

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Auditor-Controller SPK

BOARD AGENDA # B-13

Urgent Routine

AGENDA DATE April 30, 2013

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Accept Annual Audited Financial Reports for Fiscal Year Ended June 30, 2012

STAFF RECOMMENDATIONS:

Accept the following audited financial reports for the fiscal year ended June 30, 2012, prepared by Brown Armstrong Accountancy Corporation

- 1. Annual Financial Report - Stanislaus County
- 2. Single Audit Report - Stanislaus County

FISCAL IMPACT:

The total cost for the audit was \$103,000. The fee associated with the Annual Financial Report was \$61,800 and \$41,200 for the Single Audit.

BOARD ACTION AS FOLLOWS:

No. 2013-204

On motion of Supervisor Withdraw, Seconded by Supervisor O'Brien
and approved by the following vote,

Ayes: Supervisors: O'Brien, Withdraw, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

Christine Ferraro
CHRISTINE FERRARO TALLMAN, Clerk

ATTEST:

File No.

DISCUSSION:

The financial audit is the examination of financial data as presented in the annual financial report of the County. The annual audit is performed by an accounting firm that is independent of the County. The financial report includes the basic financial statements and accompanying notes.

The purpose of the audit is to form an "opinion" on whether the information presented in the financial report, taken as a whole, reflects the financial position of the County as of June 30, 2012. The audit is conducted in accordance with auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The Board of Supervisors is required by law (Government Code Section 25250) to examine and audit, or cause to be audited the financial accounts and records of all officers having responsibility for the care, management, collection, or disbursement of money belonging to the County or money received or disbursed by them under authority of law. The audit report also meets the requirements of the Grand Jury financial examination (Penal Code Section 925). The audit was performed in conformity with United States Generally Accepted Accounting Principles.

The Annual Financial Report – Stanislaus County includes the independent auditor's opinion report. Based on the audit performed by Brown Armstrong Accountancy Corporation the County received an unqualified opinion. An unqualified opinion has no reservations concerning the financial statements. This is also known as a clean opinion meaning that the financial statements appear to be presented fairly. An unqualified opinion is the highest level of opinion that can be expressed on audited statements.

No audit exceptions and findings were noted.

The Required Audit Communication Report (SAS 114) is also part of the County's Annual Financial Report. The Required Audit Communication letter outlines the responsibilities of the Auditors under the Generally Accepted Auditing Standards. The report also includes the scope and timing of the audit.

The Single Audit Report is performed in accordance with the Single Audit Act to provide assurance to the federal agencies as to the management and use of these funds by the County. This report includes a schedule of all federal funds by program utilized by the County. The Single Audit report will be submitted to the Federal Audit Clearing House along with a data collection form.

The Single Audit received an unqualified opinion. Of the \$173 million expenditures of federal awards reported, no deficiencies in internal control over financial reporting consider to be material weaknesses were identified.

DISCUSSION (continued):

No findings or recommendations were noted. Based on the Single Audit report, the County complied, in all material respects, with the federal program guidelines.

An audit exit conference was held on April 11, 2013. Brown Armstrong Accountancy Corporation representatives presented a summary and explanation of the audit documents. Members of the Grand Jury, department heads, and other County staff attended the meeting and had an opportunity to ask questions.

Copies of the reports are available from the Clerk of the Board and on-line on the County's website.

POLICY ISSUES:

Government Code Section 25250 and 25253 authorize the Board of Supervisors to employ the services of an independent certified public accountant to perform an examination of the financial statements of the county in accordance with generally accepted auditing standards. Acceptance of this report is consistent with the County's goal of Promoting Efficient Delivery of Public Services.

STAFFING IMPACT:

The preparation of the audited financial statements is the primary function of the General Ledger Division of the Auditor-Controller's Office.

CONTACT PERSON:

Kashmir Gill, Assistant Auditor-Controller

Telephone: (209) 525-6579

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BROWN ARMSTRONG

Certified Public Accountants

To the Honorable Grand Jury and Board of Supervisors
of the County of Stanislaus,

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Stanislaus (the County) for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 15, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

Management's estimate of the liability for self insurance and depreciation expense. We evaluated the key factors and assumptions used to develop the County's liabilities for self insurance and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 12 Long-Term Obligation
- Note 15 Risk Management
- Note 20 Subsequent Events

The financial statement disclosures are neutral, consistent, and clear.



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MEMBER of the American Institute of
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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 15, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issue

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Grand Jury, the Board of Supervisors, and management of the County and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
March 15, 2013

Annual Financial Report

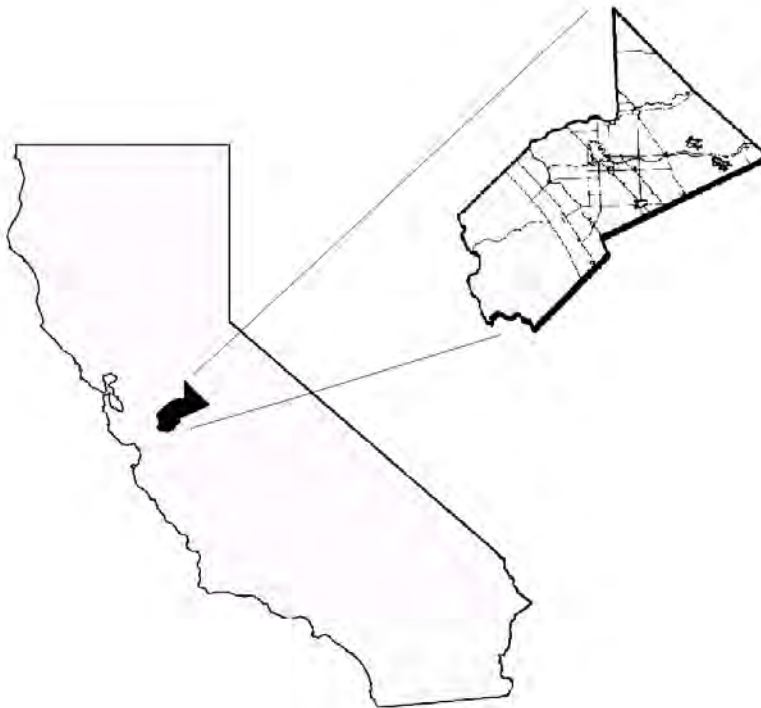
County of Stanislaus, California



Fiscal Year Ended June 30, 2012

Annual Financial Report

County of Stanislaus, California
Fiscal Year Ended
June 30, 2012



Prepared By
Stanislaus County Auditor-Controller's Office
Lauren Klein, CPA, Auditor-Controller

COUNTY OF STANISLAUS
Annual Financial Report
For the Fiscal Year Ended June 30, 2012

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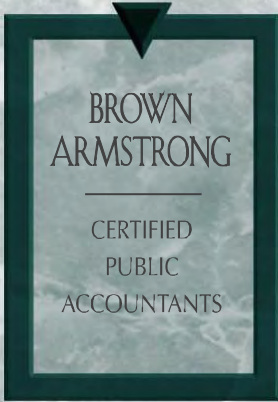
COUNTY OF STANISLAUS
Annual Financial Report
For the Fiscal Year Ended June 30, 2012

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Financial Section



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Grand Jury and Board of Supervisors
of the County of Stanislaus, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Stanislaus (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Stanislaus County Employees Retirement System. Those financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for Stanislaus County Employees Retirement System, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Behavioral Health and Recovery, and Community Services Agency Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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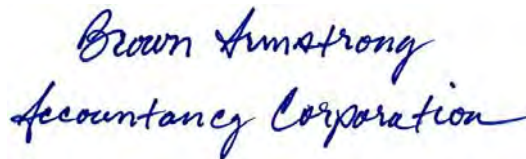


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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
March 15, 2013

Management's
Discussion and
Analysis

COUNTY OF STANISLAUS Management's Discussion and Analysis

As management of the County of Stanislaus (County), we offer this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the 2011-2012 fiscal year by \$691 million (*net assets*). Of this amount, \$409 million is invested in capital assets net of related debt and \$333 million is restricted for specific purpose (*restricted net assets*), leaving a deficit of \$51 million in unrestricted net assets.
- The County's total net assets increased by \$22 million.
- As of June 30, 2012, the County governmental funds reported combined fund balances of \$423 million, consistent with the prior year. Approximately 3.5% of the combined fund balances, or \$15 million, is unassigned.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$16 million, or 7.5% of total General Fund expenditures and transfers.
- The County's total long-term liabilities decreased by a net \$28 million in fiscal year 2011-2012. The decrease is due to the annual debt service payments and the write-off of the debt related to the Stanislaus County Redevelopment Agency which was dissolved as of January 31, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. There are three components to the County's basic financial statements: 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. This report also contains other supplementary information.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

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

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

COUNTY OF STANISLAUS
Management's Discussion and Analysis (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services. The business-type activities of the County include the Fink and Geer Roads Sanitary Landfills, Health Clinics and Ancillary Services, Inmate Welfare/Commissary and Transit.

The government-wide financial statements include not only the County (known as the primary government), but also legally separate entities (component units) for which the County is financially accountable. There are six component units included in these financial statements. The Redevelopment Agency (See Note 2 - Redevelopment Successor Agencies), Stanislaus County Capital Improvements Financing Authority, Stanislaus County Tobacco Funding Corporation, Stanislaus County Children and Families Commission, In-Home Supportive Services Public Authority and the Lighting Districts, although legally separate, function for all practical purposes as departments of the County and therefore, are included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

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

For the governmental funds, information is presented separately for the General Fund, Tobacco Settlement, Behavioral Health and Recovery Services, Community Services Agency, and Public Facility Fees, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the

COUNTY OF STANISLAUS
Management's Discussion and Analysis (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and most of its Special Revenue Funds. Budgetary comparison statements have been provided in this report for the General Fund and the major Special Revenue Funds.

The governmental funds financial statements can be found on pages 18-31 of this report.

Proprietary funds are divided into two types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Fink and Geer Roads Landfills, Health Clinics and Ancillary Services, Inmate Welfare/Commissary and Transit activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance activities, Central Services, Fleet Services, Technology and Communication, Facilities Maintenance and Morgan Shop Garage. All of these activities, except the Professional Liability Self-insurance Fund, predominantly benefit governmental functions and have been included within *governmental activities* in the government-wide financial statements. The Professional Liability Self-insurance Fund predominantly benefits business-type functions and is included within the *business-type* activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Fink Road Sanitary Landfill, and the Health Clinics and Ancillary Services Fund are considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements can be found on pages 32-35 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds.

The fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 38-94 of this report.

The combining and individual fund statements referred to earlier provide information for non-major governmental funds, enterprise and internal service funds and are presented following the notes to the basic financial statements. Combining and individual fund statements can be found on pages 96-107 of this report.

COUNTY OF STANISLAUS
Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$691 million at the close of the 2011-2012 fiscal year.

By far the largest portion of the County's net assets (59%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Stanislaus Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Current and other assets | \$ 553,075,148 | \$ 558,672,771 | \$ 52,167,748 | \$ 50,008,769 | \$ 605,242,896 | \$ 608,681,540 |
| Capital assets | 452,343,428 | 468,673,874 | 23,691,163 | 25,133,290 | 476,034,591 | 493,807,164 |
| Total assets | 1,005,418,576 | 1,027,346,645 | 75,858,911 | 75,142,059 | 1,081,277,487 | 1,102,488,704 |
| Long-term liabilities outstanding | 275,963,226 | 302,058,649 | 14,752,997 | 16,844,492 | 290,716,223 | 318,903,141 |
| Other liabilities | 74,814,163 | 87,931,960 | 25,238,466 | 26,749,164 | 100,052,629 | 114,681,124 |
| Total liabilities | 350,777,389 | 389,990,609 | 39,991,463 | 43,593,656 | 390,768,852 | 433,584,265 |
| Net assets: | | | | | | |
| Invested in capital, net of related debt | 385,331,672 | 393,212,996 | 23,350,343 | 24,275,953 | 408,682,015 | 417,488,949 |
| Restricted | 312,275,044 | 291,389,268 | 20,711,930 | 20,453,722 | 332,986,974 | 311,842,990 |
| Unrestricted | (42,965,529) | (47,246,228) | (8,194,825) | (13,181,272) | (51,160,354) | (60,427,500) |
| Total net assets | \$ 654,641,187 | \$ 637,356,036 | \$ 35,867,448 | \$ 31,548,403 | \$ 690,508,635 | \$ 668,904,439 |

Another significant portion of the County's net assets, \$333 million represents resources that are subject to external restrictions on how they may be used. The remaining deficit of \$51 million is the amount by which the County's obligations exceed the unrestricted dollars.

County's net assets increased by \$22 million. The increase in net assets is comprised of an operating gain of \$23 million less an extraordinary loss of \$1 million. The extraordinary gain is related to the dissolution of the Stanislaus County Redevelopment Agency.

For business-type activities, the County reported a negative balance of \$8 million in unrestricted net assets compared to a negative balance of \$13 million in the prior year. The favorable variance of \$5 million from the prior year's unrestricted net assets is mainly due to program revenues exceeding program expenses.

COUNTY OF STANISLAUS
Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Governmental activities Governmental activities increased the County's net assets by \$17 million, because the revenues exceeded expenses by \$18 million and the dissolution of the Stanislaus County Redevelopment Agency resulted in an extraordinary loss of \$1 million.

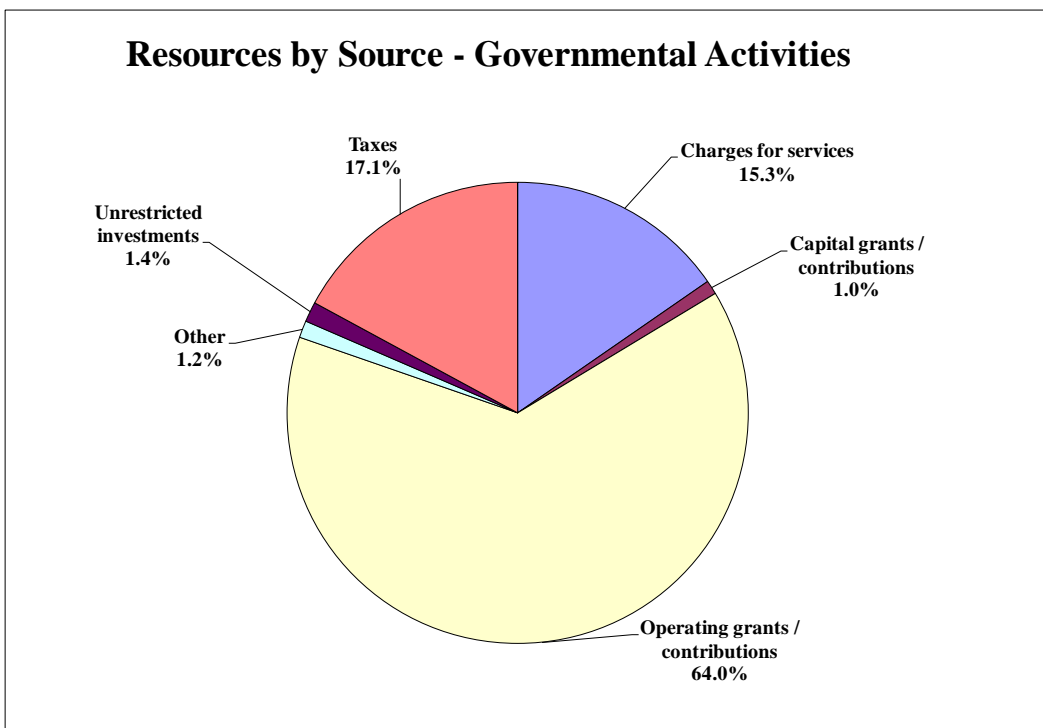
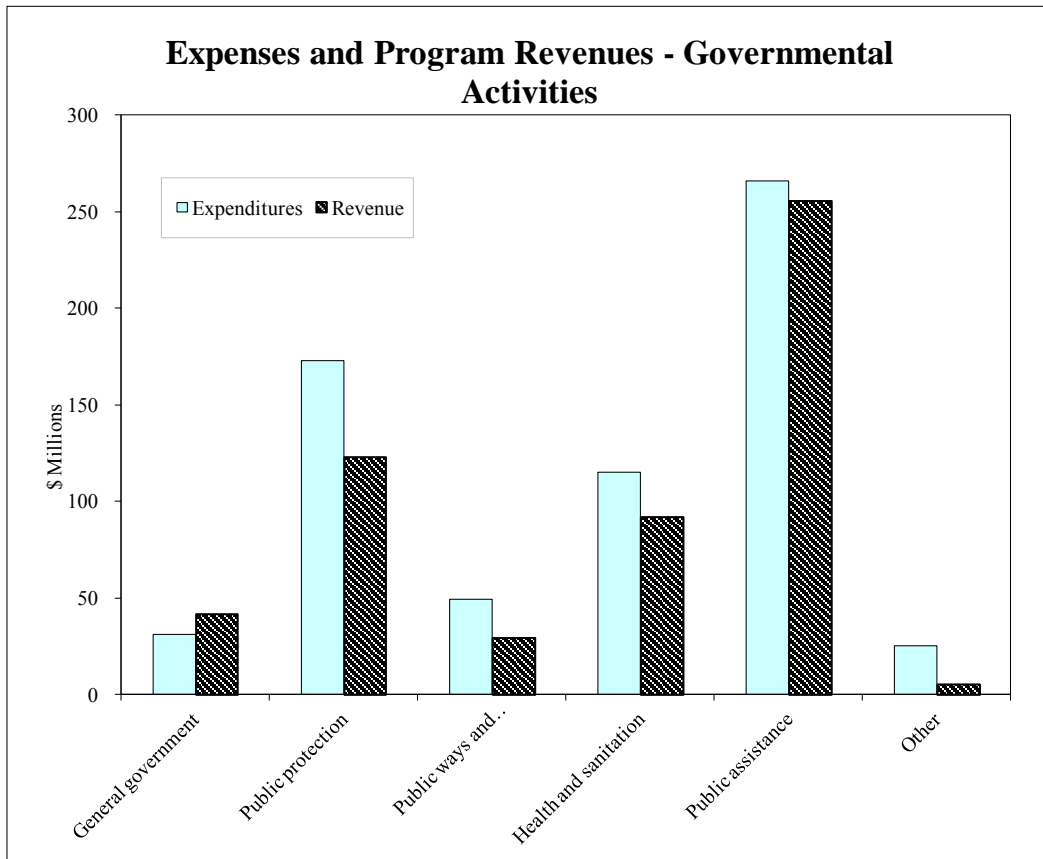
The following table indicates the changes in net assets for governmental and business-type activities:

| | County of Stanislaus Changes in Net Assets | | | | | |
|--|--|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 104,473,487 | \$ 113,090,545 | \$ 44,638,808 | \$ 45,516,233 | \$ 149,112,295 | \$ 158,606,778 |
| Operating grants and contributions | 435,136,665 | 422,599,832 | 1,519,071 | 1,470,103 | 436,655,736 | 424,069,935 |
| Capital grants and contributions | 6,662,251 | 18,457,150 | | | 6,662,251 | 18,457,150 |
| General revenues: | | | | | | |
| Property taxes | 86,124,943 | 90,486,458 | | | 86,124,943 | 90,486,458 |
| Sales taxes | 26,796,833 | 23,329,577 | 3,490,576 | 3,026,730 | 30,287,409 | 26,356,307 |
| Other taxes | 2,284,530 | 2,157,019 | | | 2,284,530 | 2,157,019 |
| Unrestricted investment earnings | 9,608,355 | 8,173,086 | 495,681 | 813,164 | 10,104,036 | 8,986,250 |
| Grants/contributions not restricted | 1,013,027 | 1,005,292 | | | 1,013,027 | 1,005,292 |
| Other general revenue | 8,077,436 | 21,020,693 | | | 8,077,436 | 21,020,693 |
| Total revenues | <u>680,177,527</u> | <u>700,319,652</u> | <u>50,144,136</u> | <u>50,826,230</u> | <u>730,321,663</u> | <u>751,145,882</u> |
| Expenses: | | | | | | |
| General government | 31,262,204 | 39,047,915 | | | 31,262,204 | 39,047,915 |
| Public protection | 172,544,110 | 178,821,359 | | | 172,544,110 | 178,821,359 |
| Public ways and facilities | 49,480,040 | 35,995,934 | | | 49,480,040 | 35,995,934 |
| Health and sanitation | 114,881,433 | 130,697,663 | | | 114,881,433 | 130,697,663 |
| Public assistance | 265,885,829 | 280,276,073 | | | 265,885,829 | 280,276,073 |
| Education | 8,149,446 | 9,726,317 | | | 8,149,446 | 9,726,317 |
| Recreation | 5,669,167 | 5,171,457 | | | 5,669,167 | 5,171,457 |
| Interest on long-term debt | 11,308,210 | 14,149,048 | | | 11,308,210 | 14,149,048 |
| Landfills | | | 3,285,042 | 5,020,344 | 3,285,042 | 5,020,344 |
| Health clinics and ancillary | | | 39,470,220 | 42,109,590 | 39,470,220 | 42,109,590 |
| Inmate welfare and commissary | | | 1,239,584 | 1,344,932 | 1,239,584 | 1,344,932 |
| Transit | | | 4,262,606 | 3,971,811 | 4,262,606 | 3,971,811 |
| Total expenses | <u>659,180,439</u> | <u>693,885,766</u> | <u>48,257,452</u> | <u>52,446,677</u> | <u>707,437,891</u> | <u>746,332,443</u> |
| Net asset increase (decrease) before transfers | 20,997,088 | 6,433,886 | 1,886,684 | (1,620,447) | 22,883,772 | 4,813,439 |
| Transfers | (2,432,361) | (2,673,525) | 2,432,361 | 2,673,525 | | |
| Change in net assets | <u>18,564,727</u> | <u>3,760,361</u> | <u>4,319,045</u> | <u>1,053,078</u> | <u>22,883,772</u> | <u>4,813,439</u> |
| Extraordinary Item: | | | | | | |
| Extraordinary Gain - RDA Debt Write-Off | 18,141,513 | | | | 18,141,513 | |
| Extraordinary Loss - RDA Fund Balance Trnsfr | (19,421,089) | | | | (19,421,089) | |
| Net Extraordinary Loss | <u>(1,279,576)</u> | | | | <u>(1,279,576)</u> | |
| Change in Net Assets, incl Extraordinary Item | 17,285,151 | 3,760,361 | 4,319,045 | 1,053,078 | 21,604,196 | 4,813,439 |
| Net assets, July 1 | 637,356,036 | 633,594,947 | 31,548,403 | 30,495,325 | 668,904,439 | 664,090,272 |
| Prior period adjustment | - | 728 | | | - | 728 |
| Net assets – July 1, restated | <u>637,356,036</u> | <u>633,595,675</u> | <u>31,548,403</u> | <u>30,495,325</u> | <u>668,904,439</u> | <u>664,091,000</u> |
| Net assets – June 30 | <u>\$ 654,641,187</u> | <u>\$ 637,356,036</u> | <u>\$ 35,867,448</u> | <u>\$ 31,548,403</u> | <u>\$ 690,508,635</u> | <u>\$ 668,904,439</u> |

COUNTY OF STANISLAUS
Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

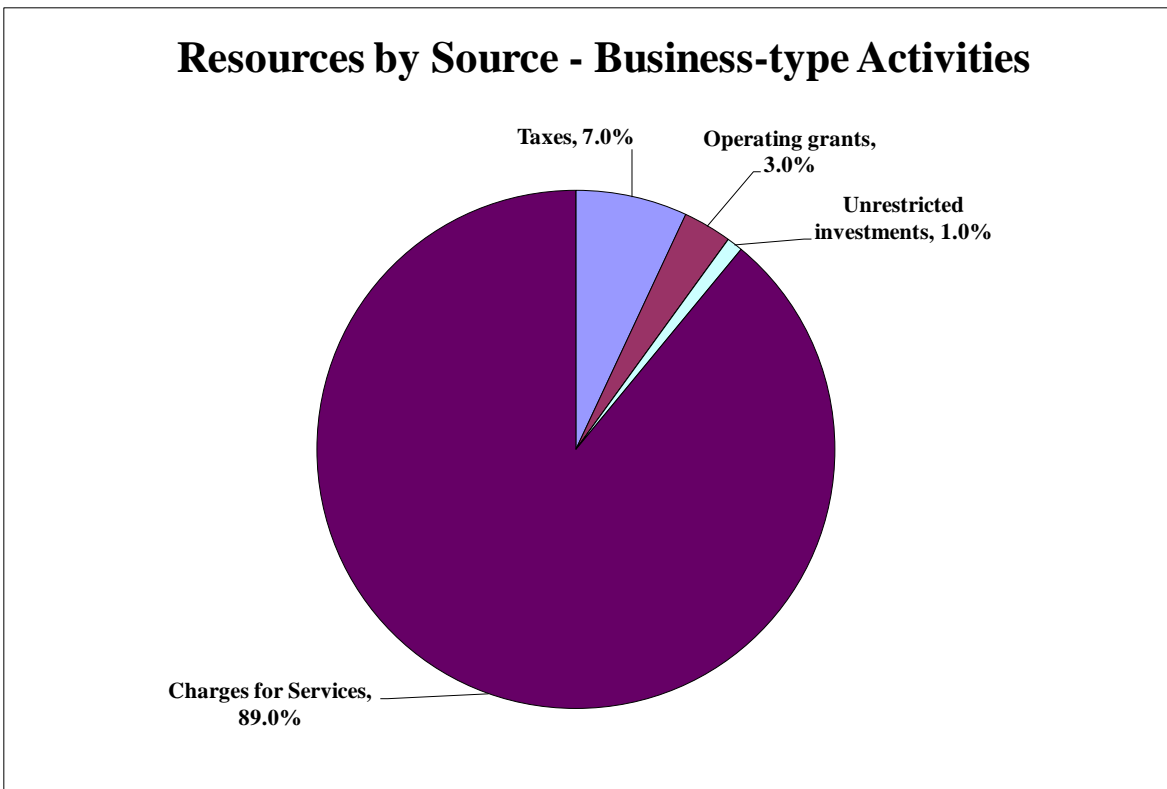
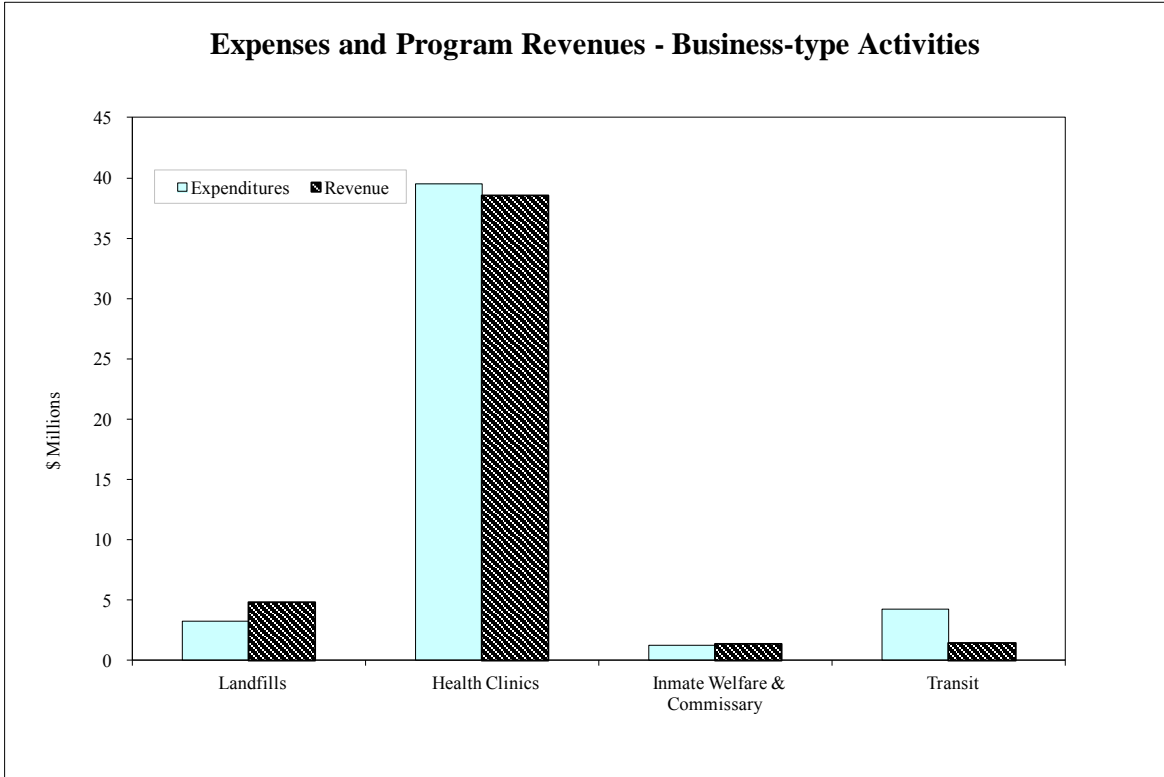
Governmental activities



**COUNTY OF STANISLAUS
Management's Discussion and Analysis (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Business-type activities



COUNTY OF STANISLAUS
Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the general, special revenue, debt service, and capital projects funds. Included in these funds are the special districts governed by the County Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2012, the County's governmental funds reported combined fund balances of \$423 million, equivalent with the prior year.

The unassigned fund balance of the Governmental Funds is \$15 million. The remainder of fund balance is assigned as follows:

| | |
|------------------|----------------|
| 1) Non-spendable | \$ 22 million |
| 2) Restricted | \$ 279 million |
| 3) Committed | \$ 11 million |
| 4) Assigned | \$ 96 million |

The General Fund is the chief operating fund of the County. At June 30, 2012, unassigned fund balance of the General Fund was \$16 million while total fund balance was \$116 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures, including transfers out. Unassigned fund balance represents 7.5% of total fund expenditures and transfers out and the total fund balance is 54% of total fund expenditures and transfers out.

The unassigned fund balance of the General Fund is \$16 million compared to \$21 million at June 30, 2011.

The County assigns (earmarks) fund balance to a particular function, project, activity, or for purposes beyond the current year. Of the \$116 million total General Fund balance, \$72 million or 62% of the fund balance is assigned.

The total fund balance of the County's General Fund is \$116 million compared to \$108 million in the prior year.

The debt service funds have a total fund balance of \$14 million. Most of the debt service fund balance is reserved for future debt service payments in accordance with bond indentures.

COUNTY OF STANISLAUS
Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Cont.)

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The following table shows actual revenues, expenses and results of operations for the current fiscal year:

| | County of Stanislaus | | | Total |
|---|-----------------------|-------------------------------|------------------------------|---------------------|
| | Proprietary Funds | | | |
| | Major Funds | | Non-major | |
| | Fink Road Landfill | Health Clinics & Ancillary | Other Enterprise Funds | |
| Operating revenues | \$4,588,197 | \$ 36,822,415 | \$1,834,590 | \$ 43,245,202 |
| Operating expenses | <u>3,285,041</u> | <u>38,744,647</u> | <u>5,502,190</u> | <u>47,531,878</u> |
| Operating income (loss) | 1,303,156 | (1,922,232) | (3,667,600) | (4,286,676) |
| Non-operating revenues (expenses), net | <u>750,933</u> | <u>184,965</u> | <u>4,561,272</u> | <u>5,497,170</u> |
| Net income (loss) before contributions and transfers | 2,054,089 | (1,737,267) | 893,672 | 1,210,494 |
| Contributions and transfers | <u>(748,247)</u> | <u>2,973,707</u> | <u>706,902</u> | <u>2,932,362</u> |
| Net income | <u>\$1,305,842</u> | <u>\$ 1,236,440</u> | <u>\$1,600,574</u> | <u>\$ 4,142,856</u> |

GENERAL FUND BUDGETARY HIGHLIGHTS

The County appropriated \$4 million in a contingency budget for emergencies and other unanticipated expenses as part of administrative policy. As of June 30, 2012, General Fund actual revenues, based on budgetary basis, were less than budgetary estimates by \$4.8 million and expenditures, based on budgetary basis, excluding other financing uses, were \$48 million less than budgetary estimates.

During the year, appropriations were increased by \$7 million resulting in a difference between the original budget and the final amended budget. The significant increase in appropriations was related to the Sheriff's, Elections and Probation departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's investment (net of accumulated depreciation) in capital assets for its governmental and business-type activities as of June 30, 2012, amounted to \$476 million compared to \$494 million in the prior year. This investment in capital assets includes land and easements, roads, highways, bridges, park facilities, structures and improvements, and equipment. The County's total investment in capital assets for the current period decreased from the prior year due to depreciation.

COUNTY OF STANISLAUS
Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.)

Major capital asset events during the 2011-2012 fiscal year included the following:

- Initiated the re-construction of the Medical Arts Building in downtown Modesto for the use of the Coroner's office. Total project budget including buy back of the building was approved by the Board of Supervisors for \$6.3 million.
- Completed construction of the phase III tenant improvements at the Nick W. Blom Salida Regional Library with a total project budget approved of \$2.4 million.
- Initiated the construction of the Stanislaus Juvenile Commitment project which includes the construction of a 60-bed facility. Total project budget approved by the Board of Supervisors is \$20.9 million. The State is funding \$16.4 million and the County is contributing \$4.5 million.
- A construction contract was awarded for a 192-bed replacement facility at the Public Safety Center. The total project budget is \$11.9 million funded by insurance proceeds received as a result of the loss of barracks at the Honor Farm.
- A construction contract was approved for the relocation of the Strategic Business Technology Data Center server room to the Stanislaus Regional 911 Center. The total project budget is \$1.9 million which includes backup server, generator, and fire suppression system improvements.
- The Board of Supervisors approved a project financing plan for AB 900 Phase II Jail Construction at the Public Safety Center site which includes State monies of \$80 million and a County contribution of \$9.5 million.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

| | County of Stanislaus Capital Assets (net of depreciation) | | | | | |
|-----------------------------|--|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land and Right of Ways | \$ 42,602,471 | \$ 40,542,091 | \$ 15,462,882 | \$ 15,462,882 | \$ 58,065,353 | \$ 56,004,973 |
| Infrastructure | 223,682,360 | 245,903,556 | - | - | 223,682,360 | 245,903,556 |
| Structures and improvements | 130,695,363 | 133,373,081 | 2,570,651 | 3,338,364 | 133,266,014 | 136,711,445 |
| Equipment | 39,834,705 | 39,665,855 | 5,429,878 | 6,292,323 | 45,264,583 | 45,958,178 |
| Intangible Assets | 3,083,639 | 3,202,727 | - | - | 3,083,639 | 3,202,727 |
| Construction in progress | 12,444,890 | 5,986,564 | 227,752 | 39,721 | 12,672,642 | 6,026,285 |
| Total | \$ 452,343,428 | \$ 468,673,874 | \$ 23,691,163 | \$ 25,133,290 | \$ 476,034,591 | \$ 493,807,164 |

COUNTY OF STANISLAUS
Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.)

Long-term debt

At June 30, 2012, the County had total long-term debt outstanding of \$204 million compared to \$239 million as of June 30, 2011, a net decrease of \$35 million. The annual debt service payments of approximately \$19 million and the write-off of \$19 million of the debt related to Stanislaus County Redevelopment Agency resulted in a decrease of \$38 million of debt. The long-term debt increased by \$3.6 million due to the interest amortization of the 2006 tobacco bonds.

As of July 2012, Stanislaus County's credit rating is an "AA-" with a stable outlook from Standard & Poor's Corporation and an "A1 with a stable outlook" from Moody's Investors Service as of August 2012.

County of Stanislaus
Outstanding Debt (Principal)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------|-------------------------|-----------------------|--------------------------|------|-----------------------|-----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Certificates of Participation | \$ 67,600,983 | \$ 75,756,270 | \$ 194,056 | | \$ 67,600,983 | \$ 75,950,326 |
| Bonds Payable - POB | 21,310,000 | 30,875,000 | | | 21,310,000 | 30,875,000 |
| Tobacco Securitization Note | 96,118,611 | 97,718,611 | | | 96,118,611 | 97,718,611 |
| Accreted Interest Tobacco Note | 19,325,022 | 15,674,559 | | | 19,325,022 | 15,674,559 |
| RDA Bonds Payable 2005 TAB | | 13,545,000 | | | | 13,545,000 |
| RDA USDA Loan | | 4,140,000 | | | | 4,140,000 |
| RDA CalHFA Loan | | 562,500 | | | | 562,500 |
| RDA CalHFA Loan - Interest | | 82,702 | | | | 82,702 |
| RDA State Water Board Loan | | 818,120 | | | | 818,120 |
| Total | \$ 204,354,616 | \$ 239,172,762 | \$ 194,056 | | \$ 204,354,616 | \$ 239,366,818 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate in the County for November 2012 was 14.5% compared to 9.6% for the State of California and 7.4% for the nation.
- Median home prices in Stanislaus County increased from November 2011 to November 2012 by 13.6%. Statewide median home prices increased 19.3% for the same period.
- Building permits for single family homes issued in Stanislaus County increased by 112.7% in November 2012 compared to the prior year. Statewide issuance of building permits increased by 23.3% for the same period.
- Assigned fund balance of \$15 million is being used to balance the budget for fiscal year 2012-2013.

COUNTY OF STANISLAUS
Management's Discussion and Analysis *(Continued)*

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller's Office, 1010 Tenth Street, Suite 5100, P.O. Box 770, Modesto, CA 95353.

Basic Financial Statements

County of Stanislaus
Statement of Net Assets
June 30, 2012

| | Governmental Activites | Business-type Activities | Total |
|---|-----------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash and investments | \$ 322,477,189 | \$ 15,281,527 | \$ 337,758,716 |
| Investments with fiscal agent | 105,769,183 | 44,457 | 105,813,640 |
| Taxes receivable | 24,047,491 | | 24,047,491 |
| Accounts receivable | 55,310,936 | 26,443,375 | 81,754,311 |
| Interest and other receivables | 2,084,142 | 139,259 | 2,223,401 |
| Deposit with others | 500,000 | | 500,000 |
| Due from other governments | 23,000 | | 23,000 |
| Deferred charges | 2,469,144 | | 2,469,144 |
| Inventory | 583,065 | 236,828 | 819,893 |
| Prepaid items | 346,556 | 241,356 | 587,912 |
| Loans to other governments | 11,604,360 | | 11,604,360 |
| Internal balances | 10,860,856 | (10,860,856) | |
| Restricted cash and investments | 3,766,554 | 20,641,802 | 24,408,356 |
| Investments - joint ventures | 13,232,672 | | 13,232,672 |
| Capital assets: (net of accumulated depreciation) | | | |
| Land & Right of Ways | 42,602,471 | 15,462,882 | 58,065,353 |
| Infrastructure | 223,682,360 | | 223,682,360 |
| Structures and improvements | 130,695,363 | 2,570,651 | 133,266,014 |
| Equipment | 39,834,705 | 5,429,878 | 45,264,583 |
| Intangible Assets | 3,083,639 | | 3,083,639 |
| Construction in progress | 12,444,890 | 227,752 | 12,672,642 |
| Total capital assets | <u>452,343,428</u> | <u>23,691,163</u> | <u>476,034,591</u> |
| Total assets | <u>1,005,418,576</u> | <u>75,858,911</u> | <u>1,081,277,487</u> |
| LIABILITIES | | | |
| Accounts payable | 32,415,669 | 3,143,142 | 35,558,811 |
| Salaries and benefits payable | 9,507,578 | 583,548 | 10,091,126 |
| Interest payable | 1,151,292 | | 1,151,292 |
| Unearned revenue | 31,393,543 | 33,057 | 31,426,600 |
| Deposits from others | 18,950 | 28,617 | 47,567 |
| Due to other governments | 327,131 | | 327,131 |
| Payables to external parties | | 21,450,102 | 21,450,102 |
| Long-term liabilities: | | | |
| Portion due or payable within one year: | | | |
| Risk management liability - current | 12,079,680 | 318,421 | 12,398,101 |
| Capital leases - current | 305,523 | 340,820 | 646,343 |
| Compensated absences - current | 1,743,682 | 253,049 | 1,996,731 |
| Long-term obligations - current | 20,919,343 | | 20,919,343 |
| Portion due or payable after one year: | | | |
| Risk management liability | 19,978,733 | 462,579 | 20,441,312 |
| Other post-employment benefits (OPEB) | 6,778,740 | 409,414 | 7,188,154 |
| Capital leases payable | 374,258 | | 374,258 |
| Compensated absences | 30,347,994 | 1,354,006 | 31,702,000 |
| Long-term obligations | 183,435,273 | | 183,435,273 |
| Estimated cost of landfill closure/postclosure | | 11,614,708 | 11,614,708 |
| Total liabilities | <u>350,777,389</u> | <u>39,991,463</u> | <u>390,768,852</u> |
| NET ASSETS | | | |
| Investment in capital assets, net of related debt | 385,331,672 | 23,350,343 | 408,682,015 |
| Restricted for: | | | |
| Capital projects | 79,297,817 | | 79,297,817 |
| Debt service | 14,288,337 | | 14,288,337 |
| Other purposes | 218,688,890 | 20,711,930 | 239,400,820 |
| Unrestricted (deficit) | (42,965,529) | (8,194,825) | (51,160,354) |
| Total net assets | <u>\$ 654,641,187</u> | <u>\$ 35,867,448</u> | <u>\$ 690,508,635</u> |

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

**County of Stanislaus
Statement of Activities
For the Fiscal Year Ended June 30, 2012**

| Functions/Programs | Expenses | Program Revenues | | |
|---|----------------|---------------------------------------|------------------------------------|----------------------------------|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government | | | | |
| Governmental activities: | | | | |
| General government | \$ 31,262,204 | \$ 16,844,922 | \$ 23,021,836 | \$ 1,740,467 |
| Public protection | 172,544,110 | 38,134,653 | 84,548,388 | 344,493 |
| Public ways and facilities | 49,480,040 | 5,782,815 | 20,042,654 | 3,452,832 |
| Health and sanitation | 114,881,433 | 33,689,959 | 58,104,354 | 54,329 |
| Public assistance | 265,885,829 | 6,336,221 | 249,068,436 | |
| Education | 8,149,446 | 325,092 | 13,574 | 45,532 |
| Recreation | 5,669,167 | 3,359,825 | 337,423 | 1,024,598 |
| Interest and fiscal charges on long-term debt | 11,308,210 | | | |
| Total governmental activities | 659,180,439 | 104,473,487 | 435,136,665 | 6,662,251 |
| Business-type activities: | | | | |
| Landfills | 3,285,042 | 4,588,277 | 232,727 | |
| Health Clinics & Ancillary | 39,470,220 | 38,216,020 | 297,170 | |
| Inmate Welfare and Commissary | 1,239,584 | 1,369,506 | 5,142 | |
| Transit | 4,262,606 | 465,005 | 984,032 | |
| Total business-type activities | 48,257,452 | 44,638,808 | 1,519,071 | |
| Total Stanislaus County | \$ 707,437,891 | \$ 149,112,295 | \$ 436,655,736 | \$ 6,662,251 |

General revenues:

Taxes:

- Property taxes
- Property taxes in lieu vehicle license fees
- Property taxes - unsecured
- Sales taxes
- Sales taxes - library
- Sales taxes - road
- In lieu sales tax
- Other taxes
- Franchise fees
- Payment in lieu of taxes:
 - Motor vehicle license
 - Open space subvention
 - In lieu motor vehicle license

- Unrestricted investment earnings
- Miscellaneous
- Net transfers

Total general revenues and transfers

Changes in net assets excluding Extraordinary Item

Extraordinary Item:

- Extraordinary Gain - RDA Debt Write-Off
- Extraordinary Loss - RDA Due to Successor Agency
- Net Extraordinary Loss

Changes in net assets including Extraordinary Item

Net assets--beginning

Net assets--ending

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

**County of Stanislaus
Statement of Activities
For the Fiscal Year Ended June 30, 2012**

| <u>Net (Expense) Revenue and Changes in Net Assets</u> | | | |
|--|-------------------------------------|------------------|--|
| <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> | <u>Functions/Programs</u> |
| \$ 10,345,021 | \$ | \$ 10,345,021 | Primary government |
| (49,516,576) | | (49,516,576) | Governmental activities: |
| (20,201,739) | | (20,201,739) | General government |
| (23,032,791) | | (23,032,791) | Public protection |
| (10,481,172) | | (10,481,172) | Public ways and facilities |
| (7,765,248) | | (7,765,248) | Health and sanitation |
| (947,321) | | (947,321) | Public assistance |
| (11,308,210) | | (11,308,210) | Education |
| (112,908,036) | | (112,908,036) | Recreation |
| | | | Interest and fiscal charges on long-term debt |
| | | | Total governmental activities |
| | 1,535,962 | 1,535,962 | Business-type activities: |
| | (957,030) | (957,030) | Landfills |
| | 135,064 | 135,064 | Health Clinics & Ancillary |
| | (2,813,569) | (2,813,569) | Inmate Welfare and Commissary |
| | (2,099,573) | (2,099,573) | Transit |
| \$ (112,908,036) | \$ (2,099,573) | \$ (115,007,609) | Total business-type activities |
| | | | Total Stanislaus County |
| | | | General revenues: |
| | | | Taxes: |
| 39,782,016 | | 39,782,016 | Property taxes |
| 44,238,899 | | 44,238,899 | Property taxes in lieu vehicle license fees |
| 2,104,028 | | 2,104,028 | Property taxes - unsecured |
| 13,061,567 | 3,490,576 | 16,552,143 | Sales taxes |
| 8,072,492 | | 8,072,492 | Sales taxes - library |
| 1,453,058 | | 1,453,058 | Sales taxes - road |
| 4,209,716 | | 4,209,716 | In lieu sales tax |
| 2,284,530 | | 2,284,530 | Other taxes |
| 1,013,027 | | 1,013,027 | Franchise fees |
| | | | Payment in lieu of taxes: |
| | | | Motor vehicle license |
| | | | Open space subvention |
| | | | In lieu motor vehicle license |
| 9,608,355 | 495,681 | 10,104,036 | Unrestricted investment earnings |
| 8,077,436 | | 8,077,436 | Miscellaneous |
| (2,432,361) | 2,432,361 | | Net transfers |
| 131,472,763 | 6,418,618 | 137,891,381 | Total general revenues and transfers |
| 18,564,727 | 4,319,045 | 22,883,772 | Changes in net assets excluding Extraordinary |
| | | | Extraordinary Item: |
| 18,141,513 | | 18,141,513 | Extraordinary Gain - RDA Debt Write-Off |
| (19,421,089) | | (19,421,089) | Extraordinary Loss - RDA Due to Successor Agency |
| (1,279,576) | | (1,279,576) | Net Extraordinary Loss |
| 17,285,151 | 4,319,045 | 21,604,196 | Changes in net assets including Extraordinary Item |
| 637,356,036 | 31,548,403 | 668,904,439 | Net assets--beginning |
| \$ 654,641,187 | 35,867,448 | 690,508,635 | Net assets--ending |

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

**County of Stanislaus
Balance Sheet
Governmental Funds
June 30, 2012**

| | General Fund | Tobacco Settlement | Behavioral Health and Recovery | Community Services Agency | Public Facility Fees | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|-----------------------|--------------------------------------|---------------------------------|----------------------------|--------------------------------|--------------------------------|
| Assets: | | | | | | | |
| Cash and investments | \$ 68,487,691 | \$ | \$ 45,413,331 | \$ 2,708,441 | \$ 72,915,455 | \$ 92,185,452 | \$ 281,710,370 |
| Investments with fiscal agent | | 94,691,781 | | | | 11,077,402 | 105,769,183 |
| Taxes receivable | 24,047,491 | | | | | | 24,047,491 |
| Accounts receivable | 12,663,365 | 2,616,606 | 11,880,291 | 9,274,085 | | 17,749,310 | 54,183,657 |
| Interest and other receivables | 559,802 | 776,085 | 153,358 | 206 | 256,754 | 247,574 | 1,993,779 |
| Interfund receivable | | | | | | | |
| Inventory | | | | | | 414,994 | 414,994 |
| Due from other funds | 11,901,725 | | | 45,744 | | 634,757 | 12,582,226 |
| Due from other governments | 23,000 | | | | | | 23,000 |
| Deposit with others | | | | | | | |
| Deferred charges | | | | | | | |
| Loans to other governments | 4,676,059 | 6,928,301 | | | | | 11,604,360 |
| Advances to other funds | 100,000 | | | | | | 100,000 |
| Prepaid items | 175,301 | | 2,288 | 3,900 | | 162,817 | 344,306 |
| Restricted cash and investments | 3,766,553 | | | | | | 3,766,553 |
| Total assets | \$ 126,400,987 | \$ 105,012,773 | \$ 57,449,268 | \$ 12,032,376 | \$ 73,172,209 | \$ 122,472,306 | \$ 496,539,919 |
| Liabilities and fund balance | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 3,533,602 | \$ | \$ 14,951,742 | \$ | \$ | \$ 11,419,615 | \$ 29,904,959 |
| Salaries and benefits payable | 3,975,558 | | 976,415 | 2,131,360 | | 2,231,580 | 9,314,913 |
| Due to other funds | 686,420 | | | | | 1,035,852 | 1,722,272 |
| Due to other governments | | | | 327,131 | | | 327,131 |
| Deposits from others | 18,950 | | | | | | 18,950 |
| Deferred revenue | 2,420,545 | 776,086 | 18,699,017 | 8,606,658 | | 1,682,897 | 32,185,203 |
| Advances from other funds | | | | | | 100,000 | 100,000 |
| Total liabilities | 10,635,075 | 776,086 | 34,627,174 | 11,065,595 | | 16,470,741 | 73,574,671 |
| Fund balance: | | | | | | | |
| Non-spendable | 21,106,188 | | 10,938 | 29,050 | | 589,295 | 21,735,471 |
| Restricted | 3,766,553 | 104,236,687 | 12,058,330 | 937,731 | 72,515,240 | 86,155,229 | 279,669,770 |
| Committed | 2,835,387 | | 6,187,935 | | | 1,818,984 | 10,842,306 |
| Assigned | 71,991,359 | | 4,564,891 | | 656,969 | 18,747,218 | 95,960,437 |
| Unassigned: | | | | | | | |
| General fund | 16,066,425 | | | | | | 16,066,425 |
| Special revenue funds | | | | | | (1,278,285) | (1,278,285) |
| Debt service funds | | | | | | (30,876) | (30,876) |
| Total fund balance | 115,765,912 | 104,236,687 | 22,822,094 | 966,781 | 73,172,209 | 106,001,565 | 422,965,248 |
| Total liabilities and fund balance | \$ 126,400,987 | \$ 105,012,773 | \$ 57,449,268 | \$ 12,032,376 | \$ 73,172,209 | \$ 122,472,306 | \$ 496,539,919 |

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

County of Stanislaus
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Total fund balances for governmental funds (page 18) \$ 422,965,248

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

| | | |
|---|-------------------|-------------|
| Land | \$ 42,602,471 | |
| Intangible Assets - Internally Generated Software | 482,920 | |
| Infrastructure | 223,682,360 | |
| Structures and improvements | 129,967,811 | |
| Equipment | 32,205,250 | |
| Construction in progress | <u>12,444,890</u> | |
| Total capital assets | | 441,385,702 |

Investments - Joint ventures 13,232,672

Internal service funds are used by the County to charge the cost of risk management, plus central services, fleet services, technology and communication, Morgan Shop garage, and facility maintenance to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets. 17,640,041

Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are not recognized as revenue in the funds. 791,656

Costs of issuance that benefit future periods are recognized as expenditures in the funds. 2,469,144

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net assets.

