

CHAPTER 1 – OVERALL SPENDING AND STAFFING

Stockton, like other cities, uses various funds to track specific activities. The General Fund is used for all general revenues and governmental functions including police, fire, public works, administrative services, human resources, housing and redevelopment and various support functions. These services are supported by general City revenues and program fees.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the cost of providing goods and services are financed or recovered primarily through user charges. The City's Enterprise Funds are comprised of the Central Parking District, golf courses, and utilities (including water, wastewater, and stormwater).

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. The City's Special Revenue Funds are currently comprised of 20 funds including Gas Tax, Measure K Sales Tax, City-County Library, Recreation Services, and Development Services.

The table below and on the next page provides detail of General Fund operating expenditures by department and operating expenses for the Enterprise and Special Revenue Funds. In FY 2007, the City's total General Fund expenditures and other uses of funds totaled \$177.6 million. Total General Fund uses of funds increased 31 percent from FY 2003 to FY 2007.

General Fund operating expenditures and other uses of funds (in thousands)

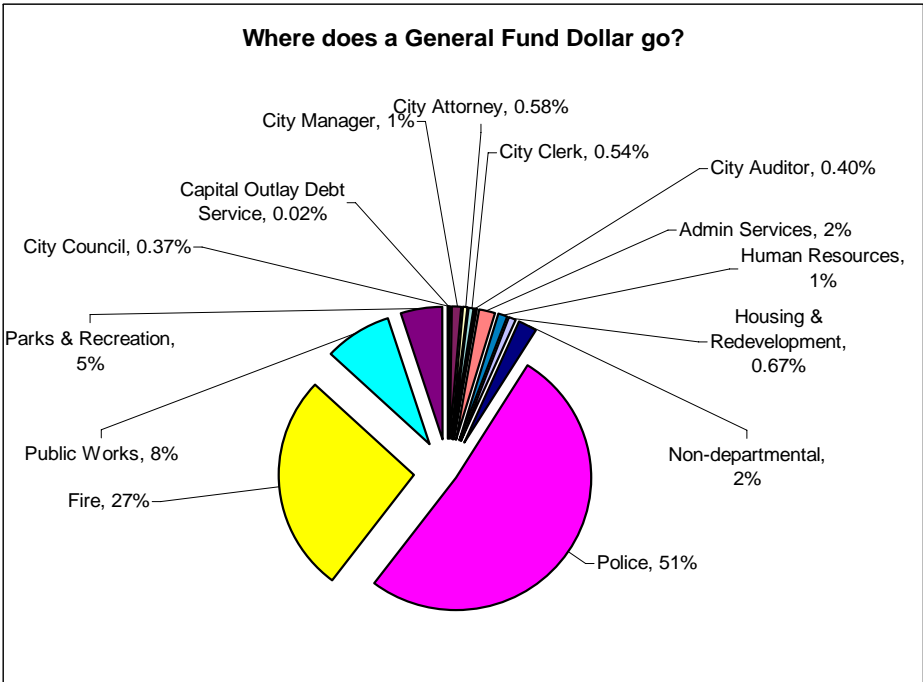
	City Council	City Manager	City Attorney	City Clerk	City Auditor	Admin Services	Human Resources	Housing & Redevelopment ¹
FY 2003	\$445	\$2,144	\$1,065	\$1,237	\$474	\$4,780	\$1,653	\$2,419
FY 2004	\$457	\$2,360	\$996	\$985	\$512	\$4,838	\$1,711	\$2,345
FY 2005	\$492	\$2,268	\$807	\$1,137	\$609	\$5,409	\$1,860	\$166
FY 2006	\$602	\$2,456	\$947	\$892	\$715	\$5,636	\$1,719	\$68
FY 2007	\$660	\$1,808	\$1,031	\$962	\$704	\$3,465	\$1,893	\$1,191
Change over last 5 years	48%	-16%	-3%	-22%	49%	-28%	15%	-51%

¹ Code Enforcement was included in Housing & Redevelopment for FY 2003 to 2005. Beginning FY 2006, Code Enforcement is included in Police.

In FY 2007, the City’s operating expenses for Enterprise and Special Revenue Funds totaled \$70.6 and \$117.2 million respectively. Operating expenses increased 30 percent and 113 percent for Enterprise and Special Revenue Funds. Expenditures for Measure K Sales Tax, included in Special Revenue, have increased 210 percent since FY 2003. The consumer price index increased 15.9 percent over the same five-year period.

