

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

DEPT: Auditor-Controller *SM*

BOARD AGENDA # B-6

Urgent

Routine

AGENDA DATE May 5, 2015

CEO Concur 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, 2014

STAFF RECOMMENDATIONS:

Accept the following audited financial reports for the fiscal year ended June 30, 2014, prepared by Brown Armstrong Accountancy Corporation:

1. Annual Financial Report, and
2. Single Audit Report.

FISCAL IMPACT:

The total cost for the audit was \$83,300. The fee associated with the Annual Financial Report was \$64,000 and \$19,300 for the Single Audit. Funding for the audit was included in the Board of Supervisors 2014-2015 Adopted Final Budget.

BOARD ACTION AS FOLLOWS:

No. 2015-200

On motion of Supervisor Monteith, Seconded by Supervisor Chiesa
and approved by the following vote,

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

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

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

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 Annual 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 Annual Financial Report, taken as a whole, reflects the financial position of the County as of June 30, 2014. 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 (GAAP).

The Annual Financial Report 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 expresses 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 or findings were noted.

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 is submitted to the Federal Audit Clearing House.

The Single Audit received an unqualified opinion.

Of the approximately \$170 million expenditures of federal awards reported, an exception to the eligibility compliance associated with the Workforce Investment Act (Catalog of Federal Domestic Assistance – CFDA No. 17.258, 17.259 and 17.278) was noted. One of the claims tested by the audit team was missing the applicant's signature. The applicant's eligibility was not compromised since other key documents, such as the individual employment plan, were signed. The management staff at Alliance Worknet has been made aware of this exception and will be exercising greater diligence in the review process to ensure adherence to established policies and procedures.

With the exception of this single finding, the County complied, in all material respects, with the federal program guidelines.

An exit conference has been scheduled for April 29, 2015. Brown Armstrong Accountancy Corporation representatives will present a summary and explanation of the audit documents. Members of the Grand Jury, department heads, and other County staff have been invited to participate in the exit conference.

Copies of the reports are available from the Clerk of the Board and on-line on the County Auditor-Controller'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 Board of Supervisors priority of 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

Annual Financial Report

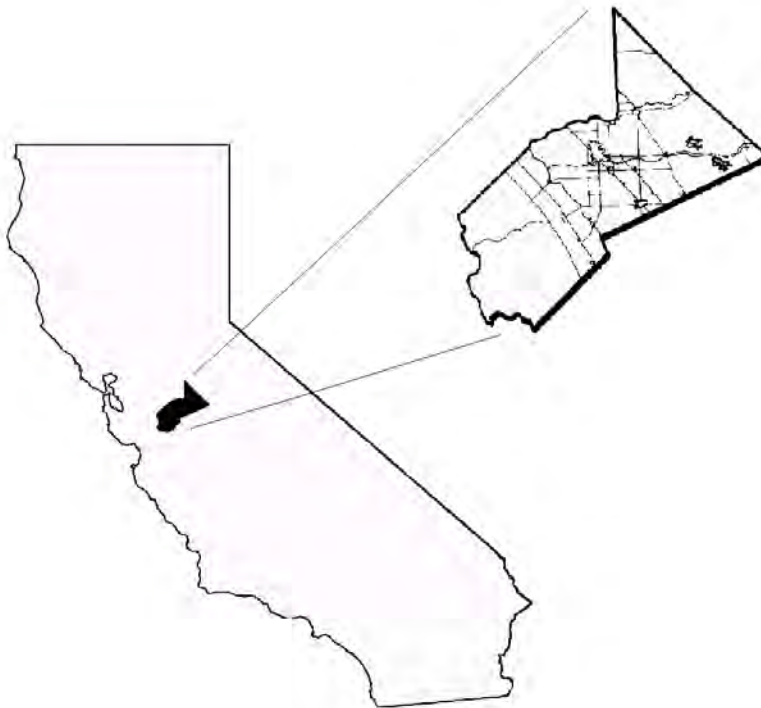
County of Stanislaus, California



Fiscal Year Ended June 30, 2014

Annual Financial Report

County of Stanislaus, California
Fiscal Year Ended
June 30, 2014



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, 2014**

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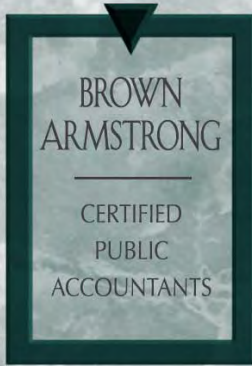
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Financial Section



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, California, (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Behavioral Health and Recovery Fund, and Community Services Agency Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2014, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which modified the current financial reporting of those elements. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Funding Progress – Pension Benefit Plan, and Schedule of Funding Progress – OPEB 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, Long-Term Debt Statements of the Successor Agency to the Stanislaus County Redevelopment Agency, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and Long-Term Debt Statements of the Successor Agency to the Stanislaus County Redevelopment Agency are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and Long-Term Debt Statements of the Successor Agency to the Stanislaus County Redevelopment Agency are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, 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* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 19, 2014

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, 2014. 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 2013-2014 fiscal year by \$742 million (*net position*). Of this amount, \$409 million is net investment in capital assets and \$331 million is restricted for specific purpose (*restricted net position*), with a \$2 million balance in unrestricted net position.
- The government's total net position increased by \$18 million.
- As of June 30, 2014, the County governmental funds reported combined fund balances of \$443 million, an increase of \$8 million from the prior year. Approximately 4% of the combined fund balances, or \$16 million is unassigned.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$17 million, or 7% of total General Fund expenditures and transfers.
- The County's total long-term liabilities decreased by a net \$25 million in fiscal year 2013-2014. The majority of the decrease is related to the refunding of 2004 Certificates of Participation and Pension Obligation Bond payments.

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 position* presents information on all County assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 and cultural services. The business-type activities of the County include the Fink and Geer Road Sanitary Landfills, Health Clinics and Ancillary Services and 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 five component units included in these financial statements. 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 Road 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 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 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 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 38-90 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 financial statements. Combining and individual fund statements can be found on pages 93-107 of this report.

County of Stanislaus
Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$742 million at the close of the 2013-2014 fiscal year.

By far the largest portion of the County's net position of \$409 million (55%) 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 Position

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | \$ 583,099,422 | \$ 575,008,247 | \$ 56,588,881 | \$ 53,933,334 | \$ 639,688,303 | \$ 628,941,581 |
| Capital assets | 422,053,317 | 441,385,172 | 28,812,078 | 26,864,463 | 450,865,395 | 468,249,635 |
| Total assets | 1,005,152,739 | 1,016,393,419 | 85,400,959 | 80,797,797 | 1,090,553,698 | 1,097,191,216 |
| Long-term liabilities outstanding | 230,707,554 | 253,757,924 | 11,684,818 | 12,662,609 | 242,392,372 | 266,420,533 |
| Other liabilities | 85,634,672 | 84,111,798 | 21,023,601 | 23,077,037 | 106,658,273 | 107,188,835 |
| Total liabilities | 316,342,226 | 337,869,722 | 32,708,419 | 35,739,646 | 349,050,645 | 373,609,368 |
| Net position: | | | | | | |
| Net investment in capital assets | 380,595,362 | 383,152,489 | 28,812,078 | 26,864,465 | 409,407,440 | 410,016,954 |
| Restricted | 310,193,664 | 306,281,464 | 20,102,454 | 19,457,319 | 330,296,118 | 325,738,783 |
| Unrestricted | (1,978,513) | (10,910,256) | 3,778,008 | (1,263,633) | 1,799,495 | (12,173,889) |
| Total net position | \$ 688,810,513 | \$ 678,523,697 | \$ 52,692,540 | \$ 45,058,151 | \$ 741,503,053 | \$ 723,581,848 |

Another significant portion of the County's net position, \$331 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2 million is the amount by which the County's obligations exceed the unrestricted dollars.

County's net position increased by \$18 million.

For business-type activities, the County reported a balance of \$4 million in unrestricted net position compared to a negative balance of \$1 million in the prior year. The favorable variance of \$5 million from the prior year's unrestricted net position is 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 position by \$10 million, due to general revenues.

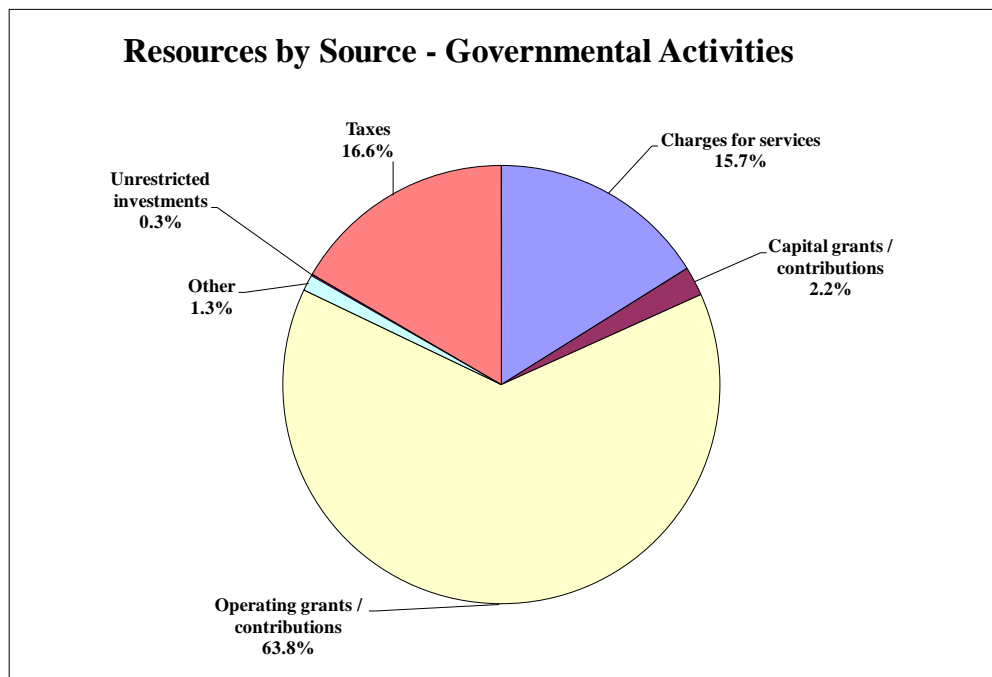
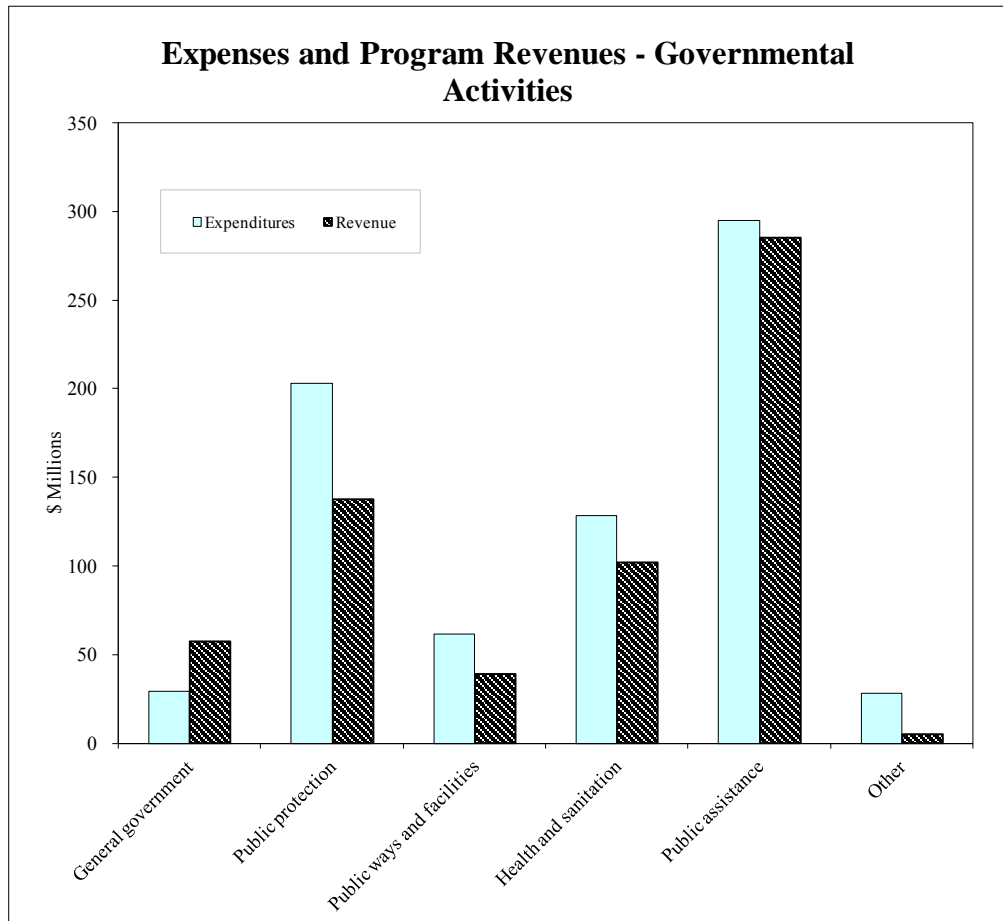
The following table indicates the changes in net position for governmental and business-type activities:

| County of Stanislaus Changes in Net Position | | | | | | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 122,755,875 | \$ 114,988,021 | \$ 40,221,842 | \$ 42,401,043 | \$ 162,977,717 | \$ 157,389,064 |
| Operating grants and contributions | 485,384,295 | 456,187,128 | 4,312,029 | 1,307,816 | 489,696,324 | 457,494,944 |
| Capital grants and contributions | 16,423,263 | 22,426,787 | | | 16,423,263 | 22,426,787 |
| General revenues: | | | | | | |
| Property taxes | 90,233,301 | 94,552,082 | | | 90,233,301 | 94,552,082 |
| Sales taxes | 32,606,659 | 30,024,222 | 6,537,281 | 5,863,652 | 39,143,940 | 35,887,874 |
| Other taxes | 2,607,534 | 2,298,871 | | | 2,607,534 | 2,298,871 |
| Unrestricted investment earnings | 818,300 | 1,975,516 | 687,854 | 374,703 | 1,506,154 | 2,350,219 |
| Grants/contributions not restricted | 1,111,071 | 1,008,261 | | | 1,111,071 | 1,008,261 |
| Other general revenue | 8,952,442 | 9,950,570 | | | 8,952,442 | 9,950,570 |
| Total revenues | 760,892,740 | 733,411,458 | 51,759,006 | 49,947,214 | 812,651,746 | 783,358,672 |
| Expenses: | | | | | | |
| General government | 29,418,322 | 34,640,462 | | | 29,418,322 | 34,640,462 |
| Public protection | 203,134,867 | 180,757,835 | | | 203,134,867 | 180,757,835 |
| Public ways and facilities | 61,684,798 | 52,929,458 | | | 61,684,798 | 52,929,458 |
| Health and sanitation | 128,083,298 | 131,314,972 | | | 128,083,298 | 131,314,972 |
| Public assistance | 294,889,889 | 282,044,591 | | | 294,889,889 | 282,044,591 |
| Education | 9,457,254 | 9,738,176 | | | 9,457,254 | 9,738,176 |
| Recreation | 6,466,131 | 7,123,274 | | | 6,466,131 | 7,123,274 |
| Interest on long-term debt | 12,441,241 | 11,492,957 | | | 12,441,241 | 11,492,957 |
| Landfills | | | 4,570,478 | 3,486,212 | 4,570,478 | 3,486,212 |
| Health clinics and ancillary | | | 37,029,440 | 34,752,858 | 37,029,440 | 34,752,858 |
| Inmate welfare and commissary | | | 1,389,576 | 1,404,060 | 1,389,576 | 1,404,060 |
| Transit | | | 6,165,247 | 4,655,628 | 6,165,247 | 4,655,628 |
| Total expenses | 745,575,800 | 710,041,725 | 49,154,741 | 44,298,758 | 794,730,541 | 754,340,483 |
| Net position increase (decrease) before transfers | 15,316,940 | 23,369,733 | 2,604,265 | 5,648,456 | 17,921,205 | 29,018,189 |
| Transfers | (5,030,124) | 512,777 | 5,030,124 | (512,777) | | |
| Change in net position | 10,286,816 | 23,882,510 | 7,634,389 | 5,135,679 | 17,921,205 | 29,018,189 |
| Change in Net Position, incl Extraordinary Item | 10,286,816 | 23,882,510 | 7,634,389 | 5,135,679 | 17,921,205 | 29,018,189 |
| Net position, July 1 | 678,523,697 | 654,641,187 | 45,058,151 | 35,867,448 | 723,581,848 | 690,508,635 |
| Prior period adjustment | - | - | - | 4,055,024 | - | 4,055,024 |
| Net position – July 1, restated | 678,523,697 | 654,641,187 | 45,058,151 | 39,922,472 | 723,581,848 | 694,563,659 |
| Net position – June 30 | \$ 688,810,513 | \$ 678,523,697 | \$ 52,692,540 | \$ 45,058,151 | \$ 741,503,053 | \$ 723,581,848 |

**County of Stanislaus
Management's Discussion and Analysis (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

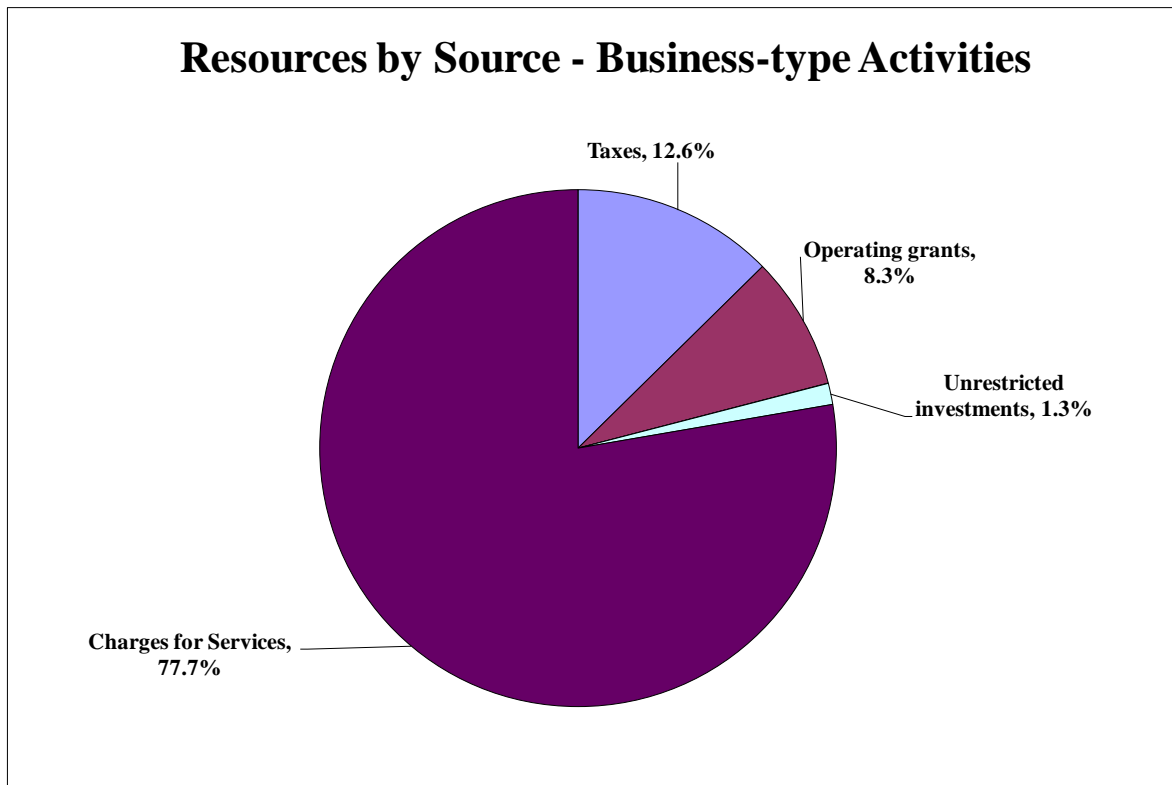
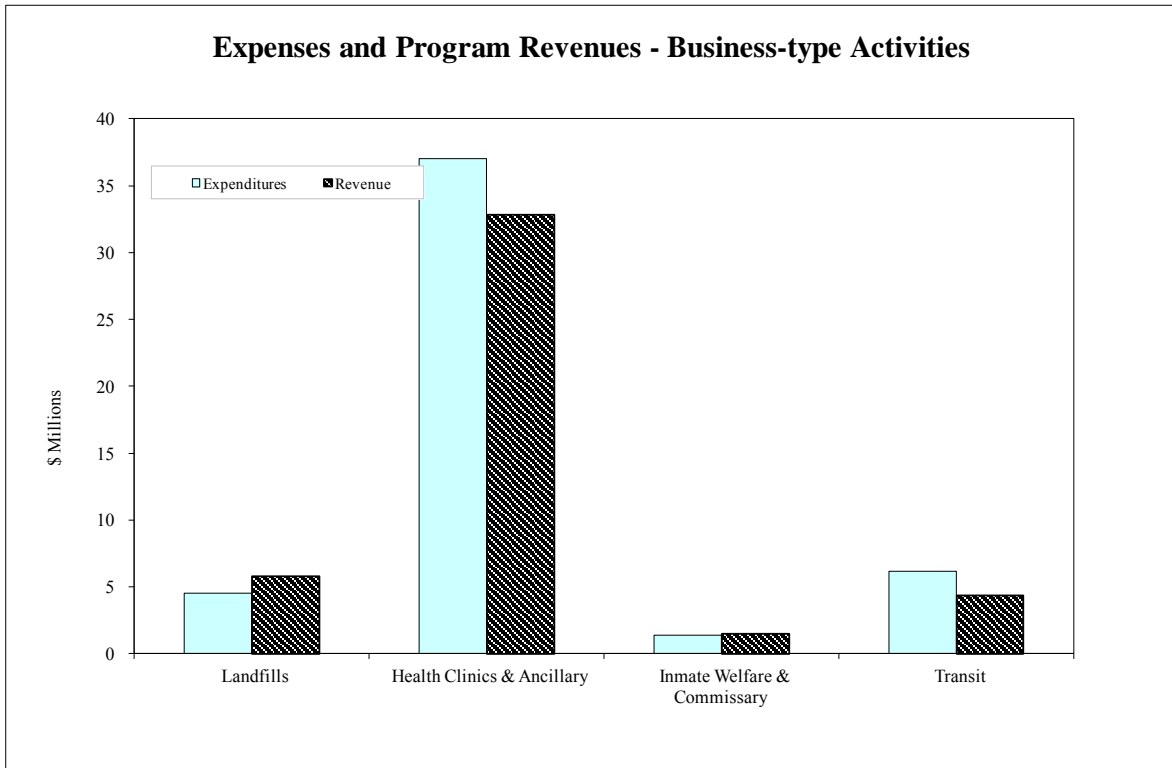
Governmental activities (Cont.)



**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, 2014, the County's governmental funds reported combined fund balances of \$443 million compared to \$435 million in the prior year. The increase of \$8 million is partially due to 2013 lease refunding debt proceeds.

The unassigned fund balance of the Governmental Funds is \$16 million. The remainder of fund balance is categorized as follows:

| | |
|------------------|----------------|
| 1) Non-spendable | \$ 16 million |
| 2) Restricted | \$ 281 million |
| 3) Committed | \$ 8 million |
| 4) Assigned | \$ 122 million |

The General Fund is the chief operating fund of the County. At June 30, 2014, unassigned fund balance of the General Fund was \$17 million while total fund balance was \$138 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% of total fund expenditures and transfers out and the total fund balance is 57% of total fund expenditures and transfers out.

The unassigned fund balance of the General Fund is \$17 million compared to \$9.6 million at June 30, 2013.

The County assigns (earmarks) fund balance to a particular function, project, activity, or for purposes beyond the current year. Of the \$138 million total General Fund balance, \$97 million or 71% of the fund balance is assigned.

The total fund balance of the County's General Fund is \$138 million compared to \$133 million in the prior year.

The debt service funds have a total fund balance of \$9 million. Most of the debt service fund balance is reserved for debt service payment.

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 | \$5,257,999 | \$ 31,825,731 | \$2,035,136 | \$ 39,118,866 |
| Operating expenses | <u>3,513,496</u> | <u>36,346,499</u> | <u>8,611,804</u> | <u>48,471,799</u> |
| Operating income (loss) | 1,744,503 | (4,520,768) | (6,576,668) | (9,352,933) |
| Non-operating revenues (expenses), net | <u>635,002</u> | <u>127,676</u> | <u>10,909,984</u> | <u>11,672,662</u> |
| Net income (loss) before contributions and transfers | 2,379,505 | (4,393,092) | 4,333,316 | 2,319,729 |
| Contributions and transfers | <u>(1,153,261)</u> | <u>5,021,990</u> | <u>1,161,395</u> | <u>5,030,124</u> |
| Net income | <u>\$1,226,244</u> | <u>\$ 628,898</u> | <u>\$5,494,711</u> | <u>\$ 7,349,853</u> |

GENERAL FUND BUDGETARY HIGHLIGHTS

The County appropriated \$4.4 million in a contingency budget for emergencies and other unanticipated expenses as part of administrative policy. As of June 30, 2014 General Fund actual revenues based on budgetary basis, were more than budgetary estimates by \$1.4 million and expenditures based on budgetary basis, excluding other financing uses, were \$37 million less than budgetary estimates.

During the year, appropriations increased by \$1.8 million resulting in a difference between the original budget and the final amended budget. The increase in appropriations was due to approved park projects, increased costs in Sheriff's contract cities, increased appropriations in County facilities and costs associated with the North McHenry Revenue Sharing Agreement. These increases were offset by a reduction in the budget due to Appropriations for Contingencies and Sheriffs operations.

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, 2014, amounted to \$451 million compared to \$468 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 2013-2014 fiscal year included the following:

- Completed construction of the 192 Honor Farm Jail Bed Replacement Facility at the Public Safety Center. The total project budget was \$11.9 million funded from insurance proceeds from the loss of barracks 1 and 2 at the Honor Farm.
- Approved the construction contract awards for the design-build construction at the Public Safety Center site for the AB 900 Phase II Public Safety Center Jail Expansion Projects for Project One (Maximum-Security Units/Mental Health Units), Project Two (Day Reporting Center), and Project Three (Intake, Release, Transportation).
- Accepted the conditional award of \$40 million from the State of California Board of State and Community Corrections under Senate Bill (SB) 1022 Adult Local Criminal Justice Facilities Construction Financing Program for the design build construction of the Stanislaus County Re-Entry and Enhanced Alternatives to Custody Training (REACT) Center Project.

The SB 1022 REACT Center project will use State Lease Revenue Bond financing, County General Funds from Assigned Fund Balance and Public Facilities Fees to design and construct jail housing, programming and administrative space on county-owned land at the Public Safety Center, in accordance with the 2013 Updated Adult Detention Needs Assessment. The project will contain approximately 288 jail beds in adult detention transitional housing units with all associated support and program space, a security administration (control) center, and circulation and common space. In addition, the REACT Center will provide services to the offender population under the Sheriff's jurisdiction, including post-release and out-of-custody/monitored release programs. The REACT Center will also include public lobby/reception areas, administration space, classrooms, counseling rooms and a multipurpose room

- Approved the re-use of the former Postal Encoding Center at County Center III for the Sheriff's Coroner Facility. Initiated the final design for the re-use at the new location with a total estimated project budget revised to \$5.9 million.
- Completed the construction of the Psychiatric Health Facility at 1904 Richland Avenue, Ceres. The approved project budget was \$2.4 million from Behavioral Health and Recovery Services Committed Fund Balance for Capital Facilities for renovation of the facility.
- Awarded a contract for construction of the Juvenile Justice Center Roofing and Heating, Ventilation and Air Conditioning Replacement Project at 2215 Blue Gum Avenue, Modesto. The approved project budget is \$4.1 million which is funded from the Chief Executive Office County Facilities legal budget and includes new roofing and mechanical systems for the existing Juvenile Justice Facility.
- Declared the Honor Farm site as surplus, and authorized staff to set a minimum sale price of \$723,000.

County of Stanislaus
Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.)

- Declared the former Medical Arts Building in downtown Modesto as surplus, and authorized staff to set a minimum sale price of \$1,363, 603. Staff rejected all bids received as none met the minimum sale price.

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 | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land and Right of Ways | \$ 43,647,477 | \$ 42,945,236 | \$ 15,462,882 | \$ 15,462,882 | \$ 59,110,359 | \$ 58,408,118 |
| Infrastructure | 175,044,739 | 199,635,971 | - | - | 175,044,739 | 199,635,971 |
| Structures and improvements | 138,433,909 | 144,666,186 | 5,768,495 | 6,276,318 | 144,202,404 | 150,942,504 |
| Equipment | 38,468,034 | 38,924,044 | 7,505,219 | 4,780,032 | 45,973,253 | 43,704,076 |
| Intangible Assets | 2,738,797 | 2,920,425 | - | - | 2,738,797 | 2,920,425 |
| Construction in progress - Intangible Assets | - | - | - | - | - | - |
| Construction in progress | 23,720,361 | 12,293,310 | 75,482 | 345,231 | 23,795,843 | 12,638,541 |
| Total | \$422,053,317 | \$ 441,385,172 | \$ 28,812,078 | \$ 26,864,463 | \$ 450,865,395 | \$ 468,249,635 |

Long-term debt

At June 30, 2014, the County had total long-term debt outstanding of \$159 million compared to \$184 million as of June 30, 2013, a net decrease of \$25 million is detailed in the following chart.

| | Outstanding Debt Balance Change from Prior Year (in millions) |
|---------------------------------|---|
| Annual debt service payment | (\$4) |
| 2004 COP pay off | (32) |
| Pension Obligation Bond pay off | (11) |
| Issuance of new debt | 20 |
| Tobacco bonds payment | (2) |
| Tobacco bonds amortization | 4 |
| Total change | (\$25) |

County of Stanislaus
Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.)

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 | |
|--------------------------------|-------------------------|--------------------|
| | 2014 | 2013 |
| Certificates of Participation | \$ 15,930,000 | \$ 51,426,641 |
| 2012 Lease Refunding | 6,065,970 | 7,507,612 |
| 2013 Lease Refunding | 19,540,000 | |
| Issue Premium | 502,193 | |
| Bonds Payable - POB | | 11,035,000 |
| Tobacco Securitization Note | 89,503,611 | 91,563,611 |
| Accreted Interest Tobacco Note | 27,339,863 | 23,210,698 |
| Total | \$ 158,881,637 | \$ 184,743,562 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate in the County for October 2014 was 9.9% compared to 7.0% for the State of California and 5.5% for the nation.
- Median home prices in Stanislaus County increased from October 2013 to October 2014 by 13%. Statewide median home prices increased 7.6% from September 2013 to September 2014.
- Building permits for single family units issued in Stanislaus County increased by 30% in October 2014 compared to the prior year. Statewide issuance of building permits for single family units increased by 5.2% for the same period.
- Assigned fund balance of \$12 million is being used to balance the General Fund budget for fiscal year 2014-2015.

