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MARC A. LEVINSON (STATE BAR NO. 57613)
malevinson@orrick.com
NORMAN C. HILE (STATE BAR NO. 57299)
nhile@orrick.com
PATRICK B. BOCASH (STATE BAR NO. 262763)
pbocash@orrick.com
ORRICK, HERRINGTON & SUTCLIFFE LLP
400 Capitol Mall, Suite 3000
Sacramento, California 95814-4497
Telephone: +1-916-447-9200
Facsimile: +1-916-329-4900

Attorneys for Debtor
City of Stockton

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

In re: CITY OF STOCKTON, CALIFORNIA, Debtor.	Case No. 2012-32118 D.C. No. OHS-15 Chapter 9
WELLS FARGO BANK, NATIONAL ASSOCIATION, FRANKLIN HIGH YIELD TAX-FREE INCOME FUND, AND FRANKLIN CALIFORNIA HIGH YIELD MUNICIPAL FUND, Plaintiffs, v. CITY OF STOCKTON, CALIFORNIA, Defendant.	**EXHIBIT D-3 TO THE DIRECT TESTIMONY DECLARATION OF KENNETH DIEKER IN SUPPORT OF CONFIRMATION OF FIRST AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF CITY OF STOCKTON, CALIFORNIA (NOVEMBER 15, 2013)**[1] Adv. No. 2013-02315 Date: May 12, 2014 Time: 9:30 a.m. Dept: Courtroom 35 Judge: Hon. Christopher M. Klein

[1] While this declaration is made in support of confirmation of the Plan, out of an abundance of caution, and because the evidentiary hearing on Plan confirmation and the trial in the adversary proceeding share common issues, it is being filed in both in the main case and the adversary proceeding.

Exhibit D-3

CITY OF STOCKTON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Enterprise			Enterprise					
	Water Utility	Wastewater Utility	Stormwater Utility	Central Parking District	Other	Totals 2008	Totals 2007	Internal Service 2008	Internal Service 2007
OPERATING REVENUES:									
Charges for services	$ 22,234	$ 33,104	$ 5,077	$ 3,813	$ 1,391	$ 65,619	$ 65,176	$ 108,061	$ 102,343
Miscellaneous	641	536	1,083	2	674	2,936	1,560	-	-
Total operating revenues	22,875	33,640	6,160	3,815	2,065	68,555	66,736	108,061	102,343
OPERATING EXPENSES:									
Operation and maintenance	6,861	18,248	1,572	2,562	2,006	31,249	33,631	113,624	90,087
General and administrative	4,784	7,385	3,560	-	-	15,729	16,498	6,465	6,073
Depreciation and amortization	2,291	9,234	1,531	795	87	13,938	13,194	2,793	2,885
Purchased water	6,365	-	-	-	-	6,365	5,275	-	-
Total operating expenses	20,301	34,867	6,663	3,357	2,093	67,281	68,598	122,882	99,045
OPERATING INCOME (LOSS)	2,574	(1,227)	(503)	458	(28)	1,274	(1,862)	(14,821)	3,298
NON-OPERATING REVENUES (EXPENSES):									
Taxes	-	-	-	1,055	-	1,055	981	-	-
Investment income:									
Interest income	2,090	2,527	141	163	(6)	4,915	5,215	1,803	1,322
Net increase (decrease) in fair value of investments	163	664	40	108	2	977	758	104	325
Gain (loss) from disposal of capital assets	-	-	(33)	-	-	(33)	-	30	61
Interest expense and fiscal charges	(1,769)	(5,178)	-	(1,645)	-	(8,592)	(8,750)	(6,897)	(1,616)
Other non-operating revenues	7	21	-	-	-	28	5	688	1,195
Total non-operating revenues (expenses)	491	(1,968)	148	(319)	(4)	(1,650)	(1,791)	(4,272)	1,287
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,065	(3,193)	(355)	139	(32)	(376)	(3,653)	(19,093)	4,585
Capital contributions	3,445	6,212	3,594	-	-	13,251	23,721	179	141
Transfers in	-	-	-	-	-	-	95	3,949	2,197
Transfers out	(174)	(94)	(7)	(774)	-	(1,049)	(611)	(3,052)	-
CHANGE IN NET ASSETS	6,336	2,925	3,232	(635)	(32)	11,826	19,552	(18,017)	6,923
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	109,730	294,243	53,404	8,434	882	466,693	447,141	7,415	492
NET ASSETS, END OF YEAR	$ 116,066	$ 297,168	$ 56,636	$ 7,799	$ 850	$ 478,519	$ 466,693	$ (10,602)	$ 7,415

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

CITY OF STOCKTON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Enterprise			Enterprise					
	Water Utility	Wastewater Utility	Stormwater Utility	Central Parking District	Other	Totals 2008	Totals 2007	Internal Service 2008	Internal Service 2007
CASH FLOWS FROM OPERATING ACTIVITIES:									
Receipts from customers and users	$ 23,473	$ 33,213	$ 5,954	$ 3,795	$ 2,096	$ 68,531	$ 66,648	$ 1,334	$ 2,161
Receipts for interfund services provided	-	-	-	-	-	-	-	106,980	101,167
Payments to suppliers	(16,669)	(21,013)	(3,452)	(1,051)	(1,369)	(43,554)	(42,000)	(78,858)	(79,634)
Payments to employees	(2,718)	(5,838)	(1,022)	(1,235)	(513)	(11,326)	(5,693)	(16,470)	(13,479)
Payments for interfund services used	(105)	(2,331)	(1,075)	(250)	(7)	(3,778)	(3,847)	(311)	(250)
Net cash provided by operating activities	3,981	4,031	405	1,249	207	9,873	15,108	12,675	9,965
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:									
Transfers in	-	-	-	-	-	-	95	3,949	2,197
Transfers out	(174)	(94)	(7)	(774)	-	(1,049)	(611)	(3,052)	-
Receipt of due to other funds	-	-	-	-	3	3	76	-	-
Repayment of advances from other funds	-	-	-	-	-	-	(151)	-	-
Advances from other funds	-	-	-	530	-	530	-	-	-
Advances to other funds	-	-	-	-	-	-	-	(530)	-
Receipt on advances to other funds	-	10	-		-	10	9	-	-
Proceeds from taxes	-	-	-	1,055	-	1,055	981	-	-
Net cash provided by (used for) noncapital financing activities	(174)	(84)	(7)	811	3	549	399	367	2,197
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:									
Proceeds from sale of capital assets	-	-	-	-	-	-	-	43	89
Proceeds from debt	-	-	-	-	-	-	-	1,000	123,685
Principal paid on debt	(599)	(2,510)	-	(125)	-	(3,234)	(3,066)	(276)	-
Payment of pension asset	-	-	-	-	-	-	-	-	(123,675)
Purchases of capital assets	(6,608)	(17,189)	(28)	(537)	-	(24,362)	(19,664)	(2,676)	(2,507)
Interest paid on debt	(1,759)	(4,866)	-	(1,647)	-	(8,272)	(8,427)	(8,224)	-
Capital contributions	1,367	3,436	-	-	-	4,623	6,803	-	-
Net cash used for capital and related financing activities	(7,579)	(21,129)	(28)	(2,309)	-	(31,045)	(24,354)	(8,133)	(2,408)
CASH FLOWS FROM INVESTING ACTIVITIES:									
Investment earnings	2,178	3,137	176	267	(4)	5,754	5,760	1,907	1,647
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,594)	(14,045)	546	18	206	(14,869)	(3,087)	6,816	11,401
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	44,954	63,514	2,550	3 792	17	114,827	117,914	48,961	37,560
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 43,360	$ 49,469	$ 3,096	$ 3 810	$ 223	$ 99,958	$ 114,827	$ 55,777	$ 48,961

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

(Continued)

CITY OF STOCKTON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Enterprise									
	Water Utility	Wastewater Utility	Stormwater Utility	Central Parking District	Other	Totals 2008	Totals 2007	Internal Service 2008	Internal Service 2007
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:									
Operating income (loss)	$ 2,674	$ (1,227)	$ (503)	$ 456	$ (28)	$ 1,274	$ (1,862)	$ (14,821)	$ 3,298
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:									
Depreciation and amortization	2,291	9,234	1,531	795	87	13,938	13,194	2,793	2,885
Provision for uncollectible accounts	277	(377)	(3)	52	2	(49)	253	6	-
Self-insurance	-	-	-	-	-	-	-	3,309	773
Other non-operating revenues	7	21	-	-	-	28	6	688	1,195
Changes in assets and liabilities:									
Accounts and other receivables	314	(377)	(203)	(72)	29	(309)	(530)	(441)	(168)
Inventory of supplies	-	(63)	-	-	25	(38)	50	-	-
Loans receivable	-	306	-	-	-	306	-	-	-
Deferred charges	-	-	-	-	-	-	-	(65)	-
Pension asset	-	-	-	-	-	-	-	(2,430)	-
Accounts payable	(1,675)	(3,549)	(425)	18	97	(5,534)	3,900	460	167
Due to other governments	65	-	-	-	-	65	83	-	-
Deposits and other liabilities	98	4	10	2	-	114	(128)	-	25
Compensated absences	30	59	(2)	(4)	(5)	78	143	(1,432)	1,790
Net OPEB obligation	-	-	-	-	-	-	-	24,508	-
Net cash provided by operating activities	$ 3,981	$ 4,031	$ 405	$ 1,249	$ 207	$ 9,873	$ 15,108	$ 12,675	$ 9,985
NONCASH TRANSACTIONS:									
Net increase in fair value of investments	$ 163	$ 664	$ 40	$ 108	$ 2	$ 977	$ 758	$ 104	$ 325
Amortization of issuance discounts	14	27	-	2	-	43	44	-	-
Costs of issuance paid from bond proceeds	-	-	-	-	-	-	-	-	1,625
Amortization of issuance premiums	4	-	-	-	-	4	4	-	-
Amortization of loss on refunding	17	343	-	-	-	360	360	-	-
Donation of capital assets	2,058	2,776	3,594	-	-	8,428	16,918	179	141
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS:									
Cash and investments	$ 22,833	$ 11,510	$ 3,096	$ 709	$ 223	$ 38,371	$ 34,321	$ 55,684	$ 48,951
Cash with investments fiscal agents	-	-	-	-	-	-	1,209	-	-
Restricted assets:									
Cash and investments	3,796	35,707	-	-	-	39,503	46,785	-	-
Cash and investments with fiscal agents	16,731	2,252	-	3,101	-	22,084	32,512	93	10
Total cash and investments	$ 43,360	$ 49,469	$ 3,096	$ 3,810	$ 223	$ 99,958	$ 114,827	$ 55,777	$ 48,961

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

CITY OF STOCKTON

STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
JUNE 30, 2008
(With comparative totals as of June 30, 2007)
(Dollar amounts in thousands)

	2008	2007
ASSETS		
Cash and investments	$ 60,636	$ 57,712
Cash and investments with fiscal agents	31,395	21,399
Receivables:		
Interest	518	403
Accounts and other receivables	2,057	1,469
Due from other governments	1	-
Total assets	$ 94,607	$ 80,983
LIABILITIES		
Accounts payable	$ 1,122	$ 199
Due to other governments	7,330	3,260
Deposits and other liabilities	86,155	77,524
Total liabilities	$ 94,607	$ 80,983

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

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS

Note		Page
1	Summary of Significant Accounting Policies Reporting Entity Basis of Accounting and Measurement Focus Cash and Investments Restricted Cash and Investments Receivables/Payables Inventory of Supplies Capital Assets Vacation and Sick Leave Pay Long-Term Obligations Capital Contributions Fund Equity Accounting for Escheat Property Use of Estimates Comparative Data New Pronouncements	50
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The City of Stockton (City) was incorporated on July 25, 1850 under the general laws of the State of California. Under the charter adopted in 1923, the City operates under a Council-Manager form of government. There are seven elected council members including the Mayor and a council appointed City Manager. The following services, as authorized by the charter, are provided by the City: public safety (police, fire, paramedics, and building), sanitation (solid waste disposal, wastewater, and stormwater utilities), water utility, community development, library, parks and recreation, and general administrative services.

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

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

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

The Stockton Public Financing Authority (SPFA) was created in June 1990 and carries out lease financing for the City General Fund, Redevelopment Agency, Water Utility, Wastewater Utility, and Central Parking District. The members of the City Council also serve as the governing board of the SPFA. The SPFA is reported in the City's fund financial statements in the debt service funds, capital projects funds, enterprise funds, and the internal service funds, 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. The SPFA also issues various land secured debt financings with no City commitment. This activity is reported in the fiduciary funds.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Because the City Council serves as the governing body of the Agency and SPFA, the financial activities of these entities are integrally related to those of the City and are "blended" with those of the City.

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

Basis of Accounting and Measurement Focus -

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation The government-wide financial statements are reported using the *economic resources* measurement focus and the accrual basis of accounting, as are the proprietary fund 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.

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. Fiduciary funds have no measurement focus.

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 and use, gas, utility user and hotel/motel room 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. In governmental funds, revenue is recognized when measurable and available. The County of San Joaquin (County) levies, bills and collects property taxes for the City. Property taxes paid to the City by the County within 60 days after the end of the fiscal year are "available" and are, therefore, recognized as revenue.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major enterprise funds:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Funds account for assets held by the City as an agent for individuals, private organizations and/or other governmental units for land secured financing, employee payroll withholdings, area of benefit fees, public facilities fees, and other miscellaneous items. The agency funds are custodial in nature and do 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 business-type activities in the government-wide financial statements and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Restricted Cash and Investments – Proceeds from debt and other cash and investments held by fiscal agents by agreement are classified as restricted assets in the proprietary fund and government-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 for equipment and works of art; $10,000 for land, buildings and improvements; $50,000 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value on the date of donation.

The costs of normal maintenance and repair that do not add value to the asset or materially extend the asset's life 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 generally accepted accounting principles, the City capitalizes net interest cost of funds borrowed to finance the construction of capital assets in the proprietary fund types. For the year ended June 30, 2008, there was no capitalized interest cost associated with the construction in progress.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Building and structures	30 - 50 years
Improvements other than buildings	20 - 30 years
Machinery and equipment	3 - 30 years
Roads and streets infrastructure	50 - 65 years
Curb and gutter infrastructure	65 years
Streetlight and traffic control devices infrastructure	30 years
Transmission and distribution plant (including infrastructure such as water, wastewater and stormwater mains and laterals)	50 - 100 years

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

All bargaining unit employees may apply their remaining 50% of accrued sick leave hours for additional California Public Employees' Retirement System (CalPERS) service credit upon retirement. In addition, upon retirement, Fire department safety employees are eligible for pay-off of 100% of accumulated longevity vacation allowance.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

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

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

Comparative Data – The 2007 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 2007 comparative data have been restated for the effect of the prior period adjustments described in Note 14 to conform to the 2008 financial statements presentation.

New Pronouncements – For fiscal year ended June 30, 2008, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, recognition and display of other post employment benefits (OPEB) expenses/expenditures, related assets and liabilities, note disclosures and required supplementary information.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City has also implemented GASB Statement No. 50, *Pension Disclosures* which amends GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. This statement requires governments to disclose in the notes to the financial statements the current funding status of the plan. This requirement more closely aligns current pension disclosure requirements with GASB Statement No. 45 requirements.

2. CASH AND INVESTMENTS

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

Summary of carrying amounts at June 30, 2008 (dollar amounts in thousands):

Deposits	$	13,857
Investments		451,380
Total cash and investments	$	465,237
Presented in the government-wide statement of net assets:		
Cash and investments	$	203,524
Restricted cash and investments		169,682
Presented in the statement of fiduciary net assets:		
Cash and investments		60,636
Cash and investments with fiscal agents		31,395
Total cash and investments	$	465,237

Deposits – At June 30, 2008, the recorded amount of the City's deposits was $13,856,621; and the bank balance was $20,197,753. The bank balance and carrying amount differ due to deposits in transit of $664,286, and outstanding checks of $7,005,418.

The bank balances were entirely insured or collateralized at June 30, 2008. Section 53652 of the California Government Code requires financial institutions to secure a city's deposits, in excess of insured amounts, by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of a city's deposits. California law also allows financial institutions to secure a city's deposits by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits.

2. CASH AND INVESTMENTS (Continued)

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) deposits - State pool
- Repurchase agreements (repos)
- Demand accounts - insured/collateralized
- Money market mutual funds
- Medium term notes
- Guaranteed investment contracts (GICs)

The City has entered into nonparticipating guaranteed investment contracts, which are in compliance with the City's investment policy. The investment contracts bear interest ranging from 4.46% to 5.58%. All but $3,568,828 of the investment contracts is collateralized by investments with $100,331,774 collateralized at 100% to 105%. The uncollateralized investment contracts have clauses requiring collateralization should the provider's rating fall below an investment grade rating of A.

Although the City did not participate in any securities lending transactions or enter into any reverse repurchase agreements during the year, the City does have an investment in LAIF in the amount of $39,086,350. The total amount invested by all public agencies in LAIF at June 30, 2008 was $25.2 billion. LAIF is part of the State of California Pooled Money Investment Account (PMIA) whose balance at June 30, 2008 was $70.0 billion. Of this amount, 3.60% is invested in short–term asset backed commercial paper, and 11.12% is invested in structured notes and medium-term asset backed securities. PMIA is not SEC-registered, but is required to invest according to California State Code. The average maturity of PMIA investments was 212 days as of June 30, 2008.

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.

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2. CASH AND INVESTMENTS (Continued)

Risks –

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed ten years. Investments maturing beyond a five-year horizon should not exceed fifteen percent (15%) of the total portfolio value at any given time. Specific maturities of investments depend on liquidity needs.