The pie chart to the right shows where a General Fund dollar goes. A majority, or 91 percent, is spent on police, fire, public works and parks and recreation services.

In FY 2007, the City made changes to reporting of non-departmental expenditures. In prior years, administrative costs associated with General Fund revenues, such as Utility Users and Sales/Use Tax, were recorded as reductions to revenue. In FY 2007, administrative costs were recorded as expenditures, which accounts for \$2.7 million of non-departmental expenditures.



Source: FY 2007 expenditure data
(Percentages do not total to 100 percent due to rounding.)

	General Fund operating expenditures and other uses of funds (in thousands)							Operating expenses	
	Non-departmental	Police ¹	Fire	Public Works ²	Parks & Recreation	Outlay Debt Service	TOTAL	Enterprise Funds	Special Revenue Funds
FY 2003	\$851	\$64,682	\$37,297	\$10,739	\$7,327	\$389	\$135,502	\$54,359	\$54,925
FY 2004	\$1,099	\$68,834	\$39,457	\$11,557	\$7,456	\$147	\$142,754	\$61,347	\$61,930
FY 2005	\$1,477	\$78,563	\$42,864	\$13,711	\$7,805	\$0	\$157,168	\$53,306	\$72,644
FY 2006	\$1,516	\$87,912	\$44,015	\$13,530	\$8,054	\$0	\$168,062	\$62,039	\$102,264
FY 2007	\$4,085	\$91,369	\$47,161	\$14,320	\$8,902	\$31	\$177,582	\$70,655	\$117,185
Change over last 5 years	380%	41%	26%	33%	21%	-92%	31%	30%	113%

¹ Code Enforcement was included in Housing & Redevelopment for FY 2003 to 2005. Beginning FY 2006, Code Enforcement is included in Police.
² In FY2004, Facilities Maintenance was added to Public Works.

PER CAPITA SPENDING

There are at least two ways to look at per capita spending: annual spending (shown below) and net cost (shown on the right).

As shown below, in FY 2007, General Fund operating expenditures and other uses of funds totaled \$612.80 per Stockton resident.

However, as shown on the right, General Fund departments generate revenues or are reimbursed for some of their activities by other jurisdictions and/or the enterprise funds. Net cost is defined as total program cost less the revenues/reimbursements generated by the specific activities. As a result, we estimate the net General Fund cost per resident in FY 2007 was about \$429.80.

Enterprise Fund operating expenses totaled \$243.82 per capita while Special Revenue operating expenses totaled \$404.38 per capita.

Net General Fund cost per resident

On a per capita basis, FY 2007 net General Fund costs of \$429.80 included:

- \$25.26 for departments with no revenue
- \$3.10 for city clerk services
- \$10.91 for administrative services
- (\$119.38) for non-departmental expenses
- \$291.06 for police services
- \$145.31 for fire services
- \$43.45 for public works services
- \$30.09 for parks and recreation services

Per capita General Fund operating expenditures and other uses of funds (dollars)

	Per capita General Fund operating expenditures and other uses of funds (dollars)														Per capita (dollars)		
	City Council	City Manager	City Attorney	City Clerk	City Auditor	Admin Services	Human Re-sources	Housing & Redevelopment	Non-departmental	Police	Fire	Public Works	Parks & Rec	Capital Outlay Debt Service	TOTAL	Enterprise Funds operating expenses	Special Revenue Funds operating expenses
FY 2003	\$1.70	\$8.21	\$4.08	\$4.73	\$1.81	\$18.29	\$6.33	\$9.26	\$3.26	\$247.54	\$142.74	\$41.10	\$28.04	\$1.49	\$518.57	\$208.03	\$210.20
FY 2004	\$1.70	\$8.77	\$3.70	\$3.66	\$1.90	\$17.98	\$6.36	\$8.71	\$4.08	\$255.79	\$146.63	\$42.95	\$27.71	\$0.55	\$530.49	\$227.97	\$230.14
FY 2005	\$1.76	\$8.11	\$2.89	\$4.07	\$2.18	\$19.35	\$6.65	\$0.59	\$5.28	\$281.07	\$153.35	\$49.05	\$27.92	\$0.00	\$562.29	\$190.71	\$259.89
FY 2006	\$2.10	\$8.59	\$3.31	\$3.12	\$2.50	\$19.70	\$6.01	\$0.24	\$5.30	\$307.34	\$153.88	\$47.30	\$28.16	\$0.00	\$587.55	\$216.89	\$357.52
FY 2007	\$2.28	\$6.24	\$3.56	\$3.32	\$2.43	\$11.96	\$6.53	\$4.11	\$14.10	\$315.29	\$162.74	\$49.42	\$30.72	\$0.11	\$612.80	\$243.82	\$404.38
Change over last 5 years	34%	-24%	-13%	-30%	34%	-35%	3%	-56%	333%	27%	14%	20%	10%	-93%	18%	17%	92%