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 government'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 Position
June 30, 2014

| | Governmental Activites | Business-type Activities | Total |
|---|-----------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash and investments | \$ 342,491,142 | \$ 23,549,809 | \$ 366,040,951 |
| Investments with fiscal agent | 102,243,436 | 69,950 | 102,313,386 |
| Taxes receivable | 18,546,324 | | 18,546,324 |
| Accounts receivable | 75,902,906 | 21,917,327 | 97,820,233 |
| Interest and other receivables | 1,638,823 | 126,316 | 1,765,139 |
| Deposit with others | | | |
| Deferred charges | | | |
| Inventory | 840,765 | 6,971 | 847,736 |
| Prepaid items | 345,212 | 316,513 | 661,725 |
| Loans to other governments | 9,547,617 | | 9,547,617 |
| Internal balances | 9,458,005 | (9,458,005) | |
| Restricted cash and investments | 3,872,119 | 20,060,000 | 23,932,119 |
| Investments - joint ventures | 18,213,073 | | 18,213,073 |
| Capital assets: (net of accumulated depreciation) | | | |
| Land & Right of Ways | 43,647,477 | 15,462,882 | 59,110,359 |
| Infrastructure | 175,044,739 | | 175,044,739 |
| Structures and improvements | 138,433,909 | 5,768,495 | 144,202,404 |
| Equipment | 38,468,034 | 7,505,219 | 45,973,253 |
| Intangible Assets | 2,738,797 | | 2,738,797 |
| Construction in progress | 23,720,361 | 75,482 | 23,795,843 |
| Total capital assets | <u>422,053,317</u> | <u>28,812,078</u> | <u>450,865,395</u> |
| Total assets | <u>1,005,152,739</u> | <u>85,400,959</u> | <u>1,090,553,698</u> |
| LIABILITIES | | | |
| Accounts payable | 33,248,158 | 2,211,622 | 35,459,780 |
| Salaries and benefits payable | 11,313,761 | 644,711 | 11,958,472 |
| Interest payable | 398,813 | | 398,813 |
| Unearned revenue | 40,166,158 | | 40,166,158 |
| Deposits from others | 18,950 | 28,617 | 47,567 |
| Due to other governments | 566,558 | | 566,558 |
| Payables to external parties | | 18,138,651 | 18,138,651 |
| Long-term liabilities: | | | |
| Portion due or payable within one year: | | | |
| Risk management liability - current | 12,318,884 | 279,000 | 12,597,884 |
| Capital leases - current | 222,429 | | 222,429 |
| Compensated absences - current | 2,152,613 | 155,056 | 2,307,669 |
| Long-term obligations - current | 14,721,145 | | 14,721,145 |
| Portion due or payable after one year: | | | |
| Risk management liability | 19,927,457 | 369,000 | 20,296,457 |
| Other post-employment benefits (OPEB) | 7,565,659 | 471,865 | 8,037,524 |
| Capital leases payable | 466,373 | | 466,373 |
| Compensated absences | 29,094,776 | 1,258,955 | 30,353,731 |
| Long-term obligations | 144,160,492 | | 144,160,492 |
| Estimated cost of landfill closure/postclosure | | 9,150,942 | 9,150,942 |
| Total liabilities | <u>316,342,226</u> | <u>32,708,419</u> | <u>349,050,645</u> |
| NET POSITION | | | |
| Net investment in capital assets | 380,595,362 | 28,812,078 | 409,407,440 |
| Restricted for: | | | |
| Capital projects | 82,035,903 | | 82,035,903 |
| Debt service | 9,078,113 | | 9,078,113 |
| Other purposes | 219,079,648 | 20,102,454 | 239,182,102 |
| Unrestricted (deficit) | (1,978,513) | 3,778,008 | 1,799,495 |
| Total net position | <u>\$ 688,810,513</u> | <u>\$ 52,692,540</u> | <u>\$ 741,503,053</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, 2014**

| 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 | \$ 29,418,322 | \$ 17,702,441 | \$ 39,252,941 | \$ 41,399 |
| Public protection | 203,134,867 | 47,801,929 | 89,457,757 | 250,298 |
| Public ways and facilities | 61,684,798 | 6,835,337 | 16,068,378 | 15,987,614 |
| Health and sanitation | 128,083,298 | 38,459,900 | 63,096,331 | 45,777 |
| Public assistance | 294,889,889 | 8,408,836 | 276,565,315 | |
| Education | 9,457,254 | 486,531 | 115,857 | 34,532 |
| Recreation | 6,466,131 | 3,060,901 | 827,716 | 63,643 |
| Interest and fiscal charges on long-term debt | 12,441,241 | | | |
| Total governmental activities | <u>745,575,800</u> | <u>122,755,875</u> | <u>485,384,295</u> | <u>16,423,263</u> |
| Business-type activities: | | | | |
| Landfills | 4,570,478 | 5,598,975 | 185,246 | |
| Health Clinics & Ancillary | 37,029,440 | 32,587,731 | 216,804 | |
| Inmate Welfare and Commissary | 1,389,576 | 1,528,952 | 9,682 | |
| Transit | 6,165,247 | 506,184 | 3,900,297 | |
| Total business-type activities | <u>49,154,741</u> | <u>40,221,842</u> | <u>4,312,029</u> | |
| Total Stanislaus County | <u>\$ 794,730,541</u> | <u>\$ 162,977,717</u> | <u>\$ 489,696,324</u> | <u>\$ 16,423,263</u> |

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
- Unrestricted investment earnings
- Miscellaneous
- Net transfers

Total general revenues and transfers

Changes in net position

Net position--beginning

Net position--ending

**County of Stanislaus
Statement of Activities
For the Fiscal Year Ended June 30, 2014**

| <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> |
| 27,578,459 | \$ | \$ | |
| (65,624,883) | | 27,578,459 | Primary government |
| (22,793,469) | | (65,624,883) | Governmental activities: |
| (26,481,290) | | (22,793,469) | General government |
| (9,915,738) | | (26,481,290) | Public protection |
| (8,820,334) | | (9,915,738) | Public ways and facilities |
| (2,513,871) | | (8,820,334) | Health and sanitation |
| (12,441,241) | | (2,513,871) | Public assistance |
| (121,012,367) | | (12,441,241) | Education |
| | | (121,012,367) | Recreation |
| | | | Interest and fiscal charges on long-term debt |
| | | | Total governmental activities |
| | | | Business-type activities: |
| | 1,213,743 | 1,213,743 | Landfills |
| | (4,224,905) | (4,224,905) | Health Clinics & Ancillary |
| | 149,058 | 149,058 | Inmate Welfare and Commissary |
| | (1,758,766) | (1,758,766) | Transit |
| | (4,620,870) | (4,620,870) | Total business-type activities |
| \$ (121,012,367) | \$ (4,620,870) | \$ (125,633,237) | Total Stanislaus County |
| | | | General revenues: |
| 42,994,218 | | 42,994,218 | Taxes: |
| 45,269,937 | | 45,269,937 | Property taxes |
| 1,969,146 | | 1,969,146 | Property taxes in lieu vehicle license fees |
| 16,074,503 | 6,537,281 | 22,611,784 | Property taxes - unsecured |
| 9,140,466 | | 9,140,466 | Sales taxes |
| 1,888,971 | | 1,888,971 | Sales taxes - library |
| 5,502,719 | | 5,502,719 | Sales taxes - road |
| 2,607,534 | | 2,607,534 | In lieu sales tax |
| 1,111,071 | | 1,111,071 | Other taxes |
| 818,300 | 687,854 | 1,506,154 | Franchise fees |
| 8,952,442 | | 8,952,442 | Unrestricted investment earnings |
| (5,030,124) | 5,030,124 | | Miscellaneous |
| | | | Net transfers |
| 131,299,183 | 12,255,259 | 143,554,442 | Total general revenues and transfers |
| 10,286,816 | 7,634,389 | 17,921,205 | Changes in net position |
| 678,523,697 | 45,058,151 | 723,581,848 | Net position--beginning |
| \$ 688,810,513 | 52,692,540 | 741,503,053 | Net position--ending |

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

**County of Stanislaus
Balance Sheet
Governmental Funds
June 30, 2014**

| | General Fund | Tobacco Settlement | Behavioral Health and Recovery | Community Services Agency | Public Facility Fees | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------|--------------------------------------|---------------------------------|----------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and investments | \$ 97,319,013 | \$ 422 | \$ 37,145,017 | \$ 393,990 | \$ 70,289,238 | \$ 98,135,201 | \$ 303,282,881 |
| Investments with fiscal agent | | 93,416,107 | | | | 8,827,329 | 102,243,436 |
| Taxes receivable | 18,546,324 | | | | | | 18,546,324 |
| Accounts receivable | 12,316,505 | 2,590,583 | 20,260,008 | 17,060,772 | | 23,151,873 | 75,379,741 |
| Interest and other receivables | 446,473 | 784,595 | 78,265 | 12,977 | 148,071 | 120,685 | 1,591,066 |
| Inventory | | | | | | 637,078 | 637,078 |
| Due from other funds | 10,671,919 | | | | | 6,169,086 | 16,841,005 |
| Loans to other governments | 3,273,562 | 6,274,055 | | | | | 9,547,617 |
| Advances to other funds | 100,000 | | | | | | 100,000 |
| Prepaid items | 199,031 | | | | | 146,181 | 345,212 |
| Restricted cash and investments | 3,872,119 | | | | | | 3,872,119 |
| Total assets | <u>146,744,946</u> | <u>103,065,762</u> | <u>57,483,290</u> | <u>17,467,739</u> | <u>70,437,309</u> | <u>137,187,433</u> | <u>532,386,479</u> |
| Liabilities, deferred Inflows of resources & fund balance | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts payable | 3,109,861 | | 16,263,968 | | 8,821 | 10,638,590 | 30,021,240 |
| Salaries and benefits payable | 4,734,284 | | 1,230,756 | 2,561,509 | | 2,536,063 | 11,062,612 |
| Sales tax liability | | | | 2,682 | | 317 | 2,999 |
| Due to other funds | | | | | | 7,050,958 | 7,050,958 |
| Due to other governments | | | | 521,522 | | 45,036 | 566,558 |
| Deposits from others | 18,950 | | | | | | 18,950 |
| Advances from grantors & third parties | 769,495 | | 22,574,650 | 14,106,316 | | 2,715,697 | 40,166,158 |
| Advances from other funds | | | | | | 100,000 | 100,000 |
| Total liabilities | <u>8,632,590</u> | <u></u> | <u>40,069,374</u> | <u>17,192,029</u> | <u>8,821</u> | <u>23,086,661</u> | <u>88,989,475</u> |
| FUND BALANCE | | | | | | | |
| Non-spendable | 15,515,016 | | 8,650 | 25,450 | | 533,822 | 16,082,938 |
| Restricted | 3,872,119 | 103,065,762 | 13,295,444 | 250,260 | 70,066,771 | 90,477,837 | 281,028,193 |
| Committed | 4,510,888 | | 3,000,685 | | | 699,952 | 8,211,525 |
| Assigned | 97,448,659 | | 1,109,137 | | 361,717 | 23,426,062 | 122,345,575 |
| Unassigned | | | | | | | |
| General fund | 16,765,674 | | | | | | 16,765,674 |
| Special revenue funds | | | | | | (1,036,901) | (1,036,901) |
| Capital project funds | | | | | | | |
| Debt service funds | | | | | | | |
| Total fund balance | <u>138,112,356</u> | <u>103,065,762</u> | <u>17,413,916</u> | <u>275,710</u> | <u>70,428,488</u> | <u>114,100,772</u> | <u>443,397,004</u> |
| Total liabilities, deferred Inflows of resources & fund balance | <u>\$146,744,946</u> | <u>\$103,065,762</u> | <u>\$57,483,290</u> | <u>\$17,467,739</u> | <u>\$70,437,309</u> | <u>\$137,187,433</u> | <u>\$532,386,479</u> |

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 Position
June 30, 2014

Total fund balances for governmental funds (page 18) \$ 443,397,004

Amounts reported for governmental activities in the statement of net position 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 | \$ 43,647,477 | |
| Intangible Assets - Internally Generated Software | 362,190 | |
| Infrastructure | 175,044,739 | |
| Structures and improvements | 137,757,069 | |
| Equipment | 31,308,173 | |
| Construction in progress | 23,720,361 | |
| Total capital assets | 411,840,009 | 411,840,009 |

Investments - Joint ventures 18,213,073

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. 12,875,549

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, 2014 are:

| | | |
|---------------------------------------|---------------|---------------|
| Certificates of participation | (42,038,163) | |
| Tobacco securitization notes | (116,843,474) | |
| Capital leases | (688,802) | |
| Accrued interest on long term debt | (398,813) | |
| Other post-employment benefits (OPEB) | (7,359,410) | |
| Compensated absences | (30,186,460) | |
| Total long-term liabilities | (197,515,122) | (197,515,122) |

Net position of governmental activities (page 15) \$ 688,810,513

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

| | General Fund | Tobacco Settlement | Behavioral Health and Recovery | Community Services Agency | Public Facility Fees | Other Governmental Funds | Total Governmental Funds |
|--|-----------------------|-----------------------|--------------------------------------|---------------------------------|----------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | | | |
| Taxes | \$ 110,691,222 | \$ | \$ | \$ | \$ 2,596,882 | \$ 12,234,639 | \$ 125,522,743 |
| Licenses, permits and franchises | 2,157,749 | | | 76,848 | | 2,293,431 | 4,528,028 |
| Fines, forfeitures and penalties | 8,536,185 | | 45,027 | | | 2,669,179 | 11,250,391 |
| Revenue from use of money and property | 3,665,542 | 9,265,071 | 453,503 | 2,480 | 624,788 | 949,992 | 14,961,376 |
| Intergovernmental | 62,645,641 | | 48,294,684 | 202,721,995 | | 173,745,129 | 487,407,449 |
| Charges for services | 46,291,589 | | 26,583,403 | 694,865 | | 34,583,978 | 108,153,835 |
| Miscellaneous | 1,431,676 | 422 | 910,227 | 1,305,293 | 17,922 | 5,266,886 | 8,932,426 |
| Total revenues | <u>235,419,604</u> | <u>9,265,493</u> | <u>76,286,844</u> | <u>204,801,481</u> | <u>3,239,592</u> | <u>231,743,234</u> | <u>760,756,248</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 26,797,307 | | | | | 408,915 | 27,206,222 |
| Public protection | 137,090,015 | | 1,012,344 | | | 57,275,896 | 195,378,255 |
| Public ways and facilities | 558,896 | | | | | 36,931,590 | 37,490,486 |
| Health and sanitation | 8,830,061 | | 76,029,010 | | | 42,623,895 | 127,482,966 |
| Public assistance | 363,221 | | | 209,853,252 | | 82,214,893 | 292,431,366 |
| Education | 360,306 | | | | | 8,660,386 | 9,020,692 |
| Recreation and cultural service | 5,176,345 | | | | | 402,553 | 5,578,898 |
| Capital outlay | | | | | 20,934 | 13,154,983 | 13,175,917 |
| Debt service: | | | | | | | |
| Interest and fiscal charges | 659 | | 3,622 | 22,829 | | 5,543,692 | 5,570,802 |
| Principal | 17,511 | | 55,804 | 158,190 | | 49,386,601 | 49,618,106 |
| Total expenditures | <u>179,194,321</u> | <u></u> | <u>77,100,780</u> | <u>210,034,271</u> | <u>20,934</u> | <u>296,603,404</u> | <u>762,953,710</u> |
| Excess revenues over (under) expenditures | <u>56,225,283</u> | <u>9,265,493</u> | <u>(813,936)</u> | <u>(5,232,790)</u> | <u>3,218,658</u> | <u>(64,860,170)</u> | <u>(2,197,462)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Capital lease proceeds | 38,569 | | | 162,918 | | 192,881 | 394,368 |
| Loan Proceeds | | | | | | 19,540,000 | 19,540,000 |
| Transfers in | 10,314,933 | | 2,315,709 | 8,321,682 | | 53,460,420 | 74,412,744 |
| Transfers out | (61,612,259) | (5,492,936) | (1,276,709) | (3,254,699) | (5,219,451) | (6,505,220) | (83,361,274) |
| Sale of capital assets | 18,005 | | | | | 2,000 | 20,005 |
| Total other financing sources (uses) | <u>(51,240,752)</u> | <u>(5,492,936)</u> | <u>1,039,000</u> | <u>5,229,901</u> | <u>(5,219,451)</u> | <u>66,690,081</u> | <u>11,005,843</u> |
| EXTRAORDINARY ITEM | | | | | | | |
| Net change in fund balances | 4,984,531 | 3,772,557 | 225,064 | (2,889) | (2,000,793) | 1,829,911 | 8,808,381 |
| Fund balance -- beginning | <u>133,127,825</u> | <u>99,293,205</u> | <u>17,188,852</u> | <u>278,599</u> | <u>72,429,281</u> | <u>112,270,861</u> | <u>434,588,623</u> |
| Fund balances -- ending | <u>\$ 138,112,356</u> | <u>\$ 103,065,762</u> | <u>\$ 17,413,916</u> | <u>\$ 275,710</u> | <u>\$ 70,428,488</u> | <u>\$ 114,100,772</u> | <u>\$ 443,397,004</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, 2014

Net change in fund balances - total governmental funds (page 20) \$ 8,808,381

The change in net position 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 | \$ 18,956,414 | |
| Less current year depreciation | <u>(35,964,098)</u> | (17,007,684) |

The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets (1,522,055)

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 | 36,246,642 | |
| Other long-term debt | 13,095,000 | |
| Capital lease | (123,278) | |
| Amortization of issuance premium | <u>189,448</u> | 49,407,812 |

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) | \$ (1,122,458) | |
| Change in investment in joint ventures | (403,020) | |
| Change in accrued interest payable | 427,608 | |
| Change in Tobacco accreted interest payable | (4,129,165) | |
| Change in compensated absences | (484,349) | |
| Change in deferred charges | <u>(3,157,078)</u> | (8,868,462) |

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. (991,176)

Bond Proceeds (19,540,000)

Change in net assets of governmental activities (page 17) \$ 10,286,816

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, 2014

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--|--------------------|--------------------|--|----------------------------------|
| REVENUES | | | | |
| Taxes | \$ 107,335,192 | \$ 109,222,849 | \$ 110,691,222 | \$ 1,468,373 |
| Licenses, permits and franchises | 1,913,000 | 1,928,000 | 2,157,749 | 229,749 |
| Fines, forfeitures and penalties | 6,399,000 | 6,399,000 | 8,536,185 | 2,137,185 |
| Revenue from use of money and property | 3,801,002 | 3,805,079 | 3,665,542 | (139,537) |
| Intergovernmental revenue | 61,048,399 | 65,312,974 | 62,645,641 | (2,667,333) |
| Charges for services | 45,933,184 | 46,785,072 | 46,291,589 | (493,483) |
| Miscellaneous revenue | 1,318,857 | 1,511,497 | 1,431,676 | (79,821) |
| Total revenues | <u>227,748,634</u> | <u>234,964,471</u> | <u>235,419,604</u> | <u>455,133</u> |
| EXPENDITURES: GENERAL | | | | |
| Assessor | | | | |
| Salaries and employee benefits | 5,030,837 | 5,011,837 | 4,570,718 | 441,119 |
| Services and supplies | 444,680 | 462,680 | 425,924 | 36,756 |
| Other charges | 272,616 | 272,616 | 261,434 | 11,182 |
| Expenditure transfer | 100 | 1,100 | 419 | 681 |
| Total expenditures | <u>5,748,233</u> | <u>5,748,233</u> | <u>5,258,495</u> | <u>489,738</u> |
| Auditor-Controller | | | | |
| Salaries and employee benefits | 3,794,296 | 3,784,296 | 3,259,834 | 524,462 |
| Services and supplies | 90,409 | 90,409 | 76,206 | 14,203 |
| Other charges | 207,528 | 217,728 | 216,029 | 1,699 |
| Expenditure transfer | (27,174) | | 120 | (120) |
| Total expenditures | <u>4,065,059</u> | <u>4,092,433</u> | <u>3,552,189</u> | <u>540,244</u> |
| Board of Supervisors | | | | |
| Salaries and employee benefits | 885,736 | 879,447 | 700,116 | 179,331 |
| Services and supplies | 114,464 | 118,932 | 115,893 | 3,039 |
| Other charges | 52,290 | 54,111 | 53,924 | 187 |
| Expenditure transfer | (790) | | | |
| Total expenditures | <u>1,051,700</u> | <u>1,052,490</u> | <u>869,933</u> | <u>182,557</u> |
| Chief Executive | | | | |
| Salaries and employee benefits | 5,399,608 | 5,396,732 | 3,897,039 | 1,499,693 |
| Services and supplies | 1,142,668 | 1,103,251 | 854,745 | 248,506 |
| Other charges | 320,620 | 362,813 | 344,746 | 18,067 |
| Expenditure transfer | (34,000) | 100 | (269) | 369 |
| Total expenditures | <u>6,828,896</u> | <u>6,862,896</u> | <u>5,096,261</u> | <u>1,766,635</u> |
| Economic Development | | | | |
| Services and supplies | 285,836 | 285,836 | (175,800) | 461,636 |
| Total expenditures | <u>285,836</u> | <u>285,836</u> | <u>(175,800)</u> | <u>461,636</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 (continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2014

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--|--------------------|------------------|--|----------------------------------|
| Risk Management | | | | |
| Salaries and employee benefits | 1,348,777 | 1,311,277 | 1,192,756 | 118,521 |
| Services and supplies | 227,410 | 253,310 | 249,301 | 4,009 |
| Other charges | 57,288 | 68,788 | 68,746 | 42 |
| Expenditure transfer | (5,950) | 150 | 15 | 135 |
| Total expenditures | <u>1,627,525</u> | <u>1,633,525</u> | <u>1,510,818</u> | <u>122,707</u> |
| CEO - Discretionary Revenue | | | | |
| Expenditure transfer | | | 12,889 | (12,889) |
| Total expenditures | | | <u>12,889</u> | <u>(12,889)</u> |
| Capital Improvement Financing Authority | | | | |
| Services and supplies | 162,313 | 162,313 | 31,407 | 130,906 |
| Other charges | 20 | 20 | 20 | |
| Total expenditures | <u>162,333</u> | <u>162,333</u> | <u>31,427</u> | <u>130,906</u> |
| Plant Acquisition | | | | |
| Salaries and employee benefits | | 106,230 | 72,841 | 33,389 |
| Services and supplies | 2,299,648 | 2,173,418 | 1,372,433 | 800,985 |
| Other charges | 33,870 | 33,870 | 5,797 | 28,073 |
| Total expenditures | <u>2,333,518</u> | <u>2,313,518</u> | <u>1,451,071</u> | <u>862,447</u> |
| General Fund Contribution to Other Programs | | | | |
| Services and supplies | | | (2,538,680) | 2,538,680 |
| Other charges | 2,579,193 | 3,393,434 | 3,319,089 | 74,345 |
| Total expenditures | <u>2,579,193</u> | <u>3,393,434</u> | <u>780,409</u> | <u>2,613,025</u> |
| Mandated County Match | | | | |
| Appropriations for contingencies | 4,758,708 | 4,758,708 | | 4,758,708 |
| Total expenditures | <u>4,758,708</u> | <u>4,758,708</u> | | <u>4,758,708</u> |
| Appropriations for Contingencies | | | | |
| Appropriations for contingencies | 4,420,864 | 2,864,164 | | 2,864,164 |
| Total expenditures | <u>4,420,864</u> | <u>2,864,164</u> | | <u>2,864,164</u> |
| County Facilities | | | | |
| Services and supplies | 522,186 | 1,356,072 | 938,225 | 417,847 |
| Other charges | 929,951 | 985,601 | 535,884 | 449,717 |
| Expenditure transfer | 6,000 | 16,400 | 20,458 | (4,058) |
| Total expenditures | <u>1,458,137</u> | <u>2,358,073</u> | <u>1,494,567</u> | <u>863,506</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 (continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2014

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|------------------------------------|--------------------|------------------|--|----------------------------------|
| Elections Division | | | | |
| Salaries and employee benefits | 1,048,685 | 1,085,440 | 976,056 | 109,384 |
| Services and supplies | 1,938,964 | 1,954,974 | 1,497,672 | 457,302 |
| Other charges | 106,969 | 106,969 | 82,917 | 24,052 |
| Expenditure transfer | 1,600 | 1,600 | 1,427 | 173 |
| Fixed assets | 863,222 | 863,222 | | 863,222 |
| Total expenditures | <u>3,959,440</u> | <u>4,012,205</u> | <u>2,558,072</u> | <u>1,454,133</u> |
| County Counsel | | | | |
| Salaries and employee benefits | 2,148,493 | 2,029,493 | 1,963,606 | 65,887 |
| Services and supplies | 209,973 | 155,580 | 35,270 | 120,310 |
| Other charges | 87,792 | 90,185 | 90,205 | (20) |
| Expenditure transfer | 50 | 50 | 15 | 35 |
| Total expenditures | <u>2,446,308</u> | <u>2,275,308</u> | <u>2,089,096</u> | <u>186,212</u> |
| Treasurer and Tax Collector | | | | |
| Salaries and employee benefits | 1,019,297 | 1,019,297 | 967,151 | 52,146 |
| Services and supplies | 940,111 | 790,111 | 187,656 | 602,455 |
| Other charges | 124,486 | 124,486 | 116,013 | 8,473 |
| Expenditure transfer | (14,500) | (14,500) | (25,725) | 11,225 |
| Total expenditures | <u>1,919,394</u> | <u>1,919,394</u> | <u>1,245,095</u> | <u>674,299</u> |
| Revenue Recovery | | | | |
| Salaries and employee benefits | 1,119,785 | 1,119,785 | 1,084,564 | 35,221 |
| Services and supplies | 238,503 | 238,503 | 161,783 | 76,720 |
| Other charges | 121,464 | 121,464 | 104,481 | 16,983 |
| Expenditure transfer | (598,000) | (598,000) | (529,731) | (68,269) |
| Fixed assets | 8,000 | 8,000 | | 8,000 |
| Total expenditures | <u>889,752</u> | <u>889,752</u> | <u>821,097</u> | <u>68,655</u> |
| Treasury | | | | |
| Salaries and employee benefits | 280,286 | 295,286 | 283,580 | 11,706 |
| Services and supplies | 129,500 | 114,500 | 84,156 | 30,344 |
| Other charges | 31,634 | 31,634 | 33,218 | (1,584) |
| Expenditure transfer | 115,000 | 115,000 | 115,000 | |
| Total expenditures | <u>556,420</u> | <u>556,420</u> | <u>515,954</u> | <u>40,466</u> |
| General Services Agency | | | | |
| Salaries and employee benefits | 568,830 | 561,315 | 463,179 | 98,136 |
| Services and supplies | 5,035 | 11,285 | 6,609 | 4,676 |
| Other charges | 22,162 | 23,412 | 23,971 | (559) |
| Expenditure transfer | | 15 | 15 | |
| Total expenditures | <u>596,027</u> | <u>596,027</u> | <u>493,774</u> | <u>102,253</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 (continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2014

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--|--------------------|-------------------|--|----------------------------------|
| EXPENDITURES: PUBLIC PROTECTION | | | | |
| Agricultural Commissioner | | | | |
| Salaries and employee benefits | 4,108,987 | 4,335,083 | 3,181,348 | 1,153,735 |
| Services and supplies | 338,331 | 338,331 | 291,557 | 46,774 |
| Other charges | 380,736 | 380,736 | 360,350 | 20,386 |
| Expenditure transfer | 92,960 | 93,560 | 89,102 | 4,458 |
| Fixed assets | 75,907 | 75,907 | (20,380) | 96,287 |
| Total expenditures | <u>4,996,921</u> | <u>5,223,617</u> | <u>3,901,977</u> | <u>1,321,640</u> |
| Office of Emergency Services | | | | |
| Salaries and employee benefits | 563,030 | 387,724 | 387,724 | |
| Services and supplies | 1,111,951 | 1,298,717 | 1,051,380 | 247,337 |
| Other charges | 246,660 | 235,200 | 233,979 | 1,221 |
| Expenditure transfer | 800 | 800 | 583 | 217 |
| Total expenditures | <u>1,922,441</u> | <u>1,922,441</u> | <u>1,673,666</u> | <u>248,775</u> |
| County Court Funding | | | | |
| Salaries and employee benefits | | | | |
| Services and supplies | 142,800 | 142,800 | 118,561 | 24,239 |
| Other charges | 5,961,827 | 5,961,827 | 5,688,530 | 273,297 |
| Expenditure transfer | 403,561 | 403,561 | 368,850 | 34,711 |
| Total expenditures | <u>6,508,188</u> | <u>6,508,188</u> | <u>6,175,941</u> | <u>332,247</u> |
| Recorder Division | | | | |
| Salaries and employee benefits | 1,805,748 | 1,805,748 | 1,639,117 | 166,631 |
| Services and supplies | 238,384 | 238,384 | 190,697 | 47,687 |
| Other charges | 231,973 | 231,973 | 220,995 | 10,978 |
| Expenditure transfer | 700 | 700 | 196 | 504 |
| Total expenditures | <u>2,720,150</u> | <u>2,741,192</u> | <u>1,934,684</u> | <u>806,508</u> |
| District Attorney | | | | |
| Salaries and employee benefits | 11,780,051 | 12,191,745 | 11,758,799 | 432,946 |
| Services and supplies | 1,212,355 | 837,611 | 657,532 | 180,079 |
| Other charges | 741,429 | 742,889 | 735,645 | 7,244 |
| Expenditure transfer | 100 | 100 | 60 | 40 |
| Total expenditures | <u>13,733,935</u> | <u>13,834,414</u> | <u>13,190,605</u> | <u>643,809</u> |
| Planning | | | | |
| Salaries and employee benefits | 1,740,933 | 1,740,933 | 1,431,620 | 309,313 |
| Services and supplies | 78,251 | 77,651 | 33,437 | 44,214 |
| Other charges | 96,509 | 96,509 | 96,102 | 407 |
| Expenditure transfer | 400 | 1,000 | 711 | 289 |
| Total expenditures | <u>1,916,093</u> | <u>1,916,093</u> | <u>1,561,870</u> | <u>354,223</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 (continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2014

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--|--------------------|-------------------|--|----------------------------------|
| Probation Administration | | | | |
| Salaries and employee benefits | 1,889,552 | 1,919,552 | 1,821,913 | 97,639 |
| Services and supplies | 172,000 | 252,000 | 239,276 | 12,724 |
| Other charges | 169,751 | 249,751 | 242,904 | 6,847 |
| Fixed assets | 11,000 | 11,000 | 10,000 | 1,000 |
| Total expenditures | <u>2,242,303</u> | <u>2,432,303</u> | <u>2,314,093</u> | <u>118,210</u> |
| Probation Community Corrections Partnership | | | | |
| Salaries and employee benefits | 3,152,156 | 3,152,156 | 2,980,961 | 171,195 |
| Services and supplies | 750,619 | 750,619 | 408,522 | 342,097 |
| Other charges | 25,000 | 25,000 | 3,646 | 21,354 |
| Fixed assets | 40,000 | 40,000 | 40,000 | 40,000 |
| Total expenditures | <u>3,967,775</u> | <u>3,967,775</u> | <u>3,393,129</u> | <u>574,646</u> |
| Probation Juvenile Commitment Facility | | | | |
| Salaries and employee benefits | 2,711,075 | 2,833,471 | 2,569,825 | 263,646 |
| Services and supplies | 567,858 | 445,462 | 198,413 | 247,049 |
| Other charges | 352,000 | 352,000 | 288,663 | 63,337 |
| Total expenditures | <u>3,630,933</u> | <u>3,630,933</u> | <u>3,056,901</u> | <u>574,032</u> |
| Probation - Field Services | | | | |
| Salaries and employee benefits | 9,094,070 | 8,299,070 | 7,400,554 | 898,516 |
| Services and supplies | 663,898 | 1,031,898 | 917,307 | 114,591 |
| Other charges | 740,914 | 747,414 | 739,559 | 7,855 |
| Expenditure transfer | 3,500 | 84,000 | 80,577 | 3,423 |
| Fixed assets | 30,000 | 30,000 | 15,000 | 15,000 |
| Total expenditures | <u>10,532,382</u> | <u>10,192,382</u> | <u>9,152,997</u> | <u>1,039,385</u> |
| Probation - Institutions | | | | |
| Salaries and employee benefits | 5,203,126 | 5,353,126 | 5,097,803 | 255,323 |
| Services and supplies | 486,768 | 486,768 | 415,177 | 71,591 |
| Other charges | 557,093 | 557,093 | 497,689 | 59,404 |
| Fixed assets | 40,000 | 40,000 | 40,000 | 40,000 |
| Total expenditures | <u>6,286,987</u> | <u>6,436,987</u> | <u>6,010,669</u> | <u>426,318</u> |
| Public Defender | | | | |
| Salaries and employee benefits | 5,312,421 | 5,232,421 | 4,593,778 | 638,643 |
| Services and supplies | 315,519 | 395,519 | 395,319 | 200 |
| Other charges | 212,600 | 212,600 | 205,654 | 6,946 |
| Expenditure transfer | 68,000 | 68,000 | 46,454 | 21,546 |
| Total expenditures | <u>5,908,376</u> | <u>5,908,376</u> | <u>5,241,369</u> | <u>667,007</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 (continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2014

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--------------------------------|--------------------|-------------------|--|----------------------------------|
| Indigent Defense | | | | |
| Services and supplies | 3,161,140 | 3,774,140 | 3,773,315 | 825 |
| Total expenditures | <u>3,161,140</u> | <u>3,774,140</u> | <u>3,773,315</u> | <u>825</u> |
| Sheriff's Administration | | | | |
| Salaries and employee benefits | 4,116,464 | 4,111,964 | 3,879,419 | 232,545 |
| Services and supplies | 872,237 | 872,237 | 577,618 | 294,619 |
| Other charges | 395,723 | 395,723 | 346,660 | 49,063 |
| Expenditure transfer | 600 | 1,600 | 1,100 | 500 |
| Fixed assets | 71,095 | 74,595 | 60,542 | 14,053 |
| Total expenditures | <u>5,456,119</u> | <u>5,456,119</u> | <u>4,865,339</u> | <u>590,780</u> |
| Sheriff's Operations | | | | |
| Salaries and employee benefits | 21,386,880 | 19,948,243 | 18,824,407 | 1,123,836 |
| Services and supplies | 5,033,008 | 5,289,138 | 4,713,464 | 575,674 |
| Other charges | 2,742,594 | 2,679,644 | 2,105,941 | 573,703 |
| Expenditure transfer | (593,200) | (668,200) | (673,545) | 5,345 |
| Fixed assets | 2,041,940 | 2,116,940 | 1,422,159 | 694,781 |
| Total expenditures | <u>30,611,222</u> | <u>29,365,765</u> | <u>26,392,426</u> | <u>2,973,339</u> |
| Sheriff's Detention | | | | |
| Salaries and employee benefits | 29,846,342 | 29,846,342 | 27,013,030 | 2,833,312 |
| Services and supplies | 5,140,923 | 5,140,923 | 3,853,834 | 1,287,089 |
| Other charges | 3,975,838 | 3,975,838 | 3,598,369 | 377,469 |
| Expenditure transfer | 17,000 | 17,000 | 6,640 | 10,360 |
| Fixed assets | 518,273 | 518,273 | 443,145 | 75,128 |
| Total expenditures | <u>39,498,376</u> | <u>39,498,376</u> | <u>34,915,018</u> | <u>4,583,358</u> |
| Court Security | | | | |
| Services and supplies | 935 | 935 | (439) | 1,374 |
| Total expenditures | <u>935</u> | <u>935</u> | <u>(439)</u> | <u>1,374</u> |
| Sheriff's Contract Cities | | | | |
| Salaries and employee benefits | 8,270,839 | 8,697,765 | 7,566,155 | 1,131,610 |
| Services and supplies | 1,290,004 | 1,317,795 | 1,189,294 | 128,501 |
| Other charges | 588,807 | 588,807 | 608,647 | (19,840) |
| Expenditure transfer | 38,500 | 38,500 | 37,414 | 1,086 |
| Fixed assets | 83,000 | 83,000 | 61,675 | 21,325 |
| Total expenditures | <u>10,188,150</u> | <u>10,725,867</u> | <u>9,463,185</u> | <u>1,262,682</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 (continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2014