Credit Risk - It is the City's policy that commercial paper must have a rating of A-1/P or better. Banker's acceptance do not have credit rating limits. Medium-term notes must have a rating of A or better. Money market mutual funds and federal agency securities must have the highest rating issued by the nationally recognized statistical rating organizations. The Local Agency Investment Fund (LAIF) administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

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

As of June 30, 2008, the ratings of the City's investments in U.S. Treasuries, U.S. Agencies, money market mutual funds, and tax-exempt municipal bonds range from AA to AAA by Standard and Poor's, and Aa1 to Aaa by Moody's Investors Service. Medium term notes have ratings ranging from A to AAA from Standard and Poor's and A2 to Aaa by Moody's. Commercial paper is rated A-1+ by Standard and Poor's and P-1 by Moody's. LAIF, and negotiable CD's are not rated. The repurchase agreement is rated A-1+ by Standard and Poor's and is not rated by Moody's. Investments of bond proceeds permitted under bond covenants are included in the ratings above. As permitted under bond covenants, GICs issued by Societe Generale total $61,029,042, representing 13.51% of total investments. The investments are collateralized with federal securities, as required by bond covenants. GICs are not rated. A summary of investments by category and maturity at June 30, 2008 (dollar amounts in thousands):

2. CASH AND INVESTMENTS (Continued)

		Investment Maturities			
Investment Type	Fair Value	1 year or less	1-3 years	3-5 years	5 years or more
U. S. Agencies	$ 92,978	$ -	$ 60,203	$ 29,499	$ 3,274
U. S. Treasuries	41,717	26	5,270	36,342	79
Medium term notes	72,626	19,862	52,764	-	-
LAIF	39,086	39,086	-	-	-
Money market mutual funds	71,985	71,985	-	-	-
Commercial paper	11,000	11,000	-	-	-
Negotiable CD's	585	-	-	585	-
Tax exempt Municipal bonds	1,784	-	-	-	1,784
Repurchase agreement	15,720	15,720	-	-	-
GICs	103,901	90,331	-	706	12,864
Total	$ 451,380	$248,010	$ 118,237	$ 67,132	$ 18,001
Allocation by percentage	100	55	26	15	4

The average life of the portfolio was 2.08 years.

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

At June 30, 2008, restricted cash and investments are as follows (dollar amounts in thousands):

Governmental activities	$ 108,095
Business-type activities	
Water Utility	20,527
Wastewater Utility	37,959
Central Parking District	3,101
Total	61,587
	$ 169,682

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3. INTERFUND RECEIVABLES / PAYABLES

Interfund receivables and payables are as follows at June 30, 2008:

Due to/from other funds (dollar amounts in thousands):

		Receivable Funds		
		General Fund	Capital Improvement	Total
Payable Funds	Other Governmental	$ 1,238	$ 3,542	$ 4,780
	Other Enterprise	-	131	131
	Total	$ 1,238	$ 3,673	$ 4,911

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

Advances from/to other funds (dollar amounts in thousands):

		Receivable Funds							
		General	Public Facilities Impact Fees	Capital Improvement	Other Governmental	Wastewater Utility	Central Parking District	Internal Service	Total
Payable Funds	Public Facilities Impact Fees	$ -	$ -	$ 1,866	$ -	$ -	$ -	$ -	$ 1,866
	Capital Improvement	350	-	-	-	-	-	-	350
	Redevelopment Agency	728	116	17,056	15,271	65	847	-	34,083
	Other Governmental	8,062	-	-	-	-	-	-	8,062
	Central Parking District	630	1,000	-	-	-	-	530	2,160
	Other Enterprise	-	-	763	-	-	-	-	763
	Total	$ 9,770	$ 1,116	$ 19,685	$ 15,271	$ 65	$ 847	$ 530	$ 47,284

"Advances to" and "advances from" balances represent loan activity between various funds. The $728,000 is a loan from the General Fund to the Redevelopment Agency for various project areas. The $8,062,000 is a loan that represents the remaining balance for subsidies from the General Fund to the Development Services Fund for the period of 1992 through 2002. The $630,000 loan from the General Fund to the Central Parking District is for settlement costs of property acquisition through eminent domain.

The $1,000,000 is a loan from Public Facilities Impact Fees to Central Parking District for construction costs of new parking structures.

3. INTERFUND RECEIVABLES / PAYABLES (Continued)

The $1,866,000 loan from Capital Improvement to Public Facilities Impact Fees is for architectural and construction costs for community centers and fire stations. The $17,056,000 from Capital Improvement to the Redevelopment Agency represents loans for various project areas. The $763,000 loan from the Capital Improvement Fund to the Swenson Golf Course Fund is for an Irrigation System.

The $15,271,000 represents loans in the amount of $197,000 from the Development Services Fund, $4,686,000 from the Urban Development Action Grant Fund, and $10,388,000 from the Community Development Loan Fund to the Redevelopment Agency to provide funds for various project areas.

The $847,000 is a loan from the Central Parking District to the Redevelopment Agency for the West End project area.

Finally, the $530,000 advance from the General Liability Insurance Fund to the Central Parking District is for settlement costs of property acquisition through eminent domain.

4. TRANSFERS

Transfers for the year ended June 30, 2008 (dollar amounts in thousands):

		Transfers In					
		General	Capital Improvement	Redevelopment Agency	Other Governmental	Internal Service	Total
Transfers Out	General	$ -	$ -	$ -	$ 14,820	$ 2,199	$ 17,019
	Public Facilities Impact Fees	-	-	-	137	-	137
	Redevelopment Agency	-	-	-	19,367	-	19,367
	Other Governmental	5,071	1,076	205	16,418	546	23,316
	Water Utility	-	69	-	-	105	174
	Wastewater Utility	-	70	-	-	24	94
	Stormwater Utility	-	7	-	-	-	7
	Central Parking District	774	-	-	-	-	774
	Internal Service	-	1,922	-	55	1,075	3,052
	Total	$ 5,845	$ 3,144	$ 205	$ 50,797	$ 3,949	$ 63,940

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4. TRANSFERS (Continued)

During the year various interfund transfers were made to finance expenditures, subsidize operating losses, and service debt. The $17,019,000 General Fund transfers out include transfers of $7,148,000 to Recreation Services, $6,703,000 to the City-County Library, $774,000 to the Stockton Public Financing Authority (SPFA) Debt Service Fund, $195,000 to the Special Grants Fund to match funds on specific projects, and $2,199,000 to the Internal Service Funds for fleet acquisition and technology improvements.

The General Fund received transfers in of $5,071,000 from the Gas Tax Fund primarily for the reimbursement of qualified street repair and maintenance expenditures and $774,000 from the Central Parking District for the payment of debt service on the Stewart Eberhardt Building / Parking Structure.

The Capital Improvement Fund received transfers from various funds in the amount of $3,144,000 to finance special projects. The transfers included $1,076,000 from the City Administration Building Fund to cover the costs of design, space planning, moving expenses and $1,922,000 from the Other Equipment Internal Services Fund to provide for underground and fiber optic cabling required to connect the new administration building to the city's communication network.

The $19,367,000 Redevelopment Agency Fund transfers out include $10,946,000 to the Redevelopment Agency Loan Fund to provide loans for neighborhood revitalization and improve housing affordability; $7,809,000 to the Redevelopment Agency Debt Service Fund, and $612,000 to the Stockton Public Financing Authority (SPFA) Debt Service Fund.

Transfers out of $23,316,000 from the Other Governmental Funds include $5,071,000 from the Gas Tax Fund to the General Fund primarily for the reimbursement of qualified street repair and maintenance expenditures, $1,076,000 from the City Administration Building Fund to the Capital Improvement Fund to cover the costs of design, space planning and moving expenses, $14,554,000 from the Community Development Loan Fund to the CDBG Revolving Loan Fund to move advances to property owners, $1,002,000 from Community Development Block Grant Fund to the Community Development Loan Fund to service loans, $850,000 from the City Administration Building Fund to the Stockton Public Financing Authority (SPFA) Debt Service Fund, and $546,000 from various Other Governmental Funds to the Central Garage Internal Service Fund for fleet acquisition and lease payments.

Finally, the Internal Service Funds had transfers of $1,075,000. The transfers include $500,000 from the Other Insurance Fund to the Central Garage Internal Service Fund, $500,000 from the Other Insurance Fund to the Computer Equipment Internal Service Fund, and $75,000 from the Other Insurance Fund to the Radio Equipment Internal Service Fund.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 (dollar amounts in thousands):

Governmental activities:	Restated Balance July 1, 2007	Acquisitions	Dispositions	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	$ 35,014	$ 2,181	$ -	$ 37,195
Construction in progress	131,679	85,854	(121,141)	96,392
Total capital assets, not being depreciated	166,693	88,035	(121,141)	133,587
Capital assets, being depreciated:				
Infrastructure	394,822	12,507	(1,154)	406,175
Buildings and improvements	247,447	44,344	-	291,791
Machinery and equipment	42,298	3,437	(2,147)	43,588
Total capital assets, being depreciated	684,567	60,288	(3,301)	741,554
Less accumulated depreciation for:				
Infrastructure	(67,339)	(10,579)	-	(77,918)
Buildings and improvements	(47,376)	(6,068)	-	(53,444)
Machinery and equipment	(27,771)	(3,367)	2,134	(29,004)
Total accumulated depreciation	(142,486)	(20,014)	2,134	(160,366)
Total capital assets, being depreciated, net	542,081	40,274	(1,167)	581,188
Governmental activities capital assets, net	$ 708,774	$ 128,309	$ (122,308)	$ 714,775

Governmental activities' beginning capital assets have been restated for construction in progress. See Note 14 for additional detail.

Business-type activities:	Balance July 1, 2007	Acquisitions	Dispositions	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	$ 14,635	$ 530	$ -	$ 15,165
Construction in progress	81,664	23,844	(1,697)	103,811
Total capital assets, not being depreciated	96,299	24,374	(1,697)	118,976
Capital assets, being depreciated:				
Buildings and improvements	577,493	10,080	-	587,573
Machinery and equipment	8,730	-	-	8,730
Total capital assets, being depreciated	586,223	10,080	-	596,303
Less accumulated depreciation for:				
Buildings and improvements	(155,143)	(13,609)	-	(168,752)
Machinery and equipment	(5,933)	(168)	-	(6,101)
Total accumulated depreciation	(161,076)	(13,777)	-	(174,853)
Total capital assets, being depreciated, net	425,147	(3,697)	-	421,450
Business-type activities capital assets, net	$ 521,446	$ 20,677	$ (1,697)	$ 540,426

5. CAPITAL ASSETS (Continued)

Depreciation expense by functions and programs (dollar amounts in thousands):

Governmental activities:	
General government	$ 3,561
Public safety	885
Public works	10,736
Library	116
Parks & recreation	1,958
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	2,738
Total depreciation expense - governmental activities	$ 20,014
Business-type activities:	
Water utility	$ 2,250
Wastewater utility	9,147
Stormwater utility	1,531
Central parking district	762
Golf courses	87
Total depreciation expense - business-type activities	$ 13,777

6. LONG-TERM DEBT

Governmental Activities

Summary of changes in governmental activities long-term liabilities for the year ended June 30, 2008 (dollar amounts in thousands):

Governmental activities:	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Lease Revenue Refunding Bonds:					
2006 Series A (Essential Services Building)	$ 13,860	$ -	$ (325)	13,535	$ 340
Deferred amount on refunding	(769)	-	32	(737)	(32)
Variable Rate Demand Lease Revenue Bonds					
2007 Series A	-	36,500	-	36,500	-
2007 Series B	-	4,270	-	4,270	-
Unamortized discount	(82)	-	3	(79)	(3)
Total Lease Revenue Bonds	13,009	40,770	(290)	53,489	305
Certificates of Participation:					
Series 2003A (Redevelopment Housing)	1,160	-	-	1,160	-
Series 2003B (Redevelopment Housing)	12,140	-	-	12,140	-
Unamortized discount	(86)	-	3	(83)	(3)
Total Certificates of Participation	13,214	-	3	13,217	(3)
Pension Obligation Bonds:					
2007 Series A	96,985	-	(250)	96,735	20
2007 Series B	28,325	-	-	28,325	-
Total Pension Obligation Bonds	125,310	-	(250)	125,060	20
Other long-term obligations:					
Notes payable:					
U.S. Dept. of Housing and Urban Development	11,105	12,300	(490)	22,915	525
California Housing Finance Agency	1,050	-	-	1,050	-
Capital Lease Obligations	-	1,000	(26)	974	51
Estimated liability for self-insurance	44,649	38,213	(34,904)	47,958	11,827
Compensated absences	24,172	6,894	(8,705)	22,361	10,257
Total other long-term obligations	80,976	58,407	(44,125)	95,258	22,660
Redevelopment Agency:					
Revenue Bonds:					
Series 2004 (Stockton Events Center-Arena)	47,000	-	(175)	46,825	225
2006 Series A (Redevelopment Projects)	75,755	-	-	75,755	-
2006 Series B (Redevelopment Projects)	8,445	-	-	8,445	1,395
2006 Series C (Housing Projects)	25,985	-	-	25,985	370
Unamortized premium	3,774	-	(127)	3,647	127
Note payable	707	366	(27)	1,046	28
Total Redevelopment Agency	161,666	366	(329)	161,703	2,145
Total governmental activities - long-term liabilities	$ 394,175	$ 99,543	$ (44,991)	$ 448,727	$ 25,127

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6. LONG-TERM DEBT (Continued)

Lease Revenue Refunding Bonds

The 2006 Lease Revenue Refunding Bonds Series A were issued in the amount of $13,965,000 by the Stockton Public Financing Authority (SPFA) on March 22, 2006. As of June 30, 2008, bonds totaling $13,535,000 are due in installments ranging from $340,000 to $875,000 through August 1, 2031, with interest rates ranging from 4.0% to 5.0% on bonds outstanding. The Bonds were issued to advance refund and defease $13,795,000 in outstanding 1999 Certificates of Participation which were used to finance a portion of the acquisition and construction of an essential services building and an adjacent parking facility. Repayment of the Bonds is financed from lease payments pledged by the City to the SPFA. The primary sources for repayment are as follows: approximately 85% is paid by the Central Parking District Fund and approximately 15% is paid from the police public facility fee. The principal amount due is reported net of a negative deferred amount on refunding of $737,000 and unamortized discount $79,000.

Variable Rate Demand Lease Revenue Bonds

The 2007 Variable Rate Demand Lease Revenue Bonds, Series A (Tax-Exempt) were issued in the amount of $36,500,000 by the Stockton Public Financing Authority on November 29, 2007. As of June 30, 2008 bonds totaling $36,500,000 are due in installments ranging from $10,000 to $2,825,000 beginning September 1, 2018 through September 1, 2048. The bonds bear interest at a "Weekly Rate" established by the Remarketing Agent having due regard for prevailing financial market conditions. Interest is paid monthly based on the rate, which is reset on a weekly basis. The maximum interest rate allowed on the bonds is 12% per annum and as of June 30, 2008, the rate being paid was 1.60%. Rates paid during the fiscal year varied from a low of 1.20% to a high of 3.52%

The 2007 Variable Rate Demand Lease Revenue Bonds, Series B (Taxable) were issued in the amount of $4,270,000 by the Stockton Public Financing Authority on November 29, 2007. As of June 30, 2008 bonds totaling $4,270,000 are due in installments ranging from $130,000 to $345,000 beginning September 1, 2009 through September 1, 2027. The bonds bear interest at a "Weekly Rate" established by the Remarketing Agent having due regard for prevailing financial market conditions. Interest is paid monthly based on the rate, which is reset on a weekly basis. The maximum interest rate allowed on the bonds is 15% per annum and as of June 30, 2008, the rate being paid 2.48%. Rates paid during the fiscal year varied from a low of 2.38% to a high of 5.25%

6. LONG-TERM DEBT (Continued)

The Series A and B bonds were issued to provide funds to finance the acquisition of an office building and parking garage in the City, which will be converted into the City Administration building, which will replace an aging City hall and other City offices. Debt service on both the A and the B series bonds is currently being paid for with revenues from leases of portions of the building.

Both the A and the B series bonds are subject to conversion of the reset period used to determine the variable rate and are also subject to conversion to fixed rate structure.

There is not currently a hedge instrument in place on these variable rate bonds.

Certificates of Participation

Certificates of Participation Series 2003A (Redevelopment Housing Projects) were issued in the amount of $1,160,000 on June 17, 2003. As of June 30, 2008, certificates totaling $1,160,000 are due in installments ranging from $35,000 to $75,000 beginning September 1, 2011 through September 1, 2033, with interest rates ranging from 3.0% to 4.375% on certificates outstanding. The Certificates were issued to finance certain redevelopment housing projects. Repayment of the Certificates is financed from lease payments pledged by the City to the SPFA. The primary source of repayment is 20% Redevelopment the Agency housing set-aside. The principal amount due is reported net of unamortized discount of $18,000.

Certificates of Participation Taxable Series 2003B (Redevelopment Housing Projects) were issued in the amount of $12,140,000 on June 17, 2003. As of June 30, 2008, certificates totaling $12,140,000 are due in installments ranging from $295,000 to $870,000 through September 1, 2033, with interest rates ranging from 4.52% to 5.28% on certificates outstanding. The Certificates were issued to finance certain redevelopment housing projects. Repayment of the Certificates is financed from lease payments pledged by the City to the SPFA. The primary source of repayment is the 20% Redevelopment Agency housing set-aside. The principal amount due is reported net of unamortized discount of $65,000.

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6. LONG-TERM DEBT (Continued)

Pension Obligation Bonds

The 2007 Taxable Pension Obligation Bonds, Series A were issued in the amount of $96,985,000 by the City of Stockton on March 26, 2007. As of June 30, 2008, bonds totaling $96,735,000 are due in installments ranging from $20,000 to $8,400,000 through September 1, 2037, with interest rates ranging from 5.14% to 5.455% on bonds outstanding. The Bonds were issued to refinance a portion of the City's unfunded actuarial liability with respect to retirement benefits accruing to its members of the California Public Employees' Retirement System (CalPERS). The obligation of the City to make payments with respect to the Bonds is not limited to any special source of funds and is payable from any legally available moneys or funds of the City. Funds for repayment of the Bonds will come from the amounts previously budgeted for payment of the City's annual required contributions to CalPERS.

The 2007 Taxable Pension Obligation Bonds, Series B were issued in the amount of $28,325,000 by the City of Stockton on March 26, 2007. As of June 30, 2008, bonds totaling $28,325,000 are due in installments ranging from $715,000 to $2,800,000 beginning September 1, 2018 through September 1, 2037, with interest rates ranging from 5.675% to 5.795% on bonds outstanding. The Bonds were issued to refinance a portion of the City's unfunded actuarial liability with respect to retirement benefits accruing to its members of the California Public Employees' Retirement System (CalPERS). The obligation of the City to make payments with respect to the Bonds is not limited to any special source of funds and is payable from any legally available moneys or funds of the City. Funds for repayment of the Bonds will come from the amounts previously budgeted for payment of the City's annual required contributions to CalPERS.