Balances at June 30, 2012 are:

| | | |
|---------------------------------------|---------------------|---------------|
| Certificates of participation | (67,600,983) | |
| Bonds payable and Loans | (21,310,000) | |
| Tobacco securitization notes | (115,443,632) | |
| Capital leases | (673,471) | |
| Accrued interest on long term debt | (1,151,292) | |
| Other post-employment benefits (OPEB) | (6,615,692) | |
| Compensated absences | <u>(31,048,206)</u> | |
| Total long-term liabilities | | (243,843,276) |

Net assets of governmental activities (page 15) \$ 654,641,187

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

| | General Fund | Tobacco Settlement | Behavioral Health and Recovery | Community Services Agency | Public Facility Fees | Other Governmental Funds | Total Governmental Funds |
|--|-----------------------|-----------------------|--------------------------------------|---------------------------------|----------------------------|--------------------------------|--------------------------------|
| REVENUES: | | | | | | | |
| Taxes | \$ 101,963,246 | | | | | \$ 13,254,302 | \$ 115,217,548 |
| Licenses, permits and franchises | 1,915,662 | | | 76,290 | | 1,259,419 | 3,251,371 |
| Fines, forfeitures and penalties | 8,125,567 | | 114,075 | | | 3,037,858 | 11,277,500 |
| Revenue from use of money and property | 3,522,266 | 5,695,825 | 574,168 | 1,431 | 802,689 | 1,449,801 | 12,046,180 |
| Intergovernmental | 62,206,659 | | 42,898,155 | 185,433,141 | | 148,481,321 | 439,019,276 |
| Charges for services | 35,326,566 | | 21,996,187 | 1,039,911 | 1,256,659 | 31,320,082 | 90,939,405 |
| Miscellaneous | 1,124,487 | | 828,308 | 575,604 | 20,191 | 5,504,646 | 8,053,236 |
| Total revenues | <u>214,184,453</u> | <u>5,695,825</u> | <u>66,410,893</u> | <u>187,126,377</u> | <u>2,079,539</u> | <u>204,307,429</u> | <u>679,804,516</u> |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government | 27,050,089 | | | | | 547,014 | 27,597,103 |
| Public protection | 123,201,000 | | 1,034,874 | | | 41,339,661 | 165,575,535 |
| Public ways and facilities | 161,899 | | | | | 29,198,761 | 29,360,660 |
| Health and sanitation | 7,548,308 | | 67,109,794 | | | 40,029,703 | 114,687,805 |
| Public assistance | 325,552 | | | 192,648,476 | | 71,683,484 | 264,657,512 |
| Education | 329,948 | | | | | 7,615,766 | 7,945,714 |
| Recreation and cultural services | 4,981,632 | | | | | 473,160 | 5,454,792 |
| Capital outlay | | | | | 32,719 | 13,727,254 | 13,759,973 |
| Debt service: | | | | | | | |
| Interest and fiscal charges | 26,982 | | 9,565 | 19,744 | | 9,240,177 | 9,296,468 |
| Principal | 151,598 | | 36,124 | 101,991 | | 19,870,020 | 20,159,733 |
| Total expenditures | <u>163,777,008</u> | | <u>68,190,357</u> | <u>192,770,211</u> | <u>32,719</u> | <u>233,725,000</u> | <u>658,495,295</u> |
| Excess revenues over (under) expenditures | <u>50,407,445</u> | <u>5,695,825</u> | <u>(1,779,464)</u> | <u>(5,643,834)</u> | <u>2,046,820</u> | <u>(29,417,571)</u> | <u>21,309,221</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Capital lease proceeds | | | | | | | |
| Transfers in | 6,898,648 | | 2,189,883 | 7,873,396 | 1,324,308 | 47,754,999 | 66,041,234 |
| Transfers out | (49,817,956) | (3,993,639) | (1,018,332) | (1,960,566) | (5,485,491) | (5,380,676) | (67,656,660) |
| Sale of capital assets | 9,345 | | 1,921 | 7,227 | | 5,707 | 24,200 |
| Total other financing sources (uses) | <u>(42,909,963)</u> | <u>(3,993,639)</u> | <u>1,173,472</u> | <u>5,920,057</u> | <u>(4,161,183)</u> | <u>42,380,030</u> | <u>(1,591,226)</u> |
| EXTRAORDINARY ITEM | | | | | | | |
| Amount Due to Successor Agency | | | | | | (19,421,089) | (19,421,089) |
| Net change in fund balances | 7,497,482 | 1,702,186 | (605,992) | 276,223 | (2,114,363) | (6,458,630) | 296,906 |
| Fund balance -- beginning | <u>108,268,430</u> | <u>102,534,501</u> | <u>23,428,086</u> | <u>690,558</u> | <u>75,286,572</u> | <u>112,460,195</u> | <u>422,668,342</u> |
| Fund balances -- ending | <u>\$ 115,765,912</u> | <u>\$ 104,236,687</u> | <u>\$ 22,822,094</u> | <u>\$ 966,781</u> | <u>\$ 73,172,209</u> | <u>\$ 106,001,565</u> | <u>\$ 422,965,248</u> |

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

County of Stanislaus
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012

Net change in fund balances - total governmental funds (page 20) \$ 296,906

The change in net assets reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|--|---------------------|--------------|
| Expenditures for capital assets and infrastructure | \$ 41,326,507 | |
| Less current year depreciation | <u>(53,483,728)</u> | (12,157,221) |

The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets (4,058,658)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (70,469)

Repayments of debt principal and issuance premiums are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and premiums are amortized in the statement of activities.

| | | |
|----------------------------------|----------------|------------|
| Repayments: | | |
| Certificate of participation | 8,010,944 | |
| Other long-term debt | 12,171,809 | |
| Capital lease | 289,712 | |
| Amortization of issuance premium | <u>144,343</u> | 20,616,808 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | | |
|---|------------------|-------------|
| Other post-employment benefits (OPEB) | \$ (1,342,549) | |
| Change in investment in joint ventures | (1,459,735) | |
| Change in accrued interest payable | 1,635,331 | |
| Change in Tobacco accreted interest payable | (3,650,463) | |
| Change in compensated absences | (325,885) | |
| Change in deferred charges | <u>(163,424)</u> | (5,306,725) |

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities. (177,003)

Extraordinary Gain - RDA Debt Write-Off 18,141,513

Change in net assets of governmental activities (page 17) \$ 17,285,151

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2012

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--|--------------------|--------------------|--|----------------------------------|
| Revenues: | | | | |
| Taxes | \$ 98,041,000 | \$ 101,359,815 | \$ 101,963,246 | \$ 603,431 |
| Licenses, permits and franchises | 1,704,700 | 1,744,700 | 1,915,662 | 170,962 |
| Fines, forfeitures and penalties | 10,383,000 | 8,203,000 | 8,125,567 | (77,433) |
| Revenue from use of money and property | 2,928,894 | 3,165,894 | 3,522,266 | 356,372 |
| Intergovernmental revenue | 58,967,438 | 63,181,877 | 62,206,659 | (975,218) |
| Charges for services | 34,933,000 | 39,323,854 | 35,326,566 | (3,997,288) |
| Miscellaneous revenue | 1,721,451 | 2,027,815 | 1,124,488 | (903,327) |
| Total revenues | <u>208,679,483</u> | <u>219,006,955</u> | <u>214,184,454</u> | <u>(4,822,501)</u> |
| Expenditures: General | | | | |
| Assessor | | | | |
| Salaries and employee benefits | 5,016,593 | 5,002,239 | 4,499,461 | 502,778 |
| Services and supplies | 558,091 | 558,091 | 340,090 | 218,001 |
| Other charges | 145,030 | 262,084 | 255,759 | 6,325 |
| Expenditure transfer | 102,760 | 60 | 60 | |
| Total expenditures | <u>5,822,474</u> | <u>5,822,474</u> | <u>5,095,370</u> | <u>727,104</u> |
| Auditor-Controller | | | | |
| Salaries and employee benefits | 3,286,231 | 3,323,356 | 2,789,950 | 533,406 |
| Services and supplies | 118,579 | 118,579 | 84,786 | 33,793 |
| Other charges | 145,370 | 168,490 | 161,672 | 6,818 |
| Expenditure transfer | (3,300) | (26,420) | (22,393) | (4,027) |
| Total expenditures | <u>3,546,880</u> | <u>3,584,005</u> | <u>3,014,015</u> | <u>569,990</u> |
| Board of Supervisors | | | | |
| Salaries and employee benefits | 863,087 | 845,462 | 676,717 | 168,745 |
| Services and supplies | 114,052 | 129,527 | 128,633 | 894 |
| Other charges | 39,360 | 53,360 | 53,347 | 13 |
| Expenditure transfer | 11,850 | | (710) | 710 |
| Total expenditures | <u>1,028,349</u> | <u>1,028,349</u> | <u>857,987</u> | <u>170,362</u> |
| Chief Executive | | | | |
| Salaries and employee benefits | 4,622,536 | 4,582,566 | 3,674,541 | 908,025 |
| Services and supplies | 1,792,486 | 1,816,015 | (416,611) | 2,232,626 |
| Other charges | 235,038 | 335,640 | 331,988 | 3,652 |
| Expenditure transfer | (59,890) | (129,437) | (31,610) | (97,827) |
| Total expenditures | <u>6,590,170</u> | <u>6,604,784</u> | <u>3,558,308</u> | <u>3,046,476</u> |
| Economic Development | | | | |
| Services and supplies | 59,360 | 59,360 | (60,915) | 120,275 |
| Total expenditures | <u>59,360</u> | <u>59,360</u> | <u>(60,915)</u> | <u>120,275</u> |
| Purchasing Agent | | | | |
| Salaries and employee benefits | 331,822 | 331,822 | 314,313 | 17,509 |
| Services and supplies | 169,888 | 154,888 | 2,073 | 152,815 |
| Other charges | 23,890 | 48,610 | 41,132 | 7,478 |
| Expenditure transfer | 29,953 | 20,233 | 9,277 | 10,956 |
| Total expenditures | <u>555,553</u> | <u>555,553</u> | <u>366,795</u> | <u>188,758</u> |

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2012

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--|--------------------|------------------|--|----------------------------------|
| Risk Management | | | | |
| Salaries and employee benefits | 1,308,405 | 1,233,405 | 946,836 | 286,569 |
| Services and supplies | 198,941 | 270,941 | 241,948 | 28,993 |
| Other charges | 41,830 | 53,020 | 53,524 | (504) |
| Expenditure transfer | 1,330 | (6,860) | (5,095) | (1,765) |
| Total expenditures | <u>1,550,506</u> | <u>1,550,506</u> | <u>1,237,213</u> | <u>313,293</u> |
| CEO - Discretionary Revenue | | | | |
| Expenditure transfer | | | 41,860 | (41,860) |
| Total expenditures | | | <u>41,860</u> | <u>(41,860)</u> |
| Capital Improvement Financing Authority | | | | |
| Services and supplies | 223,073 | 234,333 | (5,778) | 240,111 |
| Other charges | 11,260 | | | |
| Total expenditures | <u>234,333</u> | <u>234,333</u> | <u>(5,778)</u> | <u>240,111</u> |
| Plant Acquisition | | | | |
| Salaries and employee benefits | 50,000 | 50,000 | (2,042) | 52,042 |
| Services and supplies | 2,099,804 | 1,381,607 | 806,685 | 574,922 |
| Other charges | 14,320 | 14,320 | 92 | 14,228 |
| Total expenditures | <u>2,509,029</u> | <u>1,682,832</u> | <u>459,830</u> | <u>1,223,002</u> |
| General Fund Contribution to Other Programs | | | | |
| Other charges | 2,770,038 | 2,669,475 | 2,397,923 | 271,552 |
| Total expenditures | <u>2,770,038</u> | <u>2,669,475</u> | <u>2,397,923</u> | <u>271,552</u> |
| Mandated County Match | | | | |
| Appropriations for contingencies | 2,931,393 | 1,163,137 | | 1,163,137 |
| Total expenditures | <u>2,931,393</u> | <u>1,163,137</u> | | <u>1,163,137</u> |
| Appropriations for Contingencies | | | | |
| Appropriations for contingencies | 4,420,864 | 4,410,864 | | 4,410,864 |
| Total expenditures | <u>4,420,864</u> | <u>4,410,864</u> | | <u>4,410,864</u> |
| County Facilities | | | | |
| Services and supplies | 327,879 | 301,879 | (153) | 302,032 |
| Other charges | 205,590 | 477,412 | 468,188 | 9,224 |
| Expenditure transfer | 141,640 | 15,000 | 11,247 | 3,753 |
| Total expenditures | <u>675,109</u> | <u>794,291</u> | <u>479,282</u> | <u>315,009</u> |

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2012

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|------------------------------------|--------------------|------------------|--|----------------------------------|
| Elections Division | | | | |
| Salaries and employee benefits | 1,008,366 | 1,056,016 | 654,029 | 401,987 |
| Services and supplies | 896,793 | 2,586,777 | 1,792,224 | 794,553 |
| Other charges | 61,260 | 99,627 | 46,689 | 52,938 |
| Expenditure transfer | 94,592 | 77,712 | 78,063 | (351) |
| Fixed assets | | 500,000 | | 500,000 |
| Total expenditures | <u>2,061,011</u> | <u>4,320,132</u> | <u>2,571,005</u> | <u>1,749,127</u> |
| County Counsel | | | | |
| Salaries and employee benefits | 1,999,471 | 2,111,471 | 1,652,377 | 459,094 |
| Services and supplies | 239,742 | 239,742 | 87,444 | 152,298 |
| Other charges | 64,630 | 81,610 | 82,807 | (1,197) |
| Expenditure transfer | 17,005 | 25 | 763 | (738) |
| Total expenditures | <u>2,320,848</u> | <u>2,432,848</u> | <u>1,823,391</u> | <u>609,457</u> |
| Treasurer and Tax Collector | | | | |
| Salaries and employee benefits | 1,021,141 | 1,021,141 | 863,365 | 157,776 |
| Services and supplies | 791,803 | 791,803 | (272,652) | 1,064,455 |
| Other charges | 104,028 | 140,898 | 101,164 | 39,734 |
| Expenditure transfer | (1,330) | (38,200) | (79,275) | 41,075 |
| Total expenditures | <u>1,915,642</u> | <u>1,915,642</u> | <u>612,602</u> | <u>1,303,040</u> |
| Revenue Recovery | | | | |
| Salaries and employee benefits | 1,128,723 | 1,128,723 | 988,731 | 139,992 |
| Services and supplies | 191,335 | 191,335 | 149,566 | 41,769 |
| Other charges | 77,940 | 88,440 | 85,220 | 3,220 |
| Expenditure transfer | (524,500) | (535,000) | (559,185) | 24,185 |
| Fixed assets | 6,500 | 6,500 | | 6,500 |
| Total expenditures | <u>879,998</u> | <u>879,998</u> | <u>664,332</u> | <u>215,666</u> |
| Treasury | | | | |
| Salaries and employee benefits | 301,899 | 291,899 | 260,726 | 31,173 |
| Services and supplies | 136,471 | 136,971 | 79,420 | 57,551 |
| Other charges | 18,130 | 31,750 | 31,126 | 624 |
| Expenditure transfer | 119,120 | 115,000 | 115,000 | |
| Total expenditures | <u>575,620</u> | <u>575,620</u> | <u>486,272</u> | <u>89,348</u> |
| General Services Agency | | | | |
| Salaries and employee benefits | 590,151 | 585,651 | 433,194 | 152,457 |
| Services and supplies | 2,773 | 4,908 | 3,979 | 929 |
| Other charges | 7,390 | 9,590 | 9,392 | 198 |
| Expenditure transfer | (20,253) | (20,253) | (9,451) | (10,802) |
| Total expenditures | <u>580,061</u> | <u>579,896</u> | <u>437,114</u> | <u>142,782</u> |

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2012

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--|--------------------|-------------------|--|----------------------------------|
| Expenditures: Public Protection | | | | |
| Agricultural Commissioner | | | | |
| Salaries and employee benefits | 3,021,616 | 3,224,616 | 3,103,532 | 121,084 |
| Services and supplies | 1,278,035 | 1,272,035 | (501,232) | 1,773,267 |
| Other charges | 312,890 | 368,330 | 367,236 | 1,094 |
| Expenditure transfer | 154,260 | 104,820 | 104,339 | 481 |
| Fixed assets | 109,000 | 69,649 | 42,528 | 27,121 |
| Total expenditures | <u>4,875,801</u> | <u>5,039,450</u> | <u>3,116,403</u> | <u>1,923,047</u> |
| Office of Emergency Services | | | | |
| Salaries and employee benefits | 725,059 | 30,454 | (44,387) | 74,841 |
| Services and supplies | 641,846 | 1,996,322 | 1,087,358 | 908,964 |
| Other charges | 738,692 | 39,100 | (100,642) | 139,742 |
| Expenditure transfer | 17,730 | | 757 | (757) |
| Fixed assets | | | (757) | 757 |
| Total expenditures | <u>2,123,327</u> | <u>2,065,876</u> | <u>942,329</u> | <u>1,123,547</u> |
| County Court Funding | | | | |
| Salaries and employee benefits | | | | |
| Services and supplies | 204,146 | 204,146 | 134,119 | 70,027 |
| Other charges | 6,187,954 | 6,160,824 | 5,931,590 | 229,234 |
| Expenditure transfer | 387,400 | 414,530 | 413,399 | 1,131 |
| Total expenditures | <u>6,779,500</u> | <u>6,779,500</u> | <u>6,479,108</u> | <u>300,392</u> |
| Recorder Division | | | | |
| Salaries and employee benefits | 1,615,247 | 1,615,247 | 1,262,180 | 353,067 |
| Services and supplies | 109,715 | 109,715 | 40,407 | 69,308 |
| Other charges | 152,420 | 196,610 | 192,460 | 4,150 |
| Expenditure transfer | 120,902 | 76,712 | 76,777 | (65) |
| Total expenditures | <u>1,998,284</u> | <u>1,998,284</u> | <u>1,571,824</u> | <u>426,460</u> |
| District Attorney | | | | |
| Salaries and employee benefits | 10,890,974 | 10,890,974 | 10,305,830 | 585,144 |
| Services and supplies | 1,079,898 | 1,079,898 | 109,421 | 970,477 |
| Other charges | 601,288 | 706,248 | 715,596 | (9,348) |
| Expenditure transfer | 104,960 | | 188 | (188) |
| Total expenditures | <u>12,677,120</u> | <u>12,677,120</u> | <u>11,131,035</u> | <u>1,546,085</u> |

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2012

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|---------------------------------|--------------------|-------------------|--|----------------------------------|
| Planning | | | | |
| Salaries and employee benefits | 1,864,382 | 1,864,382 | 1,441,312 | 423,070 |
| Services and supplies | 87,396 | 83,896 | 37,330 | 46,566 |
| Other charges | 60,590 | 76,570 | 75,587 | 983 |
| Expenditure transfer | 12,480 | | (679) | 679 |
| Total expenditures | <u>2,024,848</u> | <u>2,024,848</u> | <u>1,553,550</u> | <u>471,298</u> |
| Probation | | | | |
| Salaries and employee benefits | 1,560,876 | 1,740,876 | 1,598,180 | 142,696 |
| Services and supplies | 146,300 | 191,149 | 169,527 | 21,622 |
| Other charges | 394,557 | 169,708 | (150,913) | 320,621 |
| Fixed assets | 15,520 | 15,520 | (9,734) | 25,254 |
| Total expenditures | <u>2,117,253</u> | <u>2,117,253</u> | <u>1,607,060</u> | <u>510,193</u> |
| Probation - Casework | | | | |
| Salaries and employee benefits | 9,493,476 | 11,221,531 | 9,214,046 | 2,007,485 |
| Services and supplies | 463,449 | 777,618 | 546,513 | 231,105 |
| Other charges | 475,050 | 768,231 | 758,685 | 9,546 |
| Expenditure transfer | 225,480 | 3,500 | 415 | 3,085 |
| Fixed assets | 45,020 | 220,020 | 127,717 | 92,303 |
| Total expenditures | <u>10,702,475</u> | <u>12,990,900</u> | <u>10,647,376</u> | <u>2,343,524</u> |
| Probation - Institutions | | | | |
| Salaries and employee benefits | 7,399,992 | 7,535,967 | 6,555,082 | 980,885 |
| Services and supplies | 802,212 | 807,212 | 679,637 | 127,575 |
| Other charges | 292,410 | 606,420 | 585,281 | 21,139 |
| Expenditure transfer | 309,010 | | | |
| Fixed assets | 63,158 | 97,158 | (39,399) | 136,557 |
| Total expenditures | <u>8,866,782</u> | <u>9,046,757</u> | <u>7,780,601</u> | <u>1,266,156</u> |
| Public Defender | | | | |
| Salaries and employee benefits | 4,797,948 | 4,809,119 | 4,647,260 | 161,859 |
| Services and supplies | 265,519 | 250,406 | 202,242 | 48,164 |
| Other charges | 147,383 | 198,233 | 199,618 | (1,385) |
| Expenditure transfer | 257,668 | 210,760 | 204,340 | 6,420 |
| Total expenditures | <u>5,468,518</u> | <u>5,468,518</u> | <u>5,253,460</u> | <u>215,058</u> |
| Indigent Defense | | | | |
| Salaries and employee benefits | | | | |
| Services and supplies | 3,071,140 | 3,071,140 | 2,981,020 | 90,120 |
| Total expenditures | <u>3,071,140</u> | <u>3,071,140</u> | <u>2,981,020</u> | <u>90,120</u> |
| Sheriff's Administration | | | | |
| Salaries and employee benefits | 2,809,346 | 2,752,546 | 2,435,119 | 317,427 |
| Services and supplies | 637,803 | 630,303 | 607,144 | 23,159 |
| Other charges | 266,192 | 307,842 | 302,880 | 4,962 |
| Expenditure transfer | 19,800 | 450 | 240 | 210 |
| Fixed assets | 38,000 | 80,000 | 79,117 | 883 |
| Total expenditures | <u>3,771,141</u> | <u>3,771,141</u> | <u>3,424,500</u> | <u>346,641</u> |

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2012

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|---------------------------------------|--------------------|-------------------|--|----------------------------------|
| Sheriff's Operations | | | | |
| Salaries and employee benefits | 19,914,827 | 20,297,661 | 12,860,983 | 7,436,678 |
| Services and supplies | 2,128,700 | 3,977,562 | 3,522,020 | 455,542 |
| Other charges | 4,451,366 | 2,706,663 | 2,104,664 | 601,999 |
| Expenditure transfer | (555,150) | (571,200) | (580,900) | 9,700 |
| Fixed assets | 644,405 | 667,405 | 662,797 | 4,608 |
| Total expenditures | <u>26,584,148</u> | <u>27,078,091</u> | <u>18,569,564</u> | <u>8,508,527</u> |
| Sheriff's Detention | | | | |
| Salaries and employee benefits | 26,221,790 | 27,994,384 | 23,420,099 | 4,574,285 |
| Services and supplies | 3,182,487 | 4,397,439 | 3,051,194 | 1,346,245 |
| Other charges | 2,056,365 | 3,428,249 | 3,338,631 | 89,618 |
| Expenditure transfer | 1,298,180 | 11,750 | 3,118 | 8,632 |
| Appropriations for contingencies | | | | |
| Fixed assets | 140,000 | 330,200 | 190,359 | 139,841 |
| Total expenditures | <u>32,898,822</u> | <u>36,162,022</u> | <u>30,003,401</u> | <u>6,158,621</u> |
| Court Security | | | | |
| Salaries and employee benefits | 3,913,482 | 4,307,074 | 3,710,495 | 596,579 |
| Services and supplies | 16,000 | 26,000 | 16,380 | 9,620 |
| Other charges | 114,180 | 115,167 | 115,166 | 1 |
| Expenditure transfer | 63,559 | 62,572 | 10,419 | 52,153 |
| Appropriations for contingencies | | | | |
| Fixed assets | | | | |
| Total expenditures | <u>4,107,221</u> | <u>4,510,813</u> | <u>3,852,460</u> | <u>658,353</u> |
| Sheriff's Contract Cities | | | | |
| Salaries and employee benefits | 7,984,410 | 7,834,104 | 6,912,283 | 921,821 |
| Services and supplies | 369,611 | 1,276,221 | 1,085,779 | 190,442 |
| Other charges | 1,441,710 | 516,100 | 513,688 | 2,412 |
| Expenditure transfer | 28,500 | 28,500 | 23,367 | 5,133 |
| Appropriations for contingencies | | | | |
| Fixed assets | 16,000 | 16,000 | 3,500 | 12,500 |
| Total expenditures | <u>9,840,231</u> | <u>9,670,925</u> | <u>8,538,617</u> | <u>1,132,308</u> |
| Grand Jury | | | | |
| Salaries and employee benefits | 48,663 | 48,663 | 44,357 | 4,306 |
| Services and supplies | 28,930 | 118,930 | 54,440 | 64,490 |
| Other charges | 6,940 | 10,270 | 10,195 | 75 |
| Expenditure transfer | 21,978 | 18,648 | 18,693 | (45) |
| Total expenditures | <u>106,511</u> | <u>196,511</u> | <u>127,685</u> | <u>68,826</u> |
| CEO Crows Landing Air Facility | | | | |
| Salaries and employee benefits | | 53,412 | 53,412 | |
| Services and supplies | 1,072,138 | 1,006,864 | 25,694 | 981,170 |
| Other charges | | 11,862 | 11,862 | |
| Total expenditures | <u>1,072,138</u> | <u>1,072,138</u> | <u>90,968</u> | <u>981,170</u> |

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2012

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|---|--------------------|------------------|--|----------------------------------|
| Expenditures: Health and Sanitation | | | | |
| CEO Jail Medical | | | | |
| Services and supplies | 7,602,566 | 7,602,566 | 7,602,566 | |
| Total expenditures | <u>7,602,566</u> | <u>7,602,566</u> | <u>7,602,566</u> | |
| Expenditures: Public Assistance | | | | |
| Veterans' Services | | | | |
| Salaries and employee benefits | 292,880 | 292,880 | 273,933 | 18,947 |
| Services and supplies | 21,509 | 18,409 | 15,680 | 2,729 |
| Other charges | 20,820 | 29,260 | 29,253 | 7 |
| Expenditure transfer | 5,340 | | | |
| Total expenditures | <u>340,549</u> | <u>340,549</u> | <u>318,866</u> | <u>21,683</u> |
| Expenditures: Education | | | | |
| Cooperative Extension | | | | |
| Salaries and employee benefits | 230,648 | 249,648 | 195,956 | 53,692 |
| Services and supplies | 16,742 | 15,742 | 7,281 | 8,461 |
| Other charges | 29,550 | 113,259 | 112,043 | 1,216 |
| Expenditure transfer | 101,709 | | 10 | (10) |
| Total expenditures | <u>378,649</u> | <u>378,649</u> | <u>315,290</u> | <u>63,359</u> |
| Expenditures: Recreation and Cultural Services | | | | |
| Parks and Recreation | | | | |
| Salaries and employee benefits | 2,424,849 | 2,553,302 | 1,656,308 | 896,994 |
| Services and supplies | 1,741,140 | 1,372,010 | 708,137 | 663,873 |
| Other charges | 732,031 | 924,291 | 915,365 | 8,926 |
| Expenditure transfer | 550,720 | 558,460 | 548,547 | 9,913 |
| Appropriations for contingencies | | | | |
| Fixed assets | 151,799 | 540,299 | 108,910 | 431,389 |
| Total expenditures | <u>5,600,539</u> | <u>5,948,362</u> | <u>3,937,267</u> | <u>2,011,095</u> |
| Parks Master Plan | | | | |
| Services and supplies | 495,633 | 495,633 | (455,633) | 951,266 |
| Total expenditures | <u>495,633</u> | <u>495,633</u> | <u>(455,633)</u> | <u>951,266</u> |
| Tuolumne River Regional Park | | | | |
| Services and supplies | 121,426 | 121,426 | 121,426 | |
| Total expenditures | <u>121,426</u> | <u>121,426</u> | <u>121,426</u> | |
| Debt Services | | | | |
| Salaries and employee benefits | | | | |
| Services and supplies | | | | |
| Other charges | | 271,575 | 271,575 | |
| Expenditure transfer | (425,871) | (425,871) | (425,847) | (24) |
| Appropriations for contingencies | | | | |
| Fixed assets | | | | |
| Total expenditures | <u>(425,871)</u> | <u>(154,296)</u> | <u>(154,272)</u> | <u>(24)</u> |

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2012

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--|--------------------|------------------|--|----------------------------------|
| Total Expenditures - General Fund | 194,225,989 | 201,338,275 | 153,393,077 | 47,945,198 |
| Excess of revenue over expenditures | 14,453,494 | 17,668,680 | 60,791,377 | 43,122,697 |
| Other financing sources (uses): | | | | |
| Transfers in | | 6,437,270 | | (6,437,270) |
| Transfers out | | (46,563,100) | | 46,563,100 |
| Total other financing sources (uses) | | (40,125,830) | | 40,125,830 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 14,453,494 | (22,457,150) | 60,791,377 | 83,248,527 |
| Fund balance -- beginning | (95,173,583) | (120,940,818) | 104,648,358 | 225,589,176 |
| Fund balance -- ending | \$ (80,720,089) | \$ (143,397,968) | \$ 165,439,735 | \$ 308,837,703 |

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
Behavioral Health and Recovery - Special Revenue Fund
Budget and Actual on the Budgetary Basis
For the fiscal year ended June 30, 2012

| | Budgeted Amounts | | Actual amount on the Budgetary basis | Variance with Final Budget |
|---|----------------------|----------------------|--|-------------------------------|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Fines, forfeitures, and penalties | \$ 91,247 | \$ 139,235 | \$ 114,075 | \$ (25,160) |
| Revenue from use of money and property | 503,047 | 528,047 | 574,168 | 46,121 |
| Intergovernmental revenue | 42,353,342 | 49,892,546 | 42,898,155 | (6,994,391) |
| Charges for services | 19,494,985 | 21,688,501 | 21,996,187 | 307,686 |
| Miscellaneous revenue | 1,473,967 | 1,277,365 | 828,183 | (449,182) |
| Donation | 10,937 | 10,937 | 125 | (10,812) |
| Total revenues | 63,927,525 | 73,536,631 | 66,410,893 | (7,125,738) |
| Expenditures | | | | |
| Public Protection | | | | |
| Salaries and employee benefits | 684,100 | 674,600 | 655,717 | 18,883 |
| Services and supplies | 54,706 | 59,206 | 52,184 | 7,022 |
| Other charges | 161,220 | 196,720 | 196,014 | 706 |
| Expenditure transfer | 120,488 | 124,988 | 124,199 | 789 |
| Total Public Protection | 1,020,514 | 1,055,514 | 1,028,114 | 27,400 |
| Health and Sanitation | | | | |
| Salaries and employee benefits | 31,623,081 | 33,628,086 | 28,619,175 | 5,008,911 |
| Services and supplies | 33,272,462 | 36,270,518 | 33,159,130 | 3,111,388 |
| Other charges | 5,522,436 | 6,036,025 | 5,032,989 | 1,003,036 |
| Fixed assets | 1,265,120 | 1,265,120 | (207,026) | 1,472,146 |
| Expenditure transfer | (120,487) | (124,987) | (124,199) | (788) |
| Total Health and Sanitation | 71,562,612 | 77,074,762 | 66,480,069 | 10,594,693 |
| Total expenditures | 72,583,126 | 78,130,276 | 67,508,183 | 10,622,093 |
| Excess (deficiency) of revenues over (under) expenditures | (8,655,601) | (4,593,645) | (1,097,290) | 3,496,355 |
| Other financing sources (uses) | | | | |
| Transfers in | 6,599,874 | 1,596,718 | 2,189,883 | 593,165 |
| Transfers out | (164,000) | (186,000) | (1,018,332) | (832,332) |
| Sale of capital assets | | | 1,920 | 1,920 |
| Total other financing sources (uses) | 6,435,874 | 1,410,718 | 1,173,471 | (237,247) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (2,219,727) | (3,182,927) | 76,181 | 3,259,108 |
| Fund balance - beginning | 15,607,643 | 15,416,025 | 20,444,095 | |
| Fund balance - ending | \$ 13,387,916 | \$ 12,233,098 | \$ 20,520,276 | \$ 3,259,108 |

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

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
Community Services Agency - Special Revenue Fund
Budget and Actual on the Budgetary Basis
For the fiscal year ended June 30, 2012

| | Budgeted Amounts | | Actual amount on the Budgetary basis | Variance with Final Budget |
|--|--------------------|---------------------|--|-------------------------------|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Licenses, permits and franchises | \$ 78,653 | \$ 78,653 | \$ 76,290 | \$ (2,363) |
| Revenue from use of money and property | | | 1,431 | 1,431 |
| Intergovernmental revenue | 201,818,829 | 204,220,350 | 185,433,141 | (18,787,209) |
| Charges for services | 918,923 | 1,005,321 | 1,039,911 | 34,590 |
| Miscellaneous revenue | 626,838 | 922,212 | 467,200 | (455,012) |
| Donation | 144,540 | 144,540 | 108,404 | (36,136) |
| Total revenues | 203,587,783 | 206,371,076 | 187,126,377 | (19,244,699) |
| Public Assistance | | | | |
| Salaries and employee benefits | 69,873,092 | 72,268,199 | 64,099,701 | 8,168,498 |
| Services and supplies | 20,086,538 | 20,108,901 | 15,442,825 | 4,666,076 |
| Other charges | 120,714,615 | 121,791,968 | 113,174,073 | 8,617,895 |
| Fixed assets | | 67,200 | 53,612 | 13,588 |
| Total Public Assistance | 210,674,245 | 214,236,268 | 192,770,211 | 21,466,057 |
| Total expenditures | 210,674,245 | 214,236,268 | 192,770,211 | 21,466,057 |
| Excess (deficiency) of revenues over (under) expenditures | (7,086,462) | (7,865,192) | (5,643,834) | 2,221,358 |
| Other financing sources (uses) | | | | |
| Transfers in | 7,388,637 | 8,942,895 | 7,873,396 | (1,069,499) |
| Transfers out | (429,728) | (705,707) | (1,960,566) | (1,254,859) |
| Sale of capital assets | | | 7,227 | 7,227 |
| Total other financing sources (uses) | 6,958,909 | 8,237,188 | 5,920,057 | (2,317,131) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (127,553) | 371,996 | 276,223 | (95,773) |
| Fund balance - beginning | 421,951 | (901,993) | 721,864 | |
| Fund balance - ending | <u>\$ 294,398</u> | <u>\$ (529,997)</u> | <u>\$ 998,087</u> | <u>\$ (95,773)</u> |

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

County of Stanislaus
Statement of Net Assets
Proprietary Funds
June 30, 2012

| | Business-type Activities - Enterprise Funds | | | | Governmental |
|---|---|---------------------------|---------------------|----------------------|------------------------------|
| | Fink Road | Health Clinics | Other | Total | Activities |
| | Sanitary Landfill | and Ancillary Services | Enterprise Funds | | Internal Service Funds |
| ASSETS: | | | | | |
| Current Assets: | | | | | |
| Cash and investments | \$ 8,706,265 | \$ | \$ 4,717,138 | \$ 13,423,403 | \$ 42,624,942 |
| Accounts receivable, net | 512,535 | 25,261,348 | 419,920 | 26,193,803 | 1,127,278 |
| Interest and other receivables | 96,219 | 261,675 | 25,006 | 382,900 | 97,199 |
| Inventory | | 224,353 | 12,476 | 236,829 | 168,071 |
| Deposit with others | | | | | 500,000 |
| Due from other funds | | 68,831 | | 68,831 | |
| Prepaid items | | 241,356 | | 241,356 | 2,250 |
| Total current assets | <u>9,315,019</u> | <u>26,057,563</u> | <u>5,174,540</u> | <u>40,547,122</u> | <u>44,519,740</u> |
| Noncurrent assets: | | | | | |
| Deferred charges | | | | | |
| Investments with fiscal agent | 44,457 | | | 44,457 | |
| Restricted cash and investments | 18,210,097 | | 2,431,706 | 20,641,803 | |
| Capital assets: | | | | | |
| Land and right of ways | 13,556,621 | | 1,906,261 | 15,462,882 | |
| Intangible assets | | | | | 3,166,672 |
| Structures and improvements | 3,785,755 | 10,029,512 | 348,276 | 14,163,543 | 1,002,508 |
| Equipment | 3,522,898 | 3,728,719 | 5,762,199 | 13,013,816 | 26,215,423 |
| Construction in progress | | 103,398 | 124,354 | 227,752 | |
| Less: Accumulated depreciation | <u>(3,778,917)</u> | <u>(12,468,509)</u> | <u>(2,929,404)</u> | <u>(19,176,830)</u> | <u>(19,426,877)</u> |
| Net capital assets | <u>17,086,357</u> | <u>1,393,120</u> | <u>5,211,686</u> | <u>23,691,163</u> | <u>10,957,726</u> |
| Total noncurrent assets | <u>35,340,911</u> | <u>1,393,120</u> | <u>7,643,392</u> | <u>44,377,423</u> | <u>10,957,726</u> |
| Total assets | <u>44,655,930</u> | <u>27,450,683</u> | <u>12,817,932</u> | <u>84,924,545</u> | <u>55,477,466</u> |
| LIABILITIES: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 175,906 | 2,048,149 | 682,738 | 2,906,793 | 2,746,719 |
| Salaries and benefits payable | 31,967 | 533,785 | 17,795 | 583,547 | 192,665 |
| Deferred revenues | | 33,057 | | 33,057 | |
| Due to other funds | | 10,928,785 | | 10,928,785 | |
| Deposits from others | 28,617 | | | 28,617 | |
| Interfund note payable - current | | 1,065,692 | | 1,065,692 | |
| Risk management liability - current | | | | | 12,398,100 |
| Capital leases - current | | 340,820 | | 340,820 | 4,395 |
| Compensated absences - current | 18,933 | 230,936 | 3,180 | 253,049 | 76,475 |
| Total current liabilities | <u>255,423</u> | <u>15,181,224</u> | <u>703,713</u> | <u>16,140,360</u> | <u>15,418,354</u> |
| Noncurrent liabilities | | | | | |
| Estimated cost of landfill closure/postclosure | 7,506,710 | | 4,107,998 | 11,614,708 | |
| Interfund note payable | | 20,384,411 | | 20,384,411 | |
| Risk management liability | | | | | 20,441,312 |
| Capital leases payable | | | | | 1,915 |
| Other post-employment benefits (OPEB) | 40,514 | 345,261 | 23,640 | 409,415 | 163,048 |
| Compensated absences | 117,256 | 1,191,203 | 45,546 | 1,354,005 | 966,994 |
| Total noncurrent liabilities | <u>7,664,480</u> | <u>21,920,875</u> | <u>4,177,184</u> | <u>33,762,539</u> | <u>21,573,269</u> |
| Total liabilities | <u>7,919,903</u> | <u>37,102,099</u> | <u>4,880,897</u> | <u>49,902,899</u> | <u>36,991,623</u> |
| NET ASSETS (DEFICIT) : | | | | | |
| Invested in capital assets, | | | | | |
| net of related debt | 17,086,357 | 1,052,300 | 5,211,686 | 23,350,343 | 10,951,416 |
| Restricted | 18,481,782 | | 2,488,359 | 20,970,141 | |
| Unrestricted | 1,167,888 | (10,703,716) | 236,990 | (9,298,838) | 7,534,427 |
| Total net assets (deficit) | <u>\$ 36,736,027</u> | <u>\$ (9,651,416)</u> | <u>\$ 7,937,035</u> | <u>35,021,646</u> | <u>\$ 18,485,843</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | 845,802 | |
| Net assets of business type activities | | | | <u>\$ 35,867,448</u> | |

