u>\$ 410,329</u>

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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### 5. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 128
Public safety	337
Public works	4,980
Library	245
Parks & Recreation	900
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	3,002
Total depreciation expense - governmental activities	<u>\$ 9,592</u>
Business-type activities:	
Water Utility	\$ 1,481
Sanitary Wastewater Utility	4,867
Stormwater Utility	1,119
Central Parking District	294
Golf Courses	176
Total depreciation expense - business-type activities	<u>\$ 7,937</u>

### 6. LONG-TERM DEBT

#### ***Bonds Payable***

#### Special Assessment Bonds

Governmental activities – During the year, three new 1915 Act Special Assessment Bonds were authorized and issued for \$18,185, \$3,360 and \$3,100 to finance the improvements of special districts located within the City. There are currently thirteen bonds authorized and issued with interest rates ranging from 2.15% to 8.1% and final maturity in September 2034. 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, 2004 (Dollar amounts in thousands)

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

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

Year Ending June 30,	Governmental Principal	Activities Interest
2005	\$ 1,235	\$ 3,550
2006	1,850	2,947
2007	1,950	2,855
2008	1,960	2,756
2009	2,060	2,651
2010-2014	8,450	11,832
2015-2019	7,445	9,643
2020-2024	8,900	7,127
2025-2029	9,650	4,167
2030-2034	8,530	1,404
2035	237	6
Total	<u>\$ 52,267</u>	<u>\$ 48,938</u>

#### Mello-Roos Special Tax Bonds

Governmental activities – Community Facilities Districts 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 bonds authorized and issued, six of which have interest rates ranging from 1.75% to 6.91% and two at a variable interest rate, and final maturity in September 1, 2033. 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 \$3,250 of Mello-Roos Special Tax Bonds through its Camera Estates Community Facilities District. 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, 2004 (Dollar amounts in thousands)

### 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 Principal	Activities Interest
2005	\$ 1,610	\$ 2,683
2006	1,925	2,601
2007	2,020	2,504
2008	2,115	2,399
2009	2,220	2,285
2010-2014	12,705	9,374
2015-2019	7,715	5,973
2020-2024	12,155	4,552
2025-2029	5,940	2,956
2030-2034	6,255	819
Total	<u>\$ 54,660</u>	<u>\$ 36,146</u>

#### 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 (West Eighth Street Series 1999) in the amount of \$11,610 to refund two prior issues of limited obligation improvement bonds. There are currently ten bonds authorized and issued with interest rates ranging from 3.0% to 8.1% and final maturity on September 1, 2034. 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. During the year, the City issued \$47,000 of revenue bonds to finance a portion of the costs of an indoor arena for the Stockton Events Center Arena Project. The interest rates for this bond ranges from 2.0% to 5.250% and the final maturity is September 1, 2036.

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 for this bond ranges from 4.0% to 5.375% the final maturity is September 1, 2034.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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

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

Year Ending June 30,	Governmental		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 4,995	\$ 7,382	\$ 460	\$ 648
2006	5,275	8,924	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
2010-2014	40,125	25,644	4,760	10,392
2015-2019	28,730	14,495	7,045	9,117
2020-2024	12,025	10,209	9,110	7,051
2025-2029	10,285	7,587	7,975	4,950
2030-2034	14,045	4,684	11,850	2,419
2035-2037	11,370	873	2,950	77
Total	<u>\$ 145,060</u>	<u>\$ 99,827</u>	<u>\$ 46,625</u>	<u>\$ 43,583</u>

#### ***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. The certificates have interest rates ranging from 4.10% 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% and final maturity is September 1, 2033.

Business-type activities - SPFA (lessor) issued Certificates of Participation on June 3, 2003 in the amount of \$14,135, with interest rates ranging from 2.00% - 4.25%, the full amount maturing serially through September 1, 2023, in annual principal installments ranging from \$545 to \$965. Certificates of Participation were issued to advance refund other certificates of participation.

In addition, the City issued Certificates of Participation on February 1, 1998, in the amount of \$101,650, with interest rates ranging from 4.0% to 5.2%, the full amount maturing serially through September 1, 2029, in annual principal installments ranging from \$1,395 to \$7,325.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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

The proceeds of the 1998 issue were used to finance the design and construction of a sewer interceptor and to make improvements and modifications to the southern industrial sewer trunk line, and to defease the 1995 Certificates of Participation issue that was 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 the net revenues of the Sanitary Wastewater Utility Fund.

The statement of net assets, Enterprise-Sanitary Wastewater Utility Fund (restricted assets) includes \$14,380 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
2005	\$ 220	\$ 1,483	\$ 2,250	\$ 5,126
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
2010-2014	2,605	6,886	14,835	22,045
2015-2019	4,130	6,000	18,710	18,170
2020-2024	5,385	4,528	23,815	13,072
2025-2029	7,065	3,009	31,420	6,159
2030-2034	7,140	844	7,325	190
Total	<u>\$ 27,550</u>	<u>\$ 28,568</u>	<u>\$ 108,215</u>	<u>\$ 84,401</u>

#### **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 drawn down \$275 as of June 30, 2004. Accumulated interest calculated at 4.5% per annum totals \$9 through June 30, 2004, and will be recognized as an expenditure when paid.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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

Repayment of the loan began on August 1, 2003, and the term of the agreement is for ten years commencing on September 3, 2001. Principal of \$21 was paid on this loan during fiscal year 2004.

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. The City has drawn all funds as of June 30, 2004. Accumulated interest per annum totals \$284 through June 30, 2004, and will be recognized as an expenditure when paid. Repayment of these loans began on January 23, 2001, and the terms of these agreements are for 19 and 13 years, respectively, commencing on January 3, 2001. Principal of \$375 was paid on these loans during fiscal year 2004; \$85 and \$290 respectively.

The City also entered into a loan agreement with the California Housing Finance Agency for the purposes of the operation of a local housing program. The loan amount is for a maximum of \$500, of which the City has drawn down \$485 as of June 30, 2004. Interest is calculated at 3.0% simple per annum. The term of the loan is 10 years from the date of the agreement and will be due on June 24, 2013.

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2005	\$ 424	\$ 687
2006	455	666
2007	486	643
2008	517	617
2009	553	587
2010-2014	3,809	2,412
2015-2019	4,460	1,294
2020-2021	1,988	132
Total	<u>\$ 12,692</u>	<u>\$ 7,038</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, 2004 (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. The liability for unpaid claims for general liability and workers' compensation is discounted to reflect the City's settlement rate and anticipated future investment earnings, using discount rates of 2.65% and 3.0%, respectively. See Notes 10 and 11 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:

	Long-Term	Current	Total
General liability	\$ 1,845	\$ 1,073	\$ 2,918
Workers' compensation	34,241	6,606	40,847
Health insurance	-	2,579	2,579
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 36,086</u>	<u>\$ 10,258</u>	<u>\$ 46,344</u>

#### *Advances From Other Governments*

	Water Utility	Stormwater Utility	Total
Federal Drought Relief Act	\$ 891	\$ -	\$ 891
Federal Clean Water Act	-	328	328
	<u>          </u>	<u>          </u>	<u>          </u>
Total	891	328	1,219
Less current portion	-	161	161
	<u>          </u>	<u>          </u>	<u>          </u>
Long-term portion	<u>\$ 891</u>	<u>\$ 167</u>	<u>\$ 1,058</u>

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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

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. As of June 30, 2004 advances totaled \$891. The loan will bear interest at 5% per annum and shall be for a term not to exceed 40 years. There was no interest accruing at June 30, 2004.

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). As of June 30, 2004 advances totaled \$328. The loan will bear interest at 3.1% per annum and shall be for a term not to exceed 10 years after completion of the City's three-year program. Accrued interest at June 30, 2004 was \$10.

Long-term debt activity for the year ended June 30, 2004 was as follows:

Governmental activities:	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
Bonds payable:					
Special Assessment Debt with Government Commitment (1915 Act Special Assessment Bonds)	\$ 29,222	\$ 24,645	\$ (1,600)	\$ 52,267	\$ 1,235
Mello-Roos Special Tax Bonds	52,900	3,250	(1,490)	54,660	1,610
Revenue Bonds	102,720	47,000	(4,660)	145,060	4,995
Less deferred amounts:					
For issuance premiums	-	1,637	-	1,637	49
For issuance discounts	(1,011)	(219)	45	(1,185)	(105)
Total bonds payable	<u>183,831</u>	<u>76,313</u>	<u>(7,705)</u>	<u>252,439</u>	<u>7,784</u>
Certificates of participation	27,760	-	(210)	27,550	220
Less deferred amounts:					
For issuance discounts	(98)	-	3	(95)	(3)
Total certificates of participation	<u>27,662</u>	<u>-</u>	<u>(207)</u>	<u>27,455</u>	<u>217</u>
Loans payable	8,270	4,818	(396)	12,692	424
Compensated absences	18,630	46	(1,231)	17,445	10,198
Claims and judgments	45,056	30,424	(29,136)	46,344	10,258
Governmental activities - long-term debt	<u>\$ 283,449</u>	<u>\$ 111,601</u>	<u>\$ (38,675)</u>	<u>\$ 356,375</u>	<u>\$ 28,881</u>

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$782 of internal service funds compensated absences and \$46,344 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.

Business-type activities	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
Bonds payable:					
Mello-Roos Special Tax Bonds	\$ 6,180	\$ -	\$ (6,180)	\$ -	\$ -
Revenue Bonds	14,280	32,785	(440)	46,625	460
Less deferred amounts:					
For issuance discounts	(282)	(73)	14	(341)	(16)
Deferred amount for refunding	(475)	-	158	(317)	(17)
Total bonds payable	<u>19,703</u>	<u>32,712</u>	<u>(6,448)</u>	<u>45,967</u>	<u>427</u>
Certificates of participation	109,855	-	(1,640)	108,215	2,250
Less deferred amounts:					
For issuance discounts	(623)	-	27	(596)	(27)
Deferred amount for refunding	(5,555)	-	343	(5,212)	(343)
Total certificates of participation	<u>103,677</u>	<u>-</u>	<u>(1,270)</u>	<u>102,407</u>	<u>1,880</u>
Compensated absences	2,407	2,198	(4,290)	315	133
Advances from other governments	1,421	-	(202)	1,219	161
Business-type activities - long-term debt	<u>\$ 127,208</u>	<u>\$ 34,910</u>	<u>\$ (12,210)</u>	<u>\$ 149,908</u>	<u>\$ 2,601</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, 2004, 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
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# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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

In addition, in prior years, the City defeased certain proprietary fund debt by placing the proceeds of new debt in an irrevocable trust 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, 2004, the outstanding balance considered defeased is:

1995 Certificates of Participation - Sanitary Wastewater Utility Fund	\$	38,575
1993 Certificates of Participation - Water Utility Fund	\$	14,515
1993 Certificates of Participation - Wastewater Utility Fund	\$	13,660

### 7. CONDUIT DEBT OBLIGATIONS

From time-to-time, the City has issued 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, 2004, there were seven series of revenue bonds outstanding, with an aggregate principal amount payable of \$126,646.

### 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/retained earnings 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.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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

A summary of reported reserves and designations by fund at June 30, 2004 follows:

	Governmental Activities					Total
	General	Public Facilities Impact Fees	Capital Improvement	Redevelopment Agency	Other	
Reserves:						
Encumbrances	\$ 1,185	\$ 792	\$ 1,027	\$ 220	\$ 3,998	\$ 7,222
Advances	3,561	549	22,274	-	57,601	83,985
Debt service	-	-	-	-	46,456	46,456
Capital projects	1,042	48,277	26,856	39,139	41,634	156,948
Loan commitment	-	-	888	-	-	888
Low- and moderate- income housing	-	-	-	1,120	640	1,760
Endowments	-	-	-	-	1,383	1,383
Other items	329	-	-	40	3,732	4,101
Total reserves	<u>\$ 6,117</u>	<u>\$ 49,618</u>	<u>\$ 51,045</u>	<u>\$ 40,519</u>	<u>\$ 155,444</u>	<u>\$ 302,743</u>
Designations:						
Termination pay	\$ 662	\$ -	\$ -	\$ -	\$ 132	\$ 794
Infrastructure	2,470	-	-	-	-	2,470
State initiated revenue reductions	5,179	-	-	-	-	5,179
Economic uncertainties	3,419	-	-	-	-	3,419
Total designations	<u>\$ 11,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132</u>	<u>\$ 11,862</u>

**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 start-up costs.

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

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

**Loan Commitment** – For loans to the new Emergency Medical Transportation Fund to assist with funding start-up costs. Fund was established July 1, 2002.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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

**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 the 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.

**State Initiated Revenue Reductions** – Foreseen cuts in funds provided by the State due to State budget shortfalls.

### 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 (Plans) 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 City full-time 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.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

### 9. PENSION PLAN (Continued)

**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 21.403% of annual covered payroll. The rate for Miscellaneous members was 3.689% 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, 2004, the City's annual pension cost of \$9,513 for the Safety Plan and \$1,896 for the Miscellaneous Plan were equal to the City's required contributions. The required contributions were determined as part of the June 30, 2001 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, 2003 was 22 years for the Safety Plan and 20 years for the Miscellaneous Plan.

#### SAFETY PLAN

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/04	\$ 9,513	100 %	\$ -
6/30/03	6,826	100	-
6/30/02	3,940	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
6/30/04	\$ 1,896	100 %	\$ -
6/30/03	-	100	-
6/30/02	-	100	-

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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### 11. RISK POOLS (Continued)

#### ***Self-Insurance Programs of the CJPRMA***

*General Liability Insurance* - 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. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, errors and omissions and certain other coverage. Separate deposits are collected from the member cities to cover claims between \$1,000 and \$14,000. These deposits are subject to retrospective adjustments.

***California Public Entity Insurance Authority*** - The CPEIA provides excess insurance programs to its members, which include a variety of California public entities, including cities, counties, school districts and special districts.

#### ***Self-Insurance Programs of the CPEIA***

*Workers' Compensation Insurance* - The pool is structured to provide coverage in excess of the member's self-insured retention level. The City's self-insured retention level is \$750. The CPEIA pool layer is \$5,000. Reinsurance is in place in layers above the \$5,000 to \$50,000.

#### ***Property Protection***

The City of Stockton 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.