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--|--------------------|------------------|--|----------------------------------|
| Grand Jury | | | | |
| Salaries and employee benefits | 53,039 | 53,039 | 46,858 | 6,181 |
| Services and supplies | 78,639 | 78,639 | 27,091 | 51,548 |
| Other charges | 14,018 | 14,018 | 12,208 | 1,810 |
| Expenditure transfer | 300 | 300 | 5 | 295 |
| Total expenditures | <u>145,996</u> | <u>145,996</u> | <u>86,162</u> | <u>59,834</u> |
| EXPENDITURES: PUBLIC WAYS | | | | |
| Airport | | | | |
| Services and supplies | 241,000 | 241,000 | 241,000 | |
| Total expenditures | <u>241,000</u> | <u>241,000</u> | <u>241,000</u> | |
| CEO Crows Landing Air Facility | | | | |
| Services and supplies | 1,694,637 | 1,696,608 | 150,372 | 1,546,236 |
| Other charges | 4,295 | 2,324 | 2,324 | |
| Total expenditures | <u>1,698,932</u> | <u>1,698,932</u> | <u>152,696</u> | <u>1,546,236</u> |
| EXPENDITURES: HEALTH AND SANITATION | | | | |
| CEO Jail Medical | | | | |
| Services and supplies | 8,936,364 | 8,936,364 | 8,830,035 | 106,329 |
| Other charges | 30 | 30 | 26 | 4 |
| Total expenditures | <u>8,936,394</u> | <u>8,936,394</u> | <u>8,830,061</u> | <u>106,333</u> |
| EXPENDITURES: PUBLIC ASSISTANCE | | | | |
| Veterans' Services | | | | |
| Salaries and employee benefits | 295,807 | 344,802 | 304,950 | 39,852 |
| Services and supplies | 23,902 | 50,781 | 21,732 | 29,049 |
| Other charges | 29,503 | 39,503 | 36,465 | 3,038 |
| Expenditure transfer | | | 5 | (5) |
| Total expenditures | <u>349,212</u> | <u>435,086</u> | <u>363,152</u> | <u>71,934</u> |
| EXPENDITURES: EDUCATION | | | | |
| Cooperative Extension | | | | |
| Salaries and employee benefits | 268,123 | 268,123 | 238,918 | 29,205 |
| Services and supplies | 16,164 | 16,164 | 10,640 | 5,524 |
| Other charges | 123,611 | 123,611 | 110,918 | 12,693 |
| Expenditure transfer | | | 45 | (45) |
| Total expenditures | <u>407,898</u> | <u>407,898</u> | <u>360,521</u> | <u>47,377</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 (continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2014

| | Original Budget | Final Budget | Actual Amount on the Budgetary Basis | Variance with Final Budget |
|--|--------------------------------|--------------------------------|--|----------------------------------|
| EXPENDITURES: RECREATION AND CULTURAL SERVICES | | | | |
| Parks and Recreation | | | | |
| Salaries and employee benefits | 2,663,428 | 2,898,260 | 2,293,925 | 604,335 |
| Services and supplies | 630,358 | 1,418,300 | 1,229,845 | 188,455 |
| Other charges | 990,403 | 1,072,961 | 969,385 | 103,576 |
| Expenditure transfer | 549,460 | 549,460 | 535,245 | 14,215 |
| Appropriations for contingencies | | | | |
| Fixed assets | 106,799 | 106,799 | | 106,799 |
| Total expenditures | <u>4,940,448</u> | <u>6,045,780</u> | <u>5,028,400</u> | <u>1,017,380</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> | |
| EXPENDITURES: DEBT SERVICE | | | | |
| Debt Services | | | | |
| Other charges | | 229,021 | 229,020 | 1 |
| Expenditure transfer | (92,060) | (92,060) | (88,075) | (3,985) |
| Total expenditures | <u>(92,060)</u> | <u>136,961</u> | <u>140,945</u> | <u>(3,984)</u> |
| TOTAL EXPENDITURES - GENERAL FUND | <u>215,719,015</u> | <u>217,480,125</u> | <u>179,946,455</u> | <u>37,533,670</u> |
| Excess of revenue over expenditures | <u>12,029,619</u> | <u>17,484,346</u> | <u>55,473,149</u> | <u>37,988,803</u> |
| Other financing sources (uses): | | | | |
| Capital lease proceeds | | 38,569 | 38,569 | |
| Transfers in | 7,418,668 | 11,097,748 | 10,314,933 | (782,815) |
| Transfers out | (46,760,544) | (62,939,728) | (61,612,259) | 1,327,469 |
| Sale of capital assets | 82,399 | 20,600 | 18,005 | (2,595) |
| Total other financing sources (uses) | <u>(39,259,477)</u> | <u>(51,782,811)</u> | <u>(51,240,752)</u> | <u>542,059</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>(27,229,858)</u> | <u>(34,298,465)</u> | <u>4,232,397</u> | <u>38,530,862</u> |
| Fund balance -- beginning | <u>(115,523,011)</u> | <u>(166,041,547)</u> | <u>179,550,810</u> | |
| Fund balance -- ending | <u>\$ (142,752,869) \$</u> | <u>\$ (200,340,012) \$</u> | <u>\$ 183,783,207 \$</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
Behavioral Health and Recovery - Special Revenue Fund
Budget and Actual on the Budgetary Basis
For the fiscal year ended June 30, 2014

| | Budgeted Amounts | | Actual amount on the Budgetary basis | Variance with Final Budget |
|--|---------------------|-----------------------|--|-------------------------------|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Fines, forfeitures, and penalties | \$ 49,748 | \$ 49,748 | \$ 45,027 | \$ (4,721) |
| Revenue from use of money and property | 564,847 | 564,847 | 453,503 | (111,344) |
| Intergovernmental revenue | 52,226,046 | 52,194,046 | 48,294,684 | (3,899,362) |
| Charges for services | 24,987,436 | 25,458,259 | 26,583,403 | 1,125,144 |
| Miscellaneous revenue | 602,622 | 602,622 | 910,127 | 307,505 |
| Donation | | | 100 | 100 |
| | <u>78,430,699</u> | <u>78,869,522</u> | <u>76,286,844</u> | <u>(2,582,678)</u> |
| Total revenues | | | | |
| EXPENDITURES | | | | |
| Public Protection | | | | |
| Salaries and employee benefits | 788,088 | 785,733 | 664,273 | 121,460 |
| Services and supplies | 104,170 | 104,170 | 71,294 | 32,876 |
| Other charges | 233,988 | 233,988 | 171,453 | 62,535 |
| Expenditure transfer | 103,949 | 103,949 | 101,788 | 2,161 |
| | <u>1,230,195</u> | <u>1,230,195</u> | <u>1,011,163</u> | <u>219,032</u> |
| Total Public Protection | | | | |
| Health and Sanitation | | | | |
| Salaries and employee benefits | 36,173,929 | 35,079,191 | 31,989,849 | 3,089,342 |
| Services and supplies | 37,931,529 | 43,623,234 | 38,754,315 | 4,868,919 |
| Other charges | 7,312,077 | 7,305,065 | 5,802,875 | 1,502,190 |
| Fixed assets | 132,567 | 337,567 | 281,105 | 56,462 |
| Expenditure transfer | (103,949) | (103,949) | (101,788) | (2,161) |
| | <u>81,446,153</u> | <u>86,241,108</u> | <u>76,726,356</u> | <u>9,514,752</u> |
| Total Health and Sanitation | | | | |
| Total expenditures | <u>82,676,348</u> | <u>87,471,303</u> | <u>77,737,519</u> | <u>9,733,784</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,245,649)</u> | <u>(8,601,781)</u> | <u>(1,450,675)</u> | <u>7,151,106</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,270,710 | 2,315,710 | 2,315,710 | (0) |
| Transfers out | (492,140) | (757,140) | (1,276,709) | (519,569) |
| | <u>1,778,570</u> | <u>1,558,570</u> | <u>1,039,001</u> | <u>(519,569)</u> |
| Total other financing sources (uses) | | | | |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>(2,467,079)</u> | <u>(7,043,211)</u> | <u>(411,673)</u> | <u>6,631,538</u> |
| Fund balance - beginning | <u>8,811,193</u> | <u>316,722</u> | <u>14,800,349</u> | |
| Fund balance - ending | <u>\$ 6,344,114</u> | <u>\$ (6,726,489)</u> | <u>\$ 14,388,676</u> | <u>\$ 6,631,538</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
Community Services Agency - Special Revenue Fund
Budget and Actual on the Budgetary Basis
For the fiscal year ended June 30, 2014

| | 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 | \$ 76,848 | \$ (1,805) |
| Revenue from use of money and property | | | 2,480 | 2,480 |
| Intergovernmental revenue | 225,484,767 | 226,623,360 | 202,721,995 | (23,901,365) |
| Charges for services | 808,153 | 783,195 | 694,865 | (88,330) |
| Miscellaneous revenue | 1,209,933 | 1,325,632 | 1,070,356 | (255,276) |
| Donation | 232,768 | 232,768 | 234,936.5 | 2,169 |
| Total revenues | 227,814,274 | 229,043,608 | 204,801,481 | (24,242,127) |
| PUBLIC ASSISTANCE | | | | |
| Salaries and employee benefits | 82,480,929 | 80,435,931 | 70,394,763 | 10,041,168 |
| Services and supplies | 21,087,036 | 21,093,884 | 17,876,105 | 3,217,779 |
| Other charges | 134,036,230 | 136,143,689 | 121,382,148 | 14,761,541 |
| Fixed assets | 367,161 | 530,450 | 343,119 | 187,331 |
| Total Public Assistance | 237,971,356 | 238,203,954 | 209,996,135 | 28,207,819 |
| Total expenditures | 237,971,356 | 238,203,954 | 209,996,135 | 28,207,819 |
| Excess (deficiency) of revenues over (under) expenditures | (10,157,082) | (9,160,346) | (5,194,654) | 3,965,692 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 10,424,110 | 10,467,330 | 8,321,682 | (2,145,648) |
| Transfers out | (382,768) | (1,538,689) | (3,254,699) | (1,716,010) |
| Sale of capital assets | | | | |
| Capital lease proceeds | | 162,918 | 162,918 | |
| Total other financing sources (uses) | 10,041,342 | 9,091,559 | 5,229,901 | (3,861,658) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (115,740) | (68,787) | 35,247 | 104,034 |
| Fund balance - beginning | (443,139) | 225,054 | 271,769 | 46,715 |
| Fund balance - ending | <u>\$ (558,879)</u> | <u>\$ 156,267</u> | <u>\$ 307,016</u> | <u>\$ 150,749</u> |

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

County of Stanislaus
Statement of Net Position
Proprietary Funds
June 30, 2014

| | 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 | \$ 11,499,146 | \$ | \$ 10,680,167 | \$ 22,179,313 | \$ 40,578,756 |
| Accounts receivable, net | 646,754 | 20,661,223 | 609,350 | 21,917,327 | 523,163 |
| Interest and other receivables | 61,794 | 35,015 | 26,805 | 123,614 | 63,325 |
| Inventory | | | 6,971 | 6,971 | 203,688 |
| Prepaid items | | 316,513 | | 316,513 | |
| Total current assets | <u>12,207,694</u> | <u>21,012,751</u> | <u>11,323,293</u> | <u>44,543,738</u> | <u>41,368,932</u> |
| Noncurrent assets: | | | | | |
| Investments with fiscal agent | 69,950 | | | 69,950 | |
| Restricted cash and investments | 18,514,856 | | 1,545,144 | 20,060,000 | |
| Capital assets: | | | | | |
| Land and right of ways | 13,556,621 | | 1,906,261 | 15,462,882 | |
| Intangible assets | | | | | 3,630,872 |
| Structures and improvements | 7,840,779 | 9,791,847 | 348,276 | 17,980,902 | 1,002,508 |
| Equipment | 3,524,210 | 3,965,093 | 10,390,202 | 17,879,505 | 24,611,583 |
| Construction in progress | | | 75,482 | 75,482 | |
| Less: Accumulated depreciation | <u>(5,150,508)</u> | <u>(12,665,520)</u> | <u>(4,770,665)</u> | <u>(22,586,693)</u> | <u>(19,031,655)</u> |
| Net capital assets | <u>19,771,102</u> | <u>1,091,420</u> | <u>7,949,556</u> | <u>28,812,078</u> | <u>10,213,308</u> |
| Total noncurrent assets | <u>38,355,908</u> | <u>1,091,420</u> | <u>9,494,700</u> | <u>48,942,028</u> | <u>10,213,308</u> |
| Total assets | <u>50,563,602</u> | <u>22,104,171</u> | <u>20,817,993</u> | <u>93,485,766</u> | <u>51,582,240</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 161,172 | 1,093,922 | 941,153 | 2,196,247 | 3,252,152 |
| Salaries and benefits payable | 41,135 | 585,564 | 18,012 | 644,711 | 251,151 |
| Due to other funds | | 9,458,005 | | 9,458,005 | 332,042 |
| Deposits from others | 28,617 | | | 28,617 | |
| Interfund note payable - current | | 1,696,090 | | 1,696,090 | |
| Risk management liability - current | | | | | 12,597,884 |
| Compensated absences - current | <u>10,163</u> | <u>139,329</u> | <u>5,564</u> | <u>155,056</u> | <u>44,316</u> |
| Total current liabilities | <u>241,087</u> | <u>12,972,910</u> | <u>964,729</u> | <u>14,178,726</u> | <u>16,477,545</u> |
| Noncurrent liabilities | | | | | |
| Estimated cost of landfill closure/postclosure | 7,163,736 | | 1,987,206 | 9,150,942 | |
| Interfund note payable | | 16,442,561 | | 16,442,561 | |
| Risk management liability | | | | | 20,296,457 |
| Other post-employnt benefits (OPEB) | 42,060 | 406,888 | 22,917 | 471,865 | 206,249 |
| Compensated absences | 139,028 | 1,088,167 | 31,760 | 1,258,955 | 1,016,613 |
| Total noncurrent liabilities | <u>7,344,824</u> | <u>17,937,616</u> | <u>2,041,883</u> | <u>27,324,323</u> | <u>21,519,319</u> |
| Total liabilities | <u>7,585,911</u> | <u>30,910,526</u> | <u>3,006,612</u> | <u>41,503,049</u> | <u>37,996,864</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 19,771,102 | 1,091,420 | 7,949,556 | 28,812,078 | 10,213,308 |
| Restricted | 18,553,565 | | 1,548,889 | 20,102,454 | |
| Unrestricted | 4,653,024 | (9,897,775) | 8,312,936 | 3,068,185 | 3,372,068 |
| Total net position | <u>\$ 42,977,691</u> | <u>\$ (8,806,355)</u> | <u>\$ 17,811,381</u> | <u>51,982,717</u> | <u>\$ 13,585,376</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | 709,823 | |
| Net assets of business type activities | | | | <u>\$ 52,692,540</u> | |

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

County of Stanislaus
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

| | 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 | \$ 5,257,999 | \$ 31,825,731 | \$ 2,035,136 | \$ 39,118,866 | \$ 88,971,689 |
| Total operating revenues | <u>5,257,999</u> | <u>31,825,731</u> | <u>2,035,136</u> | <u>39,118,866</u> | <u>88,971,689</u> |
| OPERATING EXPENSES | | | | | |
| Salaries and benefits | 1,223,153 | 16,660,357 | 492,211 | 18,375,721 | 7,205,762 |
| Services and supplies | 1,829,681 | 19,439,507 | 7,177,879 | 28,447,067 | 85,141,055 |
| Depreciation | 796,043 | 246,635 | 941,714 | 1,984,392 | 1,558,566 |
| Estimated cost of closure/postclosure | (335,381) | | | (335,381) | |
| Total operating expenses | <u>3,513,496</u> | <u>36,346,499</u> | <u>8,611,804</u> | <u>48,471,799</u> | <u>93,905,383</u> |
| OPERATING INCOME (LOSS) | <u>1,744,503</u> | <u>(4,520,768)</u> | <u>(6,576,668)</u> | <u>(9,352,933)</u> | <u>(4,933,694)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 635,002 | 105,473 | 131,428 | 871,903 | 267,905 |
| Interest expense | | (181,013) | | (181,013) | (31) |
| Insurance reimbursement | | | 340,977 | 340,977 | |
| Intergovernmental | | 216,804 | 10,437,579 | 10,654,383 | |
| Gain (loss) on sale of capital assets | | (13,588) | | (13,588) | 40,785 |
| Total nonoperating revenues (expenses) | <u>635,002</u> | <u>127,676</u> | <u>10,909,984</u> | <u>11,672,662</u> | <u>308,659</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 2,379,505 | (4,393,092) | 4,333,316 | 2,319,729 | (4,625,035) |
| Transfers in | 56,568 | 5,478,958 | 1,175,893 | 6,711,419 | 4,138,680 |
| Transfers out | (1,209,829) | (456,968) | (14,498) | (1,681,295) | (220,276) |
| Capital contributions | | | | | |
| Changes in net assets | <u>1,226,244</u> | <u>628,898</u> | <u>5,494,711</u> | <u>7,349,853</u> | <u>(706,631)</u> |
| Total net position - beginning | 41,751,447 | (9,435,253) | 12,316,670 | 44,632,864 | 14,292,007 |
| Total net position - ending | <u>\$ 42,977,691</u> | <u>\$ (8,806,355)</u> | <u>\$ 17,811,381</u> | | <u>\$ 13,585,376</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | 284,536 | |
| Change in net assets of business type activities | | | | <u>\$ 7,634,389</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, 2014

| | Business-type Activities - Enterprise Funds | | | | Governmental |
|---|---|---|------------------------------|---------------|------------------|
| | 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 | \$ 5,488,547 | \$ 45,827,135 | \$ 2,570,895 | \$ 53,886,577 | \$ 90,884,846 |
| Cash received (paid) from interfund services | | (20,004,388) | | (20,004,388) | (84,057,952) |
| Cash paid to suppliers | (1,867,118) | (12,568,753) | (7,412,222) | (21,848,093) | |
| Cash paid to employees | (1,205,065) | (16,803,179) | (520,051) | (18,528,295) | (7,454,691) |
| Net cash provided (used) by operating activities | 2,416,364 | (3,549,185) | (5,361,378) | (6,494,199) | (627,797) |
| Cash flows from noncapital financing activities: | | | | | |
| Transfers in | 56,568 | 5,478,958 | 1,175,893 | 6,711,419 | 4,138,680 |
| Interfund borrowing | | (1,586,412) | - | (1,586,412) | |
| Insurance reimbursement | | | 340,977 | 340,977 | |
| Subsidy from state and federal grant | | 216,804 | 10,437,579 | 10,654,383 | -- |
| Transfers out | (1,209,829) | (456,968) | (14,498) | (1,681,295) | (220,276) |
| Net cash provided (used) by noncapital financing activities | (1,153,261) | 3,652,382 | 11,939,951 | 14,439,072 | 3,918,404 |
| Cash flows from capital and related financing activities: | | | | | |
| Purchase of capital assets | (62,224) | | (3,843,974) | (3,906,198) | (92,808) |
| Proceeds (loss) from disposal of capital assets | | (28,195) | - | (28,195) | (383,578) |
| Capital contributions | | 538 | | 538 | -- |
| Principal payment - capital leases | | | | - | -- |
| Principal payment - long term debt | | | | - | |
| Interest income | | 105,473 | | 105,473 | |
| Interest paid | | (181,013) | | (181,013) | (31) |
| Net cash (used) by capital and related financing activities | (62,224) | (103,197) | (3,843,974) | (4,009,395) | (476,417) |
| Cash flows from investing activities: | | | | | |
| Interest received | 635,001 | | 131,428 | 766,429 | 267,905 |
| Net cash provided by investing activities | 635,001 | | 131,428 | 766,429 | 267,905 |
| Net increase (decrease) in cash and cash equivalents | 1,835,880 | -- | 2,866,027 | 4,701,907 | 3,082,095 |
| Cash and equivalents - beginning | 28,248,072 | | 9,359,284 | 37,607,356 | 37,496,661 |
| Cash and equivalents - ending | \$ 30,083,952 | \$ -- | \$ 12,225,311 | \$ 42,309,263 | \$ 40,578,756 |
| Reconciliation of cash and cash equivalents to the Statement of Net Assets | | | | | |
| Cash and investments | \$ 11,499,146 | | \$ 10,680,167 | \$ 22,179,313 | \$ 40,578,756 |
| Restricted cash and investments & investment with fiscal agent | 18,584,806 | | 1,545,144 | 20,129,950 | |
| Total cash and cash equivalents | \$ 30,083,952 | | \$ 12,225,311 | \$ 42,309,263 | \$ 40,578,756 |

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, 2014

| | 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) | \$ 1,744,503 | \$ (4,520,768) | \$ (6,576,668) | \$ (9,352,933) | \$ (4,933,694) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 796,043 | 246,635 | 941,714 | 1,984,392 | 1,558,566 |
| (Increase) decrease in accounts receivable | 206,878 | 14,033,876 | 525,150 | 14,765,904 | 974,519 |
| (Increase) decrease in other receivables | 23,670 | (28,896) | 1,163 | (4,063) | 26,933 |
| (Increase) decrease in inventory | | 266,825 | 9,446 | 276,271 | 79,663 |
| (Increase) decrease in prepaid items | | 14,752 | | 14,752 | |
| (Increase) decrease in due from other funds | | | | -- | 500,000 |
| (Increase) decrease in deposits with others | | | | | -- |
| (Increase) decrease in deferred charges | | | | | |
| (Increase) decrease in internally generated intangible fixed asset | | | | | (239,280) |
| Increase (decrease) in accounts payable and accrued liabilities | (37,437) | (700,834) | 216,903 | (521,368) | 39,361 |
| Increase (decrease) in interfund note payable | | | | -- | |
| Increase (decrease) in salaries and benefits payable | 5,579 | 36,934 | (3,926) | 38,587 | 30,349 |
| Increase (decrease) in liability for compensated absences | 7,215 | (246,493) | (26,544) | (265,822) | (76,693) |
| Increase (decrease) in other post-employment benefits(OPEB) | 5,294 | 66,736 | 2,630 | 74,660 | 36,695 |
| Increase (decrease) in deferred revenue | | (3,573) | | (3,573) | |
| Increase (decrease) in due to other funds/govt's | | (12,714,379) | | (12,714,379) | |
| Increase (decrease) in advances from other funds | | | | | 332,042 |
| Increase (decrease) in capital lease payable | | | | | (1,915) |
| Increase (decrease) in estimated cost of closure/postclosure | (335,381) | | (451,246) | (786,627) | |
| Increase (decrease) in risk management liability | | | | | 1,045,657 |
| Net cash provided (used) by operating activities | <u>\$ 2,416,364</u> | <u>\$ (3,549,185)</u> | <u>\$ (5,361,378)</u> | <u>\$ (6,494,199)</u> | <u>\$ (627,797)</u> |

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

County of Stanislaus
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

| | Employees' Retirement Trust | Investment Trust | Agency Funds | Successor Agency Private Purpose Trust |
|---|-----------------------------------|-----------------------|------------------|--|
| ASSETS | | | | |
| Cash and investments | \$ 44,078,286 | \$ 537,245,845 | \$ 6,206,856 | \$ 1,993,262 |
| Investments with fiscal agent | | | | 1,193,740 |
| Receivables (net of allowance for uncollectables) | | 20,915,662 | | |
| Interest and dividends | 5,829,241 | | | |
| Securities transactions | 18,227,509 | | | |
| Contributions | 3,051,590 | | | |
| Other | 35,771 | 1,230,214 | 34 | |
| Advances to other governments | | | | 17,485 |
| Prepaid | | 31,545 | | |
| Interfund note receivable | | 18,138,651 | | |
| Other assets | 3,669,013 | 31,250,458 | | |
| Investments: | | | | |
| Bonds | 493,747,037 | | | |
| Stocks | 1,189,389,840 | | | |
| Direct Lending | 74,084,729 | | | |
| Collateral on loaned securities | 190,943,489 | | | |
| Total assets | <u>2,023,056,505</u> | <u>608,812,375</u> | <u>6,206,890</u> | <u>3,204,487</u> |
| LIABILITIES | | | | |
| Accounts payable | 40,844,689 | 19,528,780 | 101,909 | |
| Securities Lending Obligation | 190,507,537 | | | |
| Salaries and benefits payable | | | | |
| Grant deed extension fee | 395,000 | | | |
| Trust obligations | | 10,867,893 | 6,104,981 | |
| Agency funds for other government unit | | | | |
| Advances from grantors and third parties | | 545,932 | | |
| Advances from other funds | | | | |
| Due to other funds | | | | |
| Due to other gov't agencies | | | | |
| Interest payable | | | | 340,723 |
| Bonds and notes payable | | | | 16,884,797 |
| Total liabilities | <u>231,747,226</u> | <u>30,942,605</u> | <u>6,206,890</u> | <u>17,225,520</u> |
| NET POSITION | | | | |
| Net position held in trust for pension benefits/investment pool participants | <u>\$ 1,791,309,279</u> | <u>\$ 577,869,770</u> | <u>\$ 0</u> | <u>\$ (14,021,033)</u> |

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

County of Stanislaus
Statement of Changes in Fiduciary Fund Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

| | Employees' Retirement Trust | Investment Trust | Successor Agency Private Purpose Trust |
|---|-----------------------------------|-----------------------|--|
| ADDITIONS | | | |
| Contributions: | | | |
| Employer contributions | \$ 46,763,996 | \$ | \$ |
| Member contributions | 21,867,911 | | |
| Contributions on pooled investments | | 3,684,388,055 | |
| Redevelopment agency property tax trust | | | 2,083,407 |
| Total contributions | <u>68,631,907</u> | <u>3,684,388,055</u> | <u>2,083,407</u> |
| INVESTMENT INCOME | | | |
| Net (depreciation) in fair value | 239,719,981 | | |
| Interest | 44,870,019 | 5,683,465 | 9,945 |
| Miscellaneous income/(expense) | (936,590) | | 2,349 |
| Less investment expense | (8,757,302) | | |
| Net investment income | <u>274,896,108</u> | <u>5,683,465</u> | <u>12,294</u> |
| Total additions | <u>343,528,015</u> | <u>3,690,071,520</u> | <u>2,095,701</u> |
| DEDUCTIONS | | | |
| Benefit payments | 93,116,413 | | |
| Refunds of prior contributions | 1,666,058 | | |
| Distributions from pooled investments | | 3,700,061,042 | |
| Interest | | | 818,261 |
| Administrative expense | 2,249,260 | | 328,304 |
| Total deductions | <u>97,031,731</u> | <u>3,700,061,042</u> | <u>1,146,565</u> |
| Change in Net Assets | 246,496,284 | (9,989,522) | 949,136 |
| Net position held in trust - beginning | <u>1,544,812,995</u> | <u>587,859,292</u> | <u>(14,970,169)</u> |
| Net position held in trust - ending | <u>\$ 1,791,309,279</u> | <u>\$ 577,869,770</u> | <u>\$ (14,021,033)</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, 2014

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. 61.

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. 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.
2. 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.
3. 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 Corporation's 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 16). The Stanislaus Corporation provides service solely to the County and is reported as a debt service fund.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

A. **Reporting Entity** (continued)

Blended Component Units (continued)

4. 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.
5. 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 position 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.

In the government-wide statements, eliminations have been made to minimize the double counting of certain internal activities. In the statement of net position, 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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

B. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

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 position 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 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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

B. Basis of Presentation (continued)

Fund Financial Statements-major governmental funds (continued)

- 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.
- 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, purchasing, 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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

B. Basis of Presentation (continued)

Fund Financial Statements-additional fund types (continued)

- 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.
- The *Private-Purpose Trust Fund* is a fiduciary fund type used by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Stanislaus County Redevelopment Successor Agency (Successor Agency).

C. Basis of Accounting

The government-wide, proprietary, employees' retirement trust, private purpose 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 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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

C. Basis of Accounting (continued)

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.

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.

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 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

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

D. Budgetary Basis of Accounting (continued)

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.

The following schedule reconciles the amounts on the Statement 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:

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | |
|---|-----------------------|---|--------------------------------------|
| | | <u>Behavioral Health and Recovery</u> | <u>Community Services Agency</u> |
| Total expenditures (budgetary basis) | \$ 179,946,455 | \$ 77,737,519 | \$ 209,996,135 |
| Basis difference - net addition of 2012/13 encumbrances and commitments minus 2013/14 encumbrances and commitments | <u>(752,134)</u> | <u>(636,739)</u> | <u>38,136</u> |
| Total Expenditures (GAAP) | <u>\$ 179,194,321</u> | <u>\$ 77,100,780</u> | <u>\$ 210,034,271</u> |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

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 4) 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 of California (the State) or any local agency of the State, 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.

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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

G. Deferred Outflows/Inflows of Resources

Pursuant to GASB Statement No. 63, “*Financial Reporting of Deferred Outflows, Deferred Inflows of Resources, and Net Position,*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities,*” the County recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Financial Position will, sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The County has no items which qualify for reporting in this category.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. The County has no significant items which qualify for reporting in this category.

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 13).

I. Prepaid Items

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

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

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

J. Capital Assets (continued)

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-4 | 1,960,000 cubic yards |
| Landfill Cell-5 | 1,550,000 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. 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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

K. Intangible Assets (continued)

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.

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."

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

M. Interfund Transactions (continued)

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.

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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

O. **Fund Balance** (continued)

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**

The following GASB Statements have been accounted for in the financial statements for the fiscal year ended June 30, 2014.

GASB Statement No. 65: Items Previously Reported as Assets and Liabilities. The Statement introduces new elements for the Statement of Net Position. Classifications for specific items have been changed to new categories, deferred outflows of resources and deferred inflows of resources from the traditional category of assets and liabilities.

GASB Statement No. 66: Items Technical Corrections–2012 – an amendment of GASB Statements No. 10 and No. 62. The Statement amends GASB Statement No. 10 to classify fund types based on the nature of the activity. The Statement also amends GASB Statement No. 62 by providing specific guidance on accounting for operating lease payments that vary from a straight-line basis. The impact of this Statement to the financial statements is insignificant.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

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

GASB 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. There is no impact to the financial statements.

GASB Statement No. 70: Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement requires that if certain criteria is met a liability should be recognized when a government agency extends financial guarantee on behalf of another entity. There is no impact of this Statement to the County.

Q. Future of Governmental Accounting Standards Board (GASB) Statements

GASB 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.

GASB Statement 69: Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. The County has not fully judged the effect of the implementation of GASB Statement No. 69 as of the date of the basic financial statements.

GASB Statement 71: Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. This Statement relates to amounts associated with contributions to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement amends GASB Statement No. 68 and is to be applied simultaneously with the provisions of GASB Statement No. 68. The County has not fully judged the effect of the implementation of GASB Statement No. 71 as of the date of the basic financial statements.

Note 2: **Individual Fund Deficits**

Deficit Fund balances – Governmental Fund Type

| | |
|---|------------|
| Special Revenue Fund - Indigent Health Care | \$ 587,821 |
|---|------------|

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 2: **Individual Fund Deficits** (continued)

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

Net Asset Deficits – Proprietary Funds

| | |
|---|--------------|
| Enterprise Fund - Health Clinics and Ancillary Services | \$ 8,806,355 |
| Internal Service Fund - General Liability Insurance | \$ 968,022 |
| Internal Service Fund - Medical Self-Insurance | \$ 8,856,182 |

The Clinics and Ancillary Services Fund deficit is primarily due to operating losses incurred during Fiscal Years 1997-1998 through June 2004-2005 as well as the rising cost of providing health care services. The plan to recover the deficit focuses on transfers from other funds, increased fees for service, increased reimbursement as a Federally Qualified Health Center Look-Alike as well as other strategic initiatives.

The General Liability Insurance and Medical Self-Insurance deficits are due to user rates that were too low. These deficits will be funded by increased user charges.

Note 3: **Excess of Actual Expenditures Over Budget in Individual Budget Units**

For the year ended June 30, 2014, actual expenditures based on budgetary basis, excluding transfers, exceeded budget at the budget unit and object level as follows:

| <u>Fund Type and Department</u> | <u>Object</u> | <u>Excess Expenditures</u> |
|--|---------------|----------------------------|
| General Fund - County Counsel | Other charges | \$ 20 |
| General Fund - Treasury | Other charges | \$ 1,584 |
| General Fund - General Services Agency | Other charges | \$ 559 |
| General Fund - Sheriff's Contract Cities | Other charges | \$ 19,840 |

The excess expenditures are related to interfund reimbursements. The above disclosure is based on departmental appropriations as of June 30, 2014.