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

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

| | Business-type Activities - Enterprise Funds | | | | Governmental |
|--|---|---------------------------|---------------------|---------------------|----------------------|
| | Fink Road | Health Clinics | Other | Total | Internal |
| | Sanitary Landfill | and Ancillary Services | Enterprise Funds | | Service Funds |
| Operating revenues: | | | | | |
| Charges for services | \$ 4,588,197 | \$ 36,822,415 | \$ 1,834,590 | \$ 43,245,202 | \$ 79,614,660 |
| Total operating revenues | <u>4,588,197</u> | <u>36,822,415</u> | <u>1,834,590</u> | <u>43,245,202</u> | <u>79,614,660</u> |
| Operating expenses: | | | | | |
| Salaries and benefits | 1,088,220 | 16,773,741 | 593,703 | 18,455,664 | 6,765,412 |
| Services and supplies | 1,656,254 | 21,366,990 | 4,344,989 | 27,368,233 | 71,186,920 |
| Depreciation | 490,401 | 603,916 | 563,498 | 1,657,815 | 1,785,259 |
| Estimated cost of closure/postclosure | 50,166 | | | 50,166 | |
| Total operating expenses | <u>3,285,041</u> | <u>38,744,647</u> | <u>5,502,190</u> | <u>47,531,878</u> | <u>79,737,591</u> |
| Operating income (loss) | <u>1,303,156</u> | <u>(1,922,232)</u> | <u>(3,667,600)</u> | <u>(4,286,676)</u> | <u>(122,931)</u> |
| Nonoperating revenues (expenses) | | | | | |
| Investment income | 748,643 | (128,408) | 90,669 | 710,904 | 421,391 |
| Interest expense | | (272,142) | | (272,142) | (548) |
| Gain (loss) on sale of capital assets | | 288,345 | (4,009) | 284,336 | 124,877 |
| Intergovernmental | 2,290 | 297,170 | 4,474,612 | 4,774,072 | 893,331 |
| Total nonoperating revenues (expenses) | <u>750,933</u> | <u>184,965</u> | <u>4,561,272</u> | <u>5,497,170</u> | <u>1,439,051</u> |
| Income (loss) before capital contributions and transfers | 2,054,089 | (1,737,267) | 893,672 | 1,210,494 | 1,316,120 |
| Transfers in | | 6,613,277 | 721,400 | 7,334,677 | |
| Transfers out | (748,247) | (3,639,570) | (14,498) | (4,402,315) | (1,316,934) |
| Changes in net assets | 1,305,842 | 1,236,440 | 1,600,574 | 4,142,856 | (814) |
| Total net assets (deficit) - beginning | 35,430,190 | (10,887,856) | 6,336,461 | | 18,486,657 |
| Total net assets (deficit) - beginning - restated | <u>35,430,190</u> | <u>(10,887,856)</u> | <u>6,336,461</u> | | <u>18,486,657</u> |
| Total net assets (deficit) - ending | <u>\$ 36,736,032</u> | <u>\$ (9,651,416)</u> | <u>\$ 7,937,035</u> | | <u>\$ 18,485,843</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds: | | | | 176,189 | |
| Change in net assets of business type activities | | | | <u>\$ 4,319,045</u> | |

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

County of Stanislaus
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|---|------------------------------|----------------------|------------------------------|
| | Fink Road Landfill | Health Clinics and Ancillary Services | Other Enterprise Funds | Total | Internal Service Funds |
| | | | | | |
| Cash flows from operating activities: | | | | | |
| Cash received from customers and users | \$ 4,737,481 | \$ 32,595,091 | \$ 2,322,906 | \$ 39,655,478 | \$ 79,274,935 |
| Cash received (paid) from interfund services | | (3,270,426) | 1,213 | (3,269,213) | (62,951,659) |
| Cash paid to suppliers | (1,702,774) | (14,243,426) | (5,819,172) | (21,765,372) | |
| Cash paid to employees | (1,069,454) | (16,680,558) | (611,799) | (18,361,811) | (6,273,852) |
| Net cash provided (used) by operating activities | <u>1,965,253</u> | <u>(1,599,319)</u> | <u>(4,106,852)</u> | <u>(3,740,918)</u> | <u>10,049,424</u> |
| Cash flows from noncapital financing activities: | | | | | |
| Transfers in | | 6,613,278 | 721,400 | 7,334,678 | |
| Payment on interfund note payable | | (1,614,307) | | (1,614,307) | |
| Deferred revenues | | (64,311) | | (64,311) | |
| Subsidy from state and federal grant | 2,290 | 297,170 | 4,474,612 | 4,774,072 | 893,331 |
| Transfers out | (748,247) | (3,639,570) | (14,498) | (4,402,315) | (1,316,933) |
| Net cash provided (used) by noncapital financing activities | <u>(745,957)</u> | <u>1,592,260</u> | <u>5,181,514</u> | <u>6,027,817</u> | <u>(423,602)</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Sale of capital assets | | | 4,009 | 4,009 | 124,877 |
| Purchase of capital assets | (196,481) | (239,465) | (394,812) | (830,758) | (1,861,510) |
| Proceeds from disposal of capital assets | | 1,002,800 | (4,009) | 998,791 | |
| Capital contributions | | | | | 190,816 |
| Principal payment - capital leases | | (322,460) | | (322,460) | (4,124) |
| Principal payment - long term debt | | (194,056) | | (194,056) | |
| Interest income | | (128,408) | | (128,408) | |
| Interest paid | | (272,142) | | (272,142) | (548) |
| Net cash (used) by capital and related financing activities | <u>(196,481)</u> | <u>(153,731)</u> | <u>(394,812)</u> | <u>(745,024)</u> | <u>(1,550,489)</u> |
| Cash flows from investing activities: | | | | | |
| Interest received | 748,643 | | 90,669 | 839,312 | 421,391 |
| Net cash provided by investing activities | <u>748,643</u> | | <u>90,669</u> | <u>839,312</u> | <u>421,391</u> |
| Net increase (decrease) in cash and cash equivalents | 1,771,458 | (160,790) | 770,519 | 2,381,187 | 8,496,724 |
| Cash and equivalents - beginning | 25,189,361 | 160,790 | 6,378,325 | 31,728,476 | 34,128,218 |
| Cash and equivalents - ending | <u>\$ 26,960,819</u> | | <u>\$ 7,148,844</u> | <u>\$ 34,109,663</u> | <u>\$ 42,624,942</u> |
| Reconciliation of cash and cash equivalents to the Statement of Net Assets | | | | | |
| Cash and investments | \$ 8,706,265 | | \$ 4,717,138 | \$ 13,423,403 | \$ 42,624,942 |
| Restricted cash and investments & investment with fiscal agent | 18,254,554 | | 2,431,706 | 20,686,260 | |
| Total cash and cash equivalents | <u>\$ 26,960,819</u> | | <u>\$ 7,148,844</u> | <u>\$ 34,109,663</u> | <u>\$ 42,624,942</u> |

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

County of Stanislaus
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

| | Business-type Activities - Enterprise Funds | | | | Governmental |
|---|---|---|------------------------------|-----------------------|------------------------------|
| | Fink Road Landfill | Health Clinics and Ancillary Services | Other Enterprise Funds | Total | Internal Service Funds |
| CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 1,303,156 | \$ (1,922,232) | \$ (3,667,600) | \$ (4,286,676) | \$ (122,931) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 490,401 | 603,916 | 563,498 | 1,657,815 | 1,785,259 |
| (Increase) decrease in accounts receivable | 171,218 | (2,325,468) | 482,626 | (1,671,624) | (341,834) |
| (Increase) decrease in other receivables | (21,930) | 527,384 | (6,837) | 498,617 | (14,707) |
| (Increase) decrease in inventory | | (37,326) | 13,740 | (23,586) | 20,941 |
| (Increase) decrease in prepaid items | | (60,417) | | (60,417) | |
| (Increase) decrease in due from other funds | | (18,314) | | (18,314) | |
| (Increase) decrease in deposits with others | | | | | |
| (Increase) decrease in deferred charges | | | | | |
| Increase (decrease) in accounts payable and accrued liabilities | (46,520) | 19,553 | 46,702 | 19,735 | 1,577,197 |
| Increase (decrease) in interfund payable | | | | | |
| Increase (decrease) in salaries and benefits payable | (262) | (68,199) | (430) | (68,891) | 68,499 |
| Increase (decrease) in liability for compensated absences | 10,238 | 92,713 | (23,529) | 79,422 | 360,104 |
| Increase (decrease) in other post-employment benefits(OPEB) | 8,786 | 68,669 | 5,863 | 83,318 | 62,957 |
| Increase (decrease) in due to other funds/governments | | 1,520,402 | | 1,520,402 | |
| Increase (decrease) in deposits from others | | | | | |
| Increase (decrease) in advances from other funds | | | | | |
| Increase (decrease) in capital lease payable | | | | | (4,125) |
| Increase (decrease) in estimated cost of closure/postclosure | 50,166 | | (1,520,885) | (1,470,719) | |
| Increase (decrease) in risk management liability | | | | | 6,658,064 |
| Net cash provided (used) by operating activities | <u>\$ 1,965,253</u> | <u>\$ (1,599,319)</u> | <u>\$ (4,106,852)</u> | <u>\$ (3,740,918)</u> | <u>\$ 10,049,424</u> |

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

**County of Stanislaus
Statement of Net Assets
Fiduciary Funds
June 30, 2012**

| | Employees' Retirement Trust | Investment Trust | Agency Funds | Successor Agency Private Purpose Trust |
|---|-----------------------------------|-----------------------|------------------|--|
| ASSETS | | | | |
| Cash and investments | \$ 39,960,025 | \$ 529,897,597 | \$ 6,216,618 | \$ 19,491,889 |
| Investments with fiscal agent for uncollectables) | | 8,280,396 | | 1,193,740 |
| Interest and dividends | 6,288,878 | | | 63,619 |
| Securities transactions | 40,073,173 | | | |
| Contributions | 1,814,176 | | | |
| Other receivable | 5,220 | 2,150,856 | 55 | 19,979 |
| Interfund note receivable | | 21,450,102 | | |
| Other assets | 3,760,839 | 36,916,158 | | |
| Bonds | 515,494,956 | | | 299,876 |
| Stocks | 830,965,033 | | | |
| Collateral on loaned securities | 112,214,531 | | | |
| Total assets | 1,550,576,831 | 598,695,109 | 6,216,673 | 21,069,103 |
| LIABILITIES | | | | |
| Accounts payable | 163,996,585 | 8,816,441 | 6,058 | 8,165 |
| Grant deed extension fee | 405,000 | | | |
| Trust obligations | | 12,945,295 | 6,210,615 | |
| Deferred revenue | | 576,749 | | |
| Due to other funds | | | | |
| Due to other gov't agencies | | | | 2,001,457 |
| Interest payable | | | | 499,277 |
| Bonds and notes payable | | | | 18,366,831 |
| Total liabilities | 164,401,585 | 22,338,485 | 6,216,673 | 20,875,730 |
| NET ASSETS | | | | |
| Net assets held in trust for pension benefits/investment pool participants | \$ 1,386,175,246 | \$ 576,356,624 | \$ | \$ 193,373 |

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

County of Stanislaus
Statement of Changes in Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2012

| | <u>Employees'</u> <u>Retirement</u> <u>Trust</u> | <u>Investment</u> <u>Trust</u> | <u>Successor Agency</u> <u>Private Purpose</u> <u>Trust</u> |
|---|--|-----------------------------------|---|
| Additions: | | | |
| Contributions: | | | |
| Employer contributions | \$ 27,314,032 | \$ | \$ |
| Member contributions | 20,525,295 | | |
| Contributions on pooled investments | | 3,277,382,917 | |
| Redevelopment agency property tax trust | | | 1,368,414 |
| Total contributions | <u>47,839,327</u> | <u>3,277,382,917</u> | <u>1,368,414</u> |
| Investment income: | | | |
| Net (depreciation) in fair value | (29,202,695) | | |
| Interest | 37,434,050 | 5,729,466 | 95,628 |
| Miscellaneous income | 431,004 | | |
| Less investment expense | (4,937,605) | | |
| Net investment income | <u>3,724,754</u> | <u>5,729,466</u> | <u>95,628</u> |
| Total additions | <u>51,564,081</u> | <u>3,283,112,383</u> | <u>1,464,042</u> |
| Deductions: | | | |
| Benefit payments | 80,157,222 | | 2,001,457 |
| Refunds of prior contributions | 1,832,811 | | |
| Distributions from pooled investments | | 3,393,979,012 | |
| Interest | | | 424,719 |
| Administrative expense | 2,144,748 | | 124,069 |
| Total deductions | <u>84,134,781</u> | <u>3,393,979,012</u> | <u>2,550,245</u> |
| Change in net assets before extraordinary items | <u>(32,570,700)</u> | <u>(110,866,629)</u> | <u>(1,086,203)</u> |
| Extraordinary Items: | | | |
| Assets of the Stanislaus County Redevelopment Agency | | | 19,747,661 |
| Liabilities of the Stanislaus County Redevelopment Agency | | | (18,468,085) |
| Total Extraordinary Items | | | <u>1,279,576</u> |
| Change in Net Assets | <u>(32,570,700)</u> | <u>(110,866,629)</u> | <u>193,373</u> |
| Net assets held in trust - beginning | <u>1,418,745,946</u> | <u>687,215,366</u> | |
| Prior period adjustment | | 7,887 | |
| Net assets held in trust - beginning, restated | 1,418,745,946 | 687,223,253 | |
| Net assets held in trust - ending | <u>\$ 1,386,175,246</u> | <u>\$ 576,356,624</u> | <u>\$ 193,373</u> |

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

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies**

This summary of significant accounting policies of the County of Stanislaus (the County) is presented to assist in understanding the County's financial statements. These accounting policies conform to Generally Accepted Accounting Principles (GAAP) and have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The accounting methods and procedures adopted by the County conform to GAAP as applied to governmental entities. These financial statements present the County and its component units, legally separate entities for which the County is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

Reported component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the County's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Each component unit has a June 30th year-end.

Blended Component Units

1. Redevelopment Agency of the County of Stanislaus ("Agency"): The Agency was established by the County as a separate legal entity in accordance with state law. It was governed by the five members of the County Board of Supervisors. The purpose of the Agency is to acquire, rehabilitate, and revitalize property within legally designated redevelopment areas. This report reflects Agency activity from July 1, 2011 to January 31, 2012 (See Note 2). The Agency provided service solely to the County and was reported as a capital projects fund.
2. Stanislaus County Capital Improvements Financing Authority ("Authority"): The Authority was established on September 1, 1989, as a separate legal entity whose sole purpose is to provide financing for various County capital projects. It is governed by the five members of the County Board of Supervisors. The activity for the Authority is reported as a debt service fund.
3. Lighting Districts: The County has 29 different, legally separate lighting districts whose boards are the same as the County Board of Supervisors. The County's approval is needed to set the districts' budgets and to set assessment rates. The activity for the lighting districts is reported in a special revenue fund.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

A. **Reporting Entity** (continued)

Blended Component Units (continued)

4. Stanislaus County Tobacco Funding Corporation (“Stanislaus Corporation”): The Stanislaus Corporation was established per Board of Supervisors resolution on November 7, 2000 as a separate legal entity pursuant to California Corporations Code. Three directors, two from the County and one independent, govern The Stanislaus Corporation. The Stanislaus Corporations purpose is to acquire from the County all of the rights of the County future tobacco settlement payments and to borrow money secured by the County tobacco assets on behalf of the California County Tobacco Securitization Agency (See Note 17). The Stanislaus Corporation provides service solely to the County and is reported as a debt service fund.
5. In-Home Supportive Services Public Authority of Stanislaus County ("Public Authority"): The Public Authority was established on December 9, 2004 as a separate legal entity pursuant to Welfare and Institutions Code Section 12301.6. The Public Authority is governed by the five members of the County Board of Supervisors. The purpose of the Public Authority is to implement the goals and objectives of the In-Home Supportive Services Program. The Public Authority is reported as a special revenue fund.
6. Stanislaus County Children and Families Commission ("Commission"): Following voter approval of Proposition 10 in November 1998, the Commission was established by the Stanislaus County Board of Supervisors on December 8, 1998, pursuant to Ordinance #687. The ordinance provides that the Commission operate as an independent “County agency.” A governing board compiled of nine Commissioners, whose composition is defined in the enabling ordinance, is appointed by the Board of Supervisors. The purpose of the Commission is to promote the development and well-being of children zero through age five in Stanislaus County. The activity for the Commission is reported as a special revenue fund.

B. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. The government-wide statements distinguish between the *governmental* and *business-type activities* of the County. 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 charged to external parties.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Government-Wide Financial Statements (continued)

In the government-wide statements, eliminations have been made to minimize the double counting of certain internal activities. In the statement of net assets, all internal balances have been eliminated except those representing the net balance due between governmental and business-type activities. This residual balance is reported as “internal balances.” In the statement of activities, direct expenses such as services provided and used are not eliminated, but internal service fund activity has been eliminated.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated administrative overhead. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the County’s funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements-major governmental funds (continued)

accounted for through other funds. For the County, the General Fund includes such activities as public protection, health and sanitation, public assistance, education and recreation and cultural services.

- The *Tobacco Settlement Fund* was established to account for the proceeds from securitizing the County's share of tobacco settlement revenues. Currently the proceeds are restricted to use for capital expenditures. The intent is to preserve the initial amount and to distribute 80% of the annual investment earnings to the General Fund.
- The *Behavioral Health and Recovery Fund* was established to provide mental health services to the residents of the County under the provisions of Welfare and Institutions Codes 5600 and 5000. This includes residential/support treatment services, outpatient treatment services, and an array of education and prevention services. The primary source of revenues is from intergovernmental sources and charges for services.
- The *Community Services Agency Fund* was established for the administration of the three major public social programs including financial assistance, social services, and employment services. Intergovernmental revenue is the primary source of financing for this fund.
- *Public Facility Fees Fund* was established by the Board of Supervisors adoption of Resolution No. 89-1724 for the purpose of reducing the impact of a growing community on existing County resources. The fees are charged to new development based on the need for facilities to maintain the existing level of service. The fee benefits the following departments and programs: roads, detention, criminal justice, library, parks, public and mental health, emergency services, animal services and sheriff.

The County reports the following major enterprise funds:

- The *Fink Road Sanitary Landfill Fund* was established to account for the operation of Fink Road Sanitary Landfill, which provides a dumping site for the disposal of solid wastes. Revenues are derived from fees generated for the disposal of waste at the site.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements-major enterprise funds (continued)

- The *Health Clinics and Ancillary Services Fund* was established to account for health care operations in outpatient clinics throughout the County. Revenues are derived from fees for patient services, payments from federal and state programs such as Medicare and Medi-Cal, private insurance, and subsidies from the County.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet and facility maintenance, communication, technology, and other services provided to departments or other governments. They also account for self-insurance programs – workers' compensation, long-term disability, employee benefits, and personal injury and property damage on a cost-reimbursement basis.
- The *Employees' Retirement Trust* accumulates contributions from the County, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This fund includes all assets of the Stanislaus County Employees Retirement Association (StanCERA).
- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer in an investment portfolio for the benefit of all participants. These entities include school and community college districts and other special districts governed by local boards, regional boards and authorities. The fund represents the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for individuals, private organizations, or other governments.

C. **Basis of Accounting**

The government-wide, proprietary, employees' retirement trust and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Accounting** (continued)

directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (“susceptible to accrual”). The County considers revenues available if they are collected within 180 days after year-end, except for property taxes. Property taxes are considered available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing goods in connection with a proprietary fund’s principal operations. The operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for those same funds include the cost of sales and services, administrative expenses, depreciation and the estimated cost of closure/postclosure for the landfills. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

D. **Budgetary Basis of Accounting**

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for the General Fund and all special revenue funds except the Tobacco Settlement Fund. An operating balanced budget is adopted for the capital projects funds for the life of the project, except for the Redevelopment Agency, the Courthouse Construction Fund and the Criminal Justice Facilities Fund, which adopt an operating budget each fiscal year. A budget is not adopted for the Public Facility Fees capital projects fund as those dollars are transferred and budgeted in other funds. Expenditures are controlled at the object level within budget units. A budget unit may be (1) a single department, (2) a division of a large department having multiple divisions, or (3) an entire fund. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any transfers of appropriations between object levels within the same budget unit may be authorized by the County Executive Office, with the exception of transfers related to fixed assets exceeding \$10,000. Budget amendments or supplementary appropriations normally financed by unanticipated revenues during the year or transfers of appropriations between budget units must be approved by the Board of Supervisors. Budgeted amounts in the budgetary comparison schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The budgets for the governmental funds may include an object level known as "expenditure transfers." This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). Annual budgets are prepared on the modified accrual basis of accounting except that current year encumbrances and commitments are budgeted as expenditures.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 1: **Summary of Significant Accounting Policies** (continued)

D. Budgetary Basis of Accounting (continued)

The following schedule reconciles the amounts on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances:

| | | Special Revenue Funds | |
|---|----------------|-----------------------------------|------------------------------|
| | General Fund | Behavioral Health and Recovery | Community Services Agency |
| Total expenditures (budgetary basis) | \$ 153,393,077 | \$ 67,508,184 | \$ 192,770,211 |
| Basis difference - net addition of | | | |
| 2010/11 encumbrances and commitments minus | | | |
| 2011/12 encumbrances and commitments | 10,383,931 | 682,173 | |
| Total Expenditures (GAAP) | \$ 163,777,008 | \$ 68,190,357 | \$ 192,770,211 |

E. Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and investments held by the County Treasurer in a cash management pool. The amounts classified as “Investments with Fiscal Agent” represent loan proceeds held by the trustees for various borrowings (See Note 5) and securitized tobacco settlement proceeds invested outside the County Pool.

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer’s investment pool, to be cash equivalents.

F. Investments

California Government Code Section 53600, et seq., authorizes the County to invest in obligations of the State or any local agency of the State of California, bankers’ acceptances, commercial paper, negotiable certificates of deposits, repurchase agreements or reverse repurchase agreements, medium-term notes issued by corporations and the State of California Local Agency Investment Fund.

The County may also invest in certain open-ended mutual funds permitted by the Government Code. All investments are carried at fair value until they are within 90 days of maturity at which time they are reported at amortized cost. Interest earned on pooled investments is apportioned quarterly to certain participating funds based upon each fund’s average daily deposit balance with all remaining interest deposited in the General Fund.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

F. **Investments** (continued)

The tobacco securitization proceeds are invested under a separate policy approved by the County Board of Supervisors on January 29, 2002. The policy authorizes the County to invest in obligations outlined in California Government Code Section 53600, et seq., with no investment having a greater maturity date than the final maturity of any tobacco settlement asset-backed bond. All investments are reported at fair value.

The Employees' Retirement Trust (StanCERA) funds are invested pursuant to policy guidelines established by the StanCERA Board of Retirement. The objective of the investment policy is to invest in a manner that provides the safeguards and diversity that a prudent investor would adhere to. The policy of StanCERA is to invest in the following asset classes: Large Cap US Stocks, Small Cap US Stocks, Non US Stocks and Fixed Income. Investments are stated at fair value.

G. **Deferred Revenue**

The County reports deferred revenue on its financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability of deferred revenue is removed from the financial statements and revenue is recognized.

H. **Inventory**

In governmental funds, inventories are valued at cost. In proprietary funds, they are valued at lower of cost or market. Cost is determined by using either the weighted average or the first-in, first-out method. The consumption method of accounting for inventory is used for the governmental funds and the proprietary funds. For the governmental funds, the fund balance related to inventory is categorized as non-spendable (See Note 14).

I. **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

J. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain assets (infrastructure) consisting of roads, bridges, lighting systems, drainage systems, and flood control improvements. The County defines capital assets, other than infrastructure, as assets with an initial, individual cost equal to or greater than \$5,000 and an estimated useful life in excess of one year, with the exception of the Health Clinics and Ancillary Services Enterprise Fund. The Health Clinics and Ancillary Services Enterprise Fund defines capital assets as assets with an initial, individual cost equal to or greater than \$1,000 and an estimated useful life in excess of three years. In addition to these individual assets, the library's books are capitalized together as one collection.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide and proprietary funds statements, with the exception of patrol cars and landfill cell development. The units of production method is used for depreciation on patrol cars and landfill cells.

The estimated useful lives are as follows:

| | |
|-----------------------------|-----------------------|
| Infrastructure | 20 to 60 years |
| Structures and improvements | 15 to 60 years |
| Equipment | 3 to 20 years |
| Patrol cars | 100,000 miles |
| Landfill Cell | 1,960,000 cubic yards |

The County has seven networks of infrastructure assets – roads, bridges, lighting system, storm drains, signs, signals and beacons.

K. Intangible Assets

On July 13, 2010, the Board of Supervisors approved \$50,000 capitalization threshold for intangible assets.

GASB Statement No. 51 was issued in June of 2007. The objective of this statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting among state and local governments. County financial statements must comply with all statements issued by the Governmental Accounting Standards Board.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

K. **Intangible Assets** (continued)

This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. As such, existing accounting and financial reporting requirements are to be applied to intangible assets. Capital assets are expensed over their useful lives rather than being charged in the specific financial period in which they are purchased.

The existing capital asset policy for the County includes intangible assets. Currently, the capitalization threshold for other fixed assets is \$5,000 or greater. The threshold amount represents the minimum amount at which an asset should be capitalized.

GASB Statement No. 51 does not specifically identify a methodology for establishing a threshold amount. A survey of other California counties was performed which indicated a wide variation, depending on the size of the County, in the threshold amounts being implemented. Given the County's relative size and exposure, a \$50,000 threshold is considered to be a reasonable amount.

L. **Compensated Absences (Accrued Vacation, Sick Leave, and Compensatory Time)**

All regular employees of the County earn vacation and sick leave with pay every year. The amount of vacation and sick hours earned is based on the years of continuous service and the bargaining unit to which the employee belongs. All employee bargaining units have vacation accumulation limits. Regular employees are given credit for eight hours sick leave each month of employment with limited accumulation.

After at least six months of County service, most regular employees, upon separation, are entitled to all unused vacation time accumulation. Most regular employees are entitled to a portion of accumulated sick leave after six years of service, depending on age, years of service, and bargaining unit.

At the close of each fiscal year, the balance of this accumulated time is computed for each employee at the current salary range. In the financial statements, these amounts are referred to as "compensated absences." A 10-year average of all termination payments is used to compute the amount that is expected to be liquidated in the next year with expendable available financial resources. This current portion and the balance of the long-term liability are reported in the government-wide statements, the enterprise and internal service funds financial statements and are generally liquidated by the General Fund.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

M. **Interfund Transactions**

Interfund transactions include loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/due from” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances to other funds, as reported in the fund financial statements, are reported as non-spendable fund balance.

Services or supplies provided can result, at year-end, in receivables and payables referred to as “due to/from other funds.” These receivables and payables are eliminated in the governmental-wide consolidation with residual balances reported as “internal balances” when they are between funds of the County.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the government-wide presentation.

N. **Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. **Fund Balance**

Governmental Accounting Standards Board (GASB) has issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is effective for financial statements with periods beginning after June 15, 2010. The objective of this statement is to improve the usefulness, including the understandability, of governmental fund balance information. The statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The statement impacts governmental fund types.

The fund balance is reported in five categories: Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance and Unassigned Fund Balance.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

O. **Fund Balance** (continued)

Non-spendable Fund Balance – amounts cannot be spent because a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted Fund Balance - amounts are restricted by external parties, i.e., creditors, grantors, contributors or laws/regulations of other governments or restricted by law through constitutional provisions or enabling legislation.

Committed Fund Balance – amounts that can only be used for specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision making authority. The formal action must occur prior to the end of the reporting period. The amount, which will be subject to the constraint, may be determined in the subsequent period.

Assigned Fund Balance - amounts constrained by the government's intent to be used for specific purposes that are neither restricted nor committed. The intent can be expressed by a) the governing body itself or b) a body or official to which the governing body has delegated the authority, i.e., budget/finance committee. Monies set aside for debt service, carryover appropriations, teeter plan, retirement obligation, contingencies and tobacco settlement are some of the examples to be included in the assigned category.

Assigned fund balance can be used to eliminate the projected budgetary deficit in the subsequent year's budget.

Unassigned Fund Balance – a residual classification for the general fund. The total fund balance less non-spendable, restricted, committed and assigned equals unassigned fund balance. General fund is the only fund that should report a positive unassigned fund balance amount. A negative fund balance is possible in other governmental funds.

P. **Implementation of Governmental Accounting Standards Board (GASB) Statements**

Governmental Accounting Standards Board Statement No. 60

Accounting and Financial Reporting for Service Concession Arrangements addresses accounting and financial reporting issues related to public-private and public-public partnerships. The statement is effective for periods beginning after

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements
For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

P. **Implementation of Governmental Accounting Standards Board (GASB) Statements** (continued)

Governmental Accounting Standards Board Statement No. 60 (continued)

December 15, 2011. The County has not fully judged the effect of the implementation of GASB Statement No. 60 as of the date of the basic financial statement.

Governmental Accounting Standards Board Statement No. 61

The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34 modifies a number of provisions with regard to reporting of component units within a financial reporting entity. The statement is effective for periods beginning after June 15, 2012. As of the date of the basic financial statements, the County has not made an assessment of any changes that will occur upon this statement's implementation.

Governmental Accounting Standards Board Statement No. 62

Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The statement is effective for periods beginning after December 15, 2011. However, as the statement codifies what is in current practice, there is no net effect on the County's accounting or financial reporting upon the statement's implementation.

Governmental Accounting Standards Board Statement No. 63

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position modify current financial reporting of those elements. The largest change will be the replacement of the current Statement of Net (Plan if retirement entity) Assets with a Statement of Net (Plan) Position and a Statement of Changes in Net Position instead of the current Statement of Changes in (Plan) Net Assets upon implementation for periods beginning after December 15, 2011. The County will implement this change for the fiscal year ended June 30, 2013.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 1: **Summary of Significant Accounting Policies** (continued)

P. **Implementation of Governmental Accounting Standards Board (GASB) Statements** (continued)

Governmental Accounting Standards Board Statement No. 65

Items Previously Reported as Assets and Liabilities. The provisions of GASB Statement No. 65 are effective for financial statements beginning after December 15, 2012. The County has elected to early implement this change for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 66

Items Technical Corrections- 2012- an amendment of GASB Statements No. 10 and No. 62. The provisions of GASB Statement No. 66 are effective for financial statements beginning after December 15, 2012. As of the date of the basic financial statements, the County has not made an assessment of any changes that will occur upon this statement's implementation.

Governmental Accounting Standards Board Statement No. 67

Financial Reporting for Pension Plans- an amendment of GASB Statement No. 25. The provisions of GASB Statement No. 67 are effective for financial statements beginning after June 15, 2013. The County has not fully judged the effect of the implementation of GASB Statement No. 67 as of the date of the basic financial statements.

Governmental Accounting Standards Board Statement No. 68

Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. The provisions of GASB Statement No. 68 are effective for financial statements beginning after June 15, 2014. The County has not fully judged the effect of the implementation of GASB Statement No. 68 as of the date of the basic financial statements.

Note 2: **Redevelopment Successor Agencies**

On June 29, 2011, Governor Brown signed into law Assembly Bill (AB) X1 26 and X1 27. AB X1 26 immediately suspended all new redevelopment activities and incurrence of indebtedness, and dissolved redevelopment agencies effective October 1, 2011 (Dissolution Act). The sponsoring communities of the Redevelopment Agencies had to elect successor agencies to maintain control of remaining assets and to be responsible for paying all enforceable obligations, in existence at the date of the dissolution, until paid in full. Successor Agency was also to be elected for the low and moderate income housing fund.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 2: **Redevelopment Successor Agencies** (continued)

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action resulted in a change to the reporting entity. Prior to this ruling, the Redevelopment Agency had been reported as a blended component unit in the County's Annual Financial Report.

In accordance with the timeline set forth in the December 29, 2011 version of the Bill, all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

On January 10, 2012, Stanislaus County Board of Supervisors (BOS) elected Stanislaus County to serve as the successor agency to the former Stanislaus County Redevelopment Agency and on January 31, 2012 authorized Stanislaus County to serve as the Successor Housing Agency.

Prior to that date, the final seven months of the activity of the Redevelopment Agency are reported in the governmental funds of the County. After the dissolution date, the assets and activities related to the Redevelopment Agency, including the low and moderate income housing, are being reported in the fiduciary statements.

The transfer of the assets and liabilities of the former Stanislaus County Redevelopment Agency (including low and moderate income housing fund) as of February 1, 2012 from the governmental funds to the fiduciary funds is reported as extraordinary gain in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances statements and in the Government-wide Statement of Activities.

Note 3: **Individual Fund Deficits**

Deficit Fund balances – Governmental Fund Type

| | | |
|--|----|-----------|
| Special Revenue Fund - Public Authority | \$ | 28,638 |
| Special Revenue Fund - Indigent Health Care | | 1,140,539 |
| Debt Service Fund - Pension Obligation Bonds | | 8,716 |

The Public Authority deficit is due to a timing difference between expenditures and State reimbursement.

The Indigent Health Care deficit is due to a decrease of program revenues and changes in County policy resulting in an increase in applicants.

The Debt Service Fund deficit is due to lowered salary expectations. This deficit will be funded by increased rates.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 3: **Individual Fund Deficits** (continued)

Net Asset Deficits – Proprietary Funds

| | | |
|---|----|-----------|
| Enterprise fund - Geer Road Landfill | \$ | 244 |
| Enterprise fund - Health Clinics and Ancillary Services | | 9,651,416 |
| Internal Service fund - General Liability Insurance | | 2,160,380 |
| Internal Service fund - Workers' Compensation Insurance | | 408,593 |

The deficit in the Geer Road Landfill is due to the liability for closure/postclosure maintenance. This accumulated deficit will be funded with receipts from Fink Road Landfill.

The Health Clinics and Ancillary Services Fund deficit is due to the closure of the County hospital inpatient facilities in November 1997 and the rising cost of health care. The plan to recover this deficit focuses on transfers from other funds, increased fees for service, and increased reimbursement from the Federal government as a Federally Qualified Health Center Look-Alike.

The General Liability Insurance and Workers' Compensation Insurance deficits are due to unexpected expenses in combination with user rates that were too low. These deficits will be funded by increased user charges.

Note 4: **Excess of Actual Expenditures Over Budget in Individual Budget Units**

For the year ended June 30, 2012, actual expenditures based on budgetary basis, excluding transfers, exceeded budget at the department and object level as follows:

| <u>Fund Type and Department</u> | <u>Object</u> | <u>Excess Expenditures</u> |
|-------------------------------------|-----------------------|----------------------------|
| General Fund - Risk Management | Other charges | \$ 504 |
| General Fund - County Counsel | Other charges | 1,197 |
| General Fund - Building Maintenance | Services and supplies | 12 |
| General Fund - District Attorney | Other charges | 9,348 |
| General Fund - Public Defender | Other charges | 1,385 |

The above disclosure is based on departmental appropriations as of June 30, 2012. The positive effect of unanticipated revenue received during the fiscal year for which estimated revenue and appropriations were not increased is not reflected in the above chart.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 5: **Cash and Investments**

The County maintains a cash and investment pool - Stanislaus County Treasurer's Pool - for the purpose of increasing interest income through investment activities. This pool, which is available for use by all funds, is displayed on the statement of net assets/balance sheet as "cash and investments." The Stanislaus County Treasurer's Pool generally limits participation in the pool to those agencies and districts required to participate by legal provisions of the California State Government Code for those agencies and districts. Voluntary participation is limited to the Stanislaus County Employees Retirement System (StanCERA) and independent special districts, which represent approximately 3% of the pool. While StanCERA participates in the County Treasurer's Pool, the majority of its cash and investments are managed separately from the County Pool. The County has no legally binding guarantees to support the shares in the County Treasurer's Pool.

The share of each fund in the Stanislaus County Treasurer's Pool is separately accounted for and interest is apportioned quarterly based on the relationship of the fund's average daily cash balance to the total of the pooled cash and investments. In accordance with Government Code Section 53647, interest on all money deposited in the County Treasury belongs to the County and participating schools unless otherwise directed by law or the County Board of Supervisors. The County has numerous funds in which the interest earned is deposited into the General Fund to comply with the above code section.

The Stanislaus County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code Section 53600 et. seq. The California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually.

In addition to the restrictions and guidelines of the Government Code, cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer and accepted by the Board of Supervisors. The objectives of the policy are, in order of priority, legality of investment, safety of principal, liquidity and yield.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 5: **Cash and Investments** (continued)

Total County cash and investments are as follows:

| | |
|--|--------------------------------|
| Cash and Investments | |
| Imprest cash | \$ 145,682 |
| Cash in banks-department administered | 2,918,713 |
| In custody of Treasurer: | |
| Cash on hand | 102,459 |
| Cash in bank | 33,278,897 |
| Investments held by Treasurer | 931,999,883 |
| Less outstanding checks | <u>(43,549,209)</u> |
| Total in custody of Treasurer | 921,832,030 |
| Primary Government investments held by fiscal agents: | |
| Tobacco settlement | 94,691,781 |
| Tobacco funding corporation | 4,812,658 |
| Stock investment | 44,457 |
| Bond requirements | <u>6,264,744</u> |
| Subtotal investments held by agents | 105,813,640 |
| Private Purpose Trust investments held by fiscal agent | <u>1,193,740</u> |
| Total investments held by agents | 107,007,380 |
| Employees' retirement trust: | |
| Cash (outside Treasurer's pool) | 32,836,776 |
| Investments | <u>1,458,674,520</u> |
| Total cash and investments | <u><u>\$ 2,523,415,101</u></u> |

Total County cash & investments are reported as follows:

| | |
|---|--------------------------------|
| Primary government | |
| Cash and investments | \$ 337,758,716 |
| Investments with fiscal agent | 105,813,640 |
| Restricted cash & investments | 24,408,356 |
| Employees' retirement trust | |
| Cash and investments | 39,960,025 |
| Other investments | 1,458,674,520 |
| Investment trust - cash and investments | 529,897,597 |
| Agency funds - cash and investments | 6,216,618 |
| Private purpose trust | |
| Cash and investments | 19,491,889 |
| Investments with fiscal agent | <u>1,193,740</u> |
| Total cash and investments | <u><u>\$ 2,523,415,101</u></u> |

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 5: **Cash and Investments** (continued)

Interest Rate Risk - This is the risk of loss due to the fair value of an investment falling because of rising interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

- *Stanislaus County Treasurer's Pool.* The County's policy for interest rate risk allows investments to be sold prior to maturity at a loss if such sale will allow investment in a higher yield vehicle and any loss upon sale can be more than compensated by additional interest earning within a six month period. Of the County's \$922 million portfolio, over 45% of the investments have a maturity of one year or less. No investment has a maturity greater than five years.
- *Stanislaus County Tobacco Settlement Investment Portfolio.* This portfolio, under a separate investment policy, includes Municipal bonds with maturities of up to 21 years that are sensitive to interest rate changes. Of these bonds, 58% are insured, which tends to reduce interest rate risk.
- *StanCERA's Investment Portfolio.* StanCERA's average effective duration of all fixed income holdings, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus 1.5 years of the Barclay Aggregate bond index duration. At year end the Barclay Aggregate Bond Index was yielding 1.98% with an effective duration of 5.1 years. StanCERA had a yield of 2.65% with an effective duration of 3.9 years.

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

- *Stanislaus County Treasurer's Pool.* The County is permitted to hold investments of issuers with a short-term rating of "A-1" and a minimum long-term rating of "A-" by two of the top nationally recognized statistical rating organizations (rating agencies). Additionally, the County is permitted to invest in U.S. Treasuries, Government Sponsored Enterprises (Agencies), the State's Local Agency Investment Fund and collateralized certificates of deposit that are un-rated.
- *Stanislaus County Tobacco Settlement Investment Portfolio.* This portfolio includes insured and non-insured bonds that are single A, double A or triple B and make up 64% of the portfolio. The rest of the portfolio is invested in money market and mutual funds with maturities of less than one year.
- *StanCERA's Investment Portfolio.* Under StanCERA policy, the fixed income portfolio must have an average quality rating of A or better in the aggregate as measured by at least one credit rating service. Investment grade quality is defined as a Standard and Poor's rating of BBB or higher at time of purchase. In cases where credit rating agencies assign different quality ratings to a security, the lower rating will be used.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 5: **Cash and Investments** (continued)

StanCERA's Investment Portfolio (continued)

Should the rating of a fixed income security fall below investment grade, the manager may continue to hold the security if they believe the security will be upgraded in the future, there is a low risk of default, and buyers will continue to be available throughout the anticipated holding period. The manager has the responsibility of notifying the StanCERA Retirement Board whenever an issue falls below investment grade. The notification should include the manager's assessment of the issue's credit rating and its ongoing role in the portfolio.

The following table shows the quality of StanCERA's investments in fixed income securities on June 30, 2012.

| <u>Credit Rating</u> | <u>Active Management</u> | <u>Fixed Income Securities Amount</u> |
|----------------------|--------------------------|---------------------------------------|
| AAA | 1.43% | \$ 7,353,266 |
| Aa1/AA+/AA+ | 32.37% | 166,871,770 |
| AA | 0.33% | 1,704,817 |
| AA- | 1.23% | 6,356,803 |
| A1/A+/A+ | 3.07% | 15,844,725 |
| A2/A/A | 3.34% | 17,216,845 |
| A3/A-/A- | 6.76% | 34,862,517 |
| BAA+ | 0.70% | 3,598,081 |
| BAA | 1.09% | 5,632,362 |
| BAA- | 0.14% | 701,269 |
| BA+ | 0.38% | 1,944,017 |
| BA | 0.05% | 240,540 |
| BA- | 0.08% | 433,750 |
| Baa1/BBB+/BBB+ | 3.66% | 18,849,824 |
| Baa2/BBB/BBB | 12.48% | 64,341,689 |
| Baa3/BBB-/BBB- | 4.99% | 25,714,759 |
| Ba1/BB+BB+ | 3.26% | 16,825,483 |
| Ba2/BB/BB | 2.20% | 11,344,719 |
| Ba3/BB-/BB- | 0.25% | 1,278,125 |
| B1/B+/B+ | 1.59% | 8,198,249 |
| B | 0.11% | 562,491 |
| B3/B-/B- | 2.16% | 11,118,987 |
| CAA+ | 0.07% | 376,216 |
| CAA | 0.02% | 75,051 |
| N/R | 0.19% | 999,357 |
| N/A | 18.05% | 93,049,244 |
| | <u>100.00%</u> | <u>\$ 515,494,956</u> |

Credit Ratings are reported by Moody's, Standard & Poor's and Fitch, respectively
 Single Credit Ratings are reported by Moody's
 N/R represents securities that are not rated
 N/A represents securities that are not applicable to the rating disclosure requirements

Custodial Credit Risk-deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

Stanislaus County Treasurer's Pool and other deposits. At year-end, Stanislaus County had no custodial credit risk exposure to any depository financial institution. As per State of California Government Code (Section 53630 – 53683), the depository banks, i.e., Bank of the West and Union Bank of California, collateralize Stanislaus County

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 5: **Cash and Investments** (continued)

Stanislaus County Treasurer's Pool and other deposits (continued)

public funds with eligible securities having a market value of at least 110% of the actual amount on deposit. These securities are maintained with the third party custodians. The collateral is held in a pool based on the bank's total public deposits. The County did not have deposits in any foreign currency.

- *StanCERA's Investment Portfolio.* At year-end, StanCERA had no custodial credit risk exposure to any depository financial institution. All deposits are placed with a custodial bank. The custodian is responsible for maintaining an adequate level of collateral in an amount equal to 102% of the market value of loaned securities. Collateral received may include cash, letters of credit, or securities. If securities collateral is received, StanCERA cannot pledge or sell securities collateral unless the borrower defaults.

Custodial Credit Risk-investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

- *Stanislaus County Treasurer's Pool and Stanislaus County Tobacco Settlement Investment Portfolio.* All negotiable instruments are held by the County's custodian or a third party in the County's name. The County did not participate in securities lending. The investment policy prohibits investment in instruments denominated in a foreign currency.
- *StanCERA's Investment Portfolio.* State statutes and Board of Retirement Investment Policy permit StanCERA to participate in a securities lending program. StanCERA's custodial bank administers its securities lending program. At year-end, StanCERA had no custodial credit risk exposure to borrowers because the amounts StanCERA owed to borrowers exceeded the amounts the borrowers owed to StanCERA. StanCERA's contract with the custodian requires it to indemnify StanCERA if the borrower fails to return the securities and the collateral is inadequate to replace the securities lent or fail to pay StanCERA for income distributions by securities issuers while securities are on loan.

As of June 30, 2012, StanCERA had securities on loan with a carrying value of \$112,214,531 and cash collateral of \$116,551,048. The types of securities lent were U.S. Government and Agencies, U.S. Corporate Fixed Income and U.S. Equities. There are no restrictions on the amount of securities that may be lent.