### 12. 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, 525 retirees meet these eligibility requirements and participate in the Plan.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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### 12. POST-RETIREMENT HEALTH CARE BENEFITS (Continued)

The City's contributions are financed on a pay-as-you-go basis. During the year, expenditures of approximately \$7,303 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.

### 13. CONTINGENT LIABILITIES

**General Liability** - 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.

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 disallowances 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 Notes 11 and 12.

**Construction Commitments** - The City is undertaking a number of capital improvement projects, the most significant of which include the following at June 30, 2004:

• Street Improvements	\$ 15,196
• Wastewater Utility	8,392
• Event Center	3,550
• Water Utility	2,630
• Youth Center	2,432
• Traffic Signals	1,857

### 14. DEFICIT FUND BALANCE AND UNFUNDED LIABILITIES

- The Cooperative Library had a deficit balance of \$2 at June 30, 2004 primarily 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.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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### 14. DEFICIT FUND BALANCE AND UNFUNDED LIABILITIES (Continued)

- The Emergency Medical Transportation Fund has a deficit fund balance of \$2,731 at June 30, 2004 due to timing difference between expenditures and reimbursements from insurances yet to be received. The City's Emergency Medical Transportation Fund is expected to be self-supporting within the next five years.
- The City budgets revenues and projects expenses in the General Liability Insurance Fund (internal service) based upon an analysis of the cash flows with the fund. On an accrual basis of accounting, the General Liability Insurance Fund has a long-term liability of \$1,845 and a deficit in net assets of \$1,022. The cash balance of the fund at June 30, 2004 is \$1,945. 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 \$34,241 and a deficit in net assets of \$34,275. The cash balance of the fund at June 30, 2004 is \$6,633. 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 Fund (internal service) based upon an analysis of the cash flows with the fund. On an accrual basis of accounting, the Health Benefits Fund has a current liability for claims of \$2,579 and a deficit in net assets of \$1,383. The cash balance of the fund at June 30, 2004 is \$1,271. The City will fund the deficit over time by adjusting the rates paid by City funds.

### 15. OPERATING LEASES

Operating lease obligations are primarily for rental of parking facilities space, but other lease obligations are included. Total expenditures for leases were \$233 for the year ended June 30, 2004. The future minimum lease payments required for those operating leases are as follows:

June 30,	Amount
2005	\$ 327
2006	335
2007	205
2008	187
2009	196
2010-2014	1,136
2015-2019	1,457
Total	<u>\$ 3,843</u>

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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### 16. RESTATEMENT OF BEGINNING NET ASSETS

Governmental activities' beginning net assets have been restated as follows:

#### Prior period adjustment:

The City overstated construction in progress for infrastructure incurred in prior years during the conversion and implementation of GASB 34.

	<b>Governmental Activities</b>
Net asset, beginning of year, as originally reported	\$ 414,279
Infrastructure CIP	<u>(38,772)</u>
Net assets, beginning of year, restated	<u>\$ 375,507</u>

### 17. FUTURE GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Four of the new standards, GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*, 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. 40 modifies previous custodial credit risk disclosure requirements and establishes more comprehensive disclosure requirements relating to other common risks of investments such as credit risk, concentration of credit risk and interest rate risk. GASB Statement No. 40 will be implemented in the financial statements for the year ending June 30, 2005.

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.

# CITY OF STOCKTON

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

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### 17. FUTURE GASB PRONOUNCEMENTS (Continued)

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB 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 in fiscal year 2005.



# CITY OF STOCKTON



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**



# CITY OF STOCKTON

## SCHEDULES OF DEFINED BENEFIT PENSION PLANS FUNDED STATUS FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

### MISCELLANEOUS PLAN

Valuation Date	Entry Age Normal Accrued Liability (1)	Actuarial Value of Assets (2)	Unfunded Liability (Excess Assets) (1)-(2)	Funded Status (2)/(1)	Annual Covered Payroll (3)	UAAL As a Percentage of Payroll [(1)-(2)]/(3)
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%
6/30/01	282,136	324,340	(42,204)	115.0%	50,843	-83.0%

### SAFETY PLAN

Valuation Date	Entry Age Normal Accrued Liability (1)	Actuarial Value of Assets (2)	Unfunded Liability (Excess Assets) (1)-(2)	Funded Status (2)/(1)	Annual Covered Payroll (3)	UAAL As a Percentage of Payroll [(1)-(2)]/(3)
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%
6/30/01	401,016	402,288	(1,272)	100.3%	37,359	-3.4%

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, 2004 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 22,130	\$ 22,130	\$ 24,349	\$ 2,219
Utility	33,300	33,300	33,322	22
Sales and use	34,240	34,240	36,723	2,483
Other	15,940	15,940	17,214	1,274
Licenses and permits	423	423	517	94
Other governmental	17,458	17,458	13,384	(4,074)
Charges for services	10,117	10,410	11,005	595
Fines and forfeitures	1,398	1,613	1,905	292
Use of money and property	615	720	607	(113)
Investment income:				
Interest income	750	750	734	(16)
Net decrease in fair value of investments	-	-	(686)	(686)
Refunds and reimbursements	2,793	2,793	2,569	(224)
Miscellaneous	5,078	6,176	5,179	(997)
<b>Total revenues</b>	<b>144,242</b>	<b>145,953</b>	<b>146,822</b>	<b>869</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
City council	517	457	457	-
City manager	2,032	2,361	2,360	1
City attorney	1,046	1,046	996	50
City clerk	951	985	985	-
City auditor	498	513	512	1
Administrative services	4,718	5,157	4,838	319
Personnel	1,799	1,800	1,711	89
Housing and redevelopment	63	63	63	-
Non-departmental	1,179	1,124	1,099	25
<b>Total general government</b>	<b>12,803</b>	<b>13,506</b>	<b>13,021</b>	<b>485</b>
Public safety:				
Police	69,322	68,974	68,834	140
Fire	38,593	39,456	39,457	(1)
Housing and redevelopment	2,489	2,331	2,282	49
<b>Total public safety</b>	<b>110,404</b>	<b>110,761</b>	<b>110,573</b>	<b>188</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, 2004 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public works:				
Administrative services	2,627	1,215	1,371	(156)
Public works	8,774	10,328	10,186	142
Total public works	11,401	11,543	11,557	(14)
Parks and recreation	7,294	7,456	7,456	-
Capital outlay	-	107	106	1
Debt service:				
Cost of issuance	-	74	41	33
Total expenditures	141,902	143,447	142,754	693
EXCESS OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	2,340	2,506	4,068	1,562
OTHER FINANCING SOURCES (USES):				
Transfers in	6,875	6,967	7,482	515
Transfers out	(9,400)	(11,409)	(10,409)	1,000
Sale of fixed assets	-	-	5	5
Total other financing sources (uses)	(2,525)	(4,442)	(2,922)	1,520
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(185)	(1,936)	1,146	3,082
BASIS ADJUSTMENTS:				
Compensated absences	-	(2,504)	(2,504)	-
Encumbrances	-	-	1,185	1,185
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(185)	(4,440)	(173)	4,267
FUND BALANCE, BEGINNING OF YEAR	13,853	9,109	18,020	8,911
FUND BALANCE, END OF YEAR	<u>\$ 13,668</u>	<u>\$ 4,669</u>	<u>\$ 17,847</u>	<u>\$ 13,178</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, 2004 (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, City-County Library, Special Assessments, Other Special Revenue, Emergency Medical Transportation, Recreation Services, Development Services and Special Projects) 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.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (Continued)  
FOR THE YEAR ENDED JUNE 30, 2004  
(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

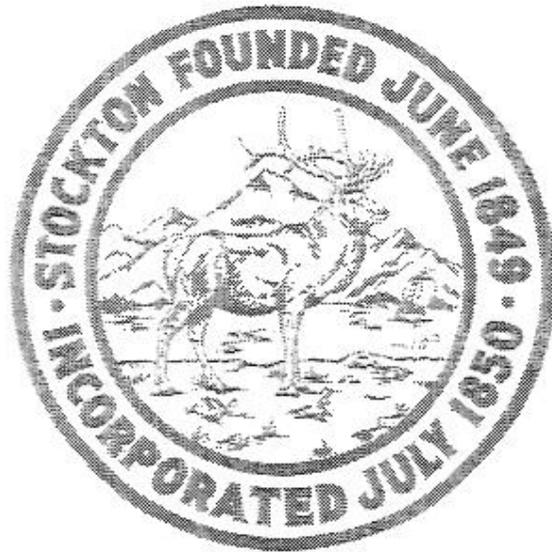
The City adopts budgets each fiscal year on a basis of accounting, which is different from accounting principles generally accepted in the United States of America (GAAP).

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 account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes, other than those for major capital projects.
- Debt service funds account for the accumulation of resources for the repayment of principal and interest on general long-term debt.
- Capital projects funds account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.
- The permanent fund reports resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

## 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.

#### **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.

#### **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.

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

### **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.

### **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 Medical Transportation**

To account for the City's 911 emergency response ambulance transportation service 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.

### **Special Projects Fund**

To account for extraordinary operating costs, such as department head recruitment and special election costs.

### **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, 2004

(With comparative totals for June 30, 2003)

(Dollar amounts in thousands)

	Special Revenue		
	Special Grants	Solid Waste & Recycling	Gas Tax
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 304	\$ 648
Cash and investments with fiscal agents	-	-	-
Restricted assets - cash and investments	-	-	-
Receivables:			
Interest	1	3	10
Taxes and special assessments	-	-	-
Accounts and other receivables	26	11	-
Due from other governments	1,867	-	498
Advances to other funds	-	-	-
Advances to property owners	-	-	-
Property held for resale	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,894</u>	<u>\$ 318</u>	<u>\$ 1,156</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 170	\$ 138	\$ 409
Due to other funds	220	-	-
Due to other governments	-	-	-
Deposits and other liabilities	-	-	-
Deferred revenue	1,159	-	133
Advances from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,549</u>	<u>138</u>	<u>542</u>
<b>FUND BALANCES (DEFICIT):</b>			
<b>Reserved for:</b>			
Encumbrances	72	57	-
Advances	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Low- and moderate-income housing	-	-	-
Endowments	-	-	-
Other items	-	-	-
<b>Unreserved, reported in:</b>			
<b>Special revenue funds:</b>			
Designated for termination pay	-	-	-
Undesignated	273	123	614
Debt service funds	-	-	-
Permanent fund	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>345</u>	<u>180</u>	<u>614</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,894</u>	<u>\$ 318</u>	<u>\$ 1,156</u>

Special Revenue						
Measure K Sales Tax	Cooperative Library	City- County Library	Special Assessments	Redevelopment Agency Loan	Urban Development Action Grant	Community Development Block Grant
\$ 9,246	\$ 12	\$ 2,540	\$ 3,333	\$ 640	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	593	-	-
45	-	-	16	-	-	(2)
-	-	-	-	-	-	-
-	-	5	-	-	-	-
2,048	-	-	-	-	-	617
-	-	-	-	-	4,686	10,373
-	-	-	-	10,849	-	-
-	-	-	-	-	-	108
<u>\$ 11,339</u>	<u>\$ 12</u>	<u>\$ 2,545</u>	<u>\$ 3,349</u>	<u>\$ 12,082</u>	<u>\$ 4,686</u>	<u>\$ 11,096</u>
\$ 1,682	\$ 3	\$ 548	\$ 93	\$ -	\$ -	\$ 53
-	-	-	-	-	-	593
-	-	166	-	-	-	-
-	-	-	-	-	-	2
1,871	11	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,553</u>	<u>14</u>	<u>714</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>648</u>
1,237	-	469	199	-	-	505
-	-	-	-	10,849	4,686	10,374
-	-	-	-	-	-	-
-	-	-	-	640	-	-
-	-	-	-	-	-	-
-	-	-	184	593	-	143
-	-	132	-	-	-	-
6,549	(2)	1,230	2,873	-	-	(574)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,786</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>\$ 11,339</u>	<u>\$ 12</u>	<u>\$ 2,545</u>	<u>\$ 3,349</u>	<u>\$ 12,082</u>	<u>\$ 4,686</u>	<u>\$ 11,096</u>

(Continued)

# CITY OF STOCKTON

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

JUNE 30, 2004

(With comparative totals for June 30, 2003)

(Dollar amounts in thousands)

	Special Revenue		
	Community Development Loan	Special Grant and Loan Programs	Home Program
<b>ASSETS</b>			
Cash and investments	\$ 3,454	\$ 549	\$ -
Cash and investments with fiscal agents	-	-	-
Restricted assets - cash and investments	1,230	-	1,338
Receivables:			
Interest	25	-	5
Taxes and special assessments	-	-	-
Accounts and other receivables	4	-	5
Due from other governments	-	-	313
Advances to other funds	564	-	-
Advances to property owners	16,527	(20)	13,727
Property held for resale	-	-	-
	<u>21,804</u>	<u>529</u>	<u>15,388</u>
Total assets	\$ 21,804	\$ 529	\$ 15,388
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 45	\$ -	\$ 115
Due to other funds	-	-	117
Due to other governments	102	-	-
Deposits and other liabilities	-	-	-
Deferred revenue	-	267	-
Advances from other funds	-	-	-
	<u>147</u>	<u>267</u>	<u>232</u>
Total liabilities	147	267	232
<b>FUND BALANCES (deficit):</b>			
Reserved for:			
Encumbrances	-	-	-
Advances	17,091	-	13,727
Debt service	-	-	-
Capital projects	-	-	-
Low- and moderate-income housing	-	-	-
Endowments	-	-	-
Other items	1,227	58	1,338
Unreserved, reported in:			
Special revenue funds:			
Designated for termination pay	-	-	-
Undesignated	3,339	204	91
Debt service funds	-	-	-
Permanent fund	-	-	-
	<u>21,657</u>	<u>262</u>	<u>15,156</u>
Total fund balances (deficit)	21,657	262	15,156
	<u>\$ 21,804</u>	<u>\$ 529</u>	<u>\$ 15,388</u>
Total liabilities and fund balances (deficit)	\$ 21,804	\$ 529	\$ 15,388