Annual Debt Service Requirements to Maturity (dollar amounts in thousands)

Year Ending	Lease Revenue Bonds		Certificates of Participation		Pension Obligation Bonds	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 340	$ 1,260	$ -	$ 687	20	6,846
2010	485	1,244	-	687	130	6,842
2011	510	1,224	-	687	250	6,832
2012	530	1,203	330	660	380	6,818
2013	555	1,184	345	645	930	6,783
2014-2018	3,185	5,596	1,965	2,978	10,240	32,601
2019-2023	4,335	4,948	2,470	2,453	17,395	28,977
2024-2028	6,275	4,053	3,165	1,735	22,265	23,369
2029-2033	7,815	2,894	4,080	799	29,515	16,505
2034-2038	6,500	2,141	945	25	43,935	6,579
2039-2043	8,955	1,514	-	-	-	-
2044-2048	11,995	663	-	-	-	-
2048	2,825	8	-	-	-	-
Total	$ 54,305	$ 27,930	$ 13,300	$ 11,296	$ 125,060	$ 142,150

6. LONG-TERM DEBT (Continued)

Other Long-term Obligations

Notes Payable

The City entered into three Section 108 loan guarantee agreements with the U.S. Department of Housing and Urban Development (HUD) to complete redevelopment projects. Outstanding balances are $2,360,000, $8,055,000, and $12,500,000, respectively, as of June 30, 2008. Final payment on the first two loans is due in August 2020; the third is due in August 2025. Interest on the first two loans is calculated at a variable rate based on the London Interbank Offered Rate (LIBOR) plus 20 basis points per annum. Interest on the third loan is not included in the debt service schedule below as HUD has yet to provide the City with an amortization schedule on that loan. Accumulated interest will be recognized as expenditures when paid. Repayment of the loans will be financed from Community Development Block Grant entitlement funds.

The City also entered into two loan agreements with the California Housing Finance Agency for the purposes of the operation of a local housing program. Outstanding balances are $500,000 and $550,000, respectively, as of June 30, 2008. Simple interest is calculated at 3.0% per annum. The term of the loans are 10 years and 8 years from the date of the agreements and will be due on June 24, 2013 and April 4, 2013, along with all interest charges incurred during the term of the loans.

Annual Debt Service Requirements to Maturity (dollar amounts in thousands)

Year Ending	Notes Payable	
June 30,	Principal	Interest
2009	$ 525	$ 947
2010	970	1,120
2011	1,200	1,073
2012	1,220	1,946
2013	1,250	958
2014-2018	7,895	4,060
2019-2023	8,370	1,614
2024-2028	2,535	98
Total	$ 23,965	$ 11,816

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6. LONG-TERM DEBT (Continued)

Capital Lease Obligations

The City entered into a $1,000,000 long-term master lease agreement with Banc of America Public Capital Corporation for the purchase of an aerial fire truck and water rescue vehicle. Lease payments are due on April and October 26th through October 26, 2022 with an interest rate of 3.862%.

The assets acquired through the capital lease (dollar amounts in thousands):

Machinery and Equipment	$ 1,000
Less: Accumulated depreciation	(46)
Total	$ 954

This lease qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments beginning October 26, 2007. As of June 30, 2008, the future minimum lease obligations and the net present value of these minimum lease payments are (dollar amounts in thousands:

Year Ending June 30,	Capital Lease Principal	Capital Lease Interest
2009	$ 51	$ 37
2010	53	35
2011	55	33
2012	58	31
2013	60	29
2014-2018	336	107
2019-2023	361	36
Total	$ 974	$ 308

Estimated Liability for Self-insurance

Internal service funds predominantly serve the governmental funds. Accordingly, estimated long-term liabilities for these funds are included in the totals for governmental activities. As of June 30, 2008, the long-term liabilities for the General Liability Insurance, Workers' Compensation Insurance, and Health Benefits Insurance Funds total $47,958,000 See Note 10 for additional disclosures regarding risk management.

6. LONG-TERM DEBT (Continued)

Compensated Absences

Compensated absences related to governmental activities total $22,361,000 at year-end. These balances are generally paid by the General Fund. The above balance includes $4,202,000 of compensated absences from the internal service funds.

Redevelopment Agency

Revenue Bonds

Revenue Bonds, Series 2004 (Stockton Events Center-Arena) were issued in the amount of $47,000,000 on March 18, 2004 by the Redevelopment Agency (Agency). As of June 30, 2008, bonds totaling $46,825,000 are due in installments ranging from $225,000 to $4,035,000 through September 1, 2036, with interest rates ranging from 2.0% to 5.0% on bonds outstanding. The Bonds were issued to finance a portion of the costs of an indoor arena, including facilities for ice hockey, indoor football, indoor soccer, concerts, and other events, with a seating capacity of approximately 10,000. The Bonds are special obligations of the Agency payable from revenues consisting primarily of lease payments payable by the City to the Agency and pledge payments to be made by the Agency from certain tax increment revenues derived from specified Redevelopment Agency project areas. The principal amount due is reported net of unamortized premium of $1,422,000.

Revenue Bonds, 2006 Series A (Redevelopment Projects), were issued in the amount of $75,755,000 on July 12, 2006 by the Stockton Public Financing Authority (SPFA). As of June 30, 2008, bonds totaling $75,755,000 are due in installments ranging from $410,000 to $4,790,000 and are to be paid beginning September 1, 2012 through September 1, 2037, with interest rates ranging from 5.0% to 5.25% on bonds outstanding. The Bonds were issued as part of the Strong Neighborhoods Initiative to fund a portion of three loans (collectively, the Redevelopment Loans) made pursuant to three loan agreements (the Redevelopment Agreement) between the SPFA and the Redevelopment Agency (Agency), relating, respectively, to the Agency's Midtown Merged Redevelopment Project, North Stockton Redevelopment Project and South Stockton Merged Redevelopment Project (collectively, the Merged Midtown, North Stockton, and South Stockton Merged Redevelopment Projects). The portion of each Redevelopment Loan allocable to the Series A Bonds will be used by the Agency to finance certain redevelopment projects within or of benefit to the Merged Midtown, North Stockton, and South Stockton Merged Redevelopment Projects. The Bonds are special obligations of the Agency payable from tax increment revenues from the Midtown Merged, North Stockton, and South Stockton Merged Redevelopment Project Area. The principal amount due is reported net of unamortized premium of $2,225,000.

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6. LONG-TERM DEBT (Continued)

Taxable Revenue Bonds, 2006 Series B, (Redevelopment Projects), were issued in the amount of $8,445,000 on July 12, 2006 by the Stockton Public Financing Authority (SPFA). As of June 30, 2008, bonds totaling $8,445,000 are due in installments ranging from $980,000 to $1,665,000 and are to be paid beginning September 1, 2008 through September 1, 2013, with interest rates ranging from 6.01% to 6.10% on bonds outstanding. The Bonds were issued as part of the Strong Neighborhoods Initiative to fund a portion of the Redevelopment Loans made pursuant to the Redevelopment Agreements. The portion of each Redevelopment Loan allocable to the Series B Bonds will be used by the Agency to finance certain redevelopment projects within or of benefit to the Merged Midtown, North Stockton, and South Stockton Merged Redevelopment Projects. The Bonds are special obligations of the Agency payable from tax increment revenues from the Midtown Merged, North Stockton, and South Stockton Merged Redevelopment Project Area.

Taxable Revenue Bonds, 2006 Series C, (Housing Projects), were issued in the amount of $25,985,000 on July 12, 2006 by the Stockton Public Financing Authority (SPFA). As of June 30, 2008, bonds totaling $25,985,000 are due in installments ranging from $370,000 to $1,720,000 and are to be paid beginning September 1, 2008 through September 1, 2037, with interest rates ranging from 6.15% to 6.87% on bonds outstanding. The Bonds were issued as part of the Strong Neighborhoods Initiative to fund a loan (the Housing Loan) made pursuant to a loan agreement, dated July 1, 2006, by and among the SPFA, the Agency and the Trustee (the Housing Loan Agreement). The Housing Loan will be used by the Agency to finance certain low and moderate income housing projects throughout the City of Stockton. The Bonds are special obligations of the Agency payable from low and moderate income housing allocation.

6. LONG-TERM DEBT (Continued)

Note Payable

The Redevelopment Agency entered into a loan with the California Department of Boating and Waterways (DBAW) to complete a planning report and to develop a small craft harbor facility. The loan amount outstanding at June 30, 2008 is $1,046,000 and will be paid in annual installments through August 1, 2013, with an interest rate of 4.5%. Repayment of the loan will be financed from tax increment revenues of the Redevelopment Agency. It is anticipated that all remaining funds for the development portion will be drawn for use during the next fiscal year.

Annual Debt Service Requirements to Maturity (dollar amounts in thousands)

Year Ending June 30,	Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2009	$ 1,990	$ 8,261	$ 28	$ 42
2010	2,155	8,145	119	41
2011	2,325	8,021	120	36
2012	2,505	7,887	121	31
2013	2,695	7,745	123	26
2014-2018	16,550	36,396	446	21
2019-2023	22,595	31,534	89	4
2024-2028	26,660	25,200	-	-
2029-2033	35,540	16,941	-	-
2034-2038	43,775	5,848	-	-
			-	-
Total	$ 157,010	$ 155,978	$ 1,046	$ 201

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6. LONG-TERM DEBT (Continued)

Business-type Activities

Summary of changes in business-type activities long-term liabilities for the year ended June 30, 2008 (dollar amounts in thousands):

Business-type activities:	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Water Utility					
California Statewide Community Development Authority Revenue Bonds Series 2002A (Water System Capital Improvements)	$ 12,385	$ -	$ (540)	$ 11,845	$ 565
Deferred amounts on refunding	(266)	-	17	(249)	(17)
Unamortized discount	(226)	-	14	(212)	(14)
Stockton Public Financing Authority Revenue Bonds Series 2005A (Water System Capital Improvements)	24,230	-	-	24,230	-
Unamortized premium	127	-	(4)	123	4
Note payable Federal Drought Relief Act Loan	731	-	(59)	672	62
Total Water Utility	36,981	-	(572)	36,409	600
Wastewater Utility					
Stockton Public Financing Authority Certificates of Participation Revenue COP 1998 Series A (Wastewater Projects)	88,740	-	(1,935)	86,805	2,020
Refunding COP 2003 Seris A (Wastewater Projects)	12,480	-	(575)	11,905	585
Deferred amounts on refunding	(4,183)	-	343	(3,840)	(268)
Unamortized discount	(514)	-	27	(487)	(27)
Total Wastewater Utility	96,523	-	(2,140)	94,383	2,310
Central Parking District					
Stockton Public Financing Authority Lease Revenue Bonds Series 2004 (Parking and Capital Projects)	32,700	-	(125)	32,575	165
Unamortized discount	(65)	-	2	(63)	(2)
Total Central Parking District	32,635	-	(123)	32,512	163
Other long-term obligations:					
Compensated absences	379	111	(33)	457	195
Total other long-term obligations	379	111	(33)	457	195
Total business-type activities - long-term liabilities	$ 166,518	$ 111	$ (2,868)	$ 163,761	$ 3,268

6. LONG-TERM DEBT (Continued)

Water Utility

Revenue Bonds

On April 16, 2002, the City participated in the California Statewide Community Development Authority (CSCDA) Water and Wastewater Revenue Bond (Pooled Financing Program), Series 2002A, which issued Bonds in the amount of $14,280,000 for the City of Stockton. As of June 30, 2008, bonds totaling $11,845,000 are due in installments ranging from $565,000 to $1,090,000 through October 1, 2022, with interest rates ranging from 3.9% to 5.125% on bonds outstanding. The Bonds were issued to refinance prior water system expansion bonds. Repayment of the Bonds is financed from net revenues pledged by the Water Utility Fund to CSCDA. The principal amount due is reported net of a negative deferred amount on refunding of $249,000 and unamortized discount of $212,000.

The 2005 Water Revenue Bonds, Series A (Water System Capital Improvement Projects) were issued in the amount of $24,230,000 by the SPFA on November 3, 2005. As of June 30, 2008, bonds totaling $24,230,000 are due in installments ranging from $150,000 to $2,350,000 beginning September 1, 2017 through September 1, 2035, with interest rates ranging from 4.0% to 5.0% on bonds outstanding. The Bonds were issued to finance various water system capital improvement projects. Repayment of the Bonds is financed from net revenues pledged by the Water Utility Fund to the SPFA. The principal amount due is reported net of unamortized premium of $123,000.

Note Payable

In August 1977, the City accepted a Federal Drought Relief Act loan to finance drought relief projects for the Water Utility Enterprise Fund. As of June 30, 2008 the outstanding balance on this loan was $672,000. The loan bears interest at 5.0% per annum with final payment due in July 2017.

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6. LONG-TERM DEBT (Continued)

Wastewater Utility

Certificates of Participation

Revenue Certificates of Participation 1998 Series A (Wastewater System Project) were issued in the amount of $101,650,000 by the SPFA on February 3, 1998. As of June 30, 2008, certificates totaling $86,805,000 are due in installments ranging from $2,020,000 to $7,325,000 through September 1, 2029, with interest rates ranging from 4.3% to 5.2% on certificates outstanding. The proceeds of the 1998 issue were used to finance the design and construction of a sewer interceptor, to make improvements and modifications to the southern industrial sewer trunk line, and to refund the 1995 Certificates of Participation issue that was used to finance the design, improvements and modifications to the regional wastewater control facilities serving the citizens of the City of Stockton. Repayment of the Certificates is financed from net revenues pledged by the Wastewater Utility Fund to the SPFA. The principal amount due is reported net of a negative deferred amount on refunding of $3,825,000 and unamortized discount of $326,000.

Refunding Certificates of Participation 2003 Series A (Wastewater System Project) were issued in the amount of $14,135,000 by the SPFA on May 21, 2003. As of June 30, 2008 certificates totaling $11,905,000 are due in installments ranging from $585,000 to $965,000 through September 2, 2023, with interest rates ranging from 2.0% to 4.25% on certificates outstanding. The Certificates were issued to advance refund the 1993 certificates of participation. Repayment of the Certificates is financed from net revenues pledged by the Wastewater Utility Fund to the SPFA. The principal amount due is reported net of a negative deferred amount on refunding of $15,000 and unamortized discount of $161,000.

Central Parking District

Lease Revenue Bonds

Lease Revenue Bonds, Series 2004 (Parking and Capital Projects) were issued in the amount of $32,785,000 by the SPFA on June 16, 2004. As of June 30, 2008, bonds totaling $32,575,000 are due in installments ranging from $165,000 to $2,950,000 through September 1, 2034, with interest rates ranging from 4.0% to 5.375% on bonds outstanding. The Bonds were issued to finance the construction of the Edward S. Coy Parking Garage, the Stockton Events Center Parking Structure, and other parking facilities within the Central Parking District. Repayment of the Bonds is financed from lease payments pledged by the Central Parking District Fund to the SPFA. The principal amount due is reported net of unamortized discount of $63,000.

6. LONG-TERM DEBT (Continued)

Annual Debt Service Requirements to Maturity (dollar amounts in thousands)

Year Ending June 30,	Water Utility Revenue Bonds Principal	Water Utility Revenue Bonds Interest	Wastewater Utility Certificates of Participation Principal	Wastewater Utility Certificates of Participation Interest	Central Parking District Lease Revenue Bonds Principal	Central Parking District Lease Revenue Bonds Interest
2009	$ 565	$ 1,694	$ 2,605	$ 4,770	$ 165	$ 1,641
2010	590	1,669	2,720	4,659	210	1,634
2011	620	1,645	2,840	4,539	255	1,625
2012	640	1,619	2,955	4,417	305	1,613
2013	670	1,592	3,090	4,287	360	1,600
2014-2018	3,995	7,466	17,825	19,048	2,680	7,709
2019-2023	5,745	6,291	22,695	14,189	4,605	6,869
2024-2028	7,270	4,765	29,700	7,739	7,325	5,344
2029-2033	9,250	2,778	14,280	752	10,980	3,012
2034-2038	6,730	489	-	-	5,890	304
Total	$ 36,075	$ 30,008	$ 98,710	$ 64,400	$ 32,575	$ 31,351

Year Ending June 30,	Note Payable Principal	Note Payable Interest
2009	$ 62	$ 34
2010	65	30
2011	68	27
2012	71	24
2013	75	20
2014-2018	331	42
Total	$ 672	$ 177

Other Long-term Obligations

Compensated Absences

At year-end, $457,000 of enterprise funds compensated absences is included in the totals for business-type activities.

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6. LONG-TERM DEBT (Continued)

Defeasance of Debt

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, 2008, the outstanding balances of the bonds considered defeased were as follows:

1999 Certificates of Participation – ESB/Parking	$ 13,295,000

Debt without City Commitment

Land Secured Debt Financing (No City Commitment) – The City has authorized the formation of community facilities districts (CFDs) and assessment districts (local improvement districts) (LIDs) and the issuance of bonds under various public improvement acts of the State of California to finance eligible public facilities necessary to serve developing commercial, industrial, residential and/or mixed use developments. The bonds are secured by annual special tax levies or liens placed on the property within the districts. The City is not liable for repayment and acts only as an agent for the property owners in collecting the special taxes or assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. These bonds are payable solely from special taxes or assessments, specific reserves, and the proceeds from property foreclosures. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. As of June 30, 2008, there were ten CFD special tax bonds, six special assessment bonds, and 5 revenue bonds outstanding with aggregate principal amounts payable of $111,410,000, $28,125,000, and $46,375,000, respectively.

Conduit Debt (No City Commitment) – Revenue bonds and certificates of participation have been issued 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 basic financial statements. As of June 30, 2008, there were four series of revenue bonds with an aggregate principal amount payable of $28,435,000.

7. SHORT-TERM DEBT

Governmental Activities

Summary of the governmental activities short-term debt for the year ended June 30, 2008 (dollar amounts in thousands):

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
Governmental activities:				
2007 CSCDA Tax and Revenue Anticipation Notes	$ -	$ 36,020	$ 36,020	$ -
Total governmental activities short-term debt	$ -	$ 36,020	$ 36,020	$ -

The 2008 Tax and Revenue Anticipation Notes (TRAN) were issued in the amount of $36,020,000 on July 2, 2007 by the California State Communities Development Authority (CSCDA) and matured on June 30, 2008. The TRAN was issued to provide cash flows to the General Fund during the first six months of the fiscal year prior to the receipt of property taxes in December or early January. Net proceeds were invested to maximize interest earnings and provide funds for repayment of the TRAN.