Note 4: **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 position/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

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 4: **Cash and Investments** (continued)

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.

Total County cash and investments are as follows:

| | |
|--|-------------------------|
| Cash and Investments | |
| Imprest cash | \$ 145,587 |
| Cash in banks-department administered | 3,198,830 |
| In custody of Treasurer: | |
| Cash on hand | 86,538 |
| Cash in bank | 36,227,015 |
| Investments held by Treasurer | 944,901,557 |
| Less outstanding checks | <u>(39,095,237)</u> |
| Total in custody of Treasurer | 942,119,873 |
| Investments held by fiscal agents: | |
| Tobacco settlement | 93,416,107 |
| Tobacco funding corporation | 4,773,329 |
| Stock investment | 69,950 |
| Bond requirements | <u>4,054,000</u> |
| Subtotal investments held by agents | 102,313,386 |
| Private Purpose Trust investments held by fiscal agent | <u>1,193,740</u> |
| Total investments held by agents | 103,507,126 |
| Employees' retirement trust: | |
| Cash (outside Treasurer's pool) | 34,033,029 |
| Investments | <u>1,948,165,095</u> |
| Total cash and investments | <u>\$ 3,031,169,540</u> |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 4: **Cash and Investments** (continued)

Total County cash & investments are reported as follows:

| | | |
|---|----|----------------------|
| Primary government | | |
| Cash and investments | \$ | 366,040,951 |
| Investments with fiscal agent | | 102,313,386 |
| Restricted cash & investments | | 23,932,119 |
| Employees' retirement trust | | |
| Cash and investments | | 44,078,286 |
| Other investments | | 1,948,165,095 |
| Investment trust - cash and investments | | 537,245,845 |
| Agency funds - cash and investments | | 6,206,856 |
| Private purpose trust | | |
| Cash and investments | | 1,993,262 |
| Investments with fiscal agent | | 1,193,740 |
| Total cash and investments | \$ | <u>3,031,169,540</u> |

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 \$940 million portfolio, over 42% 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 20 years that are sensitive to interest rate changes. Of these bonds, 22% 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 2.20% with an effective duration of 5.6 years. StanCERA had a yield of 2.60% with an effective duration of 5 years.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 4: **Cash and Investments** (continued)

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 rated single A and double A. The bonds make up 70% 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.

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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 4: **Cash and Investments** (continued)

Credit Risk (continued)

StanCERA's Investment Portfolio (continued)

The following table shows the quality of StanCERA's investments in fixed income securities on June 30, 2014.

| <u>Credit Rating</u> | <u>Active Management</u> | <u>Fixed Income Securities Amount</u> |
|----------------------|--------------------------|---------------------------------------|
| AAA | 1.01% | \$ 4,984,176 |
| Aa1/AA+/AA+ | 0.82% | 4,053,839 |
| AA | 0.45% | 2,232,246 |
| AA- | 0.64% | 3,137,092 |
| A1/A+/A+ | 2.37% | 11,683,238 |
| A2/A/A | 1.36% | 6,733,102 |
| A3/A-/A- | 4.97% | 24,529,431 |
| Baa1/BBB+/BBB+ | 6.44% | 31,774,186 |
| Baa2/BBB/BBB | 14.79% | 73,016,341 |
| Baa3/BBB-/BBB- | 5.27% | 26,040,765 |
| Ba1/BB+BB+ | 0.06% | 313,264 |
| Ba2/BB/BB | 0.91% | 4,471,624 |
| Ba3/BB-/BB- | 1.85% | 9,154,760 |
| B1/B+/B+ | 6.15% | 30,358,252 |
| B | 0.29% | 1,449,190 |
| B3/B-/B- | 0.25% | 1,244,089 |
| CCC | 0.03% | 160,255 |
| N/R | 32.87% | 162,293,056 |
| N/A | 19.47% | 96,118,131 |
| | <u>100.00%</u> | <u>\$ 493,747,037</u> |

N/R represents securities that are not rated

N/A represents securities that are not applicable to the rating disclosure requirements

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 4: **Cash and Investments** (continued)

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 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, 2014, StanCERA had securities on loan with a carrying value of \$186,958,555 and cash collateral of \$190,507,537. 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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 4: **Cash and Investments** (continued)

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.

The fair value, in US dollars, of StanCERA's foreign currency at June 30, 2014 was \$323,400,806, distributed as follows:

| <u>Currency</u> | <u>Fair Value</u> <u>(in US \$)</u> | <u>Currency</u> | <u>Fair Value</u> <u>(in US \$)</u> |
|--------------------|--|--------------------|--|
| Australian Dollar | \$ 18,367,182 | New Israeli Shekel | \$ 1,200,957 |
| Brazil Real | \$ 1,155,975 | New Taiwan Dollar | \$ 3,365,607 |
| Canadian Dollar | \$ 24,935,035 | New Zealand Dollar | \$ 671,860 |
| Danish Krone | \$ 1,834,612 | Pound Sterling | \$ 49,722,041 |
| Euro Currency | \$ 76,597,681 | Singapore Dollar | \$ 2,647,150 |
| Hong Kong Dollar | \$ 11,914,037 | South African Rand | \$ 4,888,710 |
| Indonesian Rupiah | \$ 574,011 | South Korean Won | \$ 6,412,812 |
| Japanese Yen | \$ 47,805,620 | Swiss Franc | \$ 19,115,125 |
| Malaysian Renggit | \$ 415,280 | Thailand Baht | \$ 1,335,587 |
| Mexican Nuevo Peso | \$ 1,019,558 | Turkish Lira | \$ 478,114 |
| | | US Dollar | \$ 39,858,665 |

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 45% 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> | 24.99% |
| <i>Federal Home Loan Bank</i> | 8.51% |
| <i>Federal Farm Credit Bank</i> | 12.02% |

Of the 55% 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 38% 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

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 4: **Cash and Investments** (continued)

Concentration of Credit Risk (continued)

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.

At June 30, 2014, StanCERA had the following investments:

| | |
|---|-------------------------|
| <u>Fixed Income Securities</u> | |
| U.S. Treasuries | \$ 90,132,453 |
| Government Mortgage Backed Securities | 154,319,004 |
| Commercial Mortgage Backed Securities | 7,108,273 |
| Collateralized Mortgage Obligations | 2,312,534 |
| Federal Agency | 6,619,685 |
| Asset Backed | 10,211,946 |
| Emerging Market / Non-US Bonds | 3,083,644 |
| Corporate Bonds | 197,641,123 |
| Municipal Bonds | 22,318,375 |
| | <u>\$ 493,747,037</u> |
| <u>Equities</u> | |
| Domestic | \$ 840,640,650 |
| International | 323,400,806 |
| | <u>\$ 1,164,041,456</u> |
| <u>Real Estate Securities</u> | <u>\$ 25,348,384</u> |
| <u>Direct Lending</u> | <u>\$ 74,084,729</u> |
| <u>Collateral on Loaned Securities</u> | <u>\$ 190,943,489</u> |
| Total Investments | <u>\$ 1,948,165,095</u> |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 4: **Cash and Investments** (continued)

The following schedule indicates the credit and interest rate risk at June 30, 2014. 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 Treasury Pool
Fair Value Maturity Distribution
For the Year Ended June 30, 2014
(Dollar amounts in thousands)
Maturity

| | S&P Credit Rating | ≤ 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 | Total | Total % |
|--|-------------------|----------------|--------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|----------------|
| Negotiable Cert of Deposit | A-1+ | | | | | | 20,000 | | | | 20,000 | 2.12% |
| Negotiable Cert of Deposit | A-1 | | | 20,000 | 20,027 | 35,019 | 20,006 | | | | 95,052 | 10.06% |
| Commercial Paper | A-1+ | 20,000 | | | 19,990 | | | | | | 39,990 | 4.23% |
| Commercial Paper | A-1 | 9,999 | | 19,991 | 29,983 | | | | | | 59,973 | 6.35% |
| Managed Pool Account - LAIF | N/R | 50,000 | | | | | | | | | 50,000 | 5.29% |
| Federal Agencies - Coupon | AA+ | | | | 10,004 | 40,089 | 65,058 | 20,081 | 49,527 | 10,198 | 194,957 | 20.63% |
| US Treasuries | AA+ | 20,000 | | 20,076 | 20,170 | | 55,631 | 60,114 | 59,366 | | 235,357 | 24.91% |
| Medium Term Notes | AA+ | | | | | | 10,229 | 20,695 | | | 30,924 | 3.27% |
| Medium Term Notes | AA- | | | | | 21,099 | | | | 10,127 | 31,226 | 3.30% |
| Medium Term Notes | A+ | | | | | 8,047 | | 36,379 | | | 44,426 | 4.70% |
| Medium Term Notes | A | | | | | 11,884 | | 53,996 | 16,934 | | 82,814 | 8.76% |
| Medium Term Notes | A- | | | | | | | 10,083 | | | 10,083 | 1.07% |
| Municipal Bonds | A | | | | | | 10,561 | | | | 10,561 | 1.12% |
| Calif Local Agency Indebt | N/R | | 4,775 | | | | 4,850 | 4,925 | 4,990 | | 19,540 | 2.07% |
| Money Market | N/R | 20,000 | | | | | | | | | 20,000 | 2.12% |
| Total Treasury Pool Investments | | 119,999 | 4,775 | 60,067 | 100,174 | 116,138 | 186,335 | 206,273 | 130,817 | 20,325 | 944,903 | 100.00% |

Stanislaus County Tobacco Endowment Investments
Fair Value Maturity Distribution
For the Year Ended June 30, 2014
(Dollar amounts in thousands)
Maturity

| | S&P Credit Rating | < 30 Days | 31 - 360 Days | 1 - 3 Years | 3 - 5 Years | 5 - 10 Years | 10 - 15 Years | 15 - 20 Years | 20 - 25 Years | Total | % Total |
|---|-------------------|---------------|---------------|--------------|-------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Tobacco Endowments (Combined) | | | | | | | | | | | |
| Money Market Funds | Unrated | 10,628 | | | | | | | | 10,628 | 11.38% |
| Mutual Funds | Unrated | 17,175 | | | | | | | | 17,175 | 18.38% |
| Municipal Bonds | A+ | | | 2,292 | | 6,957 | 10,465 | 13,342 | | 33,056 | 35.39% |
| Municipal Bonds | A | | | | | | 2,672 | | | 2,672 | 2.86% |
| Municipal Bonds | A- | | | | | 1,077 | | | | 1,077 | 1.15% |
| Municipal Bonds | AA+ | | | | | | 2,140 | | | 2,140 | 2.29% |
| Municipal Bonds | AA | | | | | | 4,621 | 4,677 | | 9,298 | 9.95% |
| Municipal Bonds | AA- | | | | | 4,404 | 4,682 | 6,285 | | 15,371 | 16.45% |
| Municipal Bonds | Unrated | | | | | | 2,000 | | | 2,000 | 2.14% |
| Total Tobacco Settlement Investments | | 27,803 | | 2,292 | | 12,438 | 26,580 | 24,304 | | 93,417 | 100.00% |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 4: **Cash and Investments** (continued)

Stanislaus County Treasury Pool
Summary of Investments
For the Year Ended June 30, 2014

(Dollar amounts in thousands)

| | <u>Fair Value</u> | <u>Dollar Cost</u> | <u>Interest Rate Range</u> | <u>Maturity Range</u> |
|----------------------------|-------------------|--------------------|----------------------------|-----------------------|
| Negotiable Cert of Deposit | \$ 115,052 | \$ 115,000 | 0.10% - 0.51% | 09/03/14 - 10/15/15 |
| Commercial Paper | 99,963 | 99,900 | 0.14% - 0.21% | 07/03/14 - 10/17/14 |
| Managed Funds - LAIF | 50,000 | 50,000 | 0.23% - 0.23% | 07/01/14 - 07/01/14 |
| Federal Agencies - Coupons | 194,957 | 194,481 | 0.14% - 1.51% | 11/26/14 - 09/14/18 |
| US Treasuries - Coupons | 235,357 | 234,320 | 0.13% - 1.61% | 07/31/14 - 05/31/18 |
| Medium Term Notes | 199,473 | 196,378 | 0.25% - 1.96% | 12/02/14 - 01/14/19 |
| Municipal Bonds | 10,561 | 10,434 | 0.18% - 0.18% | 09/01/15 - 09/01/15 |
| Calif Local Agency Indebt | 19,540 | 19,540 | 0.51% - 0.53% | 08/01/14 - 08/01/17 |
| Money Market | 20,000 | 20,000 | | |
| Total Investments | <u>\$ 944,903</u> | <u>\$ 940,053</u> | | |

In accordance with GASB Statement No. 31, investments are reported on the statement of net position/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
- Municipal Bonds

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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 4: **Cash and Investments** (continued)

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.). The total amount invested by all public agencies in L.A.I.F. at June 30, 2014 was \$21.1 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, 2014 was \$62.9 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 232 days as of June 30, 2014.

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.

The following represents a condensed statement of net position and changes in net position for the Treasurer’s investment pool at June 30, 2014:

| | |
|---|----------------|
| <u>Statement of Net Position</u> | |
| Net assets held for pool participants | \$ 942,119,873 |
| Equity of external pool participants | \$ 555,491,220 |
| Equity of internal pool participants | 386,628,653 |
| Total Equity | \$ 942,119,873 |
| <u>Statement of Changes in Net Position</u> | |
| Net assets at July 1, 2013 | \$ 915,072,152 |
| Net investment income | 12,366,008 |
| Net contributions and withdrawals | 14,681,713 |
| Net assets at June 30, 2014 | \$ 942,119,873 |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 5: **Interfund Transactions**

Interfund Receivables/Payables

The compositions of interfund balances as of June 30, 2014 are as follows:

Due To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | |
|--------------------------|---------------------------------------|----------------------|-------------------------------|
| General Fund | Other Governmental Funds | \$ 7,036,583 | To cover deficit cash balance |
| General Fund | Medical Self-Insurance | 332,042 | To cover deficit cash balance |
| General Fund | Health Clinics and Ancillary Services | <u>3,303,294</u> | To cover deficit cash balance |
| | | <u>10,671,919</u> | Sub total |
| Other Governmental Funds | Other Governmental Funds | 14,375 | Reimbursement of expenditures |
| Other Governmental Funds | Health Clinics and Ancillary Services | <u>6,154,711</u> | To cover MIA Deficit |
| | | <u>6,169,086</u> | Sub total |
| | | <u>\$ 16,841,005</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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------------------------|---------------|
| Investment Trust Fund | Health Clinics and Ancillary Services | \$ 18,138,651 |

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, 2014 is \$7,834,290. The note is expected to be repaid, with interest by July 2019.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 5: **Interfund Transactions** (continued)

Interfund Receivables/Payables (continued)

Interfund Note Payable (continued)

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, 2014, the balance on the note is \$10,304,361. 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.

Subsequent to fiscal year end, the original note has been paid in full. The outstanding balance on the second note has been reduced to \$1,378,471.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 5: **Interfund Transactions** (continued)

| Transfer from | Transfer to | Amount | Purpose |
|---------------------------------------|---------------------------------------|----------------------|--|
| General Fund | Community Services Agency | \$ 8,014,987 | County program contributions |
| | Behavioral Health and Recovery | 2,270,709 | County program contributions |
| | Health Clinics and Ancillary Services | 5,428,733 | County program contributions |
| | Other Governmental Funds | 36,885,858 | County program contributions and debt service |
| | Community Development Fund | 6,087 | Reimbursement of costs |
| | Other Governmental Funds | 4,867,202 | To pay debt service |
| | Internal Service Funds | <u>4,138,680</u> | General Liability |
| | | <u>61,612,256</u> | |
| Tobacco Settlement | General Fund | 2,537,813 | Interest distribution |
| | General Fund | 327,123 | To pay debt service |
| | Other Governmental Funds | <u>2,628,000</u> | Contributions to capital projects |
| | | <u>5,492,936</u> | |
| Behavioral Health and Recovery | Other Governmental Funds | 966,058 | To pay debt service |
| | Other Governmental Funds | 265,000 | Contributions to capital projects |
| | Health Clinics and Ancillary Services | <u>45,651</u> | Contributions to joint programs |
| | | <u>1,276,709</u> | |
| Community Services Agency | Other Governmental Funds | 2,098,778 | To pay debt service |
| | General Fund | <u>1,155,921</u> | Contributions to joint programs |
| | | <u>3,254,699</u> | |
| Public Facility Fees | General Fund | 2,473,498 | Debt Service Payments |
| | Other Governmental Funds | <u>2,745,953</u> | Contributions to capital projects |
| | | <u>5,219,451</u> | |
| Other Governmental Funds | General Fund | 3,814,491 | Various contributions to programs |
| | Behavioral Health and Recovery | 45,000 | Various contributions to programs |
| | Community Services Agency | 306,695 | Contributions to joint programs |
| | Other Governmental Funds | 72,415 | Contributions to capital projects |
| | Other Governmental Funds | 2,205,478 | To pay debt service |
| | Fink Landfill | 56,568 | Reimbursement of costs |
| | Health Clinics and Ancillary Services | <u>4,574</u> | Various contributions to programs |
| | | <u>6,505,221</u> | |
| Fink Landfill | Other Governmental Funds | 33,936 | To pay debt service |
| | Other Enterprise | <u>1,175,893</u> | Landfill closure/post-closure |
| | | <u>1,209,829</u> | |
| Health Clinics and Ancillary Services | Other Governmental Funds | 39,764 | Reimburse administrative costs of HSA and debt service |
| | Other Governmental Funds | 417,204 | To pay debt service |
| | | <u>456,968</u> | |
| Other Enterprise Funds | Other Governmental Funds | <u>14,498</u> | To pay debt service |
| Internal Service Funds | Other Governmental Funds | <u>220,276</u> | To pay debt service |
| | | <u>\$ 85,262,843</u> | |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 6: **Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

| | Balance July 1, 2013 | Additions | Retirements | Adjustments & Transfers | Balance June 30, 2014 |
|--|-------------------------|-----------------|--------------|----------------------------|--------------------------|
| Governmental Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and Right of Ways | \$ 42,945,236 | \$ 1,233,489 | \$ (531,248) | | \$ 43,647,477 |
| Construction in progress | 12,293,310 | 11,427,051 | | | 23,720,361 |
| Total capital assets, not being depreciated | 55,238,546 | 12,660,540 | (531,248) | - | 67,367,838 |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 819,792,983 | 287,000 | (32,312) | 2,284 | 820,049,955 |
| Structures and improvements | 226,812,214 | 152,944 | - | - | 226,965,158 |
| Equipment | 105,387,951 | 6,592,940 | (2,637,396) | 140,479 | 109,483,974 |
| Intangible Assets | 3,995,242 | 239,280 | - | - | 4,234,522 |
| Total capital assets, being depreciated | 1,155,988,390 | 7,272,164 | (2,669,708) | 142,763 | 1,160,733,609 |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (620,157,012) | (24,880,516) | 32,312 | - | (645,005,216) |
| Structures and improvements | (82,146,028) | (7,525,212) | - | 1,139,991 | (88,531,249) |
| Equipment | (66,463,907) | (6,940,716) | 2,626,913 | (238,230) | (71,015,940) |
| Intangible Assets | (1,074,817) | (420,910) | - | 2 | (1,495,725) |
| Total accumulated depreciation | (769,841,764) | (39,767,354) | 2,659,225 | 901,763 | (806,048,130) |
| Total capital assets, being depreciated, net | 386,146,626 | (32,495,190) | (10,483) | 1,044,527 | 354,685,479 |
| Governmental activities capital assets, net | \$ 441,385,172 | \$ (19,834,650) | \$ (541,731) | \$ 1,044,526 | \$ 422,053,317 |
| Business-type Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and Right of Ways | \$ 15,462,882 | \$ - | \$ - | \$ - | \$ 15,462,882 |
| Construction in progress | 345,231 | | | (269,749) | 75,482 |
| Total capital assets, not being depreciated | 15,808,113 | - | - | (269,749) | 15,538,364 |
| Capital assets, being depreciated: | | | | | |
| Structures and improvements | 18,218,567 | 13,566 | (251,231) | 2 | 17,980,904 |
| Equipment | 13,875,690 | 4,211,117 | (230,039) | 22,735 | 17,879,503 |
| Total capital assets, being depreciated | 32,094,257 | 4,224,683 | (481,270) | 22,737 | 35,860,407 |
| Less accumulated depreciation for: | | | | | |
| Structures and improvements | (11,942,249) | (507,233) | 239,752 | (2,679) | (12,212,409) |
| Equipment | (9,095,658) | (1,477,159) | 227,392 | (28,859) | (10,374,284) |
| Total accumulated depreciation | (21,037,907) | (1,984,392) | 467,144 | (31,538) | (22,586,693) |
| Total capital assets, being depreciated, net | 11,056,350 | 2,240,291 | (14,126) | (8,801) | 13,273,714 |
| Business-type activities capital assets, net | \$ 26,864,463 | \$ 2,240,291 | \$ (14,126) | \$ (278,550) | \$ 28,812,078 |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 6: **Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

| | <u>Equipment</u> | <u>Structures and Improvements</u> | <u>Intangible</u> | <u>Infrastructure</u> | <u>Total</u> |
|------------------------|---------------------|--|-------------------|-----------------------|----------------------|
| General government | \$ 515,895 | \$ 2,076,412 | \$ | \$ | \$ 2,592,307 |
| Public protection | 2,731,762 | 2,943,845 | 60,365 | | 5,735,972 |
| Public ways | 8,344 | 55,000 | | 24,880,516 | 24,943,860 |
| Health and sanitation | 447,321 | 129,710 | | | 577,031 |
| Public assistance | 242,702 | 649,927 | | | 892,629 |
| Education | 1,660,715 | 208,429 | | | 1,869,144 |
| Recreation | 161,312 | 1,436,533 | | | 1,597,845 |
| Internal service funds | 1,172,665 | 25,356 | 360,545 | | 1,558,566 |
| Total | <u>\$ 6,940,716</u> | <u>\$ 7,525,212</u> | <u>\$ 420,910</u> | <u>\$ 24,880,516</u> | <u>\$ 39,767,354</u> |

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

| | <u>Equipment</u> | <u>Structures and Improvements</u> | <u>Total</u> |
|---------------------------------------|---------------------|--|---------------------|
| Transit | \$ 919,789 | \$ 13,155 | \$ 932,944 |
| Fink Road Landfill | 379,796 | 416,247 | 796,043 |
| Health Clinics and Ancillary Services | 175,792 | 70,843 | 246,635 |
| Inmate Welfare/Commissary | 1,782 | 6,988 | 8,770 |
| | <u>\$ 1,477,159</u> | <u>\$ 507,233</u> | <u>\$ 1,984,392</u> |

Note 7: **Receivables**

A large portion of the government activities accounts receivable, net of allowance for uncollectibles, balance of \$75,902,906 includes receivables from federal, state, and local governments in the amount of \$37,981,667.

Note 8: **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 2013-2014 is \$35,136,949,480.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 8: **Property Taxes** (continued)

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 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 Teeter property tax of \$18,471,081 (\$7,757,854 of short-term and \$10,713,227 of long-term).

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. Unsecured property taxes receivable that does not meet the "available" criteria are recorded as deferred inflow of resources.

Note 9: **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 \$4,512,020 for all fund types for the year ended June 30, 2014. 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, 2014.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 9: **Leases** (continued)

Operating Leases (continued)

| Fiscal Year Ending June 30, | |
|--------------------------------|----------------------|
| 2014 | \$ 4,512,020 |
| 2015 | 4,397,727 |
| 2016 | 3,701,033 |
| 2017 | 3,056,813 |
| 2018 | 1,579,762 |
| 2019-2027 | <u>3,535,420</u> |
| Total Minimum Lease Payments | <u>\$ 20,782,776</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 Crows Landing 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 Central Valley 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, 2014

Note 9: **Leases** (continued)

Revenue Leases (continued)

The following is a schedule of future lease revenue on these noncancelable leases at June 30, 2014.

| Fiscal Year Ending June 30, | |
|--------------------------------|----------------------------|
| 2015 | \$ 198,001 |
| 2016 | 198,001 |
| 2017 | 198,001 |
| 2018 | 198,001 |
| 2019 | 198,001 |
| 2020-2047 | <u>1,386,028</u> |
| Total Minimum Lease Revenue | <u><u>\$ 2,376,033</u></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, 2014 |
|---------------------------------|----------------------------|--|
| Governmental activities: | | |
| Equipment | 0.00-7.7% | \$ 688,802 |
| Total capital lease obligations | | <u><u>\$ 688,802</u></u> |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 9: **Leases** (continued)

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

| Fiscal Year Ending June 30, | Governmental Activities |
|---|----------------------------|
| 2015 | \$ 245,157 |
| 2016 | 196,654 |
| 2017 | 166,359 |
| 2018 | 126,796 |
| Total Minimum Lease Payments | 734,967 |
| Less: Amounts Representing Interest | (46,165) |
| Present Value of Minimum Lease Payments | 688,802 |
| Less: Current Portion of Capital Leases | 222,429 |
| Long-term Capital Lease Obligation | \$ 466,373 |

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

| | Governmental Activities | Business-type Activities |
|--------------------------------|----------------------------|-----------------------------|
| Equipment | \$ 2,239,709 | \$ 145,032 |
| Less: accumulated depreciation | 1,542,663 | (143,458) |
| Net value | \$ 3,782,373 | \$ 1,574 |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 10: **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, 2014:

| | Balance June 30, 2013 | Additions | Deletions | Adjustments | Balance June 30, 2014 | Amounts Due Within One Year |
|----------------------------------|--------------------------|----------------------|------------------------|-------------------|--------------------------|-----------------------------------|
| Governmental Activities: | | | | | | |
| Certificates of participation | \$ 50,735,000 | | \$ (34,805,000) | | \$ 15,930,000 | \$ 4,205,000 |
| 2012 Lease Refunding | \$ 7,507,612 | | \$ (1,441,642) | | 6,065,970 | 1,470,998 |
| 2013 Lease Refunding | | \$ 19,540,000 | | | 19,540,000 | 4,775,000 |
| Plus issuance premium | 691,641 | | (189,448) | | 502,193 | 140,147 |
| Bonds payable - POB | 11,035,000 | | (11,035,000) | | | |
| Tobacco securitization note | 91,563,611 | | (2,060,000) | | 89,503,611 | 4,130,000 |
| Accreted interest tobacco note | 23,210,698 | 4,129,165 | | | 27,339,863 | |
| | <u>184,743,562</u> | <u>23,669,165</u> | <u>(49,531,090)</u> | | <u>158,881,637</u> | <u>14,721,145</u> |
| Risk management liability | \$ 31,200,685 | \$ 12,059,237 | \$ (11,013,581) | | \$ 32,246,341 | \$ 12,318,884 |
| Capital lease payable | 567,439 | 408,957 | (280,078) | \$ (7,516) | 688,802 | 222,429 |
| Compensated absences | 30,839,732 | 1,198,588 | (790,931) | | 31,247,389 | 2,152,613 |
| | <u>\$ 62,607,856</u> | <u>\$ 13,666,782</u> | <u>\$ (12,084,590)</u> | <u>\$ (7,516)</u> | <u>\$ 64,182,532</u> | <u>\$ 14,693,926</u> |
| Total Governmental Activities | <u>\$ 247,351,418</u> | <u>\$ 37,335,947</u> | <u>\$ (61,615,680)</u> | <u>\$ (7,516)</u> | <u>\$ 223,064,169</u> | <u>\$ 29,415,071</u> |
| Business-type Activities: | | | | | | |
| Risk management liability | \$ 648,000 | | | | \$ 648,000 | \$ 279,000 |
| Compensated absences | 1,679,835 | \$ 37,088 | \$ (302,912) | | 1,414,011 | 155,056 |
| Total Business-Type Activities | <u>\$ 2,327,835</u> | <u>\$ 37,088</u> | <u>\$ (302,912)</u> | | <u>\$ 2,062,011</u> | <u>\$ 434,056</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. 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, 2014

Note 10: **Long-Term Debt** (continued)

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

As of June 30, 2014, annual debt service requirements of governmental activities to maturity are as follows:

| Year Ending June 30 | Governmental Activities | | | |
|------------------------|-------------------------------|---------------------|----------------------|-------------------|
| | Certificates of Participation | | 2012 Lease Refunding | |
| | Principal | Interest | Principal | Interest |
| 2015 | \$ 4,205,000 | \$ 755,288 | \$ 1,470,998 | \$ 108,861 |
| 2016 | 4,450,000 | 513,500 | 1,500,754 | 79,106 |
| 2017 | 4,345,000 | 291,000 | 1,531,515 | 48,344 |
| 2018 | 2,930,000 | 117,200 | 1,562,703 | 17,157 |
| Totals | <u>\$ 15,930,000</u> | <u>\$ 1,676,988</u> | <u>\$ 6,065,970</u> | <u>\$ 253,468</u> |

| | 2013 Lease Refunding | |
|--------|----------------------|-------------------|
| | Principal | Interest |
| | 2015 | \$ 4,775,000 |
| 2016 | 4,850,000 | 185,101 |
| 2017 | 4,925,000 | 111,787 |
| 2018 | 4,990,000 | 37,425 |
| Totals | <u>\$ 19,540,000</u> | <u>\$ 591,600</u> |

| Year Ending June 30 | Tobacco Securitization Note | | Tobacco Securitization Note 2006 | |
|------------------------|-----------------------------|----------------------|----------------------------------|-----------------------|
| | Principal | Interest | Principal | Interest |
| 2015 | \$ 4,130,000 | \$ 2,414,438 | | |
| 2016 | 4,460,000 | 2,185,204 | | |
| 2017 | 4,815,000 | 1,931,840 | | |
| 2018 | 5,660,000 | 1,644,340 | | |
| 2019 | 6,095,000 | 1,317,836 | | |
| 2020-2024 | 22,190,000 | 1,802,670 | | \$ 26,566,799 |
| 2025-2029 | | | \$ 20,965,835 | 41,459,309 |
| 2030-2034 | | | 2,827,546 | 45,605,692 |
| 2035-2039 | | | 9,446,325 | 49,467,982 |
| 2040-2044 | | | | 54,201,054 |
| 2045-2049 | | | 8,913,905 | 8,830,260 |
| Totals | <u>\$ 47,350,000</u> | <u>\$ 11,296,328</u> | <u>\$ 42,153,611</u> | <u>\$ 226,131,096</u> |

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, 2014

Note 10: **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, 2014 |
|---------------------------------|--------------------|------------------|----------|--------------------------------|---------------------------------------|
| Governmental activities: | | | | | |
| 2012 Lease Refunding | 1.99 | 8/1/2012 | 6/1/2018 | \$ 8,687,050 | \$ 6,065,970 |
| 2013 Lease Refunding | 1.50 | 8/1/2013 | 8/1/2017 | 19,540,000 | 19,540,000 |
| 2007 Series A COP | 3.65-5.75 | 2/1/2007 | 5/1/2018 | 42,081,614 | 15,930,000 |
| Total governmental activities | | | | <u>\$ 70,308,664</u> | <u>\$ 41,535,970</u> |

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

A summary of notes payable follows:

| | Interest Rate % | Date of Issue | Maturity | Amount of Original Issue | Outstanding as of June 30, 2014 |
|----------------------------------|--------------------|------------------|----------|--------------------------------|---------------------------------------|
| Tobacco Securitization Note | 5.50-7.50 | 3/21/2002 | 6/1/2043 | \$ 67,305,000 | \$ 47,350,000 |
| 2006 Tobacco Securitization Note | 5.75-7.25 | 3/29/2006 | 6/1/2055 | 42,153,611 | 69,493,474 * |
| Total | | | | <u>\$ 109,458,611</u> | <u>\$ 116,843,474</u> |

* Includes accredited interest of \$27,339,863

Purpose for County Borrowings

| | |
|----------------------------------|---|
| 2012 Lease Refunding | Refunded 1998 Series A COP which funded the construction of a portion of the Tenth Street Place building with the City of Modesto. |
| 2013 Lease Refunding | Refunded 2004 A and B COPs which funded the construction of Gallo Center for the Arts, 12th Street office building and parking garage |
| 2007 Series A Refunding | Construct Public Safety Center and Community Services building |
| Tobacco Securitization Note | To purchase future tobacco settlement revenue |
| Tobacco Securitization Note 2006 | To purchase future tobacco settlement revenue |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 10: **Long-Term Debt** (continued)

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%.

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. The last arbitrage calculation was performed in Fiscal Year 2013-2014 for the 2004 A&B COP's. At June 30, 2014, the County did not have any outstanding liability for arbitrage. An arbitrage calculation is due in Fiscal Year 2015-2016 for the 2007 A Certificates of Participation.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 11: **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 a minimum of 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, 2014 | \$ 21,152,422 | \$ 13,895,000 | \$ 35,047,422 |
| Liability recognized as of June 30, 2014 | \$ 7,163,736 | \$ 1,987,206 | \$ 9,150,942 |
| Landfill capacity used to date | 34.00% | 100% | |
| Estimated remaining useful life | 16 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 including corrective action which is required when a release has been detected. 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 | \$ 18,514,856 |
| Geer Road Sanitary Landfill | \$ 1,545,144 |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 12: **Net Position/Fund Balances**

Net Position

The government-wide and business-type activities financial statements utilize a net position presentation. Net position components are as follows:

- *Net Investment in Capital Assets* – 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 Position* – 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 Position* – This category represents net assets of the County, not restricted for any project or other purpose.