Special Revenue					Debt Service	
Emergency Medical Transportation	Recreation Services	Development Services	Special Projects Fund	Other Special Revenue	Mello- Roos Districts	1915 Act Assessment Districts
\$ -	\$ 513	\$ 1,980	\$ -	\$ 1,103	\$ 13,367	\$ 7,379
-	-	-	-	-	7,759	4,833
-	-	-	-	-	-	-
(6)	-	-	-	6	54	30
-	-	-	-	-	146	359
1,067	128	78	-	3	104	1
-	-	-	-	43	-	-
-	-	-	-	-	-	-
-	-	-	-	874	-	-
-	-	-	-	-	-	-
<u>\$ 1,061</u>	<u>\$ 641</u>	<u>\$ 2,058</u>	<u>\$ -</u>	<u>\$ 2,029</u>	<u>\$ 21,430</u>	<u>\$ 12,602</u>
\$ 64	\$ 103	\$ 265	\$ -	\$ 89	\$ 43	\$ 40
1,107	-	-	-	-	-	-
-	1	-	-	-	7	53
-	57	200	-	71	-	3
-	442	13	-	-	147	359
2,621	-	-	-	28	-	-
<u>3,792</u>	<u>603</u>	<u>478</u>	<u>-</u>	<u>188</u>	<u>197</u>	<u>455</u>
26	14	1,065	-	108	19	18
-	-	-	-	874	-	-
-	-	-	-	-	21,214	12,308
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1	1	-	-	169	-	-
-	-	-	-	-	-	-
(2,758)	23	515	-	690	-	(179)
-	-	-	-	-	-	-
<u>(2,731)</u>	<u>38</u>	<u>1,580</u>	<u>-</u>	<u>1,841</u>	<u>21,233</u>	<u>12,147</u>
<u>\$ 1,061</u>	<u>\$ 641</u>	<u>\$ 2,058</u>	<u>\$ -</u>	<u>\$ 2,029</u>	<u>\$ 21,430</u>	<u>\$ 12,602</u>

(Continued)

# CITY OF STOCKTON

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

JUNE 30, 2004

(With comparative totals for June 30, 2003)

(Dollar amounts in thousands)

	Debt Service		Capital Projects
	Redevelopment Agency	Stockton Public Financing Authority	Mello-Roos Districts
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 1,336	\$ 1,337
Cash and investments with fiscal agents	8,060	3,541	10,421
Restricted assets - cash and investments	-	-	-
Receivables:			
Interest	-	5	7
Taxes and special assessments	-	-	-
Accounts and other receivables	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Advances to property owners	-	-	-
Property held for resale	-	-	-
<b>Total assets</b>	<b>\$ 8,060</b>	<b>\$ 4,882</b>	<b>\$ 11,765</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ -	\$ 8	\$ 1
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits and other liabilities	-	-	-
Deferred revenue	-	-	-
Advances from other funds	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>8</b>	<b>1</b>
<b>FUND BALANCES (deficit):</b>			
<b>Reserved for:</b>			
Encumbrances	-	-	-
Advances	-	-	-
Debt service	8,060	4,874	-
Capital projects	-	-	11,764
Low- and moderate-income housing	-	-	-
Endowments	-	-	-
Other items	-	-	-
<b>Unreserved, reported in:</b>			
<b>Special revenue funds:</b>			
Designated for termination pay	-	-	-
Undesignated	-	-	-
Debt service funds	-	-	-
Permanent fund	-	-	-
<b>Total fund balances (deficit)</b>	<b>8,060</b>	<b>4,874</b>	<b>11,764</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 8,060</b>	<b>\$ 4,882</b>	<b>\$ 11,765</b>

Capital Projects		Permanent		
1915 Act Assessment Districts	Stockton Public Financing Authority	Miscellaneous	Total	
			2004	2003
\$ 28,507	\$ 5	\$ 1,644	\$ 77,897	\$ 58,361
1,071	307	-	35,992	31,658
-	-	-	3,161	4,621
150	-	8	357	248
-	-	-	505	512
-	-	-	1,432	1,183
-	-	-	5,386	5,662
-	-	-	15,623	15,500
-	-	-	41,957	38,120
-	-	-	108	108
<u>\$ 29,728</u>	<u>\$ 312</u>	<u>\$ 1,652</u>	<u>\$ 182,418</u>	<u>\$ 155,973</u>
\$ -	\$ 2	\$ 3	\$ 3,874	\$ 2,258
-	-	-	2,037	480
-	-	-	329	455
-	-	-	333	130
-	-	-	4,402	3,702
-	-	-	2,649	2,020
<u>-</u>	<u>2</u>	<u>3</u>	<u>13,624</u>	<u>9,045</u>
168	-	41	3,998	3,536
-	-	-	57,601	53,620
-	-	-	46,456	35,120
29,560	310	-	41,634	26,719
-	-	-	640	496
-	-	1,383	1,383	1,383
-	-	18	3,732	5,589
-	-	-	132	132
-	-	-	13,190	20,083
-	-	-	(179)	20
-	-	207	207	230
<u>29,728</u>	<u>310</u>	<u>1,649</u>	<u>168,794</u>	<u>146,928</u>
<u>\$ 29,728</u>	<u>\$ 312</u>	<u>\$ 1,652</u>	<u>\$ 182,418</u>	<u>\$ 155,973</u>

# CITY OF STOCKTON

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2004 (With comparative totals for June 30, 2003) (Dollar amounts in thousands)

	Special Revenue		
	Special Grants	Solid Waste & Recycling	Gas Tax
<b>REVENUES:</b>			
Taxes:			
Sales and use	\$ -	\$ -	\$ -
Other	-	-	169
Licenses and permits	-	-	-
Federal grants and subsidies	2,096	-	2,600
Other governmental	1,442	-	4,854
Charges for services	-	-	-
Use of money and property	-	2	-
Investment income:			
Interest income	31	19	32
Net decrease in fair value of investments	(22)	(18)	(26)
Refunds and reimbursements	10	245	-
Miscellaneous	-	23	-
Total revenues	<u>3,557</u>	<u>271</u>	<u>7,629</u>
<b>EXPENDITURES:</b>			
Current:			
General government	184	-	-
Public safety	2,643	-	-
Public works	-	1,401	359
Library	51	-	-
Parks and recreation	499	-	-
Capital outlay	41	-	3,690
Debt service:			
Principal retirement	-	-	-
Cost of issuance	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>3,418</u>	<u>1,401</u>	<u>4,049</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>139</u>	<u>(1,130)</u>	<u>3,580</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	78	-	-
Transfers out	(209)	-	(3,746)
Proceeds of long-term debt	-	-	-
Bond refundings	-	-	-
Discounts on debt issuances	-	-	-
Total other financing sources (uses)	<u>(131)</u>	<u>-</u>	<u>(3,746)</u>
NET CHANGE IN FUND BALANCES	8	(1,130)	(166)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>337</u>	<u>1,310</u>	<u>780</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 345</u>	<u>\$ 180</u>	<u>\$ 614</u>

Special Revenue						
Measure K Sales Tax	Cooperative Library	City- County Library	Special Assessments	Redevelopment Agency Loan	Urban Development Action Grant	Community Development Block Grant
\$ 3,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	81	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	4,711
7,597	132	3,913	-	-	-	-
-	230	304	1,637	-	-	-
-	-	-	-	-	-	-
195	-	-	77	-	-	(16)
(188)	-	-	(49)	-	-	12
-	-	37	-	-	-	-
-	-	-	-	-	-	-
<u>11,214</u>	<u>362</u>	<u>4,254</u>	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>4,707</u>
-	-	-	79	-	-	-
-	-	-	-	-	-	-
1,444	-	-	280	-	-	2,637
-	365	10,244	-	-	-	-
-	-	-	608	-	-	-
11,234	-	795	-	-	-	471
-	-	-	-	-	-	375
-	-	-	-	-	-	-
-	-	-	-	-	-	596
<u>12,678</u>	<u>365</u>	<u>11,039</u>	<u>967</u>	<u>-</u>	<u>-</u>	<u>4,079</u>
<u>(1,464)</u>	<u>(3)</u>	<u>(6,785)</u>	<u>779</u>	<u>-</u>	<u>-</u>	<u>628</u>
-	-	6,104	-	534	-	741
-	-	(4)	-	-	-	(1,081)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	6,100	-	534	-	(340)
(1,464)	(3)	(685)	779	534	-	288
9,250	1	2,516	2,477	11,548	4,686	10,160
<u>\$ 7,786</u>	<u>\$ (2)</u>	<u>\$ 1,831</u>	<u>\$ 3,256</u>	<u>\$ 12,082</u>	<u>\$ 4,686</u>	<u>\$ 10,448</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, 2004 (With comparative totals for June 30, 2003) (Dollar amounts in thousands)

	Special Revenue		
	Community Development Loan	Special Grant and Loan Programs	Home Program
<b>REVENUES:</b>			
Taxes:			
Sales and use	\$ -	\$ -	\$ -
Other	-	-	-
Licenses and permits	-	-	-
Federal grants and subsidies	-	187	1,533
Other governmental	-	-	-
Charges for services	-	-	-
Use of money and property	204	-	75
Investment income:			
Interest income	4	8	21
Net decrease in fair value of investments	(82)	-	-
Refunds and reimbursements	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>126</u>	<u>195</u>	<u>1,629</u>
<b>EXPENDITURES:</b>			
Current:			
General government	360	-	-
Public safety	-	-	-
Public works	-	-	-
Library	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	418
Debt service:			
Principal retirement	-	-	-
Cost of issuance	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>360</u>	<u>-</u>	<u>418</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(234)</u>	<u>195</u>	<u>1,211</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	1,071	-	-
Transfers out	(741)	(4,515)	-
Proceeds of long-term debt	-	4,308	-
Bond refundings	-	-	-
Discounts on debt issuances	-	-	-
Total other financing sources (uses)	<u>330</u>	<u>(207)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	96	(12)	1,211
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>21,561</u>	<u>274</u>	<u>13,945</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 21,657</u>	<u>\$ 262</u>	<u>\$ 15,156</u>

Special Revenue					Debt Service	
Emergency Medical Transportation	Recreation Services	Development Services	Special Projects	Other Special Revenue	Mello- Roos Districts	1915 Act Assessment Districts
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	10,779	5,764
-	-	9,460	-	-	-	-
-	-	-	-	40	-	-
-	-	-	-	256	-	-
2,990	1,895	10,393	-	185	555	-
-	352	-	-	8	-	-
(21)	-	-	-	17	458	225
-	-	(53)	-	(21)	(213)	(200)
189	11	72	-	3	-	-
-	10	11	-	787	-	-
<u>3,158</u>	<u>2,268</u>	<u>19,883</u>	<u>-</u>	<u>1,275</u>	<u>11,579</u>	<u>5,789</u>
-	-	3,448	2	76	327	251
4,381	-	5,317	-	321	-	-
-	-	2,855	-	-	-	-
-	-	-	-	388	-	-
-	5,807	-	-	248	-	-
307	4	2	-	-	-	-
-	-	-	-	-	4,255	2,810
-	-	-	-	-	-	-
-	-	-	-	-	6,220	3,486
<u>4,688</u>	<u>5,811</u>	<u>11,622</u>	<u>2</u>	<u>1,033</u>	<u>10,802</u>	<u>6,547</u>
<u>(1,530)</u>	<u>(3,543)</u>	<u>8,261</u>	<u>(2)</u>	<u>242</u>	<u>777</u>	<u>(758)</u>
-	3,522	-	-	-	377	4,715
-	-	(9,500)	(1,549)	-	-	(1,706)
-	-	-	-	485	-	-
-	-	-	-	-	-	-
-	3,522	(9,500)	(1,549)	485	377	3,009
(1,530)	(21)	(1,239)	(1,551)	727	1,154	2,251
<u>(1,201)</u>	<u>59</u>	<u>2,819</u>	<u>1,551</u>	<u>1,114</u>	<u>20,079</u>	<u>9,896</u>
<u>\$ (2,731)</u>	<u>\$ 38</u>	<u>\$ 1,580</u>	<u>\$ -</u>	<u>\$ 1,841</u>	<u>\$ 21,233</u>	<u>\$ 12,147</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, 2004 (With comparative totals for June 30, 2003) (Dollar amounts in thousands)

	Debt Service		Capital Projects
	Redevelopment Agency	Stockton Public Financing Authority	Mello-Roos Districts
<b>REVENUES:</b>			
Taxes:			
Sales and use	\$ -	\$ -	\$ -
Other	-	1,609	58
Licenses and permits	-	-	-
Federal grants and subsidies	-	-	-
Other governmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	-	-
Investment income:			
Interest income	(7)	175	100
Net decrease in fair value of investments	(127)	(58)	(40)
Refunds and reimbursements	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>(134)</u>	<u>1,726</u>	<u>118</u>
<b>EXPENDITURES:</b>			
Current:			
General government	-	53	80
Public safety	-	-	-
Public works	-	-	7,297
Library	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	895	-
Cost of issuance	-	-	133
Interest and fiscal charges	-	2,121	-
Total expenditures	<u>-</u>	<u>3,069</u>	<u>7,510</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(134)</u>	<u>(1,343)</u>	<u>(7,392)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	8,194	4,192	-
Transfers out	-	(3,198)	(377)
Proceeds of long-term debt	-	-	3,250
Bond refundings	-	-	-
Discounts on debt issuances	-	-	(30)
Total other financing sources (uses)	<u>8,194</u>	<u>994</u>	<u>2,843</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>8,060</u>	<u>(349)</u>	<u>(4,549)</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>-</u>	<u>5,223</u>	<u>16,313</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 8,060</u>	<u>\$ 4,874</u>	<u>\$ 11,764</u>