8. EQUITY

Nature and Purpose of Reported Reserves and Designations

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

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8. EQUITY (Continued)

Summary of reported reserves and designations by fund at June 30, 2008 (dollar amounts in thousands):

	Governmental Funds					
	General	Public Facilities Impact Fees	Capital Improvement	Redevelopment Agency	Other	Total
Reserves:						
Encumbrances	$ 1,361	$ 19,100	$ 2,329	$ 14,821	$ 10,042	$ 47,653
Advances	9,770	1,116	19,685	90	95,824	126,485
Debt service	-	-	-	-	12,827	12,827
Capital projects	-	40,301	25	58,848	-	99,174
Low and moderate income housing	-	-	-	8,113	-	8,113
Public Safety	-	-	-	-	1,549	1,549
Endowments	-	-	-	-	1,604	1,604
Other items	2,367	-	-	40	3,054	5,461
Total reserves	13,498	60,517	22,039	81,912	124,900	302,866
Designations:						
Catastrophic events	1,620	-	-	-	-	1,620
Budget contingency/ budget uncertainty	1,620	-	-	-	-	1,620
Termination pay	-	-	-	-	132	132
Compensated Absences	1,600					1,600
Future appropriations	4,787	-	-	-	-	4,787
Total designations	9,627	-	-	-	132	9,759
Total Reserves and Designations	$ 23,125	$ 60,517	$ 22,039	$ 81,912	$ 125,032	$ 312,625

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 purposes described in Note 3 and advances to property owners.

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

Capital Projects – The construction and improvement of capital facilities.

8. EQUITY (Continued)

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

Public Safety – Set aside for unanticipated public safety revenue shortfalls.

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, the majority of which are loan commitments.

Catastrophic Events – Funds for protection of a portion of the City's exposure to natural disaster and severe unforeseen emergencies.

Budget Contingency/Budget Uncertainty – Funds to assist in allowing the City to perform required duties in the event of a significant loss of revenue or significant, unplanned costs.

Termination Pay – To cover unanticipated costs due to employee separation for the City-County Library Fund.

Compensated Absences – Set aside for future compensated absences payments.

Future Appropriations – Set aside for future unanticipated budgetary needs.

Net Assets

The government-wide statement of net assets reports $211,656,000 of restricted net assets, of which $104,104,000 is restricted by enabling legislation.

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9. RETIREMENT PLAN

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

All full-time City employees are eligible to participate in CalPERS. 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 highest annual salary. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS comprehensive annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA, 95814.

Funding Policy – Safety Plan participants are required to contribute 9% of their annual covered salary. Miscellaneous Plan participants are required to contribute 7% of their annual covered salary. As part of the City employees' benefit package, the City pays the employees' contribution. The City is required to contribute at an actuarially determined rate. The rate for Safety members was 21.426% of annual covered payroll. The rate for Miscellaneous members was 12.378% of annual covered payroll. The contribution requirements of the plan members and the City are established and may be amended by CalPERS.

Annual Pension Cost – For the year ended June 30, 2008, the City's annual pension costs were $9,220,209 for the Safety Plan and $6,064,762 for the Miscellaneous Plan. The annual pension costs were less than the City's required and actual contributions of $10,979,501 and $6,735,567 respectively due to interest earnings on the net pension asset offset by the amortization of the net pension asset. The required contribution rates were determined as part of the June 30, 2005 actuarial valuations using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary depending on age, service, and type of employment from 3.25% to 14.45%; (c) inflation of 3.00%; and (d) payroll growth of 3.25%. The actuarial values of the Plans' assets were determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period. The City's CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Based on the actuarial valuations dated June 30, 2006 (most recent valuations), the remaining amortization periods as of June 30, 2008 were 30 years for the Safety Plan and 17 years for the Miscellaneous Plan.

9. RETIREMENT PLAN (continued)

Funded Status and Funding Progress – As of June 30, 2006, the most recent valuation date, the Safety and Miscellaneous plans were 79.7% and 87.8% funded, respectively. For the Safety and Miscellaneous plans, respectively, the actuarial accrued liabilities for benefits were $579,611,000 and $421,342,000 and the actuarial value of assets were $462,052,000 and $370,044,000, resulting in unfunded actuarial accrued liabilities (UAAL) of $117,559,000 and $51,298,000. The covered payroll (annual payroll of active employees covered by the plan) was $52,289,000 for safety employees and $53,640,000 for miscellaneous employees, and the ratio of the UAAL to the covered payroll was 224.8% and 95.6% respectively.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Pension Asset – The City prepaid its Annual Required Contributions with proceeds from the 2007 Taxable Pension Obligation Bonds Series A and Series B. (See Note 6). This prepaid pension asset was determined in accordance with the provisions of GASB Statement No. 27 and represents contributions in excess of Annual Required Contributions. They are being amortized over 30 years for both plans. The pension asset balances at June 30, 2008 are as follows: $91,295,002 for the Safety Plan and $34,810,094 for the Miscellaneous Plan.

The City's annual pension cost and pension asset for the year ended June 30, 2008, were as follows: (dollar amounts in thousands):

	Safety Plan	Miscellaneous Plan
Annual required contribution	$ 10,979	$ 6,736
Interest on beginning net pension asset	(6,939)	(2,646)
Adjustment to the annual required contribution	5,180	1,975
Annual pension cost	$ 9,220	$ 6,065
Contributions made	$ 10,979	$ 6,736
Less: annual pension cost	(9,220)	(6,065)
Change in pension asset	1,759	671
Pension asset, beginning of the year	89,536	34,139
Pension asset, end of the year	$ 91,295	$ 34,810

9. RETIREMENT PLAN (continued)

Three-Year Trend Information (Dollar amounts in thousands)

SAFETY PLAN

Fiscal Year	Annual Pension Cost (APC)	Contributions	Percentage of APC Contributed	Pension Asset
6/30/08	$ 9,220	$ 10,979	119 %	$ 91,295
6/30/07	15,375	104,911	682	89,536
6/30/06	17,894	17,894	100	-

MISCELLANEOUS PLAN

Fiscal Year	Annual Pension Cost (APC)	Contributions	Percentage of APC Contributed	Pension Asset
6/30/08	$ 6,065	$ 6,736	111 %	$ 34,810
6/30/07	8,787	42,926	489	34,139
6/30/06	9,132	9,132	100	-

10. RISK SERVICES

The City is exposed to various risks of loss related to liability torts; theft of, damage to, and destruction of assets; errors and omissions; health and medical needs of employees; and natural disasters. The City established three internal service insurance funds (General Liability, Workers' Compensation, and Health Benefits Insurance) to account for and finance its self-insured risks of loss. Under the City's risk management program, the City retains risk for up to $1,000,000 for each general liability claim, $500,000 for each workers' compensation claim and $250,000 for each medical plan member under the health benefits program. The City purchases stop loss coverage for the health benefits program from Canada Life Assurance Co. up to a maximum of $1,750,000 per member. The City's coverage for excess claims for general liability and workers' compensation is discussed later in this note under risk pools. The workers' compensation and health benefits programs are administered by third-party claims administrators who are experts in their respective fields. The general liability program is self-administered by the City of Stockton.

The City records estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk in the internal service insurance funds. Charges to the General Fund and other funds are determined from an analysis of claims costs, and are recorded as expenditures or expenses in the various funds and revenues in the internal service insurance funds. Charges for general liability and workers' compensation insurances are a percentage of payroll, and the charge for health benefits is a monthly dollar amount for all active occupied positions.

10. RISK SERVICES (Continued)

The City contracts with independent actuaries to perform an analysis of the City's potential liability for the City's retained risk portions of the various self-insurance programs. The amounts recorded as liabilities represent estimates of amounts to be paid for reported claims, as well as incurred but not reported claims based upon past experience, modified for current trends and information. For general liability and workers' compensation for the current year, the present value of estimated outstanding losses is recognized at a 70% confidence level, using a 2.91% for general liability and 3.34% for worker's comp discount rates to reflect future investment earnings. Prior to 2006, it had been the City's practice to report the undiscounted expected value of estimated unpaid claims liabilities. While the ultimate amounts of losses incurred through June 30, 2008 are dependent on future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to recognize such losses. There have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded coverage each of the past three years. During this fiscal year the City's self-insured retention under the health benefits program increased from $210,000 to $250,000.

Changes in the balances of the City's claims liabilities for the current and prior fiscal years (dollar amounts in thousands):

	General Liability	Workers' Compensation	Health Benefits	Total
Balance, June 30, 2006	$ 5,969	$ 35,077	$ 2,830	$ 43,876
Claims incurred	167	8,177	22,294	30,638
Claims paid	(1,858)	(6,008)	(21,999)	(29,865)
Balance, June 30, 2007	4,278	37,246	3,125	44,649
Claims incurred	791	9,723	27,699	38,213
Claims paid	(1,020)	(6,872)	(27,012)	(34,904)
Balance, June 30, 2008	$ 4,049	$ 40,097	$ 3,812	$ 47,958

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

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10. RISK SERVICES (Continued)

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

The CJPRMA governing board is comprised of a representative from each member entity. All members have a single vote for policy and charter changes. An executive committee of seven is elected to handle administration. Members are assessed annual contributions based on actuarially determined rates. CJPRMA retroactively adjusts premium deposits for any excess or deficiency in deposits related to paid claims and reserves. Financial statements for CJPRMA for the fiscal year ended June 30, 2008 can be obtained from CJPRMA at 2333 San Ramon Valley Blvd., Suite #250 San Ramon, California 94583-4456.

Workers' Compensation Insurance –The City of Stockton has been self-funded for its Worker's Compensation Program since 1979. In July 2003, in an effort to stabilize and control its costs of access to workers' compensation coverage, the City joined California Public Entity Insurance Authority (CPEIA), a public entity risk pool which operated an Excess Workers' Compensation (EWC) Program. CPEIA has since merged into an existing authority known as California State Association of Counties Excess Insurance Authorities (CSACEIA). The City's self-insured retention is currently set at $500,000 per occurrence. Losses above the City's SIR are pooled up to $5 million per occurrence. Reinsurance is in place in layers above the $5 million up to $50 million, with an additional $150 million in limits purchased by the Program, for a combined total of $200 million per occurrence.

CSACEIA was formed in 1979 by 29 California counties for the purpose of pooling risk and providing a viable and cost effective solution for the counties' insurance and risk management needs. It has since expanded to allow admittance from cities and other entities and currently includes 93% of the counties in California, over 80% of the cities, as well as, numerous school districts, special districts, housing authorities and other Joint Powers Authorities. CSACEIA is the only joint powers authority in California to receive the Government Finance Officers Association's Certificate of Excellence in Financial Reporting since June 30,1994. Financial statements may be obtained from 3017 Gold Canal Drive, Suite #300 Rancho Cordova, CA 95670.

10. RISK SERVICES (Continued)

Property Protection - The City participates in CJPRMA's All Risks Property Protection Program, which is primarily underwritten by a casualty insurance company. The Program provides $300 million per occurrence in coverage to participating members, subject to a deductible of $25,000. Premiums, which are negotiated each year, are based on property values and are not subject to retroactive adjustments.

11. POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits through the California 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.

Plan Description The City of Stockton's retiree healthcare plan is a single-employer defined benefit healthcare plan administered by Zenith Administrators of San Francisco, California. All City management and public safety employees who receive a CalPERS retirement allowance upon separation are eligible for coverage under the Retiree Medical Plan at age 50. Other miscellaneous employees who receive a CalPERS retirement allowance with 15 or more years of service are eligible for coverage at age 50 or 55, depending on bargaining unit. Some employees, retired for disability, may qualify at a younger age. 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 dependent. Currently, 753 retirees meet these eligibility requirements and participate in the Plan.

Funding Policy The contribution requirements are paid by City departments and are based on amounts established in the City's Annual Budget. For fiscal 2008, the City's contributions were financed on a pay-as-you-go basis. During the year, expenditures of approximately $9,193,000 were recognized for payment of post employment health care benefits. 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. The City intends to develop a 12-year plan to phase in the funding of the ARC.

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11. POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan (dollar amounts in thousands):

Annual required contribution	$ 33,801
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	33,801
Contributions made	(9,193)
Increase in net OPEB obligation	24,608
Net OPEB obligation, beginning of the year	-
Net OPEB obligation, end of the year	$ 24,608

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 are as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	$ 33,801	27%	$ 24,608

As required by GASB Statement No. 45, the City will report three years of data in the above table, as the information becomes available in subsequent years.

11. POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Funded Status and Funding Progress As of June 30, 2007 the most recent actuarial valuation date, the actuarial accrued liability for benefits was $388,303,000 and the actuarial value of plan assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $388,303,000. The covered payroll (annual payroll of active employees covered by the plan) was $98,464,000 and the ratio of the UAAL to the covered payroll was 395 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2007 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return on the City's pooled investments and an initial annual healthcare cost trend rate of 11.7 percent for members who are also covered by Medicare and 11.3 percent for non-Medicare members. This was reduced by decrements to an ultimate rate of 4.5 percent after 10 years for both groups. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2007 is 30 years.

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12. COMMITMENTS AND CONTINGENCIES

Contingent Liability Footnote Disclosure – Pending Litigation

There are various claims and legal actions pending against the City, seven of which have a reasonable possibility for an unfavorable outcome. The nature of these legal actions involve property claims, personal injury, civil rights violations, challenges to the City's Emergency Communications System Access Fee and the City's vehicle forfeiture ordinance, a lawsuit seeking to invalidate the City's past practice of charging an in lieu of property tax fee to the utility funds, and a challenge of the City's building permit and inspection fees. Should there be unfavorable outcomes in the above legal actions, it is estimated that the potential impact would be in the range of $525,000 to $1,565,000 on the General Liability Insurance Fund and $5,750,000 to $13,900,000 on the General Fund.

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

The City is self-insured and participates in two public entity risk pools. Details of this are covered in Note 10, Risk Management.

Commitments - The City is undertaking a number of capital improvement projects, the most significant of which include the following encumbrances at June 30, 2008 (dollar amounts in thousands):

• Airport Way	$ 4,403
• Street Improvements	17,676
• Wastewater Utility	3,723
• Park Improvements & Community Centers	6,091
• Water Utility	1,907
• Stormwater Utility	715

12. COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases - Operating lease obligations are primarily for rental of parking facilities space, but other lease obligations are included. Total expenditures for leases were $246,000 for the year ended June 30, 2008. The future minimum lease payments required for those operating leases are as follows (dollar amounts in thousands):

June 30,	Amount
2009	$ 259
2010	272
2011	285
2012	299
2013	314
2014-2018	1,824
2019-2023	2,328
Total	$ 5,581

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

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

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

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12. COMMITMENTS AND CONTINGENCIES (Continued)

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

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

13. DEFICIT FUND EQUITY

- The Community Development Block Grant Fund had a deficit fund balance of $581,000 due to a transfer of expenditures to the Community Development Block Grant Loan Fund for a multi year project completed in 2008.
- The City Administration Building Fund had a deficit fund balance of $274,000 at June 30, 2008 due to transfer of funds for building improvements that will be reimbursed in the next fiscal year.
- The Development Services Fund had a deficit fund balance of $8,624,000 due to the recording of the remaining advance balance due to the General Fund.
- The Solid Waste Fund had a deficit in net assets of $95,000 at June 30, 2008 due to the transfer of billing services to California Water Service Company and the resulting write off of residual uncollectible receivables.
- The City budgets revenues and projects expenses in the General Liability Insurance Fund (internal service) based upon an analysis of cash flows in the fund. On an accrual basis of accounting, the General Liability Insurance Fund has a long-term liability of $2,279,000 and a deficit in net assets of $619,000. The cash balance of the fund at June 30, 2008 is $2,933,000. 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 cash flows in the fund. On an accrual basis of accounting, the Workers' Compensation Insurance Fund has a long-term liability of $33,852,000 and a deficit in net assets of $9,655,000. The cash balance of the fund at June 30, 2008 is $30,285,000. 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 Insurance Fund (internal service) based upon an analysis of cash flows in the fund. On an accrual basis of accounting, the Health Insurance Fund has a deficit in net assets of $26,879,000. The cash balance of the fund at June 30, 2008 is $1,632,000. The City will fund the deficit over time by adjusting the rates paid by City funds.

14. RESTATEMENT OF BEGINNING NET ASSETS AND BEGINNING FUND BALANCES

Governmental activities beginning net assets and governmental funds' beginning fund balances have been restated as follows:

Prior period adjustments:

- Construction in progress was overstated in prior years by $35,566,000 for certain non-capital public works expenditures primarily for street repair and overlay projects.
- Federal grants revenue reported in the Other Governmental Community Development Block Grant (CDBG) Fund were overstated in the prior fiscal year.
- In the Other Governmental Home Program Fund, advances to property owners and due from other governments were understated by $3,794,000 and $759,000, respectively, while deferred revenue was overstated by $2,939,000 in the prior fiscal year.
- An advance from the General Fund to the Other Governmental Development Services Fund had a remaining balance of $8,062,000 at the end of the prior fiscal year.
- A liability for compensated absences totaling $4,878,000 was reported in the Other Insurance Internal Service Fund to recognize the portion of the liability that is provided for in the fund.

Changes in beginning net assets and beginning fund balances are summarized below (dollar amounts in thousands) and are reflected in the Government Wide Statement of Activities, the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, and the Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Assets.

	Governmental Activities	General Fund	Other Governmental Funds	Internal Service Funds
Net assets/Fund balances, beginning of year, as originally reported	$ 837,038	$ 20,930	$ 132,563	$ 12,293
Capital assets - Construction in progress	(35,566)	-	-	-
CDBG revenue	(10,469)	-	(10,469)	-
Home - Advances to property owners	7,492	-	7,492	-
Interfund advances	-	8,062	(8,062)	-
Compensated absences	-	-	-	(4,878)
Net assets/Fund balances, beginning of year, as restated	$ 798,495	$ 28,992	$ 121,524	$ 7,415

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15. SUBSEQUENT EVENTS

Variable Rate Interest Rate Risk

In November 2007, the Stockton Public Financing Authority (SPFA) issued variable rate demand lease revenue bonds amounting to $36.5 million (tax-exempt Series A) and $4.27 million (taxable Series B). This is the only City or SPFA debt obligation whose interest rate is variable. The net proceeds were used for the acquisition of the downtown Washington Mutual building and for certain tenant improvements on the acquired building. These variable rate bonds currently bear interest at a "weekly rate" established by the remarketing agent based on prevailing financial market conditions. The maximum interest rate allowed on the bonds is 12% per annum (tax-exempt) and 15% per annum (taxable).

Variable interest rate bonds expose the City to interest rate risk. In order to actively manage this interest rate risk exposure, rental rates charged to tenants include debt service payments at the level at which the City would have paid had the bond issue been a longer-term fixed interest rate bond issue

On March 25, 2008, the City Council approved an amendment to the bond documents allowing for the conversion of the weekly interest rate reset to a different reset term: daily, monthly, annually, every two or three-years. This authority was requested as part of a debt strategy to provide the tools for the City to avoid the volatility resulting from capital market events outside the City's realm of influence. Due to subsequent market conditions, the City has not yet elected to exercise this available option.