As of June 30, 2014, the County had the following restrictions to net position:

| | Governmental Activities | Business-type Activities |
|--|----------------------------|-----------------------------|
| Restricted for: | | |
| Capital projects | \$ 82,035,903 | |
| Debt service | 9,078,113 | |
| Other purposes: | | |
| Landfill closure/postclosure | | 20,102,454 |
| Tobacco Settlement | 103,065,761 | |
| Road and Bridge | 18,862,159 | |
| Behavioral Health & Recovery | 17,413,916 | |
| Probation Grants | 14,661,422 | |
| Children and Families Commission | 11,792,222 | |
| Library | 9,003,021 | |
| Environmental resources | 8,996,770 | |
| Health Services | 6,160,988 | |
| Sherriff's Office | 4,413,447 | |
| Planning | 4,386,650 | |
| Tax Loss Reserve Fund | 3,872,119 | |
| Other | 3,611,290 | |
| Lighting/Storm Drain & Service Area Districts | 3,146,778 | |
| Clerk-recorder - capital assets | 3,087,398 | |
| Chief Executive Office | 2,031,024 | |
| Department of Child Support Services | 1,564,541 | |
| Probation | 1,524,108 | |
| Alliance Worknet | 1,486,034 | |
| Subtotal other purposes | 219,079,648 | 20,102,454 |
| Total Restricted Net Position | \$ 310,193,664 | \$ 20,102,454 |
| Amount of total restricted by enabling legislation | \$ 54,666 | \$ - |

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 12: **Net Position/Fund Balances** (continued)

Fund Balances

A detail schedule of fund balances at June 30, 2014 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 | \$ 15,515,016 | \$ | \$ 8,650 | \$ 25,450 | \$ | \$ 533,822 | \$ 16,082,938 |
| Restricted | 3,872,119 | 103,065,762 | 13,295,444 | 250,260 | 70,066,771 | 90,477,837 | 281,028,193 |
| Committed | 4,510,888 | | 3,000,685 | | | 699,952 | 8,211,525 |
| Assigned | 97,448,659 | | 1,109,137 | | 361,717 | 23,426,062 | 122,345,575 |
| Unassigned: | | | | | | | |
| General fund | 16,765,674 | | | | | | 16,765,674 |
| Special revenue funds | | | | | | (1,036,901) | (1,036,901) |
| Total fund balance | <u>\$ 138,112,356</u> | <u>\$ 103,065,762</u> | <u>\$ 17,413,916</u> | <u>\$ 275,710</u> | <u>\$ 70,428,488</u> | <u>\$ 114,100,772</u> | <u>\$ 443,397,004</u> |

Note 13: **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 \$698,870,843 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.

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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 13: **Risk Management** (continued)

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.

| | Fiscal Year ending 6/30/14 | Fiscal Year ending 6/30/13 |
|-----------------------------------|-------------------------------|-------------------------------|
| Unpaid claims as of July 1 | \$ 31,848,685 | \$ 32,839,413 |
| Incurred claims (including IBNRs) | 12,059,237 | 6,734,116 |
| Claim payments | (11,013,581) | (7,724,844) |
| Unpaid claims as of June 30 | \$ 32,894,341 | \$ 31,848,685 |

Note 14: **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, 2014, 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.

In *O'Neal, et al v. Stanislaus County Employees Retirement Association ("StanCERA")*, Case No. 648469, three retirees have sued StanCERA alleging a breach of fiduciary, constitutional and statutory duties to its members. The County has intervened as a defendant. The trial court granted StanCERA's and the County's motion for summary judgment. The Plaintiffs have appealed. Briefing has not yet begun. The County is vigorously defending its interest as an unfavorable outcome could result in the County and other plan sponsors having obligation to pay millions to StanCERA.

Note 15: **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

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 15: **Joint Ventures** (continued)

Stanislaus Waste-to-Energy Financing Agency (continued)

equally. The agreement was amended and approved by the County of Stanislaus Board of Supervisors on June 26, 2012.

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, 2014, 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, 2014, the County's equity interest was \$985,936. For the fiscal year ending June 30, 2014, 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 2014 was \$189,256.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 15: **Joint Ventures** (continued)

Stanislaus Drug Enforcement Agency (continued)

The total cash plus in-kind contribution was \$628,887. 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 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, 2014, the County's equity interest in the CCCIFA was \$9,635,244 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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 15: **Joint Ventures** (continued)

The California County Tobacco Securitization Agency (continued)

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 (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

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 15: **Joint Ventures** (continued)

Consolidated Emergency Dispatch Agency (continued)

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 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/Stanslaus 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). Although the agreement had a sunset date of June 30, 2012, all parties continued to operate under the terms of the expired agreement. A new agreement was put into place effective July 1, 2014. 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, 2014, the County paid \$53,934 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 (Authority) 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 Authority was created for the purpose of the design, development, implementation, and on-going 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

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 15: **Joint Ventures** (continued)

California Statewide Automated Welfare System Consortium IV (continued)

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.

Currently the Authority 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 2013/2014 were \$331,081. A copy of the Consortium IV Financial Statement's may be obtained by writing to the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector (ATC), 222 West Hospitality Lane, 4th Floor, and 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 Authority (NCCTEA). 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 NCCTEA 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 NCCTEA 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 NCCTEA'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

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 15: **Joint Ventures** (continued)

The Stanislaus Animal Services Agency (continued)

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 is responsible for the annual budget 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.

Modesto Regional Fire Authority (MRFA)

On January 11, 2011, the Board of Supervisors authorized the County to enter into a Joint Powers Agency (JPA) with the City of Modesto and the Salida Fire Protection District to create the Modesto Regional Fire Authority. The intent of the JPA is to create shared governance for all participating agencies where joint operations, governance and management is for the mutual benefit of each agency and their respective residents, and to provide efficiencies and economies of scale through cooperation. The governing board of the JPA includes members from each of the original participating agencies, each member having equal representation.

Note 16: **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, and death benefits. Health and welfare insurance for retirees and their dependents is available however administered independently of StanCERA. The plan is administered by the Stanislaus County Employees Retirement Association. An actuarial valuation is performed for the system annually 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 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

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 16: **Employees' Retirement Plan** (continued)

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 market price at current exchange rates.

StanCERA has six 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, Tier 5, and Tier 6 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 years of membership with StanCERA or at any age with 20 or more years of credited service. Vested General members with Tier 6 may retire at age 52 with five years of service credit or age 70 regardless of service credit. Tier 6 Safety members may retire at age 50 with 5 years of service credit or age 70 regardless of service credit. 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, Tier 3, or Tier 6 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, Tier 5, and Tier 6 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, Tier 5, and Tier 6 provide death and disability benefits.

Those members participating in Tier 1, Tier 2, Tier 4, Tier 5, and Tier 6 are required by statute to contribute to the pension plan. Members' contribution rates for Tier 1, Tier 2, Tier 4, and Tier 5 are formulated on the basis of the age at date of entry and the actuarially calculated future benefits. Members' contribution rate for Tier 6 is a flat rate based on the actuarially calculated future benefit. 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 12.77% to 34.64% of covered payroll and employee contributions rates vary from 4.83% to 17.12%.

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.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 16: **Employees' Retirement Plan** (continued)

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 August 28, 2012 placed restrictions on offering ad-hoc benefits, specifically that the system must be 100% actuarially funded prior to the Board of Retirement offering any ad-hoc benefits. StanCERA is 79.4% actuarially funded as of June 30, 2013.

The County's contribution to StanCERA was as follows and equals the required contributions for each year:

| <u>Fiscal Year Ending</u> | <u>Contributions</u> |
|---------------------------|----------------------|
| June 30, 2012 | \$ 24,113,522 |
| June 30, 2013 | \$ 34,389,970 |
| June30, 2014 | \$ 41,367,712 |

The County does not contribute towards post employment benefits other than retirement.

Schedule of Funding Progress

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued 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) |
| 6/30/2011 | \$ 1,372,046 | \$ 1,757,717 | \$ 385,671 | 78.1% | \$221,541 | 174.1% |
| 6/30/2012 | \$ 1,451,764 | \$ 1,888,713 | \$ 436,949 | 76.9% | \$215,057 | 203.2% |
| 6/30/2013 | \$ 1,524,076 | \$ 1,919,227 | \$ 395,151 | 79.4% | \$222,898 | 177.3% |

Data provided by last actuarial valuation as of July 1

Expressing StanCERA's benefits pension plan (the Plan) fiduciary net position 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, 2013 this percentage was 79.4%. 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, 2013 this percentage was 177.3%.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 17: **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.

For fiscal year ended June 30, 2014 the County's annual OPEB expense was estimated at \$3,647,499 which represents the annual required contribution (ARC). The net OPEB obligation for June 30, 2014 is as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|--|------------------------|
| 6/30/2014 | \$ 3,647,499 | 66.1% | \$ 8,037,524 |

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, 2014 was as follows:

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 17: **Other Post Employment Benefits (OPEB)** (continued)

Funding Policy (continued)

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 | | Funded Ratio (a/b) | Covered Payroll c | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--------------------------------------|--------------------------------|------------------------------------|--------------------------|-------------------------|---|
| | | Projected Unit Credit b | Unfunded AAL (UAAL) (b-a) | | | |
| 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% |
| 7/1/2012 | \$ | \$ 35,347,085 | \$ 35,347,085 | 0% | \$ 193,848,830 | 18.2% |

Data provided by last actuarial valuation as of July 1, 2012

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 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, 2012 valuation, the actuarial cost was based on the Projected Unit Credit cost method to derive the Accrued Liability (AL) and Annual Accrued Expense (ARC). The actuarial assumption used a four percent discount rate and a medical trend assumption of eight percent for 2012-2013, graded down by one percent per year to an ultimate of five percent per year beginning in 2015-2016. The Level Dollar amortization method is being used to accrue County's unfunded actuarial accrued liability over 30 years.

County of Stanislaus
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 18: **Subsequent Events**

Payoff of Interfund Note Payable

In October 2014, the Health Clinics and Ancillary Services fully paid off the original interfund loan and reduced the outstanding balance of the second interfund loan from the Investment Trust Fund. A payment of \$7,834,289 was applied to the original note and \$8,925,891 was allocated to the second note.

Dissolution of Modesto Regional Fire Authority (Joint Powers Agency)

On June 10, 2014, the Board of Supervisors approved the dissolution of the Modesto Regional Fire Authority (MRFA) effective midnight on June 30, 2014, transitioning fire and emergency services functions out of MRFA, back to the member agencies: the County, the City of Modesto and the Salida Fire Protection District. A Memorandum of Understanding (MOU) between the three parties was put into place to set the details, terms and responsibilities of the transition. The MOU is limited to a six-month term to allow the transition of assets and a final closing audit of MRFA.

Required
Supplementary
Information

**County of Stanislaus
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2014**

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

**SCHEDULE OF FUNDING PROGRESS – PENSION BENEFIT PLAN
FOR YEARS ENDED JUNE 30**

| Actuarial Valuation Date | Valuation Assets | Actuarial Liability (AL) | Unfunded AL | Funded Ratio | Covered Payroll | Unfunded AL as a % of Covered Payroll |
|--------------------------|------------------|--------------------------|---------------|--------------|-----------------|---------------------------------------|
| 6/30/2003 | \$ 937,797,000 | \$ 958,095,000 | \$ 20,298,000 | 97.9% | \$ 197,664,000 | 10.3% |
| 6/30/2004 | 993,180,000 | 1,035,345,000 | 42,165,000 | 95.9% | 199,963,000 | 21.1% |
| 6/30/2005 | 1,049,691,000 | 1,116,310,000 | 66,619,000 | 94.0% | 211,681,000 | 31.5% |
| 6/30/2006 | 1,154,048,000 | 1,329,375,000 | 175,327,000 | 86.8% | 212,011,000 | 82.7% |
| 6/30/2008 | 1,317,167,000 | 1,548,824,000 | 231,657,000 | 85.0% | 242,009,000 | 95.7% |
| 6/30/2009 | 1,171,767,000 | 1,653,716,000 | 481,949,000 | 70.9% | 248,316,000 | 194.1% |
| 6/30/2010 | 1,325,801,000 | 1,737,824,000 | 412,023,000 | 76.3% | 231,538,000 | 178.0% |
| 6/30/2011 | 1,372,046,000 | 1,757,717,000 | 385,671,000 | 78.1% | 221,541,000 | 174.1% |
| 6/30/2012 | 1,451,764,000 | 1,888,713,000 | 436,950,000 | 76.9% | 215,057,000 | 203.2% |
| 6/30/2013 | 1,524,076,000 | 1,919,227,000 | 395,151,000 | 79.4% | 222,898,000 | 177.3% |

- 1 Excludes value of Non-Valuation Reserves
- 2 The Accrued Liability as of June 30, 2006 was recomputed to reflect the change in Actuary and in the retirement, termination and refund assumptions
- 3 Includes \$50 million transferred from Non-Valuation Reserves as of 6/30/2008

**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 Accrued Liability (AAL) Projected Unit Credit | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll | 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% |
| 7/1/2012 | \$ - | \$ 35,347,085 | \$35,347,085 | 0% | \$ 193,848,830 | 18.2% |

Data provided by last actuarial valuation as of July 1, 2012

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 88.49% 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

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, 2014

| | Debt Service Funds | | | | | Totals |
|--|--------------------------|---------------------|---|--------------------------------|--|----------------|
| | Special Revenue Funds | Capital Projects | Capital Improvement Finance Authority | Pension Obligation Bonds | Stan County Tobacco Funding Corp | |
| ASSETS | | | | | | |
| Cash and investments | \$ 84,307,334 | \$ 13,574,625 | \$ 2,196 | \$ 241,446 | \$ 9,600 | \$ 98,135,201 |
| Investments with fiscal agent | | | 4,054,000 | | 4,773,329 | 8,827,329 |
| Account receivable | 20,225,785 | | | | 2,926,088 | 23,151,873 |
| Interest and other receivables | 100,235 | 20,425 | 5 | | 20 | 120,685 |
| Inventory | 637,078 | | | | | 637,078 |
| Due from other funds | 6,169,086 | | | | | 6,169,086 |
| Prepaid items | 146,181 | | | | | 146,181 |
| Total assets | \$ 111,585,699 | \$ 13,595,050 | \$ 4,056,201 | \$ 241,446 | \$ 7,709,037 | \$ 137,187,433 |
| LIABILITIES AND FUND BALANCE | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 5,743,745 | \$ 1,966,274 | | \$ 2,483 | \$ 2,926,088 | \$ 10,638,590 |
| Salaries and benefits payable | 2,514,702 | 21,361 | | | | 2,536,063 |
| Sales tax liability | 317 | | | | | 317 |
| Due to other funds | 7,050,958 | | | | | 7,050,958 |
| Due to other governments | 45,036 | | | | | 45,036 |
| Deferred revenue | 2,715,697 | | | | | 2,715,697 |
| Advances from other funds | 100,000 | | | | | 100,000 |
| Total Liabilities | 18,170,455 | 1,987,635 | | 2,483 | 2,926,088 | 23,086,661 |
| Fund Balances | | | | | | |
| Non-spendable | 533,822 | | | | | 533,822 |
| Restricted | 81,421,714 | | 4,045,074 | 237,720 | 4,773,329 | 90,477,837 |
| Committed | 598,373 | 101,579 | | | | 699,952 |
| Assigned | 11,898,236 | 11,505,836 | 11,127 | 1,243 | 9,620 | 23,426,062 |
| Unassigned | (1,036,901) | | | | | (1,036,901) |
| Total fund balances | 93,415,244 | 11,607,415 | 4,056,201 | 238,963 | 4,782,949 | 114,100,772 |
| Total Liabilities and Fund Balances | \$ 111,585,699 | \$ 13,595,050 | \$ 4,056,201 | \$ 241,446 | \$ 7,709,037 | \$ 137,187,433 |

County of Stanislaus
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

| | Debt Service Funds | | | | | Totals |
|--|--------------------------|----------------------|---|--------------------------------|--|-----------------------|
| | Special Revenue Funds | Capital Projects | Capital Improvement Finance Authority | Pension Obligation Bonds | Stan County Tobacco Funding Corp | |
| REVENUES | | | | | | |
| Taxes | \$ 12,234,639 | \$ | \$ | \$ | \$ | \$ 12,234,639 |
| Licenses, permits and franchises | 2,293,431 | | | | | 2,293,431 |
| Fines, forfeitures and penalties | 1,470,336 | 1,198,843 | | | | 2,669,179 |
| Revenue from use of money and property | 434,843 | 106,726 | | | 408,423 | 949,992 |
| Intergovernmental revenue | 173,745,129 | | | | | 173,745,129 |
| Charges for services | 33,701,338 | 2,028 | | 880,612 | | 34,583,978 |
| Miscellaneous revenue | 674,687 | | | | 4,592,199 | 5,266,886 |
| Total revenues | <u>224,554,403</u> | <u>1,307,597</u> | <u></u> | <u>880,612</u> | <u>5,000,622</u> | <u>231,743,234</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 408,915 | | | | | 408,915 |
| Public protection | 57,275,896 | | | | | 57,275,896 |
| Public ways and facilities | 36,931,590 | | | | | 36,931,590 |
| Health and sanitation | 42,623,895 | | | | | 42,623,895 |
| Public assistance | 82,214,893 | | | | | 82,214,893 |
| Education | 8,660,386 | | | | | 8,660,386 |
| Recreation and cultural services | 402,553 | | | | | 402,553 |
| Capital outlay | | 13,154,983 | | | | 13,154,983 |
| Debt service | | | | | | |
| Interest and fiscal charges | 6,019 | | 2,173,459 | 413,228 | 2,950,986 | 5,543,692 |
| Principal | 44,960 | | 36,246,641 | 11,035,000 | 2,060,000 | 49,386,601 |
| Total expenditures | <u>228,569,107</u> | <u>13,154,983</u> | <u>38,420,100</u> | <u>11,448,228</u> | <u>5,010,986</u> | <u>296,603,404</u> |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES | <u>(4,014,704)</u> | <u>(11,847,386)</u> | <u>(38,420,100)</u> | <u>(10,567,616)</u> | <u>(10,364)</u> | <u>(64,860,170)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Capital lease proceeds | 192,881 | | | | | 192,881 |
| Loan proceeds | | | 19,540,000 | | | 19,540,000 |
| Transfers in | 18,690,011 | 8,582,203 | 15,364,776 | 10,823,430 | | 53,460,420 |
| Transfers out | (4,846,720) | (1,658,500) | | | | (6,505,220) |
| Sale of capital assets | 2,000 | | | | | 2,000 |
| Total other financing sources (uses) | <u>14,038,172</u> | <u>6,923,703</u> | <u>34,904,776</u> | <u>10,823,430</u> | | <u>66,690,081</u> |
| Net changes in fund balances | 10,023,468 | (4,923,683) | (3,515,324) | 255,814 | (10,364) | 1,829,911 |
| Fund balances -- beginning | 83,391,776 | 16,531,098 | 7,571,525 | (16,851) | 4,793,313 | 112,270,861 |
| Fund balances -- ending | <u>\$ 93,415,244</u> | <u>\$ 11,607,415</u> | <u>\$ 4,056,201</u> | <u>\$ 238,963</u> | <u>\$ 4,782,949</u> | <u>\$ 114,100,772</u> |

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, 2014**

| | Environmental Resources | Children and Families Commission | Public Works Engineering | Road and Bridge | Employment and Training | Child Support Services | Public Authority |
|--|----------------------------|--|--------------------------------|-----------------------|-------------------------------|------------------------------|---------------------|
| ASSETS | | | | | | | |
| Cash and investments | \$ 8,652,770 | \$ 11,332,883 | \$ 2,761,616 | \$ 16,287,274 | \$ 1,274,390 | \$ 1,660,322 | \$ 753,571 |
| Account receivable | 843,656 | 1,038,532 | 119,178 | 4,081,225 | 833,770 | 342,797 | 1,760,586 |
| Interest and other receivables | 4,392 | 26,157 | | 42,562 | | 5,540 | |
| Inventory | | | | 504,059 | 8,717 | | |
| Due from other funds | | | | | 14,375 | | |
| Prepaid items | | | | | 13,423 | | |
| Total assets | <u>\$ 9,500,818</u> | <u>\$ 12,397,572</u> | <u>\$ 2,880,794</u> | <u>\$ 20,915,120</u> | <u>\$ 2,144,675</u> | <u>\$ 2,008,659</u> | <u>\$ 2,514,157</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 275,029 | \$ 588,870 | \$ 43,552 | \$ 1,901,185 | \$ 429,186 | \$ 27,672 | \$ |
| Salaries and benefits payable | 229,051 | 16,480 | 201,794 | 151,776 | 229,305 | 402,071 | |
| Sales Tax Liability | (32) | | | | 149 | | |
| Due to other funds | | | | | | 14,375 | |
| Due from other governments | | | | | | | 45,036 |
| Advances from grantors & third parties | | | | | | | 2,469,013 |
| Advances from other funds | | | | | | | |
| Total Liabilities | <u>504,048</u> | <u>605,350</u> | <u>245,346</u> | <u>2,052,961</u> | <u>658,640</u> | <u>444,118</u> | <u>2,514,049</u> |
| Fund Balances | | | | | | | |
| Non Spendable | \$ 800 | | 300 | 312,460 | | 100 | |
| Restricted | 8,896,211 | 11,587,572 | 783,499 | 18,397,440 | 1,475,973 | 1,415,276 | |
| Committed | | | | | | | |
| Assigned | 99,759 | 204,650 | 1,851,649 | 152,259 | 10,062 | 149,165 | 108 |
| Unassigned | | | | | | | |
| Total fund balances | <u>8,996,770</u> | <u>11,792,222</u> | <u>2,635,448</u> | <u>18,862,159</u> | <u>1,486,035</u> | <u>1,564,541</u> | <u>108</u> |
| Total liabilities and fund balances | <u>\$ 9,500,818</u> | <u>\$ 12,397,572</u> | <u>\$ 2,880,794</u> | <u>\$ 20,915,120</u> | <u>\$ 2,144,675</u> | <u>\$ 2,008,659</u> | <u>\$ 2,514,157</u> |

**County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2014**

| Health Services Agency | Indigent Health Care | Library | Lighting Districts | All Other Special Revenue Funds | Totals | |
|------------------------------|----------------------------|---------------------|-----------------------|---------------------------------------|-----------------------|--|
| \$ 4,474,838 | \$ | \$ 7,928,444 | \$ 454,777 | \$ 28,726,449 | \$ 84,307,334 | ASSETS |
| 3,616,478 | 705,975 | 1,467,836 | | 5,415,752 | 20,225,785 | Cash and investments |
| 627 | 1,072 | | 887 | 18,998 | 100,235 | Account receivable |
| 124,302 | | | | | 637,078 | Interest and other receivables |
| | 6,154,711 | | | | 6,169,086 | Inventory |
| 132,758 | | | | | 146,181 | Due from other funds |
| \$ <u>8,349,003</u> | \$ <u>6,861,758</u> | \$ <u>9,396,280</u> | \$ <u>455,664</u> | \$ <u>34,161,199</u> | \$ <u>111,585,699</u> | Prepaid items |
| | | | | | | Total assets |
| | | | | | | LIABILITIES AND FUND BALANCE |
| \$ 1,348,886 | \$ 295,048 | \$ 179,367 | \$ 11,497 | \$ 643,453 | \$ 5,743,745 | Liabilities |
| 686,893 | 23,479 | 213,893 | | 359,960 | 2,514,702 | Accounts payable |
| 21 | | | | 179 | 317 | Salaries and benefits payable |
| | 7,036,583 | | | | 7,050,958 | Sales Tax Liability |
| 152,215 | 94,469 | | | | 45,036 | Due to other funds |
| | | | | 100,000 | 100,000 | Due from other governments |
| <u>2,188,015</u> | <u>7,449,579</u> | <u>393,260</u> | <u>11,497</u> | <u>1,103,592</u> | <u>18,170,455</u> | Advances from grantors & third parties |
| | | | | | | Advances from other funds |
| | | | | | | Total Liabilities |
| | | | | | | Fund Balances |
| 210,177 | 100 | 1,885 | | 8,000 | 533,822 | Non Spendable |
| 5,251,768 | 402,728 | 8,898,563 | 441,827 | 23,870,857 | 81,421,714 | Restricted |
| | | | | 598,373 | 598,373 | Committed |
| 699,043 | 23,680 | 102,572 | 2,340 | 8,602,949 | 11,898,236 | Assigned |
| | (1,014,329) | | | (22,572) | (1,036,901) | Unassigned |
| <u>6,160,988</u> | <u>(587,821)</u> | <u>9,003,020</u> | <u>444,167</u> | <u>33,057,607</u> | <u>93,415,244</u> | Total fund balances |
| \$ <u>8,349,003</u> | \$ <u>6,861,758</u> | \$ <u>9,396,280</u> | \$ <u>455,664</u> | \$ <u>34,161,199</u> | \$ <u>111,585,699</u> | Total liabilities and fund balances |

County of Stanislaus
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

| | Environmental Resources | Children and Families Commission | Public Works Engineering | Road and Bridge | Employment and Training | Child Support Services | Public Authority |
|---|----------------------------|--|--------------------------------|-----------------------|-------------------------------|------------------------------|---------------------|
| REVENUES | | | | | | | |
| Taxes | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Licenses, permits and franchises | | | 1,704,039 | 577,463 | | | |
| Fines, forfeitures and penalties | 197,619 | | | | | | |
| Revenue from use of money and property | 15,962 | 106,928 | 188 | 175,819 | | 22,179 | 1,123 |
| Intergovernmental revenue | 679,828 | 5,466,445 | 235,700 | 31,455,144 | 8,837,591 | 14,293,909 | 62,073,668 |
| Charges for services | 7,056,273 | | 4,846,862 | 190,405 | 7,323,408 | | |
| Miscellaneous revenue | 14,245 | 32,912 | 4,542 | 8,571 | (14,863) | | |
| Total revenues | <u>7,963,927</u> | <u>5,606,285</u> | <u>6,791,331</u> | <u>34,296,373</u> | <u>16,146,136</u> | <u>14,316,088</u> | <u>62,074,791</u> |
| EXPENDITURES | | | | | | | |
| General | | 376,174 | | | | | |
| Public protection | 7,637,012 | | 1,666,595 | | | 13,866,046 | |
| Public ways and facilities | | | 4,856,184 | 32,056,434 | | | |
| Health and sanitation | | 6,025,005 | | | | | |
| Public assistance | | | | | 16,065,009 | | 62,879,703 |
| Education | | | | | | | |
| Recreation and cultural services | | | | | | | |
| Interest and fiscal charges | | | | | | | |
| Principal | | | | | | | |
| Total expenditures | <u>7,637,012</u> | <u>6,401,179</u> | <u>6,522,779</u> | <u>32,056,434</u> | <u>16,065,009</u> | <u>13,866,046</u> | <u>62,879,703</u> |
| REVENUES OVER (UNDER) EXPENDITURES | | | | | | | |
| | <u>326,915</u> | <u>(794,894)</u> | <u>268,552</u> | <u>2,239,939</u> | <u>81,127</u> | <u>450,042</u> | <u>(804,912)</u> |
| Capital lease proceeds | | | | | | | |
| Transfers in | 1,310,409 | | 273,451 | 800,333 | | | 2,022,552 |
| Transfers out | (241,850) | (13,545) | (170,527) | (126,734) | (197,851) | (359,876) | (1,217,532) |
| Sale of capital assets | | | | 2,000 | | | |
| Total other financing sources (uses) | <u>1,068,559</u> | <u>(13,545)</u> | <u>102,924</u> | <u>675,599</u> | <u>(197,851)</u> | <u>(359,876)</u> | <u>805,020</u> |
| Net change in fund balance | 1,395,474 | (808,439) | 371,476 | 2,915,538 | (116,724) | 90,166 | 108 |
| Fund balances -- beginning | <u>7,601,296</u> | <u>12,600,661</u> | <u>2,263,972</u> | <u>15,946,621</u> | <u>1,602,759</u> | <u>1,474,375</u> | |
| Fund balances -- ending | <u>\$ 8,996,770</u> | <u>\$ 11,792,222</u> | <u>\$ 2,635,448</u> | <u>\$ 18,862,159</u> | <u>\$ 1,486,035</u> | <u>\$ 1,564,541</u> | <u>\$ 108</u> |

County of Stanislaus
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Fiscal Year Ended June 30, 2014

| Health Services Agency | Indigent Health Care | Library | Lighting Districts | All Other Special Revenue Funds | Totals | |
|------------------------------|----------------------------|---------------------|-----------------------|---------------------------------------|----------------------|---|
| \$ | \$ | \$ | \$ | \$ | \$ | REVENUES |
| 11,929 | | 9,140,466 | 65,731 | 1,139,471 | 12,234,639 | Taxes |
| 129,075 | 846,523 | | | 297,119 | 2,293,431 | Licenses, permits and franchises |
| | | | | | 1,470,336 | Fines, forfeitures and penalties |
| 11,996 | 5,116 | 3,589 | 3,840 | 88,103 | 434,843 | Revenue from use of money and property |
| 12,567,393 | 1,726,482 | 112,269 | 611 | 36,296,089 | 173,745,129 | Intergovernmental revenue |
| 9,966,847 | 393,560 | 388,979 | 327,843 | 3,207,161 | 33,701,338 | Charges for services |
| 159,882 | 30,694 | 108,413 | 3,500 | 326,791 | 674,687 | Miscellaneous revenue |
| <u>22,847,122</u> | <u>3,002,375</u> | <u>9,753,716</u> | <u>401,525</u> | <u>41,354,734</u> | <u>224,554,403</u> | Total revenues |
| | | | | | | EXPENDITURES |
| | | | | 32,741 | 408,915 | General |
| | | | 305,400 | 33,800,843 | 57,275,896 | Public protection |
| | | | | 18,972 | 36,931,590 | Public ways and facilities |
| 25,773,746 | 10,825,144 | | | 3,270,181 | 42,623,895 | Health and sanitation |
| | | 8,656,776 | | 3,610 | 82,214,893 | Public assistance |
| | | | | 402,553 | 8,660,386 | Education |
| 3,566 | | | | 2,453 | 402,553 | Recreation and cultural services |
| 37,145 | | | | 7,815 | 6,019 | Interest and fiscal charges |
| <u>25,814,457</u> | <u>10,825,144</u> | <u>8,656,776</u> | <u>305,400</u> | <u>37,539,168</u> | <u>228,569,107</u> | Principal |
| | | | | | | Total expenditures |
| <u>(2,967,335)</u> | <u>(7,822,769)</u> | <u>1,096,940</u> | <u>96,125</u> | <u>3,815,566</u> | <u>(4,014,704)</u> | REVENUES OVER |
| | | | | | | (UNDER) EXPENDITURES |
| 192,881 | | | | | 192,881 | Capital lease proceeds |
| 4,473,286 | 8,077,837 | 491,810 | | 1,240,333 | 18,690,011 | Transfers in |
| (554,670) | (43,348) | (147,340) | | (1,773,447) | (4,846,720) | Transfers out |
| <u>4,111,497</u> | <u>8,034,489</u> | <u>344,470</u> | | <u>(533,114)</u> | <u>2,000</u> | Sale of capital assets |
| | | | | | | Total other financing sources (uses) |
| 1,144,162 | 211,720 | 1,441,410 | 96,125 | 3,282,452 | 10,023,468 | Net change in fund balance |
| <u>5,016,826</u> | <u>(799,541)</u> | <u>7,561,610</u> | <u>348,042</u> | <u>29,775,155</u> | <u>83,391,776</u> | Fund balances -- beginning |
| <u>\$ 6,160,988</u> | <u>\$ (587,821)</u> | <u>\$ 9,003,020</u> | <u>\$ 444,167</u> | <u>\$ 33,057,607</u> | <u>\$ 93,415,244</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 Position
Nonmajor Enterprise Funds
June 30, 2014

| | County Transit System | Geer Road Sanitary Landfill | Inmate Welfare/ Commissary | Total |
|---------------------------------------|-----------------------------|-----------------------------------|----------------------------------|----------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and investments | \$ 9,360,159 | \$ 378,905 | \$ 941,103 | \$ 10,680,167 |
| Accounts receivable, net | 549,335 | | 60,015 | 609,350 |
| Interest and other receivables | 20,695 | 4,366 | 1,744 | 26,805 |
| Inventory | | | 6,971 | 6,971 |
| Total current assets | <u>9,930,189</u> | <u>383,271</u> | <u>1,009,833</u> | <u>11,323,293</u> |
| Noncurrent assets: | | | | |
| Restricted cash and investments | | 1,545,144 | | 1,545,144 |
| Capital assets: | | | | |
| Land and right of ways | | 1,906,261 | | 1,906,261 |
| Building and improvements | 131,545 | | 216,731 | 348,276 |
| Equipment | 10,245,295 | | 144,907 | 10,390,202 |
| Construction in progress | 75,482 | | | 75,482 |
| Less: Accumulated depreciation | <u>(4,549,581)</u> | | <u>(221,084)</u> | <u>(4,770,665)</u> |
| Total noncurrent assets | <u>5,902,741</u> | <u>3,451,405</u> | <u>140,554</u> | <u>9,494,700</u> |
| Total assets | <u>15,832,930</u> | <u>3,834,676</u> | <u>1,150,387</u> | <u>20,817,993</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 832,603 | 61,906 | 46,644 | 941,153 |
| Salaries and benefits payable | 9,808 | | 8,204 | 18,012 |
| 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 | 5,047 | | 517 | 5,564 |
| Total current liabilities | <u>847,458</u> | <u>61,906</u> | <u>55,365</u> | <u>964,729</u> |
| Noncurrent liabilities | | | | |
| Estimated cost of closure/postclosure | | 1,987,206 | | 1,987,206 |
| Other post-employment benefits (OPEB) | 7,418 | | 15,499 | 22,917 |
| Compensated absences | 24,436 | | 7,324 | 31,760 |
| Total noncurrent liabilities | <u>31,854</u> | <u>1,987,206</u> | <u>22,823</u> | <u>2,041,883</u> |
| Total liabilities | <u>879,312</u> | <u>2,049,112</u> | <u>78,188</u> | <u>3,006,612</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 5,902,741 | 1,906,261 | 140,554 | 7,949,556 |
| Restricted | | 1,548,889 | | 1,548,889 |
| Unrestricted | <u>9,050,877</u> | <u>(1,669,586)</u> | <u>931,645</u> | <u>8,312,936</u> |
| Total net position | <u>\$ 14,953,618</u> | <u>\$ 1,785,564</u> | <u>\$ 1,072,199</u> | <u>\$ 17,811,381</u> |