Capital Projects		Permanent		
1915 Act Assessment Districts	Stockton Public Financing Authority	Miscellaneous	Total	
			2004	2003
\$ -	\$ -	\$ -	\$ 3,610	\$ 3,378
-	-	-	18,460	18,813
-	-	-	9,460	11,013
-	-	-	11,167	15,300
-	-	-	18,194	18,402
-	-	-	18,189	11,930
-	-	-	641	553
612	2	41	1,973	1,941
(390)	-	(36)	(1,511)	(116)
50	-	10	627	2,128
-	-	-	831	833
<u>272</u>	<u>2</u>	<u>15</u>	<u>81,641</u>	<u>84,175</u>
978	2	64	5,904	4,080
-	-	-	12,662	8,555
672	-	-	16,945	27,300
-	-	-	11,048	10,508
-	-	-	7,162	6,163
-	-	-	16,962	17,423
-	-	-	8,335	9,654
657	-	-	790	696
-	-	-	12,423	11,917
<u>2,307</u>	<u>2</u>	<u>64</u>	<u>92,231</u>	<u>96,296</u>
<u>(2,035)</u>	<u>-</u>	<u>(49)</u>	<u>(10,590)</u>	<u>(12,121)</u>
1	1,422	-	30,951	36,050
(2,925)	(1,413)	-	(30,964)	(31,885)
24,645	-	-	32,688	24,790
-	-	-	-	(17,205)
(189)	-	-	(219)	(456)
<u>21,532</u>	<u>9</u>	<u>-</u>	<u>32,456</u>	<u>11,294</u>
19,497	9	(49)	21,866	(827)
<u>10,231</u>	<u>301</u>	<u>1,698</u>	<u>146,928</u>	<u>147,755</u>
<u>\$ 29,728</u>	<u>\$ 310</u>	<u>\$ 1,649</u>	<u>\$ 168,794</u>	<u>\$ 146,928</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, 2004 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Other governmental	\$ 26	\$ -	\$ (26)
Charges for services	16,267	28,122	11,855
Use of money and property	-	47	47
Investment income:			
Interest income	2,120	1,373	(747)
Net decrease in fair value of investments	-	(1,111)	(1,111)
Total revenues	<u>18,413</u>	<u>28,431</u>	<u>10,018</u>
<b>EXPENDITURES:</b>			
General government	2,139	1,630	509
Public safety	2,340	2,049	291
Public works	39,603	14,667	24,936
Library	1,632	366	1,266
Park and recreation	15,429	7,991	7,438
Total expenditures	<u>61,143</u>	<u>26,703</u>	<u>34,440</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	(42,730)	1,728	44,458
<b>OTHER FINANCING USES:</b>			
Transfers out	(208)	(199)	9
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(42,938)	1,529	44,467
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances	-	792	792
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(42,938)	2,321	45,259
FUND BALANCE, BEGINNING OF YEAR	<u>47,297</u>	<u>47,297</u>	-
FUND BALANCE, END OF YEAR	<u>\$ 4,359</u>	<u>\$ 49,618</u>	<u>\$ 45,259</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, 2004 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Other	\$ 21	\$ 18	\$ (3)
Federal grants and subsidies	7,477	106	(7,371)
Other governmental	10,104	3,752	(6,352)
Use of money and property	-	145	145
Investment income:			
Interest income	463	765	302
Net decrease in fair value of investments	-	(424)	(424)
Refunds and reimbursements	-	17	17
Miscellaneous	201	151	(50)
<b>Total revenues</b>	<b>18,266</b>	<b>4,530</b>	<b>(13,736)</b>
<b>EXPENDITURES:</b>			
General government	42,803	16,513	26,290
Public safety	2,876	19,123	(16,247)
Public works	5,361	2,574	2,787
Park and recreation	10,395	1,449	8,946
<b>Total expenditures</b>	<b>61,435</b>	<b>39,659</b>	<b>21,776</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)</b>	<b>(43,169)</b>	<b>(35,129)</b>	<b>8,040</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	20,624	21,174	550
Transfers out	(6,540)	(6,540)	-
Proceeds of long-term debt	100	25	(75)
<b>Total other financing sources (uses)</b>	<b>14,184</b>	<b>14,659</b>	<b>475</b>
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<b>(28,985)</b>	<b>(20,470)</b>	<b>8,515</b>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances	-	1,027	1,027
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>	<b>(28,985)</b>	<b>(19,443)</b>	<b>9,542</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>53,949</b>	<b>53,949</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 24,964</b>	<b>\$ 34,506</b>	<b>\$ 9,542</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, 2004 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Use of money and property	\$ -	\$ 2	\$ 2
Investment income:			
Interest income	18	19	1
Net decrease in fair value of investments	-	(18)	(18)
Refunds and reimbursements	287	245	(42)
Miscellaneous	-	23	23
Total revenues	305	271	(34)
EXPENDITURES:			
Public works	1,462	1,458	4
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	(1,157)	(1,187)	(30)
BASIS ADJUSTMENTS:			
Encumbrances	-	57	57
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(1,157)	(1,130)	27
FUND BALANCE, BEGINNING OF YEAR	1,310	1,310	-
FUND BALANCE, END OF YEAR	\$ 153	\$ 180	\$ 27

# CITY OF STOCKTON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GAS TAX NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Other	\$ 169	\$ 169	\$ -
Federal grants and subsidies	6,155	2,600	(3,555)
Other governmental	4,563	4,854	291
Investment income:			
Interest income	90	32	(58)
Net decrease in fair value of investments	-	(26)	(26)
<b>Total revenues</b>	<b>10,977</b>	<b>7,629</b>	<b>(3,348)</b>
<b>EXPENDITURES:</b>			
Public works	7,873	4,049	3,824
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>3,104</b>	<b>3,580</b>	<b>476</b>
<b>OTHER FINANCING USES:</b>			
Transfers out	(3,746)	(3,746)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(642)</b>	<b>(166)</b>	<b>476</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>780</b>	<b>780</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 138</b>	<b>\$ 614</b>	<b>\$ 476</b>

# 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, 2004 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Taxes:			
Other	\$ 147	\$ 81	\$ (66)
Charges for services	1,522	1,637	115
Investment income:			
Interest income	-	77	77
Net decrease in fair value of investments	-	(49)	(49)
Total revenues	<u>1,669</u>	<u>1,746</u>	<u>77</u>
EXPENDITURES:			
General government	147	79	68
Public works	301	335	(34)
Parks and recreation	1,657	752	905
Total expenditures	<u>2,105</u>	<u>1,166</u>	<u>939</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	(436)	580	1,016
BASIS ADJUSTMENTS:			
Encumbrances	-	199	199
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(436)	779	1,215
FUND BALANCE, BEGINNING OF YEAR	<u>2,477</u>	<u>2,477</u>	-
FUND BALANCE, END OF YEAR	<u>\$ 2,041</u>	<u>\$ 3,256</u>	<u>\$ 1,215</u>

# 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, 2004 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 3,148	\$ 2,990	\$ (158)
Investment income:			
Interest income	-	(21)	(21)
Refunds and reimbursements	-	189	189
<b>Total revenues</b>	<b>3,148</b>	<b>3,158</b>	<b>10</b>
<b>EXPENDITURES:</b>			
Public safety	5,278	4,714	564
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)</b>	<b>(2,130)</b>	<b>(1,556)</b>	<b>574</b>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances	-	26	26
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>	<b>(2,130)</b>	<b>(1,530)</b>	<b>600</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>(1,201)</b>	<b>(1,201)</b>	<b>-</b>
<b>FUND DEFICIT, END OF YEAR</b>	<b>\$ (3,331)</b>	<b>\$ (2,731)</b>	<b>\$ 600</b>

# 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, 2004 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Charges for services	\$ 2,504	\$ 1,895	\$ (609)
Use of money and property	329	352	23
Refunds and reimbursements	25	11	(14)
Miscellaneous	-	10	10
Total revenues	2,858	2,268	(590)
EXPENDITURES:			
Parks and recreation	6,413	5,825	588
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	(3,555)	(3,557)	(2)
OTHER FINANCING SOURCES (USES):			
Transfers in	3,522	3,522	-
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(33)	(35)	(2)
BASIS ADJUSTMENTS:			
Encumbrances	-	14	14
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(33)	(21)	12
FUND BALANCE, BEGINNING OF YEAR	59	59	-
FUND BALANCE, END OF YEAR	\$ 26	\$ 38	\$ 12

# 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, 2004 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
License and permits	\$ 9,304	\$ 9,460	\$ 156
Charges for services	9,431	10,393	962
Investment income:			
Net decrease in fair value of investments	-	(53)	(53)
Refunds and reimbursements	5	72	67
Miscellaneous	1	11	10
<b>Total revenues</b>	<b>18,741</b>	<b>19,883</b>	<b>1,142</b>
<b>EXPENDITURES:</b>			
General government	4,500	4,210	290
Public safety	5,670	5,400	270
Public works	3,077	3,077	-
<b>Total expenditures</b>	<b>13,247</b>	<b>12,687</b>	<b>560</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)</b>	<b>5,494</b>	<b>7,196</b>	<b>1,702</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(9,500)	(9,500)	-
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<b>(4,006)</b>	<b>(2,304)</b>	<b>1,702</b>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances	-	1,065	1,065
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>	<b>(4,006)</b>	<b>(1,239)</b>	<b>2,767</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>2,819</b>	<b>2,819</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (1,187)</b>	<b>\$ 1,580</b>	<b>\$ 2,767</b>

**CITY OF STOCKTON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
SPECIAL PROJECTS NONMAJOR SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2004  
(Dollar amounts in thousands)**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
EXPENDITURES:			
General government	<u>2</u>	<u>2</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2)	(2)	-
OTHER FINANCING USES:			
Transfers out	<u>(1,549)</u>	<u>(1,549)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,551)	(1,551)	-
FUND BALANCE, BEGINNING OF YEAR	<u>1,551</u>	<u>1,551</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF STOCKTON

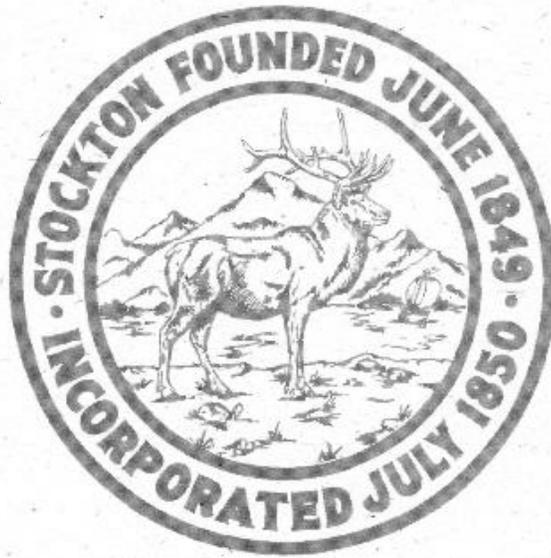
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS OTHER SPECIAL REVENUE NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2004 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Federal grants and subsidies	\$ -	\$ 40	\$ 40
Other governmental	289	256	(33)
Charges for services	165	185	20
Use of money and property	-	8	8
Investment income:			
Interest income	10	17	7
Net decrease in fair value of investments	-	(21)	(21)
Refunds and reimbursements	3	3	-
Miscellaneous	821	787	(34)
<b>Total revenues</b>	<b>1,288</b>	<b>1,275</b>	<b>(13)</b>
<b>EXPENDITURES:</b>			
General government	116	78	38
Public safety	541	343	198
Library	715	388	327
Parks and recreation	471	332	139
Interest and fiscal charges	29	-	29
<b>Total expenditures</b>	<b>1,872</b>	<b>1,141</b>	<b>731</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)</b>	<b>(584)</b>	<b>134</b>	<b>718</b>
<b>OTHER FINANCING SOURCES:</b>			
Proceeds of long-term debt		485	485
<b>NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)</b>	<b>(584)</b>	<b>619</b>	<b>1,203</b>
<b>BASIS ADJUSTMENTS:</b>			
Encumbrances	-	108	108
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>	<b>(584)</b>	<b>727</b>	<b>1,311</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>1,114</b>	<b>1,114</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 530</b>	<b>\$ 1,841</b>	<b>\$ 1,311</b>





CITY OF STOCKTON



**NONMAJOR ENTERPRISE  
FUNDS**

## ***NONMAJOR ENTERPRISE FUNDS***

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

## NONMAJOR ENTERPRISE FUNDS

### **Solid Waste**

To account for activities associated with the operation and maintenance, closure and post-closure of the Austin Road and French Camp landfill sites, and garden refuse collection.

### **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, 2004

(With comparative totals as of June 30, 2003)

(Dollar amounts in thousands)

	Solid Waste	Golf Courses	Total	
			2004	2003
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ -	\$ 343	\$ 343	\$ 860
Receivables:				
Interest	-	-	-	3
Accounts and other receivables	240	24	264	397
Allowance for uncollectibles	(72)	-	(72)	(103)
Inventory of supplies	-	36	36	36
Total current assets	<u>168</u>	<u>403</u>	<u>571</u>	<u>1,193</u>
Noncurrent assets:				
Capital assets, net:				
Nondepreciable	-	360	360	360
Depreciable, net	-	1,713	1,713	1,882
Total noncurrent assets	<u>-</u>	<u>2,073</u>	<u>2,073</u>	<u>2,242</u>
Total assets	<u>168</u>	<u>2,476</u>	<u>2,644</u>	<u>3,435</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	5	46	51	37
Due to other funds	163	-	163	-
Compensated absences - current	-	44	44	194
Total current liabilities	<u>168</u>	<u>90</u>	<u>258</u>	<u>231</u>
Noncurrent liabilities:				
Advances from other funds	-	1,164	1,164	1,224
Compensated absences - long-term	-	63	63	437
Total noncurrent liabilities	<u>-</u>	<u>1,227</u>	<u>1,227</u>	<u>1,661</u>
Total liabilities	<u>168</u>	<u>1,317</u>	<u>1,485</u>	<u>1,892</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	2,073	2,073	2,242
Unrestricted	-	(914)	(914)	(699)
Total net assets	<u>\$ -</u>	<u>\$ 1,159</u>	<u>\$ 1,159</u>	<u>\$ 1,543</u>

# CITY OF STOCKTON

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2004 (With comparative totals for the year ended June 30, 2003) (Dollar amounts in thousands)

	Solid Waste	Golf Courses	Total	
			2004	2003
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,025	\$ 1,697	\$ 3,722	\$ 3,991
Miscellaneous	101	816	917	792
Total operating revenues	2,126	2,513	4,639	4,783
<b>OPERATING EXPENSES:</b>				
Operation and maintenance	2,571	2,275	4,846	4,813
Depreciation and amortization	-	176	176	178
Total operating expenses	2,571	2,451	5,022	4,991
OPERATING INCOME (LOSS)	(445)	62	(383)	(208)
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income:				
Interest income	6	-	6	24
Net decrease in fair value of investments	(7)	-	(7)	(1)
Total non-operating revenues (expenses)	(1)	-	(1)	23
CHANGE IN NET ASSETS	(446)	62	(384)	(185)
NET ASSETS, BEGINNING OF YEAR	446	1,097	1,543	1,728
NET ASSETS, END OF YEAR	\$ -	\$ 1,159	\$ 1,159	\$ 1,543