Additionally, an IRS notice dated October 1, 2008 allowed governmental entities the authority to purchase their own bonds as investments without such a purchase triggering a defeasance of the bond obligation. The City Council granted the City the authority to follow the IRS notice by waiving the five-year maturity limitation on permissible City investments in order to purchase as investments only these specific variable rate bonds. The IRS allowance to purchase, hold and tender these bonds ends on December 31, 2009. The benefit to a governmental entity of purchasing its own bonds is that the weekly interest rate reset would be both the amount in which the entity would be paying on debt service and earning as an investment, netting to a zero sum interest expense.

The City will be judiciously managing this available investment option to match the savings to be incurred by defraying rising interest costs with the alternative loss of investment income.

15. SUBSEQUENT EVENTS (Continued)

The Effects of Market Conditions on the City's Investment Portfolio

The City's investment portfolio has also experienced the effects of the global financial market crisis of September and October of 2008. The investment portfolio is comprised of the City's pooled investments as well as cash and investments that are held with fiscal agents.

Pooled Investments – The City's pooled investments have experienced an overall decline in fair market value of approximately $900 thousand since June 30, 2008. However, the fair value of the City's pooled investments exceeds par value by more than $1.5 million. The current make-up of the City's investment pool includes 65% in federal securities, which are increasing in fair value, and 35% in corporate notes and other investments. The City possesses sufficient liquidity to maintain the practice of holding investments to maturity, unless there is an opportunity to liquidate investments at a gain.

The City's exposure to credit ratings downgrades in the investment pool is limited to two corporate notes with a combined par value of $4.15 million. The notes were issued by subsidiaries of American International Group (AIG) which has recently received substantial backing from the federal government during this financial crisis. The City has evaluated all of its pooled investments and does not anticipate any liquidity risks due to default.

Cash and Investments with Fiscal Agents – As of June 30, 2008, cash and investments held by fiscal agents included multiple guaranteed investment contracts (GICs). The insurer identified in each GIC is required to maintain a credit rating above a specific level. Some GICs also require that federal securities equal to a specific percentage of the value of the investment be posted as collateral. Subsequent to June 30, 2008, the credit ratings for some of the insurers of the City's GICs have been down-graded. As a result, one GIC provider has posted collateral, as required under the investment contract. All GICs that were held by the City at June 30, 2008 continue to maintain the required combination of insurer credit ratings and collateral. The City is vigilantly monitoring this situation and is prepared to take immediate action to protect the security of these investments.

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16. FUTURE GASB PRONOUNCEMENTS

In June 2007, the Governmental Accounting Standards Board (GASB) issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets. This statement provides more specific guidance for accounting and financial reporting in the areas of recognition, initial measurement, and amortization of intangible assets. GASB No. 51 will be effective for the fiscal year ending June 30, 2010. The City is currently analyzing the impact of the implementation of this new statement on its future financial statements.

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CITY OF STOCKTON

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STOCKTON

SCHEDULES OF DEFINED BENEFIT PENSION PLANS FUNDED STATUS FOR THE YEAR ENDED JUNE 30, 2008

The tables below are based on the most recent information available from CalPERS.

SAFETY PLAN
(dollar amounts in thousands)

Valuation Date	Accrued Liability (1)	Value of Assets (2)	Unfunded Liability (1)-(2)	Funded Status (2)/(1)	Covered Payroll (3)	Percentage of Payroll [(1)-(2)]/(3)
6/30/06	$ 579,611	$ 462,052	117,559	79.7%	$ 52,289	224.8%
6/30/05	536,143	428,575	107,568	79.9%	48,326	222.6%
6/30/04	504,303	401,038	103,265	79.5%	45,116	228.9%

MISCELLANEOUS PLAN
(dollar amounts in thousands)

Valuation Date	Accrued Liability (1)	Value of Assets (2)	Unfunded Liability (1)-(2)	Funded Status (2)/(1)	Covered Payroll (3)	Percentage of Payroll [(1)-(2)]/(3)
6/30/06	$ 421,342	$ 370,044	51,298	87.8%	$ 53,640	95.6%
6/30/05	393,458	345,177	48,281	87.7%	51,317	94.1%
6/30/04	366,460	321,947	44,513	87.9%	50,602	88.0%

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

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CITY OF STOCKTON

SCHEDULE OF DEFINED OPEB PLAN FUNDED STATUS FOR THE YEAR ENDED JUNE 30, 2008

OPEB PLAN
(dollar amounts in thousands)

Valuation Date	Normal Accrued Liability (1)	Actuarial Value of Assets (2)	Unfunded Liability (1)-(2)	Funded Status (2)/(1)	Annual Covered Payroll (3)	UAAL As a Percentage of Payroll [(1)-(2)]/(3)
6/30/07	$ 388,303	$ 0	$ 388,303	0.0%	$ 98,464	395.0%

As required by GASB Statement No. 45, The City will report three years of data in the above table, as the information becomes available in subsequent years.

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, 2008 (Dollar amounts in thousands)

	Budget Original	Budget Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:				
Taxes:				
Property	$ 37,460	$ 37,460	$ 37,077	$ (383)
In lieu of sales tax	11,551	11,551	10,164	(1,387)
Utility user	32,439	32,439	30,861	(1,578)
Franchise fees	11,212	11,212	11,537	325
Business license	11,000	11,000	10,134	(866)
Hotel/motel room	2,300	2,300	2,287	(13)
Document transfer	1,538	1,538	686	(852)
Other	-	-	2	2
Licenses and permits	364	364	377	13
Intergovernmental:				
Sales and use tax - levied by state	35,273	35,273	31,900	(3,373)
Other governmental	24,546	24,546	24,872	326
Charges for services	9,583	9,611	10,213	602
Fines and forfeitures	3,898	3,898	3,302	(596)
Use of money and property	2,082	2,096	2,462	366
Investment income:				
Interest income	690	690	1,316	626
Net increase in fair value of investments	-	-	302	302
Refunds and reimbursements	3,328	3,328	3,709	381
Miscellaneous	5,724	5,724	6,086	362
Total revenues	192,988	193,030	187,287	(5,743)
EXPENDITURES:				
General government:				
City council	653	653	636	17
City manager	1,586	1,624	1,421	203
City attorney	1,441	1,462	1,293	169
City clerk	1,051	1,052	989	63
City auditor	683	759	668	91
Administrative services	3,335	3,695	3,413	282
Human resources	2,489	2,514	2,121	393
Housing and redevelopment	923	900	798	102
Non-departmental	3,656	4,002	4,295	(293)
Total general government	15,817	16,661	15,634	1,027

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, 2008 (Dollar amounts in thousands)

	Budget Original	Budget Final	Actual	Variance with Final Budget - Positive (Negative)
Public safety:				
Police	96,658	96,819	94,654	2,165
Fire	50,320	50,150	49,864	286
Total public safety	146,978	146,969	144,518	2,451
Public works	13,614	14,079	14,079	-
Parks and recreation	9,090	9,428	9,099	329
Debt service - cost of issuance	-	30	30	-
Total expenditures	185,499	187,167	183,360	3,807
EXCESS OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	7,489	5,863	3,927	(1,936)
OTHER FINANCING SOURCES (USES):				
Transfers in	6,674	6,245	5,845	(400)
Transfers out	(17,381)	(17,037)	(17,019)	18
Sale of capital assets	-	-	44	44
Discounts on debt issuances	-	(24)	(24)	-
Total other financing sources (uses)	(10,707)	(10,816)	(11,154)	(338)
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ (3,218)	$ (4,953)	(7,227)	$ (2,274)
BASIS ADJUSTMENT:				
Encumbrances			1,360	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			(5,867)	
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED			28,992	
FUND BALANCE, END OF YEAR			$ 23,125	

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

1. DEFINED BENEFIT PENSION PLANS

The schedules of defined benefit pension plans funded status display a historical summary of the Entry Age Normal Accrued Liability, the Actuarial Value of Assets, the Unfunded Actuarial Accrued Liability ("UAAL"), 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. POSTEMPLOYMENT HEALTHCARE PLAN

The schedule of defined OPEB plan funded status displays a historical summary of the Entry Age Normal Accrued Liability, the Actuarial Value of Assets, the Unfunded Actuarial Accrued Liability ("UAAL"), the Funded Ratio, the estimated annual covered payroll and the UAAL as a percentage of covered payroll for the City's defined benefit OPEB plan.

3. BUDGET

Budgetary Process

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

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

3. BUDGET (Continued)

- 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.

- 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.

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

Case 12-32118 Filed 04/21/14 Doc 1373

CTY206572

3. BUDGET (Continued)

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

Case 12-32118 Filed 04/21/14 Doc 1373

CTY206573

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE 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.

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

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

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

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

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

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.

SPECIAL REVENUE FUNDS (Continued)

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.

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

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

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

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

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

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

City Administration Building
To account for the operations and maintenance of the City's administration building. The building will provide a central location for citizens to conduct City business efficiently.

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

SPECIAL REVENUE FUNDS (Continued)

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

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

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources for the repayment of principal and interest on long-term debt.

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

Stockton Public Financing Authority
To account for the accumulation of resources for, and the retirement of principal and interest on long-term debt for revenue bonds and certificates of participation issued by the Stockton Public Financing Authority.

PERMANENT FUND

The Permanent Fund reports resources that are legally restricted to the extent that only earnings, and not principal can be spent. The permanent fund helps support designated arts, recreation and library programs.

CITY OF STOCKTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008
(With comparative totals for June 30, 2007)
(Dollar amounts in thousands)

	Special Revenue											
	Special Grants	Solid Waste & Recycling	Gas Tax	Measure K Sales Tax	Measure W Public Safety Tax	City-County Library	Special Assessments	Redevelopment Agency Loan	Urban Development Action Grant	Community Development Block Grant
ASSETS										
Cash and investments	$ 121	$ 1,839	$ -	$ 1,804	$ 698	$ 5,551	$ 7,285	$ 8,303	$ -	$ -
Cash and investments with fiscal agents	-	-	-	-	-	-	-	-	-	-
Receivables:										
Interest	5	19	-	21	11	-	69	-	-	(5)
Accounts and other receivables	165	57	-	-	-	9	127	-	-	2
Due from other governments	981	-	3,171	5,536	1,615	201	-	-	-	347
Allowance for uncollectibles	-	-	-	(237)	-	-	-	-	-	-
Inventory of supplies	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-	4,686	-
Advances to property owners	-	-	-	-	-	-	-	34,857	-	-
Total assets	$ 1,272	$ 1,915	$ 3,171	$ 7,124	$ 2,324	$ 5,761	$ 7,481	$ 43,160	$ 4,686	$ 344
LIABILITIES AND FUND BALANCES (DEFICIT)										
LIABILITIES:										
Accounts payable	$ 38	$ 45	$ 394	$ 1,487	$ -	$ 556	$ 121	$ 1,262	$ -	$ 129
Due to other funds	-	-	2,049	-	-	-	-	-	-	796
Due to other governments	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	26	-	-	-	-	-	-	-	-
Deferred revenue	1,159	-	-	22	-	-	115	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-
Total liabilities	1,197	71	2,443	1,519	-	556	236	1,262	-	925
FUND BALANCES (DEFICIT):										
Reserved for:										
Encumbrances	138	6	3,019	4,271	14	1,271	546	-	-	146
Advances	-	-	-	-	-	-	-	34,857	4,686	-
Debt service	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	1,549	-	-	-	-	-
Endowments	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	184	-	-	-
Unreserved, reported in:										
Special revenue funds:										
Designated for termination pay	-	-	-	-	-	132	-	-	-	-
Undesignated	(63)	1,838	(2,291)	1,334	761	3,802	6,515	7,041	-	(727)
Debt service funds	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	75	1,844	728	5,605	2,324	5,205	7,245	41,898	4,686	(581)
Total liabilities and fund balances (deficit)	$ 1,272	$ 1,915	$ 3,171	$ 7,124	$ 2,324	$ 5,761	$ 7,481	$ 43,160	$ 4,686	$ 344

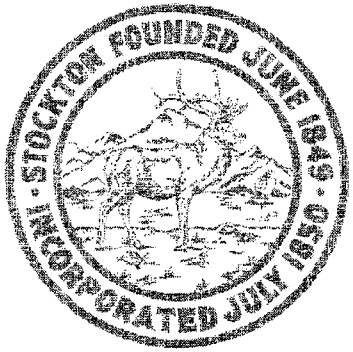
(Continued)

CITY OF STOCKTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2008
(With comparative totals for June 30, 2007)
(Dollar amounts in thousands)

	Special Revenue				Special Revenue					Debt Service	
	Community Development Loan	CDBG Revolving Loan	Special Grant and Loan Programs	Home Program	Emergency Communication	City Administration Building	Recreation Services	Development Services	Other Special Revenue	Redevelopment Agency	Stockton Public Financing Authority
ASSETS											
Cash and investments	$ 635	$ 764	$ 243	$ -	$ 313	$ 36	$ 2,227	$ 347	$ 1,783	$ -	$ -
Cash and investments with fiscal agents	-	-	12,073	-	-	-	-	-	-	12,314	1,281
Receivables:											
Interest	4	10	(1)	(1)	3	(1)	-	-	14	-	-
Accounts and other receivables	-	-	-	-	1,327	173	122	265	40	-	-
Due from other governments	-	-	246	1,404	-	-	35	-	133	-	-
Allowance for uncollectibles	-	-	-	-	-	-	-	-	-	-	-
Inventory of supplies	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances to other funds	10,388	-	-	-	-	-	-	197	-	-	-
Advances to property owners	4,205	14,161	-	24,301	-	-	-	-	3,029	-	-
Total assets	$ 15,232	$ 14,935	$ 12,561	$ 25,704	$ 1,643	$ 208	$ 2,384	$ 809	$ 4,999	$ 12,314	$ 1,281
LIABILITIES AND FUND BALANCES (DEFICIT)											
LIABILITIES:											
Accounts payable	$ 5	$ 2	$ -	$ 175	$ 5	$ 114	$ 899	$ 225	$ 74	$ -	$ -
Due to other funds	-	-	-	894	-	-	-	669	372	-	-
Due to other governments	-	52	-		-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	279	472	-	-	-
Deferred revenue	-	-	-	-	-	368	263	5	153	-	-
Advances from other funds	-	-	-	-	-	-	-	8,062	-	-	-
Total liabilities	5	54	-	1,069	5	482	1,441	9,433	599	-	-
FUND BALANCES (deficit):											
Reserved for:											
Encumbrances	-	-	-	-	3	-	135	432	60	-	-
Advances	14,593	14,161	-	24,301	-	-	-	197	3,029	-	-
Debt service	-	-	-	-	-	-	-	-	-	11,825	1,002
Public safety	-	-	-	-	-	-	-	-	-	-	-
Endowments	-	-	-	-	-	-	-	-	-	-	-
Other items	1,498	-	-	-	-	-	-	-	643	454	276
Unreserved, reported in:											
Special revenue funds:											
Designated for termination pay	-	-	-	-	-	-	-	-	-	-	-
Undesignated	(864)	720	12,561	334	1,635	(274)	808	(9,253)	668	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	35	3
Permanent fund	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	15,227	14,881	12,561	24,635	1,638	(274)	943	(8,624)	4,400	12,314	1,281
Total liabilities and fund balances (deficit)	$ 15,232	$ 14,935	$ 12,561	$ 25,704	$ 1,643	$ 208	$ 2,384	$ 809	$ 4,999	$ 12,314	$ 1,281

(Continued)



CITY OF STOCKTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2008
(With comparative totals for June 30, 2007)
(Dollar amounts in thousands)

	Permanent	Totals	
	Miscellaneous	2008	2007
ASSETS			
Cash and investments	$ 1,921	$ 33,870	$ 29,990
Cash and investments with fiscal agents	-	25,668	13,288
Receivables:			
Interest	18	166	114
Accounts and other receivables	-	2,287	1,642
Due from other governments	-	13,669	20,609
Allowance for uncollectibles	-	(237)	(237)
Inventory of supplies	-	-	-
Deposits	-	-	20
Advances to other funds	-	15,271	15,881
Advances to property owners	-	80,553	66,932
Total assets	$ 1,939	$ 171,247	$ 148,239
LIABILITIES AND FUND BALANCES (DEFICIT)			
LIABILITIES:			
Accounts payable	$ 2	$ 5,543	$ 7,821
Due to other funds	-	4,780	6,316
Due to other governments	-	52	34
Deposits and other liabilities	-	777	1,415
Deferred revenue	-	2,085	3,067
Advances from other funds	-	8,062	8,062
Total liabilities	2	21,299	26,715
FUND BALANCES (deficit):			
Reserved for:			
Encumbrances	-	10,041	10,208
Advances	-	95,824	82,813
Debt service	-	12,827	12,827
Public safety	-	1,549	1,549
Endowments	1,604	1,604	1,604
Other items	-	3,055	8,436
Unreserved, reported in:			
Special revenue funds:			
Designated for termination pay	-	132	132
Undesignated	-	24,545	3,854
Debt service funds	-	38	(196)
Permanent fund	333	333	297
Total fund balances (deficit)	1,937	149,948	121,524
Total liabilities and fund balances (deficit)	$ 1,939	$ 171,247	$ 148,239

CITY OF STOCKTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Special Revenue				Special Revenue					
	Special Grants	Solid Waste & Recycling	Gas Tax	Measure K Sales Tax	Measure W Public Safety Tax	City-County Library	Special Assessments	Redevelopment Agency Loan	Urban Development Action Grant	Community Development Block Grant
REVENUES:										
Taxes:										
Sales - levied by City	$ -	$ -	$ -	$ -	$ 9,409	$ -	$ -	$ -	$ -	$ -
Business licenses	-	-	-	-	-	-	638	-	-	-
Other	-	-	244	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
Federal grants and subsidies	1,475	-	4,802	-	-	-	-	-	-	4,519
Sales and use tax - levied by state	-	-	-	4,198	-	-	-	-	-	-
Other governmental	1,283	-	5,073	11,573	-	6,678	-	-	-	-
Charges for services	-	-	-	-	-	227	3,821	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	1	-	7	-	-	-	-
Investment income:										
Interest income	74	88	(9)	63	53	-	297	-	-	(55)
Net increase (decrease) in fair value of investments	12	88	(6)	117	(14)	-	40	-	-	(21)
Refunds and reimbursements	6	56	-	1	69	60	-	-	-	2
Miscellaneous	-	1,196	-	-	-	-	-	-	-	41
Total revenues	2,850	1,428	10,104	15,953	9,517	6,972	4,796	-	-	4,486
EXPENDITURES:										
Current:										
General government	17	-	-	-	-	-	518	-	-	-
Public safety	1,721	-	-	-	9,862	-	-	-	-	-
Public works	65	1,271	-	-	-	-	285	-	-	-
Library	214	-	-	-	-	12,999	-	-	-	-
Parks and recreation	368	-	-	-	-	-	2,606	-	-	-
Capital outlay	164	-	4,869	13,928	-	750	-	-	-	3,361
Debt service:										
Principal retirement	-	-	-	-	-	-	-	-	-	490
Cost of issuance	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	622
Total expenditures	2,549	1,271	4,869	13,928	9,862	13,749	3,409	-	-	4,473
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	301	157	5,235	2,025	(345)	(6,777)	1,387	-	-	13
OTHER FINANCING SOURCES (USES):										
Transfers in	208	-	-	-	-	6,703	-	10,946	-	-
Transfers out	(161)	-	(5,071)	-	(134)	-	-	-	-	(1,002)
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	47	-	(5,071)	-	(134)	6,703	-	10,946	-	(1,002)
NET CHANGE IN FUND BALANCES	348	157	164	2,025	(479)	(74)	1,387	10,946	-	(989)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR, AS RESTATED	(273)	1,687	564	3,580	2,803	5,279	5,858	30,952	4,686	408
FUND BALANCES (DEFICIT), END OF YEAR	$ 75	$ 1,844	$ 728	$ 5,605	$ 2,324	$ 5,205	$ 7,245	$ 41,898	$ 4,686	$ (581)