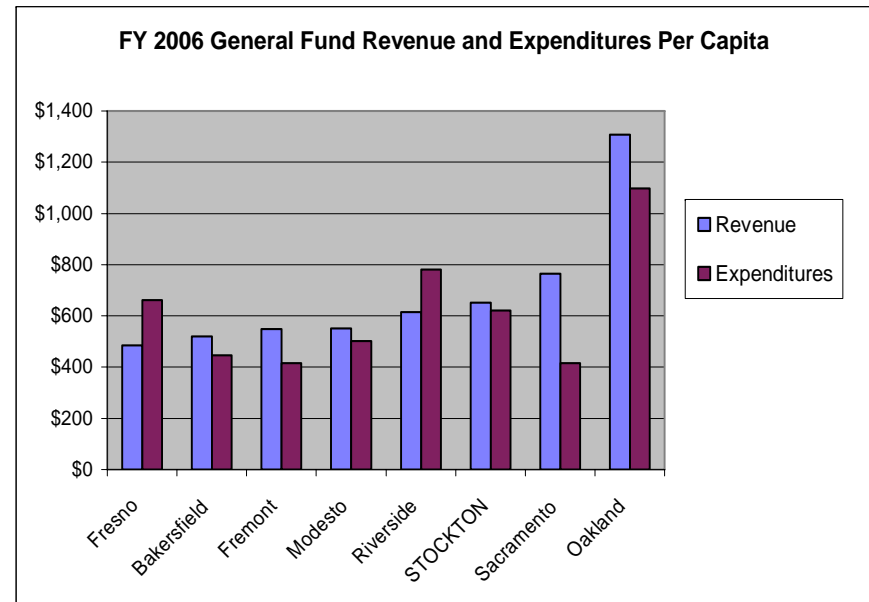
PER CAPITA SPENDING COMPARISONS

Per capita comparisons between cities can be difficult as cities vary in population, number of departments, and offer a different mix of services than Stockton. In selecting cities to which Stockton is compared, we chose comparator cities often used in compensation studies, and those comparable in population size, and proximity.

Stockton's General Fund expenditure per capita decreased from \$621 (shown below) to \$613 in FY 2007 (shown previous page). In FY 2006 General Fund revenue per capita totaled \$652.

In comparison with the cities listed below, Stockton's General Fund revenue per capita was larger than the cities of Fresno, Bakersfield, Fremont, Modesto, and Riverside while Stockton's General Fund expenditures were larger than Bakersfield, Fremont, Modesto, and Sacramento for FY 2007.

The cities of Fresno, Riverside, and Oakland incurred more expenditures per capita than revenue per capita in FY 2006.



Source: FY 2006 Cities' Comprehensive Annual Financial Reports

FY 2006	Population	General Fund (in thousands)		Per Capita (dollars)	
		Revenue	Expenditures	Revenue	Expenditures
Fresno	471,479	\$229,005	\$312,102	\$486	\$662
Bakersfield	311,824	\$162,450	\$138,863	\$521	\$445
Fremont	210,158	\$115,304	\$87,276	\$549	\$415
Modesto	208,107	\$114,810	\$104,288	\$552	\$501
Riverside	288,203	\$177,172	\$225,061	\$615	\$781
STOCKTON	286,041	\$186,476	\$177,582	\$652	\$621
Sacramento	457,514	\$349,843	\$189,771	\$765	\$415
Oakland	411,755	\$538,149	\$451,614	\$1,307	\$1,097