# CITY OF STOCKTON

## COMBINING STATEMENT OF CASH FLOWS

### - NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2004

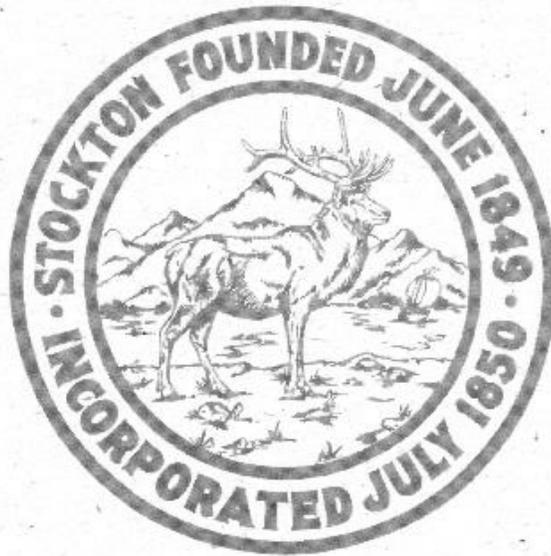
(With comparative totals for the year ended June 30, 2003)

(Dollar amounts in thousands)

	Solid Waste	Golf Courses	Total	
			2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 2,209	\$ 2,532	\$ 4,741	\$ 4,700
Payments to suppliers	(746)	(806)	(1,552)	(1,067)
Payments to employees	(1,685)	(1,553)	(3,238)	(2,910)
Payments for interfund services used	(564)	(2)	(566)	(1,006)
Net cash provided by (used for) operating activities	(786)	171	(615)	(283)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Due to other funds	163	-	163	-
Advances to other funds	-	(60)	(60)	-
Net cash used for noncapital financing activities	163	(60)	103	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases of capital assets	-	(7)	(7)	(25)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment earnings	2	-	2	31
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(621)</b>	<b>104</b>	<b>(517)</b>	<b>(277)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>621</b>	<b>239</b>	<b>860</b>	<b>1,137</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 343</b>	<b>\$ 343</b>	<b>\$ 860</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (445)	\$ 62	\$ (383)	\$ (208)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	-	176	176	178
Provision for uncollectible accounts	(31)	-	(31)	(13)
Changes in assets and liabilities:				
Accounts and other receivables	114	19	133	(70)
Inventory of supplies	-	-	-	(36)
Accounts payable	(4)	18	14	(120)
Compensated absences	(420)	(104)	(524)	(14)
Net cash provided (used) by operating activities	\$ (786)	\$ 171	\$ (615)	\$ (283)
<b>NONCASH TRANSACTIONS:</b>				
Net decrease in fair value of investments	\$ (7)	\$ -	\$ (7)	\$ (1)



# CITY OF STOCKTON



## ***INTERNAL SERVICE FUNDS***

## ***INTERNAL SERVICE FUNDS***

The funds established to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, and to other government units on a cost reimbursement basis.

## 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**

To provide accounting of 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 equipment and printing and mailing.

### **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, 2004

(With comparative totals as of June 30, 2003)

(Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 5,243	\$ 4,591	\$ 1,437
Receivables:			
Accounts and other receivables	125	-	-
Allowance for uncollectibles	(125)	-	-
Total current assets	<u>5,243</u>	<u>4,591</u>	<u>1,437</u>
Noncurrent assets:			
Deferred charges	-	234	-
Capital assets, net:			
Depreciable, net	7,109	1,503	1,352
Total noncurrent assets	<u>7,109</u>	<u>1,737</u>	<u>1,352</u>
Total assets	<u>12,352</u>	<u>6,328</u>	<u>2,789</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	308	634	2
Due to other funds	-	-	-
Compensated absences - current	168	135	-
Self-insurance claims and judgments - current	-	-	-
Total current liabilities	<u>476</u>	<u>769</u>	<u>2</u>
Noncurrent liabilities:			
Compensated absences - long-term	233	98	-
Self-insurance claims and judgments - long-term	-	-	-
Total noncurrent liabilities	<u>233</u>	<u>98</u>	<u>-</u>
Total liabilities	<u>709</u>	<u>867</u>	<u>2</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt	7,109	1,503	1,352
Unrestricted (deficit)	4,534	3,958	1,435
Total net assets (deficit)	<u>\$ 11,643</u>	<u>\$ 5,461</u>	<u>\$ 2,787</u>

Other Equipment	General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total	
					2004	2003
\$ 3,628	\$ 1,945	\$ 6,633	\$ 1,271	\$ 4,153	\$ 28,901	\$ 25,838
-	22	33	(24)	10	166	276
-	-	-	-	-	(125)	(152)
<u>3,628</u>	<u>1,967</u>	<u>6,666</u>	<u>1,247</u>	<u>4,163</u>	<u>28,942</u>	<u>25,962</u>
-	-	-	61	-	295	61
<u>355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,319</u>	<u>11,962</u>
<u>355</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>-</u>	<u>10,614</u>	<u>12,023</u>
<u>3,983</u>	<u>1,967</u>	<u>6,666</u>	<u>1,308</u>	<u>4,163</u>	<u>39,556</u>	<u>37,985</u>
137	54	19	112	-	1,266	1,396
-	-	-	-	-	-	217
20	7	35	-	-	365	346
-	1,073	6,606	2,579	-	10,258	10,090
<u>157</u>	<u>1,134</u>	<u>6,660</u>	<u>2,691</u>	<u>-</u>	<u>11,889</u>	<u>12,049</u>
36	10	40	-	-	417	444
-	1,845	34,241	-	-	36,086	34,966
<u>36</u>	<u>1,855</u>	<u>34,281</u>	<u>-</u>	<u>-</u>	<u>36,503</u>	<u>35,410</u>
<u>193</u>	<u>2,989</u>	<u>40,941</u>	<u>2,691</u>	<u>-</u>	<u>48,392</u>	<u>47,459</u>
355	-	-	-	-	10,319	11,962
<u>3,435</u>	<u>(1,022)</u>	<u>(34,275)</u>	<u>(1,383)</u>	<u>4,163</u>	<u>(19,155)</u>	<u>(21,436)</u>
<u>\$ 3,790</u>	<u>\$ (1,022)</u>	<u>\$ (34,275)</u>	<u>\$ (1,383)</u>	<u>\$ 4,163</u>	<u>\$ (8,836)</u>	<u>\$ (9,474)</u>

# CITY OF STOCKTON

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2004 (With comparative totals for the year ended June 30, 2003) (Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 7,175	\$ 4,908	\$ 1,017
<b>OPERATING EXPENSES:</b>			
Operation and maintenance	3,919	4,838	1,142
General and administrative	1,811	-	-
Depreciation and amortization	1,973	711	238
Total operating expenses	7,703	5,549	1,380
<b>OPERATING INCOME (LOSS)</b>	<b>(528)</b>	<b>(641)</b>	<b>(363)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Federal grants and subsidies	-	-	-
Other governmental	-	-	-
Investment income:			
Interest income	-	-	-
Net increase (decrease) in fair value of investments	-	-	-
Gain (loss) from disposal of property	553	(1)	(3)
Other non-operating revenues	13	2	-
Total non-operating revenues (expenses)	566	1	(3)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>38</b>	<b>(640)</b>	<b>(366)</b>
Transfers in	208	169	-
Transfers out	(500)	(1,000)	(1,000)
<b>CHANGE IN NET ASSETS</b>	<b>(254)</b>	<b>(1,471)</b>	<b>(1,366)</b>
<b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>	<b>11,897</b>	<b>6,932</b>	<b>4,153</b>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<b>\$ 11,643</b>	<b>\$ 5,461</b>	<b>\$ 2,787</b>

Other Equipment	General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total	
					2004	2003
<u>\$ 1,377</u>	<u>\$ 4,371</u>	<u>\$ 11,444</u>	<u>\$ 19,090</u>	<u>\$ 24,022</u>	<u>\$ 73,404</u>	<u>\$ 63,795</u>
1,412	1,460	9,843	23,703	24,614	70,931	75,050
-	767	1,102	290	-	3,970	4,730
<u>80</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,002</u>	<u>2,733</u>
<u>1,492</u>	<u>2,227</u>	<u>10,945</u>	<u>23,993</u>	<u>24,614</u>	<u>77,903</u>	<u>82,513</u>
<u>(115)</u>	<u>2,144</u>	<u>499</u>	<u>(4,903)</u>	<u>(592)</u>	<u>(4,499)</u>	<u>(18,718)</u>
-	-	-	-	-	-	560
-	-	-	-	-	-	6
-	73	130	(45)	50	208	274
-	(57)	(95)	44	(33)	(141)	(19)
(33)	-	-	-	-	516	(190)
<u>-</u>	<u>-</u>	<u>38</u>	<u>1,621</u>	<u>-</u>	<u>1,674</u>	<u>1,721</u>
<u>(33)</u>	<u>16</u>	<u>73</u>	<u>1,620</u>	<u>17</u>	<u>2,257</u>	<u>2,352</u>
(148)	2,160	572	(3,283)	(575)	(2,242)	(16,366)
-	-	-	5,100	2,503	7,980	4,353
-	(2,300)	-	-	(300)	(5,100)	(3,300)
<u>(148)</u>	<u>(140)</u>	<u>572</u>	<u>1,817</u>	<u>1,628</u>	<u>638</u>	<u>(15,313)</u>
<u>3,938</u>	<u>(882)</u>	<u>(34,847)</u>	<u>(3,200)</u>	<u>2,535</u>	<u>(9,474)</u>	<u>5,839</u>
<u>\$ 3,790</u>	<u>\$ (1,022)</u>	<u>\$ (34,275)</u>	<u>\$ (1,383)</u>	<u>\$ 4,163</u>	<u>\$ (8,836)</u>	<u>\$ (9,474)</u>

# CITY OF STOCKTON

## COMBINING STATEMENT OF CASH FLOWS

### - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2004

(With comparative totals for the year ended June 30, 2003)

(Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ -	\$ 36	\$ -
Receipts from interfund service providers	7,241	4,873	1,017
Payments to suppliers	(2,775)	(2,773)	(1,045)
Payments to employees	(2,788)	(2,031)	(108)
Net cash provided by (used for) operating activities	<u>1,678</u>	<u>105</u>	<u>(136)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	208	169	-
Transfers out	(500)	(1,000)	(1,000)
Due to other funds	-	-	-
Other non-operating revenues	13	2	-
Other governmental	-	-	-
Federal grants and subsidies	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>(279)</u>	<u>(829)</u>	<u>(1,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from sale of capital assets	1,404	6	-
Purchases of capital assets	(1,789)	(360)	(27)
Net cash used for capital and related financing activities	<u>(385)</u>	<u>(354)</u>	<u>(27)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment earnings	-	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,014</b>	<b>(1,078)</b>	<b>(1,163)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>4,229</u></b>	<b><u>5,669</u></b>	<b><u>2,600</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 5,243</u></b>	<b><u>\$ 4,591</u></b>	<b><u>\$ 1,437</u></b>

Other Equipment	General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total	
					2004	2003
\$ -	\$ 592	\$ 653	\$ 195	\$ -	\$ 1,476	\$ 1,138
1,377	3,793	10,788	18,899	24,021	72,009	62,733
(921)	(1,844)	(8,213)	(24,149)	(20,081)	(61,801)	(41,787)
(402)	(683)	(1,461)	(177)	(4,532)	(12,182)	(24,532)
<u>54</u>	<u>1,858</u>	<u>1,767</u>	<u>(5,232)</u>	<u>(592)</u>	<u>(498)</u>	<u>(2,448)</u>
-	-	-	5,100	2,503	7,980	4,353
-	(2,300)	-	-	(300)	(5,100)	(3,300)
-	-	-	(217)	-	(217)	217
-	-	38	1,621	-	1,674	1,721
-	-	-	-	-	-	330
-	-	-	-	-	-	560
<u>-</u>	<u>(2,300)</u>	<u>38</u>	<u>6,504</u>	<u>2,203</u>	<u>4,337</u>	<u>3,881</u>
1	-	-	-	-	1,411	152
(78)	-	-	-	-	(2,254)	(2,727)
<u>(77)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(843)</u>	<u>(2,575)</u>
-	16	35	(1)	17	67	255
(23)	(426)	1,840	1,271	1,628	3,063	(887)
<u>3,651</u>	<u>2,371</u>	<u>4,793</u>	<u>-</u>	<u>2,525</u>	<u>25,838</u>	<u>26,725</u>
<u>\$ 3,628</u>	<u>\$ 1,945</u>	<u>\$ 6,633</u>	<u>\$ 1,271</u>	<u>\$ 4,153</u>	<u>\$ 28,901</u>	<u>\$ 25,838</u>

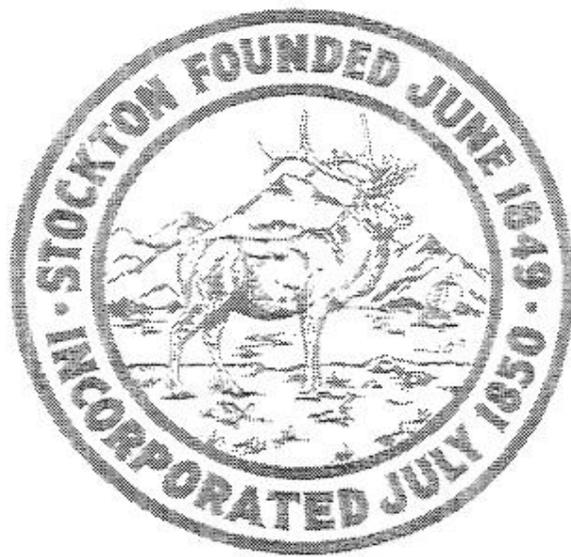
(Continued)

# CITY OF STOCKTON

## COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2004 (With comparative totals for June 30, 2003) (Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (528)	\$ (641)	\$ (363)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,973	711	238
Provision for uncollectible accounts	(27)	-	-
Self-insurance	-	-	-
Changes in assets and liabilities:			
Accounts and other receivables	94	1	-
Deferred charges	-	(234)	-
Accounts payable	193	264	(11)
Compensated absences	(27)	4	-
	<u>\$ 1,678</u>	<u>\$ 105</u>	<u>\$ (136)</u>
Net cash provided (used) by operating activities			
	<u>\$ 1,678</u>	<u>\$ 105</u>	<u>\$ (136)</u>
<b>NONCASH TRANSACTIONS:</b>			
Net increase (decrease) in fair value of investments	\$ -	\$ -	\$ -

Other Equipment	General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total	
					2004	2003
\$ (115)	\$ 2,144	\$ 499	\$ (4,903)	\$ (592)	\$ (4,499)	\$ (18,718)
80	-	-	-	-	3,002	2,733
-	-	-	-	-	(27)	6
-	(324)	1,774	(162)	-	1,288	13,878
-	14	(3)	4	-	110	70
-	-	-	-	-	(234)	-
97	26	(528)	(171)	-	(130)	(335)
(8)	(2)	25	-	-	(8)	(82)
<u>\$ 54</u>	<u>\$ 1,858</u>	<u>\$ 1,767</u>	<u>\$ (5,232)</u>	<u>\$ (592)</u>	<u>\$ (498)</u>	<u>\$ (2,448)</u>
\$ -	\$ (57)	\$ (95)	\$ 44	\$ (33)	(141)	(19)





CITY OF STOCKTON



**AGENCY FUND**

## ***AGENCY FUND***

To account for all resources received by the City while acting as a fiscal agent.