(Continued)

CITY OF STOCKTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Special Revenue				Special Revenue					Debt Service	
	Community Development Loan	CDBG Revolving Loan	Special Grant and Loan Programs	Home Program	Emergency Communication	City Administration Building	Recreation Services	Development Services	Other Special Revenue	Redevelopment Agency	Stockton Public Financing Authority
REVENUES:											
Taxes:											
Sales - levied by City	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business licenses	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	4,816	80	-	-
Intergovernmental:											
Federal grants and subsidies	-	-	245	2,412	-	-	-	-	161	-	-
Sales and use tax - levied by state	-	-	-	-	-	-	-	-	-	-	-
Other governmental	-	-	-	-	-	-	-	-	644	-	-
Charges for services	1	-	-	-	5,393	-	2,288	8,802	246	-	-
Fines and forfeitures	-	-	-	-	7	-	-	12	-	-	-
Use of money and property	118	-	-	39	-	2,598	5,932	-	8	-	-
Investment income:											
Interest income	14	-	7	(1)	25	10	-	-	57	734	53
Net increase (decrease) in fair value of investments	5	(2)	(59)	-	8	-	-	53	4	46	27
Refunds and reimbursements	-	-	-	-	28	-	-	8	6	-	-
Miscellaneous	-	-	-	-	-	-	14	2	722	-	-
Total revenues	138	(2)	193	2,450	5,461	2,608	8,234	13,693	1,928	780	80
EXPENDITURES:											
Current:											
General government	800	-	-	-	-	818	-	4,823	42	22	90
Public safety	-	-	-	-	5,221	-	-	7,061	532	-	-
Public works	98	48	6	-	-	-	-	2,755	-	-	-
Library	-	-	-	-	-	-	-	-	215	-	-
Parks and recreation	-	-	-	-	-	-	15,060	-	247	-	-
Capital outlay	-	-	-	405	-	-	15	13	-	-	-
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	175	325
Cost of issuance	-	-	44	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	1	-	-	-	-	-	-	8,318	1,796
Total expenditures	898	48	51	405	5,221	818	15,075	14,672	1,036	8,515	2,213
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(760)	(50)	142	2,045	240	1,790	(6,841)	(979)	892	(7,735)	(2,133)
OTHER FINANCING SOURCES (USES):											
Transfers in	1,002	14,554	-	-	-	-	7,203	-	-	7,809	2,372
Transfers out	(14,554)	-	(200)	-	-	(2,064)	(112)	(12)	-	(6)	-
Issuance of long-term debt	-	-	12,300	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(13,552)	14,554	12,100	-	-	(2,064)	7,091	(12)	-	7,803	2,372
NET CHANGE IN FUND BALANCES	(14,312)	14,504	12,242	2,045	240	(274)	250	(991)	892	68	239
FUND BALANCES (DEFICIT), BEGINNING OF YEAR, AS RESTATED	29,539	377	319	22,590	1,398	-	693	(7,633)	3,508	12,246	1,042
FUND BALANCES (DEFICIT), END OF YEAR	$ 15,227	$ 14,881	$ 12,561	$ 24,635	$ 1,638	$ (274)	$ 943	$ (8,624)	$ 4,400	$ 12,314	$ 1,281

(Continued)

CITY OF STOCKTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Permanent	Totals	
	Miscellaneous	2008	2007
REVENUES:			
Taxes:			
Sales - levied by City	$ -	$ 9,409	$ 9,249
Business licenses	-	638	87
Other	-	244	250
Licenses and permits	-	4,896	5,440
Intergovernmental:			
Federal grants and subsidies	-	13,614	25,798
Sales and use tax - levied by state	-	4,198	4,357
Other governmental	-	25,251	33,670
Charges for services	-	20,778	21,045
Fines and forfeitures	-	19	31
Use of money and property	-	8,703	5,676
Investment income:			
Interest income	86	1,496	666
Net increase (decrease) in fair value of investments	-	298	355
Refunds and reimbursements	4	240	193
Miscellaneous	-	1,976	2,391
Total revenues	90	91,759	110,208
EXPENDITURES:			
Current:			
General government	50	7,180	5,254
Public safety	-	24,417	25,196
Public works	-	4,528	5,428
Library	4	13,432	12,648
Parks and recreation	-	18,281	16,920
Capital outlay	-	23,505	46,854
Debt service:			
Principal retirement	-	990	565
Cost of issuance	-	44	-
Interest and fiscal charges	-	10,739	7,874
Total expenditures	54	103,116	120,739
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	36	(11,357)	(10,531)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	50,797	65,985
Transfers out	-	(23,316)	(19,627)
Issuance of long-term debt	-	12,300	-
Total other financing sources (uses)	-	39,781	46,358
NET CHANGE IN FUND BALANCES	36	28,424	35,827
FUND BALANCES (DEFICIT), BEGINNING OF YEAR, AS RESTATED	1,901	121,524	85,697
FUND BALANCES (DEFICIT), END OF YEAR	$ 1,937	$ 149,948	$ 121,524

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, 2008

(Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Charges for services	$ 34,171	$ 24,251	$ (9,920)
Use of money and property	-	86	86
Investment income:			
Interest income	885	2,896	2,011
Net increase in fair value of investments	-	450	450
Refunds and reimbursements	-	3	3
Total revenues	35,056	27,686	(7,370)
EXPENDITURES:			
General government	3,917	1,692	2,225
Public safety	8,923	4,407	4,516
Public works	36,994	27,477	9,517
Library	2,111	185	1,926
Park and recreation	16,282	11,368	4,914
Total expenditures	68,227	45,129	23,098
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	(33,171)	(17,443)	15,728
OTHER FINANCING USES:			
Transfers out	(136)	(137)	(1)
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ (33,307)	(17,580)	$ 15,727
BASIS ADJUSTMENT:			
Encumbrances		19,100	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		1,520	
FUND BALANCE, BEGINNING OF YEAR		58,997	
FUND BALANCE, END OF YEAR		$ 60,517	

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, 2008

(Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Taxes:			
Other	$ 4	$ -	$ (4)
Intergovernmental:			
Federal grants and subsidies	13	3	(10)
Other governmental	17,143	9,528	(7,615)
Use of money and property	1,604	1,665	61
Investment income:			
Interest income	35	422	387
Net increase in fair value of investments	-	398	398
Refunds and reimbursements	-	300	300
Total revenues	18,799	12,316	(6,483)
EXPENDITURES:			
General government	46,394	35,961	10,433
Public safety	2,669	1,238	1,431
Public works	5,985	1,281	4,704
Park and recreation	10,221	10,087	134
Debt service - cost of issuance	770	703	67
Total expenditures	66,039	49,270	16,769
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	(47,240)	(36,954)	10,286
OTHER FINANCING SOURCES:			
Transfers in	3,189	3,144	(45)
Issuance of long-term debt	40,770	40,770	-
Total other financing sources	43,959	43,914	(45)
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ (3,281)	6,960	$ 10,241
BASIS ADJUSTMENT:			
Encumbrances		2,328	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		9,288	
FUND BALANCE, BEGINNING OF YEAR		23,797	
FUND BALANCE, END OF YEAR		$ 33,085	

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, 2008
(Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Use of money and property	$ 1	$ -	$ (1)
Investment income:			
Interest income	-	88	88
Net increase in fair value of investments	-	88	88
Refunds and reimbursements	8	56	48
Miscellaneous	1,240	1,196	(44)
Total revenues	1,249	1,428	179
EXPENDITURES:			
Public works	1,072	1,277	(205)
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ 177	151	$ (26)
BASIS ADJUSTMENT:			
Encumbrances		6	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		157	
FUND BALANCE, BEGINNING OF YEAR		1,687	
FUND BALANCE, END OF YEAR		$ 1,844	

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS
GAS TAX NONMAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008
(Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Taxes:			
Other	$ 244	$ 244	$ -
Intergovernmental:			
Federal grants and subsidies	11,513	4,802	(6,711)
Other governmental	5,458	5,073	(385)
Fines and forfeitures	(2)	-	2
Investment income:			
Interest income	15	(9)	(24)
Net increase in fair value of investments	-	(6)	(6)
Total revenues	17,228	10,104	(7,124)
EXPENDITURES:			
Public works	11,629	7,888	3,741
EXCESS OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	5,599	2,216	(3,383)
OTHER FINANCING USES:			
Transfers out	(5,473)	(5,071)	402
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ 126	(2,855)	$ (2,981)
BASIS ADJUSTMENT:			
Encumbrances		3,019	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		164	
FUND BALANCE, BEGINNING OF YEAR		564	
FUND BALANCE, END OF YEAR		$ 728	

Case 12-32118 Filed 04/21/14 Doc 1373

CTY206583

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS MEASURE K SALES TAX NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2008 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Intergovernmental:			
Sales and use tax - levied by state	$ 4,760	$ 4,198	$ (562)
Other governmental	15,150	11,573	(3,577)
Use of money and property	-	1	1
Investment income:			
Interest income	15	63	48
Net increase in fair value of investments	-	117	117
Refunds and reimbursements	-	1	1
Total revenues	19,925	15,953	(3,972)
EXPENDITURES:			
Public works	19,910	18,067	1,843
Park and recreation	72	132	(60)
Total expenditures	19,982	18,199	1,783
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ (57)	(2,246)	$ (2,189)
BASIS ADJUSTMENT:			
Encumbrances		4,271	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		2,025	
FUND BALANCE, BEGINNING OF YEAR		3,580	
FUND BALANCE, END OF YEAR		$ 5,605	

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS MEASURE W PUBLIC SAFETY TAX NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2008 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Taxes:			
Sales - levied by City	$ 9,840	$ 9,409	$ (431)
Investment income:			
Interest income	-	53	53
Net decrease in fair value of investments	-	(14)	(14)
Refunds and reimbursements	-	69	69
Total revenues	9,840	9,517	(323)
EXPENDITURES:			
Public safety	10,233	9,876	357
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	(393)	(359)	34
OTHER FINANCING USES:			
Transfers out	(627)	(134)	493
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ (1,020)	(493)	$ 527
BASIS ADJUSTMENT:			
Encumbrances		14	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		(479)	
FUND BALANCE, BEGINNING OF YEAR		2,803	
FUND BALANCE, END OF YEAR		$ 2,324	

Case 12-32118 Filed 04/21/14 Doc 1373

CTY206584

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS CITY-COUNTY LIBRARY NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2008 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Intergovernmental:			
Other governmental	$ 6,760	$ 6,678	$ (82)
Charges for services	219	227	8
Use of money and property	-	7	7
Refunds and reimbursements	28	60	32
Total revenues	7,007	6,972	(35)
EXPENDITURES:			
Library	16,754	15,020	1,734
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	(9,747)	(8,048)	1,699
OTHER FINANCING SOURCES:			
Transfers in	6,703	6,703	-
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ (3,044)	(1,345)	$ 1,699
BASIS ADJUSTMENT:			
Encumbrances		1,271	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		(74)	
FUND BALANCE, BEGINNING OF YEAR		5,279	
FUND BALANCE, END OF YEAR		$ 5,205	

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, 2008 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Taxes:			
Special assessments	$ 532	$ 638	$ 106
Charges for services	4,832	3,821	(1,011)
Investment income:			
Interest income	-	297	297
Net increase in fair value of investments	-	40	40
Total revenues	5,364	4,796	(568)
EXPENDITURES:			
General government	532	518	14
Public works	1,063	297	766
Parks and recreation	5,092	3,140	1,952
Total expenditures	6,687	3,955	2,732
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ (1,323)	841	$ 2,164
BASIS ADJUSTMENT:			
Encumbrances		546	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		1,387	
FUND BALANCE, BEGINNING OF YEAR		5,858	
FUND BALANCE, END OF YEAR		$ 7,245	

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - ON A BUDGETARY BASIS EMERGENCY COMMUNICATION NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2008

(Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Charges for services	$ 5,395	$ 5,393	$ (2)
Fines and forfeitures	-	7	7
Investment income:			
Interest income	-	25	25
Net decrease in fair value of investments	-	8	8
Refunds and reimbursements	-	28	28
Total revenues	5,395	5,461	66
EXPENDITURES:			
Public safety	5,434	5,224	210
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ (39)	237	$ 276
BASIS ADJUSTMENT:			
Encumbrances		3	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		240	
FUND BALANCE, BEGINNING OF YEAR		1,398	
FUND BALANCE, END OF YEAR		$ 1,638	

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, 2008

(Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Charges for services	$ 3,022	$ 2,288	$ (734)
Use of money and property	6,710	5,932	(778)
Miscellaneous	3	14	11
Total revenues	9,735	8,234	(1,501)
EXPENDITURES:			
Parks and recreation	16,828	15,210	1,618
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	(7,093)	(6,976)	117
OTHER FINANCING SOURCES (USES):			
Transfers in	7,203	7,203	-
Transfers out	(112)	(112)	-
Total other financing sources (uses)	7,091	7,091	-
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ (2)	115	$ 117
BASIS ADJUSTMENT:			
Encumbrances		135	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		250	
FUND DEFICIT, BEGINNING OF YEAR		693	
FUND BALANCE, END OF YEAR		$ 943	

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, 2008 (Dollar amounts in thousands)

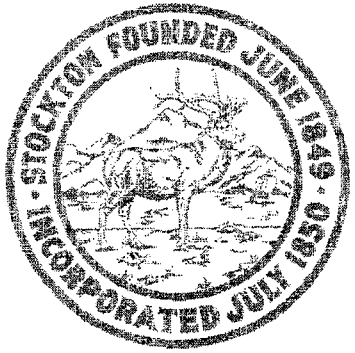
	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
License and permits	$ 6,443	$ 4,816	$ (1,627)
Charges for services	10,145	8,802	(1,343)
Fines and forfeitures	15	12	(3)
Investment income:			
Net decrease in fair value of investments	-	53	53
Refunds and reimbursements	57	8	(49)
Miscellaneous	2	2	-
Total revenues	16,662	13,693	(2,969)
EXPENDITURES:			
General government	5,527	4,922	605
Public safety	8,001	7,141	860
Public works	3,121	3,041	80
Total expenditures	16,649	15,104	1,545
DEFICIENCY OF REVENUES UNDER EXPENDITURES (BUDGETARY BASIS)	13	(1,411)	(1,424)
OTHER FINANCING USES:			
Transfers out	(12)	(12)	-
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ 1	(1,423)	$ (1,424)
BASIS ADJUSTMENT:			
Encumbrances		432	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		(991)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR		(7,633)	
FUND BALANCE (DEFICIT), END OF YEAR		$ (8,624)	

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, 2008 (Dollar amounts in thousands)

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
License and permits	$ 66	$ 80	$ 14
Intergovernmental:			
Federal grants and subsidies	25	161	136
Other governmental	1,115	644	(471)
Charges for services	251	246	(5)
Use of money and property	-	8	8
Investment income:			
Interest income	4	57	53
Net increase in fair value of investments	-	4	4
Refunds and reimbursements	3	6	3
Miscellaneous	775	722	(53)
Total revenues	2,239	1,928	(311)
EXPENDITURES:			
General government	96	41	55
Public safety	644	581	63
Public works	1,042	-	1,042
Library	807	216	591
Parks and recreation	471	258	213
Total expenditures	3,060	1,096	1,964
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	(821)	832	1,653
OTHER FINANCING SOURCES:			
Issuance of long-term debt	113	-	(113)
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	$ (708)	832	$ 1,540
BASIS ADJUSTMENT:			
Encumbrances		60	
NET CHANGE IN FUND BALANCE (GAAP BASIS)		892	
FUND BALANCE, BEGINNING OF YEAR		3,508	
FUND BALANCE, END OF YEAR		$ 4,400	

CITY OF STOCKTON



NONMAJOR ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS

Nonmajor Enterprise Funds are 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.