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2014

| | County Transit System | Geer Road Sanitary Landfill | Inmate Welfare/ Commissary | Total |
|---|-----------------------------|-----------------------------------|----------------------------------|----------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 506,184 | \$ | \$ 1,528,952 | \$ 2,035,136 |
| Total operating revenues | <u>506,184</u> | <u></u> | <u>1,528,952</u> | <u>2,035,136</u> |
| OPERATING EXPENSES | | | | |
| Salaries and benefits | 287,832 | | 204,379 | 492,211 |
| Services and supplies | 4,944,472 | 1,056,981 | 1,176,426 | 7,177,879 |
| Depreciation | 932,944 | | 8,770 | 941,714 |
| Total operating expenses | <u>6,165,248</u> | <u>1,056,981</u> | <u>1,389,575</u> | <u>8,611,804</u> |
| OPERATING INCOME (LOSS) | <u>(5,659,064)</u> | <u>(1,056,981)</u> | <u>139,377</u> | <u>(6,576,668)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 102,342 | 19,404 | 9,682 | 131,428 |
| Interest expense | | | | |
| Insurance reimbursement | | 340,977 | | 340,977 |
| (Loss) on sale of fixed assets | | | | |
| Intergovernmental | 10,437,579 | | | 10,437,579 |
| Total nonoperating revenues (expenses) | <u>10,539,921</u> | <u>360,381</u> | <u>9,682</u> | <u>10,909,984</u> |
| Income before contributions and transfers | 4,880,857 | (696,600) | 149,059 | 4,333,316 |
| Capital contributions | | | | |
| Transfers in | | 1,175,893 | | 1,175,893 |
| Transfers out | (9,508) | | (4,990) | (14,498) |
| Change in net position | <u>4,871,349</u> | <u>479,293</u> | <u>144,069</u> | <u>5,494,711</u> |
| Total net position - beginning | 10,082,269 | 1,306,271 | 928,130 | 12,316,670 |
| Total net position - ending | <u>\$ 14,953,618</u> | <u>\$ 1,785,564</u> | <u>\$ 1,072,199</u> | <u>\$ 17,811,381</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 purchasing services, printing, duplication, postage, mail room service, warehouse storage and salvage 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 Position
Internal Service Funds
June 30, 2014

| | 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 | \$ 3,289,771 | \$ 1,401,978 | \$ 22,752,325 | \$ | \$ 417,928 | \$ 1,244,245 | \$ 417,666 |
| Accounts receivable, net | 128,414 | | 407 | 319,702 | | | |
| Interest and other receivables | 6,838 | 3,076 | 47,128 | | | 2,630 | 950 |
| Inventory | | | | | | | |
| Deposit with others | | | | | | | |
| Due from other funds | | | | | | | |
| Prepaid items | | | | | | | |
| Total current assets | <u>3,425,023</u> | <u>1,405,054</u> | <u>22,799,860</u> | <u>319,702</u> | <u>417,928</u> | <u>1,246,875</u> | <u>418,616</u> |
| Capital assets: | | | | | | | |
| Intangible assets | | | | | | | |
| Structures and improvements | | | | | | | |
| Equipment | | | | | | | |
| Less: Accumulated depreciation | | | | | | | |
| Net capital assets | | | | | | | |
| Total assets | <u>3,425,023</u> | <u>1,405,054</u> | <u>22,799,860</u> | <u>319,702</u> | <u>417,928</u> | <u>1,246,875</u> | <u>418,616</u> |
| LIABILITIES | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable | 350,045 | 197,000 | 30,476 | 2,043,842 | 15 | 67,047 | 40,923 |
| Salaries and benefits payable | | | | | | | |
| Interfund payable | | | | | | | |
| Due to other funds | | | | 332,042 | | | |
| Deposits from others | | | | | | | |
| Risk management liability-current | 1,349,543 | 200,000 | 3,757,000 | 6,800,000 | | 175,504 | 36,837 |
| Capital lease - current | | | | | | | |
| Compensated absences - current | | | | | | | |
| Total current liabilities | <u>1,699,588</u> | <u>397,000</u> | <u>3,787,476</u> | <u>9,175,884</u> | <u>15</u> | <u>242,551</u> | <u>77,760</u> |
| Noncurrent liabilities | | | | | | | |
| Risk management liability | 2,693,457 | | 17,234,000 | | | | |
| Capital leases payable | | | | | | | |
| Other post-employment benefits | | | | | | | |
| Compensated absences | | | | | | | |
| Total noncurrent liabilities | <u>2,693,457</u> | | <u>17,234,000</u> | | | | |
| Total liabilities | <u>4,393,045</u> | <u>397,000</u> | <u>21,021,476</u> | <u>9,175,884</u> | <u>15</u> | <u>242,551</u> | <u>77,760</u> |
| NET POSITION | | | | | | | |
| Net investment in capital assets | | | | | | | |
| Unrestricted | <u>(968,022)</u> | <u>1,008,054</u> | <u>1,778,384</u> | <u>(8,856,182)</u> | <u>417,913</u> | <u>1,004,324</u> | <u>340,856</u> |
| Total net position | <u>\$ (968,022)</u> | <u>\$ 1,008,054</u> | <u>\$ 1,778,384</u> | <u>\$ (8,856,182)</u> | <u>\$ 417,913</u> | <u>\$ 1,004,324</u> | <u>\$ 340,856</u> |

County of Stanislaus
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2014

| <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> | |
| \$ 1,370,495 | \$ 178,751 | \$ 601,603 | \$ 3,385,516 | \$ 3,521,928 | \$ 1,996,550 | \$ 40,578,756 | ASSETS |
| 2,703 | 5,969 | 1,835 | 20,361 | 40,081 | 6,394 | 523,163 | Cash and investments |
| | 46,225 | 71,872 | | 84,894 | 697 | 63,325 | Accounts receivable, net |
| | | | | | | 203,688 | Interest and other receivables |
| | | | | | | | Inventory |
| | | | | | | | Deposit with others |
| | | | | | | | Due from other funds |
| | | | | | | | Prepaid items |
| <u>1,373,198</u> | <u>230,945</u> | <u>675,310</u> | <u>3,405,877</u> | <u>3,646,903</u> | <u>2,003,641</u> | <u>41,368,932</u> | Total current assets |
| | | | | | | | Capital assets: |
| | | | 3,630,872 | | | 3,630,872 | Intangible assets |
| | 11,735 | 990,773 | | | | 1,002,508 | Structures and improvements |
| | 145,737 | 4,990,006 | 5,393,541 | 13,874,148 | 208,151 | 24,611,583 | Equipment |
| | (149,404) | (5,296,142) | (5,645,855) | (7,734,913) | (205,341) | (19,031,655) | Less: Accumulated depreciation |
| | 8,068 | 684,637 | 3,378,558 | 6,139,235 | 2,810 | 10,213,308 | Net capital assets |
| <u>1,373,198</u> | <u>239,013</u> | <u>1,359,947</u> | <u>6,784,435</u> | <u>9,786,138</u> | <u>2,006,451</u> | <u>51,582,240</u> | Total assets |
| | | | | | | | LIABILITIES |
| | | | | | | | Current liabilities |
| 15,375 | 7,600 | 88,142 | 103,846 | 121,682 | 186,159 | 3,252,152 | Accounts payable |
| | 23,263 | 27,945 | 103,520 | 26,242 | 70,181 | 251,151 | Salaries and benefits payable |
| | | | | | | 332,042 | Interfund payable |
| 279,000 | | | | | | 12,597,884 | Due to other funds |
| | | | | | | | Deposits from others |
| | | | | | | | Risk management liability-current |
| | | | | | | | Capital lease - current |
| | 215 | 3,203 | 11,691 | 5,096 | 24,111 | 44,316 | Compensated absences - current |
| <u>294,375</u> | <u>31,078</u> | <u>119,290</u> | <u>219,057</u> | <u>153,020</u> | <u>280,451</u> | <u>16,477,545</u> | Total current liabilities |
| 369,000 | | | | | | 20,296,457 | Noncurrent liabilities |
| | | | | | | | Risk management liability |
| | 35,917 | 23,138 | 59,115 | 23,796 | 64,283 | 206,249 | Capital leases payable |
| | 72,091 | 131,933 | 430,959 | 70,862 | 310,768 | 1,016,613 | Other post-employment benefits |
| <u>369,000</u> | <u>108,008</u> | <u>155,071</u> | <u>490,074</u> | <u>94,658</u> | <u>375,051</u> | <u>21,519,319</u> | Compensated absences |
| <u>663,375</u> | <u>139,086</u> | <u>274,361</u> | <u>709,131</u> | <u>247,678</u> | <u>655,502</u> | <u>37,996,864</u> | Total noncurrent liabilities |
| | | | | | | | Total liabilities |
| | | | | | | | NET POSITION |
| | 8,068 | 684,637 | 3,378,558 | 6,139,235 | 2,810 | 10,213,308 | Net investment in capital assets |
| <u>709,823</u> | <u>91,859</u> | <u>400,949</u> | <u>2,696,746</u> | <u>3,399,225</u> | <u>1,348,139</u> | <u>3,372,068</u> | Unrestricted |
| <u>\$ 709,823</u> | <u>\$ 99,927</u> | <u>\$ 1,085,586</u> | <u>\$ 6,075,304</u> | <u>\$ 9,538,460</u> | <u>\$ 1,350,949</u> | <u>\$ 13,585,376</u> | Total net position |

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2014

| | 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 | \$ 4,415,329 | \$ 192,900 | \$ 5,892,078 | \$ 52,338,739 | \$ 475,497 | \$ 3,434,712 | \$ 333,551 | \$ 762,000 |
| Total operating revenues | <u>4,415,329</u> | <u>192,900</u> | <u>5,892,078</u> | <u>52,338,739</u> | <u>475,497</u> | <u>3,434,712</u> | <u>333,551</u> | <u>762,000</u> |
| OPERATING EXPENSES | | | | | | | | |
| Salaries and benefits | | | | | | | | |
| Services and supplies | 7,585,123 | 509,842 | 4,918,590 | 55,146,298 | 465,976 | 3,497,058 | 677,838 | 488,338 |
| Depreciation | | | | | | | | |
| Total operating expenses | <u>7,585,123</u> | <u>509,842</u> | <u>4,918,590</u> | <u>55,146,298</u> | <u>465,976</u> | <u>3,497,058</u> | <u>677,838</u> | <u>488,338</u> |
| OPERATING INCOME (LOSS) | <u>(3,169,794)</u> | <u>(316,942)</u> | <u>973,488</u> | <u>(2,807,559)</u> | <u>9,521</u> | <u>(62,346)</u> | <u>(344,287)</u> | <u>273,662</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | |
| Investment income | 25,938 | 12,200 | 205,982 | (12,657) | 3,165 | 11,187 | 2,600 | 10,874 |
| Interest expense | | | | | | | | |
| Intergovernmental | | | | | | | | |
| Gain(loss) on sale of capital assets | | | | | | | | |
| Total nonoperating revenues (expenses), net | <u>25,938</u> | <u>12,200</u> | <u>205,982</u> | <u>(12,657)</u> | <u>3,165</u> | <u>11,187</u> | <u>2,600</u> | <u>10,874</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | <u>(3,143,856)</u> | <u>(304,742)</u> | <u>1,179,470</u> | <u>(2,820,216)</u> | <u>12,686</u> | <u>(51,159)</u> | <u>(341,687)</u> | <u>284,536</u> |
| Capital contribution | | | | | | | | |
| Transfers in | 4,138,680 | | | | | | | |
| Transfers out | | | | | | | | |
| Changes in net position | <u>994,824</u> | <u>(304,742)</u> | <u>1,179,470</u> | <u>(2,820,216)</u> | <u>12,686</u> | <u>(51,159)</u> | <u>(341,687)</u> | <u>284,536</u> |
| Total net position - beginning | <u>(1,962,846)</u> | <u>1,312,796</u> | <u>598,914</u> | <u>(6,035,966)</u> | <u>405,227</u> | <u>1,055,483</u> | <u>682,543</u> | <u>425,287</u> |
| Total net position (deficit) - ending | <u>\$ (968,022)</u> | <u>\$ 1,008,054</u> | <u>\$ 1,778,384</u> | <u>\$ (8,856,182)</u> | <u>\$ 417,913</u> | <u>\$ 1,004,324</u> | <u>\$ 340,856</u> | <u>\$ 709,823</u> |

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Continued)
Internal Service Funds
For the Fiscal Year Ended June 30, 2014

| | Central Services | Fleet Services | Technology and Communications | Morgan Shop Garage | Facility Maintenance | Total | |
|----------|---------------------|-------------------|-------------------------------------|--------------------------|-------------------------|---------------|---|
| | | | | | | | OPERATING REVENUES |
| \$ | 1,068,059 | \$ 2,669,251 | \$ 5,119,192 | \$ 3,719,535 | \$ 8,550,846 | \$ 88,971,689 | Charges for services |
| | 1,068,059 | 2,669,251 | 5,119,192 | 3,719,535 | 8,550,846 | 88,971,689 | Total operating revenues |
| | | | | | | | OPERATING EXPENSES |
| | 717,375 | 765,477 | 2,802,716 | 731,566 | 2,188,628 | 7,205,762 | Salaries and benefits |
| | 316,044 | 1,703,210 | 1,809,991 | 1,935,726 | 6,087,021 | 85,141,055 | Services and supplies |
| | 2,581 | 56,901 | 516,177 | 981,816 | 1,091 | 1,558,566 | Depreciation |
| | 1,036,000 | 2,525,588 | 5,128,884 | 3,649,108 | 8,276,740 | 93,905,383 | Total operating expenses |
| | 32,059 | 143,663 | (9,692) | 70,427 | 274,106 | (4,933,694) | OPERATING INCOME (LOSS) |
| | | | | | | | NONOPERATING REVENUES (EXPEN |
| | | | | | 8,616 | 267,905 | Investment income |
| (31) | | | | | | (31) | Interest expense |
| | | 21,071 | (9,776) | 29,490 | | 40,785 | Intergovernmental |
| | | | | | | | Gain(loss) on sale of capital assets |
| | (31) | 21,071 | (9,776) | 29,490 | 8,616 | 308,659 | Total nonoperating revenues (expenses), net |
| | | | | | | | INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFER: |
| | 32,028 | 164,734 | (19,468) | 99,917 | 282,722 | (4,625,035) | Capital contribution |
| | | | | | | 4,138,680 | Transfers in |
| (21,455) | (23,328) | (91,337) | (22,990) | (61,166) | | (220,276) | Transfers out |
| | 10,573 | 141,406 | (110,805) | 76,927 | 221,556 | (706,631) | Changes in net position |
| | 89,354 | 944,180 | 6,186,109 | 9,461,533 | 1,129,393 | 14,292,007 | Total net position - beginning |
| \$ | 99,927 | \$ 1,085,586 | \$ 6,075,304 | \$ 9,538,460 | \$ 1,350,949 | \$ 13,585,376 | Total net position (deficit) - ending |



Successor Agency

County of Stanislaus
Successor Agency to the Stanislaus County Redevelopment Agency
Long-Term Debt
For the Year Ended June 30, 2014

The Agency had the following long-term debt liabilities as of June 30, 2014:

| | Beginning Principal Balance | Adjustments | Deletions | Ending Principal Balance | Due Within One Year |
|--|-----------------------------------|-------------------|------------------|--------------------------------|------------------------|
| <u>Notes Payable</u> | | | | | |
| United States Department of Agriculture | \$ 4,005,000 | \$ (5,000) | \$ 75,000 | \$ 3,925,000 | \$ 75,000 |
| State of California, State Water Resources Control Board | 505,775 | - | 163,478 | \$ 342,297 | 168,539 |
| State of California, Housing Finance Agency | 562,500 | - | - | 562,500 | 562,500 |
| Total notes payable | <u>5,073,275</u> | <u>(5,000)</u> | <u>238,478</u> | <u>4,829,797</u> | <u>806,039</u> |
| <u>Bonds Payable</u> | | | | | |
| 2005 tax allocation bonds | 12,575,000 | - | 520,000 | 12,055,000 | 545,000 |
| Total long-term liabilities | <u>\$17,648,275</u> | <u>\$ (5,000)</u> | <u>\$758,478</u> | <u>\$16,884,797</u> | <u>\$1,351,039</u> |

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

| Fiscal Year | Ending | Principal | Interest | Total |
|-------------|---------------------|---------------------|---------------------|-------|
| 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 | 535,000 | 707,623 | 1,242,623 | |
| 2019 | 550,000 | 681,153 | 1,231,153 | |
| 2020-2024 | 2,920,000 | 2,979,103 | 5,899,103 | |
| 2025-2029 | 3,255,000 | 2,189,944 | 5,444,944 | |
| 2030-2034 | 3,625,000 | 1,305,049 | 4,930,049 | |
| 2035-2039 | 2,760,000 | 394,423 | 3,154,423 | |
| 2040-2042 | 674,994 | 43,817 | 718,811 | |
| | <u>\$16,884,797</u> | <u>\$10,788,861</u> | <u>\$27,673,658</u> | |

County of Stanislaus
Successor Agency to the Stanislaus County Redevelopment Agency
Long-Term Debt (continued)
For the Year Ended June 30, 2014

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 |
|-----------------------|---------------------|---------------------|---------------------|
| 2015 | \$ 75,000 | \$ 165,206 | \$ 240,206 |
| 2016 | 80,000 | 161,911 | 241,911 |
| 2017 | 80,000 | 158,950 | 238,950 |
| 2018 | 85,000 | 155,004 | 240,004 |
| 2019 | 90,000 | 151,284 | 241,284 |
| 2020-2024 | 505,000 | 695,291 | 1,200,291 |
| 2025-2029 | 625,000 | 575,879 | 1,200,879 |
| 2030-2034 | 765,000 | 428,387 | 1,193,387 |
| 2035-2039 | 945,000 | 247,013 | 1,192,013 |
| 2040-2042 | 675,000 | 43,817 | 718,817 |
| | <u>\$ 3,925,000</u> | <u>\$ 2,782,742</u> | <u>\$ 6,707,742</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 |
|-----------------------|-------------------|------------------|-------------------|
| 2015 | 168,539 | 10,611 | 179,150 |
| 2016 | 173,758 | 5,387 | 179,145 |
| | <u>\$ 342,297</u> | <u>\$ 15,998</u> | <u>\$ 358,295</u> |

County of Stanislaus
Successor Agency to the Stanislaus County Redevelopment Agency
Long-Term Debt (continued)
For the Year Ended June 30, 2014

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 |
| 2015 | \$ 562,500 | \$ 193,565 | \$ 756,065 |

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 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 |
| 2015 | \$ 545,000 | \$ 620,405 | \$ 1,165,405 |
| 2016 | 435,000 | 596,722 | 1,031,722 |
| 2017 | 445,000 | 574,993 | 1,019,993 |
| 2018 | 450,000 | 552,619 | 1,002,619 |
| 2019 | 460,000 | 529,869 | 989,869 |
| 2020-2024 | 2,415,000 | 2,283,811 | 4,698,811 |
| 2025-2029 | 2,630,000 | 1,614,065 | 4,244,065 |
| 2030-2034 | 2,860,000 | 876,663 | 3,736,663 |
| 2035-2037 | 1,815,000 | 147,409 | 1,962,409 |
| | <u>\$ 12,055,000</u> | <u>\$ 7,796,556</u> | <u>\$ 19,851,556</u> |

Bond Issuance Costs – Pursuant to GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*,” the debt issuance costs are reported as an outflow of the period in which they occur. The financial statement as of June 30, 2014 reported \$287,381 expense related to bond issuance costs.



Statistical Information

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 as restated | 2006 as restated | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| Net investment in capital assets | \$ 486,725,321 | \$ 468,897,825 | \$ 464,402,025 | \$ 435,204,374 | \$ 418,149,972 | \$ 397,176,565 | \$ 393,212,996 | \$ 385,331,672 | \$ 383,152,489 | \$ 380,595,362 |
| Restricted | 127,009,622 | 152,249,240 | 163,255,952 | 193,992,595 | 189,524,182 | 182,467,381 | 291,389,268 | 312,275,044 | 306,281,464 | 310,193,664 |
| Restricted by enabling legislation | 20,529 | 126,604 | | | | | | | | |
| Unrestricted (deficit) | 10,909,303 | 36,961,726 | 64,162,858 | 72,110,910 | 81,056,076 | 53,951,001 | (47,246,228) | (42,965,529) | (10,910,256) | (1,978,513) |
| Total governmental activities net position | <u>\$ 624,664,775</u> | <u>\$ 658,235,395</u> | <u>\$ 691,820,835</u> | <u>\$ 701,307,879</u> | <u>\$ 688,730,230</u> | <u>\$ 633,594,947</u> | <u>637,356,036</u> | <u>654,641,187</u> | <u>678,523,697</u> | <u>688,810,513</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| Net investment in capital assets | \$ 27,911,764 | \$ 29,741,803 | \$ 29,205,014 | \$ 23,544,958 | \$ 24,087,472 | \$ 24,537,140 | \$ 24,275,953 | \$ 23,350,343 | \$ 26,864,465 | \$ 28,812,078 |
| Restricted | 16,464,101 | 17,484,367 | 18,925,816 | 20,404,464 | 20,831,269 | 20,697,693 | 20,453,722 | 20,711,930 | 19,457,319 | 20,102,454 |
| Restricted by enabling legislation | | | | | | | | | | |
| Unrestricted (deficit) | (19,270,657) | (24,034,466) | (22,237,324) | (6,364,621) | (13,496,679) | (14,739,508) | (13,181,272) | (8,194,825) | (1,263,633) | 3,778,008 |
| Total business-type activities net position | <u>\$ 25,105,208</u> | <u>\$ 23,191,704</u> | <u>\$ 25,893,506</u> | <u>\$ 37,584,801</u> | <u>\$ 31,422,062</u> | <u>\$ 30,495,325</u> | <u>\$ 31,548,403</u> | <u>\$ 35,867,448</u> | <u>\$ 45,058,151</u> | <u>\$ 52,692,540</u> |
| NET POSITION | | | | | | | | | | |
| Net investment in capital assets | \$ 514,637,085 | \$ 498,639,628 | \$ 493,607,039 | \$ 458,749,332 | \$ 442,237,444 | \$ 421,713,705 | \$ 417,488,949 | \$ 408,682,015 | \$ 410,016,954 | \$ 409,407,440 |
| Restricted | 143,473,723 | 169,733,607 | 182,181,768 | 214,397,059 | 210,355,451 | 203,165,074 | 311,842,990 | 332,986,974 | 325,738,783 | 330,296,118 |
| Restricted by enabling legislation | 20,529 | 126,604 | | | | | | | | |
| Unrestricted (deficit) | (8,361,354) | 12,927,260 | 41,925,534 | 65,746,289 | 67,559,397 | 39,211,493 | (60,427,500) | (51,160,354) | (12,173,889) | 1,799,495 |
| Total net position | <u>\$ 649,769,983</u> | <u>\$ 681,427,099</u> | <u>\$ 717,714,341</u> | <u>\$ 738,892,680</u> | <u>\$ 720,152,292</u> | <u>\$ 664,090,272</u> | <u>\$ 668,904,439</u> | <u>\$ 690,508,635</u> | <u>\$ 723,581,848</u> | <u>\$ 741,503,053</u> |

Notes:

FY 2004-2005 business-type activities total net position was restated from \$23,160,498 to \$25,105,208

FY 2005-2006 business-type activities total net position was restated from \$28,418,264 to \$23,191,704

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

| | Fiscal Year | | | | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| EXPENSES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 43,758,556 | \$ 46,905,827 | \$ 40,326,944 | \$ 43,025,653 | \$ 41,874,466 | \$ 53,939,423 | \$ 39,047,915 | \$ 31,262,204 | \$ 34,640,462 | \$ 29,418,322 |
| Public protection | 153,222,823 | 171,456,271 | 179,232,723 | 191,239,717 | 188,612,369 | 187,171,627 | 178,821,359 | 172,544,110 | 180,757,835 | 203,134,867 |
| Public ways and facilities | 49,611,339 | 43,300,626 | 48,425,573 | 55,988,788 | 53,935,268 | 48,937,845 | 35,995,934 | 49,480,040 | 52,929,458 | 61,684,798 |
| Health and sanitation | 104,052,780 | 107,002,519 | 117,136,073 | 121,365,271 | 117,806,204 | 123,260,103 | 130,697,663 | 114,881,433 | 131,314,972 | 128,083,298 |
| Public assistance | 216,024,493 | 226,912,785 | 234,184,853 | 259,362,079 | 269,101,718 | 280,497,676 | 280,276,073 | 265,885,829 | 282,044,591 | 294,889,889 |
| Education | 11,455,049 | 11,617,617 | 13,230,701 | 15,610,881 | 14,687,440 | 12,784,666 | 9,726,317 | 8,149,446 | 9,738,176 | 9,457,254 |
| Recreation | 5,367,318 | 5,936,392 | 5,172,418 | 6,879,842 | 5,811,357 | 6,986,331 | 5,171,457 | 5,669,167 | 7,123,274 | 6,466,131 |
| Interest and fiscal charges on long-term debt | 17,509,698 | 15,794,464 | 18,532,357 | 16,122,979 | 15,244,566 | 16,481,243 | 14,149,048 | 11,308,210 | 11,492,957 | 12,441,241 |
| Total governmental activities expenses | <u>601,002,056</u> | <u>628,926,501</u> | <u>656,241,642</u> | <u>709,595,210</u> | <u>707,073,388</u> | <u>730,058,914</u> | <u>693,885,766</u> | <u>659,180,439</u> | <u>710,041,725</u> | <u>745,575,800</u> |
| Business-type activities: | | | | | | | | | | |
| Landfills | 1,837,850 | 4,264,879 | 4,495,812 | 4,561,797 | 4,766,494 | 8,600,496 | 5,020,344 | 3,285,042 | 3,486,212 | 4,570,478 |
| Behavioral Health | 16,256,875 | 16,574,026 | 14,981,467 | 3,403,472 | (2,472) | | | | | |
| Health Clinics and Ancillary | 42,296,204 | 47,386,656 | 46,566,334 | 44,898,435 | 44,109,491 | 47,269,019 | 42,109,590 | 39,470,220 | 34,752,858 | 37,029,440 |
| Inmate Welfare and Commissary | 1,861,958 | 1,448,930 | 1,553,968 | 1,555,411 | 1,864,632 | 1,820,149 | 1,344,932 | 1,239,584 | 1,404,060 | 1,389,576 |
| Transit | 2,953,712 | 2,621,053 | 2,879,015 | 3,133,519 | 3,588,704 | 3,784,351 | 3,971,811 | 4,262,606 | 4,655,628 | 6,165,247 |
| Total business-type activities expenses | <u>65,206,599</u> | <u>72,295,544</u> | <u>70,476,596</u> | <u>57,552,634</u> | <u>54,326,849</u> | <u>61,474,015</u> | <u>52,446,677</u> | <u>48,257,452</u> | <u>44,298,758</u> | <u>49,154,741</u> |
| Total primary government expenses | <u>\$ 666,208,655</u> | <u>\$ 701,222,045</u> | <u>\$ 726,718,238</u> | <u>\$ 767,147,844</u> | <u>\$ 761,400,237</u> | <u>\$ 791,532,929</u> | <u>\$ 746,332,443</u> | <u>\$ 707,437,891</u> | <u>\$ 754,340,483</u> | <u>\$ 794,730,541</u> |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 25,096,648 | \$ 25,071,142 | \$ 24,445,799 | \$ 28,325,318 | \$ 29,188,498 | \$ 25,288,833 | \$ 21,461,403 | \$ 16,844,922 | \$ 17,831,574 | \$ 17,702,441 |
| Public protection | 47,523,591 | 47,598,437 | 45,100,432 | 44,468,709 | 42,232,145 | 40,563,656 | 39,900,420 | 38,134,653 | 44,846,489 | 47,801,929 |
| Public ways and facilities | 14,937,803 | 13,523,739 | 11,821,776 | 10,880,736 | 7,689,430 | 6,969,697 | 5,782,680 | 5,782,815 | 6,916,936 | 6,835,337 |
| Health and sanitation | 27,706,588 | 34,027,134 | 32,012,248 | 33,728,583 | 30,132,125 | 35,071,044 | 34,607,863 | 33,689,959 | 34,539,726 | 38,459,900 |
| Public assistance | 5,144,987 | 4,562,731 | 4,454,712 | 4,306,559 | 4,276,140 | 7,475,063 | 8,130,839 | 6,336,221 | 6,962,414 | 8,408,836 |
| Education | 2,597,282 | 1,791,647 | 1,119,156 | 929,447 | 525,221 | 456,577 | 365,953 | 325,092 | 439,237 | 486,531 |
| Recreation | 4,303,898 | 4,195,225 | 3,785,258 | 3,464,167 | 2,795,544 | 2,791,644 | 2,841,387 | 3,359,825 | 3,451,645 | 3,060,901 |
| Operating grants and contributions | 346,718,321 | 373,932,272 | 388,750,336 | 407,883,255 | 404,255,872 | 415,579,530 | 422,599,832 | 435,135,939 | 456,187,128 | 485,384,295 |
| Capital grants and contributions | 18,080,864 | 17,156,592 | 23,998,543 | 24,598,071 | 25,452,497 | 19,331,088 | 18,457,150 | 6,662,251 | 22,426,787 | 16,423,263 |
| Total governmental activities program revenues | <u>492,109,982</u> | <u>521,858,919</u> | <u>535,488,260</u> | <u>558,584,845</u> | <u>546,547,472</u> | <u>553,527,132</u> | <u>554,147,527</u> | <u>546,271,677</u> | <u>593,601,936</u> | <u>624,563,433</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Landfills | 5,785,376 | 5,941,134 | 5,316,886 | 5,976,090 | 4,902,033 | 4,220,903 | 4,208,446 | 4,588,277 | 5,217,737 | 5,598,975 |
| Behavioral Health | 15,994,328 | 17,043,260 | 13,767,234 | 2,747,730 | | | | | | |
| Health Clinics and Ancillary | 38,144,080 | 36,897,631 | 27,505,872 | 40,609,257 | 40,307,063 | 44,994,702 | 39,625,230 | 38,216,020 | 34,807,751 | 32,587,731 |
| Inmate Welfare and Commissary | 1,387,650 | 1,587,772 | 1,584,935 | 1,576,214 | 1,568,646 | 1,379,595 | 1,180,418 | 1,369,506 | 1,688,466 | 1,528,952 |
| Transit | 280,470 | 270,282 | 271,523 | 287,648 | 363,804 | 346,729 | 502,139 | 465,005 | 687,089 | 506,184 |
| Operating grants and contributions | 945,523 | 1,172,645 | 1,906,353 | 2,567,553 | 2,952,731 | 1,296,301 | 1,470,103 | 1,519,071 | 1,307,816 | 4,312,029 |
| Capital grants and contributions | 2,106,894 | 219,614 | | 742,258 | | | | | | |
| Total business-type activities program revenues | <u>64,644,321</u> | <u>63,132,338</u> | <u>50,352,803</u> | <u>54,506,750</u> | <u>50,094,277</u> | <u>52,238,230</u> | <u>46,986,336</u> | <u>46,157,879</u> | <u>43,708,859</u> | <u>44,533,871</u> |
| Total primary government program revenues | <u>\$ 556,754,303</u> | <u>\$ 584,991,257</u> | <u>\$ 585,841,063</u> | <u>\$ 613,091,595</u> | <u>\$ 596,641,749</u> | <u>\$ 605,765,362</u> | <u>\$ 601,133,863</u> | <u>\$ 592,429,556</u> | <u>\$ 637,310,795</u> | <u>\$ 669,097,304</u> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (108,892,074) | \$ (107,067,582) | \$ (120,753,382) | \$ (151,010,365) | \$ (160,525,916) | \$ (176,531,782) | \$ (139,738,240) | \$ (112,908,762) | \$ (116,439,789) | \$ (121,012,367) |
| Business-type activities | (562,278) | (9,163,206) | (20,123,793) | (3,045,884) | (4,232,568) | (9,235,785) | (5,460,341) | (2,099,573) | (589,899) | (4,620,870) |
| Total primary government net expense | <u>\$ (109,454,352)</u> | <u>\$ (116,230,788)</u> | <u>\$ (140,877,175)</u> | <u>\$ (154,056,249)</u> | <u>\$ (164,758,484)</u> | <u>\$ (185,767,567)</u> | <u>\$ (145,198,581)</u> | <u>\$ (115,008,335)</u> | <u>\$ (117,029,688)</u> | <u>\$ (125,633,237)</u> |
| GENERAL REVENUES AND OTHER CHANGES | | | | | | | | | | |
| IN NET POSITION | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | 36,762,205 | 91,742,755 | 106,497,765 | 113,743,380 | 103,175,578 | 83,397,110 | 90,486,458 | 86,124,943 | 94,552,082 | 90,233,301 |
| Sales taxes | 29,434,230 | 32,547,462 | 32,520,456 | 29,552,774 | 26,568,776 | 20,677,876 | 23,329,577 | 26,796,833 | 30,024,222 | 32,606,659 |
| Other taxes | 4,667,735 | 4,693,426 | 3,390,027 | 2,583,804 | 2,765,178 | 2,220,643 | 2,157,019 | 2,284,530 | 2,298,871 | 2,607,534 |