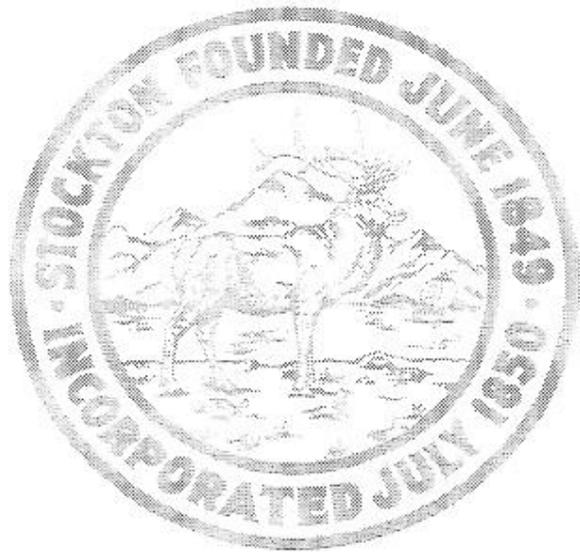
# CITY OF STOCKTON

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

JUNE 30, 2004

(Dollar amounts in thousands)

	<u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2004</u>
<b>ASSETS</b>				
Cash and temporary investments	\$ 13,533	\$ 74,908	\$ 72,980	\$ 15,461
Receivables:				
Interest	-	-	-	-
Accounts and other receivables	181	6,919	6,606	494
Due from other governments	-	1,094	30	1,064
Total assets	<u>\$ 13,714</u>	<u>\$ 82,921</u>	<u>\$ 79,616</u>	<u>\$ 17,019</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 101	\$ 1,259	\$ 1,525	\$ 367
Due to other governments	3,647	10,866	10,558	3,339
Deposits and other liabilities	9,966	62,053	65,400	13,313
Total liabilities	<u>\$ 13,714</u>	<u>\$ 74,178</u>	<u>\$ 77,483</u>	<u>\$ 17,019</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, 2004 (With comparative totals as of June 30, 2003) (Dollar amounts in thousands)

	2004	2003
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	\$ 28,498	\$ 27,142
Buildings and improvements	58,796	51,792
Infrastructure	263,694	230,171
Equipment	2,172	1,214
Public art collections	32	32
Construction in progress	185,626	145,284
	<u>538,818</u>	<u>455,635</u>
Total	<u>\$ 538,818</u>	<u>\$ 455,635</u>
INVESTMENTS IN GOVERNMENTAL FUND CAPITAL ASSETS BY SOURCE:		
General Fund	\$ 973	\$ 708
Special revenue funds	16,907	16,555
Capital projects funds	270,025	209,878
Donations	250,913	228,494
	<u>538,818</u>	<u>455,635</u>
Total	<u>\$ 538,818</u>	<u>\$ 455,635</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, 2004

(Dollar amounts in thousands)

	Land	Buildings and Improvements	Infrastructure	Equipment	Public Art Collections	Construction in Progress	Total
General government	\$ 357	\$ 4,870	\$ -	\$ 35	\$ -	\$ -	\$ 5,262
Public safety	3,247	12,398	-	1,388	-	-	17,033
Public works	2,640	2,014	262,566	143	-	-	267,363
Library	1,207	6,831	-	374	-	-	8,412
Parks and recreation	9,290	31,570	629	229	32	-	41,750
Other property	2,081	-	-	3	-	-	2,084
Redevelopment Agency	9,676	1,113	499	-	-	-	11,288
Construction in progress	-	-	-	-	-	185,626	185,626
<b>Total</b>	<b>\$ 28,498</b>	<b>\$ 58,796</b>	<b>\$ 263,694</b>	<b>\$ 2,172</b>	<b>\$ 32</b>	<b>\$ 185,626</b>	<b>\$ 538,818</b>

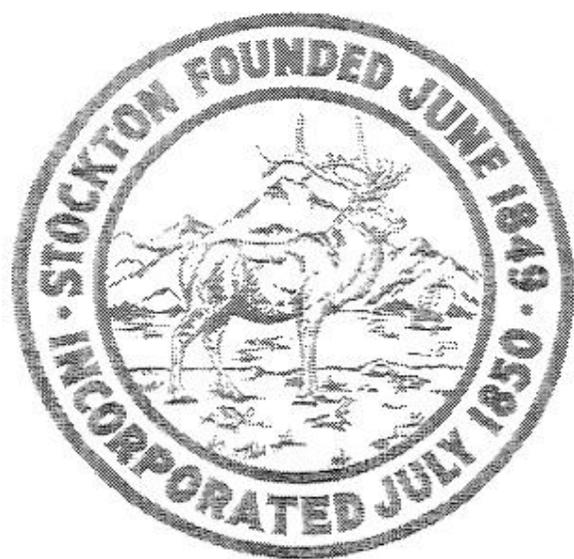
This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement 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, 2004 (Dollar amounts in thousands)

	Balance 7/1/03	Additions	Deductions	Transfers & Adjustments	Balance 6/30/04
General government	\$ 5,157	\$ 117	\$ -	\$ (12)	\$ 5,262
Public safety	13,585	3,474	-	(26)	17,033
Public works	214,929	33,892	9	18,551	267,363
Library	8,126	374	1	(87)	8,412
Parks and recreation	37,517	4,510	-	(277)	41,750
Other property	20,248	-	-	(18,164)	2,084
Redevelopment Agency	10,789	499	-	-	11,288
Construction in progress	145,284	58,185	17,843	-	185,626
<b>Total</b>	<b>\$ 455,635</b>	<b>\$ 101,051</b>	<b>\$ 17,853</b>	<b>\$ (15)</b>	<b>\$ 538,818</b>

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.



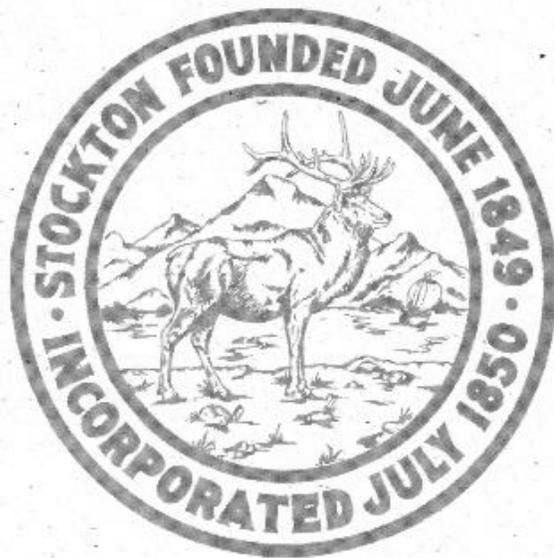




# CITY OF STOCKTON



**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.

**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	Sanitary 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

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

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)
1995	\$ 10,356	\$ 67,433	\$ 9,359	\$ 7,015	\$ 8,148	\$ 23,970	\$ 18,569	\$ 144,850 <i>144,850</i>
1996	11,131	69,566	10,912	6,908	7,932	20,098	17,636	144,183 <i>140,931</i>
1997	11,038	77,107	11,264	7,526	8,300	37,214	18,470	170,919 <i>162,053</i>
1998	11,037	79,432	11,152	7,619	8,905	29,315	16,439	163,899 <i>150,232</i>
1999	11,370	80,296	10,059	8,187	9,449	32,199	15,791	167,351 <i>147,772</i>
2000	13,128	85,400	12,183	8,571	10,461	49,950	15,051	194,744 <i>164,951</i>
2001	14,440	91,226	12,721	9,358	11,898	65,957	19,062	224,662 <i>178,529</i>
2002	16,182	102,626	15,206	10,403	13,433	60,652	18,570	237,072 <i>186,148</i>
2003	21,220	113,599	41,454	10,787	13,884	46,227	22,574	269,745 <i>208,458</i>
2004	22,812	123,948	38,122	11,303	14,937	60,827	22,993	294,942 <i>224,838</i>

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

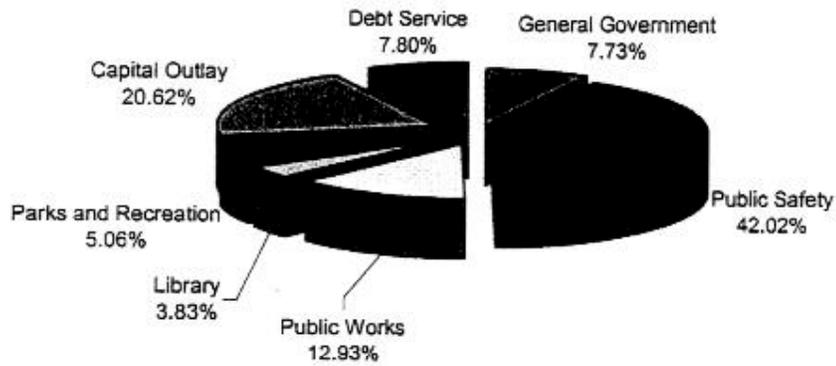
(1)

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

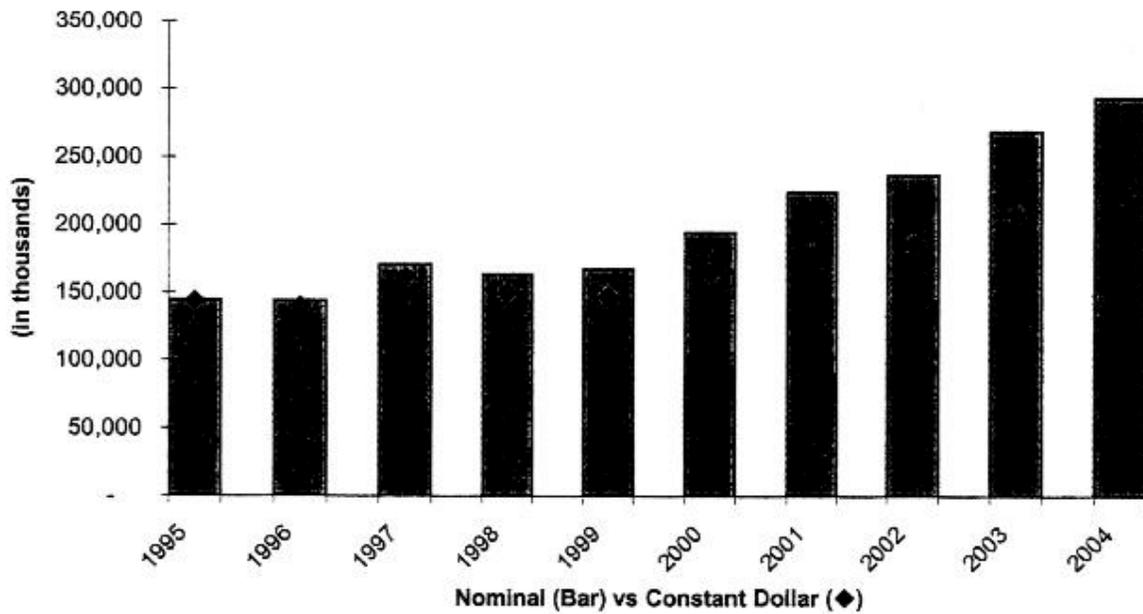
Source: City of Stockton Administrative Services Department  
US Department of Labor, Bureau of Labor Statistics

# General Governmental 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)
1995	\$ 90,481	\$ 2,127	\$ 6,583	\$ 16,898	\$ 13,482	\$ 575	\$ 5,656	-	\$ 1,783	\$ 3,874	\$ 141,459
											141,459
1996	89,402	2,281	9,943	17,977	16,051	612	6,809	-	6,611	5,017	154,703
											151,214
1997	91,381	2,064	12,996	18,657	16,789	545	1,373	5,861	5,717	4,221	159,604
											151,325
1998	93,902	2,337	13,269	26,275	19,051	511	2,170	5,596	988	5,226	169,325
											155,206
1999	97,719	2,507	11,838	24,804	20,665	899	1,701	4,501	7,098	5,870	177,602
											156,823
2000	103,000	3,333	8,535	38,568	26,044	1,115	1,467	5,494	1,250	6,908	195,734
											165,789
2001	117,181	3,758	18,073	40,706	26,557	1,445	1,416	11,893	2,822	5,182	229,033
											182,003
2002	121,448	5,493	9,188	42,250	32,117	1,552	1,808	7,401	3,310	6,861	231,226
											181,558
2003	127,778	11,444	15,596	40,025	43,181	1,490	2,011	5,055	4,864	8,791	260,237
											201,110
2004	137,712	9,977	11,301	35,330	57,316	1,905	1,640	1,176	3,213	6,314	265,884
											202,686