RESIDENT PERCEPTIONS

OVERALL QUALITY OF SERVICES

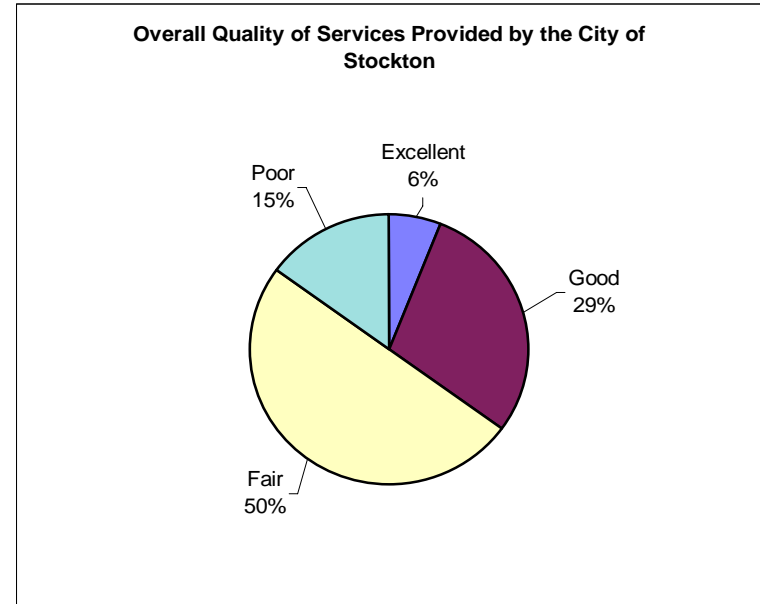
As shown in the chart on the right, 35 percent of Stockton residents rate the overall quality of city services good or excellent. In comparison, 32 percent of Stockton residents rate federal services as good or excellent and 30 percent rate state services good or excellent. In comparison to other cities surveyed, Stockton residents rated the quality of services provided by the City, state, and federal government well below the norm.¹

PUBLIC TRUST

When asked to evaluate whether they feel they receive good value for the City taxes they pay, 31 percent of residents agree. Forty-three percent of residents are pleased with the overall direction the City is taking. Forty percent feel the City welcomes citizen involvement, and 27 percent feel the City listens to citizens. Compared to other cities surveyed, Stockton's ratings of public trust were below the norm.¹

RATINGS OF CONTACT WITH CITY EMPLOYEES

Of those surveyed, 53 percent reported they had contact with a City of Stockton employee within the past year. Of those respondents, 51 percent said their overall impression was good or excellent. Respondents, however, gave higher ratings to knowledge, 65 percent; responsiveness, 56 percent; and courtesy, 56 percent.¹ In comparison to other cities survey, Stockton residents rated contact with City employees well below the norm.¹



Source: National Citizen Survey™ 2007 (Stockton)

	Citizen Survey ¹											
	Overall quality of services			Public trust				Impression of contact with Stockton employees				
Percent rating City services good or excellent	Percent rating Federal Government services good or excellent	Percent rating State Government services good or excellent	Percent agreeing they receive good value for the City taxes they pay	Percent pleased with overall direction of the City	Percent who feel the City welcomes citizen involvement	Percent who feel the City listens to citizens	Percent having contact with a city employee in the last 12 months	Good or excellent impression of knowledge	Good or excellent impression of responsiveness	Good or excellent impression of courtesy	Overall impression good or excellent	
FY 2007	35%	32%	30%	31%	43%	40%	27%	53%	65%	56%	56%	51%

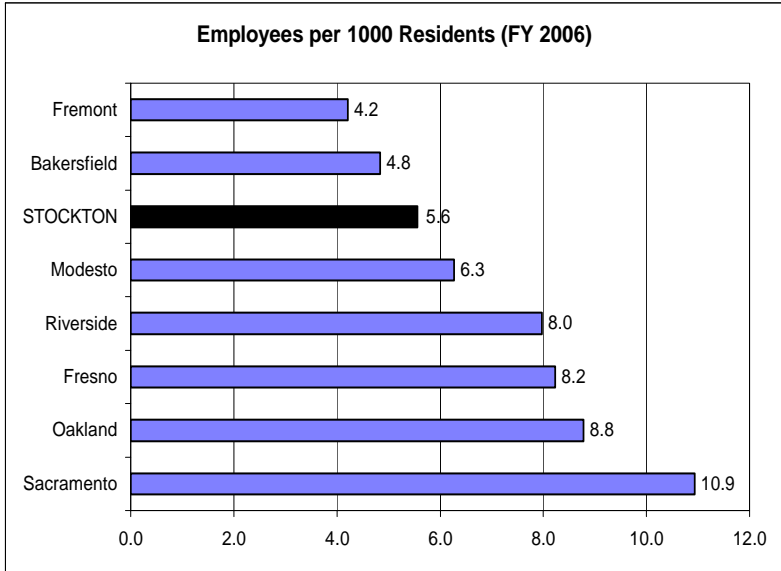
¹ Full results of the National Citizen Survey™ 2007, and Report of Normative Comparisons are included in the attachments.