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

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Franchise fees | 1,015,443 | 1,053,101 | 1,090,128 | 1,126,758 | 1,175,849 | 958,324 | 1,005,292 | 1,013,027 | 1,008,261 | 1,111,071 |
| Motor vehicle license | 44,584,362 | | | | | | | | | |
| Open space subvention | 1,670,086 | 1,609,009 | 1,545,374 | 1,466,943 | 1,332,316 | | | | | |
| Unrestricted investment earnings | 10,552,047 | 8,678,242 | 13,903,636 | 11,247,849 | 7,448,383 | 9,327,724 | 8,173,086 | 9,608,355 | 1,975,516 | 818,300 |
| Miscellaneous | 12,506,005 | 9,652,580 | 9,516,094 | 10,011,674 | 9,734,087 | 7,719,050 | 21,020,693 | 8,077,436 | 9,950,570 | 8,952,442 |
| Transfers | (1,441,780) | (9,338,373) | (14,124,658) | (11,265,358) | (4,251,900) | (5,250,856) | (2,673,525) | (2,432,361) | 512,777 | (5,030,124) |
| Total governmental activities | 139,750,333 | 140,638,202 | 154,338,822 | 158,467,824 | 147,948,267 | 119,049,871 | 143,498,600 | 131,472,763 | 140,322,299 | 131,299,183 |
| Business-type activities: | | | | | | | | | | |
| Sales taxes | 2,422,965 | 2,506,291 | 2,626,260 | 2,528,268 | 2,781,611 | 2,962,729 | 3,026,730 | 3,490,576 | 5,863,652 | 6,537,281 |
| Unrestricted investment earnings | 705,257 | 631,598 | 848,117 | 943,553 | 673,368 | 95,463 | 813,164 | 495,681 | 374,703 | 687,854 |
| Transfers | 1,441,780 | 9,338,373 | 14,124,658 | 11,265,358 | 4,251,900 | 5,250,856 | 2,673,525 | 2,432,361 | (512,777) | 5,030,124 |
| Total business-type activities | 4,570,002 | 12,476,262 | 17,599,035 | 14,737,179 | 7,706,879 | 8,309,048 | 6,513,419 | 6,418,618 | 5,725,578 | 12,255,259 |
| Total primary government | \$ 144,320,335 | \$ 153,114,464 | \$ 171,937,857 | \$ 173,205,003 | \$ 155,655,146 | \$ 127,358,919 | \$ 150,012,019 | \$ 137,891,381 | \$ 146,047,877 | \$ 143,554,442 |
| CHANGE IN NET POSITION EXCLUDING EXTRAORDINARY ITEM | | | | | | | | | | |
| Governmental activities | \$ 30,858,259 | \$ 33,570,620 | \$ 33,585,440 | \$ 7,457,459 | \$ (12,577,649) | \$ (57,481,911) | \$ 3,760,360 | \$ 18,564,001 | \$ 23,882,510 | \$ 10,286,816 |
| Business-type activities | 4,007,724 | 3,313,056 | (2,524,758) | 11,691,295 | 3,474,311 | (926,737) | 1,053,078 | 4,319,045 | 5,135,679 | 7,634,389 |
| Total primary government | \$ 34,865,983 | \$ 36,883,676 | \$ 31,060,682 | \$ 19,148,754 | \$ (9,103,338) | \$ (58,408,648) | \$ 4,813,438 | \$ 22,883,046 | \$ 29,018,189 | \$ 17,921,205 |
| 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 POSITION | \$ 34,865,983 | \$ 36,883,676 | \$ 31,060,682 | \$ 19,148,754 | \$ (9,103,338) | \$ (58,408,648) | \$ 4,813,438 | \$ 21,603,470 | \$ 29,018,189 | \$ 17,921,205 |

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 |
|----------------|-----------------|--------------|--------------|-----------------|
| 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 |
| 2013 | 94,552,082 | 30,024,222 | 2,298,871 | 126,875,175 |
| 2014 | 90,233,301 | 32,606,659 | 2,607,534 | 125,447,494 |

(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 | | | | | | | | | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| General fund | | | | | | | | | | |
| Reserved | \$ 25,924,335 | \$ 31,767,114 | \$ 44,479,034 | \$ 62,679,395 | \$ 41,020,498 | \$ 33,648,284 | \$ | \$ | \$ | \$ |
| Unreserved | 56,023,028 | 74,630,642 | 72,660,005 | 61,246,112 | 81,512,275 | 72,768,168 | | | | |
| Non-spendable | | | | | | | 22,816,700 | 21,106,188 | 19,683,239 | 15,515,016 |
| Restricted | | | | | | | 3,902,067 | 3,766,553 | 3,728,477 | 3,872,119 |
| Committed | | | | | | | 7,360,782 | 2,835,387 | 7,460,200 | 4,510,888 |
| Assigned | | | | | | | 53,427,519 | 71,991,359 | 92,656,760 | 97,448,659 |
| Unassigned | | | | | | | 20,761,362 | 16,066,425 | 9,599,149 | 16,765,674 |
| Total general fund | <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> | <u>133,127,825</u> | <u>138,112,356</u> |
| All other governmental funds | | | | | | | | | | |
| Reserved | 67,918,410 | 48,258,775 | 41,362,101 | 33,055,756 | 44,950,684 | 38,392,864 | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 109,598,487 | 163,006,645 | 163,980,081 | 167,860,880 | 165,211,615 | 166,634,879 | | | | |
| Capital projects funds | 68,311,908 | 101,602,439 | 116,592,397 | 127,469,211 | 113,352,227 | 107,615,020 | | | | |
| Debt service funds | 1,177,586 | 86,286 | 716,295 | 803,917 | (53,215) | 343,325 | | | | |
| Non-spendable | | | | | | | 604,486 | 629,283 | 567,030 | 567,922 |
| Restricted | | | | | | | 275,406,521 | 275,903,217 | 258,631,067 | 277,156,074 |
| Committed | | | | | | | 7,673,957 | 8,006,919 | 5,958,731 | 3,700,637 |
| Assigned | | | | | | | 31,321,622 | 23,969,078 | 37,470,379 | 24,896,916 |
| Unassigned | | | | | | | (606,674) | (1,309,161) | (1,166,409) | (1,036,901) |
| Total all other governmental funds | <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> | <u>\$ 301,460,798</u> | <u>\$ 305,284,648</u> |

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

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|------------------------|---------------------|--------------------|----------------------|---------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 70,907,713 | \$ 128,897,810 | \$ 142,332,996 | \$ 146,040,455 | \$ 132,516,011 | \$ 106,302,266 | \$ 116,024,106 | \$ 115,217,548 | \$ 126,869,802 | \$ 125,522,743 |
| Licenses, permits and franchises | 5,229,280 | 5,795,146 | 5,632,176 | 4,850,084 | 4,362,507 | 3,779,539 | 3,346,635 | 3,251,371 | 3,427,357 | 4,528,028 |
| Fines, forfeitures and penalties | 8,249,576 | 12,293,083 | 13,334,536 | 16,471,765 | 18,740,397 | 15,853,039 | 14,102,259 | 11,277,500 | 11,731,463 | 11,250,391 |
| Revenue from use of money and property | 14,087,837 | 14,851,573 | 23,993,844 | 20,366,844 | 13,135,585 | 11,628,724 | 10,951,594 | 12,046,180 | 3,544,350 | 14,961,376 |
| Intergovernmental revenue | 404,173,862 | 385,428,573 | 399,060,197 | 423,136,156 | 424,320,463 | 432,391,862 | 437,920,991 | 439,019,276 | 476,840,206 | 487,407,449 |
| Charges for services | 110,621,879 | 113,569,885 | 105,010,453 | 106,066,595 | 95,147,099 | 99,969,868 | 96,719,319 | 90,939,405 | 100,787,593 | 108,153,835 |
| Miscellaneous revenue | 12,513,789 | 9,652,580 | 9,516,094 | 10,012,180 | 9,734,085 | 7,700,801 | 20,758,655 | 8,053,236 | 9,831,879 | 8,932,426 |
| Donation | 6,145,113 | | 3,736,752 | | | | 188,052 | | | |
| Total revenues | <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> | <u>733,032,650</u> | <u>760,756,248</u> |
| Expenditures | | | | | | | | | | |
| General | 38,619,527 | 44,505,563 | 36,843,138 | 42,117,731 | 35,384,104 | 32,492,953 | 32,199,947 | 27,597,103 | 30,181,242 | 27,206,222 |
| Public Protection | 155,069,132 | 164,830,857 | 181,167,098 | 191,335,195 | 187,668,670 | 184,488,026 | 164,981,273 | 165,575,535 | 183,212,316 | 195,378,255 |
| Public ways and facilities | 19,355,303 | 21,154,573 | 28,138,841 | 33,640,576 | 33,072,185 | 24,836,257 | 33,152,617 | 29,360,660 | 28,921,543 | 37,490,486 |
| Health and sanitation | 105,176,319 | 108,099,835 | 117,532,564 | 121,486,760 | 117,463,923 | 117,204,330 | 128,343,261 | 114,687,805 | 130,738,595 | 127,482,966 |
| Public assistance | 215,860,788 | 226,545,330 | 233,950,056 | 258,662,538 | 268,783,428 | 278,429,040 | 278,379,256 | 264,657,512 | 280,991,671 | 292,431,366 |
| Education | 10,055,515 | 10,522,628 | 12,683,522 | 14,038,114 | 12,614,620 | 11,426,521 | 8,439,844 | 7,945,714 | 8,565,946 | 9,020,692 |
| Recreation and cultural services | 4,260,721 | 4,414,323 | 5,288,606 | 6,548,470 | 5,393,150 | 5,180,469 | 5,147,480 | 5,454,792 | 4,915,595 | 5,578,898 |
| Capital outlay | 28,409,155 | 18,404,088 | 18,105,515 | 7,032,270 | 11,398,556 | 17,536,137 | 13,993,830 | 13,759,973 | 22,696,280 | 13,175,917 |
| Debt Service: | | | | | | | | | | |
| Interest and fiscal charges | 16,417,218 | 16,380,484 | 16,070,101 | 13,622,687 | 12,187,477 | 11,420,042 | 10,220,117 | 9,296,468 | 7,436,146 | 5,570,802 |
| Principal | 13,021,864 | 13,578,584 | 18,429,803 | 16,444,563 | 18,125,510 | 18,546,652 | 19,887,473 | 20,159,733 | 32,516,086 | 49,618,106 |
| Total expenditures | <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> | <u>730,175,420</u> | <u>762,953,710</u> |
| Excess of revenues over (under) expenditures | 25,683,507 | 42,052,385 | 34,407,804 | 22,015,175 | (4,135,476) | (23,934,328) | 5,266,513 | 21,309,221 | 2,857,230 | (2,197,462) |
| Other financing sources (uses) | | | | | | | | | | |
| Capital lease proceeds | | 219,767 | 129,559 | 254,451 | 1,005,918 | 1,224,693 | 363,711 | | 370,612 | 394,368 |
| Transfers in | 67,662,570 | 78,628,427 | 77,077,052 | 81,047,677 | 84,579,807 | 67,347,196 | 74,906,929 | 66,041,234 | 78,625,650 | 74,412,744 |
| Transfers out | (68,986,762) | (88,271,040) | (91,273,994) | (92,022,031) | (88,571,434) | (71,247,366) | (77,346,060) | (67,656,660) | (79,035,846) | (83,361,274) |
| Loan proceeds | | 15,615,000 | 42,081,614 | | | | | | 8,687,050 | 19,540,000 |
| Sale of capital assets | 697 | | 15,401 | 501 | | 18,266 | 73,981 | 24,200 | 118,679 | 20,005 |
| Payment to refund bond agent | | | (41,999,424) | | | | | | | |
| Total other financing sources (uses) | <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> | <u>8,766,145</u> | <u>11,005,843</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>\$ 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> | <u>\$ 11,623,375</u> | <u>\$ 8,808,381</u> |
| Debt service as a percentage of noncapital expenditures | 5.56% | 5.27% | 5.72% | 4.57% | 4.68% | 4.65% | 4.82% | 5.13% | 5.79% | 7.42% |

**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 |
|----------------|-------------------|------------------|-------------------------|---------------------------------|
| 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% |
| 2013/2014 | \$ 33,719,128,951 | \$ 1,881,099,573 | \$ 35,600,228,524 | 1.0% |
| 2014/2015 | \$ 37,630,912,906 | \$ 2,044,364,215 | \$ 39,675,277,121 | 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 which has 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) | (2) | Total |
|----------------|--|--------|--------|--------|--------------------|---------------------|---------|
| | (Low) | (High) | | | School District | Special District | |
| 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% |
| 2012/2013 | 1.0213 | 1.2731 | 11.20% | 6.32% | 71.91% | 10.57% | 100.00% |
| 2013/2014 | 1.0194 | 1.2707 | 11.23% | 6.40% | 71.84% | 10.53% | 100.00% |
| 2014/2015 | 1.0160 | 1.2751 | 10.59% | 6.37% | 72.67% | 10.37% | 100.00% |

The County is divided into approximately 1,622 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
Principal Property Taxpayers
Current Year and Nine Years Ago**

| Taxpayer | Secured Assessed Value | 2013/2014 | | | 2004/2005 | | |
|--------------------------|------------------------|-----------------------|------|---|----------------------|------|------------------------------------|
| | | Property Taxes Billed | Rank | Percentage of Total Property Taxes Billed | Property Taxes | Rank | Percentage of Total Property Taxes |
| Pacific Gas and Electric | 252,073,862 | 3,214,272 | 1 | 0.7172% | 1,264,549 | 4 | 0.3787% |
| World International, LLC | \$ 20,540,046 | \$ 3,108,228 | 2 | 0.6936% | | | |
| Gallo Winery | 252,167,204 | 2,810,732 | 3 | 0.6272% | 1,236,655 | 5 | 0.3704% |
| Gallo Glass Co | 234,940,295 | 2,619,834 | 4 | 0.5846% | 1,738,928 | 2 | 0.5208% |
| Bronco Wine Company | 132,153,060 | 1,511,804 | 5 | 0.3374% | | | |
| Doctor's Medical Center | 125,232,140 | 1,367,327 | 6 | 0.3051% | 1,226,499 | 6 | 0.3673% |
| Hunt Wesson Foods, Inc | 118,373,997 | 1,319,007 | 7 | 0.2943% | 972,884 | 10 | 0.2914% |
| Frito Lay Inc | 111,694,570 | 1,246,008 | 8 | 0.2780% | | | |
| WW Grainger, Inc | 91,340,280 | 1,242,152 | 9 | 0.2772% | | | |
| Fresno Farming LLC | 90,307,837 | 1,240,161 | 10 | 0.2767% | | | |
| Diable Grande, LTD | | | | | 4,444,999 | 1 | 1.3312% |
| Signature Fruit | | | | | 1,396,438 | 3 | 0.4182% |
| Foster Dairy Farms | | | | | 1,082,731 | 7 | 0.3243% |
| SBC California | | | | | 1,060,492 | 8 | 0.3176% |
| Hershey's Chocolate, Inc | | | | | 1,049,265 | 9 | 0.3142% |
| Total | <u>1,428,823,291</u> | <u>\$ 19,679,525</u> | | <u>4.3914%</u> | <u>\$ 15,473,440</u> | | <u>4.6341%</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 |
| 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% |
| 2013 | \$ 427,774,039 | \$ 417,419,791 | 97.58% |
| 2014 | \$ 448,139,124 | \$ 438,298,281 | 97.80% |

* Includes all taxing authorities within the County excluding Airplane Tax.

**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 |
|----------------|-------------------|-----------------------------|----------------|--|-------------------------|--|
| 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% |
| 2012/2013 | \$ 33,924,599,417 | 1.25% | \$ 424,057,493 | \$ - | \$ 424,057,493 | 0% |
| 2013/2014 | \$ 35,600,228,524 | 1.25% | \$ 445,002,857 | \$ - | \$ 445,002,857 | 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, 2014)

2014-15 Assessed Valuation: \$39,675,277,121 (includes unitary utility valuation)

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 12/1/14</u> |
|--|---------------------|--------------------------------------|
| Yosemite Community College District | 72.724% | \$216,753,554 |
| Modesto High School District | 100.000 | 41,768,885 |
| Turlock Joint Unified School District | 98.315 | 25,296,450 |
| Ceres Unified School District | 100.000 | 65,917,188 |
| Newman-Crows Landing Unified School District | 100.000 | 22,727,973 |
| Oakdale Joint Unified School District | 98.566 | 14,306,855 |
| Patterson Joint Unified School District | 98.652 | 27,554,041 |
| Riverbank Unified School District | 100.000 | 12,741,011 |
| Other Unified School Districts | Various | 39,039,339 |
| Modesto City School District | 100.000 | 10,630,274 |
| Stanislaus Union School District | 100.000 | 17,685,532 |
| Sylvan School District | 100.000 | 34,031,169 |
| Other School Districts | Various | 22,449,837 |
| Oak Valley Hospital District | 100.000 | 32,690,000 |
| Newman Drainage District | 100.000 | 140,000 |
| Empire Union School District Community Facilities District No. 87-1 | 100.000 | 9,100,724 |
| City Community Facilities Districts | 100.000 | 117,265,000 |
| Schools Infrastructure Financing Agency Mello-Roos Act Bonds | 100.000 | 24,040,000 |
| Salida Area Community Facilities District No. 1988-1 | 100.000 | 26,035,000 |
| Western Hills Water District Community Facilities District No. 1 | 100.000 | 45,825,000 |
| 1915 Act Bonds (Estimate) | 100.000 | <u>6,845,462</u> |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | <u>\$812,843,294</u> |
| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | |
| Stanislaus County Certificates of Participation | 100.000% | \$ 49,270,000 |
| Stanislaus County Office of Education Certificates of Participation | 100.000 | 3,395,000 |
| Modesto High School District Certificates of Participation | 100.000 | 16,420,000 |
| Ceres Unified School District Certificates of Participation | 100.000 | 11,025,000 |
| Newman-Crows Landing Unified School District | 100.000 | 11,755,000 |
| Salida Union School District Certificates of Participation | 100.000 | 11,835,000 |
| Other School District Certificates of Participation | Various | 21,200,987 |
| City of Modesto General Fund Obligations | 100.000 | 73,790,000 |
| City of Oakdale Certificates of Participation | 100.000 | 2,375,000 |
| Other City Certificates of Participation | 100.000 | <u>2,672,473</u> |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$203,738,460 |
| Less: City of Newman Wastewater Certificates of Participation (100% supported) | | 990,000 |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | <u>\$202,748,460</u> |
| <u>OVERLAPPING TAX INCREMENT DEBT:</u> | | |
| County Redevelopment Agencies | 100.000% | \$ 16,435,000 |
| Ceres Redevelopment Agency | 100.000 | 44,190,000 |
| Turlock Redevelopment Agency | 100.000 | 39,675,000 |
| Other City Redevelopment Agencies | 100.000 | <u>38,796,379</u> |
| TOTAL OVERLAPPING TAX INCREMENT DEBT | | <u>\$139,096,379</u> |
| GROSS COMBINED TOTAL DEBT | | \$1,155,678,133⁽¹⁾ |
| NET COMBINED TOTAL DEBT | | \$1,154,688,133 |

⁽¹⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2014-15 Assessed Valuation:

| | |
|--|--------------|
| Total Overlapping Tax and Assessment Debt..... | 2.05% |
| Total Direct Debt (\$49,270,000)..... | 0.12% |
| Gross Combined Total Debt..... | 2.91% |
| Net Combined Total Debt..... | 2.91% |

Ratios to Redevelopment Incremental Valuation (\$3,664,760,136):

| | |
|---|-------|
| Total Overlapping Tax Increment Debt..... | 3.80% |
|---|-------|

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) |
|------------------|-------------------|---|--|-----------------------------|
| 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 | 522,651 | 17,810,902 | 34,138 | 15.2% |
| 2013 | 526,042 (3) | not available | not available | 13.0% |

Sources: (1) U.S. Department of Commerce, Bureau of Economic Analysis
(2) California Employment Development Department, Labor Market Information
(data shown is for the County)
(3) Estimate

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

| (1) Employer | 2014 | | | 2005 | | |
|---------------------------------|---------------|------|---|---------------|------|---|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| County of Stanislaus | 3,747 | 1 | 1.81% | 4,747 | 1 | 2.28% |
| E & J Gallo Winery | 3,300 | 2 | 1.59% | 3,425 | 4 | 1.65% |
| Modesto City Schools | 3,189 | 3 | 1.54% | 4,000 | 3 | 1.92% |
| Memorial Medical Center | 2,600 | 4 | 1.25% | 2,600 | 6 | 1.25% |
| Del Monte Foods | 2,300 | 5 | 1.11% | 2,600 | 5 | 1.25% |
| Seneca (Signature) Foods | 2,275 | 6 | 1.10% | 4,100 | 2 | 1.97% |
| Turlock Unified School District | 2,192 | 7 | 1.06% | 1,851 | 10 | 0.89% |
| Doctors Medical Center | 2,100 | 8 | 1.01% | 2,300 | 7 | 1.11% |
| Stanislaus Food Products | 1,850 | 9 | 0.89% | 2,000 | 8 | 0.96% |
| Save Mart Supermarkets | 1,661 | 10 | 0.80% | | | |
| Modesto Junior College | | | | 1,866 | 9 | 0.90% |
| Total | <u>25,214</u> | | <u>12.16%</u> | <u>29,489</u> | | <u>14.18%</u> |

Source: (1) Stanislaus Business Alliance

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

Full-time Employees as of June 30

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| FUNCTION | | | | | | | | | | |
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| General government | 331 | 341 | 343 | 352 | 348 | 337 | 270 | 281 | 268 | 272 |
| Public protection | 1,368 | 1,378 | 1,441 | 1,486 | 1,464 | 1,418 | 1,224 | 1,215 | 1,208 | 1,235 |
| Public ways and facilities | 123 | 123 | 121 | 109 | 110 | 107 | 99 | 73 | 98 | 97 |
| Health and sanitation | 961 | 937 | 916 | 644 | 676 | 664 | 568 | 622 | 576 | 547 |
| Public assistance | 898 | 897 | 952 | 979 | 951 | 927 | 913 | 962 | 969 | 1,003 |
| Education | 92 | 93 | 94 | 94 | 88 | 86 | 71 | 70 | 68 | 68 |
| Recreation | 26 | 25 | 28 | 30 | 27 | 23 | 20 | 20 | 20 | 20 |
| Total governmental activities | 3,799 | 3,794 | 3,895 | 3,694 | 3,664 | 3,562 | 3,165 | 3,243 | 3,207 | 3,242 |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| Landfill | 17 | 17 | 15 | 17 | 17 | 17 | 14 | 13 | 14 | 15 |
| Health Clinics & Ancillary | 243 | 222 | 217 | 193 | 229 | 220 | 186 | 185 | 182 | 178 |
| Transit | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Inmate Welfare/Commissary | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 5 | 4 | 4 |
| Behavioral Health | 99 | 108 | 79 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total business-type activities | 362 | 350 | 314 | 213 | 249 | 240 | 207 | 206 | 203 | 200 |
| Total Stanislaus County | 4,161 | 4,144 | 4,209 | 3,907 | 3,913 | 3,802 | 3,372 | 3,449 | 3,410 | 3,442 |

**County of Stanislaus
Miscellaneous Statistical Data
June 30, 2014**

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 | 21 |
| | Drainage | 7 |
| | Lighting | 29 |
| | Landscape and Lighting | <u>8</u> |
| | Total | 65 |

| | | | | |
|-------------------------------------|-----------------------|----|-----------------------|----------|
| Number of other Special Districts : | Irrigation | 5 | Cemetery | 3 |
| | Mosquito Abatement | 2 | Sanitation | 2 |
| | Resource Conservation | 2 | Reclamation | 4 |
| | Community Services | 8 | Healthcare & Hospital | 3 |
| | Flood Control | 2 | Drainage | 1 |
| | Fire Protection | 13 | Water | <u>6</u> |
| | | | Total | 51 |

County of Stanislaus
Miscellaneous Statistical Data (continued)
June 30, 2014

ELECTION: June 3, 2014
 (County Registrar of Voters)

| | |
|--------------------|---------|
| Registered Voters: | 211,277 |
| Number Voting: | 55,835 |
| Percent Voting: | 26.43% |

CONSTRUCTION PERMITS
 (County Building Department)

| Calendar Year | # of Permits | Cost of Permits |
|------------------|------------------|--------------------|
| 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 |
| 2013 | 2,452 | \$1,576,289 |
| 2014 | Data Unavailable | |

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

1,513



Stanislaus

County

Striving to be the Best

COUNTY OF STANISLAUS

SINGLE AUDIT REPORT

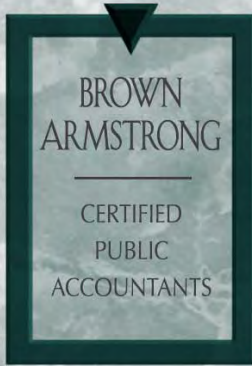
JUNE 30, 2014

**COUNTY OF STANISLAUS
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

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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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SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

We have audited, in accordance with the 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2014-001.

The County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

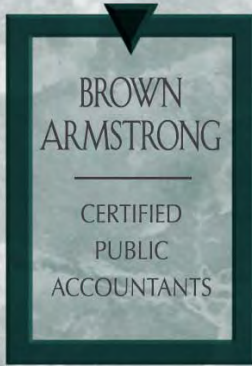
Purpose of This Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 3, 2015



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR 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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Report on Compliance for Each Major Federal Program

We have audited the County of Stanislaus, California's (the County) compliance 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, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of 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, 2014.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 3, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 3, 2015

SCHEDULE

**COUNTY OF STANISLAUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

| <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 | 12-8506-0572-CA | \$ 27,176 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 13-8506-1164-CA | 6,210 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 13-8506-1317-CA | 1,851 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 12-8506-0484-CA | <u>255,453</u> |
| Subtotal | | | <u>290,690</u> |
| Inspection, Grading, and Standardization | 10.477 | 12-25-A-3269 | <u>663</u> |
| Passed through State Department of Education: | | | |
| National School Lunch Program | 10.555 | Stanislaus | <u>181,386</u> |
| Passed through State Department of Health Services: | | | |
| Women, Infants and Children (WIC) | 10.557 | 11-104990 | <u>3,089,250</u> |
| Passed through State Department of Social Services: | | | |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Stanislaus | 10,372,167 |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Stanislaus | <u>429,152</u> |
| Subtotal | | | <u>10,801,319</u> |
| Passed through California Department of Aging: | | | |
| Seniors Farmers Market Incentive Program | 10.576 | SFMNP-1314-30 | <u>20,000</u> |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | <u><u>14,383,308</u></u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) | | | |
| Direct Federal Program | | | |
| HUD-Community Development Block Grant (CDBG) NSP Funds 08/09 | 14.218 | B-08-UC-06-0006 | 5,956 |
| HUD-CDBG Funds 09/10 | 14.218 | B-09-UC-06-0010 | 8,295 |
| HUD-CDBG Funds 10/11 | 14.218 | B-10-UC-06-0100 | 33,889 |
| HUD-CDBG Funds 11/12 | 14.218 | B-11-UC-06-0100 | 184,636 |
| HUD-CDBG Funds 12/13 | 14.218 | B-12-UC-06-0100 | 616,838 |
| HUD-CDBG Funds 13/14 | 14.218 | B-13-UC-06-0100 | 1,106,794 |
| ARRA: HUD-CDBG NSP3 Funds 10/11 | 14.218 | B-11-UN-06-0006 | <u>1,722,372</u> |
| Subtotal - CDBG Cluster | | | <u>3,678,780</u> |
| HUD-Emergency Shelter Grant (ESG) Funds 12/13 | 14.231 | S-12-UC-06-0100 | 29,177 |
| HUD-ESG Funds 13/14 | 14.231 | S-13-UC-06-0100 | <u>94,596</u> |
| Subtotal | | | <u>123,773</u> |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u><u>3,802,553</u></u> |

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for 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, 2014**

| <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 | FY13/14 | 12,410 |
| Subtotal | | | <u>12,410</u> |
| Passed through California Office of Emergency Services: | | | |
| Juvenile Accountability Grant 2013 | 16.523 | | 28,295 |
| Subtotal | | | <u>28,295</u> |
| Residential Substance Abuse Treatment | 16.593 | AF11010500 | 110,192 |
| Subtotal | | | <u>110,192</u> |
| Passed through California Office of Emergency Services: | | | |
| Unserved/Underserved Victim Advocacy & Outreach Program | 16.575 | UV13040500 | 116,374 |
| Victim/Witness Assistance Program | 16.575 | VW13320500 | 136,696 |
| Victims of Crime Act | 16.575 | AT2090500 | 84,106 |
| Subtotal | | | <u>337,176</u> |
| Law Enforcement Specialized Units (LE) Program | 16.588 | LE12 02 0500 | 100,908 |
| Law Enforcement Specialized Units (LE) Program | 16.588 | LE13 03 0500 | 48,191 |
| Subtotal | | | <u>149,099</u> |
| Arrest Policies and Enforcement of Protection Orders Program | 16.590 | | <u>138,612</u> |
| Passed through State Office of Justice : | | | |
| Justice Assistance Grant (JAG) | 16.738 | FY13/14 | 7,892 |
| 2010 Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2010-DJ-BX-0442 | 97,528 |
| 2012 Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2012-DJ-BX-1005 | 66,268 |
| 2013 Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2013-DJ-BX-0365 | 7,892 |
| Subtotal - Justice Assistance Grants (JAG) Program Cluster | | | <u>179,580</u> |

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for 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, 2014**

| Federal grantor/pass-through grantor/program title | Catalog of federal domestic assistance number | Supplemental identifying number | Expenditures |
|--|---|---------------------------------|------------------|
| U.S. DEPARTMENT OF JUSTICE (Continued) | | | |
| Passed through Office of National Drug Control Policy (OMDCP): | | | |
| 2011 High Intensity Drug Traffic Area (HIDTA) | 95.001 | G12CV002A | 43,846 |
| 2012 High Intensity Drug Traffic Area (HIDTA) | 95.001 | G13CV002A | 170,675 |
| Subtotal | | | <u>214,521</u> |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | <u>1,169,885</u> |
| U.S. DEPARTMENT OF LABOR | | | |
| Passed through California Department of Aging: | | | |
| Senior Community Service Employment Program | 17.235 | TV-1314-30 | 88,633 |
| Passed through California Employment Development Department: | | | |
| Workforce Investment Act (WIA)-Adult Program | 17.258 | K491055-201 | 50,957 |
| WIA-Adult Program | 17.258 | K491055-202 | 1,962,876 |
| WIA-Youth Activities | 17.259 | K491055-301 | 1,731,241 |
| WIA-Youth Activities | 17.259 | K386334-301 | 24,489 |
| WIA-Youth Activities | 17.259 | K386334-301 | 61,825 |
| WIA-Adult Program | 17.278 | K386334-500 | 492,771 |
| WIA-Adult Program | 17.278 | K386334-502 | 170,365 |
| WIA-Dislocated Workers | 17.278 | K491055-501 | 241,125 |
| WIA-Dislocated Workers | 17.278 | K491055-502 | 1,623,065 |
| WIA-Dislocated Worker to Adult | 17.278 | K491055-500 | 232,267 |
| WIA-Rapid Response | 17.278 | K282512-523 | 2,002,928 |
| WIA-Rapid Response | 17.278 | K491055-540 | 61,170 |
| WIA-Rapid Response | 17.278 | K491055-541 | 171,674 |
| Subtotal WIA Cluster | | | <u>8,826,753</u> |
| TOTAL U.S. DEPARTMENT OF LABOR | | | <u>8,915,386</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Passed through State Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | BRLSZ-5938(176) | 8,044 |
| Highway Planning and Construction | 20.205 | HSIPL-5938(197) | 6,066 |
| Highway Planning and Construction | 20.205 | BRLO-5938(157) | 57,945 |
| Highway Planning and Construction | 20.205 | BRLS-5938(188) | 126,816 |
| Highway Planning and Construction | 20.205 | STPLR-7500(182) | 22,770 |
| Highway Planning and Construction | 20.205 | BRLO-5938(192) | 62,826 |
| Highway Planning and Construction | 20.205 | CML-5938(182) | 1,111,376 |
| Highway Planning and Construction | 20.205 | BRLOZ-5938(156) | 83,113 |
| Highway Planning and Construction | 20.205 | BRLSZ-5938(154) | 37,250 |
| Highway Planning and Construction | 20.205 | STPL-5938(204) | 356,722 |
| Highway Planning and Construction | 20.205 | STPL-5938(204) | 826 |
| Highway Planning and Construction | 20.205 | STPL-5938(220) | 5,069 |
| Highway Planning and Construction | 20.205 | BRLO-5938(196) | 113,842 |
| Highway Planning and Construction | 20.205 | HRRRL-5938(212) | 63,220 |
| Highway Planning and Construction | 20.205 | HRRRL-5938(213) | 53,217 |
| Highway Planning and Construction | 20.205 | HRRRL-5938(211) | 82,794 |
| Highway Planning and Construction | 20.205 | BRLO-5938(189) | 218,118 |
| Highway Planning and Construction | 20.205 | STPLZ-5938(076) | 209,279 |
| Highway Planning and Construction | 20.205 | BRLO-5938(193) | 138,291 |
| Highway Planning and Construction | 20.205 | STPLZ-5938(071) | 14,432 |
| Highway Planning and Construction | 20.205 | BRLS-5938(201) | 1,222 |
| Highway Planning and Construction | 20.205 | BRLO-5938(191) | 44,431 |
| Highway Planning and Construction | 20.205 | BRLO-5938(194) | 44,944 |
| Highway Planning and Construction | 20.205 | BRLS-5938(167) | 435,628 |
| Highway Planning and Construction | 20.205 | CML-5938(181) | 63,347 |
| Highway Planning and Construction | 20.205 | CML-5938(180) | 283,847 |