Foreign Currency Risk – This is the risk that changes in exchange rates may adversely affect the fair value of an investment

- *StanCERA's Investment Portfolio.* StanCERA's external investment managers may invest in international securities and must follow StanCERA's Investment Guidelines pertaining to these types of investments.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 5: **Cash and Investments** (continued)

The fair value, in US dollars, of StanCERA's foreign currency at June 30, 2012 was \$244,423,930, distributed as follows:

| <u>Currency</u> | <u>Fair Value (in US \$)</u> | <u>Currency</u> | <u>Fair Value (in US \$)</u> |
|------------------------|----------------------------------|--------------------|----------------------------------|
| Australian Dollar | \$ 11,855,700 | New Turkish Lira | \$ 1,713,582 |
| Brazil Real | 801,262 | New Zealand Dollar | 134,857 |
| British Pound Sterling | 35,378,317 | Norwegian Krone | 2,454,896 |
| Canadian Dollar | 17,513,609 | Singapore Dollar | 2,170,004 |
| Danish Krone | 1,111,057 | South African Rand | 4,304,979 |
| Euro Currency | 46,367,961 | South Korean Won | 3,676,374 |
| Hong Kong Dollar | 8,442,774 | Swedish Krona | 2,496,890 |
| Indonesian Rupiah | 460,686 | Swiss Franc | 12,154,803 |
| Japanese Yen | 34,624,264 | Global REIT's | 19,736,261 |
| Mexican Nuevo Peso | 871,057 | US Dollar | 35,154,260 |
| New Taiwan Dollar | 3,000,337 | | |

Concentration of Credit Risk - This is the risk of loss due to a large concentration of investments in any one issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are not considered at risk.

- *Stanislaus County Treasurer's Pool.* Over 37% of the County's investments were in the U.S. Government or Government Sponsored Enterprises (Agencies). The following Agencies each comprised more than 5% of the pool investments:

| | |
|-------------------------------|---------------|
| <i>US Treasury Securities</i> | <i>17.42%</i> |
| <i>Federal Home Loan Bank</i> | <i>17.42%</i> |

Of the 63% of the portfolio invested in other types of investments, no issuer exceeded 5% of the portfolio in each investment type at the time of investment.

- *Stanislaus County Tobacco Settlement Investment Portfolio.* This portfolio includes California State Municipal bonds that comprise 22% of the portfolio.
- *StanCERA's Investment Portfolio.* StanCERA's policy requires that not more than 5% of the total StanCERA stock portfolio, valued at market, be held in the common stock of any one corporation. Not more than 5% of the outstanding shares of any one company may be held. Individual investment managers are to hold no more than 8% of the market value of the manager's entire stock portfolio in any one company's stock. Not more than 25% of the stock valued at market may be held in any one industry category, as defined by the StanCERA consultant, without special permission from the StanCERA Board of Retirement.

With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue will represent more than 5% of the total portfolio as measured by market value at time of purchase. Holdings of any individual issue must be 5% or less of the value of the total issue.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 5: **Cash and Investments** (continued)

At June 30, 2012, StanCERA had the following investments:

| <u>Fixed Income Securities</u> | | |
|---|--|-------------------------|
| U S Treasuries | | \$ 93,049,244 |
| Single Family Mortgage Backed Securities | | 150,053,841 |
| Multi Family Mortgage Backed Securities | | 7,434,532 |
| Collateralized Mortgage Backed Securities | | 9,586,248 |
| Federal Agency | | 8,044,405 |
| Asset Backed | | 734,629 |
| Corporate Bonds | | 211,121,622 |
| Municipal Bonds | | 31,022,263 |
| Other* | | 4,448,172 |
| | | <u>\$ 515,494,956</u> |
| <u>Equities</u> | | |
| Domestic | | \$ 586,541,103 |
| International | | 244,423,930 |
| | | <u>\$ 830,965,033</u> |
| <u>Collateral on Loaned Securities</u> | | |
| | | \$ 112,214,531 |
| Total Investments | | <u>\$ 1,458,674,520</u> |

* Includes Emerging market, Cash Equivalents, and Non-U.S. Developed securities

The following schedule indicates the credit and interest rate risk at June 30, 2012. The credit ratings listed are for the lower of Standard and Poor's or Moody's Investor Services. Certain investments such as U.S. Treasuries and the State's Local Agency Investment Fund are un-rated.

Stanislaus County Investments
Maturity Distribution - Fair Value (000's)
as of 06/30/2012

| | S&P Credit Rating | Maturity | | | | | | | | | Total |
|---|-------------------------|---------------|---------------|---------------|-----------------|----------------|----------------|----------------|---------------|----------------|-----------------|
| | | ≤ 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 180 Days | 181 - 360 Days | 1 - 2 Years | 2 - 3 Years | 3 - 4 Years | 4 - 5 Years | |
| Bank Certificates of Deposit | A-1+ | | | | 10,000 | | | | | | 10,000 |
| Negotiable Certificates of Deposit | A-1+ | 25,000 | | | | | 29,960 | | | | 54,960 |
| Negotiable Certificates of Deposit | A-1 | 30,000 | 35,000 | | 25,000 | 20,000 | 40,050 | | | | 150,050 |
| Commercial Paper | A-1+ | | | | 29,965 | | | | | | 29,965 |
| Commercial Paper | A-1 | | 19,982 | 29,970 | 19,959 | | | | | | 69,911 |
| Federal Agencies | AA+ | 25,026 | | 20,069 | 20,114 | | 105,048 | | | 20,028 | 190,284 |
| US Treasuries | AA+ | | | 25,064 | | 20,166 | 30,679 | 62,695 | 26,305 | | 164,908 |
| Medium Term Notes | AA+ | | | | 20,184 | 5,096 | 20,260 | | 10,203 | 10,534 | 66,277 |
| Medium Term Notes | AA- | | | | | 8,352 | | 21,025 | | | 29,377 |
| Medium Term Notes | A+ | | | | | | | 7,989 | | 35,969 | 43,958 |
| Medium Term Notes | A | | | | | | 20,200 | 11,904 | | 33,907 | 66,011 |
| Medium Term Notes | A- | | 10,018 | | | 10,350 | 14,677 | | | | 35,046 |
| Municipal Bonds | A- | | | | | | | | 11,253 | | 11,253 |
| Money Market | A-1 | 10,000 | | | | | | | | | 10,000 |
| Total Treasury Pool Investments | | 90,026 | 65,000 | 75,102 | 125,222 | 63,964 | 260,874 | 103,613 | 47,760 | 100,438 | 932,000 |
| Money Market Funds | Unrated | \$ 52 | | | | | | | | | \$ 52 |
| ENMA Note | Unrated | | | | 4,761 | | | | | | 4,761 |
| Total Tobacco Funding Corp Investments | | \$ 52 | \$ - | \$ - | \$ 4,761 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,813 |

| | S&P Credit Rating | Maturity | | | | | | | 20 - 25 Years | Total |
|---|-------------------------|---------------|---------------|-------------|--------------|--------------|---------------|---------------|------------------|-------|
| | | ≤ 30 Days | 31 - 360 Days | 1 - 3 Years | 3 - 5 Years | 5 - 10 Years | 10 - 15 Years | 15 - 20 Years | | |
| Tobacco Endowments (Combined) | | | | | | | | | | |
| Money Market Funds | Unrated | 13,916 | | | | | | | 13,916 | |
| Mutual Funds | Unrated | 20,328 | | | | | | | 20,328 | |
| Municipal Bonds | AA+ | | | | 2,020 | | | | 2,020 | |
| Municipal Bonds | AA | | | | | | 4,515 | 3,019 | 7,534 | |
| Municipal Bonds | AA- | | | | | 2,448 | 5,339 | 2,033 | 11,827 | |
| Municipal Bonds | A | | | | 1,008 | | | | 1,008 | |
| Municipal Bonds | A- | | | | 2,427 | 3,470 | 3,236 | 14,155 | 27,313 | |
| Municipal Bonds | BBB+ | | | | | | 2,044 | 4,025 | 2,044 | |
| Municipal Bonds | Unrated | | 1,174 | | | | 3,584 | 3,944 | 8,703 | |
| Total Tobacco Settlement Investments | | 34,244 | 1,174 | 0 | 5,455 | 5,918 | 18,718 | 20,132 | 94,693 | |

| | | | | | | | | | | |
|--------------------------------|---------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-------------|-------------|-----------------|
| Money Market/Mutual Funds | Unrated | \$ 1,632 | | | | | | | | \$ 1,632 |
| Investment Agreements | Unrated | | | 4,036 | | 1,792 | | | | 5,828 |
| Total Bond Requirements | | \$ 1,632 | \$ - | \$ 4,036 | \$ - | \$ 1,792 | \$ - | \$ - | \$ - | \$ 7,460 |

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 5: **Cash and Investments** (continued)

In accordance with GASB Statement No. 31, investments are reported on the statement of net assets/balance sheet at their fair value and all changes in fair value are reflected in income of the period in which they occur. Fair values were obtained from our custodial statement for all investments having greater than 360 days to maturity in the following categories:

- U.S. Agency and GSE Bonds and Notes
- U.S. Treasury Bonds, Notes and Bills
- Corporate Bonds and Notes

Amortized cost was used for all investments having 360 days or less to maturity, which may include the following categories:

- Negotiable Certificates of Deposit
- Commercial Paper
- State of California Local Agency Investment Fund
- U.S. Agency and GSE Bonds and Notes
- U.S. Treasury Bonds, Notes and Bills
- Repurchase Agreements
- Corporate Bonds and Notes
- Money Market Funds

Book cost was used for collateralized Certificates of Deposit purchased from state and nationally chartered banks.

The Stanislaus County Treasurer's Pool normally maintains the maximum allowable investment in the State of California Local Agency Investment Fund (L.A.I.F.). However, there wasn't an investment balance as of June 30, 2012. The total amount invested by all public agencies in L.A.I.F. at June 30, 2012 was \$21.8 billion. L.A.I.F. is part of the State of California Pooled Money Investment Account (P.M.I.A.) whose balance at June 30, 2012 was \$60.5 billion. No amount was invested in any derivative financial products. P.M.I.A. is not SEC-registered, but is required to invest according to California State Code. The average maturity of P.M.I.A. investments was 270 days as of June 30, 2012.

The Local Investment Advisory Board (Board) has oversight responsibility for L.A.I.F. The Board consists of five members as designated by state statute. The value of the pool shares in L.A.I.F., which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the pooled treasury's portion in the pool. Withdrawals from L.A.I.F. are done on a dollar to dollar basis.

In accordance with GASB Statement No. 31, investments are marked to fair values annually and an adjustment is made to each fund accordingly. However, actual daily activity is done on a dollar for dollar basis and only a withdrawal from the pool of a size that jeopardizes pool participants would cause the withdrawal to be done at market value.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 5: **Cash and Investments** (continued)

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool at June 30, 2012:

| <u>Statement of Net Assets</u> | |
|---|------------------|
| Net assets held for pool participants | \$ 921,832,029 |
| Equity of external pool participants | \$ 520,366,466 |
| Equity of internal pool participants | 401,465,562 |
| Total Equity | \$ 921,832,029 |
| <u>Statement of Changes in Net Assets</u> | |
| Net assets at July 1, 2011 | \$ 1,025,558,459 |
| Net investment income | 14,995,429 |
| Net contributions and withdrawals | (118,721,859) |
| Net assets at June 30, 2012 | \$ 921,832,029 |

Stanislaus County Treasury Pool
Summary of Investments (in thousands)
June 30, 2012

| | <u>Fair Value</u> | <u>Dollar Cost</u> | <u>Interest Rate Range</u> | | <u>Maturity Range</u> | |
|------------------------------------|-------------------|--------------------|----------------------------|-------|-----------------------|----------|
| Bank Certificates of Deposit | \$ 10,000 | \$ 10,000 | 0.80% | 0.80% | 12/08/12 | 12/08/12 |
| Negotiable Certificates of Deposit | 205,011 | 205,000 | 0.46% | 0.88% | 07/02/12 | 04/18/14 |
| Commercial Paper | 99,876 | 99,737 | 0.33% | 0.71% | 08/10/12 | 10/26/12 |
| Federal Agencies | 190,284 | 187,427 | 1.07% | 3.63% | 07/30/12 | 04/27/17 |
| US Treasuries | 164,908 | 161,299 | 1.13% | 2.38% | 09/15/12 | 01/31/16 |
| Medium Term Notes | 240,669 | 239,049 | 0.88% | 6.15% | 08/01/12 | 03/15/17 |
| Municipal Bonds | 11,253 | 11,179 | 5.00% | 5.00% | 09/01/15 | 09/01/15 |
| Money Market | 10,000 | 10,000 | 0.40% | 0.40% | 07/01/12 | 07/01/12 |
| Total Investments | <u>\$ 932,000</u> | <u>\$ 923,690</u> | | | | |

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 6: **Interfund Transactions**

Interfund Receivables/Payables

The compositions of interfund balances as of June 30, 2012 are as follows:

Due To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | |
|---|--|----------------------|-------------------------------|
| General Fund | Other Governmental Funds | \$ 972,940 | To cover deficit cash balance |
| General Fund | Health Clinics and Ancillary Services | 10,928,785 | To cover deficit cash balance |
| | | <u>11,901,725</u> | Sub total |
| Community Services Agency | General Fund | 29,100 | State realignment |
| Community Services Agency | Other Governmental Funds - Public Authority | 16,644 | To cover deficit cash balance |
| Other Governmental Funds - Environment Resources | General Fund | 38,077 | State realignment |
| Other Governmental Funds - Public Authority | General Fund | 22,707 | State realignment |
| Other Governmental Funds - Indigent Health Care | General Fund | 406,152 | State realignment |
| Other Governmental Funds - Health Services Agency | General Fund | 164,999 | State realignment |
| Other Governmental Funds - Health Services Agency | Other Governmental Funds - Indigent Health Care | 2,822 | For services provided |
| Health Clinics and Ancillary Services | General Fund | 25,385 | State realignment |
| Health Clinics and Ancillary Services | Other Governmental Funds -Health Services Agency | 43,446 | For services provided |
| | | <u>749,332</u> | Sub total |
| | | <u>\$ 12,651,057</u> | Total |

Advances To/From

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | |
|------------------------|--------------------------|-------------------|----------------|
| General Fund | Other Governmental Funds | <u>\$ 100,000</u> | Long-term loan |

The balance of the loan between the General Fund and the Public Works department for dangerous building abatement is \$100,000.

Interfund Note Payable/Receivable

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------------------------|---------------|
| Investment Trust Fund | Health Clinics and Ancillary Services | \$ 21,450,102 |

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 6: **Interfund Transactions** (continued)

In Fiscal Year 2003-2004 the Health Clinics and Ancillary Services Fund borrowed monies from the Investment Trust Fund. The balance on the note as of June 30, 2012 is \$11,358,980 and the note is expected to be repaid, with interest, by July 2020. The interest will be credited each fiscal year-end based on the Treasurer's pool rate. Annual transfers from the County's General Fund to the Health Services Agency will be the source of funds to retire the note.

The Health Clinics and Ancillary Services Fund borrowed a second long-term loan from the Investment Trust Fund. The second note was established in Fiscal Year 2008-2009 to cover repayment of the Graduate Medical Education (GME) Federal funding. As of June 30, 2012, the balance on the note is \$10,091,122. The note also funded the County's share of Residency Program costs for Fiscal Years 2008-2009 and 2009-2010. The note is expected to be repaid with interest by July 2026.

Based on the Treasurer's Pool rate, interest will be credited at the end of each fiscal year for both notes. The notes will be retired through annual transfers from the County's General Fund.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 6: **Interfund Transactions** (continued)

| Transfer from | Transfer to | Amount | Purpose |
|---------------------------------------|---------------------------------------|----------------------|--|
| General Fund | Community Services Agency | \$ 7,871,656 | County program contributions |
| | Behavioral Health and Recovery | 2,021,599 | County program contributions |
| | Other Governmental Funds | 33,949,933 | County program contributions and debt service |
| | Health Clinics and Ancillary Services | <u>5,974,768</u> | County program contribution |
| | | <u>49,817,956</u> | |
| Tobacco Settlement | General Fund | 2,404,051 | Interest distribution |
| | General Fund | 547,677 | To pay debt service |
| | Other Governmental Funds | 41,911 | To pay debt service |
| | Other Governmental Funds | <u>1,000,000</u> | Purchase Medical Arts Building |
| | | <u>3,993,639</u> | |
| Behavioral Health and Recovery | Other Governmental Funds | 833,275 | To pay debt service |
| | Health Clinics and Ancillary Services | <u>185,057</u> | Contributions to joint programs |
| | | <u>1,018,332</u> | |
| Community Services Agency | Other Governmental Funds | 1,875,630 | To pay debt service |
| | Other Governmental Funds | 64,854 | Contributions to joint programs |
| | General Fund | <u>20,082</u> | Return of SED County Match |
| | | <u>1,960,566</u> | |
| Public Facility Fees | General Fund | 2,860,171 | Capital assets purchases |
| | Behavioral Health and Recovery | 135,970 | Capital assets purchases |
| | Other Governmental Funds | <u>2,489,350</u> | Capital assets purchases |
| | | <u>5,485,491</u> | |
| Other Governmental Funds | General Fund | 674,755 | Various contributions to programs |
| | General Fund | 391,912 | To pay debt service |
| | Community Services Agency | 1,740 | Contributions to joint programs |
| | Public Facility Fees | 1,324,308 | Return of contributions |
| | Other Governmental Funds | 1,050,398 | Contributions to capital projects |
| | Other Governmental Funds | 1,932,128 | To pay debt service |
| | Health Clinics and Ancillary Services | <u>5,435</u> | Various contributions to programs |
| | | <u>5,380,676</u> | |
| Fink Landfill | Other Governmental Funds | 26,847 | To pay debt service |
| | Other Enterprise | <u>721,400</u> | Landfill closure/postclosure |
| | | <u>748,247</u> | |
| Health Clinics and Ancillary Services | Other Governmental Funds | <u>3,639,570</u> | Reimburse administrative costs of HSA and debt service |
| Other Enterprise Funds | Other Governmental Funds | <u>14,498</u> | To pay debt service |
| Internal Service Funds | Behavioral Health and Recovery | 32,314 | Insurance reimbursement |
| | Other Governmental Funds | 629,146 | Server room capital project |
| | Other Governmental Funds | 187,788 | To pay debt service |
| | Other Governmental Funds | 19,668 | Insurance reimbursement |
| | Health Clinics and Ancillary Services | <u>448,018</u> | Insurance reimbursement |
| | | <u>1,316,934</u> | |
| | | <u>\$ 73,375,909</u> | |

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 7: **Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

| | Balance July 1, 2011 | Additions | Retirements | Adjustments & Transfers | Balance June 30, 2012 |
|---|-------------------------|------------------------|---------------------|----------------------------|--------------------------|
| Governmental Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and Right of Ways | \$ 40,542,091 | \$ 2,060,380 | \$ - | \$ - | \$ 42,602,471 |
| Construction in progress | 5,986,564 | 9,678,827 | (433,236) | (2,787,265) | 12,444,890 |
| Total capital assets, not being depreciated | 46,528,655 | 11,739,207 | (433,236) | (2,787,265) | 55,047,361 |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 801,219,705 | 519,746 | (1,266,431) | 20,569,742 | 821,042,762 |
| Structures and improvements | 202,095,426 | 3,802,270 | - | 304,445 | 206,202,141 |
| Equipment | 96,861,974 | 9,072,371 | (2,769,852) | (231,057) | 102,933,436 |
| Intangible Assets | 3,533,552 | 236,770 | - | - | 3,770,322 |
| Total capital assets, being depreciated | 1,103,710,657 | 13,631,157 | (4,036,283) | 20,643,130 | 1,133,948,661 |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (555,316,149) | (24,924,171) | 1,266,431 | (18,386,513) | (597,360,402) |
| Structures and improvements | (68,722,345) | (6,459,027) | - | (325,406) | (75,506,778) |
| Equipment | (57,196,119) | (7,960,527) | 2,483,324 | (425,409) | (63,098,731) |
| Intangible Assets | (330,825) | (310,585) | - | (45,273) | (686,683) |
| Total accumulated depreciation | (681,565,438) | (39,654,310) | 3,749,755 | (19,182,601) | (736,652,594) |
| Total capital assets, being depreciated, net | 422,145,219 | (26,023,153) | (286,528) | 1,460,529 | 397,296,067 |
| Governmental activities capital assets, net | \$ 468,673,874 | \$ (14,283,946) | \$ (719,764) | \$ (1,326,736) | \$ 452,343,428 |
| Business-type Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and Right of Ways | \$ 15,462,882 | \$ - | \$ - | \$ - | \$ 15,462,882 |
| Construction in progress | 39,721 | 95,982 | (11,349) | 103,398 | 227,752 |
| Total capital assets, not being depreciated | 15,502,603 | 95,982 | (11,349) | 103,398 | 15,690,634 |
| Capital assets, being depreciated: | | | | | |
| Structures and improvements | 16,368,849 | 170,384 | (2,375,690) | - | 14,163,543 |
| Equipment | 12,635,443 | 558,122 | (219,546) | 39,797 | 13,013,816 |
| Total capital assets, being depreciated | 29,004,292 | 728,506 | (2,595,236) | 39,797 | 27,177,359 |
| Less accumulated depreciation for: | | | | | |
| Structures and improvements | (13,030,485) | (227,042) | 1,664,635 | - | (11,592,892) |
| Equipment | (6,343,120) | (1,430,773) | 212,307 | (22,352) | (7,583,938) |
| Total accumulated depreciation | (19,373,605) | (1,657,815) | 1,876,942 | (22,352) | (19,176,830) |
| Total capital assets, being depreciated, net | 9,630,687 | (929,309) | (718,294) | 17,445 | 8,000,529 |
| Business-type activities capital assets, net | \$ 25,133,290 | \$ (833,327) | \$ (729,643) | \$ 120,843 | \$ 23,691,163 |

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 7: **Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

| | Equipment | Structures and Improvements | Intangible | Infrastructure | Total |
|------------------------|---------------------|--|-------------------|-----------------------|----------------------|
| General government | \$ 574,653 | \$ 1,999,088 | | | \$ 2,573,741 |
| Public protection | 3,225,006 | 2,623,071 | 15,091 | | 5,863,168 |
| Public ways | 4,337 | 51,563 | | 24,924,171 | 24,980,071 |
| Health and sanitation | 416,143 | 129,710 | | | 545,853 |
| Public assistance | 253,217 | 649,927 | | | 903,144 |
| Education | 1,928,384 | 207,047 | | | 2,135,431 |
| Recreation | 94,377 | 773,265 | | | 867,642 |
| Internal service funds | 1,464,410 | 25,356 | 295,494 | | 1,785,260 |
| Total | \$ 7,960,527 | \$ 6,459,027 | \$ 310,585 | \$ 24,924,171 | \$ 39,654,310 |

Depreciation expense was charged to the business-type functions as follows:

| | Equipment | Structures and Improvements | Total |
|---------------------------------------|---------------------|--|---------------------|
| Transit | \$ 539,143 | \$ 563 | \$ 539,706 |
| Fink Road Landfill | 368,482 | 121,919 | 490,401 |
| Health Clinics and Ancillary Services | 506,343 | 97,573 | 603,916 |
| Inmate Welfare/Commissary | 16,805 | 6,987 | 23,792 |
| | \$ 1,430,773 | \$ 227,042 | \$ 1,657,815 |

Note 8: **Receivables and Deferred Revenue**

A large portion of the governmental activities accounts receivable, net of allowance for uncollectibles, balance of \$55,310,936 includes receivables from federal, state, and local governments in the amount of \$30,921,645.

The business-type activities accounts receivable balance of \$26,443,375 includes Health Clinics and Ancillary Services of \$28,898,902, an allowance of \$3,637,554 with a net receivable balance of \$25,261,348.

At June 30, 2012 , total deferred revenue for governmental funds is \$32,185,203. The unavailable portion of the deferred revenue balance is \$791,660. The unavailable balance represents measurable revenue not available to finance expenditures of the current fiscal period and is being reported for governmental funds.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 8: **Receivables and Deferred Revenue** (continued)

| Governmental Activities: | <u>Unavailable</u> | <u>Unearned</u> | <u>Deferred Revenue</u> |
|---|--------------------|---------------------|-------------------------|
| General fund: | | | |
| Property taxes receivable | \$ 15,574 | | \$ 15,574 |
| Advanced deposits for animal services | | 870 | 870 |
| Advanced deposits for probation services | | 886,166 | 886,166 |
| Advanced deposits for sheriff services | | 1,381,020 | 1,381,020 |
| Grant drawdowns prior to meeting all eligibility requirements | | 136,881 | 136,881 |
| Other | | 35 | 35 |
| Behavioral Health and Recovery | | | |
| Grant drawdowns prior to meeting all eligibility requirements | | 18,699,017 | 18,699,017 |
| Tobacco Settlement | | | |
| Interest receivable | 776,086 | | 776,086 |
| Community Services Agency: | | | |
| Grant drawdowns prior to meeting all eligibility requirements | | 8,606,658 | 8,606,658 |
| Non-major funds: | | | |
| Grant drawdowns prior to meeting all eligibility requirements | | 1,682,896 | 1,682,896 |
| | <u>\$791,660</u> | <u>\$31,393,543</u> | <u>\$ 32,185,203</u> |

Note 9: **Property Taxes**

The County’s property taxes are levied July 1 (Unsecured Roll) and October 1 (Secured Roll) on assessed values established on the lien date of the previous January 1 for all taxable property located within the County. Local assessed values are determined, subject to appeal before the Assessment Appeals Board, by the County Assessor’s Office. Locally assessed real property is appraised at the base year value and is adjusted each year after 1975 by the change in the California Consumer Price Index (CPI) not to exceed an increase of 2%. Property is re-appraised from the 1975-1976 base year value to current full value upon either (1) a change in ownership, or (2) new construction, as of the date of such transaction or completion of construction (only the newly constructed portion of the property is re-appraised). Thereafter, it continues to be increased annually by the change in the CPI not to exceed 2%. The total gross assessed value for Fiscal Year 2011-2012 is \$35,807,078,043.

The County is permitted by Section 93, of the California Revenue and Taxation Code, to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on general obligation bonds or other indebtedness approved by a two-thirds vote of its voters after June 4, 1986. Taxes are allotted to local agencies and school districts as outlined in Sections 95 through 100 of the California Revenue and Taxation Code.

Taxes are due in one installment (Unsecured Roll) on billing and are subject to late payment penalties if paid after August 31, or two installments (Secured Roll) due on November 1 and February 1, and again subject to the late payment penalties if paid after December 10 and April 10, respectively.

The County and its political subdivisions operate under the provisions of Sections 4701-4717 of the California Revenue and Taxation Code (otherwise known as the “Teeter Plan”). Under this method, the accounts of all political subdivisions that levy taxes on the County tax roll are credited with 100% of their respective secured ad valorem tax levy, regardless of the actual payments and delinquencies. This method then provides for all the delinquent penalties and redemptions flow to the County’s General Fund. In addition, Sections 4703 and 4703.2 of the California Revenue and Taxation Code require that a property tax loss reserve fund be maintained at 1% of the total of all

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 9: **Property Taxes** (continued)

taxes and assessments levied on the secured roll for that year for participating entities in the county, or 25% of the total delinquent secured taxes. By Board of Supervisors resolution, dated September 9, 2008, the County has elected to maintain the tax loss reserve at 1% of the secured roll.

Taxes receivable in the General Fund includes \$16,101,384 of long-term and \$7,930,533 of short-term property tax receivable resulting from the Teeter method of distribution. Total property tax receivables of \$24,031,917 will be collected from taxpayers. An additional \$15,574 of property tax receivable is expected to be received within 60 days from the end of the fiscal year.

Unsecured taxes are accrued in the period when they are levied and are recognized when they become available. "Available" means, due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. This period was 60 days from the end of the fiscal year. Property taxes receivable that do not meet the "available" criteria are recorded as deferred revenue.

Note 10: **Proposition 1A**

Proposition 1A, as approved by the voters of California on November 2, 2004, amended the State Constitution by prohibiting the legislature from modifying the manner in which property tax revenues are allocated to the local taxing agencies. However, the provisions of Proposition 1A can be suspended under certain conditions. On July 28, 2009, the State legislature passed, and the Governor signed into law, the suspension of the property tax protection provisions of Proposition 1A and allowed the State to borrow up to 8% from the Fiscal Year 2009-2010 property tax allocation of local entities.

The total amount of loan from the County's property tax allocation of \$7,866,152 was recorded as reduction of revenue in Fiscal Year 2010-2011.

Note 11: **Leases**

Operating Leases

The County is committed under various operating leases for building and office space and business and data processing equipment.

Aggregate rental expense for all operating leases approximated \$4,988,461 for all fund types for the year ended June 30, 2012. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 11: **Leases** (continued)

Operating Leases (continued)

| Year Ending June 30, | |
|------------------------------|----------------------|
| 2013 | \$ 4,502,313 |
| 2014 | 3,311,362 |
| 2015 | 1,585,933 |
| 2016 | 1,331,824 |
| 2017 | 1,215,601 |
| 2018-2027 | 4,783,032 |
| Total Minimum Lease Payments | <u>\$ 16,730,065</u> |

Revenue Leases

Effective July 1, 2012, the County of Stanislaus entered into a new facility site lease agreement with Covanta Stanislaus, Inc. (formerly Stanislaus Waste Energy Company). The original lease with Stanislaus Waste Energy Company was established in June 1986 with initial term of 35 years with an option to renew the lease for additional 15 years. This lease was to expire August 2021. The lease covers 16.55 acre site owned by the County

The new lease agreement extends the terms by six additional years with a one-time termination option on December 31, 2016. Covanta Stanislaus, Inc. retains a 15-year renewal option. The annual lease payment is \$198,000. If Covanta Stanislaus, Inc. exercises its 15-year renewal option, the annual rent would convert to the market rate for the highest and best use of land.

The County also has an agreement with the Stanislaus County Office of Education to lease 15,000 square feet of Building I at County Center III, located near the intersection of Scenic and Oakdale Road, Modesto, California. The annual rent is \$140,000. The build-to suit lease was entered into agreement on August 26, 1999 with a ten year term. Since the initial lease terms expired, the lease has continued to operate on a month-to-month basis.

On January 1, 1997, the County of Stanislaus entered into a lease agreement with Mr. Dave Brown to lease 35 acres of agriculture land located at 3312 Crowslanding Road, Ceres, California. Although the original terms have expired, the lease continues to operate on a month-to-month basis. The annual rent is \$4,075 per year.

The County of Stanislaus and The Gallo Center for the Arts, LLC and the Gallo Center for the Arts entered into an agreement on February 17th, 2004. The annual rent is one dollar. The leased property is located at 1030 11th Street, Modesto, California. The agreement expires 40 years from the date the Gallo Center for the Arts was completed and ready for occupancy. The completion date of the Gallo Center for the Arts was November 20, 2007.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 11: **Leases** (continued)

Revenue Leases (continued)

The following is a schedule of future lease revenue on these noncancelable leases at June 30, 2012.

| Year Ending June 30, | | |
|-----------------------------|----|------------------|
| 2013 | \$ | 198,001 |
| 2014 | | 198,001 |
| 2015 | | 198,001 |
| 2016 | | 198,001 |
| 2017 | | 198,001 |
| 2018-2047 | | 1,782,029 |
| Total Minimum Lease Revenue | \$ | <u>2,772,034</u> |

Capital Leases

The County has entered into certain capital lease agreements under which the related equipment will become property of the County when all terms of the lease agreements are met:

| | Stated Interest Rate | Present Value of Remaining Payments at June 30, 2012 |
|----------------------------------|----------------------------|--|
| Governmental activities: | | |
| Building | 0.00-7.7% | \$ - |
| Equipment | 0.00-7.7% | 679,781 |
| | | <u>\$ 679,781</u> |
| Business-type activities: | | |
| Equipment | 0.00-7.7% | \$ 340,820 |
| | | <u>\$ 340,820</u> |
| Total capital lease obligations | | <u>\$ 1,020,601</u> |

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 11: **Leases** (continued)

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

| Year Ending June 30, | Governmental Activities | Business-type Activities |
|---|----------------------------|-----------------------------|
| 2013 | \$ 343,612 | \$ 351,153 |
| 2014 | 275,154 | - |
| 2015 | 93,765 | - |
| Thereafter | 30,295 | - |
| | - | - |
| Total Minimum Lease Payments | 742,826 | 351,153 |
| Less: Amounts Representing Interest | (63,045) | (10,333) |
| Present Value of Minimum Lease Payments | 679,781 | 340,820 |
| Less: Current Portion of Capital Leases | (305,523) | (340,820) |
| Long-term Capital Lease Obligation | <u>\$ 374,258</u> | <u>\$ -</u> |

Equipment and related accumulated amortization under capital leases are as follows:

| | Governmental Activities | Business-type Activities |
|--------------------------------|----------------------------|-----------------------------|
| Building | \$ - | \$ - |
| Equipment | 1,474,730 | 1,116,760 |
| Less: accumulated depreciation | (805,390) | (1,061,614) |
| Net value | <u>\$ 669,340</u> | <u>\$ 55,146</u> |

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 12: **Long-Term Debt**

A. Summary of Long-Term Debt

The following is a summary of long-term liability transactions for the year ended June 30, 2012:

| | Balance June 30, 2011 | Additions | Deletions | Adjustments | Balance June 30, 2012 | Amounts Due Within One Year |
|-----------------------------------|--------------------------|---------------------|-----------------------|-----------------------|--------------------------|-----------------------------------|
| Governmental Activities: | | | | | | |
| Certificates of participation | \$ 74,775,944 | \$ - | \$ (8,010,944) | \$ - | \$ 66,765,000 | \$ 6,945,000 |
| Plus issuance premium | 980,326 | - | (144,343) | - | 835,983 | 144,343 |
| Bonds payable - POB | 30,875,000 | - | (9,565,000) | - | 21,310,000 | 10,275,000 |
| Bonds payable - RDA 2005 Tab | 13,545,000 | - | - | (13,545,000) | - | - |
| RDA loans | 5,520,620 | - | (218,789) | (5,301,831) | - | - |
| Interest RDA CalHFA Loan | 82,702 | 16,875 | - | (99,577) | - | - |
| Tobacco securitization note | 97,718,611 | - | (1,600,000) | - | 96,118,611 | 3,555,000 |
| Accreted interest tobacco note | 15,674,559 | 3,650,463 | - | - | 19,325,022 | - |
| | <u>239,172,762</u> | <u>3,667,338</u> | <u>(19,539,076)</u> | <u>(18,946,408)</u> | <u>204,354,616</u> | <u>20,919,343</u> |
| Risk management liability | 25,133,348 | 15,662,613 | (8,737,548) | - | 32,058,413 | 12,079,680 |
| Capital lease payable | 973,616 | - | (293,836) | - | 679,780 | 305,523 |
| Compensated absences | 31,405,686 | 23,544,167 | (22,610,252) | (247,924) | 32,091,677 | 1,743,682 |
| | <u>57,512,650</u> | <u>39,206,780</u> | <u>(31,641,636)</u> | <u>(247,924)</u> | <u>64,829,870</u> | <u>14,128,885</u> |
| Total Governmental Activities | <u>\$296,685,412</u> | <u>\$42,874,118</u> | <u>\$(51,180,712)</u> | <u>\$(19,194,332)</u> | <u>\$269,184,486</u> | <u>\$35,048,228</u> |
| Business-type Activities: | | | | | | |
| Certificates of participation | \$ 194,056 | \$ - | \$ (194,056) | \$ - | \$ - | \$ - |
| | <u>194,056</u> | <u>-</u> | <u>(194,056)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Risk management liability | 1,048,000 | - | (267,000) | - | 781,000 | 318,421 |
| Compensated absences | 1,527,631 | 1,224,907 | (1,145,483) | - | 1,607,055 | 253,049 |
| Capital lease payable | 663,280 | - | (322,460) | - | 340,820 | 340,820 |
| | <u>3,238,911</u> | <u>1,224,907</u> | <u>(1,734,943)</u> | <u>-</u> | <u>2,728,875</u> | <u>912,290</u> |
| Total Business-Type Activities | <u>\$ 3,432,967</u> | <u>\$ 1,224,907</u> | <u>\$(1,928,999)</u> | <u>\$ -</u> | <u>\$ 2,728,875</u> | <u>\$ 912,290</u> |

With the exception of the Professional Liability Insurance Fund, which serves the Health Clinics and Ancillary Services Enterprise Fund, internal service funds serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$683,365 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, risk management liability and compensated absences are generally liquidated by the General Fund.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 12: **Long-Term Debt** (continued)

A. **Summary of Long-Term Debt** (continued)

As of June 30, 2012, annual debt service requirements of governmental activities to maturity are as follows:

| Year Ending June 30 | Governmental Activities | | | |
|------------------------|-------------------------|---------------------|-------------------------------|----------------------|
| | Bonds Payable | | Certificates of Participation | |
| | Principal | Interest | Principal | Interest |
| 2013 | \$ 10,275,000 | \$ 1,156,334 | \$ 6,945,000 | \$ 2,870,338 |
| 2014 | 11,035,000 | 394,501 | 7,205,000 | 2,606,300 |
| 2015 | | | 7,550,000 | 2,245,750 |
| 2016 | | | 7,935,000 | 1,861,905 |
| 2017 | | | 7,980,000 | 1,489,095 |
| 2018-2022 | | | 17,935,000 | 3,940,194 |
| 2023-2027 | | | 11,215,000 | 1,004,933 |
| 2028-2032 | | | | |
| 2033-2037 | | | | |
| 2038-2042 | | | | |
| 2043-2047 | - | - | | |
| Totals | \$ 21,310,000 | \$ 1,550,835 | \$ 66,765,000 | \$ 16,018,515 |

| Year Ending June 30 | Tobacco Securitization Note | | Tobacco Securitization Note 2006 | |
|------------------------|-----------------------------|----------------------|----------------------------------|-----------------------|
| | Principal | Interest | Principal | Interest |
| 2013 | \$ 3,555,000 | \$ 2,821,231 | \$ | \$ |
| 2014 | 3,835,000 | 2,625,569 | | |
| 2015 | 4,130,000 | 2,414,438 | | |
| 2016 | 4,460,000 | 2,185,203 | | |
| 2017 | 4,815,000 | 1,931,840 | | |
| 2018-2022 | 30,170,000 | 4,723,280 | | 2,935,222 |
| 2023-2027 | | 41,565 | | 39,889,695 |
| 2028-2032 | | | 23,793,382 | 42,546,901 |
| 2033-2037 | | | 9,446,325 | 47,665,309 |
| 2038-2042 | | | - | 50,794,058 |
| 2043-2047 | | | 8,913,904 | 42,299,911 |
| Totals | \$ 50,965,000 | \$ 16,743,126 | \$ 42,153,611 | \$ 226,131,096 |

The above Tobacco Securitization Note amortization schedule assumes that the accelerated payments will be made. If the projected tobacco sales do not occur, then the amortization schedule will change to reflect less principal being paid each year, maturing in 2055.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 12: **Long-Term Debt** (continued)

B. Long-Term Obligations

A summary of certificates of participation outstanding at year-end follows:

| | Interest Rate % | Date of Issue | Maturity | Amount of Original Issue | | Outstanding as of June 30, 2012 |
|---------------------------------|--------------------|------------------|----------|--------------------------------|-----|---------------------------------------|
| Governmental activities: | | | | | | |
| 1998 Series A | 3.75-4.75 | 3/1/1998 | 9/1/2018 | \$ 22,160,000 | | \$ 10,365,000 |
| 2004 Series A | 1.63-4.38 | 3/26/2004 | 9/1/2025 | 15,371,663 | (1) | 11,705,000 |
| 2004 Series B | 1.63-4.38 | 3/26/2004 | 9/1/2025 | 27,511,451 | (2) | 20,945,000 |
| 2007 Series A Refunding | 3.65-5.75 | 2/1/2007 | 5/1/2018 | 42,081,614 | (3) | 23,750,000 |
| Total governmental activities | | | | <u>\$ 107,124,728</u> | | <u>\$ 66,765,000</u> |

(1) Includes \$31,662 premium

(2) Includes \$56,451 premium

(3) Includes \$1,541,614 premium

A summary of loans and bonds payable follows:

| | Interest Rate % | Date of Issue | Maturity | Amount of Original Issue | | Outstanding as of June 30, 2012 |
|-------------------------------|--------------------|------------------|-----------|--------------------------------|--|---------------------------------------|
| 1995 Pension Obligation Bonds | 7.15 | 9/25/1995 | 8/15/2013 | \$108,970,000 | | \$ 21,310,000 |
| Total Bonds | | | | <u>\$108,970,000</u> | | <u>\$ 21,310,000</u> |

A summary of notes payable follows:

| | Interest Rate % | Date of Issue | Maturity | Amount of Original Issue | | Outstanding as of June 30, 2012 |
|----------------------------------|--------------------|------------------|----------|--------------------------------|--|---------------------------------------|
| Tobacco Securitization Note | 5.50-7.50 | 3/21/2002 | 6/1/2043 | \$ 67,305,000 | | \$ 53,965,000 |
| 2006 Tobacco Securitization Note | 5.75-7.25 | 3/29/2006 | 6/1/2055 | 42,153,611 | | 61,478,633 * |
| Total | | | | <u>\$ 109,458,611</u> | | <u>\$ 115,443,633</u> |

* Includes accredited interest of \$19,325,022

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 12: **Long-Term Debt** (continued)

B. **Long-Term Obligations** (continued)

Purpose for County Borrowings

| | |
|----------------------------------|---|
| 1998 Series A | Construct a portion of government building with the City of Modesto |
| 2004 Series A | Construction of Gallo Center for the Arts |
| 2004 Series B | Construction of 12th Street office building and parking garage |
| 2007 Series A Refunding | Construct Public Safety Center and Community Services building |
| 1995 Pension Obligation Bonds | Pay StanCERA for unfunded actuarial accrued liability |
| Tobacco Securitization Note | To purchase future tobacco settlement revenue |
| Tobacco Securitization Note 2006 | To purchase future tobacco settlement revenue |

C. **Tobacco Settlement Asset-Backed Bonds**

The County has issued two series of capital appreciation bonds. The first series is the Series 2002 Tobacco Settlement Asset-Backed Bonds and the second is the Series 2006 Tobacco Settlement Asset-Backed Bonds. Capital appreciation bonds are debt securities on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment (the "maturity value") representing both the initial principal amount and the total investment return.

The California County Tobacco Securitization Agency (CCTSA) issued bonds and loaned the proceeds to a nonprofit corporation formed by the County called the Stanislaus County Tobacco Funding Corporation (the Stanislaus Corporation) which, in turn paid the proceeds to the County. The bonds are limited obligations of the CCTSA payable solely from payments made by the Stanislaus Corporation from tobacco settlement revenues purchased from the County.

In April 2002, the CCTSA issued the Tobacco Settlement Asset-Backed Bonds on behalf of the Stanislaus Corporation, which is reported as a blended component unit of the County. The original issue amount of the bonds was \$67,305,000 and the expected maturity dates were from June 1, 2019-2043. The bonds' interest rates range from 5.5% to 7.5%.

In April 2006 the CCTSA issued the Tobacco Settlement Asset-Backed Bonds, Subordinate Series 2006 in the amount of \$42,153,611 and the expected maturity dates were from June 1, 2046-2055. The bonds' interest rates range from 5.75% to 7.25%.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 12: **Long-Term Debt** (continued)

D. Arbitrage

Arbitrage regulations pertain to the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable arbitrage rebates are not reported and paid to the Internal Revenue Service at least every five years. In Fiscal Year 2011-2012, an arbitrage calculation was performed for the 1998 A and for the 2007 A certificates of participation. At June 30, 2012, the County did not have any outstanding liability for arbitrage.

Note 13: **Solid Waste Landfill Closure and Postclosure Care Costs**

There are two solid waste landfill sites in the County. The Fink Road Sanitary Landfill is owned by the County and is currently operating. The Geer Road Sanitary Landfill is on land jointly owned by the City of Modesto and the County of Stanislaus. This landfill has reached capacity and was closed in June 1990. The County of Stanislaus, by and through its Board of Supervisors, administered the closure operations of the Geer Road Sanitary Landfill. Both landfills are reported in their entirety as enterprise funds.