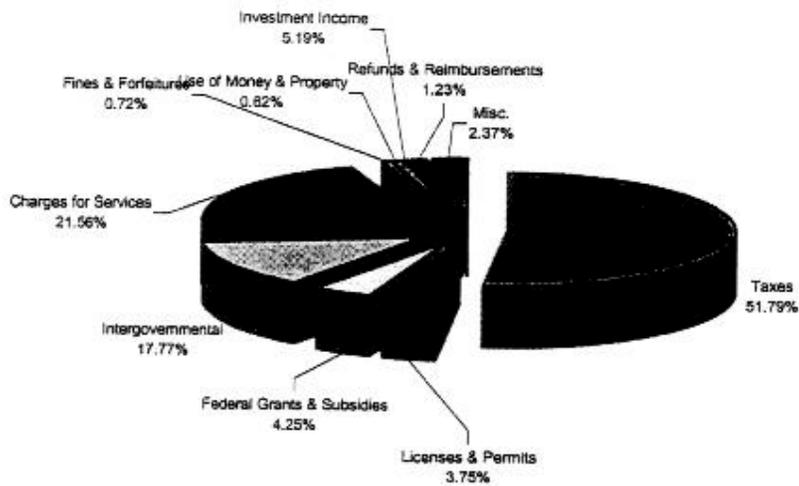
Note: General Governmental Revenues includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

- (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, 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

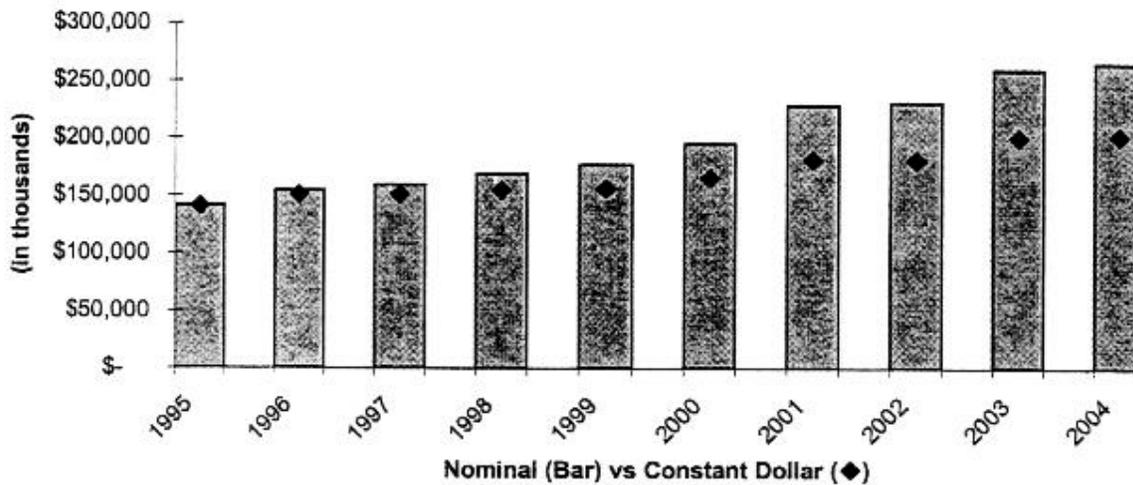
## General Governmental Revenues

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	OTHER											Total (1)
	Property	Utility	Sales & Use	Franchise	Business License	Transient Occupancy	Document Transfer	Special Assmts.	Transit	Misc.		
1995	\$ 15,684	\$21,706	\$22,984	\$ 3,935	\$ 4,927	\$ 1,121	\$ 1,395	\$ 18,470	\$ 176	\$ 83	\$ 90,481	
											<i>90,481</i>	
1996	16,207	21,141	23,710	3,350	4,964	1,106	1,230	17,439	-	255	89,402	
											<i>87,386</i>	
1997	15,820	22,271	23,983	3,951	5,459	1,136	1,391	17,160	192	18	91,381	
											<i>86,641</i>	
1998	16,270	22,994	25,290	4,056	5,244	1,280	1,689	16,945	114	20	93,902	
											<i>86,072</i>	
1999	16,747	24,160	27,265	4,630	5,714	1,385	1,095	16,591	111	21	97,719	
											<i>86,286</i>	
2000	17,584	25,468	31,722	4,222	6,133	1,559	478	15,680	134	20	103,000	
											<i>87,242</i>	
2001	18,997	31,188	36,323	5,255	6,643	1,994	692	15,877	154	20	117,143	
											<i>93,088</i>	
2002	20,742	31,462	35,812	5,364	6,897	2,005	777	18,135	188	66	121,448	
											<i>95,361</i>	
2003	23,449	32,157	36,628	5,623	8,065	2,048	1,043	18,591	159	15	127,778	
											<i>98,746</i>	
2004	28,365	33,322	40,333	5,725	8,014	2,030	1,525	18,211	169	18	137,712	
											<i>104,979</i>	

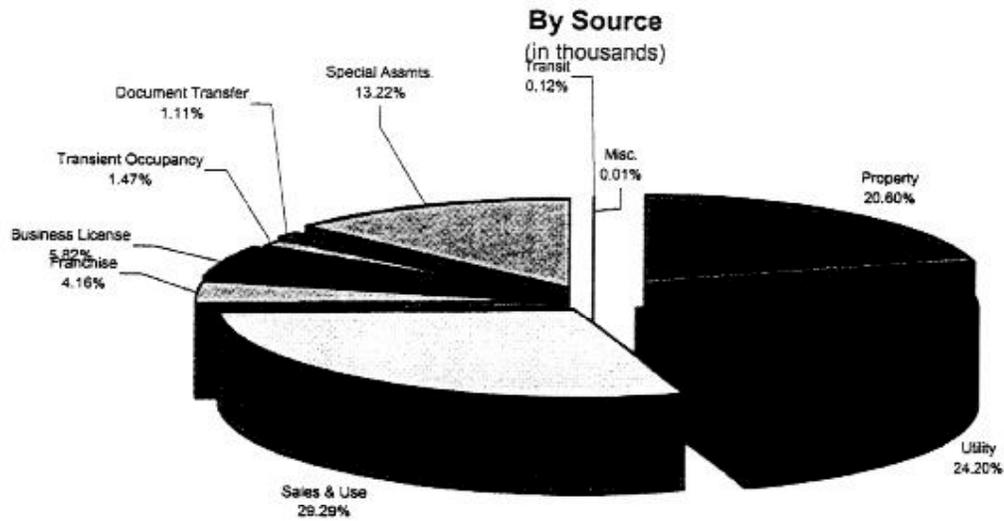
Note: General Governmental Revenues includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

(1)

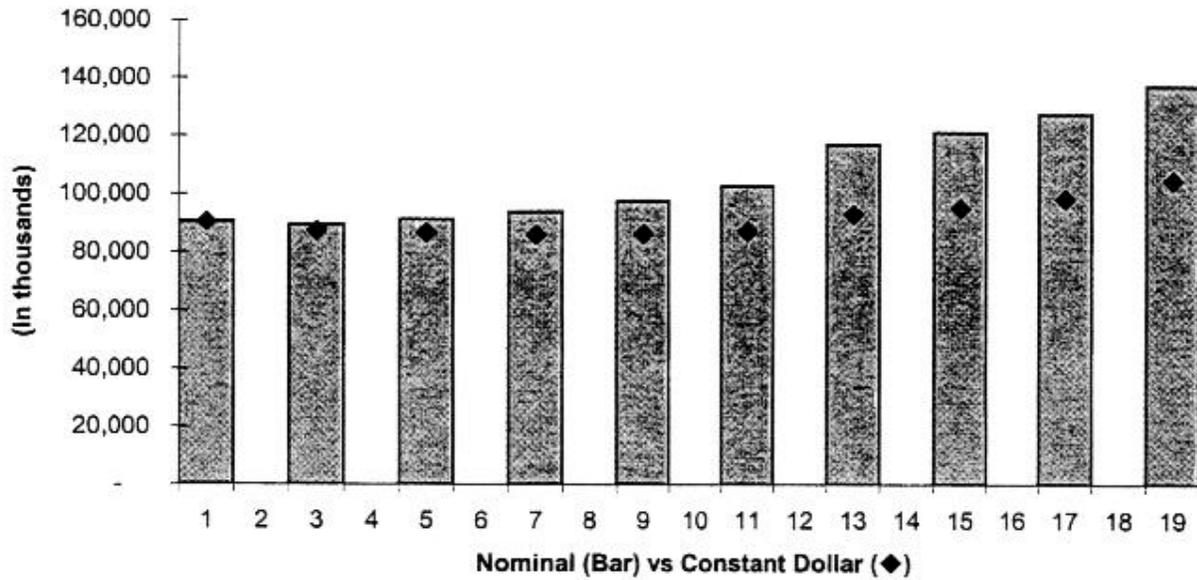
Italicized numbers represent "constant dollars" based on the annual average (June – July) Consumer Price Index (CPI) for all urban consumers utilizing June, 1994 as the base period (100%). Data provided by the United States Department of Labor, Bureau of Labor Statistics.

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

## General Governmental Tax Revenues



## 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 Tax Levy
1995	\$ 13,539	\$ 13,146	97.10 %	-	\$ 13,146	97.10 %
1996	13,763	13,763	100	-	13,763	100.00
1997	13,626	13,626	100	-	13,626	100.00
1998	14,268	14,268	100	-	14,268	100.00
1999	14,518	14,518	100	-	14,518	100.00
2000	15,164	15,164	100	-	15,164	100.00
2001	16,132	16,132	100	-	16,132	100.00
2002	18,056	18,056	100	-	18,056	100.00
2003	20,176	20,176	100	-	20,176	100.00
2004	23,498	23,498	100	-	23,498	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
1995	\$ 7,808,294	-	\$11,171	\$ 755,919	\$ 8,575,384	\$ 678,052	\$ 7,897,332
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

Fiscal Year	Land	Improvements	Personal Property	Gross Assessed Value	Less Exemptions (1)	Net Assessed Value
1995	\$ 2,296,566	\$ 5,659,621	\$ 619,197	\$ 8,575,384	\$ 678,052	\$ 7,897,332
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	4,104,860	10,509,572	816,308	15,430,540	1,111,509	14,319,031

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

(1) Exemptions include homeowners (\$265,521) and other (\$845,987).

Source: San Joaquin County Auditor/Controller's Office

# CITY OF STOCKTON

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

Fiscal Year	Basic Countywide Levy	City	Stockton Unified School District (1)	Groundwater Investigation (2)	Total
1995	1.0000 %	-	0.0129 %	0.0034 %	1.0163 %
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

**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, 2004

# CITY OF STOCKTON

**TABLE 8**  
**PRINCIPAL SECURED PROPERTY TAXPAYERS**  
 June 30, 2004  
 (Dollar amounts in thousands)

<b>Taxpayer</b>	<b>Nature of Business</b>	<b>2004 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Corn Products, Inc	Comercial Rental	\$ 70,436	0.529 %
Diamond Walnut Growers, Inc	Storage/Manufacturing	47,517	0.357
TRU Properties	Warehouse	36,825	0.277
POSDEF Power Co	Wholesale Steam	30,109	0.226
Simpson Manufacturing Co., Inc.	Manufacturing	29,827	0.224
Washington Mutual Bank	Comercial Rental	28,871	0.217
Cargill Inc	Distribution Center	22,715	0.171
Dollar Tree Distribution, Inc.	Distribution Center	20,692	0.155
Iris USA Inc	Manufacturing	18,680	0.140
A G Spanos Construction Inc.	Commercial Rental	18,429	0.138
Principal Secured Property Valuation		\$ 324,101	2.434 %
Other Secured Taxpayers		12,988,984	97.566
Total Secured Property Valuation - Net of Exemptions (1)		\$ 13,313,085	100.000 %

(1) Exemptions relative to the secured tax roll are homeowners (\$265,333) and others (\$820,307).

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)

Fiscal Year	Current Assessments Due	Current Assessments Collected	Total Collection as Percentage of Current Assessments Due	Total Outstanding Delinquent Assessments
1995	\$ 18,941	\$ 17,869	94.34 %	\$ 2,168
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

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

Source: City of Stockton Administrative Services Department

# CITY OF STOCKTON

**TABLE 10**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
June 30, 2004  
(Dollar amounts in thousands)

---

Total Assessed Valuation (less other exemptions)	\$	14,584,553
Less: Redevelopment Tax Increments		<u>419,259</u>
Basis of Levy	\$	<u><u>14,165,294</u></u>
Debt Limit - 15 Percent of Assessed Valuation (1)	\$	2,187,683
Amount of Debt Applicable to Debt Limit		<u>0</u>
Legal Debt Margin	\$	<u><u>2,187,683</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
1995	232,770	\$ 8,575,384	-	-	-	- %	-
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	-	-	-	-	-

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)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1995	-	-	-	\$ 144,850	N/A %
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

Source: City of Stockton Administrative Services Department

# CITY OF STOCKTON

**TABLE 13  
DIRECT AND OVERLAPPING BONDED DEBT (1)  
June 30, 2004**

OVERLAPPING TAX AND ASSESSMENT BONDED DEBT (1)	Percentage Applicable to City	City Share of Debt
Stockton Unified School District	83.302 %	\$ 66,237,585
Lodi Unified School District	26.665	12,940,525
Lincoln Unified School District Community Facilities District #1	82.004	12,747,522
Manteca Unified School District Community Facilities District #1989-1	100.000	29,670,866
City of Stockton Community Facilities District #1	100.000	35,060,000
City of Stockton Community Facilities District #90-1	97.282	11,508,461
City of Stockton Community Facilities District #90-2	100.000	30,510,000
City of Stockton Community Facilities District #90-4	100.000	13,598,112
City of Stockton Community Facilities District #96-1	100.000	4,755,000
City of Stockton Community Facilities District #99-02	100.000	8,285,000
City of Stockton Community Facilities District #2001-1 (Spanos Park West)	100.000	21,155,000
City of Stockton Community Facilities District #2003-1	100.000	3,250,000
City of Stockton 1915 Act Bonds	100.000	79,856,888
Reclamation District #2042 Community Facilities District #2001-1	18.211	1,435,848
San Joaquin Area Flood Control Assessment District	80.751	17,345,315
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$348,357,122</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		
San Joaquin County Certificates of Participation	34.212 %	\$ 50,649,155
San Joaquin Delta Community College District Certificates of Participation	31.147	3,030,603
Lincoln Unified School District Certificates of Participation	87.895	3,190,589
Lodi Unified School District Certificates of Participation	26.665	4,262,400
Stockton Unified School District Certificates of Participation	83.302	22,112,500
City of Stockton Certificates of Participation	100.000	107,335,000
South San Joaquin Irrigation District Certificates of Participation	0.862	60,771
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$190,641,018</b>
Less: South San Joaquin Irrigation District (100% self supporting)		60,771
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$190,580,247</b>
<b>Total Gross Debt (1)</b>		<b>\$538,998,140</b>
<b>Total Net Debt</b>		<b>\$538,937,369</b>