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

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

CITY OF STOCKTON

COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2008
(With comparative totals as of June 30, 2007)
(Dollar amounts in thousands)

	Solid Waste	Golf Courses	Totals 2008	Totals 2007
ASSETS				
Current assets:				
Cash and investments	$ -	$ 223	$ 223	$ 17
Receivables:				
Interest	(1)	-	(1)	(1)
Accounts and other receivables	151	4	155	184
Allowance for uncollectibles	(114)	-	(114)	(112)
Inventory of supplies	-	33	33	58
Total current assets	36	260	296	146
Noncurrent assets:				
Capital assets, net:				
Nondepreciable	-	360	360	360
Depreciable, net	-	1,210	1,210	1,297
Total noncurrent assets	-	1,570	1,570	1,657
Total assets	36	1,830	1,866	1,803
LIABILITIES				
Current liabilities:				
Accounts payable	-	119	119	22
Due to other funds	131	-	131	128
Compensated absences - current	-	3	3	8
Total current liabilities	131	122	253	158
Noncurrent liabilities:				
Advances from other funds	-	763	763	763
Compensated absences - long-term	-	-	-	-
Total noncurrent liabilities	-	763	763	763
Total liabilities	131	885	1,016	921
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	-	1,570	1,570	1,657
Unrestricted (deficit)	(95)	(625)	(720)	(775)
Total net assets (deficit)	$ (95)	$ 945	$ 850	$ 882

CITY OF STOCKTON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Solid Waste	Golf Courses	Totals 2008	Totals 2007
OPERATING REVENUES:				
Charges for services	$ -	$ 1,391	$ 1,391	$ 1,296
Miscellaneous	-	674	674	692
Total operating revenues	-	2,065	2,065	1,988
OPERATING EXPENSES:				
Operation and maintenance	2	2,004	2,006	1,919
Depreciation and amortization	-	87	87	138
Total operating expenses	2	2,091	2,093	2,057
OPERATING LOSS	(2)	(26)	(28)	(69)
NON-OPERATING REVENUES:				
Investment income:				
Interest income	(6)	-	(6)	(5)
Net increase (decrease) in fair value of investments	2	-	2	(1)
Total non-operating revenues	(4)	-	(4)	(6)
CHANGE IN NET ASSETS	(6)	(26)	(32)	(75)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(89)	971	882	957
NET ASSETS (DEFICIT), END OF YEAR	$ (95)	$ 945	$ 850	$ 882

CITY OF STOCKTON

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Solid Waste	Golf Courses	Totals 2008	Totals 2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 3	$ 2,093	$ 2,096	$ 1,996
Payments to suppliers	(2)	(1,367)	(1,369)	(1,340)
Payments to employees	-	(513)	(513)	(536)
Payments for interfund services used	-	(7)	(7)	(3)
Net cash provided by operating activities	1	206	207	117
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Receipt of due to other funds	3	-	3	4
Repayment of advances from other funds	-	-	-	(151)
Net cash provided by (used for) noncapital financing activities	3	-	3	(147)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	(4)	-	(4)	(6)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	206	206	(36)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	17	17	53
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -	$ 223	$ 223	$ 17
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating loss	$ (2)	$ (26)	$ (28)	$ (69)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation and amortization	-	87	87	138
Provision for uncollectible accounts	2	-	2	-
Changes in assets and liabilities:				
Accounts and other receivables	1	28	29	8
Inventory of supplies	-	25	25	51
Accounts payable	-	97	97	(18)
Compensated absences	-	(5)	(5)	7
Net cash provided by operating activities	$ 1	$ 206	$ 207	$ 117
NONCASH TRANSACTIONS:				
Net increase (decrease) in fair value of investments	$ 2	$ -	$ 2	$ (1)

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CITY OF STOCKTON

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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

Central Garage
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 account for the financing, service and maintenance of all computer and related equipment provided to City departments on a cost reimbursement basis.

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

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

General Liability Insurance
To account for premiums and claims paid and administration of general liability insurance provided to all City departments on a cost reimbursement basis.

Workers' Compensation Insurance
To account for premiums and claims paid and administration of workers' compensation insurance provided to all City departments on a cost reimbursement basis.

Health Benefits Insurance
To account for premiums and claims paid and administration of health benefits insurance provided to all City departments on a cost reimbursement basis.

Retirement Benefits
To account for the accumulation and payout of resources for the purpose of providing defined retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries through the California Public Employees' Retirement System (CALPERS) on a cost reimbursement basis.

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

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CITY OF STOCKTON

COMBINING STATEMENT OF NET ASSETS
- INTERNAL SERVICE FUNDS
JUNE 30, 2008
(With comparative totals as of June 30, 2007)
(Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment	Other Equipment	General Liability Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Retirement Benefits	Other Insurance	Totals 2008	Totals 2007
ASSETS											
Current assets:											
Cash and investments	$ 2,113	$ 3,066	$ 1,526	$ 2,031	$ 2,933	$ 30,285	$ 1,632	$ 7,339	$ 4,759	$ 55,684	$ 48,951
Receivables:											
Accounts and other receivables	461	8	-	-	105	300	59	49	-	982	541
Allowance for uncollectibles	(133)	-	-	-	-	-	-	-	-	(133)	(127)
Total current assets	2,441	3,074	1,526	2,031	3,038	30,585	1,691	7,388	4,759	56,533	49,365
Noncurrent assets:											
Restricted assets:											
Cash and investments with fiscal agents	6	-	-	-	-	-	-	87	-	93	10
Advances to other funds	-	-	-	-	530	-	-	-	-	530	-
Deferred charges	-	-	-	-	-	-	125	1,557	-	1,682	1,672
Pension asset	-	-	-	-	-	-	-	126,105	-	126,105	123,675
Capital assets	28,939	5,287	2,537	675	-	-	-	-	-	37,438	36,860
Accumulated depreciation	(19,861)	(4,204)	(1,788)	(566)	-	-	-	-	-	(26,419)	(25,945)
Total noncurrent assets	9,084	1,083	749	109	530	-	125	127,749	-	139,429	136,272
Total assets	11,525	4,157	2,275	2,140	3,568	30,585	1,816	135,137	4,759	195,962	185,637
LIABILITIES											
Current liabilities:											
Accounts payable	623	162	71	108	48	72	254	-	-	1,338	878
Deposits and other liabilities	-	-	-	-	80	52	3	-	-	135	135
Accrued interest	7	-	-	-	-	-	-	2,282	-	2,289	1,616
Compensated absences - current	119	131	4	3	9	14	7	-	2,998	3,285	3,232
Self-insurance claims and judgments - current	-	-	-	-	1,770	6,245	3,812	-	-	11,827	11,266
Other long-term debt - current	51	-	-	-	-	-	-	20	-	71	250
Total current liabilities	800	293	75	111	1,907	6,383	4,076	2,302	2,998	18,945	17,377
Noncurrent liabilities:											
Compensated absences - long-term	196	149	-	9	1	5	11	-	546	917	2,402
Self-insurance claims and judgments - long-term	-	-	-	-	2,279	33,852	-	-	-	36,131	33,383
Capital lease obligations	923	-	-	-	-	-	-	-	-	923	-
Bonds payable	-	-	-	-	-	-	-	125,040	-	125,040	125,060
Net OPEB obligation	-	-	-	-	-	-	24,608	-	-	24,608	-
Total noncurrent liabilities	1,119	149	-	9	2,280	33,857	24,619	125,040	546	187,619	160,845
Total liabilities	1,919	442	75	120	4,187	40,240	28,695	127,342	3,544	206,564	178,222
NET ASSETS (DEFICIT)											
Invested in capital assets, net of related debt	8,104	1,083	749	109	-	-	-	-	-	10,045	10,915
Restricted for debt service	6	-	-	-	-	-	-	87	-	93	10
Unrestricted (deficit)	1,496	2,632	1,451	1,911	(619)	(9,655)	(26,879)	7,708	1,215	(20,740)	(3,510)
Total net assets (deficit)	$ 9,606	$ 3,715	$ 2,200	$ 2,020	$ (619)	$ (9,655)	$ (26,879)	$ 7,795	$ 1,215	$ (10,602)	$ 7,415

CITY OF STOCKTON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment	Other Equipment	General Liability Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Retirement Benefits	Other Insurance	Totals 2008	Totals 2007
OPERATING REVENUES:											
Charges for services	$ 8,095	$ 7,982	$ 1,203	$ 1,714	$ 4,842	$ 13,800	$ 27,583	$ 37,600	$ 5,242	$ 108,061	$ 102,343
Total operating revenues	8,095	7,982	1,203	1,714	4,842	13,800	27,583	37,600	5,242	108,061	102,343
OPERATING EXPENSES:											
Operation and maintenance	5,707	7,006	995	1,552	2,415	11,123	54,471	26,139	4,216	113,624	90,087
General and administrative	2,065	-	-	-	1,344	2,172	884	-	-	6,465	6,073
Depreciation and amortization	1,929	624	136	49	-	-	-	55	-	2,793	2,885
Total operating expenses	9,701	7,630	1,131	1,601	3,759	13,295	55,355	26,194	4,216	122,882	99,045
OPERATING INCOME (LOSS)	(1,606)	352	72	113	1,083	505	(27,772)	11,406	1,026	(14,821)	3,298
NON-OPERATING REVENUES (EXPENSES):											
Investment income:											
Interest income	12	-	-	-	91	1,307	138	255	-	1,803	1,322
Net increase (decrease) in fair value of investments	-	-	-	-	40	71	(44)	37	-	104	325
Gain (loss) from disposal of capital assets	28	5	-	(3)	-	-	-	-	-	30	61
Interest expense and fiscal charges	(26)	-	-	-	-		-	(6,871)	-	(6,897)	(1,616)
Other non-operating revenues	28	1	-	-	-	1	658	-	-	688	1,195
Total non-operating revenues (expenses)	42	6	-	(3)	131	1,379	752	(6,579)	-	(4,272)	1,287
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,564)	358	72	110	1,214	1,884	(27,020)	4,827	1,026	(19,093)	4,585
Capital contributions	179	-	-	-	-	-	-	-	-	179	141
Transfers in	1,883	1,777	75	214	-	-	-	-	-	3,949	2,197
Transfers out	-	-	-	(1,922)	-	-	-	-	(1,130)	(3,052)	-
CHANGE IN NET ASSETS	498	2,135	147	(1,598)	1,214	1,884	(27,020)	4,827	(104)	(18,017)	6,923
NET ASSETS (DEFICIT), BEGINNING OF YEAR, AS RESTATED	9,108	1,580	2,053	3,618	(1,833)	(11,539)	141	2,968	1,319	7,415	492
NET ASSETS (DEFICIT), END OF YEAR	$ 9,606	$ 3,715	$ 2,200	$ 2,020	$ (619)	$ (9,655)	$ (26,879)	$ 7,795	$ 1,215	$ (10,602)	$ 7,415

CITY OF STOCKTON

COMBINING STATEMENT OF CASH FLOWS
- INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment	Other Equipment	General Liability Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Retirement Benefits	Other Insurance	Totals 2008	Totals 2007
CASH FLOWS FROM OPERATING ACTIVITIES:											
Receipts from customers and users	$ 37	$ 94	$ -	$ -	$ 100	$ 440	$ 663	$ -	$ -	$ 1,334	$ 2,161
Receipts for interfund services provided	7,764	7,883	1,203	1,714	4,735	13,275	27,584	37,580	5,242	106,980	101,167
Payments to suppliers	(3,760)	(3,453)	(803)	(806)	(2,720)	(8,042)	(29,441)	(28,393)	(1,440)	(78,658)	(79,634)
Payments to employees	(3,633)	(3,650)	(159)	(494)	(1,228)	(2,344)	(674)	(178)	(4,110)	(16,470)	(13,479)
Payments for interfund services used	(40)	(46)	-	(177)	(31)	(8)	(9)	-	-	(311)	(250)
Net cash provided by (used for) operating activities	368	828	241	237	856	3,321	(1,877)	9,009	(308)	12,675	9,965
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:											
Transfers in	1,883	1,777	75	214	-	-	-	-	-	3,949	2,197
Transfers out	-	-	-	(1,922)	-	-	-	-	(1,130)	(3,052)	-
Advances to other funds	-	-	-	-	(530)	-	-	-	-	(530)	-
Net cash provided by (used for) noncapital financing activities	1,883	1,777	75	(1,708)	(530)	-	-	-	(1,130)	367	2,197
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:											
Proceeds from sales of capital assets	33	10	-	-	-	-	-	-	-	43	89
Proceeds from debt	1,000	-	-	-	-	-	-	-	-	1,000	123,685
Principal paid on debt	(26)	-	-	-	-	-	-	(250)	-	(276)	-
Payment of pension asset	-	-	-	-	-	-	-	-	-	-	(123,675)
Purchases of capital assets	(2,452)	(179)	(7)	(38)	-	-	-	-	-	(2,676)	(2,507)
Interest paid on debt	(19)	-	-	-	-	-	-	(6,205)	-	(6,224)	-
Net cash used for capital and related financing activities	(1,464)	(169)	(7)	(38)	-	-	-	(6,455)	-	(8,133)	(2,408)
CASH FLOWS FROM INVESTING ACTIVITIES:											
Investment earnings	12	-	-	-	131	1,378	94	292	-	1,907	1,647
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	799	2,436	309	(1,509)	457	4,699	(1,783)	2,846	(1,438)	6,816	11,401
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,320	630	1,217	3,540	2,476	25,586	3,415	4,580	6,197	48,961	37,560
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,119	$ 3,066	$ 1,526	$ 2,031	$ 2,933	$ 30,285	$ 1,632	$ 7,426	$ 4,759	$ 55,777	$ 48,961

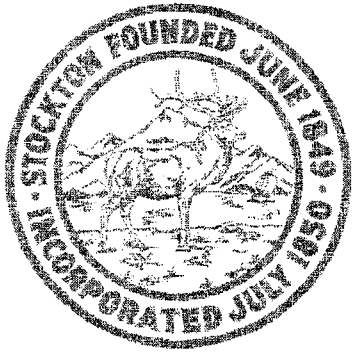
(Continued)

CITY OF STOCKTON

COMBINING STATEMENT OF CASH FLOWS
- INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008
(With comparative totals for the year ended June 30, 2007)
(Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment	Other Equipment	General Liability Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Retirement Benefits	Other Insurance	Total 2008	Total 2007
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:											
Operating income (loss)	$ (1,606)	$ 352	$ 72	$ 113	$ 1,083	$ 505	$ (27,772)	$ 11,406	$ 1,026	$ (14,821)	$ 3,298
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:											
Depreciation and amortization	1,929	624	136	49	-	-	-	55	-	2,793	2,885
Provision for uncollectible accounts	6	-	-	-	-	-	-	-	-	6	-
Self-insurance	-	-	-	-	(229)	2,851	687	-	-	3,309	773
Other non-operating revenues	28	1	-	-	-	1	658	-	-	688	1,195
Changes in assets and liabilities:											
Accounts and other receivables	(328)	(6)	-	-	(7)	(88)	6	(20)	-	(441)	(168)
Deferred charges	-	-	-	-	-	-	(65)	-	-	(65)	-
Pension asset	-	-	-	-	-	-	-	(2,430)	-	(2,430)	-
Accounts payable	374	(126)	32	93	25	63	1	(2)	-	460	167
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	25
Compensated absences	(35)	(17)	1	(18)	(16)	(13)	-	-	(1,334)	(1,432)	1,790
Net OPEB obligation	-	-	-	-	-	-	24,608	-	-	24,608	-
Net cash provided by (used for) operating activities	$ 368	$ 828	$ 241	$ 237	$ 856	$ 3,321	$ (1,877)	$ 9,009	$ (308)	$ 12,675	$ 9,965
NONCASH TRANSACTIONS:											
Net increase (decrease) in fair value of investments	$ -	$ -	$ -	$ -	$ 40	$ 71	$ (44)	$ 37	$ -	$ 104	$ 325
Costs of issuance paid from bond proceeds	-	-	-	-	-	-	-	-	-	-	1,625
Donation of capital assets	179	-	-	-	-	-	-	-	-	179	141
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS:											
Cash and investments	$ 2,113	$ 3,066	$ 1,526	$ 2,031	$ 2,933	$ 30,285	$ 1,632	$ 7,339	$ 4,759	$ 55,684	$ 48,951
Restricted assets:											
Cash with investments fiscal agents	6	-	-	-	-	-	-	87	-	93	10
Total cash and investments	$ 2,119	$ 3,066	$ 1,526	$ 2,031	$ 2,933	$ 30,285	$ 1,632	$ 7,426	$ 4,759	$ 55,777	$ 48,961

CITY OF STOCKTON



AGENCY FUNDS

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AGENCY FUNDS

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

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

Employee Withholdings
To account for employee withholdings, income taxes, Medicare, and other deposits collected on behalf of other governments and agencies.

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

Public Facilities Fees
To account for fees collected on behalf of other governments and agencies.

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

All Other
To account for several cultural, recreational and educational programs that the City administers on behalf of other entities.

STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
- AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(Dollar amounts in thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Land Secured Financing				
ASSETS				
Cash and investments	$ 38,550	$ 32,455	$ 34,489	$ 36,516
Cash and investments with fiscal agents	21,399	77,641	67,645	31,395
Receivables:				
Interest	256	315	258	313
Accounts and other receivables	627	1,528	862	1,293
Total assets	$ 60,832	$ 111,939	$ 103,254	$ 69,517
LIABILITIES				
Accounts payable	$ 19	$ 1,059	$ 25	$ 1,053
Due to other governments	188	-	-	188
Deposits and other liabilities	60,625	26,373	18,722	68,276
Total liabilities	$ 60,832	$ 27,432	$ 18,747	$ 69,517
Employee Withholdings				
ASSETS				
Cash and investments	$ 1,283	$ 1,053	$ 927	$ 1,409
Total assets	$ 1,283	$ 1,053	$ 927	$ 1,409
LIABILITIES				
Due to other governments	$ 854	$ 937	$ 856	$ 935
Deposits and other liabilities	429	118	73	474
Total liabilities	$ 1,283	$ 1,055	$ 929	$ 1,409
Area of Benefit Fees				
ASSETS				
Cash and investments	$ 10,475	$ 1,825	$ 498	$ 11,802
Receivables:				
Interest	83	120	84	119
Total assets	$ 10,558	$ 1,945	$ 582	$ 11,921
LIABILITIES				
Accounts payable	$ -	$ 375	$ 375	$ -
Deposits and other liabilities	10,558	2,560	1,197	11,921
Total liabilities	$ 10,558	$ 2,935	$ 1,572	$ 11,921

(Continued)

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CITY OF STOCKTON

STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008
(Dollar amounts in thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Public Facilities Fees				
ASSETS				
Cash and investments	$ 2,276	$ 10,996	$ 7,069	$ 6,203
Receivables:				
Interest	13	36	13	36
Accounts and other receivables	22	-	-	22
Total assets	$ 2,311	$ 11,032	$ 7,082	$ 6,261
LIABILITIES				
Accounts payable	$ 108	$ 6,256	$ 6,364	$ -
Due to other governments	2,203	11,143	7,085	6,261
Total liabilities	$ 2,311	$ 17,399	$ 13,449	$ 6,261
Miscellaneous				
ASSETS				
Cash and investments	$ 4,656	$ 20,318	$ 20,753	$ 4,221
Receivables:				
Interest	47	46	47	46
Accounts and other receivables	814	12,673	12,745	742
Total assets	$ 5,517	$ 33,037	$ 33,545	$ 5,009
LIABILITIES				
Accounts payable	$ 51	$ 1,113	$ 1,123	$ 41
Due to other governments	15	187	256	(54)
Deposits and other liabilities	5,451	20,175	20,604	5,022
Total liabilities	$ 5,517	$ 21,475	$ 21,983	$ 5,009
All Other				
ASSETS				
Cash and investments	$ 472	$ 285	$ 272	$ 485
Receivables:				
Interest	4	4	4	4
Accounts and other receivables	6	-	6	-
Due from other governments	-	1	-	1
Total assets	$ 482	$ 290	$ 282	$ 490
LIABILITIES				
Accounts payable	$ 21	$ 239	$ 232	$ 28
Deposits and other liabilities	461	303	302	462
Total liabilities	$ 482	$ 542	$ 534	$ 490

(Continued)

CITY OF STOCKTON

STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008
(Dollar amounts in thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Total				
ASSETS				
Cash and investments	$ 57,712	$ 66,932	$ 64,008	$ 60,636
Cash and investments with fiscal agents	21,399	77,641	67,645	31,395
Receivables:				
Interest	403	521	406	518
Accounts and other receivables	1,469	14,201	13,613	2,057
Due from other governments	-	1	-	1
Total assets	$ 80,983	$ 159,296	$ 145,672	$ 94,607
LIABILITIES				
Accounts payable	$ 199	$ 9,042	$ 8,119	$ 1,122
Due to other governments	3,260	12,267	8,197	7,330
Deposits and other liabilities	77,524	49,529	40,898	86,155
Total liabilities	$ 80,983	$ 70,838	$ 57,214	$ 94,607

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, 2008
(With comparative totals as of June 30, 2007)
(Dollar amounts in thousands)

	2008	2007
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	$ 37,195	$ 35,014
Buildings and improvements	291,791	247,447
Infrastructure	406,045	394,692
Equipment	4,882	4,714
Public art collections	1,266	853
Construction in progress	96,392	131,679
Total	$ 837,571	$ 814,399
INVESTMENTS IN GOVERNMENTAL FUND CAPITAL ASSETS BY SOURCE:		
General Fund	$ 3,089	$ 3,002
Special revenue funds	118,340	73,161
Capital projects funds	426,297	453,391
Donations	289,845	284,845
Total	$ 837,571	$ 814,399

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, 2008 (Dollar amounts in thousands)

	Land	Buildings and Improvements	Infrastructure	Equipment	Public Art Collections	Construction in Progress	Total
General government	$ 1,690	$ 46,303	$ -	$ 168	$ -	$ -	$ 48,161
Public safety	4,693	44,212	-	3,425	-	-	52,330
Public works	5,045	2,308	398,738	218	-	-	406,309
Library	1,208	6,885	-	419	-	-	8,512
Parks and recreation	12,530	182,313	1,545	490	1,266	-	198,144
Other property	2,081	-	-	3	-	-	2,084
Redevelopment Agency	9,948	9,770	5,762	159	-	-	25,639
Construction in progress	-	-	-	-	-	96,392	96,392
Total	$ 37,195	$ 291,791	$ 406,045	$ 4,882	$ 1,266	$ 96,392	$ 837,571

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.