State and federal laws require the County to close a landfill once its capacity has been reached and to monitor and maintain the site for thirty subsequent years. The County recognizes a portion of the closure and postclosure care costs in each operating period even though actual payouts will not occur until a landfill is closed. The amount recognized each year to date is based on the landfill capacity used as of the financial statement date.

| | Fink Road | Geer Road | Total |
|--|--------------|--------------|--------------|
| Estimated total liability for closure/ postclosure at June 30, 2012 | \$22,852,845 | \$ 4,107,998 | \$26,960,843 |
| Liability recognized as of June 30, 2012 | \$ 7,506,710 | \$ 4,107,998 | \$11,614,708 |
| Landfill capacity used to date | 32.85% | 100% | |
| Estimated remaining useful life | 21 years | | |

The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, technology, revision of laws and other variables. State and federal laws require the County to establish a closure fund to accumulate assets needed for the actual payout of closure and postclosure care costs. Of the restricted cash and investments in the proprietary funds, the following amounts are held for this purpose:

| | |
|-----------------------------|--------------|
| Fink Road Sanitary Landfill | \$18,210,097 |
| Geer Road Sanitary Landfill | \$ 2,431,706 |

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 14: **Net Assets/Fund Balances**

Net Assets

The governmental and business-type activities financial statements utilize a net assets presentation. Net assets are as follows:

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

As of June 30, 2012, the County had the following restrictions to net assets:

| | Governmental Activities | Business-type Activities |
|--|----------------------------|-----------------------------|
| Restricted for: | | |
| Capital projects | \$ 79,297,817 | |
| Debt service | 14,288,337 | |
| Other purposes: | | |
| Landfill closure/postclosure | | 20,711,930 |
| Tobacco Settlement | 104,236,687 | |
| Behavioral Health & Recovery | 22,822,093 | |
| Road and Bridge | 18,130,143 | |
| Children and Families Commission | 13,077,404 | |
| Honor Farm Barracks | 11,595,296 | |
| Probation Grants | 9,397,625 | |
| Environmental resources | 6,238,790 | |
| Library | 6,110,042 | |
| Clerk-recorder - capital assets | 3,822,591 | |
| Tax Loss Reserve Fund | 3,766,553 | |
| Health Services | 3,562,729 | |
| Lighting/Storm Drain & Service Area Districts | 2,606,732 | |
| Other | 13,322,205 | |
| Subtotal other purposes | 218,688,890 | 20,711,930 |
| Total Restricted Net Assets | \$ 312,275,044 | \$ 20,711,930 |
| Amount of total restricted by enabling legislation | \$ 53,633 | \$ - |

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 14: **Net Assets/Fund Balances** (continued)

Fund Balances

Non-spendable Fund Balance – amounts cannot be spent because a) they are not in spendable form or b) they legally or contractually are required to be maintained intact.

Restricted Fund Balance - amounts restricted by external parties, i.e., creditors, grantors, contributors or laws/regulations of other governments or restricted by law through constitutional provisions or enabling legislation.

Committed Fund Balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County’s highest level of decision making authority. The formal action must occur prior to the end of the reporting period. The amount, which will be subject to the constraint, may be determined in the subsequent period.

Assigned Fund Balance - amounts constrained by the County’s intent to be used for specific purposes that are neither restricted nor committed. The intent can be expressed by a) the governing body itself or b) a body or official to which the governing body has delegated the authority, i.e., budget/finance committee. Monies set aside for debt service, carryover appropriations, teeter plan, retirement obligation, contingencies and tobacco settlement are some of the examples to be included in the assigned category. Assigned fund balance can be used to eliminate the projected budgetary deficit in the subsequent year’s budget.

Unassigned Fund Balance – a residual classification for the general fund. The total fund balance less restricted, committed or assigned equals unassigned fund balance. The General fund is the only fund that should report a positive unassigned fund balance amount. A negative fund balance is possible in other governmental funds.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 14: **Net Assets/Fund Balances** (continued)

Fund Balances (continued)

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned and unassigned (see Note 1 for a description of these categories). A detail schedule of fund balances at June 30, 2012 is as follows:

| | General Fund | Tobacco Settlement | Behavioral Health and Recovery | Community Services Agency | Public Facility Fees | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|-----------------------|-----------------------|--------------------------------------|---------------------------------|----------------------------|--------------------------------|--------------------------------|
| Non-spendable: | | | | | | | |
| Imprest Cash | \$ 91,835 | \$ | \$ 8,651 | \$ 25,150 | \$ | \$ 11,485 | \$ 137,121 |
| Advance to Other Funds | 100,000 | | | | | | 100,000 |
| Advance to Other Gov'ts | 4,596,783 | | | | | | 4,596,783 |
| Teeter Receivable | 16,101,384 | | | | | | 16,101,384 |
| Prepaid Items | 216,186 | | 2,287 | 3,900 | | 162,816 | 385,189 |
| Inventory | | | | | | 414,994 | 414,994 |
| Total Non-spendable fund balance | 21,106,188 | | 10,938 | 29,050 | | 589,295 | 21,735,471 |
| Restricted | 3,766,553 | 104,236,687 | 12,058,330 | 937,731 | 72,515,240 | 86,155,229 | 279,669,770 |
| Committed | 2,835,387 | | 6,187,935 | | | 1,818,984 | 10,842,306 |
| Assigned | 71,991,359 | | 4,564,891 | | 656,969 | 18,747,218 | 95,960,437 |
| Unassigned: | | | | | | | |
| General fund | 16,066,425 | | | | | | 16,066,425 |
| Special revenue funds | | | | | | (1,278,285) | (1,278,285) |
| Debt Service funds | | | | | | (30,876) | (30,876) |
| Total fund balance | <u>\$ 115,765,912</u> | <u>\$ 104,236,687</u> | <u>\$ 22,822,094</u> | <u>\$ 966,781</u> | <u>\$ 73,172,209</u> | <u>\$ 106,001,565</u> | <u>\$ 422,965,248</u> |

Note 15: **Risk Management**

The County CEO-Risk Management Division's program encompasses workers' compensation, general and professional liability, property, medical, dental, unemployment, and vision self-insurance. The County is self-insured for workers' compensation for the first \$500,000 per claim with excess insurance for amounts spent over \$500,000 on a statutory basis. The general liability insurance covers property damage, personal injury, auto and public officials' errors and omissions has a self insured retention of \$250,000 per occurrence with excess insurance through CSAC Excess Insurance Authority and several excess insurance carriers totaling to \$25,000,000. The County's property coverage limit is \$653,779,357 subject to variable deductibles including \$10,000 for All Risk Coverage and \$20,000 for vehicles per incident. Unemployment, vision care, and dental insurance are the sole responsibility of the County. Limited exposure precludes the need for outside insurance coverage. The County is now self-insured for employee medical costs, and carries excess insurance for claims in excess of \$225,000.

The Health Services Agency, Behavioral Health and Recovery Services, Probation, and the Sheriff's Office participate in the medical malpractice program subject to a self-insured retention of \$500,000 per claim. The excess insurance through CSAC-Excess Insurance Authority and the insurance carriers is capped at \$10,000,000 per claim.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 15: **Risk Management** (continued)

The estimation of claims liability is dependent on factors including, but not limited to; inflation, changes in legal doctrine, and damage awards. Accordingly, an actuarial study is completed each year.

The County is named in several legal actions and while management cannot predict the ultimate outcome with certainty, management does not believe there will be an adverse impact on the financial position of the County.

| | <u>2011/2012</u> | <u>2010/2011</u> |
|------------------------------------|----------------------|----------------------|
| Unpaid claims as of July 1 | \$ 26,181,348 | \$ 26,437,608 |
| Incurred claims (including IBNRs*) | 15,662,613 | 9,018,211 |
| Claim payments | <u>(9,004,548)</u> | <u>(9,274,471)</u> |
| Unpaid claims as of June 30 | <u>\$ 32,839,413</u> | <u>\$ 26,181,348</u> |

*Incurred But Not Reported Claims (IBNRs)

Note 16: **Contingent Liabilities**

The County participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Some audits of these programs prior to and for the year ended June 30, 2012, have not been conducted or concluded. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Note 17: **Joint Ventures**

Stanislaus Waste-to-Energy Financing Agency

Stanislaus Waste-to-Energy Financing Agency (SWEFA) was created May 1, 1989, pursuant to a joint exercise of powers agreement between the City of Modesto (the City) and the County of Stanislaus. The SWEFA is administered by a commission consisting of two members of the City Council and two members of the County's Board of Supervisors.

The agreement provides that the City and the County shall pay for costs associated with the operation of the SWEFA and are entitled to all rights and property of the SWEFA equally. The agreement was amended and approved by the County of Stanislaus Board of Supervisors on June 26, 2012. (See Subsequent Events Note 20)

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 17: **Joint Ventures** (continued)

Stanislaus Waste-to-Energy Financing Agency (continued)

On May 1, 1990, the Agency issued Certificates of Participation (COP) to refinance a bond issued through California Pollution Control Financing Authority. On February 1, 2000 Refunding Revenue Certificates were issued to refinance the 1990 COPs. The 2000 Refunding Revenue Certificates were paid off in full on December 3, 2008. As of June 30, 2012, the SWEFA did not have any outstanding debt.

Financial statements for the SWEFA may be obtained by writing to the County of Stanislaus, Environmental Resource Department, 3800 Cornucopia Way, Suite C, Modesto, CA 95358.

Tuolumne River Regional Park

The County participates with the City of Modesto and the City of Ceres in the operation and development of the Tuolumne River Regional Park (TRRP). TRRP is governed by the TRRP Committee which consists of two members of the County's Board of Supervisors, two members of the City of Modesto's City Council, and one member of the City of Ceres' City Council.

The TRRP Committee prepares the annual budget, which must be approved by both cities' councils and the Board of Supervisors. Each participant has an equity interest in the assets of TRRP based on the percentage of cumulative contributions paid. As of June 30, 2012, the County's equity interest was \$1,145,223. For the fiscal year ending June 30, 2012, the County contributed \$121,426 to TRRP. The financial statements for TRRP are prepared by the City of Modesto Finance Department and may be obtained by writing to the City of Modesto, Finance Department, P.O. Box 642, Modesto, CA 95353.

Stanislaus Drug Enforcement Agency

Stanislaus County and the cities of Modesto, Oakdale, Ceres, Patterson, Turlock, Riverbank, Waterford, Hughson and Newman are the participants in the Stanislaus Drug Enforcement Agency (SDEA). The purpose of the SDEA is to maintain a fully operational and specially trained police unit to assist each of the participating agencies in the enforcement of drug control laws, and to study, plan and set priorities for effective enforcement of such laws throughout Stanislaus County.

The governing body consists of the Sheriff, the District Attorney and Chief Probation Officer of Stanislaus County and the Chief of Police for each participating city. All participants contributed to the funding of the SDEA budgeted expenditures, based on population. The County's cash contribution to the SDEA for Fiscal Year 2011-2012 was \$148,661. The total cash plus in-kind contribution was \$553,847. Upon termination of the agreement, assets will be distributed based on total contributions from each participant. Financial statements of the SDEA are available from the City of Modesto. Financial

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 17: **Joint Ventures** (continued)

Stanislaus Drug Enforcement Agency (continued)

Statements may be obtained by writing to the City of Modesto, Finance Department, P.O. Box 642, Modesto, CA 95353.

The City-County Capital Improvements and Financing Agency

The City-County Capital Improvements and Financing Agency (CCCIFA) was created December 17, 1996, pursuant to a joint exercise of powers agreement between the City of Modesto and the County of Stanislaus. The CCCIFA is administered by a six-member commission consisting of two members of the City Council, two members of the County's Board of Supervisors, the County Chief Executive Officer and the City Manager. The CCCIFA prepares the annual and project budgets, which must be approved by both the City Council and the Board of Supervisors. Each participant has an equity interest in the assets of the Agency in accordance with any project agreements or in the percentages as agreed upon by the CCCIFA which percentages shall be reviewed and approved in connection with the project and annual budgets of the CCCIFA. As of June 30, 2012, the County's equity interest in the CCCIFA was \$12,087,450 and is reported as Investments-joint ventures in the government-wide statement of net assets.

The City of Modesto was the CCCIFA's fiscal administrator after the construction phase of the City-County Administration Center through the end of June 2010. Since July 2010, the County of Stanislaus has been the CCCIFA's fiscal administrator. The Financial Statements may be obtained by writing to the County of Stanislaus, Auditor-Controller Department, P.O. Box 770, Modesto, CA 95353-0770.

The California County Tobacco Securitization Agency

In November 1998, the attorneys general of 46 states (including California) and various other public entities (collectively, the "Settling States") and the four largest United States tobacco manufacturers entered into a master settlement agreement (MSA) in resolution of cigarette smoking-related litigation. The MSA effectively releases the manufacturers from past, present and future smoking related claims in exchange for, among other things, certain payments to be made to the Settling States.

On August 5, 1998 the counsel for the State of California and various jurisdictions therein ("participating jurisdictions") entered into a memorandum of understanding (MOU), made to the State of California in accordance to the MSA. However, the payments under the MSA are subject to numerous adjustments and potential delays.

On November 15, 2000, the County of Stanislaus entered into a Joint Powers Agreement (the "Agreement") with the County of Kern, County of Merced, and the County of Sonoma, thereby creating the California County Tobacco Securitization Agency

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 17: **Joint Ventures** (continued)

The California County Tobacco Securitization Agency (continued)

(CCTSA). The CCTSA then added the County of Alameda, County of Fresno, County of Los Angeles, County of Marin, and the County of Placer.

The CCTSA is governed by a Commission, which is comprised of two designees of the Board of Supervisors of each member.

The purpose of the Agreement is to provide for the exercise of powers common to each member, including, but not limited to, the power to insure, hedge or otherwise manage the risks associated with the receipt of the MSA payments. In furtherance of its purpose, the CCTSA has been empowered to issue Bonds secured by the MSA payments of one or more members, the proceeds of which will be used directly or indirectly to purchase all or a portion of the rights to the MSA payments from a member or members.

On March 1, 2002, the Stanislaus County Tobacco Funding Corporation, a component unit of the County, entered into an agreement with the CCTSA for the purpose of issuing bonds in the principal amount of \$67,305,000 to acquire the County's rights to receive the MSA payments when and as such funds are available. The County agreed to sell its rights, title and interest of the money due under the MSA and the MOU for \$52,403,206.

On March 1, 2006 the Stanislaus County Tobacco Funding Corporation entered into a subordinate secured loan agreement with the CCTSA to borrow the proceeds of the \$42,153,611 CCTSA 2006 bond issue. The proceeds were used to pay the issuance costs of the bond and the remainder placed in the residual trust established for the benefit of the County in connection with the sale of County tobacco assets mentioned above. The County received \$40,971,290.

The financial statements of the CCTSA are produced annually and may be obtained by writing to the County of Stanislaus, Auditor-Controller, PO Box 770, Modesto, CA 95353-0770. The responsibility of preparing the audited financial statements is rotated among the nine counties mentioned above.

Consolidated Emergency Dispatch Agency

The Modesto/Stanislaus Consolidated Emergency Dispatch Agency (the MSCEDA) was created on September 1, 1999, pursuant to a joint exercise of powers agreement between the City of Modesto (the "City") and the County of Stanislaus (the "County"). The MSCEDA is administered by a seven-member commission consisting of one member of the Modesto City Council, one member of the County's Board of Supervisors, the County Chief Executive Officer, the Modesto City Manager, two members from the Dispatch Advisory Board, and one member from the City of Ceres' City Council or one member selected by the City Council of another participating City. The purpose of the MSCEDA is

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 17: **Joint Ventures** (continued)

Consolidated Emergency Dispatch Agency (continued)

to consolidate the public safety communications system. The responsibilities of the County and the City include approval of the annual budget, claims, liabilities, and the use of MSCEDA property as collateral. Each participant will contribute sufficient funds to pay for all costs and expenses associated with providing Emergency Dispatch Services. Upon termination of the agreement, assets will be distributed equally to the City and County, unless otherwise approved. The financial statements may be obtained by writing to the Modesto/Stanislaus Consolidated Emergency Dispatch, Office Manager, 3705 Oakdale Road, Modesto, California 95357.

Regional Fire Training Center

On July 1, 1992 the County, Yosemite Community College District (YCCD), and the City of Modesto (City) entered into a 20 year agreement for the joint use and management of the regional fire training center (Center) at Modesto Junior College (MJC). The Center's executive board is made up of the Chancellor of YCCD, the President of MJC, the City Manager and the Chief Executive Officer of the County. The Center was initially constructed using funds borrowed by YCCD with the City and County reimbursing a portion of these costs over 20 years. The buildings, grounds and equipment belong to YCCD. All three entities share in the Center's operating costs with YCCD responsible for the accounting and monitoring of the Center's budget. For fiscal year ending June 30, 2012, the County paid \$60,418.61 to YCCD under this agreement. Financial Statements may be obtained by writing to the Office of the Chancellor, Yosemite Community College District, 2201 Blue Gum Avenue, Modesto, CA 95352.

California Statewide Automated Welfare System Consortium IV

The California Statewide Automated Welfare System Consortium IV (C-IV) was formed in December of 1998, pursuant to a joint exercise of powers agreement between the Counties of San Bernardino, Riverside, Merced and Stanislaus. The C-IV was created for the purpose of the design, development, implementation, and ongoing operation and maintenance of a system that automates the eligibility and case management functions of various welfare programs.

On January 9, 2007, the Board of Supervisors approved the Amendment 1 of the Joint Powers Agreement to add thirty-five (35) counties to the current C-IV Joint Powers Authority (JPA). On March 30, 2010, the Board of Supervisors approved the Amendment 2 to the Joint Powers Agreement to reflect the implementation of the C-IV Automated System in the thirty-five (35) migration counties. The agreement further documents and establishes the new thirty-nine (39) C-IV Consortium County Regional Representation Model. The benefits of adding these counties create opportunities to expand and improve the current C-IV system along with lowering each counties share of costs.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 17: **Joint Ventures** (continued)

California Statewide Automated Welfare System Consortium IV (continued)

Currently the C-IV is governed by a Board of Directors comprised of seven (7) County Directors and all 39 County Directors participate as general members. All C-IV JPA meetings are open to the public and information updates are provided on the C-IV Website <http://www.c-iv.org/>.

Stanislaus County's C-IV costs for Fiscal Year 2011-2012 were \$201,009. The normal yearly C-IV costs are approximately \$320,000. The Fiscal Year 2011-2012 financial statements recognize a one-time adjustment to right size reporting to align with C-IV's quarterly costs. Financial Statements may be obtained by writing to the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector (ATC), 222 West Hospitality Lane, 4th Floor, San Bernardino, CA 92415.

North County Corridor Transportation Expressway Authority

On April 1, 2008, the Board of Supervisors approved the establishment of a Joint Powers Authority between the County and the cities of Modesto, Oakdale and Riverbank to create the North County Corridor Transportation Expressway (NCCTE). The purpose of the Authority is to prepare, identify, and adopt a precise alignment, and prepare and certify environmental documents for a route to improve east/west traffic circulation in the County.

The intent of the NCCTE is to provide a high capacity high speed east-west roadway to accommodate anticipated traffic growth, alleviate traffic on parallel roads, and to accommodate multi-modal travel. Under the terms of the agreement, the County will incur 40% of the costs of the project while each of the participating cities will be contributing 20%. The preliminary project development costs will be funded by State Transportation Program and Public Facility Fees. The NCCTE Board of Directors will be comprised of two directors appointed by the County, and one director from each participating city. The board acts autonomously from the respective member agencies. The County of Stanislaus Public Works Director is designated as the NCCTE's manager. Upon completion of the agreement, all assets will be distributed to the respective parties of the agreement as determined by the Board of Directors of the Authority. Financial statements may be obtained by writing to the County of Stanislaus, Public Works Department, 1716 Morgan Road, Modesto, CA 95358.

The Stanislaus Animal Services Agency

The Stanislaus Animal Services Agency (SASA) was created October 27, 2009, pursuant to a joint powers agreement among the cities of Ceres, Hughson, Modesto, Patterson, Waterford, and the County of Stanislaus. SASA is administered by a six-member board comprised of the City Manager of each partner agency, and the Chief Executive Officer of the County. The purpose of SASA is to operate a regional agency providing animal services to their respective communities. The SASA Executive Director prepares the annual budget

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 17: **Joint Ventures** (continued)

The Stanislaus Animal Services Agency (continued)

which must be approved by the SASA Board of Directors. Each partner agency will contribute sufficient funds to pay for all costs approved in the budget to provide animal services. Upon termination of the agreement, assets will be distributed in accordance with the joint powers agreement. The financial statements may be obtained by writing to the Stanislaus Animal Services Agency, Executive Director, 3647 Cornucopia Way, Modesto, CA 95358.

Note 18: **Employees' Retirement Plan**

The County is a major participant in the Stanislaus County Employees Retirement Association (StanCERA), a retirement system organized under the 1937 Retirement Act. StanCERA is a cost-sharing multiple-employer Public Employee Retirement System (PERS). StanCERA provides retirement and disability benefits, annual cost-of-living adjustments, death benefits and health and welfare insurance for certain retirees and their dependents. The plan is administered by the Stanislaus County Employees Retirement Association. One actuarial valuation is performed for the system as a whole and the contribution rate is determined for each participating entity. The participating entities are the County, City of Ceres, and six special districts located in the County that are not governed by the County's Board of Supervisors. StanCERA issues a Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for StanCERA. The CAFR may be obtained by writing to Stanislaus County Employees Retirement Association, P O Box 3150, Modesto, CA 95353-3150 or by calling (209) 525-6393.

The StanCERA CAFR is prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. All other securities are valued at the last reported sales price at current exchange rates. No investment in any single asset represents more than 5% of the net assets available for pension benefits.

StanCERA has five tiers of retirement benefits, all or some of which are offered to General and Safety members, respectively. The benefits known as Tier 1, Tier 2, Tier 4, and Tier 5 vest after five years of credited service, while the benefit known as Tier 3 vests after 10 years of credited service. Vested General members with Tier 1, Tier 2, Tier 4 or Tier 5 benefits may retire at age 50 or older with 10 or more years of membership with StanCERA or at any age with 30 or more years of credited service. Vested Safety members with Tier 1, Tier 2, Tier 4 or Tier 5 benefits may retire at age 50 or older with 10

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 18: **Employees' Retirement Plan** (continued)

years of membership with StanCERA or at any age with 20 or more years of credited service. All Tier 3 members may retire at age 55 with 10 or more years of credited service.

For members with Tier 1, Tier 4 or Tier 5 benefits, final average salary is the average monthly salary based on the highest twelve consecutive months of earnings. For members with Tier 2 or Tier 3 benefits, final average salary is the average monthly salary based on the highest thirty-six consecutive months of earnings.

The retirement benefit for Tier 1, Tier 2, Tier 4 and Tier 5 members includes a post-retirement cost-of-living (COL) adjustment based upon the Consumer Price Index. COL increases/decreases are limited to a maximum of 3% annually. Total COL decrease(s) cannot exceed the cumulative amount of previous COL increase(s). Tier 1, Tier 2, Tier 4 and Tier 5 provide death and disability benefits.

Those members participating in Tier 1, Tier 2, Tier 4 and Tier 5 are required by statute to contribute to the pension plan. Members' contribution rates are formulated on the basis of the age at date of entry and the actuarially calculated future benefits. The County is required by statute to contribute the remaining amounts necessary to finance the estimated benefits accrued to its members. Employer contribution rates vary from 6.44% to 20.95% of covered payroll and employee contributions rates vary from 2.97% to 15.55%.

Benefits and contribution provisions are established by state law subject to amendment only by a legislative act of the State of California. Alternative benefit and contribution schedules are permissive with approval of the Board of Supervisors.

StanCERA provides a death benefit of \$5,000 paid to the beneficiary or estate if a member dies after retirement, provided that Stanislaus County was the members' last public employer.

Ad-hoc benefits are non-vested benefits determined by the Board of Retirement. Approved changes to the excess earnings policy by the Board of Retirement on May 24, 2010 placed restrictions on offering ad-hoc benefits, specifically that the system must be 90% actuarially funded prior to the Board of Retirement offering any ad-hoc benefits. StanCERA is 78.10% actuarially funded as of June 30, 2011.

The County's contribution to StanCERA for the years ending June 30, 2010, 2011 and 2012 were \$19,253,308, \$26,256,729 and \$27,314,032, respectively, equal to the required contributions for each year. The County does not contribute towards post employment benefits other than retirement.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 18: **Employees' Retirement Plan** (continued)

Schedule of Funding Progress

Schedule of Funding Progress - Pension Benefit Plan
(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (Funding Excess) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | (UAAL) as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---|--|--------------------|---------------------|---|
| 6/30/2009 | \$ 1,171,767 | \$ 1,653,716 | \$ 481,949 | 70.9% | \$248,316 | 194.1% |
| 6/30/2010 | \$ 1,325,801 | \$ 1,737,824 | \$ 412,023 | 76.3% | \$231,538 | 178.0% |
| 6/30/2011 | \$ 1,372,046 | \$ 1,757,717 | \$ 385,671 | 78.1% | \$221,541 | 174.1% |

Data provided by last actuarial valuation as of July 1, 2011

Expressing StanCERA's benefits pension plan (the Plan) net assets as a percentage of the actuarial accrued liability (AAL) provides one indication of StanCERA's funding status on a going-concern basis. Analysis of this percentage over time will indicate whether the Plan is becoming financially stronger or weaker. As of the most current actuarial valuation completed for year ending June 30, 2011 this percentage was 78.10%. Trends in the unfunded actuarial accrued liability (UAAL) and annual covered payroll are both affected by inflation. Expressing the UAAL, as a percentage of annual covered payroll approximately adjusted for the effects of inflation, will also aid analysis of the Plan's progress made in accumulating sufficient assets to pay benefits when due. As of July 1, 2011 this percentage was 174.10%.

Note 19: **Other Post Employment Benefits (OPEB)**

Plan Description

Stanislaus County is a participant in the Stanislaus County Employees Retirement Association (StanCERA), a cost-sharing multiple-employer defined benefit public employee retirement system. StanCERA provides retirement benefits only. However, County retirees and active County employees are rated in the same pool to determine health insurance premiums. This ability for retirees to obtain coverage at active employee rates results in an economic benefit or implicit subsidy even though the retirees pay their entire premiums (substantive plan).

Funding Policy

The County makes no direct contributions to the StanCERA to fund the OPEB plan. The implicit subsidy is financed on a pay-as-you-go basis. The County does not intend to adopt a policy to pre-fund the implicit subsidy to retirees.

COUNTY OF STANISLAUS

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 19: **Other Post Employment Benefits (OPEB)** (continued)

Funding Policy (continued)

For fiscal year ended June 30, 2012 the County's annual OPEB cost (expense) of \$3,813,390 was equal to the annual required contribution (ARC). The net OPEB obligation for 2012 is as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--|---------------------|
| 6/30/2012 | \$ 3,813,390 | 74.5% | \$ 7,188,154 |

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 funded status of the plan as of June 30, 2012 was as follows:

Stanislaus County Employees Other Post employment Benefit (OPEB) Plan
Schedule of Funding Progress
(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets a | Actuarial Accrued Liability (AAL) Projected Unit Credit b | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll c | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-----------------------------|---|---------------------------|--------------------|-------------------|---|
| 7/1/2006 | \$ - | \$ 36,090,083 | \$36,090,083 | 0% | \$ 215,818,211 | 16.7% |
| 7/1/2008 | \$ - | \$ 40,174,546 | \$40,174,546 | 0% | \$ 222,013,314 | 18.1% |
| 7/1/2010 | \$ - | \$ 36,877,098 | \$36,877,098 | 0% | \$ 216,990,039 | 17.0% |

Data provided by last actuarial valuation as of July 1, 2010

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities 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 plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 19: **Other Post Employment Benefits (OPEB)** (continued)

Actuarial Methods and Assumptions (continued)

benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Based on the July 1, 2010 valuation, the actuarial cost was based on the Projected Unit Credit cost method. The actuarial assumptions include a five percent investment rate of return (net of administrative expenses). Healthcare costs are assumed to increase by 6% in 2012, 5% in 2013 and beyond. The Level Dollar amortization method is being used to accrue County's unfunded actuarial accrued liability over 30 years.

Note 20: **Subsequent Events**

Pension Reform

In September of 2012, the Governor signed into law AB 340 and AB 197, which many consider to be the most far-reaching pension reform in the history of the State of California. These laws mandate statewide pension reforms as of January 1, 2013. Also of note, in January 2011, Stanislaus County implemented significant pension changes for new hires which are similar to the pension reform actions taken by the State. These local actions act in a manner similar to the State reforms as they primarily impact new employees with the County.

The County is currently in the process of completing an evaluation of the impacts of pension reform and is working closely with the Stanislaus County Employees Retirement Association (StanCERA) to assure the County takes all the necessary steps to properly implement the changes required by this new State legislation. Based on a preliminary analysis, it is projected that pension reform will not have significant immediate impacts to the County's budget. However, it is anticipated it will be beneficial in later years as costs associated with employees hired into the system under lower benefit tiers are reflected in reduced levels of actuarial liability.

Property Tax Administration Fee

Property Tax Administrative Costs, also known as SB 2557 costs, became law in 1989-1990 to provide a formula for counties to be reimbursed for their costs for assessing, billing, collecting and distributing property taxes. The law was amended in 1991 through SB 75 and SB 282, repealing the provision allowing counties to charge schools. Not being able to fully recover costs from schools associated with administering the program places nearly a \$3.5 million annual strain on the County's General Fund.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 20: **Subsequent Events** (continued)

Property Tax Administration Fee (continued)

The 2004 State budget package included legislation that implemented what was called the “Triple Flip” and “VLF Swap.” These were complex actions that impacted how counties received revenues through unique property tax distributions. Counties had relied on sections of the 2004 legislation to charge cities for administrative services associated with implementation of these actions. In late 2012, the California State Supreme Court ruled in favor of cities who opposed the use of Triple Flip and VLF Swap in the County’s calculation of the annual property tax administration fee. The current negative impact to Stanislaus County based on the recent California State Supreme Court decision is a projected annual additional loss of \$800,000 for Fiscal Year 2012-2013. In addition to the annual impact, is not known whether the County will be compelled to provide refunds to cities for the fees which have now been overturned. This is a potential exposure that is being examined.

Patient Protection and Affordable Health Care Act

The Patient Protection and Affordable Care Act (PPACA) was signed into law by President Barack Obama on March 23, 2010. Most major provisions of the Act will take effect January 1, 2014. PPACA includes a wide range of components including health insurance exchanges, care subsidies, employer mandates and more.

The Stanislaus County government is both a provider of healthcare through its expansive outpatient health clinic system and a consumer of health care through provision of health insurance to thousands of covered lives in its self-funded medical program. The County is advocating that the implementation of PPACA provide for cost-effective healthcare of County uninsured patients. The County also advocates for an increase in competition among health providers with a resulting decrease in the cost of healthcare for employers.

A potential impact of the PPACA on the County is a possible decrease in reimbursement to the County’s clinic system causing an increasing financial deficit. The County is closely watching how implementation of the PPACA will occur and what the potential financial impacts might be. Another potential impact would be increased cost to the County from expanding access to health insurance to part-time County employees.

2012 Lease Refinancing

On July 24, 2012, the Board of Supervisors approved the refinancing of the Series A of 1998 Certificates of Participation (COP) through private placement financing with the Bank of the West. The refinancing is projected to reduce the County’s debt obligation in the amount of \$379,552, in present value dollars, for the remainder of the debt to maturity in 2018. As of fiscal year ending June 30, 2012, the principal amount remaining on the Series A of 1998 COP was \$10,365,000. The remaining principal and interest was paid off on August 1, 2012.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

Note 20: **Subsequent Events** (continued)

2012 Lease Refinancing (continued)

As a result of the refinancing, the County incurred long-term debt in the amount of \$8,687,050 to be re-paid by June 30, 2018. The principal and interest payments are due monthly with the first payment due September 1, 2012.

Stanislaus County Successor Agency

On October 26, 2012, the Stanislaus County Successor Agency (Successor Agency) submitted, and the Oversight Board approved, the Low and Moderate Income Housing Fund Due Diligence Review. The Due Diligence Review was reviewed by the Department of Finance on November 9, 2012. Based on the Review, the Stanislaus County Successor Agency was to distribute \$10,052,753 of the Low and Moderate Income Housing Fund (LIMF) to the affected taxing entities. The Successor Agency distributed the funds in January 2013.

Stanislaus Waste-to-Energy Financing Agency

On June 26, 2012, the Stanislaus County Board of Supervisors approved the amended agreement between County of Stanislaus and City of Modesto relating to the service agreement for supply and acceptance of solid waste. Per the amended agreement, the cash balance available as of July 1, 2012 was to be distributed to the County and City, 42% and 58%, respectively. Payments to the County and City were made in January 2013.

Required
Supplementary
Information

County of Stanislaus

Required Supplementary Information (Unaudited) For the Year Ended June 30, 2012

Stanislaus County Employees Retirement Association Schedule of Funding Progress – Pension Benefit Plan

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Liability (AAL) Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | (UAAL) as a Percentage of Covered Payroll |
|--------------------------|---------------------------|-------------------------------------|---------------------|--------------|-----------------|---|
| | (a) | (b) | (b-a) | (a/b) | (c) | ((b-a)/c) |
| 6/30/2004 | \$ 993,180 | \$ 1,035,345 | \$ 42,165 | 95.90% | \$ 199,963 | 21.10% |
| 6/30/2005 | \$ 1,049,691 | \$ 1,116,310 | \$ 66,619 | 94.00% | \$ 211,681 | 31.50% |
| 6/30/2006 | \$ 1,154,048 | \$ 1,329,375 | \$ 175,327 | 86.80% | \$ 212,011 | 82.70% |
| 6/30/2008 | \$ 1,317,167 | \$ 1,548,824 | \$ 231,657 | 85.00% | \$ 242,009 | 95.70% |
| 6/30/2009 | \$ 1,171,767 | \$ 1,653,716 | \$ 481,949 | 70.90% | \$ 248,316 | 194.10% |
| 6/30/2010 | \$ 1,325,801 | \$ 1,737,824 | \$ 412,023 | 76.30% | \$ 231,538 | 177.95% |
| 6/30/2011 | \$ 1,372,046 | \$ 1,757,717 | \$ 385,671 | 78.10% | \$ 221,541 | 174.10% |

Actuarial valuation was not performed for fiscal year June 30, 2007.

Data provided by last actuarial valuation as of June 30, 2011.

The actuarial valuation as of June 30, 2006 was revised due to changes in assumptions.

Stanislaus County Employees Other Post Employment Benefits (OPEB) Plan Schedule of Funding Progress

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Liability (AAL) Projected Unit Credit | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|---------------------------|---|---------------------|--------------|-----------------|---|
| | a | b | (b-a) | (a/b) | c | ((b-a)/c) |
| 7/1/2006 | \$ - | \$ 36,090,083 | \$36,090,083 | 0% | \$ 215,818,211 | 16.7% |
| 7/1/2008 | \$ - | \$ 40,174,546 | \$40,174,546 | 0% | \$ 222,013,314 | 18.1% |
| 7/1/2010 | \$ - | \$ 36,877,098 | \$36,877,098 | 0% | \$ 216,990,039 | 17.0% |

Source: Demsey, Filliger & Associates, LLC “County of Stanislaus Actuarial Valuation as of July 1, 2010 For the County’s Retiree Health Benefits Agreement with StanCERA”

Notes to the Required Supplementary Information

The schedule for StanCERA, a cost-sharing, multiple employer retirement system, relates to the association as a whole. The County represents approximately 87.38% of StanCERA’s covered payroll.

The OPEB schedule presented relates solely to the County.



Other
Supplementary
Information

Non-major
Governmental
Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Capital Projects Fund

Redevelopment Agency

The Redevelopment Agency Fund was established so the County can use redevelopment tax increment financing as a tool to initiate capital public project, property rehabilitation and private development. (See Note 2)

Capital Projects

The Capital Projects funds were established to account for financial resources for the acquisition or construction of major capital facilities.

Debt Service Funds

Debt service funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt service funds include:

Capital Improvement Financing Authority

The Capital Improvement Financing Authority is used to accumulate resources for payment of principal and interest incurred by the sale of Certificates of Participation issued to finance various capital projects.

Pension Obligation Bonds

This fund is used to accumulate resources for the payment of principal and interest of taxable bonds issued to pay the Employees Retirement Association the County's unfunded actuarial accrued liability.

Stanislaus County Tobacco Funding Corporation

This fund is used to account for the receipt and disbursement of tobacco securitization revenues from the State. The Stanislaus County Tobacco Funding Corporation acquired all the rights to the future County tobacco settlement payments and borrowed money secured by these tobacco payments.

**County of Stanislaus
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

| | Capital Projects Funds | | | Debt Service Funds | | | Totals |
|--|--------------------------|-------------------------|---------------------|---|--------------------------------|--|-----------------------|
| | Special Revenue Funds | Redevelopment Agency | Capital Projects | Capital Improvement Finance Authority | Pension Obligation Bonds | Stan County Tobacco Funding Corp | |
| Assets | | | | | | | |
| Cash and investments | \$ 80,873,454 | | \$ 8,111,979 | \$ 3,190,577 | | \$ 9,442 | \$ 92,185,452 |
| Investments with fiscal agent | | | | 6,242,354 | 22,390 | 4,812,658 | 11,077,402 |
| Account receivable (net of allowance for uncollectables) | 14,885,356 | | | | | 2,863,954 | 17,749,310 |
| Interest and other receivables | 215,897 | | 20,529 | 11,115 | | 33 | 247,574 |
| Interfund receivable | | | | | | | |
| Inventory | 414,994 | | | | | | 414,994 |
| Deferred charges | | | | | | | |
| Due from other funds | 634,757 | | | | | | 634,757 |
| Loans to other governments | | | | | | | |
| Prepaid items | 162,817 | | | | | | 162,817 |
| Advance to other funds | | | | | | | |
| Restricted cash and investments | | | | | | | |
| Total assets | <u>\$ 97,187,275</u> | | <u>\$ 8,132,508</u> | <u>\$ 9,444,046</u> | <u>\$ 22,390</u> | <u>\$ 7,686,087</u> | <u>\$ 122,472,306</u> |
| Liabilities and Fund Balance | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 6,567,764 | | \$ 1,982,302 | | \$ 5,595 | \$ 2,863,954 | \$ 11,419,615 |
| Salaries and benefits payable | 2,206,984 | | 24,596 | | | | 2,231,580 |
| Sales tax liability | 797 | | | | | | 797 |
| Due to other funds | 1,010,341 | | | | 25,511 | | 1,035,852 |
| Deposits from enterprise funds | | | | | | | |
| Due to other governments | | | | | | | |
| Interfund payable | | | | | | | |
| Compensated absences / current | | | | | | | |
| Deposits from others | | | | | | | |
| Deferred revenue | 1,682,897 | | | | | | 1,682,897 |
| Advances from other funds | 100,000 | | | | | | 100,000 |
| Total Liabilities | <u>11,568,783</u> | | <u>2,006,898</u> | | <u>31,106</u> | <u>2,863,954</u> | <u>16,470,741</u> |
| Fund Balances | | | | | | | |
| Non-spendable | 589,295 | | | | | | 589,295 |
| Restricted | 71,915,997 | | | 9,404,184 | 22,390 | 4,812,658 | 86,155,229 |
| Committed | 1,257,059 | | 561,925 | | | | 1,818,984 |
| Assigned | 13,134,426 | | 5,563,685 | 39,862 | (230) | 9,475 | 18,747,218 |
| Unassigned | (1,278,285) | | | | (30,876) | | (1,309,161) |
| Total fund balances | <u>85,618,492</u> | | <u>6,125,610</u> | <u>9,444,046</u> | <u>(8,716)</u> | <u>4,822,133</u> | <u>106,001,565</u> |
| Total liabilities and fund balances | <u>\$ 97,187,275</u> | | <u>\$ 8,132,508</u> | <u>\$ 9,444,046</u> | <u>\$ 22,390</u> | <u>\$ 7,686,087</u> | <u>\$ 122,472,306</u> |

County of Stanislaus
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2012

| | Capital Projects Funds | | | Debt Service Funds | | | Totals |
|--|--------------------------|-------------------------|---------------------|---|--------------------------------|--|----------------|
| | Special Revenue Funds | Redevelopment Agency | Capital Projects | Capital Improvement Finance Authority | Pension Obligation Bonds | Stan County Tobacco Funding Corp | |
| Revenues: | | | | | | | |
| Taxes | \$ 10,642,900 | \$ 2,611,402 | \$ | \$ | \$ | \$ | \$ 13,254,302 |
| Licenses, permits and franchises | 1,259,419 | | | | | | 1,259,419 |
| Fines, forfeitures and penalties | 1,601,815 | | 1,436,043 | | | | 3,037,858 |
| Revenue from use of money and property | 716,816 | 92,164 | 70,191 | 270,346 | | 300,284 | 1,449,801 |
| Intergovernmental revenue | 144,882,693 | 41,122 | 2,572,779 | | 984,727 | | 148,481,321 |
| Charges for services | 31,234,132 | | 85,950 | | | | 31,320,082 |
| Miscellaneous revenue | 841,474 | | 58,546 | | | 4,604,626 | 5,504,646 |
| Total revenues | 191,179,249 | 2,744,688 | 4,223,509 | 270,346 | 984,727 | 4,904,910 | 204,307,429 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 547,014 | | | | | | 547,014 |
| Public protection | 41,339,661 | | | | | | 41,339,661 |
| Public ways and facilities | 29,198,761 | | | | | | 29,198,761 |
| Health and sanitation | 40,029,703 | | | | | | 40,029,703 |
| Public assistance | 71,683,484 | | | | | | 71,683,484 |
| Education | 7,615,766 | | | | | | 7,615,766 |
| Recreation and cultural services | 473,160 | | | | | | 473,160 |
| Capital outlay | | 205,765 | 13,521,489 | | | | 13,727,254 |
| Debt service: | | | | | | | |
| Interest and fiscal charges | | 889,990 | | 3,183,697 | 1,896,475 | 3,270,015 | 9,240,177 |
| Principal | | 693,789 | | 8,011,231 | 9,565,000 | 1,600,000 | 19,870,020 |
| Total expenditures | 190,887,549 | 1,789,544 | 13,521,489 | 11,194,928 | 11,461,475 | 4,870,015 | 233,725,000 |
| Revenues over (under) expenditures | 291,700 | 955,144 | (9,297,980) | (10,924,582) | (10,476,748) | 34,895 | (29,417,571) |
| Other financing sources (uses): | | | | | | | |
| Capital lease proceeds | | | | | | | |
| Loan proceeds | | | | | | | |
| Transfers in | 22,603,471 | | 4,392,356 | 10,185,425 | 10,573,747 | | 47,754,999 |
| Transfers out | (4,654,711) | | (684,053) | (41,912) | | | (5,380,676) |
| Sale of fixed assets | 5,707 | | | | | | 5,707 |
| Proceeds of tobacco securitization | | | | | | | |
| Total other financing sources (uses) | 17,954,467 | | 3,708,303 | 10,143,513 | 10,573,747 | | 42,380,030 |
| Extraordinary Item | | | | | | | |
| Amount due to Successor Agency | | (19,421,089) | | | | | (19,421,089) |
| Net changes in fund balances | 18,246,167 | (18,465,945) | (5,589,677) | (781,069) | 96,999 | 34,895 | (6,458,630) |
| Fund balances -- beginning | 67,372,325 | 18,465,945 | 11,715,287 | 10,225,115 | (105,715) | 4,787,238 | 112,460,195 |
| Prior period adjustment | | | | | | | |
| Fund balances at beginning of year, as restated | 67,372,325 | 18,465,945 | 11,715,287 | 10,225,115 | (105,715) | 4,787,238 | 112,460,195 |
| Fund balances -- ending | \$ 85,618,492 | \$ | \$ 6,125,610 | \$ 9,444,046 | \$ (8,716) | \$ 4,822,133 | \$ 106,001,565 |

Non-major
Special Revenue
Funds

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. Special revenue funds include:

Environmental Resources

This fund was established as a Comprehensive Environmental Department whose mandated goal was to control those factors in our physical environment, which exercise or may exercise a deleterious effect on our health and environment. Its revenues come from charges for services and federal and state sources.

Children and Families Commission

This fund was established to account for a comprehensive system of services to support childhood development from the prenatal stage to five years of age. Its revenues come from an increase in the tobacco tax. The tax is divided among the counties based in the annual number of live births.

Public Works – Engineering

This fund was established to provide engineering services to other divisions in the Public Works Department and other County departments. Revenue consists primarily of charges for services.

Road and Bridge

This fund was established to provide maintenance and construction of roadways and bridges. Revenue consists primarily of the County's share of state highway users taxes and is supplemented by federal funds, vehicle code fines, and reimbursements for services provided.

Employment and Training

This fund was established to account for the Workforce Incentive Act. The County serves as the grant recipient and administrator. The federal government funds the program for the purposes of providing employment and training services to youth and adults, who are unskilled, economically disadvantaged, unemployed, or underemployed.

Child Support Services

This fund was established to account for the Department of Child Support Services, which is responsible for locating absent parents, establishing paternity, establishing child and medical support orders, collecting and distributing child support from absent parents and initiating remedial actions to collect on delinquencies. Federal and state funding are the primary source of revenues.

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

Public Authority

This fund was established to operate as the Employer of Record for In-Home Supportive Service Providers (Providers). The Public Authority negotiates with the union for wages and benefits for Providers, operates a registry and conducts background checks on Providers.

Health Services Agency

This fund was established to oversee the delivery of health care to Stanislaus County residents. It includes the Public Health and Managed Care divisions and oversees the Health Clinics and Ancillary Services (enterprise fund). The revenues for this fund are primarily intergovernmental sources and charges for services, supplemented by transfers from the General Fund.

Indigent Health Care

This fund was established to administer state and county funds for the delivery for quality medical care for indigent and medically indigent county residents. The primary funding source is the State.

Library

This fund was established to account for library services in thirteen branches throughout the county. Support is derived principally from 1/8% sales tax increment beginning in July 1995, and from general fund discretionary revenues.

Lighting Districts

This fund was established for lighting districts that are controlled by the Board of Supervisors. The revenue sources are property taxes and direct assessments.