AUTHORIZED STAFFING

Staffing comparisons between cities can be difficult as cities vary in population, number of departments, and offer a different mix of services than Stockton. In selecting cities to compare with Stockton, we chose comparator cities often used in compensation studies, and those comparable in population size, and proximity. As shown in the graph to the right, for FY 2006, Stockton had more employees per 1,000 residents than Fremont and Bakersfield and less than Modesto, Riverside, Fresno, Oakland, and Sacramento.

Authorized staffing is measured in full-time staff positions per department as documented in the City’s Annual Budget. The positions authorized do not take into consideration part-time positions and, therefore, do not represent a full-time equivalent position, or FTE. In FY 2007, there were a total of 1,671 authorized full-time positions city wide. At June 30, 2007, a total of 112 authorized positions were vacant with actual full-time staffing at 1,559.

Over the last five years, total full-time staff positions per 1,000 residents declined by 11 percent.



Source: Cities’ Comprehensive Annual Financial Reports and Operating Budgets

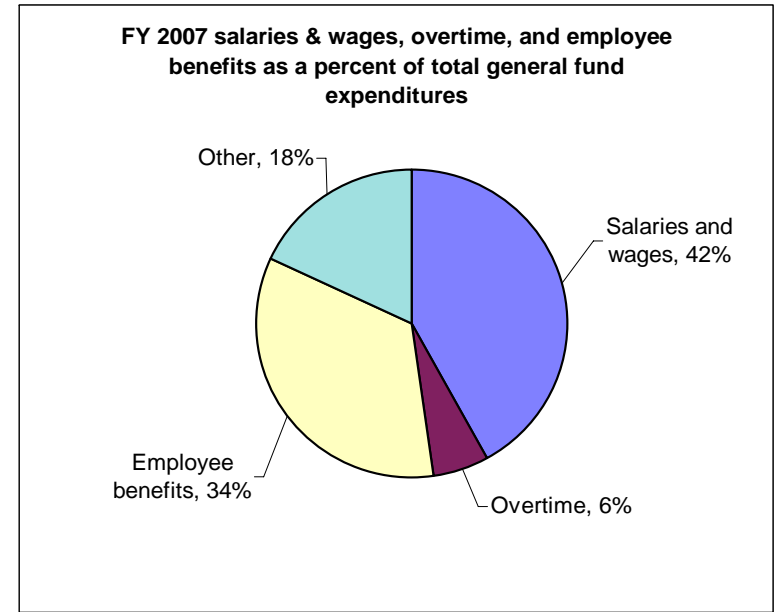
Total authorized full-time staffing																				Total authorized full time staffing per 1,000 residents	
	City Council	City Manager	City Attorney	City Clerk	City Auditor	Admin Services	Community Development	Economic Development	Fire	Human Resources	Housing	Information Technology	Library	Non-departmental	Parks & Recreation	Police	Public Works	Redevelopment	MUD		TOTAL
FY 2003	9	15	18	9	6	59	51	7	270	21	9	33	109	5	123	560	194	48	144	1,690	6.5
FY 2004	9	14	18	9	6	60	51	9	308	21	9	33	113	5	122	573	208	44	144	1,756	6.5
FY 2005	9	18	18	8	5	59	56	7	312	22	9	33	109	10	115	603	208	18	19	1,638	5.9
FY 2006	9	18	18	8	6	59	57	7	324	22	9	33	109	10	118	627	200	20	19	1,673	5.8
FY 2007	9	21	18	8	7	60	58	4	307	23	14	33	109	5	110	648	196	15	26	1,671	5.8
Change over last 5 years	0%	40%	0%	-11%	17%	2%	14%	-43%	14%	10%	56%	0%	0%	0%	-11%	16%	1%	-69%	-82%	-1%	-11%

AUTHORIZED STAFFING (cont.)