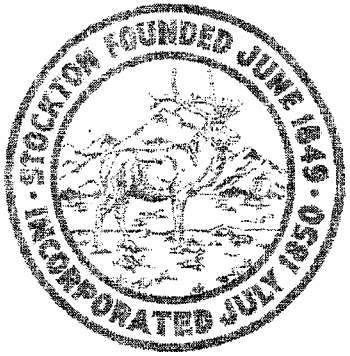
CITY OF STOCKTON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION FOR THE YEAR ENDED JUNE 30, 2008 (Dollar amounts in thousands)

	Restated Balance 6/30/07	Additions	Deductions	Transfers & Adjustments	Balance 6/30/08
General government	$ 8,830	$ 1,283	$ -	$ 38,048	$ 48,161
Public safety	51,966	469	-	(105)	52,330
Public works	395,194	5,074	-	6,041	406,309
Library	8,512	-	-	-	8,512
Parks and recreation	190,565	1,032	-	6,547	198,144
Other property	2,174	-	-	(90)	2,084
Redevelopment Agency	25,479	-	-	160	25,639
Construction in progress	131,679	85,854	-	(121,141)	96,392
Total	$ 814,399	$ 93,712	$ -	$ (70,540)	$ 837,571

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 provides detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information. This section presents additional analysis and contains data that may provide the reader with valuable insight regarding the demographics and the overall financial health of the City.

Contents **Pages**

Financial Trends 161-171
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 172-179
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, the property tax.

Debt Capacity 180-187
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 188-189
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information 191-198
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 for the fiscal year ended June 30, 2002; schedules presenting government-wide information include information beginning in that year.

CITY OF STOCKTON

TABLE 1
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Governmental activities:							
Invested in capital assets, net of related debt	$ 594,070	$ 636,838	$ 603,068	$ 529,250	$ 289,507	$ 215,070	$ 217,640
Restricted	172,088	161,995	154,758	134,804	143,431	144,275	132,692
Unrestricted	(21,053)	(338)	(8,497)	(19,407)	5,071	16,162	6,551
Total governmental activities net assets	$ 745,105	$ 798,495	$ 749,329	$ 644,647	$ 438,009	$ 375,507	$ 356,883
Business-type activities:							
Invested in capital assets, net of related debt	$ 399,813	$ 387,198	$ 368,222	$ 348,229	$ 302,497	$ 265,548	$ 221,398
Restricted	39,568	46,850	48,454	55,386	52,415	29,799	24,830
Unrestricted	39,138	32,645	30,465	30,282	48,023	83,815	95,269
Total business-type activities net assets	$ 478,519	$ 466,693	$ 447,141	$ 433,897	$ 402,935	$ 379,162	$ 341,497
Primary government:							
Invested in capital assets, net of related debt	$ 993,883	$ 1,024,036	$ 971,290	$ 877,479	$ 592,004	$ 480,618	$ 439,038
Restricted	211,656	208,845	203,212	190,190	195,846	174,074	157,522
Unrestricted	18,085	32,307	21,968	10,875	53,094	99,977	101,820
Total primary government net assets	$ 1,223,624	$ 1,265,188	$ 1,196,470	$ 1,078,544	$ 840,944	$ 754,669	$ 698,380

Beginning with fiscal year 2008, land secured financings were removed from government-wide financial statements. For comparative purposes, 2005 balances have been restated to reflect this change.

Note: The City of Stockton implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

Source: City of Stockton Department of Financial Management

CITY OF STOCKTON

TABLE 2
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Expenses							
Governmental activities:							
General government	$ 27,819	$ 26,517	$ 20,171	$ 19,894	$ 17,569	$ 15,454	$ 16,844
Public safety	181,187	161,895	149,512	145,703	125,837	126,815	106,062
Public works	134,737	59,897	36,481	33,328	42,848	46,031	30,895
Library	14,723	13,261	13,545	13,190	11,530	11,594	11,475
Parks and recreation	33,138	27,429	26,352	19,365	15,854	15,397	16,203
Interest and fiscal charges	17,921	11,746	4,136	4,346	13,081	11,954	11,186
Total governmental activities	$ 409,525	$ 300,745	$ 250,197	$ 235,826	$ 226,719	$ 227,245	$ 192,665
Business-type activities:							
Water utility	22,070	21,750	19,063	14,809	15,548	14,672	13,742
Wastewater utility	40,045	42,084	36,458	31,607	32,674	29,427	25,743
Stormwater utility	6,696	7,219	6,009	5,653	6,910	5,657	4,612
Central parking district	5,002	4,238	3,162	2,467	2,585	2,260	1,978
Other	2,093	2,057	2,460	2,448	5,022	4,991	4,898
Total business-type activities	75,906	77,348	67,152	57,004	62,739	57,007	50,973
Total expenses	$ 485,431	$ 378,093	$ 317,349	$ 292,830	$ 289,458	$ 284,252	$ 243,638
Program Revenues							
Governmental activities:							
Charges for services:							
General government	$ 12,141	$ 8,429	$ 10,154	$ 11,264	$ 7,962	$ 9,928	$ 6,429
Public safety	30,738	32,447	37,603	39,329	29,960	46,677	29,272
Public works	30,429	21,140	35,054	23,733	21,683	8,693	5,675
Library	1,462	1,105	1,489	1,920	1,859	515	387
Parks and recreation	9,741	9,957	12,407	9,988	10,050	1,736	1,725
Operating grants and contributions	10,352	11,065	12,388	9,715	7,924	8,741	8,950
Capital grants and contributions	43,874	83,238	45,745	44,309	47,789	48,914	27,654
Total governmental activities	$ 138,737	$ 167,381	$ 154,840	$ 140,258	$ 127,227	$ 125,204	$ 80,092
Business-type activities:							
Charges for services:							
Water utility	$ 22,882	$ 23,092	$ 20,268	$ 20,125	$ 18,328	$ 15,576	$ 15,720
Wastewater utility	33,661	33,099	32,745	31,926	30,483	29,432	27,298
Stormwater utility	6,160	5,088	5,063	4,751	4,827	4,391	4,288
Central parking district	3,815	3,474	3,502	2,696	2,694	2,645	2,273
Other	2,065	1,988	2,284	2,433	4,639	7,428	6,670
Capital grants and contributions	13,251	23,721	20,324	28,655	31,535	37,765	15,824
Total business-type activities	81,834	90,462	84,187	90,566	92,506	97,237	72,073
Total program revenues	$ 220,571	$ 257,843	$ 239,027	$ 230,844	$ 219,733	$ 222,441	$ 152,165
Net (Expense)/Revenue							
Governmental activities	$ (270,788)	$ (133,364)	$ (95,357)	$ (95,568)	$ (99,492)	$ (102,041)	$ (112,573)
Business-type activities	5,928	13,114	17,035	33,562	29,767	40,230	21,100
Total net expense	$ (264,860)	$ (120,250)	$ (78,322)	$ (61,986)	$ (69,725)	$ (61,811)	$ (91,473)

(Continued)

CITY OF STOCKTON

TABLE 2 (Continued)
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
General Revenues and Other Changes In Net Assets:							
Governmental activities:							
Taxes:							
Property	$ 63,998	$ 60,015	$ 47,495	$ 33,723	$ 28,365	$ 23,449	$ 20,742
In lieu of sales tax	10,164	11,070	9,274	8,750	-	-	-
Utility user	30,861	30,101	34,313	34,908	33,322	32,157	31,462
Sales - levied by city (1)	9,409	9,249	9,941	1,047	-	-	-
Franchise fees	11,537	10,817	10,333	9,812	5,725	5,623	5,364
Business licenses	10,772	10,285	11,222	8,960	8,014	7,899	6,691
Hotel/motel room	2,287	2,180	2,171	2,160	2,030	2,048	2,005
Document transfer	686	1,187	2,010	2,036	1,525	1,043	777
Special assessments	-	-	-	-	18,211	18,591	18,135
Other	246	257	218	373	187	174	254
Shared revenue:							
Vehicle License Fees	24,051	22,661	18,173	14,548	11,633	15,008	13,847
state (1)	36,098	36,745	42,063	37,198	40,333	36,628	35,812
Other	389	384	456	1,589	1,705	1,685	1,607
Investment earnings	15,007	11,436	3,457	5,554	1,243	5,310	7,944
Gain on sale of capital assets	88	-	-	-	496	449	99
Miscellaneous	756	786	1,010	6,603	1,652	2,896	4,047
Transfers	1,049	516	7,903	8,076	7,553	6,477	5,627
Total governmental activities	$ 217,398	$ 207,689	$ 200,039	$ 175,337	$ 161,994	$ 159,437	$ 154,413
Business-type activities:							
Other taxes	$ 1,055	$ 981	$ 713	$ 733	$ 675	$ 596	$ 580
Grants and contributions not	-	-	-	881	-	1,909	6,974
Investment earnings	5,892	5,973	3,399	3,842	808	4,052	5,864
Gain on sale of capital assets	-	-	-	-	76	-	-
Transfers	(1,049)	(516)	(7,903)	(8,076)	(7,553)	(6,477)	(5,627)
Total business-type activities	5,898	6,438	(3,791)	(2,620)	(5,994)	80	7,791
Total general revenuess and other changes in net assets	$ 223,296	$ 214,127	$ 196,248	$ 172,717	$ 156,000	$ 159,517	$ 162,204
Change in Net Assets							
Governmental activities	$ (53,390)	$ 74,325	$ 104,682	$ 79,769	$ 62,502	$ 57,396	$ 41,840
Business-type activities	11,826	19,552	13,244	30,962	23,773	40,310	28,891
Total primary government	$ (41,564)	$ 93,877	$ 117,926	$ 110,731	$ 86,275	$ 97,706	$ 70,731

(1) Measure W, Public Safety Tax, approved an additional .25% sales tax which was effective April 1, 2005 to hire 40 additional police officers and 40 additional firefighters. Fiscal 2006 included two additional months of revenue to align revenues to the month they were earned.

Note: Beginning with fiscal year 2006, land secured financings were removed from government-wide financial statements. For comparative purposes, 2005 balances have been restated to reflect this change.

The City of Stockton implemented GASB 34 for the fiscal year ended June 30, 2002; information prior to that is not available.

Source: City of Stockton Department of Financial Management

CITY OF STOCKTON

TABLE 3
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved	$ 13,498	$ 13,231	$ 8,352	$ 6,958	$ 6,117	$ 6,255	$ 6,427	$ 2,444	$ 2,474	$ 1,995
Unreserved	9,627	15,761	23,116	16,506	11,730	11,765	8,642	20,346	13,270	9,341
Total General Fund	$ 23,125	$ 28,992	$ 31,468	$ 23,464	$ 17,847	$ 18,020	$ 15,069	$ 22,790	$ 15,744	$ 11,336
All other governmental funds										
Reserved	$ 289,368	$ 298,541	$ 197,170	$ 246,051	$ 317,874	$ 243,715	$ 127,453	$ 209,926	$ 191,983	$ 174,464
Unreserved, reported in:										
Special revenue funds	24,677	3,986	(20,727)	(57,435)	8,627	14,151	9,585	(1,164)	(5,416)	(952)
Debt service funds	38	(196)	(213)	(42)	(179)	20	(22)	-	-	-
Capital projects funds	(25,307)	(27,899)	(26,296)	(27,487)	(46,437)	(34,948)	71,859	(3,482)	(1,578)	-
Permanent Fund	333	297	252	265	207	230	258	n/a	n/a	n/a
Total all other governmental funds	$ 289,109	$ 274,729	$ 150,186	$ 161,352	$ 280,092	$ 223,168	$ 209,133	$ 205,280	$ 184,989	$ 173,512
Total Fund Balances	$ 312,234	$ 303,721	$ 181,654	$ 184,816	$ 297,939	$ 241,188	$ 224,202	$ 228,070	$ 200,733	$ 184,848

Note: Beginning with fiscal year 2006 land secured financing were removed from capital projects funds and debt service funds and reported in the Land Secured Financing Agency Fund. For comparative purposes, 2005 balances were restated to reflect this change.

Source: City of Stockton Department of Financial Management

CITY OF STOCKTON

TABLE 4
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year										
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues:											
Taxes:											
Property	$ 63,998	$ 60,015	$ 47,495	$ 33,723	$ 28,365	$ 23,449	$ 20,742	$ 19,035	$ 17,584	$ 16,747
In lieu of sales tax	10,164	11,070	9,274	8,750	-	-	-	-	-	-
Utility user	30,861	30,101	34,313	34,908	33,322	32,157	31,462	31,188	25,468	24,160
Sales (levied by city) (1)	9,409	9,249	9,941	1,047	-	-	-	-	-	-
Franchise fees	11,537	10,817	10,333	9,812	5,725	5,623	5,364	5,255	4,222	4,630
Business license	10,772	10,285	11,222	8,960	8,014	8,065	6,897	6,643	6,133	5,714
Hotel/motel room	2,287	2,180	2,171	2,160	2,030	2,048	2,005	1,994	1,559	1,365
Document transfer	686	1,187	2,010	2,036	1,525	1,043	777	692	478	1,095
Special assessments	-	-	-	-	18,211	18,591	18,135	15,877	15,680	16,591
Other	246	257	218	193	187	174	254	174	154	132
Licenses and permits	5,273	6,777	8,960	11,112	9,977	11,444	5,493	3,758	3,333	2,507
Federal grants and subsidies	13,617	26,532	21,529	10,465	11,301	15,598	9,188	18,073	8,535	11,838
Other shared revenue (sales and use tax levied by state) (1)	36,098	36,745	42,063	35,904	40,333	36,628	35,812	36,323	31,722	27,265
Other governmental	59,976	63,064	52,402	44,737	35,330	40,025	42,250	40,706	38,588	24,804
Charges for services	55,244	51,739	66,443	61,903	57,316	43,181	32,117	26,557	26,044	20,665
Fines and forfeitures	3,321	3,323	3,933	3,250	1,905	1,490	1,552	1,445	1,115	899
Use of money and property	12,922	9,709	6,274	3,370	1,840	2,011	1,806	1,416	1,467	1,701
Investment income:										
Interest income	11,585	8,551	2,702	4,686	5,000	5,422	6,686	9,069	6,422	5,654
Net increase (decrease) in fair value of investments	1,515	1,238	129	333	(3,824)	(367)	715	2,866	(908)	(1,136)
Refunds and reimbursements	4,253	8,199	8,284	5,524	3,213	4,864	3,310	2,822	1,250	7,098
Miscellaneous	8,515	9,163	8,707	11,662	6,314	8,791	6,661	5,884	7,521	6,414
Total revenues	$ 352,279	$ 360,201	$ 348,403	$ 294,535	$ 265,884	$ 260,237	$ 231,226	$ 229,777	$ 196,367	$ 178,163
Expenditures:										
Current:										
General government	$ 22,285	$ 20,030	$ 23,935	$ 23,520	$ 22,812	$ 16,321	$ 16,182	$ 14,591	$ 13,185	$ 11,498
Public safety	168,372	163,479	157,299	142,211	123,948	112,668	102,626	91,308	85,462	80,322
Public works	18,464	19,478	30,959	27,346	38,122	33,987	15,206	12,721	12,183	10,059
Library	13,432	12,648	13,283	12,391	11,303	10,475	10,403	9,636	8,800	8,443
Parks and recreation	27,185	25,747	25,637	17,931	14,937	13,330	13,433	12,034	10,653	9,638
Capital outlay	135,071	98,819	101,399	108,560	60,827	60,390	60,652	65,957	49,950	32,199
Debt service:										
Principal retirement	1,017	591	689	669	8,356	9,654	7,290	7,085	5,198	6,570
Cost of issuance	777	2,069	341	22	2,177	983	466	-	-	-
Interest and fiscal charges	10,771	7,892	4,314	4,183	12,460	11,937	10,814	10,430	9,479	9,221
Total expenditures	$ 397,374	$ 350,753	$ 357,856	$ 336,833	$ 294,942	$ 269,745	$ 237,072	$ 223,762	$ 194,910	$ 167,950
Excess (deficiency) of revenues										
Over (under) expenditures	$ (45,095)	$ 9,448	$ (9,453)	$ (42,298)	$ (29,058)	$ (9,508)	$ (5,846)	$ 6,015	$ 1,457	$ 10,213

(Continued)