All Other Special Revenue Funds

Accounts for the activities of several special revenue funds, including:

- Area Agency on Aging
- Federal & State Grants
- County Service Areas
- Storm Drain Districts
- Landscape and Lighting Districts
- County Fire Service

**County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012**

| | Environmental Resources | Children and Families Commission | Public Works Engineering | Road and Bridge | Employment and Training | Child Support Services | Public Authority |
|---|----------------------------|--|--------------------------------|-----------------------|-------------------------------|------------------------------|---------------------|
| Assets | | | | | | | |
| Cash and investments | \$ 5,779,698 | \$ 12,976,699 | \$ 2,394,296 | \$ 17,838,321 | \$ 89,289 | \$ 1,552,962 | \$ |
| Cash with fiscal agent | | | | | | | |
| Tax receivable | | | | | | | |
| Account receivable (net of allowance for uncollectables) | 794,143 | 1,010,894 | 51,051 | 895,307 | 1,331,389 | 287,432 | 1,793,213 |
| Interest and other receivables | 7,283 | 50,659 | | 75,988 | | 9,795 | |
| Intergovernmental receivable | | | | | | | |
| Interfund receivable | | | | | | | |
| Inventory | | | | 312,460 | | | |
| Deferred charges | | | | | | | |
| Due from other funds | 38,077 | | | | | | 22,707 |
| Advance to other governments | | | | | | | |
| Prepaid items | | | | | | | |
| Advance to other funds | | | | | | | |
| Total assets | \$ 6,619,201 | \$ 14,038,252 | \$ 2,445,347 | \$ 19,122,076 | \$ 1,420,678 | \$ 1,850,189 | \$ 1,815,920 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 199,920 | \$ 941,516 | \$ 122,945 | \$ 858,101 | \$ 577,488 | \$ 26,295 | \$ 437,018 |
| Salaries and benefits payable | 180,490 | 19,332 | 180,073 | 133,832 | 206,577 | 370,706 | |
| Sales Tax Liability | | | | | | | |
| Interfund payable | | | | | | | |
| Due to other funds | | | | | | | 16,644 |
| Compensated absences / current | | | | | | | |
| Deposits from others | | | | | | | |
| Deposits from enterprise funds | | | | | | | |
| Seized Assets | | | | | | | |
| Deferred revenue | | | | | | | 1,390,896 |
| Advances from other funds | | | | | | | |
| Total Liabilities | 380,410 | 960,848 | 303,018 | 991,933 | 784,065 | 397,001 | 1,844,558 |
| Fund Balances | | | | | | | |
| Reserved for: | | | | | | | |
| Non Spendable | 800 | | 300 | 312,460 | | 100 | |
| Restricted | 6,057,714 | 12,711,186 | 396,246 | 17,606,955 | 505,922 | 1,345,155 | 83,924 |
| Committed | | | | | | | |
| Assigned | 180,277 | 366,218 | 1,745,783 | 210,728 | 130,691 | 107,933 | |
| Unassigned | | | | | | | |
| Reserved for advances | | | | | | | |
| Other | | | | | | | |
| Net assets-invested in capital | | | | | | | |
| Unreserved: | | | | | | | |
| Unassigned | | | | | | | (112,562) |
| Total fund balances | 6,238,791 | 13,077,404 | 2,142,329 | 18,130,143 | 636,613 | 1,453,188 | (28,638) |
| Total liabilities and fund balances | \$ 6,619,201 | \$ 14,038,252 | \$ 2,445,347 | \$ 19,122,076 | \$ 1,420,678 | \$ 1,850,189 | \$ 1,815,920 |

**County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2012**

| | Health Services Agency | Indigent Health Care | Library | Lighting Districts | All Other Special Revenue Funds | Totals | |
|----|------------------------------|----------------------------|---------------------|-----------------------|---------------------------------------|----------------------|---|
| \$ | 2,216,252 | \$ | \$ 5,393,303 | \$ 170,448 | \$ 32,462,186 | \$ 80,873,454 | Assets |
| | | | | | | | Cash and investments |
| | | | | | | | Cash with fiscal agent |
| | | | | | | | Tax receivable |
| | 3,230,274 | 561,218 | 962,869 | | 3,967,566 | 14,885,356 | Account receivable (net of allowance for uncollectables) |
| | 3,959 | 2,930 | | 482 | 64,801 | 215,897 | Interest and other receivables |
| | | | | | | | Intergovernmental receivable |
| | | | | | | | Interfund receivable |
| | 102,534 | | | | | 414,994 | Inventory |
| | 167,821 | 406,152 | | | | 634,757 | Deferred charges |
| | | | | | | | Due from other funds |
| | 159,984 | 33 | | | 2,800 | 162,817 | Advance to other governments |
| | | | | | | | Prepaid items |
| | | | | | | | Advance to other funds |
| \$ | <u>5,880,824</u> | \$ <u>970,333</u> | \$ <u>6,356,172</u> | \$ <u>170,930</u> | \$ <u>36,497,353</u> | \$ <u>97,187,275</u> | Total assets |
| | | | | | | | Liabilities and Fund Balances |
| | | | | | | | Liabilities |
| \$ | 1,322,532 | \$ 1,080,513 | \$ 62,949 | \$ 14,952 | \$ 923,535 | \$ 6,567,764 | Accounts payable |
| | 682,463 | 80,108 | 183,182 | | 170,221 | 2,206,984 | Salaries and benefits payable |
| | | | | | 797 | 797 | Sales Tax Liability |
| | | | | | | | Interfund payable |
| | 43,446 | 950,251 | | | | 1,010,341 | Due to other funds |
| | | | | | | | Compensated absences / current |
| | | | | | | | Deposits from others |
| | | | | | | | Deposits from enterprise funds |
| | | | | | | | Seized Assets |
| | 269,654 | | | | 22,347 | 1,682,897 | Deferred revenue |
| | | | | | 100,000 | 100,000 | Advances from other funds |
| | <u>2,318,095</u> | <u>2,110,872</u> | <u>246,131</u> | <u>14,952</u> | <u>1,216,900</u> | <u>11,568,783</u> | Total Liabilities |
| | | | | | | | Fund Balances |
| | | | | | | | Reserved for: |
| | 266,067 | 83 | 1,485 | | 8,000 | 589,295 | Non Spendable |
| | 3,250,580 | 9,478 | 5,934,693 | 154,442 | 23,859,702 | 71,915,997 | Restricted |
| | | | | | 1,257,059 | 1,257,059 | Committed |
| | 46,082 | 15,623 | 173,863 | 1,536 | 10,155,692 | 13,134,426 | Assigned |
| | | | | | | | Unassigned |
| | | | | | | | Reserved for advances |
| | | | | | | | Other |
| | | | | | | | Net assets-invested in capital |
| | | | | | | | Unreserved: |
| | | (1,165,723) | | | | (1,278,285) | Unassigned |
| | <u>3,562,729</u> | <u>(1,140,539)</u> | <u>6,110,041</u> | <u>155,978</u> | <u>35,280,453</u> | <u>85,618,492</u> | Total fund balances |
| \$ | <u>5,880,824</u> | \$ <u>970,333</u> | \$ <u>6,356,172</u> | \$ <u>170,930</u> | \$ <u>36,497,353</u> | \$ <u>97,187,275</u> | Total liabilities and fund balances |

County of Stanislaus
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2012

| | Environmental Resources | Children and Families Commission | Public Works Engineering | Road and Bridge | Employment and Training | Child Support Services | Public Authority |
|--|----------------------------|--|--------------------------------|-----------------------|-------------------------------|------------------------------|---------------------|
| Revenues: | | | | | | | |
| Taxes | \$ | \$ | \$ | \$ 1,453,058 | \$ | \$ | \$ |
| Licenses, permits and franchises | | | 1,230,581 | 20,244 | | | |
| Fines, forfeitures and penalties | 49,251 | | | | | | |
| Revenue from use of money and property | 19,283 | 147,519 | | 248,074 | | 35,379 | 342 |
| Intergovernmental revenue | 935,638 | 5,700,845 | 141,155 | 22,902,628 | 10,223,661 | 17,887,323 | 50,457,795 |
| Charges for services | 6,672,183 | | 4,701,000 | 418,260 | 4,946,827 | | |
| Miscellaneous revenue | 18,223 | 8,000 | 2,146 | 12,778 | 318,981 | 21 | |
| Total revenues | <u>7,694,578</u> | <u>5,856,364</u> | <u>6,074,882</u> | <u>25,055,042</u> | <u>15,489,469</u> | <u>17,922,723</u> | <u>50,458,137</u> |
| Expenditures: | | | | | | | |
| General | | 527,840 | | | | | |
| Public protection | 7,499,109 | | 1,793,954 | | | 13,785,243 | |
| Public ways and facilities | | | 4,567,387 | 24,631,374 | | | |
| Health and sanitation | | (1,543,451) | | | | | |
| Public assistance | | | | | 15,024,948 | | 53,414,548 |
| Education | | (408) | | | | | |
| Recreation and cultural services | | | | | | | |
| Debt Service: | | | | | | | |
| Interest and fiscal charges | | | | | | | |
| Principal | | | | | | | |
| Total expenditures | <u>7,499,109</u> | <u>(1,016,019)</u> | <u>6,361,341</u> | <u>24,631,374</u> | <u>15,024,948</u> | <u>13,785,243</u> | <u>53,414,548</u> |
| Revenues over (under) expenditures | <u>195,469</u> | <u>6,872,383</u> | <u>(286,459)</u> | <u>423,668</u> | <u>464,521</u> | <u>4,137,480</u> | <u>(2,956,411)</u> |
| Other financing sources (uses): | | | | | | | |
| Capital lease proceeds | | | | | | | |
| Loan proceeds | | | | | | | |
| Transfers in | 1,036,234 | | 685,307 | 795,530 | | | 2,843,864 |
| Transfers out | (176,832) | (20,196) | (158,207) | (1,443,869) | (181,595) | (343,080) | |
| Proceeds of tobacco securitization | | | | | | | |
| Sale of fixed assets | 2,650 | | 3,057 | | | | |
| Payment to refunded bond escrow ager | | | | | | | |
| Total other financing sources (uses) | <u>862,052</u> | <u>(20,196)</u> | <u>530,157</u> | <u>(648,339)</u> | <u>(181,595)</u> | <u>(343,080)</u> | <u>2,843,864</u> |
| Net change in fund balance | 1,057,521 | 6,852,187 | 243,698 | (224,671) | 282,926 | 3,794,400 | (112,547) |
| Fund balances -- beginning | 5,181,270 | 6,225,217 | 1,898,631 | 18,354,814 | 353,687 | (2,341,212) | 83,909 |
| Prior period adjustment | | | | | | | |
| Cumulative effect of change in accounting principle | | | | | | | |
| Fund balances -- ending | <u>\$ 6,238,791</u> | <u>13,077,404</u> | <u>\$ 2,142,329</u> | <u>\$ 18,130,143</u> | <u>\$ 636,613</u> | <u>\$ 1,453,188</u> | <u>\$ (28,638)</u> |

County of Stanislaus
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
June 30, 2012

| Health Services Agency | Indigent Health Care | Library | Lighting Districts | All Other Special Revenue Funds | Totals | |
|------------------------------|----------------------------|---------------------|-----------------------|---------------------------------------|----------------------|--|
| \$ | \$ | \$ | \$ | \$ | \$ | Revenues: |
| | | 8,072,492 | 60,375 | 1,056,975 | 10,642,900 | Taxes |
| 8,594 | | | | | 1,259,419 | Licenses, permits and franchises |
| 152,940 | 971,404 | | | 428,220 | 1,601,815 | Fines, forfeitures and penalties |
| | | | | | 716,816 | Revenue from use of money and property |
| 15,265 | 11,544 | 4,000 | 1,436 | 233,974 | 144,882,693 | Intergovernmental revenue |
| 11,854,484 | 2,609,132 | 9,582 | 686 | 22,159,764 | 31,234,132 | Charges for services |
| 9,894,521 | 683,275 | 283,015 | 270,815 | 3,364,236 | 841,474 | Miscellaneous revenue |
| 237,554 | 61,601 | 107,687 | 1 | 74,482 | | Total revenues |
| <u>22,163,358</u> | <u>4,336,956</u> | <u>8,476,776</u> | <u>333,313</u> | <u>27,317,651</u> | <u>191,179,249</u> | |
| | | | | 19,174 | 547,014 | Expenditures: |
| | | | | | 41,339,661 | General |
| | | | 308,853 | 17,952,502 | 29,198,761 | Public protection |
| 24,803,999 | 16,769,155 | | | | 40,029,703 | Public ways and facilities |
| | | | | 3,243,988 | 71,683,484 | Health and sanitation |
| | | 7,610,644 | | 5,530 | 7,615,766 | Public assistance |
| | | | | 473,160 | 473,160 | Education |
| | | | | | | Recreation and cultural services |
| | | | | | | Debt Service: |
| | | | | | | Interest and fiscal charges |
| | | | | | | Principal |
| <u>24,803,999</u> | <u>16,769,155</u> | <u>7,610,644</u> | <u>308,853</u> | <u>21,694,354</u> | <u>190,887,549</u> | Total expenditures |
| <u>(2,640,641)</u> | <u>(12,432,199)</u> | <u>866,132</u> | <u>24,460</u> | <u>5,623,297</u> | <u>291,700</u> | Revenues over (under) expenditures |
| | | | | | | Other financing sources (uses): |
| | | | | | | Capital lease proceeds |
| | | | | | | Loan proceeds |
| 3,632,217 | 11,666,809 | 691,810 | | 1,251,700 | 22,603,471 | Transfers in |
| (555,697) | (75,244) | (138,627) | | (1,561,364) | (4,654,711) | Transfers out |
| | | | | | 5,707 | Proceeds of tobacco securitization |
| | | | | | | Sale of fixed assets |
| | | | | | | Payment to refunded bond escrow agent |
| <u>3,076,520</u> | <u>11,591,565</u> | <u>553,183</u> | | <u>(309,664)</u> | <u>17,954,467</u> | Total other financing sources (uses) |
| 435,879 | (840,634) | 1,419,315 | 24,460 | 5,313,633 | 18,246,167 | Net change in fund balance |
| 3,126,850 | (299,905) | 4,690,726 | 131,518 | 29,966,820 | 67,372,325 | Fund balances -- beginning |
| | | | | | | Prior period adjustment |
| | | | | | | Cumulative effect of change in accounting principle |
| | | | | | | Adjustments |
| <u>\$ 3,562,729</u> | <u>\$ (1,140,539)</u> | <u>\$ 6,110,041</u> | <u>\$ 155,978</u> | <u>\$ 35,280,453</u> | <u>\$ 85,618,492</u> | Fund balances -- ending |



Non-major
Enterprise
Funds

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are established to account for the financing of self-supporting activities of governmental units, which render services on a user-charge basis to the general public.

County Transit System

This fund was established to account for the operation of a transit system within the county which performs intra-city transit service, medical transportation, and Senior Opportunity Services Program's nutrition deliveries. Revenues are generated from state grants and fees to transit users.

Geer Road Sanitary Landfill

The Geer Road Sanitary Landfill Fund was established to account for the operation of Geer Road Sanitary Landfill, which provided a dumping site for the disposal of solid wastes. The landfill was closed in July 1990 and is jointly owned with the City of Modesto.

Inmate Welfare/Commissary

This fund was established to account for the activity of the Jail Commissary and the use of revenue generated from the sale of goods for the benefit of inmates.

County of Stanislaus
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012

| | County Transit System | Geer Road Sanitary Landfill | Inmate Welfare/ Commissary | Total |
|---|-----------------------------|-----------------------------------|----------------------------------|---------------------|
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and investments | \$ 4,228,755 | \$ 4,561 | \$ 483,822 | \$ 4,717,138 |
| Accounts receivable, net | 371,460 | | 48,460 | 419,920 |
| Interest and other receivables | 16,453 | 7,249 | 1,304 | 25,006 |
| Inventory | | | 12,476 | 12,476 |
| Amount on deposit with expendable trust | | | | |
| Deposit with others | | | | |
| Due from other funds | | | | |
| Prepaid items | | | | |
| Total current assets | <u>4,616,668</u> | <u>11,810</u> | <u>546,062</u> | <u>5,174,540</u> |
| Noncurrent assets: | | | | |
| Deferred charges | | | | |
| Restricted cash and investments | | 2,431,706 | | 2,431,706 |
| Capital assets: | | | | |
| Land and right of ways | | 1,906,261 | | 1,906,261 |
| Building and improvements | 131,545 | | 216,731 | 348,276 |
| Equipment | 5,617,292 | | 144,907 | 5,762,199 |
| Construction in progress | 124,354 | | | 124,354 |
| Less: Accumulated depreciation | <u>(2,736,451)</u> | | <u>(192,953)</u> | <u>(2,929,404)</u> |
| Total noncurrent assets | <u>3,136,740</u> | <u>4,337,967</u> | <u>168,685</u> | <u>7,643,392</u> |
| Total assets | <u>7,753,408</u> | <u>4,349,777</u> | <u>714,747</u> | <u>12,817,932</u> |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Accounts payable | 408,407 | 242,023 | 32,308 | 682,738 |
| Salaries and benefits payable | 11,472 | | 6,323 | 17,795 |
| Due to other governments | | | | |
| Due to other funds | | | | |
| Advances from other funds | | | | |
| Interfund payable | | | | |
| Deposits from others | | | | |
| Current portion of capital lease | | | | |
| Compensated absences - current | 2,712 | | 468 | 3,180 |
| Total current liabilities | <u>422,591</u> | <u>242,023</u> | <u>39,099</u> | <u>703,713</u> |
| Noncurrent liabilities | | | | |
| Estimated cost of closure/postclosure | | 4,107,998 | | 4,107,998 |
| Other post-employment benefits (OPEB) | 6,697 | | 16,943 | 23,640 |
| Compensated absences | 30,344 | | 15,202 | 45,546 |
| Long term obligation | | | | |
| Capital lease payable | | | | |
| Total noncurrent liabilities | <u>37,041</u> | <u>4,107,998</u> | <u>32,145</u> | <u>4,177,184</u> |
| Total liabilities | <u>459,632</u> | <u>4,350,021</u> | <u>71,244</u> | <u>4,880,897</u> |
| NET ASSETS: | | | | |
| Invested in capital assets, net of related debt | 3,136,740 | 1,906,261 | 168,685 | 5,211,686 |
| Restricted | | 2,488,359 | | 2,488,359 |
| Unrestricted | <u>4,157,036</u> | <u>(4,394,864)</u> | <u>474,818</u> | <u>236,990</u> |
| Total net assets | <u>\$ 7,293,776</u> | <u>\$ (244)</u> | <u>\$ 643,503</u> | <u>\$ 7,937,035</u> |

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Asset
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2012

| | County Transit System | Geer Road Sanitary Landfill | Inmate Welfare/ Commissary | Total |
|---|-----------------------------|-----------------------------------|----------------------------------|---------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 465,004 | \$ 80 | \$ 1,369,506 | \$ 1,834,590 |
| Total operating revenues | <u>465,004</u> | <u>80</u> | <u>1,369,506</u> | <u>1,834,590</u> |
| Operating expenses: | | | | |
| Salaries and benefits | 370,683 | | 223,020 | 593,703 |
| Services and supplies | 3,352,217 | | 992,772 | 4,344,989 |
| Depreciation | 539,706 | | 23,792 | 563,498 |
| Total operating expenses | <u>4,262,606</u> | <u></u> | <u>1,239,584</u> | <u>5,502,190</u> |
| Operating income (loss) | <u>(3,797,602)</u> | <u>80</u> | <u>129,922</u> | <u>(3,667,600)</u> |
| Nonoperating revenues (expenses) | | | | |
| Investment income | 65,263 | 20,264 | 5,142 | 90,669 |
| (Loss) on sale of fixed assets | (4,009) | | | (4,009) |
| Intergovernmental | 4,474,612 | | | 4,474,612 |
| Total nonoperating revenues (expenses) | <u>4,535,866</u> | <u>20,264</u> | <u>5,142</u> | <u>4,561,272</u> |
| Income before contributions and transfers | 738,264 | 20,344 | 135,064 | 893,672 |
| Capital contributions | | | | |
| Transfers in | | 721,400 | | 721,400 |
| Transfers out | (10,683) | | (3,815) | (14,498) |
| Change in net assets | <u>727,581</u> | <u>741,744</u> | <u>131,249</u> | <u>1,600,574</u> |
| Total net assets - beginning | 6,566,195 | (741,988) | 512,254 | 6,336,461 |
| Total net assets - ending | <u>\$ 7,293,776</u> | <u>\$ (244)</u> | <u>\$ 643,503</u> | <u>\$ 7,937,035</u> |

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal service funds were established to finance and account for the services and commodities furnished by a designated agency of a governmental unit to other departments of the same governmental unit. Since the services and commodities are supplied exclusively to other departments of a governmental jurisdiction, they are distinguishable from the public services which are rendered to the public in general and which are accounted for in general, special revenue, or enterprise funds.

General Liability Insurance

This fund is a risk management fund which was established to account for administrative cost, insurance premiums and the cost of claims for the County's property damage, general liability, auto liability, fiduciary, bonds, dishonesty, and legal defense. Revenues are generated by premiums paid by other funds and interest on investments.

Unemployment Insurance

This fund is a risk management fund which accounts for administrative cost and cost for the County's unemployment claims. Revenues are generated by premiums paid by other funds and interest on investments.

Workers' Compensation Insurance

This fund is a risk management fund which accounts for administrative cost, loss control and cost of Workers' Compensation claims and benefits. Revenues are generated by premiums paid by other funds and interest on investments.

Medical Self-Insurance

This fund is a risk management fund to account for the cost of County health benefit claims. Revenues are generated by premiums paid by other funds.

Other Employee Benefits

This fund is a risk management fund to account for employee benefits such as basic life insurance, long-term disability insurance and deferred compensation. Revenues are generated by premiums paid by other funds and interest on investments.

Dental Insurance

This fund is a risk management fund to account for administrative cost and the cost for the County's employee dental claims. Revenues are generated by premiums paid by other funds and interest on investments.

INTERNAL SERVICE FUNDS (Continued)

Vision Care Insurance

This fund is a risk management fund to account for administrative cost and the cost for the County's employee vision care claims. Revenues are generated by premiums paid by other funds and interest on investments.

Professional Liability Insurance

This fund is a risk management fund to account for the purchase of insurance and the cost of claims for medical malpractice cases, administrative costs and legal defense. Revenues are generated by premiums paid predominantly by the Health Services Agency Clinics and Ancillary Services Enterprise Fund, and interest on investments.

Central Services

This fund was established to account for the cost of issuing supplies and food items, printing, duplication, postage, mail room service, and messenger service. Revenues are generated based on billings for services provided.

Fleet Services

This fund was established to account for the cost of maintaining all County-owned automobiles, trucks, and heavy equipment for County departments. Revenues are based on fee charges for services provided.

Technology and Communications

This fund was established to account for the costs of providing information services, computer processing and communication services. Revenues are based on billings to customers for services provided.

Morgan Shop Garage

This fund was established to account for the cost of maintaining Public Works light and heavy equipment. Revenues are based on fee charges for services provided.

Facility Maintenance

This fund was established to account for the costs of providing maintenance on all County buildings. Revenues are based on fee charges for services provided.

County of Stanislaus
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

| | Self Insurance funds | | | | | | |
|--|-----------------------------------|---------------------------|---------------------------------------|---------------------------|-------------------------------|---------------------|-----------------------------|
| | General Liability Insurance | Unemployment Insurance | Workers' Compensation Insurance | Medical Self-Insurance | Other Employee Benefits | Dental Insurance | Vision Care Insurance |
| ASSETS: | | | | | | | |
| Cash and investments | \$ 2,272,862 | \$ 1,132,327 | \$ 20,362,113 | \$ 7,023,441 | \$ 289,901 | \$ 1,343,687 | \$ 928,414 |
| Accounts receivable, net | 202,866 | | 38,895 | 230,172 | | | |
| Interest and other receivables | 8,994 | 3,687 | 70,883 | | | 4,466 | 3,234 |
| Inventory | | | | | | | |
| Deposit with others | | | 500,000 | | | | |
| Due from other funds | | | | | | | |
| Prepaid items | 2,250 | | | | | | |
| Total current assets | <u>2,486,972</u> | <u>1,136,014</u> | <u>20,971,891</u> | <u>7,253,613</u> | <u>289,901</u> | <u>1,348,153</u> | <u>931,648</u> |
| Capital assets: | | | | | | | |
| Intangible assets | | | | | | | |
| Structures and improvements | | | | | | | |
| Equipment | | | | | | | |
| Less: Accumulated depreciation | | | | | | | |
| Net capital assets | | | | | | | |
| Total assets | <u>2,486,972</u> | <u>1,136,014</u> | <u>20,971,891</u> | <u>7,253,613</u> | <u>289,901</u> | <u>1,348,153</u> | <u>931,648</u> |
| LIABILITIES: | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable | 141,352 | 248,002 | 57,485 | 1,163,343 | 2,303 | 133,916 | 38,875 |
| Salaries and benefits payable | | | | | | | |
| Interfund payable | | | | | | | |
| Due to other funds | | | | | | | |
| Deposits from others | | | | | | | |
| Risk management liability-current | 1,571,509 | 248,001 | 4,278,757 | 5,711,000 | | 225,658 | 44,754 |
| Capital lease - current | | | | | | | |
| Compensated absences - current | | | | | | | |
| Total current liabilities | <u>1,712,861</u> | <u>496,003</u> | <u>4,336,242</u> | <u>6,874,343</u> | <u>2,303</u> | <u>359,574</u> | <u>83,629</u> |
| Noncurrent liabilities | | | | | | | |
| Risk management liability | 2,934,491 | | 17,044,242 | | | | |
| Capital leases payable | | | | | | | |
| Other post-employment benefits | | | | | | | |
| Compensated absences | | | | | | | |
| Total noncurrent liabilities | <u>2,934,491</u> | | <u>17,044,242</u> | | | | |
| Total liabilities | <u>4,647,352</u> | <u>496,003</u> | <u>21,380,484</u> | <u>6,874,343</u> | <u>2,303</u> | <u>359,574</u> | <u>83,629</u> |
| NET ASSETS (DEFICIT) : | | | | | | | |
| Invested in capital assets, net of related debt | | | | | | | |
| Unrestricted | <u>(2,160,380)</u> | <u>640,011</u> | <u>(408,593)</u> | <u>379,270</u> | <u>287,598</u> | <u>988,579</u> | <u>848,019</u> |
| Total net assets (deficit) | <u>\$ (2,160,380)</u> | <u>\$ 640,011</u> | <u>\$ (408,593)</u> | <u>\$ 379,270</u> | <u>\$ 287,598</u> | <u>\$ 988,579</u> | <u>\$ 848,019</u> |

County of Stanislaus
Combining Statement of Net Assets (Continued)
Internal Service Funds
June 30, 2012

| <u>Self Insurance funds</u> | | | | | | | |
|---|-------------------------|-----------------------|--------------------------------------|---------------------------|-----------------------------|----------------------|-----------------------------------|
| <u>Professional Liability Insurance</u> | <u>Central Services</u> | <u>Fleet Services</u> | <u>Technology and Communications</u> | <u>Morgan Shop Garage</u> | <u>Facility Maintenance</u> | <u>Total</u> | |
| \$ 1,858,124 | \$ 215,890 | \$ 332,352 | \$ 3,506,634 | \$ 2,168,035 | \$ 1,191,162 | \$ 42,624,942 | ASSETS: |
| 5,935 | 14,101 | | 2,780 | 594,848 | 43,616 | 1,127,278 | Cash and investments |
| | 18,114 | 67,441 | | 82,516 | | 97,199 | Accounts receivable, net |
| | | | | | | 168,071 | Interest and other receivables |
| | | | | | | 500,000 | Inventory |
| | | | | | | 2,250 | Deposit with others |
| | | | | | | | Due from other funds |
| | | | | | | | Prepaid items |
| <u>1,864,059</u> | <u>248,105</u> | <u>399,793</u> | <u>3,509,414</u> | <u>2,845,399</u> | <u>1,234,778</u> | <u>44,519,740</u> | Total current assets |
| | | | 3,166,672 | | | 3,166,672 | Capital assets: |
| | 11,735 | 990,773 | | | | 1,002,508 | Intangible assets |
| | 204,058 | 5,670,334 | 4,746,063 | 15,396,183 | 198,785 | 26,215,423 | Structures and improvements |
| | (196,470) | (5,803,674) | (4,978,310) | (8,254,628) | (193,795) | (19,426,877) | Equipment |
| | 19,323 | 857,433 | 2,934,425 | 7,141,555 | 4,990 | 10,957,726 | Less: Accumulated depreciation |
| <u>1,864,059</u> | <u>267,428</u> | <u>1,257,226</u> | <u>6,443,839</u> | <u>9,986,954</u> | <u>1,239,768</u> | <u>55,477,466</u> | Net capital assets |
| | | | | | | | Total assets |
| | | | | | | | LIABILITIES: |
| | | | | | | | Current liabilities |
| 237,257 | 3,187 | 71,605 | 206,196 | 130,950 | 312,248 | 2,746,719 | Accounts payable |
| | 9,804 | 21,380 | 74,694 | 23,434 | 63,353 | 192,665 | Salaries and benefits payable |
| | | | | | | | Interfund payable |
| | | | | | | | Due to other funds |
| 318,421 | | | | | | 12,398,100 | Deposits from others |
| | 4,395 | | | | | 4,395 | Risk management liability-current |
| | 1,032 | 3,367 | 43,561 | 1,882 | 26,633 | 76,475 | Capital lease - current |
| <u>555,678</u> | <u>18,418</u> | <u>96,352</u> | <u>324,451</u> | <u>156,266</u> | <u>402,234</u> | <u>15,418,354</u> | Compensated absences - current |
| | | | | | | | Total current liabilities |
| 462,579 | | | | | | 20,441,312 | Noncurrent liabilities |
| | 1,915 | | | | | 1,915 | Risk management liability |
| | 31,179 | 20,891 | 56,484 | 19,988 | 34,506 | 163,048 | Capital leases payable |
| | 30,714 | 121,685 | 381,228 | 125,740 | 307,627 | 966,994 | Other post-employment benefits |
| <u>462,579</u> | <u>63,808</u> | <u>142,576</u> | <u>437,712</u> | <u>145,728</u> | <u>342,133</u> | <u>21,573,269</u> | Compensated absences |
| <u>1,018,257</u> | <u>82,226</u> | <u>238,928</u> | <u>762,163</u> | <u>301,994</u> | <u>744,367</u> | <u>36,991,623</u> | Total noncurrent liabilities |
| | | | | | | | Total liabilities |
| | | | | | | | NET ASSETS (DEFICIT) : |
| | 13,013 | 857,433 | 2,934,425 | 7,141,555 | 4,990 | 10,951,416 | Invested in capital assets, |
| 845,802 | 172,189 | 160,865 | 2,747,251 | 2,543,405 | 490,411 | 7,534,427 | net of related debt |
| | | | | | | | Unrestricted |
| <u>\$ 845,802</u> | <u>\$ 185,202</u> | <u>\$ 1,018,298</u> | <u>\$ 5,681,676</u> | <u>\$ 9,684,960</u> | <u>\$ 495,401</u> | <u>\$ 18,485,843</u> | Total net assets (deficit) |

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2012

| | Self Insurance funds | | | | | | | |
|---|-----------------------------------|---------------------------|---------------------------------------|---------------------------|-------------------------------|---------------------|-----------------------------|--|
| | General Liability Insurance | Unemployment Insurance | Workers' Compensation Insurance | Medical Self-Insurance | Other Employee Benefits | Dental Insurance | Vision Care Insurance | Professional Liability Insurance |
| Operating revenues: | | | | | | | | |
| Charges for services | \$ 3,690,617 | \$ 1,373,696 | \$ 5,535,388 | \$ 43,791,748 | \$ 440,990 | 4,114,842 | \$ 799,826 | 1,393,604 |
| Total operating revenues | <u>3,690,617</u> | <u>1,373,696</u> | <u>5,535,388</u> | <u>43,791,748</u> | <u>440,990</u> | <u>4,114,842</u> | <u>799,826</u> | <u>1,393,604</u> |
| Operating expenses: | | | | | | | | |
| Salaries and benefits | | | | | | | | |
| Services and supplies | 4,196,304 | 1,038,350 | 6,363,236 | 43,525,413 | 157,190 | 3,915,235 | 799,472 | 737,768 |
| Depreciation | | | | | | | | |
| Total operating expenses | <u>4,196,304</u> | <u>1,038,350</u> | <u>6,363,236</u> | <u>43,525,413</u> | <u>157,190</u> | <u>3,915,235</u> | <u>799,472</u> | <u>737,768</u> |
| Operating income (loss) | <u>(505,687)</u> | <u>335,346</u> | <u>(827,848)</u> | <u>266,335</u> | <u>283,800</u> | <u>199,607</u> | <u>354</u> | <u>655,836</u> |
| Nonoperating revenues (expenses): | | | | | | | | |
| Interest income | 23,701 | 13,620 | 227,763 | 95,274 | 3,798 | 15,882 | 9,901 | 20,353 |
| Interest expense | | | | | | | | |
| Intergovernmental | 11,204 | 11,200 | 58,400 | | | | | |
| Gain on sale of capital assets | | | | | | | | |
| Total nonoperating revenues (expenses), net | <u>34,905</u> | <u>24,820</u> | <u>286,163</u> | <u>95,274</u> | <u>3,798</u> | <u>15,882</u> | <u>9,901</u> | <u>20,353</u> |
| Income (loss) before contributions and transfers | <u>(470,782)</u> | <u>360,166</u> | <u>(541,685)</u> | <u>361,609</u> | <u>287,598</u> | <u>215,489</u> | <u>10,255</u> | <u>676,189</u> |
| Capital contribution | | | | | | | | |
| Transfers in | | | | | | | | |
| Transfers out | | | | | | | | (500,000) |
| Changes in net assets | <u>(470,782)</u> | <u>360,166</u> | <u>(541,685)</u> | <u>361,609</u> | <u>287,598</u> | <u>215,489</u> | <u>10,255</u> | <u>176,189</u> |
| Total net assets (deficit) - beginning | <u>(1,689,598)</u> | <u>279,845</u> | <u>133,092</u> | <u>17,661</u> | | <u>773,090</u> | <u>837,764</u> | <u>669,613</u> |
| Residual equity transfers out | | | | | | | | |
| Prior period adjustment | | | | | | | | |
| Cumulative effect of change in accounting principle | | | | | | | | |
| Total net assets - beginning - restated | <u>(1,689,598)</u> | <u>279,845</u> | <u>133,092</u> | <u>17,661</u> | | <u>773,090</u> | <u>837,764</u> | <u>669,613</u> |
| Total net assets (deficit) - ending | \$ <u>(2,160,380)</u> | \$ <u>640,011</u> | \$ <u>(408,593)</u> | \$ <u>379,270</u> | \$ <u>287,598</u> | <u>988,579</u> | \$ <u>848,019</u> | <u>845,802</u> |

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Internal Service Funds
For the fiscal year ended June 30, 2012

| Central Services | Fleet Services | Technology and Communications | Morgan Shop Garage | Facility Maintenance | Total | |
|---------------------|---------------------|-------------------------------------|--------------------------|-------------------------|----------------------|--|
| \$ 457,073 | \$ 2,090,233 | \$ 4,437,122 | \$ 2,832,199 | \$ 8,657,322 | \$ 79,614,660 | Operating revenues: Charges for services |
| <u>457,073</u> | <u>2,090,233</u> | <u>4,437,122</u> | <u>2,832,199</u> | <u>8,657,322</u> | <u>79,614,660</u> | Total operating revenues |
| 362,044 | 661,033 | 2,482,011 | 748,011 | 2,512,313 | 6,765,412 | Operating expenses: Salaries and benefits |
| 152,354 | 1,339,190 | 1,672,593 | 1,534,041 | 5,755,774 | 71,186,920 | Services and supplies |
| 11,368 | 413,197 | 424,512 | 933,203 | 2,979 | 1,785,259 | Depreciation |
| <u>525,766</u> | <u>2,413,420</u> | <u>4,579,116</u> | <u>3,215,255</u> | <u>8,271,066</u> | <u>79,737,591</u> | Total operating expenses |
| <u>(68,693)</u> | <u>(323,187)</u> | <u>(141,994)</u> | <u>(383,056)</u> | <u>386,256</u> | <u>(122,931)</u> | Operating income (loss) |
| (548) | | | | 11,099 | 421,391 | Nonoperating revenues (expenses): Interest income |
| 21,898 | 36,932 | 84,412 | 513,527 | 155,758 | 893,331 | Interest expense |
| | 9,215 | | 113,978 | 1,684 | 124,877 | Intergovernmental |
| | | | | | | Gain on sale of capital assets |
| <u>21,350</u> | <u>46,147</u> | <u>84,412</u> | <u>627,505</u> | <u>168,541</u> | <u>1,439,051</u> | Total nonoperating revenues (expenses), net |
| (47,343) | (277,040) | (57,582) | 244,449 | 554,797 | 1,316,120 | Income (loss) before contributions and transfers |
| (10,384) | (19,375) | (706,018) | (21,761) | (59,396) | (1,316,934) | Capital contribution Transfers in Transfers out |
| <u>(57,727)</u> | <u>(296,415)</u> | <u>(763,600)</u> | <u>222,688</u> | <u>495,401</u> | <u>(814)</u> | Changes in net assets |
| <u>242,929</u> | <u>1,314,713</u> | <u>6,445,276</u> | <u>9,462,272</u> | | <u>18,486,657</u> | Total net assets (deficit) - beginning |
| <u>242,929</u> | <u>1,314,713</u> | <u>6,445,276</u> | <u>9,462,272</u> | | <u>18,486,657</u> | Residual equity transfers out Prior period adjustment Cumulative effect of change in accounting principle |
| <u>\$ 185,202</u> | <u>\$ 1,018,298</u> | <u>\$ 5,681,676</u> | <u>\$ 9,684,960</u> | <u>\$ 495,401</u> | <u>\$ 18,485,843</u> | Total net assets (deficit) - ending |

County of Stanislaus

Successor Agency to the Stanislaus County Redevelopment Agency Long-Term Debt For the Year Ended June 30, 2012

The Agency had the following long-term debt liabilities as of June 30, 2012:

| | Beginning Balance | Transfer In | Additions | Deletions | Ending Balance | Due Within One Year |
|--|----------------------|----------------------|-----------|-----------|----------------------|------------------------|
| <u>Notes Payable</u> | | | | | | |
| United States Department of Agriculture | \$ | \$ 4,070,000 | \$ | \$ | \$ 4,070,000 | \$ 70,000 |
| State of California, State Water Resources Control Board | | 664,331 | | | 664,331 | 158,556 |
| State of California, Housing Finance Agency | | 562,500 | | | 562,500 | - |
| Total notes payable | | 5,296,831 | | | 5,296,831 | 228,556 |
| <u>Bonds Payable</u> | | | | | | |
| 2005 tax allocation bonds | | 13,070,000 | | | 13,070,000 | 495,000 |
| Total long-term liabilities | \$ | \$ 18,366,831 | \$ | \$ | \$ 18,366,831 | \$ 723,556 |

Debt service requirements for principal and interest of long-term liabilities for future years are as follows:

| Fiscal Year Ending | Principal | Interest | Total |
|-----------------------|----------------------|----------------------|----------------------|
| 2013 | \$ 723,556 | \$ 861,346 | \$ 1,584,902 |
| 2014 | 758,472 | 829,648 | 1,588,120 |
| 2015 | 1,351,039 | 989,787 | 2,340,826 |
| 2016 | 688,764 | 764,019 | 1,452,783 |
| 2017 | 525,000 | 733,943 | 1,258,943 |
| 2018-2022 | 2,800,000 | 5,495,292 | 8,295,292 |
| 2023-2027 | 3,115,000 | 2,517,275 | 5,632,275 |
| 2028-2032 | 3,475,000 | 1,670,216 | 5,145,216 |
| 2033-2037 | 3,855,000 | 729,963 | 4,584,963 |
| 2038-2042 | 1,075,000 | 118,335 | 1,193,335 |
| | \$ 18,366,831 | \$ 14,709,824 | \$ 33,076,655 |

County of Stanislaus

Successor Agency to the Stanislaus County Redevelopment Agency Long-Term Debt (continued) For the Year Ended June 30, 2012

United States Department of Agriculture Note – The Agency refinanced a tax revenue anticipation loan in 2001. The loan was used to finance a storm drainage system in Salida, California. The principal amount of the note is \$4,525,000 to be paid in 40 years. Principal payments are due each August. The interest rate for the note is 5.125% with payments due February and August each year. The note matures in August 2041.

| Fiscal Year Ending | Principal | Interest | Total |
|-----------------------|---------------------|---------------------|---------------------|
| 2013 | \$ 70,000 | \$ 171,949 | \$ 241,949 |
| 2014 | 75,000 | 168,393 | 243,393 |
| 2015 | 75,000 | 165,206 | 240,206 |
| 2016 | 80,000 | 161,911 | 241,911 |
| 2017 | 80,000 | 158,950 | 238,950 |
| 2018-2022 | 465,000 | 736,524 | 1,201,524 |
| 2023-2027 | 575,000 | 626,592 | 1,201,592 |
| 2028-2032 | 705,000 | 490,939 | 1,195,939 |
| 2033-2037 | 870,000 | 324,285 | 1,194,285 |
| 2038-2042 | 1,075,000 | 118,335 | 1,193,335 |
| | <u>\$ 4,070,000</u> | <u>\$ 3,123,084</u> | <u>\$ 7,193,084</u> |

State of California, State Water Resources Control Board Note – The Agency entered in to an agreement to help finance construction of the Bret Harte Sewer System, a wastewater collection system. The principal amount of the note is \$2,636,549 to be paid in 20 years and with an interest rate of 3.03% per annum. The note matures in December 2015.

| Fiscal Year Ending | Principal | Interest | Total |
|-----------------------|-------------------|------------------|-------------------|
| 2013 | \$ 158,556 | \$ 20,594 | \$ 179,150 |
| 2014 | 163,472 | 15,679 | 179,151 |
| 2015 | 168,539 | 10,611 | 179,150 |
| 2016 | 173,764 | 5,387 | 179,151 |
| | <u>\$ 664,331</u> | <u>\$ 52,271</u> | <u>\$ 716,602</u> |

County of Stanislaus

Successor Agency to the Stanislaus County Redevelopment Agency Long-Term Debt (continued) For the Year Ended June 30, 2012

State of California, California Housing Finance Agency – In April 2005, the Agency entered into an agreement for the purpose of expanding the First-Time Homebuyers Down Payment Assistance Program. The principal amount of the note is \$562,500 with an interest rate of 3.0% per annum. The note matures in 2015.

| Fiscal Year | | | |
|-------------|-------------------|-------------------|-------------------|
| Ending | Principal | Interest | Total |
| 2012 | \$ - | \$ - | \$ - |
| 2013 | - | - | - |
| 2014 | - | - | - |
| 2015 | 562,500 | 193,565 | 756,065 |
| | <u>\$ 562,500</u> | <u>\$ 193,565</u> | <u>\$ 756,065</u> |

2005 Tax Allocation Bonds – The Agency issued bonds to finance construction of a storm drainage collection and transfer system within the Agency’s project area. The bonds will be paid and secured with future tax increment revenues derived from the project area. The principal amount of the bonds is \$15,615,000 to be paid in 30 years. Principal payments are due each August. The interest rate for the bonds ranges from 3.5% to 5.375% with payments due February and August each year. The bonds maturing on or before August 1, 2013, are not subject to redemption. The bonds maturing on or after August 1, 2014, are subject to redemption at the option of the Agency. The bonds maturing on August 1, 2026, and August 1, 2036, are also subject to mandatory sinking fund redemption. The bonds mature in August 2036.

| Fiscal Year | | | |
|-------------|----------------------|----------------------|----------------------|
| Ending | Principal | Interest | Total |
| 2013 | \$ 495,000 | \$ 668,803 | \$ 1,163,803 |
| 2014 | 520,000 | 645,576 | 1,165,576 |
| 2015 | 545,000 | 620,405 | 1,165,405 |
| 2016 | 435,000 | 596,721 | 1,031,721 |
| 2017 | 445,000 | 574,993 | 1,019,993 |
| 2018-2022 | 2,335,000 | 4,758,768 | 7,093,768 |
| 2023-2027 | 2,540,000 | 1,890,683 | 4,430,683 |
| 2028-2032 | 2,770,000 | 1,179,277 | 3,949,277 |
| 2033-2037 | 2,985,000 | 405,678 | 3,390,678 |
| | <u>\$ 13,070,000</u> | <u>\$ 11,340,904</u> | <u>\$ 24,410,904</u> |

County of Stanislaus

Successor Agency to the Stanislaus County Redevelopment Agency Long-Term Debt (continued) For the Year Ended June 30, 2012

Bond Issuance Costs – The financial statements reflect the bond issuance costs as an asset as of June 30, 2012. Beginning in fiscal year 2006-2007, the bond issuance costs are amortized over a 30-year period, the life of the loan, on the financial statements only. Amortization expense for the five months ending June 30, 2012, was \$12,494.

Arbitrage Compliance – The Agency must comply with Section 148 of the Internal Revenue Code whereby arbitrage on tax-exempt bonds, if any, is rebated to the Internal Revenue Service. Arbitrage payments, as related to the 2005 Tax Allocation Bonds, are required to be paid on the fifth bond year, or August 2011. The Agency is in compliance with Section 148 requirements as of June 30, 2012.