Citywide full-time authorized staffing decreased one percent over the past five years from 1,690 to 1,671. Actual full-time staffing decreased five percent from FY 2003 to FY 2007 which resulted in a 115 percent increase in the number of vacancies citywide.

Even though actual full-time staffing decreased, General Fund salaries and wages (not including overtime) increased 13 percent to \$73.8 million over the last five years while overtime increased 32 percent to \$10.3 million. Over the same period, employee benefit expense increased 77 percent – from \$34.0 million to \$60.2 million.

As shown on the right, total salaries and wages, overtime, and employee benefits represent 82 percent of general fund expenditures in FY 2007.



Source: FY 2007 expenditure data

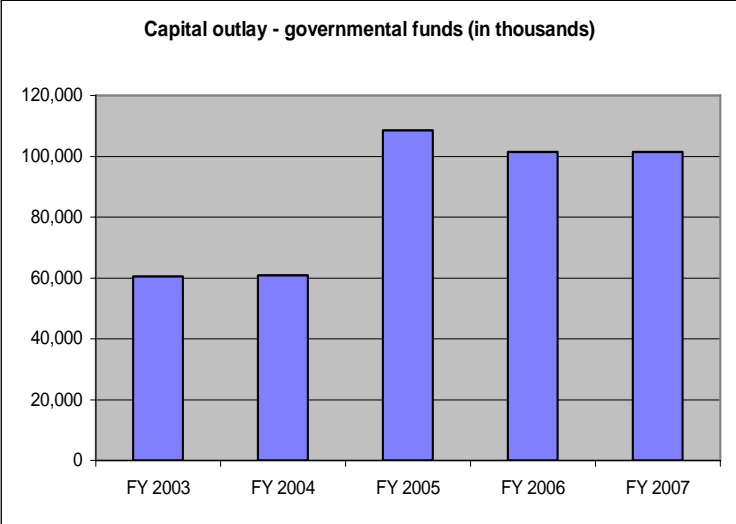
	Authorized full-time staffing citywide	Actual full-time staffing citywide	Number of full-time vacancies citywide	Percent of full-time vacancies citywide	General Fund salaries and wages (in millions)	General Fund overtime (in millions)	General Fund employee benefits (in millions)	Employee benefits rate
FY 2003	1,690	1,638	52	3%	\$65.5	\$7.8	\$34.0	52%
FY 2004	1,756	1,538	218	12%	\$66.1	\$8.4	\$40.4	61%
FY 2005	1,638	1,515	123	8%	\$66.9	\$8.9	\$54.2	81%
FY 2006	1,673	1,589	84	5%	\$70.3	\$9.7	\$59.3	84%
FY 2007	1,671	1,559	112	7%	\$73.8	\$10.3	\$60.2	82%
Change over last 5 years	-1%	-5%	115%	118%	13%	32%	77%	57%

CAPITAL SPENDING

With the implementation of Governmental Accounting Standards Board Statement 34 in FY 2002, the City has recorded all its capital assets in its citywide financial statements.¹ Capital assets are valued at historical cost, net of accumulated depreciation. This includes land and easements, buildings and improvements, machinery and equipment, park facilities, roads, streets, and bridges.

As shown in the graph on the right, capital outlay by governmental funds has increased over five years ago. As of June 30, 2007, net general capital assets totaled \$744.3 million (75 percent more than five years ago).

The Enterprise Funds invested \$59 million in capital projects in FY 2007, for a total of \$337 million over five years. As of June 30, 2007 net Enterprise Fund capital assets totaled \$521.4 million.



Source: Comprehensive Annual Financial Reports

	General Government Funds (in thousands)			Enterprise Funds (in thousands)		
	Net capital assets	Capital outlay	Depreciation	Net capital assets	Capital expense	Depreciation
FY 2003	425,526	60,390	8,380	375,115	130,695	8,222
FY 2004	461,473	60,827	9,592	410,329	38,218	7,937
FY 2005	577,659	108,560	10,116	465,976	55,655	12,169
FY 2006	673,917	101,399	11,437	497,865	54,246	12,436
FY 2007	744,340	101,372	16,196	521,446	59,021	13,001
Change over last 5 years	75%	68%	93%	39%	-55%	58%

¹ The City's financial statements are available on-line at <http://www.stocktongov.com/adminservices/reports/financialreports.cfm>.

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