**2003-04 Assessed Valuation** \$ 11,467,810,926  
(after deducting \$418,258,537 redevelopment incremental valuation and other exemptions of \$845,987,145)  
**2003-04 Population (2)** 269,100

Debt Ratios	Per Capita	Ratio to Assessed Value
Total Gross Debt	\$ 538,998,140 \$ 2,003	4.70%
Total Net Debt	\$ 538,937,369 \$ 2,003	4.70%

**State School Building Aid Repayable as of 6/30/04: \$ 12,925**

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

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
1995	55.50	232,770	1.765 %	530,700	43.861 %	12
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

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 Issued	Percent Change	Estimated Valuation	Percent Change	Deposits: Banks Savings & Loans Credit Unions (1)	Percent Change
1995	4,775	-0.167 %	\$ 149,383	-22.046 %	\$ 3,240,633	7.707 %
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	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, 2004**

**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.

**GENERAL**

Date of Incorporation	July 25, 1850
City Charter Adopted	January 15, 1889
Form of Government	Council-Manager
Area/Square Miles	57.64
Elevation	23

**DEMOGRAPHIC**

Number of Housing Units	88,828
Median Family Income	55,100

**LAND USE – SQUARE MILES**

Residential	18.12
Commercial	2.95
Industrial	6.25
Institutional	7.53
Vacant/Agricultural	17.00
All Other Use	7.79

**PUBLIC WORKS**

Miles of Streets	744
Miles of Storm Drains	790
Miles of Sanitary Sewers	1,260
Miles of Water Lines	690
Traffic Signals	308

**BUSINESS TAX CERTIFICATES**

Retail Sales & Service	8,552
Wholesalers	338
Manufacturers & Processors	174
Professions	1,961
Contractors, Peddlers, Delivery Vehicles, etc.	6,458

**COLLEGES & UNIVERSITIES**

Junior Colleges	1
4-Year Colleges	2
4-Year Colleges (Satellites)	3

Sources: City of Stockton  
San Joaquin County Office of Education

**PUBLIC EDUCATION FACILITIES**

Elementary Schools	49
Enrollment	32,132
K-8 Schools	17
Enrollment	11,041
Secondary Schools (7-8)	8
Enrollment	8,542
High Schools	11
Enrollment	15,847
Special Education	2
Enrollment	112
Alternative Education and Occupational Training classes are offered at many of the facilities listed above.	

**CULTURE & RECREATION**

Parks and Squares	55
Park Acreage	557
Boating Facilities - Lane	10
Municipal Golf Courses	4
Golf Course Acreage	408
Family Camps	1
Museums	1
Children's Activities	2
Civic Auditorium (2,800 capacity)	1
Senior Citizens Centers	3
Ice Rinks	1
Community Centers	6
Swimming Pools	4
Baseball/Softball-Diamonds	42
Tennis Courts	62

**LIBRARIES**

Central Library	1
Branches	3
Library Mobile Units	2
S.J. County Branches	8
Total Volumes Held	1,011,867

**POLICE PROTECTION**

<b><u>Personnel:</u></b>	
Sworn	388
Non-Sworn	168
Animal Control	18
Reserve/Volunteer Police Officers	15
Other Volunteers (VIPs)	43
<b><u>Facilities:</u></b>	
Stations and Substations	4
Animal Control Facility	1
Police Training Facility	1
<b><u>Vehicles:</u></b>	
Marked Patrol Cars	127
Motorcycles and Scooters	22
Animal Control Vehicles	9
VIPs Vehicles	5
Other Mobile Units	37
Other Automobiles	118

**FIRE PROTECTION**

Firefighters- Sworn	238
Firefighters- Auxiliary	30
Non-Sworn Personnel	33
Paramedic Teams (2/Team)	12
Fire Stations	12
Training Facilities	1
Fire Insurance Class	1
Fire Hydrants	6,134

**AMBULANCE SERVICE**

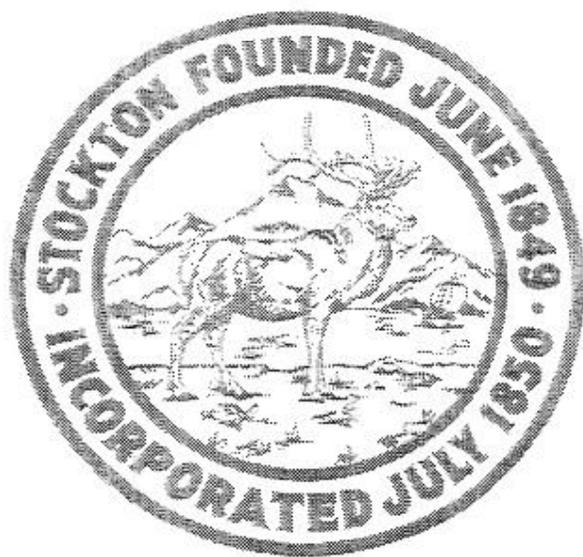
Sworn Personnel	3
Non-Sworn Personnel	38
Stations	6

**HOSPITALS**

Acute Care Facilities	2
Patient Beds	495

**CITY EMPLOYEES**

Full Time (Civil Service)	1,371
Full Time (Non-competitive)	187
Part Time (Exempt)	975



# CITY OF STOCKTON

**TABLE 18  
SCHEDULE OF INSURANCE IN FORCE  
June 30, 2004**

(continues)

Type of Coverage	Company	Period	Amount/Limits
WORKER'S COMP EXCESS	CPEIA - California Excess Insurance Authority	07/01/2003 to 06/30/2004	\$5,000,000 life time maximum
MEDICAL PLAN STOP LOSS AND CONVERSION PLAN	Zenith Administrators & U.L.L.I.C.O.	05/01/2003 to 06/30/2004	\$810,000 per covered individual per coverage year plus Aggregate Insurance if total claim cost exceeds 125% of expected claims
GENERAL LIABILITY EXCESS	CJPRMA - Federal Insurance Co (CHUBB)	07/01/2003 to 07/01/2004	\$5,000,000 XS SIR not to exceed \$10,000,000
PROPERTY COVERAGE	CJPRMA - US Fidelity & Guaranty Co	07/01/2003 to 07/01/2004	\$5,000,000
BOILER & MACHINERY	CJPRMA - The Hartford Steam Boilers	07/01/2003 to 07/01/2004	\$21,250,000
OWNED NON-OWNED POOLS LIABILITY	Scottsdale Insurance Co	05/15/2004 to 09/15/2004	\$2,000,000 GA, PL including \$100,000 each occurrence
ADMIN SERVICES BOND	The Hartford Insurance Co	04/26/2004 to 04/26/2007 07/05/2002 to 07/05/2005	\$100,000
EMPLOYEES BLANKET BOND (Commercial Crime Policy)	Travelers Insurance	09/22/2003 to 09/22/2004	\$500,000 \$100,000 \$500,000
PUBLIC OFFICIALS BONDS	Western Surety C N A Surety C N A Surety	01/01/2001 to 01/01/2005 06/09/2004 to 06/09/2005 12/31/2003 to 12/31/2004	\$5,000 \$5,000 \$5,000
PUBLIC OFFICIAL BOND	Western Surety Co.	11/03/2003 to 11/03/2004	\$5,000
BLANKET NOTARY	CNA Insurance Co	04/18/2004 to 04/18/2005	\$100,000
EXECUTIVE TRAVEL POLICY Accident Insurance Management Employees	AIG Insurance	01/24/2004 to 01/24/2005	\$200,000 per person \$600,000 per accident
TRAVEL POLICY Accident Insurance Non-Management Employees	AIG Insurance	03/05/2004 to 03/05/2005	\$200,000 per person \$600,000 per accident
DIRECTORS AND OFFICERS Sister City International	St Paul Surplus Lines Ins. Co.	04/01/2004 to 04/01/2005	\$1,000,000 \$5,000 each claim

Deductible	Premium	Details of Coverage
\$750,000 SIR per occurrence	\$ 0.2392/\$100 Payroll	Covers worker's comp claims in excess of self-insured retention
\$ 190,000 per covered individual per coverage year	\$37.33 per active employee (or under 65 retiree) per month \$12.80 per retiree over 65 per month	Medical plan claims in excess of self-insured retention, and conversion benefit plan option.
\$ 1,000,000 SIR	\$688,074	Excess auto-comp, general liability errors and omissions liability and excess non-owned aircraft liability
\$25,000	\$139,998	Real/personal property, rental value, extra expense, leasehold interest, valuable papers & records, A/R, fine arts, transit, demolition, and increased cost of construction. Automatic acquisition for the perils of all risk.
\$5,000	\$19,272	Boilers; compressed air storage tanks
\$0	\$21,145	OL&T liability coverage owned, non-owned pools (6)
\$0	\$1,040	Public Official's Bond
\$0	\$16,445	Employee dishonesty and computer fraud, Faithful Performance, Forgery, theft, disappearance, & robbery & safe burglary Computer fraud
\$0	\$800 \$100 \$100	Faithful performance by Council members
\$0	\$100	Faithful performance by City Manager
\$0	\$2,250	Errors and omissions (15) Notaries
\$0	\$3,288	Travel accident coverage when on City business for management employees
\$0	\$1,000	Travel accident coverage when on City business for non-management employees
\$0	\$1,900	Directors & Officers Organization, Its officers, volunteers, trustees & members for contract liability, employment practices, third party liability, defense cost outside the limits of liability, and full prior act coverage

Accounting Section, City of Stockton Administrative Services Department



Pictured (left to right)

Back Row: Cathy Lucas, Kevin Beltz, Lynne Farrar, Armando Castillo.

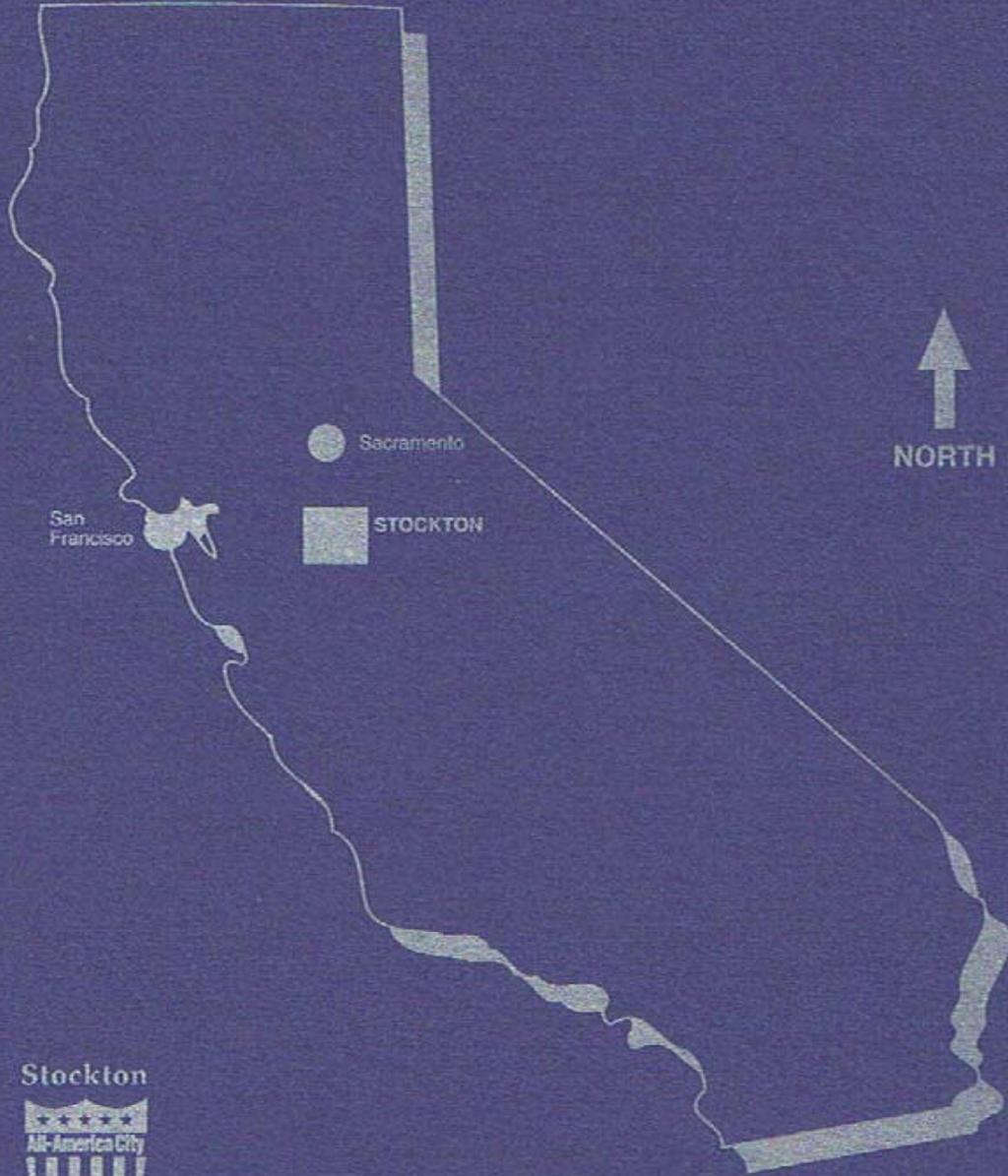
Front Row: Katharine Moon, Jennifer Quast, Maryann Garcia.

Not pictured: Susan Jamison and Bob Lipanovich.

The above picture was taken in front of the new City Centre Cinemas which opened in December 2003. The theater's design is inspired by the architecture of the neighboring buildings--Hotel Stockton, St. John's Episcopal Church, the Stewart-Eberhardt Building, the Stockton Civic Memorial Auditorium, and others.



# CITY OF STOCKTON



Stockton



2004  
1999