Statistical Information

County of Stanislaus
Net Assets by Component
(accrual basis of accounting)
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2003 as restated | 2004 | 2005 as restated | 2006 as restated | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 496,673,006 | \$ 495,467,522 | \$ 486,725,321 | \$ 468,897,825 | \$ 464,402,025 | \$ 435,204,374 | \$ 418,149,972 | \$ 397,176,565 | \$ 393,212,996 | \$ 385,331,672 |
| Restricted | 171,348,552 | 111,663,081 | 127,009,622 | 152,249,240 | 163,255,952 | 193,992,595 | 189,524,182 | 182,467,381 | 291,389,268 | 312,275,044 |
| Restricted by enabling legislation | | | 20,529 | 126,604 | | | | | | |
| Unrestricted (deficit) | (70,833,738) | (22,784,867) | 10,909,303 | 36,961,726 | 64,162,858 | 72,110,910 | 81,056,076 | 53,951,001 | (47,246,228) | (42,965,529) |
| Total governmental activities net assets | \$ 597,187,820 | \$ 584,345,736 | \$ 624,664,775 | \$ 658,235,395 | \$ 691,820,835 | \$ 701,307,879 | \$ 688,730,230 | \$ 633,594,947 | \$ 637,356,036 | \$ 654,641,187 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 22,276,120 | \$ 24,016,538 | \$ 27,911,764 | \$ 29,741,803 | \$ 29,205,014 | \$ 23,544,958 | \$ 24,087,472 | \$ 24,537,140 | \$ 24,275,953 | \$ 23,350,343 |
| Restricted | 21,030,306 | 17,058,797 | 16,464,101 | 17,484,367 | 18,925,816 | 20,404,464 | 20,831,269 | 20,697,693 | 20,453,722 | 20,711,930 |
| Restricted by enabling legislation | | | | | | | | | | |
| Unrestricted (deficit) | (32,132,595) | (19,977,851) | (19,270,657) | (24,034,466) | (22,237,324) | (6,364,621) | (13,496,679) | (14,739,508) | (13,181,272) | (8,194,825) |
| Total business-type activities net assets | \$ 11,173,831 | \$ 21,097,484 | \$ 25,105,208 | \$ 23,191,704 | \$ 25,893,506 | \$ 37,584,801 | \$ 31,422,062 | \$ 30,495,325 | \$ 31,548,403 | \$ 35,867,448 |
| Net Assets | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 518,949,126 | \$ 519,484,060 | \$ 514,637,085 | \$ 498,639,628 | \$ 493,607,039 | \$ 458,749,332 | \$ 442,237,444 | \$ 421,713,705 | \$ 417,488,949 | \$ 408,682,015 |
| Restricted | 192,378,858 | 128,721,878 | 143,473,723 | 169,733,607 | 182,181,768 | 214,397,059 | 210,355,451 | 203,165,074 | 311,842,990 | 332,986,974 |
| Restricted by enabling legislation | | | 20,529 | 126,604 | | | | | | |
| Unrestricted (deficit) | (102,966,333) | (42,762,718) | (8,361,354) | 12,927,260 | 41,925,534 | 65,746,289 | 67,559,397 | 39,211,493 | (60,427,500) | (51,160,354) |
| Total net assets | \$ 608,361,651 | \$ 605,443,220 | \$ 649,769,983 | \$ 681,427,099 | \$ 717,714,341 | \$ 738,892,680 | \$ 720,152,292 | \$ 664,090,272 | \$ 668,904,439 | \$ 690,508,635 |

Notes:
FY 2002-2003 governmental activities total net assets was restated from \$639,576,553 to \$597,187,820
FY 2004-2005 business-type activities total net assets was restated from \$23,160,498 to \$25,105,208
FY 2005-2006 business-type activities total net assets was restated from \$28,418,264 to \$23,191,704

County of Stanislaus
Changes in Net Assets
(accrual basis of accounting)
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Business-type activities: | | | | | | | | | | |
| Sales taxes | 1,892,035 | | 2,422,965 | 2,506,291 | 2,626,260 | 2,528,268 | 2,781,611 | 2,962,729 | 3,026,730 | 3,490,576 |
| Unrestricted investment earnings | 2,571,919 | 2,106,012 | 705,257 | 631,598 | 848,117 | 943,553 | 673,368 | 95,463 | 813,164 | 495,681 |
| Transfers | (5,341,969) | 8,203,529 | 1,441,780 | 9,338,373 | 14,124,658 | 11,265,358 | 4,251,900 | 5,250,856 | 2,673,525 | 2,432,361 |
| Total business-type activities | <u>(878,015)</u> | <u>10,309,541</u> | <u>4,570,002</u> | <u>12,476,262</u> | <u>17,599,035</u> | <u>14,737,179</u> | <u>7,706,879</u> | <u>8,309,048</u> | <u>6,513,419</u> | <u>6,418,618</u> |
| Total primary government | <u>\$ 116,021,461</u> | <u>\$ 110,518,180</u> | <u>\$ 144,320,335</u> | <u>\$ 153,114,464</u> | <u>\$ 171,937,857</u> | <u>\$ 173,205,003</u> | <u>\$ 155,655,146</u> | <u>\$ 127,358,919</u> | <u>\$ 150,012,019</u> | <u>\$ 137,891,381</u> |
| Change in Net Assets excluding | | | | | | | | | | |
| Extraordinary Item | | | | | | | | | | |
| Governmental activities | \$ (4,284,156) | \$ (26,379,742) | \$ 30,858,259 | \$ 33,570,620 | \$ 33,585,440 | \$ 7,457,459 | \$ (12,577,649) | \$ (57,481,911) | \$ 3,760,360 | \$ 18,564,001 |
| Business-type activities | (4,114,146) | 9,923,653 | 4,007,724 | 3,313,056 | (2,524,758) | 11,691,295 | 3,474,311 | (926,737) | 1,053,078 | 4,319,045 |
| Total primary government | <u>\$ (8,398,302)</u> | <u>\$ (16,456,089)</u> | <u>\$ 34,865,983</u> | <u>\$ 36,883,676</u> | <u>\$ 31,060,682</u> | <u>\$ 19,148,754</u> | <u>\$ (9,103,338)</u> | <u>\$ (58,408,648)</u> | <u>\$ 4,813,438</u> | <u>\$ 22,883,046</u> |
| Extraordinary Item | | | | | | | | | | |
| RDA Debt Write-off | | | | | | | | | | \$ 18,141,513 |
| RDA Due to Successor Agency | | | | | | | | | | (19,421,089) |
| Net Extraordinary Loss | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (1,279,576) |
| Change in Net Assets | <u>\$ (8,398,302)</u> | <u>\$ (16,456,089)</u> | <u>\$ 34,865,983</u> | <u>\$ 36,883,676</u> | <u>\$ 31,060,682</u> | <u>\$ 19,148,754</u> | <u>\$ (9,103,338)</u> | <u>\$ (58,408,648)</u> | <u>\$ 4,813,438</u> | <u>\$ 21,603,470</u> |

County of Stanislaus
Governmental Activities Tax Revenues by Source
(accrual basis of accounting)
Last Ten Fiscal Years

| Fiscal Year | Property Tax | Sales Tax | Other Tax | Total |
|----------------|-----------------|--------------|--------------|-----------------|
| 2003 | 31,561,725 | 26,468,757 | 2,918,028 | 60,948,510 |
| 2004 | 34,432,004 | 27,480,214 | 3,787,530 | 65,699,748 |
| 2005 | 36,762,205 | 29,434,230 | 4,667,735 | 70,864,170 |
| 2006 | 91,742,755 | 32,547,462 | 4,693,426 | 128,983,643 (1) |
| 2007 | 106,497,765 | 32,520,456 | 3,390,027 | 142,408,248 |
| 2008 | 113,743,380 | 29,552,774 | 2,583,804 | 145,879,958 |
| 2009 | 103,175,578 | 26,568,776 | 2,765,178 | 132,509,532 |
| 2010 | 83,397,110 | 20,677,876 | 2,220,643 | 106,295,629 |
| 2011 | 90,486,461 | 23,329,577 | 2,157,019 | 115,973,057 |
| 2012 | 86,124,943 | 26,796,833 | 2,284,530 | 115,206,306 |

(1) Over \$46 million of the 2006 increase can be attributed to the State's swap of motor vehicle in-lieu taxes for property taxes in-lieu of vehicle license fees.

County of Stanislaus
Fund Balances of Governmental Funds
(modified accrual basis of accounting)
Last Ten Fiscal Years

| | | Fiscal Year | | | | | | | | | |
|------------------------------------|----|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| General fund | | | | | | | | | | | |
| Reserved | \$ | 23,941,306 | 25,354,279 | 25,924,335 | 31,767,114 | 44,479,034 | 62,679,395 | 41,020,498 | 33,648,284 | \$ | \$ |
| Unreserved | | 35,999,464 | 33,292,699 | 56,023,028 | 74,630,642 | 72,660,005 | 61,246,112 | 81,512,275 | 72,768,168 | | |
| Non-spendable: | | | | | | | | | | | |
| Imprest cash | | | | | | | | | | 91,835 | 91,835 |
| Investment fair value adjustment | | | | | | | | | | 1,095,277 | |
| Advance to other funds | | | | | | | | | | 100,000 | 100,000 |
| Advance to other governments | | | | | | | | | | 4,396,259 | 4,596,783 |
| Teeter receivable | | | | | | | | | | 18,012,420 | 16,101,384 |
| Prepaid items | | | | | | | | | | 216,186 | 216,186 |
| Encumbrances | | | | | | | | | | 1,264,780 | |
| Restricted | | | | | | | | | | 3,902,067 | 3,766,553 |
| Committed | | | | | | | | | | 7,360,782 | 2,835,387 |
| Assigned | | | | | | | | | | 51,067,462 | 71,991,359 |
| Unassigned | | | | | | | | | | 20,761,362 | 16,066,425 |
| Total general fund | | <u>59,940,770</u> | <u>58,646,978</u> | <u>81,947,363</u> | <u>106,397,756</u> | <u>117,139,039</u> | <u>123,925,507</u> | <u>122,532,773</u> | <u>106,416,452</u> | <u>108,268,430</u> | <u>115,765,912</u> |
| 116 All other governmental funds | | | | | | | | | | | |
| Reserved | | 37,071,720 | 108,136,528 | 67,918,410 | 48,258,775 | 41,362,101 | 33,055,756 | 44,950,684 | 38,392,864 | | |
| Unreserved, reported in: | | | | | | | | | | | |
| Special revenue funds | | 107,689,217 | 110,031,476 | 109,598,487 | 163,006,645 | 163,980,081 | 167,860,880 | 165,211,615 | 166,634,879 | | |
| Capital projects funds | | 47,090,116 | 25,250,961 | 68,311,908 | 101,602,439 | 116,592,397 | 127,469,211 | 113,352,227 | 107,615,020 | | |
| Debt service funds | | 4,631,675 | 2,527,799 | 1,177,586 | 86,286 | 716,295 | 803,917 | (53,215) | 343,325 | | |
| Non-spendable: | | | | | | | | | | | |
| Imprest cash | | | | | | | | | | 45,835 | 45,286 |
| Cash with fiscal agent | | | | | | | | | | 11,934,558 | |
| Investment fair value adjustment | | | | | | | | | | 1,862,357 | |
| Advance to other governments | | | | | | | | | | 21,207 | |
| Prepaid items | | | | | | | | | | 117,016 | 169,003 |
| Inventory | | | | | | | | | | 420,428 | 414,994 |
| Encumbrances | | | | | | | | | | 10,696,501 | |
| Restricted | | | | | | | | | | 275,406,521 | 275,903,217 |
| Committed | | | | | | | | | | 7,673,957 | 8,006,919 |
| Assigned | | | | | | | | | | 6,828,206 | 23,969,078 |
| Unassigned | | | | | | | | | | (606,674) | (1,309,161) |
| Total all other governmental funds | | <u>\$ 196,482,728</u> | <u>\$ 245,946,764</u> | <u>\$ 247,006,391</u> | <u>\$ 312,954,145</u> | <u>\$ 322,650,874</u> | <u>\$ 329,189,764</u> | <u>\$ 323,461,311</u> | <u>\$ 312,986,088</u> | <u>\$ 314,399,912</u> | <u>\$ 307,199,336</u> |

County of Stanislaus
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|------------------------|---------------------|--------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 60,948,505 | \$ 65,574,750 | \$ 70,907,713 | \$ 128,897,810 | \$ 142,332,996 | \$ 146,040,455 | \$ 132,516,011 | \$ 106,302,266 | \$ 116,024,106 | \$ 115,217,548 |
| Licenses, permits and franchises | 3,406,830 | 4,522,962 | 5,229,280 | 5,795,146 | 5,632,176 | 4,850,084 | 4,362,507 | 3,779,539 | 3,346,635 | 3,251,371 |
| Fines, forfeitures and penalties | 7,993,664 | 6,458,261 | 8,249,576 | 12,293,083 | 13,334,536 | 16,471,765 | 18,740,397 | 15,853,039 | 14,102,259 | 11,277,500 |
| Revenue from use of money and property | 7,908,954 | 5,385,832 | 14,087,837 | 14,851,573 | 23,993,844 | 20,366,844 | 13,135,585 | 11,628,724 | 10,951,594 | 12,046,180 |
| Intergovernmental revenue | 379,661,625 | 374,587,670 | 404,173,862 | 385,428,573 | 399,060,197 | 423,136,156 | 424,320,463 | 432,391,862 | 437,920,991 | 439,019,276 |
| Charges for services | 84,689,346 | 96,416,581 | 110,621,879 | 113,569,885 | 105,010,453 | 106,066,595 | 95,147,099 | 99,969,868 | 96,719,319 | 90,939,405 |
| Miscellaneous revenue | 11,648,645 | 11,543,413 | 12,513,789 | 9,652,580 | 9,516,094 | 10,012,180 | 9,734,085 | 7,700,801 | 20,758,655 | 8,053,236 |
| Donation | | 13,537,658 | 6,145,113 | | 3,736,752 | | | | 188,052 | |
| Total revenues | <u>556,257,569</u> | <u>578,027,127</u> | <u>631,929,049</u> | <u>670,488,650</u> | <u>702,617,048</u> | <u>726,944,079</u> | <u>697,956,147</u> | <u>677,626,099</u> | <u>700,011,611</u> | <u>679,804,516</u> |
| Expenditures | | | | | | | | | | |
| General | 39,042,574 | 38,197,737 | 38,619,527 | 44,505,563 | 36,843,138 | 42,117,731 | 35,384,104 | 32,492,953 | 32,199,947 | 27,597,103 |
| Public Protection | 140,359,147 | 142,936,105 | 155,069,132 | 164,830,857 | 181,167,098 | 191,335,195 | 187,668,670 | 184,488,026 | 164,981,273 | 165,575,535 |
| Public ways and facilities | 24,703,267 | 22,352,607 | 19,355,303 | 21,154,573 | 28,138,841 | 33,640,576 | 33,072,185 | 24,836,257 | 33,152,617 | 29,360,660 |
| Health and sanitation | 103,859,610 | 103,266,153 | 105,176,319 | 108,099,835 | 117,532,564 | 121,486,760 | 117,463,923 | 117,204,330 | 128,343,261 | 114,687,805 |
| Public assistance | 204,532,483 | 203,468,428 | 215,860,788 | 226,545,330 | 233,950,056 | 258,662,538 | 268,783,428 | 278,429,040 | 278,379,256 | 264,657,512 |
| Education | 9,449,163 | 9,676,337 | 10,055,515 | 10,522,628 | 12,683,522 | 14,038,114 | 12,614,620 | 11,426,521 | 8,439,844 | 7,945,714 |
| Recreation and cultural services | 5,433,031 | 6,606,007 | 4,260,721 | 4,414,323 | 5,288,606 | 6,548,470 | 5,393,150 | 5,180,469 | 5,147,480 | 5,454,792 |
| Capital outlay | 17,840,345 | 14,724,893 | 28,409,155 | 18,404,088 | 18,105,515 | 7,032,270 | 11,398,556 | 17,536,137 | 13,993,830 | 13,759,973 |
| Debt Service: | | | | | | | | | | |
| Interest and fiscal charges | 11,207,951 | 18,869,034 | 16,417,218 | 16,380,484 | 16,070,101 | 13,622,687 | 12,187,477 | 11,420,042 | 10,220,117 | 9,296,468 |
| Principal | 10,208,176 | 17,014,661 | 13,021,864 | 13,578,584 | 18,429,803 | 16,444,563 | 18,125,510 | 18,546,652 | 19,887,473 | 20,159,733 |
| Total expenditures | <u>566,635,747</u> | <u>577,111,962</u> | <u>606,245,542</u> | <u>628,436,265</u> | <u>668,209,244</u> | <u>704,928,904</u> | <u>702,091,623</u> | <u>701,560,427</u> | <u>694,745,098</u> | <u>658,495,295</u> |
| Excess of revenues over (under) expenditures | (10,378,178) | 915,165 | 25,683,507 | 42,052,385 | 34,407,804 | 22,015,175 | (4,135,476) | (23,934,328) | 5,266,513 | 21,309,221 |
| Other financing sources (uses) | | | | | | | | | | |
| Capital lease proceeds | 290,938 | 29,651 | | 219,767 | 129,559 | 254,451 | 1,005,918 | 1,224,693 | 363,711 | |
| Transfers in | 75,409,177 | 68,602,177 | 67,662,570 | 78,628,427 | 77,077,052 | 81,047,677 | 84,579,807 | 67,347,196 | 74,906,929 | 66,041,234 |
| Transfers out | (69,413,722) | (76,677,619) | (68,986,762) | (88,271,040) | (91,273,994) | (92,022,031) | (88,571,434) | (71,247,366) | (77,346,060) | (67,656,660) |
| Loan proceeds | | 47,408,114 | | 15,615,000 | 42,081,614 | | | | | |
| Sale of capital assets | 288,640 | 6,710 | 697 | | 15,401 | 501 | | 18,266 | 73,981 | 24,200 |
| Payment to refund bond agent | | | | | (41,999,424) | | | | | |
| Total other financing sources (uses) | <u>6,575,033</u> | <u>39,369,033</u> | <u>(1,323,495)</u> | <u>6,192,154</u> | <u>(13,969,792)</u> | <u>(10,719,402)</u> | <u>(2,985,709)</u> | <u>(2,657,211)</u> | <u>(2,001,439)</u> | <u>(1,591,226)</u> |
| Special item | | | | | | | | | | |
| Proceeds of tobacco securitization | | | | 42,153,611 | | | | | | |
| Extraordinary item | | | | | | | | | | |
| Amount Due to Successor Agency | | | | | | | | | | (19,421,089) |
| Net change in fund balances | <u>\$ (3,803,145)</u> | <u>\$ 40,284,198</u> | <u>\$ 24,360,012</u> | <u>\$ 90,398,150</u> | <u>\$ 20,438,012</u> | <u>\$ 11,295,773</u> | <u>\$ (7,121,185)</u> | <u>\$ (26,591,539)</u> | <u>\$ 3,265,074</u> | <u>\$ 296,906</u> |

**County of Stanislaus
Net Assessed and Estimated Actual Value
of Taxable Property
Last Ten Fiscal Years**

| Fiscal Year | Secured | Unsecured | Total Assessed Value | (1) Total Direct Tax Rate |
|----------------|-------------------|------------------|-------------------------|---------------------------------|
| 2003/2004 | \$ 25,437,563,896 | \$ 1,448,952,923 | \$ 26,886,516,819 | 1.0% |
| 2004/2005 | \$ 28,051,289,609 | \$ 1,417,019,559 | \$ 29,468,309,168 | 1.0% |
| 2005/2006 | \$ 32,208,454,089 | \$ 1,587,421,541 | \$ 33,795,875,630 | 1.0% |
| 2006/2007 | \$ 37,791,765,530 | \$ 1,680,662,352 | \$ 39,472,427,882 | 1.0% |
| 2007/2008 | \$ 41,620,543,863 | \$ 1,724,988,175 | \$ 43,345,532,038 | 1.0% |
| 2008/2009 | \$ 38,597,715,159 | \$ 1,826,743,622 | \$ 40,424,458,781 | 1.0% |
| 2009/2010 | \$ 35,370,164,996 | \$ 1,926,983,957 | \$ 37,297,148,953 | 1.0% |
| 2010/2011 | \$ 33,672,949,885 | \$ 1,885,958,178 | \$ 35,558,908,063 | 1.0% |
| 2011/2012 | \$ 32,956,461,906 | \$ 1,818,628,853 | \$ 34,775,090,759 | 1.0% |
| 2012/2013 | \$ 32,069,153,243 | \$ 1,855,446,174 | \$ 33,924,599,417 | 1.0% |

Note: Values are net of all exemptions except the Homeowners Property Tax Relief Exemption which is State subvented.

The assessed value does not include adjustments and cancellations after lien date.
The assessed value includes non-commercial aircraft.

Due to the passage of the property tax initiative Proposition 13 (Prop 13) in 1978, the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1975 market value with an annual increase limited to the lesser of 2% or the California Consumer Price Index (CCPI), unless there is a change in ownership or property has undergone construction. Property involving change of ownership is assessed at market value. Property undergone construction will include the value of the additional parcel plus the existing base value.

Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter approved bonds and special assessments.

**County of Stanislaus
Property Tax Rates and Distributions
of General Levy Property Tax Rate
Among Direct and Overlapping Governments
Last Ten Fiscal Years**

| Fiscal Year | Property Tax Rates Per \$100 of Assessed Valuation | | County | Cities | (1) School District | (2) Special District | Total |
|----------------|--|--------|--------|--------|---------------------------|----------------------------|---------|
| | (Low) | (High) | | | | | |
| 2002/2003 | 0.9498 | 1.1360 | 11.25% | 6.49% | 72.82% | 9.44% | 100.00% |
| 2003/2004 | 0.9594 | 1.1280 | 11.18% | 6.49% | 73.24% | 9.09% | 100.00% |
| 2004/2005 | 0.9500 | 1.1240 | 11.13% | 6.49% | 72.90% | 9.48% | 100.00% |
| 2005/2006 | 0.9511 | 1.1668 | 10.88% | 6.70% | 72.28% | 10.14% | 100.00% |
| 2006/2007 | 0.9283 | 1.1683 | 10.81% | 6.79% | 71.62% | 10.78% | 100.00% |
| 2007/2008 | 0.9383 | 1.1683 | 10.84% | 6.81% | 71.25% | 11.10% | 100.00% |
| 2008/2009 | 0.9233 | 1.2053 | 10.98% | 6.52% | 71.11% | 11.39% | 100.00% |
| 2009/2010 | 1.0202 | 1.2168 | 11.09% | 6.37% | 71.23% | 11.31% | 100.00% |
| 2010/2011 | 1.0259 | 1.2440 | 11.07% | 6.39% | 71.57% | 10.97% | 100.00% |
| 2011/2012 | 1.0246 | 1.2541 | 11.10% | 6.39% | 71.89% | 10.62% | 100.00% |

The County is divided into approximately 1,266 tax code areas, which are unique combinations of various jurisdictions serving a specific geographical area. The above tax rates, which include levies for general obligation bonds and special assessments, represent the low and high tax rates levied within each tax rate area.

The above allocation percentages are for general levies only and exclude general obligation bond rates and special assessments.

The passage of Proposition 13 on June 6, 1978 enacted Article XIII(A) of the State Constitution. This prohibits the levying of any tax rate, except for existing voter-approved bonded debt, in excess of the general tax rate of 1% of assessed value (4% prior to year ended June 30, 1982). The proceeds of this tax are shared by all overlapping local government entities.

(1) Includes Superintendent of Schools

(2) Includes independent special districts, dependent special districts, redevelopment agencies and County Fire Service.

**County of Stanislaus
Principle Property Taxpayers
Current Year and Nine Years Ago**

| Taxpayer | Secured Assessed Value | 2011/2012 | | | 2002/2003 | | |
|------------------------------|------------------------|-----------------------|------|---|----------------------|------|------------------------------------|
| | | Property Taxes Billed | Rank | Percentage of Total Property Taxes Billed | Property Taxes | Rank | Percentage of Total Property Taxes |
| World International | \$ 18,261,553 | \$ 3,015,296 | 1 | 0.7073% | | | |
| Gallo Glass Co | 232,982,200 | 2,580,581 | 2 | 0.6053% | 1,623,961 | 2 | 0.6232% |
| Gallo Winery | 201,964,518 | 2,248,793 | 3 | 0.5275% | 1,264,179 | 4 | 0.4851% |
| Pacific Gas and Electric | 165,879,478 | 2,078,329 | 4 | 0.4875% | 1,128,178 | 8 | 0.4329% |
| AT&T California | 113,657,178 | 1,426,905 | 5 | 0.3347% | | | |
| Hunt Wesson Foods, Inc | 108,895,090 | 1,230,685 | 6 | 0.2887% | 1,183,577 | 7 | 0.4542% |
| Doctor's Medical Center | 111,190,700 | 1,207,632 | 7 | 0.2833% | 1,236,029 | 5 | 0.4743% |
| Recot Inc (Frito Lay) | 108,562,980 | 1,206,904 | 8 | 0.2831% | | | |
| Bronco Winery Company | 99,241,696 | 1,101,361 | 9 | 0.2583% | | | |
| Diablo Grande, LTD | | | | | 2,288,161 | 1 | 0.8780% |
| SBC California | | | | | 1,484,973 | 3 | 0.5698% |
| Macerich Vintage Faire, Ltd. | | | | | 1,207,723 | 6 | 0.4634% |
| Foster Dairy Farms | | | | | 994,186 | 9 | 0.3815% |
| Del Monte Foods | 90,389,445 | 1,039,651 | 10 | 0.2439% | 989,669 | 10 | 0.3798% |
| Total | <u>1,251,024,838</u> | <u>\$ 17,136,137</u> | | <u>4.0196%</u> | <u>\$ 13,400,636</u> | | <u>5.1422%</u> |

**County of Stanislaus
Property Tax Levy and Collections *
Last Ten Fiscal Years**

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of Levy | |
|----------------|--|---|--------------------|
| | | Amount | Percent of Levy |
| 2003 | \$ 274,749,639 | \$ 270,047,250 | 98.29% |
| 2004 | \$ 303,836,456 | \$ 295,829,739 | 97.36% |
| 2005 | \$ 333,902,361 | \$ 326,003,357 | 97.63% |
| 2006 | \$ 396,734,408 | \$ 383,041,323 | 96.55% |
| 2007 | \$ 461,085,798 | \$ 431,482,886 | 93.58% |
| 2008 | \$ 505,125,278 | \$ 464,689,972 | 91.99% |
| 2009 | \$ 474,286,882 | \$ 451,524,927 | 95.20% |
| 2010 | \$ 446,704,648 | \$ 430,564,452 | 96.39% |
| 2011 | \$ 436,493,485 | \$ 424,593,296 | 97.27% |
| 2012 | \$ 426,313,135 | \$ 416,034,209 | 97.59% |

* Includes all taxing authorities within the County excluding Airplane T:

**County of Stanislaus
Legal Debt Margin Information
Last Ten Fiscal Years**

| Fiscal Year | Assessed Value | Debt Limit Percentage | Debt Limit | Total Net Debt Applicable to Limit | Legal Debt Margin | Total Debt Applicable to the Limit as a Percentage of Debt Limit |
|----------------|-------------------|-----------------------------|----------------|--|-------------------------|--|
| 2002/2003 | \$ 26,535,421,401 | 1.25% | \$ 331,692,768 | \$ - | \$ 331,692,768 | 0% |
| 2003/2004 | \$ 29,160,150,955 | 1.25% | \$ 364,501,887 | \$ - | \$ 364,501,887 | 0% |
| 2004/2005 | \$ 33,476,100,273 | 1.25% | \$ 418,451,253 | \$ - | \$ 418,451,253 | 0% |
| 2005/2006 | \$ 39,155,801,284 | 1.25% | \$ 489,447,516 | \$ - | \$ 489,447,516 | 0% |
| 2006/2007 | \$ 42,974,745,064 | 1.25% | \$ 537,184,313 | \$ - | \$ 537,184,313 | 0% |
| 2007/2008 | \$ 40,026,418,777 | 1.25% | \$ 500,330,235 | \$ - | \$ 500,330,235 | 0% |
| 2008/2009 | \$ 37,297,148,953 | 1.25% | \$ 466,214,362 | \$ - | \$ 466,214,362 | 0% |
| 2009/2010 | \$ 35,558,908,063 | 1.25% | \$ 444,486,351 | \$ - | \$ 444,486,351 | 0% |
| 2010/2011 | \$ 34,775,090,795 | 1.25% | \$ 434,688,635 | \$ - | \$ 434,688,635 | 0% |
| 2011/2012 | \$ 34,775,090,759 | 1.25% | \$ 434,688,634 | \$ - | \$ 434,688,634 | 0% |

Note: The legal debt limit percentage is set by statute. Debt includes only general obligation bonded debt supported by property taxes.

COUNTY OF STANISLAUS
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
(as of December 1, 2012)

2012-13 Assessed Valuation: \$33,924,599,417 (includes unitary utility valuation)

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable ⁽¹⁾</u> | <u>Debt 12/1/12</u> |
|---|------------------------------------|----------------------|
| Yosemite Community College District | 70.156% | \$213,914,887 |
| Modesto High School District | 100.000 | 48,854,230 |
| Turlock Joint Union High School District | 98.009 | 28,550,022 |
| Ceres Unified School District | 100.000 | 64,124,909 |
| Newman-Crows Landing Unified School District | 100.000 | 24,309,422 |
| Oakdale Joint Unified School District | 98.138 | 15,628,477 |
| Patterson Joint Unified School District | 98.825 | 30,295,207 |
| Riverbank Unified School District | 100.000 | 13,778,529 |
| Other Unified School Districts | Various | 41,519,792 |
| Modesto City School District | 100.000 | 12,679,712 |
| Stanislaus Union School District | 100.000 | 18,538,479 |
| Sylvan School District | 100.000 | 36,116,169 |
| Other School Districts | Various | 23,807,994 |
| Oak Valley Hospital District | 100.000 | 35,395,000 |
| Newman Drainage District | 100.000 | 200,000 |
| Empire Union School District Community Facilities District No. 87-1 | 100.000 | 11,267,916 |
| City Community Facilities Districts | 100.000 | 117,875,000 |
| Salida Area Community Facilities District No. 1988-1 | 100.000 | 28,765,000 |
| Western Hills Water District Community Facilities District No. 1 | 100.000 | 47,680,000 |
| 1915 Act Bonds (Estimate) | 100.000 | 8,247,286 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | \$821,548,031 |

| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | |
|--|-----------------|----------------------|
| Stanislaus County Certificates of Participation | 100.000% | \$ 63,655,000 |
| Stanislaus County Pension Obligations | 100.000 | 11,035,000 |
| Stanislaus County Office of Education Certificates of Participation | 100.000 | 3,960,000 |
| Modesto High School and City School District Certificates of Participation | 100.000 | 18,815,000 |
| Ceres Unified School District Certificates of Participation | 100.000 | 11,860,000 |
| Newman-Crows Landing Unified School District | 100.000 | 12,160,000 |
| Salida Union School District Certificates of Participation | 100.000 | 7,745,000 |
| Other School District Certificates of Participation | Various | 23,263,337 |
| City of Modesto General Fund Obligations | 100.000 | 79,790,000 |
| City of Newman Certificates of Participation | 100.000 | 1,415,000 |
| Other City Certificates of Participation | 100.000 | 4,474,662 |
| Keyes Fire Protection District Certificates of Participation | 100.000 | 49,000 |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$238,221,999 |
| Less: City of Newman Wastewater Certificates of Participation (100% supported) | | 1,415,000 |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$236,806,999 |

| <u>OVERLAPPING TAX INCREMENT DEBT:</u> | | |
|---|----------|----------------------|
| County Redevelopment Agencies | 100.000% | \$ 16,575,000 |
| Ceres Redevelopment Agency | 100.000 | 47,690,000 |
| Turlock Redevelopment Agency | 100.000 | 41,180,000 |
| Other City Redevelopment Agencies | 100.000 | 40,880,987 |
| TOTAL OVERLAPPING TAX INCREMENT DEBT | | \$146,325,987 |

| | | |
|----------------------------------|-----|------------------------|
| GROSS COMBINED TOTAL DEBT | (2) | \$1,206,096,017 |
| NET COMBINED TOTAL DEBT | | \$1,204,681,017 |

(1) Based on 2011-12 ratios.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2012-13 Assessed Valuation:

| | |
|--|--------------|
| Total Overlapping Tax and Assessment Debt..... | 2.42% |
| Total Direct Debt (\$74,690,000)..... | 0.22% |
| Gross Combined Total Debt | 3.56% |
| Net Combined Total Debt | 3.55% |

Ratios to Redevelopment Incremental Valuation (\$2,916,449,633):

| | |
|--------------------------------------|-------|
| Overlapping Tax Increment Debt | 5.02% |
|--------------------------------------|-------|

Source: California Municipal Statistics, Inc.

**County of Stanislaus
Demographic and Economic Statistics
Last Ten Calendar Years**

| Calendar Year | Population (2) | Personal Income (in thousands) (1) | Per Capita Personal Income (1) | Unemployment Rate (2) |
|------------------|-------------------|---|--|-----------------------------|
| 2003 | 481,604 | 11,944,709 | 24,337 | 11.2% |
| 2004 | 491,900 | 12,880,334 | 25,885 | 10.9% |
| 2005 | 504,482 | 13,472,415 | 26,954 | 9.9% |
| 2006 | 514,370 | 14,076,261 | 27,862 | 8.4% |
| 2007 | 521,497 | 14,755,527 | 28,985 | 8.5% |
| 2008 | 525,903 | 15,977,182 | 31,485 | 10.5% |
| 2009 | 526,383 | 15,948,738 | 31,248 | 15.3% |
| 2010 | 530,584 | 15,980,924 | 31,006 | 16.4% |
| 2011 | 517,685 | 16,652,338 | 32,115 | 15.1% |
| 2012 | 518,461 | not available | not available | 13.9% |

Sources: (1) United States Department of Commerce
(2) State of California Employment Development Department
(data shown is for the County)

**County of Stanislaus
Principle Employers
Current Year and Nine Years Ago**

| (1) Employer | 2012 | | | 2003 | | |
|--------------------------|---------------|------|---|---------------|------|---|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| County of Stanislaus | 3,607 | 1 | 1.83% | 4,747 | 1 | 2.36% |
| E & J Gallo | 3,181 | 2 | 1.62% | 3,425 | 4 | 1.70% |
| Memorial Medical Center | 3,023 | 3 | 1.54% | 2,600 | 6 | 1.29% |
| Modesto City Schools | 3,010 | 4 | 1.53% | 4,000 | 3 | 1.99% |
| Seneca Foods | 2,100 | 5 | 1.07% | | | |
| Doctor's Medical Center | 1,962 | 6 | 1.00% | 2,300 | 7 | 1.14% |
| Stanislaus Food Products | 1,784 | 7 | 0.91% | 2,000 | 8 | 0.99% |
| Kaiser Permanente | 1,759 | 8 | 0.89% | | | |
| Del Monte Foods | 1,700 | 9 | 0.86% | 2,600 | 5 | 1.29% |
| Save Mart Supermarkets | 1,661 | 10 | 0.84% | | | |
| Signature Foods | | | | 4,100 | 2 | 2.04% |
| Turlock School District | | | | 1,831 | 9 | 0.91% |
| Foster Farms | | | | 1,813 | 10 | 0.90% |
| Total | <u>23,787</u> | | <u>12.09%</u> | <u>29,416</u> | | <u>14.61%</u> |

Source: (1) Stanislaus Economic Development & Workforce Alliance

County of Stanislaus
Full-time Employees by Function
Last Ten Fiscal Years

Full-time Employees as of June 30

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Function | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | 374 | 333 | 331 | 341 | 343 | 352 | 348 | 337 | 270 | 274 |
| Public protection | 1,301 | 1,317 | 1,368 | 1,378 | 1,441 | 1,486 | 1,464 | 1,418 | 1,228 | 1,134 |
| Public ways and facilities | 115 | 121 | 123 | 123 | 121 | 109 | 110 | 107 | 99 | 100 |
| Health and sanitation | 983 | 984 | 961 | 937 | 916 | 644 | 676 | 664 | 568 | 498 |
| Public assistance | 858 | 894 | 898 | 897 | 952 | 979 | 951 | 927 | 913 | 967 |
| Education | 89 | 91 | 92 | 93 | 94 | 94 | 88 | 86 | 71 | 54 |
| Recreation | 33 | 31 | 26 | 25 | 28 | 30 | 27 | 23 | 20 | 8 |
| Total governmental activities | 3,753 | 3,771 | 3,799 | 3,794 | 3,895 | 3,694 | 3,664 | 3,562 | 3,169 | 3,035 |
| Business-type activities: | | | | | | | | | | |
| Landfills | 15 | 17 | 17 | 17 | 15 | 17 | 17 | 17 | 14 | 13 |
| Behavioral Health | 106 | 116 | 99 | 108 | 79 | 0 | 0 | 0 | 0 | 0 |
| Health Clinics & Ancillary | 256 | 263 | 243 | 222 | 217 | 193 | 229 | 220 | 186 | 175 |
| Transit | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total business-type activities | 380 | 399 | 362 | 350 | 314 | 213 | 249 | 240 | 203 | 191 |
| Total Stanislaus County | 4,133 | 4,170 | 4,161 | 4,144 | 4,209 | 3,907 | 3,913 | 3,802 | 3,372 | 3,226 |

**County of Stanislaus
Miscellaneous Statistical Data
June 30, 2012**

GEOGRAPHICAL LOCATION : Stanislaus County is located in the central part of the state of California, about 300 miles north of Los Angeles and 90 miles east of San Francisco. The County is bordered on the north by San Joaquin County, on the east by Calaveras and Tuolumne Counties, on the south by Merced County, and on the west by Santa Clara County.

AREA OF COUNTY : Approximately 1,494 square miles

COUNTY SEAT : Modesto, California

FORM OF GOVERNMENT : General Law, County governed by five-member Board of Supervisors

DATE COUNTY FORMED : April 1, 1854

FISCAL YEAR BEGINS : July 1

INCORPORATED CITIES : Ceres Newman Riverbank
Hughson Oakdale Turlock
Modesto Patterson Waterford

| | | | | |
|---|----------------------|----|------------------------|----------|
| Number of Special Districts Controlled by Board of Supervisors : | County Service Areas | 22 | Landscape and Lighting | 7 |
| | Drainage | 7 | Cap. Imp. | <u>1</u> |
| | Lighting | 29 | Total | 66 |

| | | | | |
|-------------------------------------|---------------------------|----|-------------|----------|
| Number of other Special Districts : | California Water | 7 | Cemetery | 3 |
| | Mosquito Abatement | 2 | Sanitation | 2 |
| | Resource Conservation | 2 | Reclamation | 3 |
| | Community Services | 6 | Hospital | 4 |
| | Flood Control & Drainage | 2 | Irrigation | 5 |
| | Fire Protection | 15 | Drainage | 1 |
| | Emergency Medical Service | 1 | StanCOG | <u>1</u> |
| | Finance Agency | 2 | Total | 56 |

County of Stanislaus
Miscellaneous Statistical Data (continued)
June 30, 2012

ELECTION NOVEMBER 2, 2012
(County Registrar of Voters)

| | |
|--------------------|---------|
| Registered Voters: | 232,887 |
| Number Voting: | 156,935 |
| Percent Voting: | 67.39% |

MILES OF COUNTY-MAINTAINED ROADS
(County Department of Public Works)

1,521

CONSTRUCTION PERMITS
(County Building Department)

| Calendar Year | # of Permits | Cost of Permits |
|------------------|-----------------|--------------------|
| 2003 | 3,504 | \$2,939,814 |
| 2004 | 3,515 | \$1,326,118 |
| 2005 | 3,813 | \$4,755,706 |
| 2006 | 3,965 | \$5,637,126 |
| 2007 | 3,076 | \$2,679,003 |
| 2008 | 2,448 | \$1,926,485 |
| 2009 | 2,032 | \$1,729,597 |
| 2010 | 2,316 | \$1,420,550 |
| 2011 | 2,138 | \$1,253,989 |
| 2012 | 2,134 | \$1,368,633 |



COUNTY OF STANISLAUS

SINGLE AUDIT REPORT

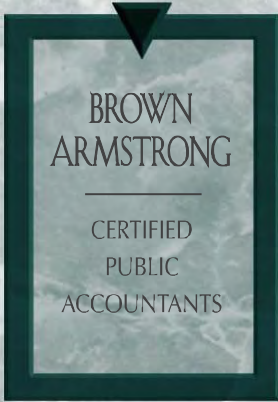
JUNE 30, 2012

**COUNTY OF STANISLAUS
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2012**

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REPORTS



BROWN ARMSTRONG
Certified Public Accountants

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

The Honorable Grand Jury and Board of Supervisors
Stanislaus County
Modesto, California

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4200 TRUXTUN AVENUE

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5250 CLAREMENT AVENUE

SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Stanislaus, California, (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 15, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



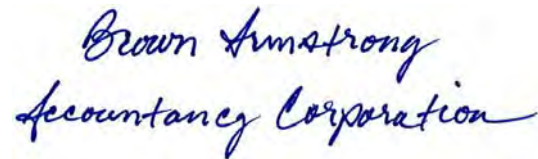
REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Compliance and Other Matters

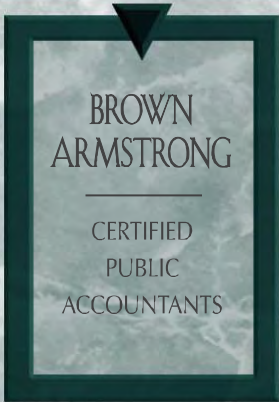
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, Grand Jury, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California
March 15, 2013



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Grand Jury and Board of Supervisors
Stanislaus County
Modesto, California

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Compliance

We have audited the compliance of the County of Stanislaus, California, (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2012. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County’s management. Our responsibility is to express an opinion on the County’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County’s compliance with those requirements.

In our opinion, the County of Stanislaus complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control over compliance.



REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Stanislaus, California, as of and for the year ended June 30, 2012, and have issued our report thereon dated March 15, 2013. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, Grand Jury, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
March 15, 2013

SCHEDULE

**COUNTY OF STANISLAUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| <u>Federal grantor/pass-through grantor/program title</u> | <u>Catalog of federal domestic assistance number</u> | <u>Supplemental identifying number</u> | <u>Expenditures</u> |
|---|--|--|---------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Passed through State Department of Food and Agriculture: | | | |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | Unavailable | \$ 1,755 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 11-8520-1211-CA & 12-8506-1211-CA | 96,003 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 11-8523-0572-CA | 10,130 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 11-8520-1399-CA | 142,709 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 11-8520-1317-CA & 12-8506-1317-CA | 35,657 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 11-8500-0484-CA | <u>86,074</u> |
| Subtotal | | | <u>372,328</u> |
| Inspection, Grading, and Standardization | 10.162 | 12-25-A-3269 | <u>12,870</u> |
| Passed through State Department of Education: | | | |
| National School Lunch Program | 10.555 | Stanislaus | <u>237,333</u> |
| Passed through State Department of Health Services: | | | |
| Women, Infants and Children (WIC) | 10.557 | 11-104990 | <u>3,313,400</u> |
| Passed through State Department of Social Services: | | | |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Stanislaus | 9,429,502 |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | 11-10761 | 107,076 |
| Passed through California Department of Aging: | | | |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Stanislaus | <u>474,492</u> |
| Subtotal | | | <u>10,011,070</u> |
| Passed through California Department of Aging: | | | |
| Seniors Farmers Market Incentive Program | 10.576 | SFMRP-1112-30 | <u>20,000</u> |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | <u>13,967,001</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) | | | |
| Passed through State Department of Housing and Community Development: | | | |
| HUD-Community Development Block Grant (CDBG) Funds | 14.228 | B-05-UC-06-0010 | 68,960 |
| HUD-CDBG Funds | 14.228 | B-08-UC-06-0010 | 286,668 |
| HUD-CDBG NSP Funds | 14.228 | B-08-UC-06-0006 | 269,201 |
| HUD-CDBG Funds | 14.228 | B-09-UC-06-0010 | 282,867 |
| HUD-CDBG Funds | 14.228 | B-10-UC-06-0100 | 629,218 |
| HUD-CDBG Funds | 14.228 | B-11-UC-06-0100 | 865,045 |
| ARRA: HUD-CDBG HPRP Funds | 14.255 | S-09-UC-06-0100 | 327,080 |
| ARRA: HUD-CDBG-R Funds | 14.255 | B-09-UY-06-0100 | 29,764 |
| ARRA: HUD-CDBG NSP Funds | 14.255 | B-11-UN-06-0006 | <u>275,708</u> |
| Subtotal - CDBG Cluster | | | <u>3,034,511</u> |
| HUD-ESG Funds | 14.231 | S-09-UC-06-0010 | 10,565 |
| HUD-ESG Funds | 14.231 | S-10-UC-06-0010 | <u>95,117</u> |
| Subtotal | | | <u>105,682</u> |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>3,140,193</u> |

(Continued)

* Major Program

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF STANISLAUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

| <u>Federal grantor/pass-through grantor/program title</u> | <u>Catalog of federal domestic assistance number</u> | <u>Supplemental identifying number</u> | <u>Expenditures</u> |
|--|--|--|---------------------|
| U.S. DEPARTMENT OF JUSTICE | | | |
| Direct Federal Program | | | |
| FBI - Central Valley Impact Task Force | 16.3xx | FY11/12 | 12,885 |
| FBI - Central Valley Impact Task Force | 16.3xx | FY10/11 | 13,577 |
| FBI - Central Valley Impact Task Force | 16.3xx | FY09/10 | 12,434 |
| FBI - Central Valley Impact Task Force | 16.3xx | FY08/09 | <u>22,128</u> |
| Subtotal | | | <u>61,024</u> |
| Juvenile Accountability Grant 2011 | 16.523 | Stanislaus | 47,545 |
| Juvenile Accountability Grant 2010 | 16.523 | Stanislaus | 32,460 |
| Juvenile Accountability Grant 2009 | 16.523 | Stanislaus | 28,328 |
| Juvenile Accountability Grant 2008 | 16.523 | Stanislaus | 28,538 |
| Juvenile Accountability Grant 2007 | 16.523 | Stanislaus | 28,248 |
| Juvenile Accountability Grant 2006 | 16.523 | Stanislaus | 40,960 |
| Juvenile Accountability Grant 2005 | 16.523 | Stanislaus | 25,531 |
| Juvenile Accountability Grant 2004 | 16.523 | Stanislaus | 35,934 |
| Juvenile Accountability Grant 2003 | 16.523 | Stanislaus | 12,005 |
| Passed through California Emergency Management Agency: Evidence Based Practices Program | 16.523 | | <u>11,000</u> |
| Subtotal | | | <u>290,549</u> |
| Probation and Court-Based Alternatives (PCBA) | 16.540 | Stanislaus | <u>209,452</u> |
| Unserved/Underserved Victim Advocacy & Outreach Program | 16.575 | UV10010500 | 106,821 |
| Victim/Witness Assistance Program | 16.575 | VW10290500 | 155,868 |
| Victims of Crime Act | 16.575 | AT10070500 | <u>179,710</u> |
| Subtotal | | | <u>442,399</u> |
| Law Enforcement Specialized Units (LE) Program | 16.588 | LE11 01 0500 | <u>31,397</u> |
| Arrest Policies and Enforcement of Protection Orders Program | 16.590 | Stanislaus | <u>296,204</u> |
| Passed through the Community Oriented Policing Services: | | | |
| Law Enforcement Technology Program (2008 Tech) | 16.710 | * 2008CKWX0477 | 347,526 |
| ARRA: COPS Hiring Recovery Program (COPS CHRP) | 16.710 | * 2009RJWX0021 | <u>786,113</u> |
| Subtotal | | | <u>1,133,639</u> |
| Passed through California Emergency Management Agency: | | | |
| Anti-Drug Abuse Enforcement Program | 16.738 | DC11037345 | 4,568 |
| ARRA: Justice Assistance Grant (JAG) | 16.804 | FY11/12 | 493,664 |
| ARRA: Justice Assistance Grant (JAG) | 16.804 | FY10/11 | 98,262 |
| ARRA: California Multi-Jurisdictional Methamphetamine Enforcement Team | 16.804 | ZM09 01 0500 | 82,727 |
| Passed through State Office of Justice : | | | |
| Justice Assistance Grant (JAG) | 16.738 | FY11/12 | 13,261 |
| Justice Assistance Grant (JAG) | 16.738 | FY10/11 | 17,988 |
| Justice Assistance Grant (JAG) | 16.738 | FY09/10 | 32,153 |
| Justice Assistance Grant (JAG) | 16.738 | FY08/09 | 11,180 |
| 2009 Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2009-DJ-BX-0232 | 3,783 |
| 2010 Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2010-DJ-BX-0442 | 20,137 |
| 2011 Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2011-DJ-BX-2671 | 58,631 |
| ARRA: 2009 Recovery Act: Edward Byrne Justice Assistance Grant | 16.804 | 2009-SB-B9-0405 | <u>201,063</u> |
| Subtotal - Justice Assistance Grants (JAG) Program Cluster | | | <u>1,037,417</u> |

(Continued)

* Major Program

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF STANISLAUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

| <u>Federal grantor/pass-through grantor/program title</u> | <u>Catalog of federal domestic assistance number</u> | <u>Supplemental identifying number</u> | <u>Expenditures</u> |
|--|--|--|---------------------|
| U.S. DEPARTMENT OF JUSTICE (Continued) | | | |
| Passed through Office of National Drug Control Policy (OMDCP): | | | |
| 2011 High Intensity Drug Traffic Area (HIDTA) - SSJM | 16.XXX | G11CV002A | 60,124 |
| 2010 High Intensity Drug Traffic Area (HIDTA) - SSJM | 16.XXX | G10CV002A | 178,528 |
| 2010 High Intensity Drug Traffic Area (HIDTA) - ISC | 16.XXX | G10CV002A | 218 |
| Subtotal | | | <u>238,870</u> |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | <u>3,740,951</u> |
| U.S. DEPARTMENT OF LABOR | | | |
| Passed through California Department of Aging: | | | |
| Senior Community Service Employment Program | 17.235 | TV-1112-30 | 98,415 |
| Passed through California Employment Development Department: | | | |
| WIA-Adult Program | 17.258 | K282512-201 | 176,203 |
| WIA-Adult Program | 17.258 | K178697-202 | 30,461 |
| WIA-Adult Program | 17.258 | K282512-202 | 2,125,180 |
| WIA-Adult 15% Incentives | 17.258 | K178697-113 | 23,390 |
| WIA 15% Adult New Start Program | 17.258 | K178697-442 | 73,656 |
| WIA Veterans Employment Assistance | 17.258 | K178697-447 | 149,483 |
| WIA-Youth Activities | 17.259 | K178697-301 | 1,195,709 |
| WIA-Youth Activities | 17.259 | K282512-301 | 2,229,279 |
| WIA NEG NUMMI Project | 17.278 | K178697-768 | 290,000 |
| WIA-Dislocated Workers | 17.278 | K282512-501 | 482,065 |
| WIA-Dislocated Workers | 17.278 | K178697-502 | 755,831 |
| WIA-Dislocated Workers | 17.278 | K282512-502 | 933,151 |
| WIA-Dislocated Worker to Adult | 17.278 | K178697-500 | 300,000 |
| WIA-Dislocated Worker to Adult | 17.278 | K282512-500 | 198,695 |
| WIA-Rapid Response | 17.278 | K282512-540 | 47,606 |
| WIA-Rapid Response | 17.278 | K178697-541 | 89,951 |
| WIA-Rapid Response | 17.278 | K282512-541 | 142,818 |
| WIA-Rapid Response Additional Assistance | 17.278 | K178697-527 | 150,180 |
| ARRA: WIA GEG OJT (775) | 17.278 | K074178-775 | 89,896 |
| Subtotal WIA Cluster | | | <u>9,483,554</u> |
| ARRA: Worker Training and Placement Program | 17.275 | * K074178-146 | 362,926 |
| TOTAL U.S. DEPARTMENT OF LABOR | | | <u>9,944,895</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Passed through State Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | BRLSZ-5938(176) | 101,715 |
| Highway Planning and Construction | 20.205 | Contract #75LX099 | 166,851 |
| Highway Planning and Construction | 20.205 | HSIPL-5938(163) | 20,538 |
| Highway Planning and Construction | 20.205 | BRLO-5938(157) | 76,447 |
| Highway Planning and Construction | 20.205 | BRLS-5938(188) | 6,723 |
| Highway Planning and Construction | 20.205 | HSIPL-5938(160) | 486,080 |
| Highway Planning and Construction | 20.205 | CML-5938(182) | 132,657 |
| Highway Planning and Construction | 20.205 | STPL-5938(198) | 191 |
| Highway Planning and Construction | 20.205 | BRLOZ-5938(156) | 17,321 |
| Highway Planning and Construction | 20.205 | BRLSZ-5938(154) | 36,996 |
| Highway Planning and Construction | 20.205 | STPL-5938(152) | 1,965,121 |
| Highway Planning and Construction | 20.205 | STPL-5938(204) | 14,626 |
| Highway Planning and Construction | 20.205 | BRLO-5938(196) | 24,107 |
| Highway Planning and Construction | 20.205 | STPLZ-5938(076) | 234,218 |
| Highway Planning and Construction | 20.205 | STPLZ-5938(071) | 21,586 |
| Highway Planning and Construction | 20.205 | BRLS-5938(201) | 1,720 |
| Highway Planning and Construction | 20.205 | BRLS-5938(167) | 55,889 |
| Highway Planning and Construction | 20.205 | CML-5938(180) | 151,356 |
| Subtotal | | | <u>3,514,142</u> |

(Continued)

* Major Program

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF STANISLAUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal grantor/pass-through grantor/program title | Catalog of federal domestic assistance number | Supplemental identifying number | Expenditures |
|--|--|--|---------------------|
| U.S. DEPARTMENT OF TRANSPORTATION (Continued) | | | |
| Passed through State Department of Transportation: (Continued) | | | |
| Formula Grants for Other Than Urbanized Areas | 20.509 | 5311 FY 11-12 | 346,778 |
| ARRA: Formula Grants for Other Than Urbanized Areas | 20.509 | SA# 649963 | 11,562 |
| Formula Grants for Other Than Urbanized Areas | 20.509 | SA# 649964 | 4,870 |
| Formula Grants for Other Than Urbanized Areas | 20.509 | SA# 647431 | 24,985 |
| Subtotal | | | <u>388,195</u> |
| Office of Transportation Safety - DUI | 20.608 | 10/1/08-09/30/10 | 53,590 |
| Office of Transportation Safety - DUI | 20.608 | 10/01/10-09/30/11 | 46,137 |
| Office of Transportation Safety - DUI | 20.608 | 10/1/11-09/30/12 | 42,100 |
| Subtotal | | | <u>141,827</u> |
| Passed through California Emergency Management Agency | | | |
| FY12 hazardous Materials Emergency Preparedness Grant Program | 20.703 | 2361-101/099-00000 | 11,629 |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | <u>4,055,793</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| Passed through State Department of Rehabilitation | | | |
| State Vocational Rehabilitation Services Program | 84.126A | 28295 | 64,955 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | <u>64,955</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Direct Federal Program | | | |
| Community Transformation Grant | 93.531 | | 135,050 |
| Passed through California Department of Aging: | | | |
| Title VII(B), Elder Abuse Prevention | 93.041 | AP-1112-30 | 6,438 |
| Title VII(A), Ombudsman Program | 93.042 | AP-1112-30 | 31,181 |
| Title III-D, Supportive Services | 93.043 | AP-1112-30 | 28,436 |
| Title III-B, Supportive Services | 93.044 | AP-1112-30 | 447,405 |
| Title III-C1, Congregate Nutrition | 93.045 | AP-1112-30 | 286,609 |
| Title III-C2 Home Delivered Nutrition | 93.045 | AP-1112-30 | 530,616 |
| Nutrition Services Incentive Program | 93.053 | AP-1112-30 | 115,152 |
| Subtotal Aging Cluster | | | <u>1,379,782</u> |
| Title III-E, Family Caregiver | 93.052 | AP-1112-30 | 199,648 |
| Passed through Department of Mental Health: | | | |
| Transition from Homelessness (PATH) | 93.150 | Stanislaus | 152,821 |
| Passed through California Department of Education: | | | |
| Stage 3 Child Care (D) | 93.575 | C3AP-1067 | 235,430 |
| Passed through State Department of Social Services: | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | * Stanislaus | 827,731 |
| Passed through California Department of Aging: | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | * Stanislaus | 174,040 |

(Continued)

* Major Program

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF STANISLAUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

| <u>Federal grantor/pass-through grantor/program title</u> | <u>Catalog of federal domestic assistance number</u> | | <u>Supplemental identifying number</u> | <u>Expenditures</u> |
|---|--|---|--|---------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued) | | | | |
| Passed through State Department of Health Services: | | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | * | Stanislaus | 22,728,463 |
| Temporary Assistance for Needy Families (TANF) | 93.558 | * | Stanislaus | 1,815,536 |
| Temporary Assistance for Needy Families (TANF) | 93.558 | * | Stanislaus | 25,611,240 |
| Temporary Assistance for Needy Families (TANF) | 93.558 | * | Stanislaus | <u>5,571,275</u> |
| Subtotal | | | | <u>56,728,285</u> |
| Refugee and Entrant Assistance - State Administered Program | 93.566 | | Stanislaus | 171,149 |
| Refugee and Entrant Assistance - State Administered Program | 93.566 | | Stanislaus | 117,812 |
| Refugee and Entrant Assistance - State Administered Program | 93.566 | | Stanislaus | 428,798 |
| Refugee and Entrant Assistance - State Administered Program | 93.566 | | Stanislaus | <u>11,605</u> |
| Subtotal | | | | <u>729,364</u> |
| Promoting Safe and Stable Families | 93.556 | | Stanislaus | <u>482,235</u> |
| Community Based Child Abuse Prevention | 93.590 | | Stanislaus | <u>32,853</u> |
| Passed through State Department of Social Services: | | | | |
| Child Support Enforcement | 93.563 | | Stanislaus | <u>9,228,700</u> |
| Child Welfare Services/CWS Direct Cost IVB | 93.645 | | Stanislaus | <u>400,091</u> |
| Foster Care - Title IV-E Out of Home Placement Prevention | 93.658 | * | Stanislaus | 1,530,523 |
| Foster Care - Title IV-E | 93.658 | * | Stanislaus | <u>7,920,203</u> |
| Subtotal | | | | <u>9,450,726</u> |
| Adoptions Assistance | 93.659 | * | Stanislaus | <u>5,248,902</u> |
| CWS Title XX | 93.667 | | Stanislaus | <u>738,874</u> |
| Independent Living - ILP | 93.674 | | Stanislaus | <u>159,544</u> |
| Family Planning Services Title X | 93.217 | | Stanislaus | <u>146,930</u> |
| Emergency Preparedness | 93.069 | | EPO 11-50 | <u>501,253</u> |
| Hospital Preparedness Program | 93.889 | | EPO 11-50 | <u>153,460</u> |
| Information & Education Prevention Program | 93.297 | | 11-10301 | <u>31,273</u> |
| Passed through California Department of Aging: | | | | |
| Administration on Aging - MIPPA | 93.518 | | 2MI-1011-30 | <u>5,947</u> |
| Refugee Health Assessment | 93.566 | | 11-50-90842-00 | <u>257,691</u> |
| Refugee Preventive Health | 93.576 | | 11-50-90842-00 | <u>1,143</u> |
| Center for Medicare and Medicaid Services | 93.779 | | 2M-1011-30 | 9,378 |
| Center for Medicare and Medicaid Services | 93.779 | | HI-1112-30 | <u>107,497</u> |
| Subtotal | | | | <u>116,875</u> |
| Passed through State Department of Mental Health: | | | | |
| Block Grants for Community Mental Health Services | 93.958 | | Stanislaus | 338,278 |
| Block Grants for Community Mental Health Services | 93.958 | | Stanislaus | 181,368 |
| Block Grants for Community Mental Health Services | 93.958 | | Stanislaus | 1,000,000 |
| Block Grants for Community Mental Health Services | 93.958 | | Stanislaus | <u>1,189,637</u> |
| Subtotal | | | | <u>2,709,283</u> |

(Continued)

* Major Program

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF STANISLAUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

| <u>Federal grantor/pass-through grantor/program title</u> | <u>Catalog of federal domestic assistance number</u> | <u>Supplemental identifying number</u> | <u>Expenditures</u> |
|--|--|--|---------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued) | | | |
| Passed through State Department of Alcohol & Drug Programs: | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | Stanislaus | 1,406,404 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | Stanislaus | 28,783 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | Stanislaus | 653,784 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | Stanislaus | 30,000 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | Stanislaus | 142,782 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | Stanislaus | 89,707 |
| Subtotal | | | <u>2,351,460</u> |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 201151 | 117,285 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 201150 | 100,978 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 10.95298 | 47,215 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 201151 | 143,024 |
| Subtotal | | | <u>408,502</u> |
| Immunization Assistance Program | 93.268 | 110-10571 | 181,637 |
| HIV Care | 93.917 | 10-95298 | 182,416 |
| HIV Education and Prevention | 93.940 | 10-95298 | 21,713 |
| Tuberculosis Prevention | 93.116 | Stanislaus | 49,559 |
| Passed through State Department of Health Services: | | | |
| Medical Assistance Program | 93.778 | * Allocation | 1,318,279 |
| Medical Assistance Program | 93.778 | * 08-85137 | 550,196 |
| Medical Assistance Program | 93.778 | * 50-0712 | 721,711 |
| Medical Assistance Program | 93.778 | * Stanislaus | 154,014 |
| Medical Assistance Program | 93.778 | * Stanislaus | 320,502 |
| Medical Assistance Program | 93.778 | * 11-10551 | 46,867 |
| Medical Assistance Program | 93.778 | * 201151 | 73,289 |
| Passed through California Department of Aging: | | | |
| Medical Assistance Program | 93.778 | * Stanislaus | 499,072 |
| Medical Assistance Program | 93.778 | * MSSP-1112-14 | 676,835 |
| Passed through State Department of Social Services: | | | |
| Medical Assistance Program | 93.778 | * Stanislaus | 609,339 |
| Medical Assistance Program | 93.778 | * Stanislaus | 1,031,459 |
| Medical Assistance Program | 93.778 | * Stanislaus | 24 |
| Medical Assistance Program | 93.778 | * Stanislaus | 2,385,900 |
| Medical Assistance Program | 93.778 | * Stanislaus | 168,894 |
| Medical Assistance Program | 93.778 | * Stanislaus | 1,216,108 |
| Medical Assistance Program | 93.778 | * Stanislaus | 51,197 |
| Medical Assistance Program | 93.778 | * Stanislaus | 2,066,333 |
| Medical Assistance Program | 93.778 | * Stanislaus | 23,108,443 |
| Medical Assistance Program | 93.778 | * Stanislaus | 32,747 |
| Medical Assistance Program | 93.778 | * Stanislaus | 9,239,061 |
| Subtotal | | | <u>44,270,270</u> |
| TOTAL U.S. DEPARTMENT OF HUMAN AND HEALTH SERVICES | | | <u>136,757,772</u> |

(Continued)

* Major Program

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF STANISLAUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

| <u>Federal grantor/pass-through grantor/program title</u> | <u>Catalog of federal domestic assistance number</u> | <u>Supplemental identifying number</u> | <u>Expenditures</u> |
|---|--|--|-----------------------|
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Passed through State of California Department of Homeland Security: | | | |
| Emergency Management Performance Grant | 97.042 | 2011-0048 | <u>221,144</u> |
| Metropolitan Medical Response System | 97.071 | 2011-77 | 22,883 |
| Metropolitan Medical Response System | 97.071 | 2010-85 | 120,331 |
| Metropolitan Medical Response System | 97.071 | 2009-19 | <u>33,409</u> |
| Subtotal | | | <u>176,623</u> |
| State Homeland Security Program | 97.073 | 2011-77 | 26,029 |
| State Homeland Security Program | 97.073 | 2010-85 | 485,770 |
| State Homeland Security Program | 97.073 | 2009-19 | <u>692,887</u> |
| Subtotal | | | <u>1,204,686</u> |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | <u>1,602,453</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 173,274,013</u> |

* Major Program

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF STANISLAUS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Stanislaus (the County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue Funds.

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County of Stanislaus provided federal awards to subrecipients as follows:

| Name of Program | CFDA | Subrecipient | Amount |
|-----------------------------------|--------|---|------------|
| Rural Transit & Procurement | 20.509 | Stanislaus County | \$ 358,340 |
| C1 Congregate Meals | 93.045 | The Howard Training Center | 213,480 |
| C2 Home Delivered Meals | 93.045 | The Howard Training Center | 498,520 |
| Community Development Block Grant | 14.228 | City of Ceres | 229,386 |
| Community Development Block Grant | 14.228 | City of Hughson | 146,433 |
| Community Development Block Grant | 14.228 | City of Newman | 169,795 |
| Community Development Block Grant | 14.228 | City of Oakdale | 197,025 |
| Community Development Block Grant | 14.228 | City of Patterson | 207,602 |
| Community Development Block Grant | 14.228 | City of Waterford | 159,772 |
| Community Development Block Grant | 14.228 | Center Human Serv - Ceres partnership | 12,801 |
| Community Development Block Grant | 14.228 | Center Human Serv - Oakdale FRC | 13,654 |
| Community Development Block Grant | 14.228 | Center Human Serv - Westside FRC | 12,801 |
| Community Development Block Grant | 14.228 | Child Crisis Center - Child Victims of Violence | 11,948 |
| Community Development Block Grant | 14.228 | Child Crisis Center - Essential Child Shelter | 18,198 |
| Community Development Block Grant | 14.228 | Child Crisis Center - Essential Child Shelter East | 15,361 |
| Community Development Block Grant | 14.228 | DRAIL - Assistance Technology Program | 12,801 |
| Community Development Block Grant | 14.228 | Family Promise - Case Management | 12,680 |
| Community Development Block Grant | 14.228 | Hughson FRC - Family Wellness | 11,948 |
| Community Development Block Grant | 14.228 | PIQE - Promoting Self Sufficiency | 8,534 |
| Community Development Block Grant | 14.228 | Parent Resource Center - Airport Neighbor Partnership | 13,654 |

NOTE 4 – SUBRECIPIENTS (Continued)

| <u>Name of Program</u> | <u>CFDA</u> | <u>Subrecipient</u> | <u>Amount</u> |
|-----------------------------------|-------------|--|---------------------|
| Community Development Block Grant | 14.228 | Second Harvest - Food 4 Thought | \$ 17,068 |
| Community Development Block Grant | 14.228 | Second Harvest - Food Assistance | 12,801 |
| Community Development Block Grant | 14.228 | United Cerebral Palsy - Project for Seniors | 8,534 |
| Community Development Block Grant | 14.228 | United Cerebral Palsy - Project for Seniors | 8,534 |
| Community Development Block Grant | 14.228 | USF - Mobile Lunch Program - Hughson | 12,801 |
| Community Development Block Grant | 14.228 | USF - Mobile Lunch Program - Keyes/Ceres | 11,948 |
| Community Development Block Grant | 14.228 | Westside Food Pantry - Emergency Food | 13,654 |
| Emergency Shelter Grant | 14.231 | Comm Housing & Shelter - Homeless Prev | 40,563 |
| Emergency Shelter Grant | 14.231 | Family Promise - Shelter Service - Homeless Families | 18,900 |
| Emergency Shelter Grant | 14.231 | Children's Crisis Center - Marshas House | 24,220 |
| Emergency Shelter Grant | 14.231 | Salvation Army - Transitional Shelter | 8,942 |
| Emergency Shelter Grant | 14.231 | We Care - Emerg Cold Weather Shelter | 10,969 |
| Total | | | <u>\$ 2,513,667</u> |

NOTE 5 – PROGRAM CLUSTERS

Federal programs, which must be audited together as a program cluster, include the following:

| <u>Federal CFDA</u> | <u>Program Title</u> | <u>Federal Expenditures</u> |
|-------------------------|--------------------------------|---------------------------------|
| <u>CDBG Cluster:</u> | | |
| 14.228 | HUD - CDBG Funds | \$ 2,401,959 |
| 14.255 | ARRA: HUD - CDBG Funds | 632,552 |
| Total | | <u>\$ 3,034,511</u> |
| <u>WIA Cluster:</u> | | |
| 17.258 | WIA - Adult | \$ 2,578,373 |
| 17.259 | WIA - Youth | 3,424,988 |
| 17.278 | WIA - Dislocated Workers | 3,390,297 |
| 17.278 | ARRA: WIA - Dislocated Workers | 89,896 |
| Total | | <u>\$ 9,483,554</u> |

NOTE 5 – PROGRAM CLUSTERS (Continued)

| Federal CFDA | Program Title | Federal Expenditures |
|---|---|-------------------------|
| <u>Aging Cluster:</u> | | |
| 93.044 | Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | \$ 447,405 |
| 93.045 | Special Programs for the Aging - Title III, Part C - Nutrition Services | 817,225 |
| 93.053 | Nutrition Services Incentive Program | <u>115,152</u> |
| | Total | <u>\$ 1,379,782</u> |
| <u>Justice Assistance Grants (JAG) Program Cluster:</u> | | |
| 16.738 | Justice Assistance Grant (JAG) | \$ 161,701 |
| 16.804 | ARRA - Recovery Act: Edward Byrne Justice Assistance Grant | <u>875,716</u> |
| | Total | <u>\$ 1,037,417</u> |

NOTE 6 – PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County has either determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

NOTE 7 – DEPARTMENT OF AGING FEDERAL/STATE SHARE

The California Department of Aging (CDA) requires agencies who receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following state and federal amounts under these grants:

| CFDA | Contract No. | Programs | | Administration | |
|--------|-----------------------------------|----------------------|--------------------|----------------------|--------------------|
| | | Federal Expenditures | State Expenditures | Federal Expenditures | State Expenditures |
| 17.235 | TV-1112-30 | \$ 98,415 | \$ - | \$ - | \$ - |
| 93.041 | AP-1112-30 | 6,438 | - | - | - |
| 93.042 | AP-1112-30 | 31,181 | - | - | - |
| 93.043 | AP-1112-30 | 28,436 | - | - | - |
| 93.044 | AP-1112-30 | 392,341 | - | 55,064 | - |
| 93.045 | AP-1112-30 | 221,873 | 42,061 | 64,736 | 307 |
| 93.045 | AP-1112-30 | 498,520 | 40,937 | 32,096 | 82 |
| 93.052 | AP-1112-30 | 176,881 | - | 22,767 | - |
| 93.053 | AP-1112-30 | 115,152 | - | - | - |
| 93.518 | 2M-1011-30 | 5,471 | - | 476 | - |
| 93.779 | 2M-1011-30 | 8,628 | - | 750 | - |
| 93.779 | HI-1112-30 | 98,684 | 164,550 | 8,813 | 9,265 |
| 10.576 | SFNP-1112-30 | 20,000 | - | - | - |
| 93.778 | MSSP-1112-30 | 676,835 | - | - | - |
| | Ombudsman Initiative - AP-1112-30 | - | 43,274 | - | - |
| | TOTAL | \$ 2,378,855 | \$ 290,822 | \$ 184,702 | \$ 9,654 |

NOTE 8 – CALIFORNIA EMERGENCY MANAGEMENT AGENCY (CalEMA) GRANTS

The following represents expenditures for CalEMA programs for the year ended June 30, 2012. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

| Program | Expenditures Claimed | | | Share of Expenditures Current Year | | |
|---|--------------------------------------|----------------------------------|--------------------------------|------------------------------------|-------------|--------------|
| | For the Period through June 30, 2011 | For the Year Ended June 30, 2012 | Cumulative as of June 30, 2012 | Federal Share | State Share | County Share |
| <u>VW10290500 - Victim/Witness Assistance Program</u> | | | | | | |
| Personnel services | \$ 335,559 | \$ 337,890 | \$ 673,449 | \$ 155,868 | \$ 182,022 | \$ - |
| Operating expenses | 3,813 | 1,100 | 4,913 | - | 1,100 | - |
| Totals | \$ 339,372 | \$ 338,990 | \$ 678,362 | \$ 155,868 | \$ 183,122 | \$ - |

NOTE 8 – CALIFORNIA EMERGENCY MANAGEMENT AGENCY (CalEMA) GRANTS (Continued)

| Program | Expenditures Claimed | | | Share of Expenditures Current Year | | |
|---|--------------------------------------|----------------------------------|--------------------------------|------------------------------------|------------------|--------------|
| | For the Period through June 30, 2011 | For the Year Ended June 30, 2012 | Cumulative as of June 30, 2012 | Federal Share | State Share | County Share |
| <u>VB08060500 - Vertical Prosecution Block Grant</u> | | | | | | |
| Personnel services | \$ 307,339 | \$ 16,657 | \$ 323,996 | \$ - | \$ 16,657 | \$ - |
| Operating expenses | 340 | - | 340 | - | - | - |
| Totals | <u>\$ 307,679</u> | <u>\$ 16,657</u> | <u>\$ 324,336</u> | <u>\$ -</u> | <u>\$ 16,657</u> | <u>\$ -</u> |
| <u>UV10010500 - Unserved/Undeserved Advocacy & Outreach Program</u> | | | | | | |
| Personnel services | \$ 62,913 | \$ 59,029 | \$ 121,942 | \$ 59,029 | \$ - | \$ - |
| Operating expenses | 42,536 | 51,135 | 93,671 | 51,135 | - | - |
| Totals | <u>\$ 105,449</u> | <u>\$ 110,164</u> | <u>\$ 215,613</u> | <u>\$ 110,164</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>RU08100500 - Rural Crimes Prevention</u> | | | | | | |
| Personnel services | \$ 122,609 | \$ 29,890 | \$ 152,499 | \$ - | \$ 29,890 | \$ - |
| Totals | <u>\$ 122,609</u> | <u>\$ 29,890</u> | <u>\$ 152,499</u> | <u>\$ -</u> | <u>\$ 29,890</u> | <u>\$ -</u> |
| <u>VCGC9082 - A1 Victim Comp & Gov Claims Board</u> | | | | | | |
| Personnel services | \$ 66,411 | \$ 63,852 | \$ 130,263 | \$ - | \$ 63,852 | \$ - |
| Totals | <u>\$ 66,411</u> | <u>\$ 63,852</u> | <u>\$ 130,263</u> | <u>\$ -</u> | <u>\$ 63,852</u> | <u>\$ -</u> |
| <u>DC04150500 - Stanislaus Anti Drug</u> | | | | | | |
| Personnel services | \$ 92,817 | \$ - | \$ 92,817 | \$ - | \$ - | \$ - |
| Totals | <u>\$ 92,817</u> | <u>\$ -</u> | <u>\$ 92,817</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTE 8 – CALIFORNIA EMERGENCY MANAGEMENT AGENCY (CalEMA) GRANTS (Continued)

| Program | Expenditures Claimed | | | Share of Expenditures Current Year | | |
|-----------------------------|--------------------------------------|----------------------------------|--------------------------------|------------------------------------|-------------------|--------------|
| | For the Period through June 30, 2011 | For the Year Ended June 30, 2012 | Cumulative as of June 30, 2012 | Federal Share | State Share | County Share |
| <u>DC10027345 - SDEA</u> | | | | | | |
| Personnel services | \$ 21,047 | \$ 4,568 | \$ 25,615 | \$ 4,568 | \$ - | \$ - |
| Totals | <u>\$ 21,047</u> | <u>\$ 4,568</u> | <u>\$ 25,615</u> | <u>\$ 4,568</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>MH08080500 - CalMMET</u> | | | | | | |
| Personnel services | \$ 150,790 | \$ 14,477 | \$ 165,267 | \$ - | \$ 14,477 | \$ - |
| Operating expenses | 174,424 | 164,184 | 338,608 | - | 164,184 | - |
| Equipment | 9,754 | - | 9,754 | - | - | - |
| Totals | <u>\$ 334,968</u> | <u>\$ 178,661</u> | <u>\$ 513,629</u> | <u>\$ -</u> | <u>\$ 178,661</u> | <u>\$ -</u> |

FINDINGS AND QUESTIONED COSTS

**COUNTY OF STANISLAUS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

Section 1

| <u>Financial Statements</u> | <u>Summary of Auditor's Results</u> |
|---|-------------------------------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? | No |
| 4. Identification of major programs: | |

CFDA Number

Program

| | |
|--------|--|
| 93.659 | Adoption Assistance |
| 93.658 | Foster Care – Title IV E |
| 93.778 | Medical Assistance Program |
| 93.558 | Temporary Assistance for Needy Families (TANF) |
| 16.710 | Public Safety Partnership and Community Policing Grants, Including ARRA Grant |
| 17.275 | ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors |

| | |
|--|-------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | \$3,000,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes |

**COUNTY OF STANISLAUS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

Section 2

Financial Statement Findings

None.

Section 3

Federal Award Findings and Questioned Costs

None.

**COUNTY OF STANISLAUS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

No findings in the prior year.

June 30, 2012 Audited Financial Report

April 30, 2013

Board of Supervisors Presentation

Objective

- ▶ County and its Component Units
 - County Departments
 - Component Units
 - Definition
 - Role in the Financial Statements
- ▶ Financial Highlights

Component Units

- ▶ Component Units
 - Legally separate entities
 - Own name
 - Can sue or be sued in own name
 - Can buy, sell or lease in own name
 - Financially Accountable for the Component Unit
 - Impact in the Financial Statements

Financially Accountable

▶ Financially Accountable Criteria

- Test 1:
 - County appoints voting majority of component unit's governing body **and**
 - County able to impose its will **and/or**
 - County benefits financially or has financial burden of the component unit
- Test 2: Component unit is fiscally dependent upon the County
- Either Test 1 or Test 2 satisfied, the County is financially accountable to the component unit

▶ Component Unit is reported in the County's Financial Statements

Blended vs Discrete Presentation

▶ Blended

- Component unit's board substantively the same as County
- Component unit provides services entirely or almost entirely to the County
- Involves aggregating/merging component units with the County
- Separate/identifiable column in the financial statements

▶ Discrete

- Financial data is not aggregated
- County does not report any discrete component units

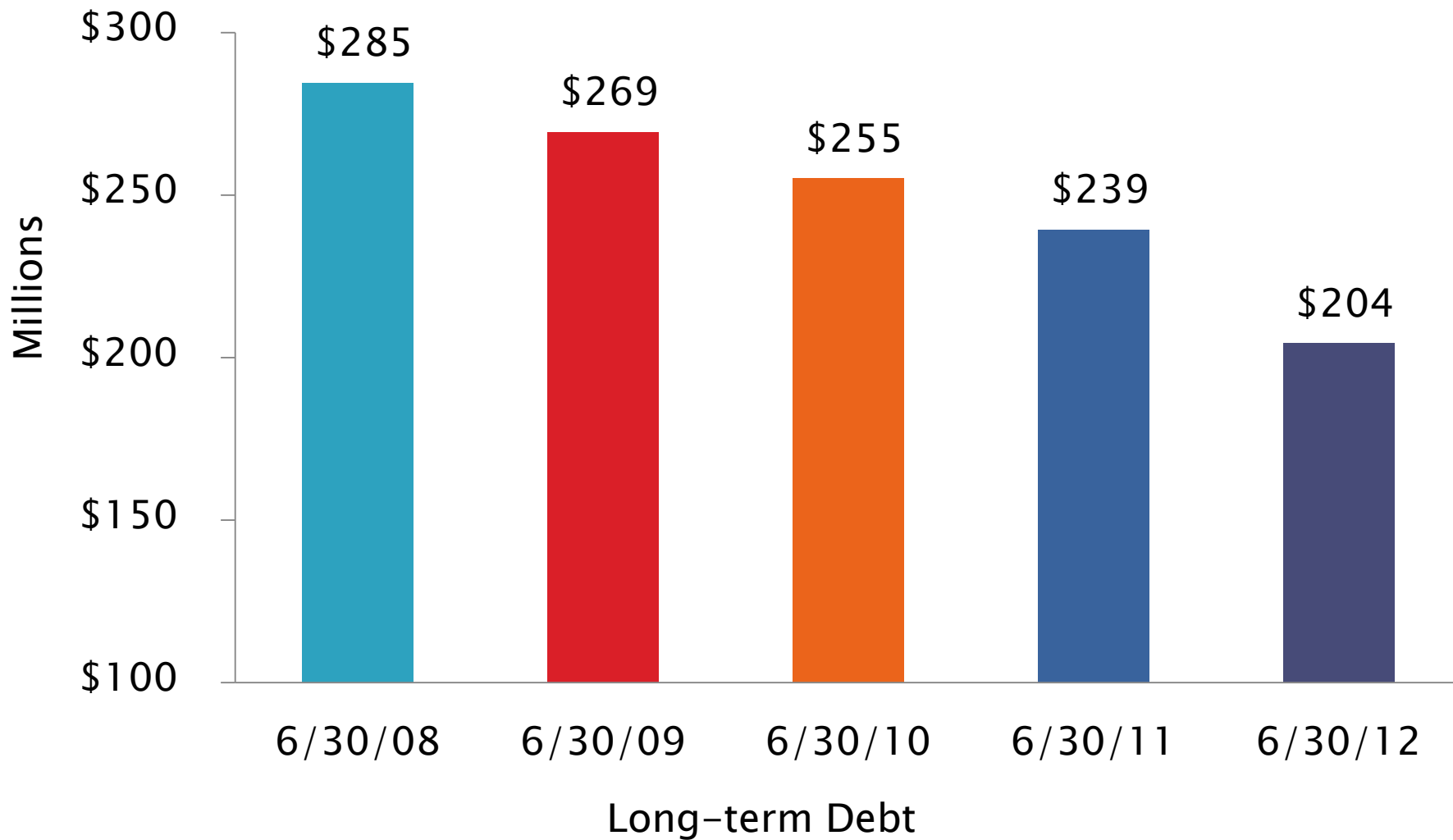
County's Component Units

- ▶ County's Component Units
 - Stanislaus County Capital Improvements Financing Authority
 - Stanislaus County Tobacco Funding Corporation
 - Lighting Districts
 - In-Home Supportive Services Public Authority
 - Redevelopment Agency (RDA)

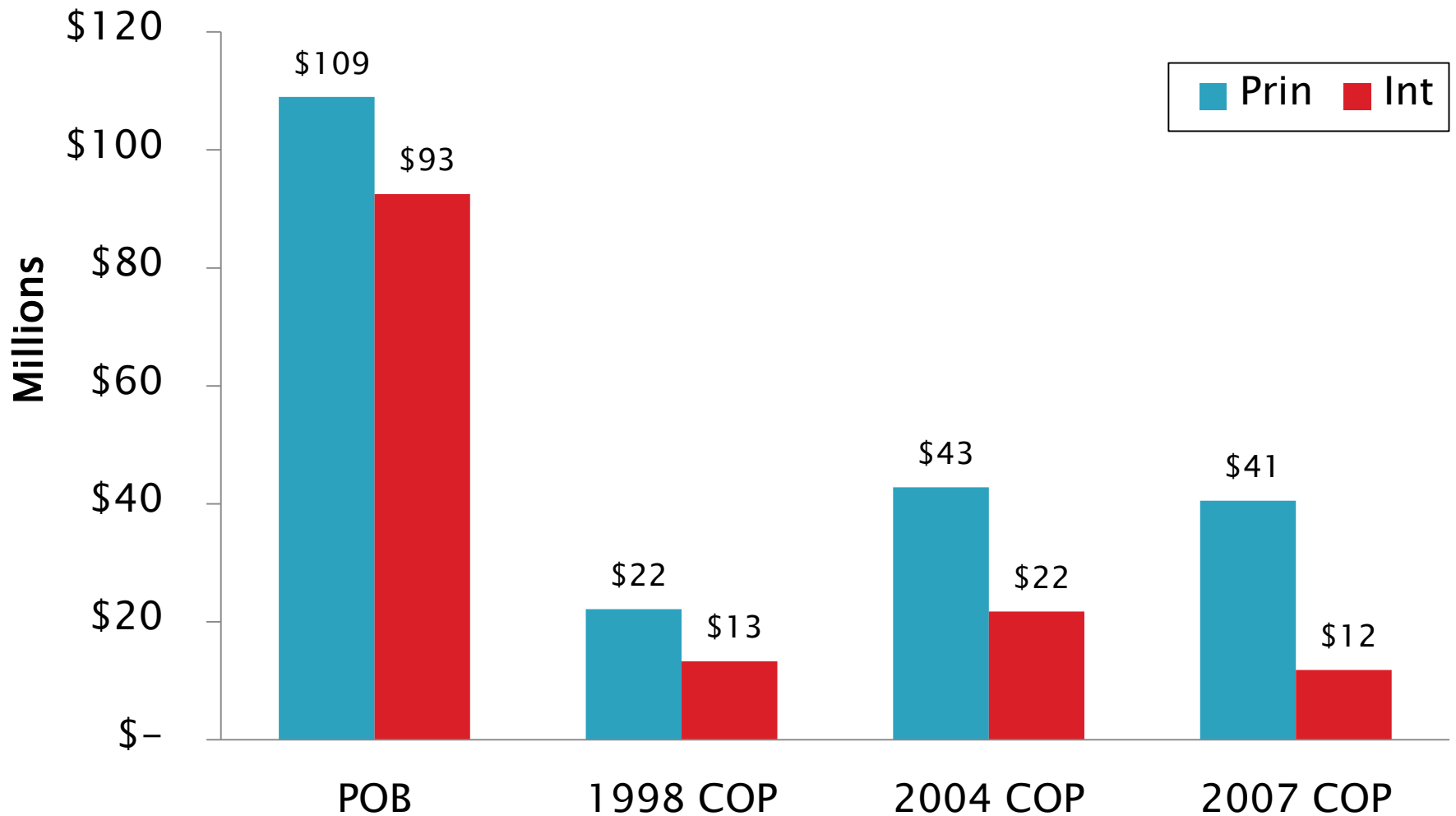
Redevelopment Agency (RDA)

- ▶ Assembly Bill 1X 26 (Bill)
 - Redevelopment agency dissolved as of February 1, 2012
- ▶ Impact on the financial statements
 - RDA Fund Balance \$19.4m
 - RDA Debt \$18.1m
 - Extraordinary loss to the County of \$1.3m

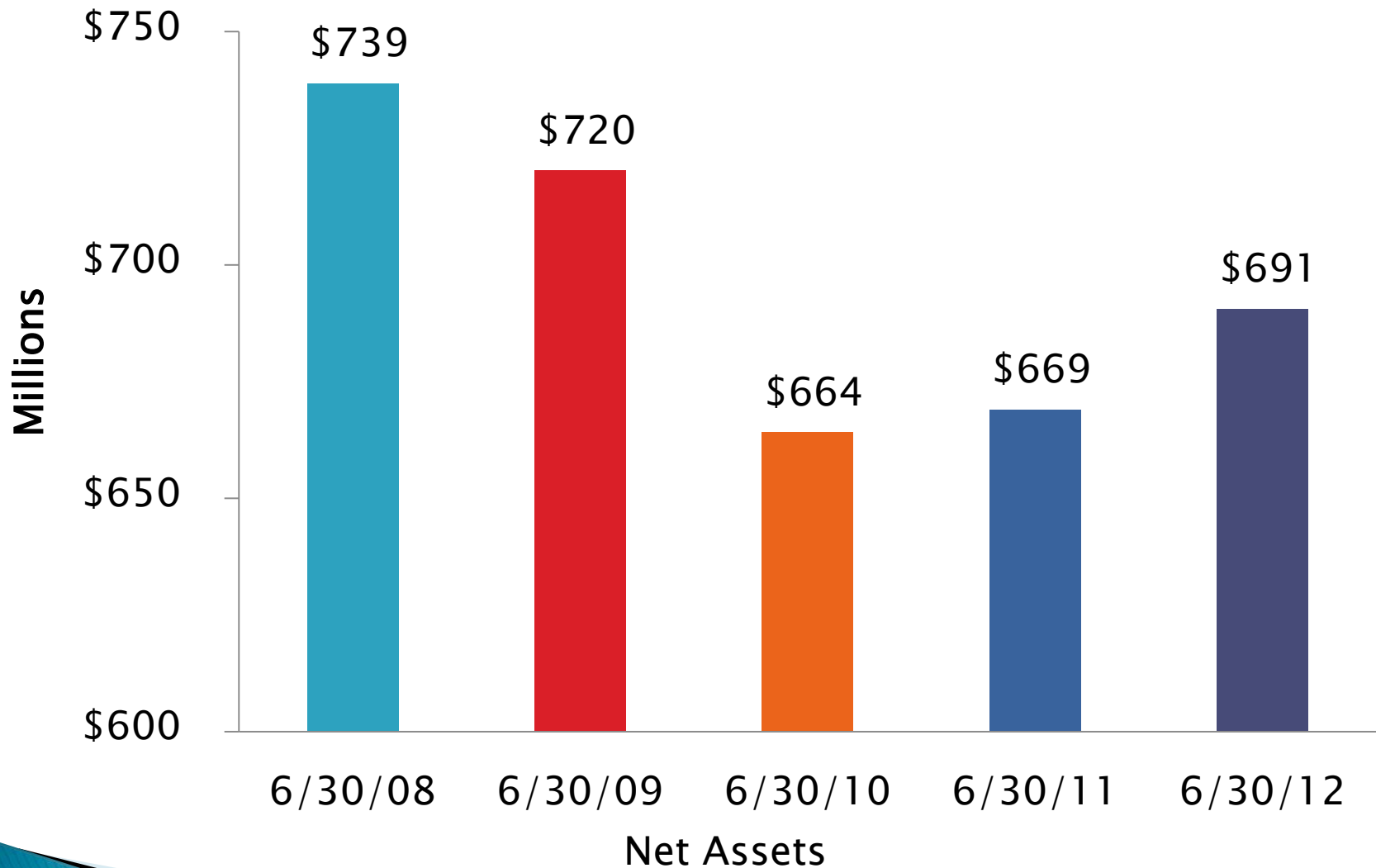
Long-term Debt Comparison



Principal & Interest



Net Assets Comparison



Conclusion

▶ Audit Opinions

- County received an unqualified opinion
 - Highest level of assurance
 - No reservations concerning the financial statements
 - Clean opinion meaning that the financial statements appear to be presented fairly