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for 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, 2014**

| <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 TRANSPORTATION (Continued) | | | |
| Passed through State Department of Transportation: (Continued) | | | |
| Congestion Mitigation & Air Quality Program - CMAQ | 20.205 | | 20,004 |
| Congestion Mitigation & Air Quality Program - CMAQ | 20.205 | | 12,257 |
| Congestion Mitigation & Air Quality Program - CMAQ | 20.205 | | <u>1,442</u> |
| Subtotal Highway Planning Cluster | | | <u>3,679,138</u> |
| Formula Grants for Rural Areas | 20.509 | | <u>545,400</u> |
| National Priority Safety Programs | 20.616 | DI1404 | <u>324,568</u> |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | <u>4,549,106</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| Passed through State Department of Rehabilitation | | | |
| State Vocational Rehabilitation Services Program | 84.126 | 28295 | <u>57,018</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | <u>57,018</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Direct Federal Program | | | |
| Community Transformation Grant | 93.531 | | <u>288,833</u> |
| Passed through California Department of Aging: | | | |
| Title VII(B), Elder Abuse Prevention | 93.041 | AP-1314-30 | <u>6,164</u> |
| Title VII(A), Ombudsman Program | 93.042 | AP-1314-30 | <u>29,794</u> |
| Title III-D, Supportive Services | 93.043 | AP-1314-30 | <u>26,781</u> |
| Title III-B, Supportive Services | 93.044 | AP-1314-30 | 420,400 |
| Title III-C1, Congregate Nutrition | 93.045 | AP-1314-30 | 221,331 |
| Title III-C1, Special Nutrition Fund | 93.045 | AP-1314-30 | 15,635 |
| Title III-C2 Home Delivered Nutrition | 93.045 | AP-1314-30 | 516,791 |
| Title III-C2, Special Nutrition Fund | 93.045 | AP-1314-30 | 9,197 |
| Nutrition Services Incentive Program | 93.053 | AP-1314-30 | <u>136,758</u> |
| Subtotal Aging Cluster | | | <u>1,320,112</u> |
| Title III-E, Family Caregiver | 93.052 | AP-13-14-30 | <u>189,700</u> |
| Passed through Department of Mental Health: | | | |
| Transition from Homelessness (PATH) | 93.150 | | <u>137,337</u> |
| Passed through California Department of Education: | | | |
| Stage 3 Child Care (D) | 93.575 | C3AP-3063 | <u>812,877</u> |
| Passed through State Department of Social Services: | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | Stanislaus | 250,517 |

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for 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, 2014**

| <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: | | | |
| TANF | 93.558 | Stanislaus | 26,016,842 |
| TANF | 93.558 | Stanislaus | 1,806,638 |
| TANF | 93.558 | Stanislaus | 14,954,015 |
| TANF | 93.558 | Stanislaus | <u>3,002,139</u> |
| Subtotal | | | <u>46,030,151</u> |
| Refugee and Entrant Assistance - State Administered Program | 93.566 | Stanislaus | 215 |
| Refugee and Entrant Assistance - State Administered Program | 93.566 | Stanislaus | 22,532 |
| Refugee and Entrant Assistance - State Administered Program | 93.566 | Stanislaus | 194,898 |
| Refugee and Entrant Assistance - State Administered Program | 93.566 | RESS1108/1208 | 135,894 |
| Refugee and Entrant Assistance - State Administered Program | 93.566 | 13-50-90840-00 | <u>227,813</u> |
| Subtotal | | | <u>581,352</u> |
| Guardianship Assistance | 93.090 | Stanislaus | <u>34,099</u> |
| Promoting Safe and Stable Families | 93.556 | Stanislaus | <u>535,371</u> |
| Community Based Child Abuse Prevention | 93.590 | Stanislaus | <u>30,388</u> |
| California Children's Services | 93.767 | | <u>190,312</u> |
| Passed through State Department of Social Services: | | | |
| Child Support Enforcement | 93.563 | Stanislaus | <u>9,303,382</u> |
| Child Support Enforcement Research | 93.564 | Stanislaus | <u>130,594</u> |
| Child Welfare Services/CWS Direct Cost IVB | 93.645 | Stanislaus | <u>352,848</u> |
| Foster Care - Title IV-E Out of Home Placement Prevention | 93.658 | | 520,579 |
| Foster Care - Title IV-E | 93.658 | Stanislaus | <u>9,258,380</u> |
| Subtotal | | | <u>9,778,959</u> |
| Adoptions Assistance | 93.659 | Stanislaus | 5,729,965 |
| CWS Title XX | 93.667 | Stanislaus | <u>1,301,046</u> |
| Independent Living - ILP | 93.674 | Stanislaus | <u>152,128</u> |
| Family Planning Services Title X | 93.217 | Stanislaus | <u>121,608</u> |
| Emergency Preparedness | 93.069 | EPO 13-53 | <u>288,785</u> |
| Hospital Preparedness Program | 93.889 | EPO 13-53 | <u>159,576</u> |
| Information & Education Prevention Program | 93.297 | 11-10301 | <u>22,942</u> |
| Local Health Department Expansion Project | 10.551 | 13-20511 | <u>437,569</u> |
| California Personal Responsibility Education Grant | 93.092 | 12-10236 | <u>185,288</u> |
| Center for Medicare and Medicaid Services | 93.779 | HI-1314-30 | <u>97,600</u> |
| Passed through State Department of Mental Health: | | | |
| Block Grants for Community Mental Health Services | 93.958 | | 1,265,741 |
| Block Grants for Community Mental Health Services | 93.958 | | 325,700 |
| Block Grants for Community Mental Health Services | 93.958 | | 166,483 |
| Block Grants for Community Mental Health Services | 93.958 | | <u>1,000,002</u> |
| Subtotal | | | <u>2,757,926</u> |

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for 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, 2014**

| Federal grantor/pass-through grantor/program title | Catalog of federal domestic assistance number | Supplemental identifying number | Expenditures |
|--|---|---------------------------------|--------------------|
| 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 | | 1,944,051 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | 38,313 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | 556,400 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 84.19 | 27,387 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | 143,393 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | <u>86,128</u> |
| Subtotal | | | <u>2,795,672</u> |
| Immunization Assistance Program | 93.268 | 13-20352 | <u>171,229</u> |
| HIV Care | 93.917 | 13-20077 | <u>171,672</u> |
| HIV Education and Prevention | 93.940 | 13-20257 | <u>95,173</u> |
| AIDS Surveillance | 93.944 | 13-20166 | <u>43,114</u> |
| Tuberculosis Prevention | 93.116 | Stanislaus | <u>90,398</u> |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 201350 | 118,662 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 201350 | 673,750 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 201350 | <u>100,259</u> |
| Subtotal | | | <u>892,671</u> |
| Passed through State Department of Health Services: | | | |
| Medical Assistance Program | 93.778 | | 1,103,702 |
| Medical Assistance Program | 93.778 | 08-85137 A01 | 547,152 |
| Medical Assistance Program | 93.778 | 50-1318 | 264,787 |
| Medical Assistance Program | 93.778 | | 371,644 |
| Medical Assistance Program | 93.778 | | 158,443 |
| Medical Assistance Program | 93.778 | 201350 | 64,935 |
| Medical Assistance Program | 93.778 | 11-10551 | 14,742 |
| Passed through California Department of Aging: | | | |
| Medical Assistance Program | 93.778 | Stanislaus | 1,082,256 |
| Medical Assistance Program | 93.778 | MSSP-1314-14 | 670,373 |
| Passed through State Department of Social Services: | | | |
| Medical Assistance Program | 93.778 | Stanislaus | 604,292 |
| Medical Assistance Program | 93.778 | Stanislaus | 1,396,492 |
| Medical Assistance Program | 93.778 | Stanislaus | 128,819 |
| Medical Assistance Program | 93.778 | Stanislaus | 3,233,916 |
| Medical Assistance Program | 93.778 | Stanislaus | 144,928 |
| Medical Assistance Program | 93.778 | Stanislaus | 1,370,100 |
| Medical Assistance Program | 93.778 | Stanislaus | 22,048 |
| Medical Assistance Program | 93.778 | Stanislaus | 28,445,744 |
| Medical Assistance Program | 93.778 | Stanislaus | <u>11,083,697</u> |
| Subtotal | | | <u>50,708,070</u> |
| TOTAL U.S. DEPARTMENT OF HUMAN AND HEALTH SERVICES | | | <u>136,001,486</u> |

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for 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, 2014**

| <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 | 2013-0047 | <u>231,682</u> |
| Homeland Security Grant Program FY10 | 97.067 | 2010-0085 | 206,770 |
| Homeland Security Grant Program FY11 | 97.067 | 2011-0077 | 539,242 |
| Homeland Security Grant Program FY12 | 97.067 | 2013-0123 | 441,393 |
| Homeland Security Grant Program FY13 | 97.067 | 2013-0110 | <u>55,459</u> |
| Subtotal | | | <u>1,242,864</u> |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | <u>1,474,546</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 170,353,288</u> |

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for 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, 2014**

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 U.S. Office of Management and Budget (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 provided federal awards to subrecipients as follows:

| Name of Program | CFDA | Subrecipient | Amount |
|-----------------------------------|--------|---|------------|
| C1 Congregate Meals | 93.045 | The Howard Training Center | \$ 169,978 |
| C2 Home Delivered Meals | 93.045 | The Howard Training Center | 495,249 |
| Community Development Block Grant | 14.218 | City of Ceres | 250,226 |
| Community Development Block Grant | 14.218 | City of Hughson | 132,542 |
| Community Development Block Grant | 14.218 | City of Newman | 148,509 |
| Community Development Block Grant | 14.218 | City of Oakdale | 162,332 |
| Community Development Block Grant | 14.218 | City of Patterson | 148,361 |
| Community Development Block Grant | 14.218 | City of Waterford | 137,421 |
| Community Development Block Grant | 14.218 | American Red Cross-Emergency Serv. | 11,356 |
| Community Development Block Grant | 14.218 | Center Human Serv.-Westside FRC | 12,373 |
| Community Development Block Grant | 14.218 | Child Crisis Ctr.-Preschool Respite Shelter | 20,000 |
| Community Development Block Grant | 14.218 | Child Crisis Ctr.-Risk Infant/Toddler Program | 20,000 |
| Community Development Block Grant | 14.218 | Child Crisis Ctr.-Nutrition/Meal Prog. | 17,556 |
| Community Development Block Grant | 14.218 | Habitat for Humanity-Special Advocates | 11,286 |
| Community Development Block Grant | 14.218 | Healthy Aging-Young at Heart Prog. | 17,556 |
| Community Development Block Grant | 14.218 | Howard Training Ctr.-Senior Meals Prog. | 20,000 |
| Community Development Block Grant | 14.218 | National Alliance for the Mentally Ill | 5,498 |
| Community Development Block Grant | 14.218 | Salvation Army-Tutoring and Mentoring Program | 16,894 |
| Community Development Block Grant | 14.218 | Second Harvest-Food Assistance | 13,794 |

NOTE 4 – SUBRECIPIENTS (Continued)

| <u>Name of Program</u> | <u>CFDA</u> | <u>Subrecipient</u> | <u>Amount</u> |
|-----------------------------------|-------------|---|---------------|
| Community Development Block Grant | 14.218 | United Samaritans-Daily Bread Hughson | 17,556 |
| Community Development Block Grant | 14.218 | We Care-Emergency Cold Weather Shelter | 17,556 |
| Community Development Block Grant | 14.218 | Westside Food Pantry-Emergency Prog. | 9,781 |
| Community Development Block Grant | 14.231 | Child Crisis Ctr.Housing for families With Children | 38,016 |
| Community Development Block Grant | 14.231 | Comm Housing Shelter-Santa Fe Project | 27,526 |
| Community Development Block Grant | 14.231 | Family Promise-Transitional Shelter | 12,646 |
| Community Development Block Grant | 14.231 | Homeless Management Information System | 12,845 |
| Emergency Shelter Grant | 14.231 | Salvation Army-Emergency Shelter | 21,600 |
| Emergency Shelter Grant | 14.231 | We Care-Emergency Cold Weather Shelter | 9,900 |
| Emergency Shelter Grant | 14.231 | We Care-Rapid Re-Housing | 10,591 |
| Total | | | \$ 1,988,948 |

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> | | |
| 14.218 | HUD - CDBG Funds | \$ 1,956,408 |
| 14.218 | ARRA: HUD-CDBG NSP3 Funds 10/11 | 1,722,372 |
| | Total | \$ 3,678,780 |
| <u>WIA Cluster:</u> | | |
| 17.258 | WIA - Adult | \$ 2,013,833 |
| 17.259 | WIA - Youth | 1,817,555 |
| 17.278 | WIA - Dislocated Workers | 4,995,365 |
| | Total | \$ 8,826,753 |

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 | \$ 420,400 |
| 93.045 | Special Programs for the Aging - Title III, Part C - Nutrition Services | 762,954 |
| 93.053 | Nutrition Services Incentive Program | <u>136,758</u> |
| | Total | <u>\$ 1,320,112</u> |
| <u>Justice Assistance Grants (JAG) Program Cluster:</u> | | |
| 16.738 | 2010 Edward Byrne Memorial JAG | 97,528 |
| 16.738 | 2012 Edward Byrne Memorial JAG | 66,268 |
| 16.738 | 2013 Edward Byrne Memorial JAG | <u>15,784</u> |
| | Total | <u>\$ 179,580</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-1314-30 | \$ 77,685 | \$ - | \$ 10,948 | \$ - |
| 93.041 | AP-1314-30 | 6,164 | - | - | - |
| 93.042 | AP-1314-30 | 29,794 | - | - | - |
| 93.043 | AP-1314-30 | 26,781 | - | - | - |
| 93.044 | AP-1314-30 | 368,712 | - | 51,688 | - |
| 93.045 | AP-1314-30 | 163,786 | 41,725 | 57,545 | 315 |
| 93.045 | AP-1314-30 | 15,635 | - | - | - |
| 93.045 | AP-1314-30 | 486,052 | 46,233 | 30,739 | 84 |
| 93.045 | AP-1314-30 | 9,197 | - | - | - |
| 93.052 | AP-1314-30 | 168,244 | - | 21,456 | - |
| 93.053 | AP-1314-30 | 136,758 | - | - | - |
| 93.779 | HI-1314-30 | 88,102 | 159,692 | 9,498 | 11,918 |
| 10.576 | SFNP-1314-30 | 20,000 | - | - | - |
| 93.778 | MSSP-1314-30 | 670,373 | - | - | - |
| | MI 1314-30 | - | 8,542 | - | 949 |
| | Ombudsman Initiative - AP-1314-30 | - | 43,606 | - | - |
| | TOTAL | \$ 2,267,283 | \$ 299,798 | \$ 181,874 | \$ 13,266 |

NOTE 8 – CALIFORNIA OFFICE OF EMERGENCY SERVICES(CaIOES) GRANTS

The following represents expenditures for CaIOES programs for the year ended June 30, 2014. 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, 2013 | For the Year Ended June 30, 2014 | Cumulative as of June 30, 2014 | Federal Share | State Share | County Share |
| <u>VW10290500 - Victim/Witness Assistance Program</u> | | | | | | |
| Personnel services | \$ 322,793 | \$ 309,295 | \$ 632,088 | \$ 134,135 | \$ 175,160 | \$ 1,752 |
| Operating expenses | 934 | 11,383 | 12,317 | 2,561 | 8,822 | 1,140 |
| Totals | \$ 323,727 | \$ 320,678 | \$ 644,405 | \$ 136,696 | \$ 183,982 | \$ 2,892 |

NOTE 8 – CALIFORNIA OFFICE OF EMERGENCY SERVICES(CaIOES) GRANTS (Continued)

| Program | Expenditures Claimed | | | Share of Expenditures Current Year | | |
|--|--------------------------------------|----------------------------------|--------------------------------|------------------------------------|------------------|--------------|
| | For the Period through June 30, 2013 | For the Year Ended June 30, 2014 | Cumulative as of June 30, 2014 | Federal Share | State Share | County Share |
| <u>VB08060500 - Vertical Prosecution Block Grant</u> | | | | | | |
| Personnel services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating expenses | - | - | - | - | - | - |
| Totals | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>UV10010500 - Unserved/Underserved Advocacy & Outreach Program</u> | | | | | | |
| Personnel services | \$ 61,286 | \$ 66,426 | \$ 127,712 | \$ 66,426 | \$ - | \$ - |
| Operating expenses | 44,971 | 37,201 | 82,172 | 37,201 | - | - |
| Totals | <u>\$ 106,257</u> | <u>\$ 103,627</u> | <u>\$ 209,884</u> | <u>\$ 103,627</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>RU08100500 - Rural Crimes Prevention</u> | | | | | | |
| Personnel services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Totals | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>VCGC9082 - A1 Victim Comp & Gov Claims Board</u> | | | | | | |
| Personnel services | \$ 63,853 | \$ 63,853 | \$ 127,706 | \$ - | \$ 63,853 | \$ - |
| Totals | <u>\$ 63,853</u> | <u>\$ 63,853</u> | <u>\$ 127,706</u> | <u>\$ -</u> | <u>\$ 63,853</u> | <u>\$ -</u> |
| <u>DC04150500 - Stanislaus Anti Drug</u> | | | | | | |
| Personnel services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Totals | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>DC10027345 - SDEA</u> | | | | | | |
| Personnel services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Totals | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>MH08080500 - CalMMET</u> | | | | | | |
| Personnel services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating expenses | - | - | - | - | - | - |
| Equipment | - | - | - | - | - | - |
| Totals | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

FINDINGS AND QUESTIONED COSTS

**COUNTY OF STANISLAUS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

Section 1

| | |
|-----------------------------|-------------------------------------|
| <u>Financial Statements</u> | <u>Summary of Auditor's Results</u> |
|-----------------------------|-------------------------------------|

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 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: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? | Yes |

4. Identification of major programs:

| <u>CFDA Number</u> | <u>Program</u> |
|----------------------------|---|
| 17.258, 17.259, and 17.278 | Workforce Investment Act Programs |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) |
| 93.778 | Medical Assistance Program |
| 93.558 | Temporary Assistance for Needy Families (TANF) |
| 14.228 and 14.255 | Community Development Block Grants/Entitlement Grants Cluster, including ARRA Grant |
| 20.205 | Highway Planning and Construction |

- | | |
|---|-------------|
| 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, 2014**

Section 2

Financial Statement Findings

None.

Section 3

Federal Award Findings and Questioned Costs

2014-001

Program: Workforce Investment Act (WIA) Cluster

CFDA No.: 17.258, 17.259, and 17.278

Federal Agencies: U.S. Department of Labor

Passed-Through: California Employment Development Department

Award Numbers: Various

Award Year: Fiscal year 2013/14

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The March 2014 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made for eligible cases.

Condition Found:

Out of the 40 participants selected for eligibility testing, we noted the following:

- 1 case file whereby the participant application was missing the applicant's signature.

Effect:

Participant may be ineligible to receive benefits and program policy was not followed.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to requiring a signature as a certification by the participant that the application information is true.

Views of Responsible Officials:

The missing signature on the self service application does not prevent the program from providing services to the participant. However, the handbook and program policy requires an applicant's signature as a certification by the applicant that the information on the application is true.

**COUNTY OF STANISLAUS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

No findings in the prior year.

**JUNE 30, 2014
ANNUAL FINANCIAL
& SINGLE AUDIT
REPORT**

May 5, 2015

Board of Supervisors Presentation

OBJECTIVE

- Audit Results
- Financial Highlights
 - Cash Balances
 - Net Position
- Financial Ratios
 - Debt to Equity
 - Net Income to Total Assets
- GASB Statements Implemented
- Future Statements & Requirements
 - GASB Statement No. 68 - Accounting and Financial Reporting for Pensions
 - Office of Management & Budget (OMB) Super Circular

AUDIT REPORT

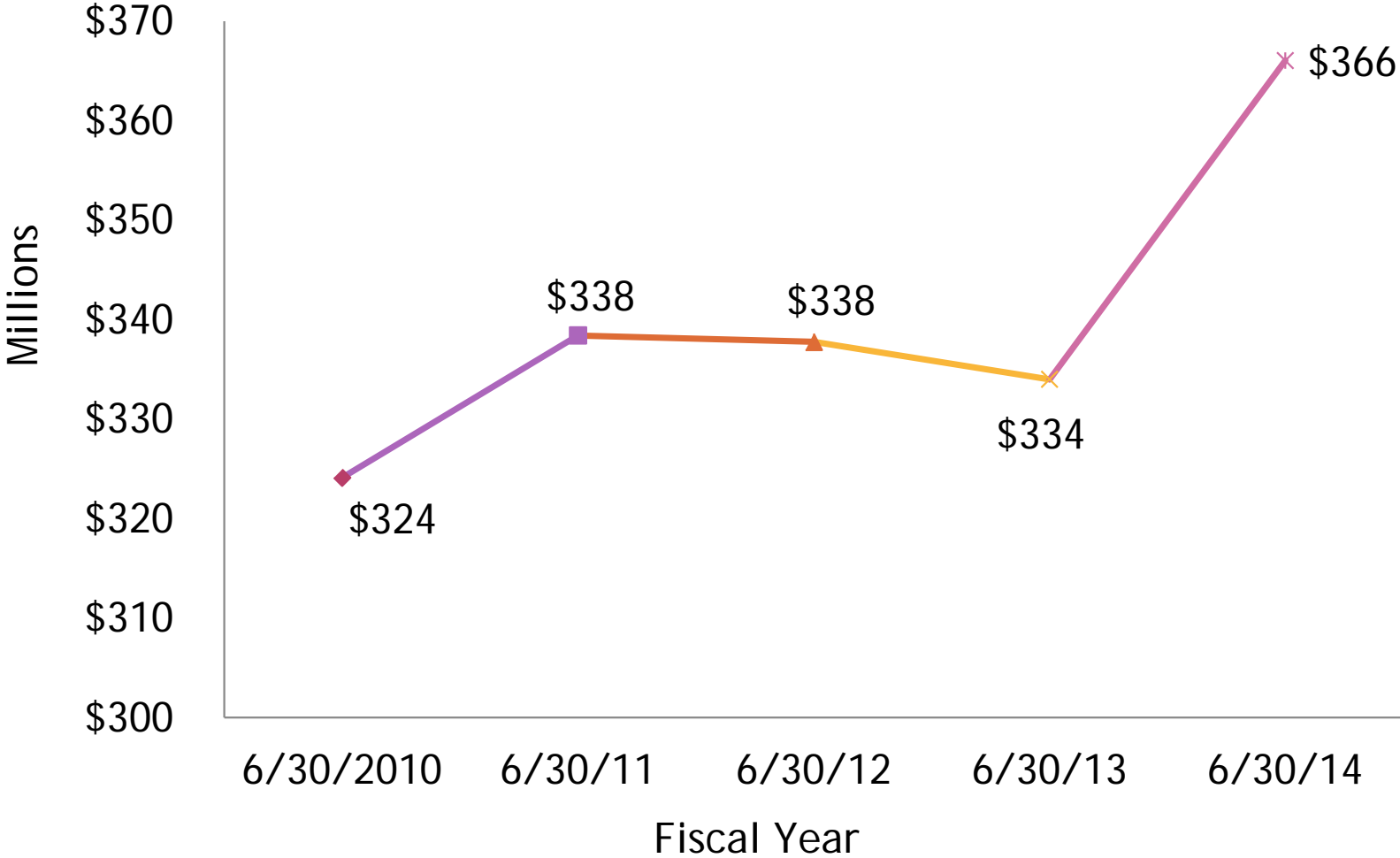
⦿ Annual Financial Report

- Unmodified/Clean Opinion
- Highest level of assurance
- Financial statements are fairly presented
- Accordance to generally accepted accounting principles (GAAP)

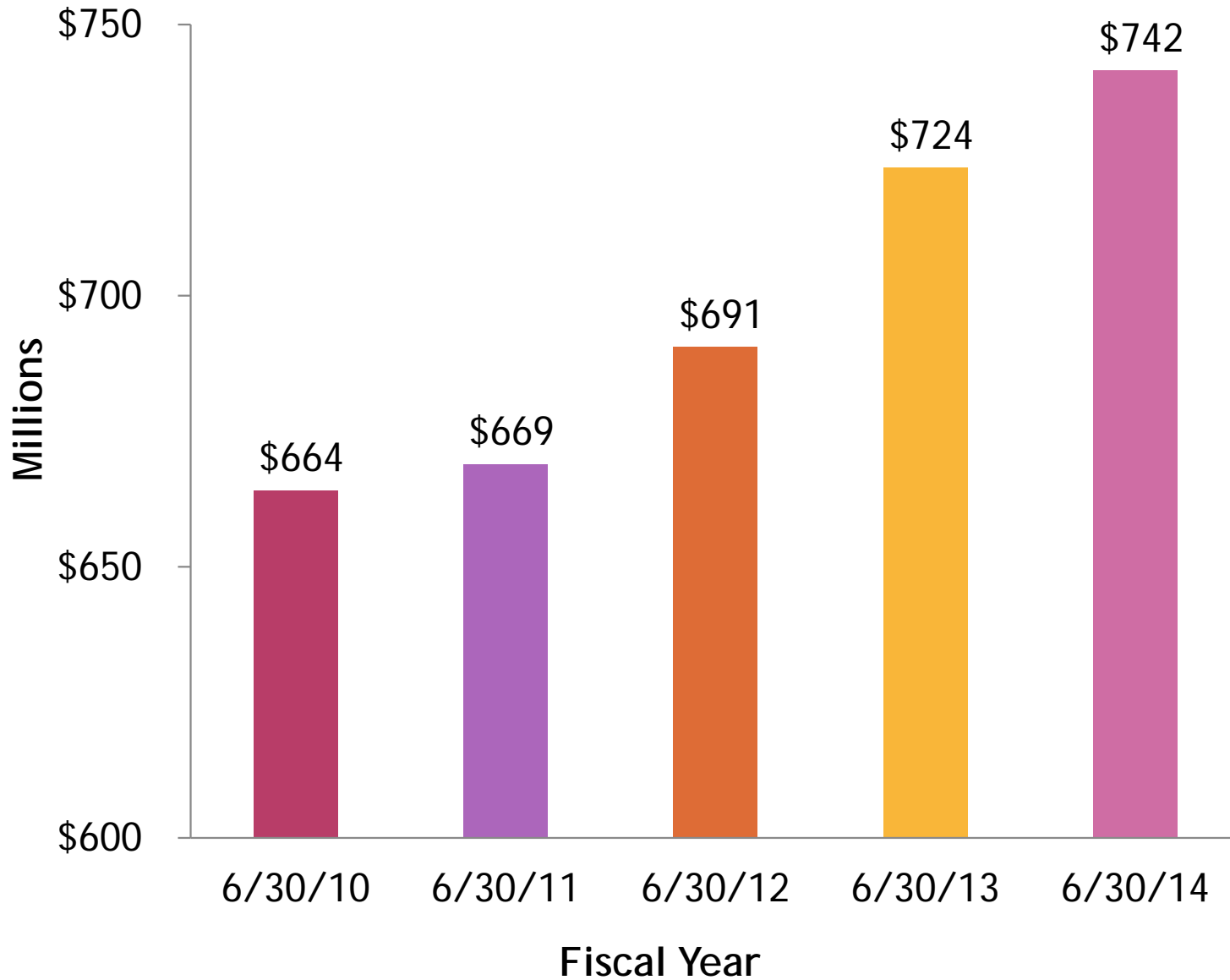
⦿ Single Audit Report

- County in compliance with OMB requirements
- Federal programs
- Single exception

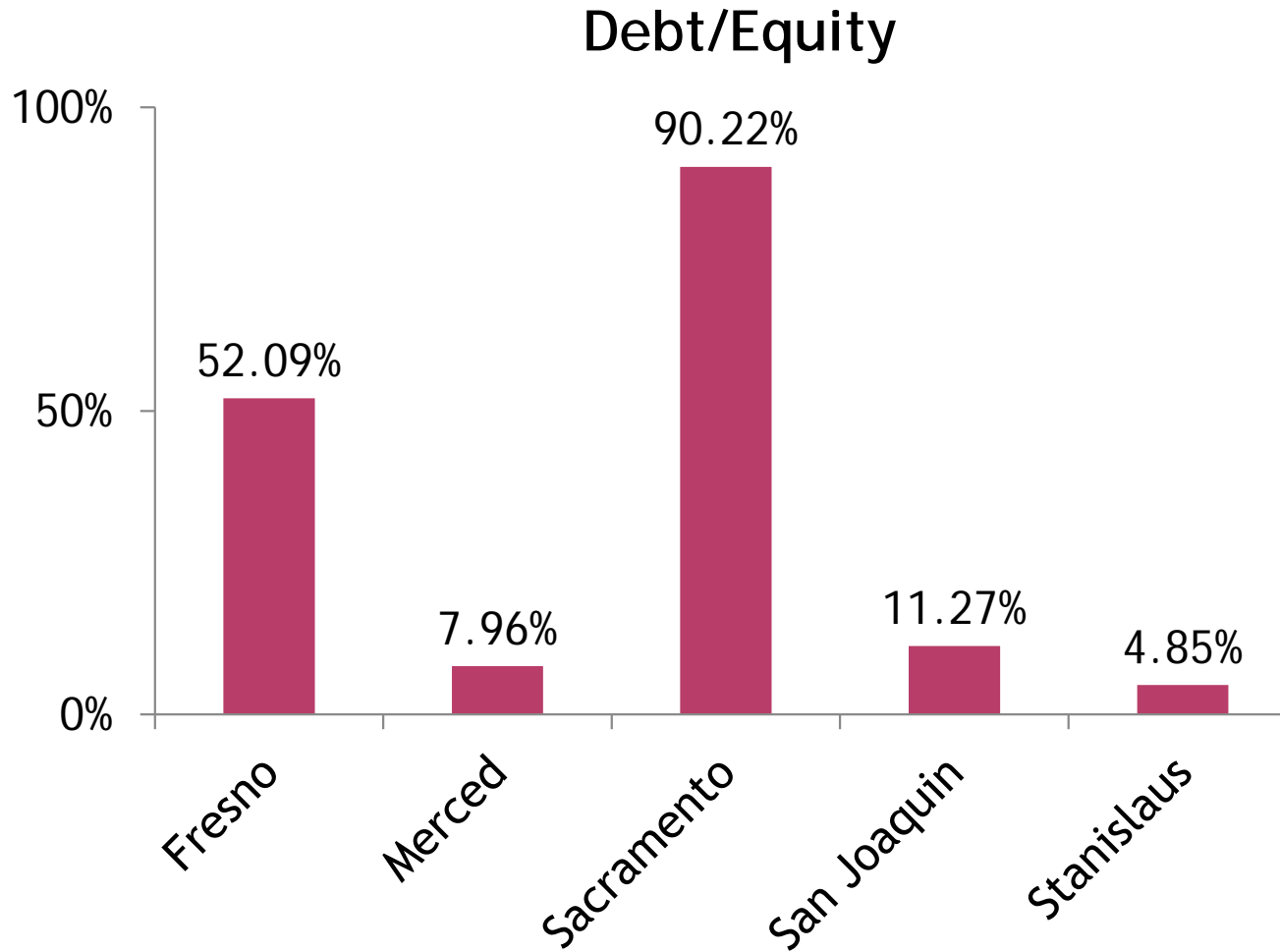
CASH & INVESTMENTS



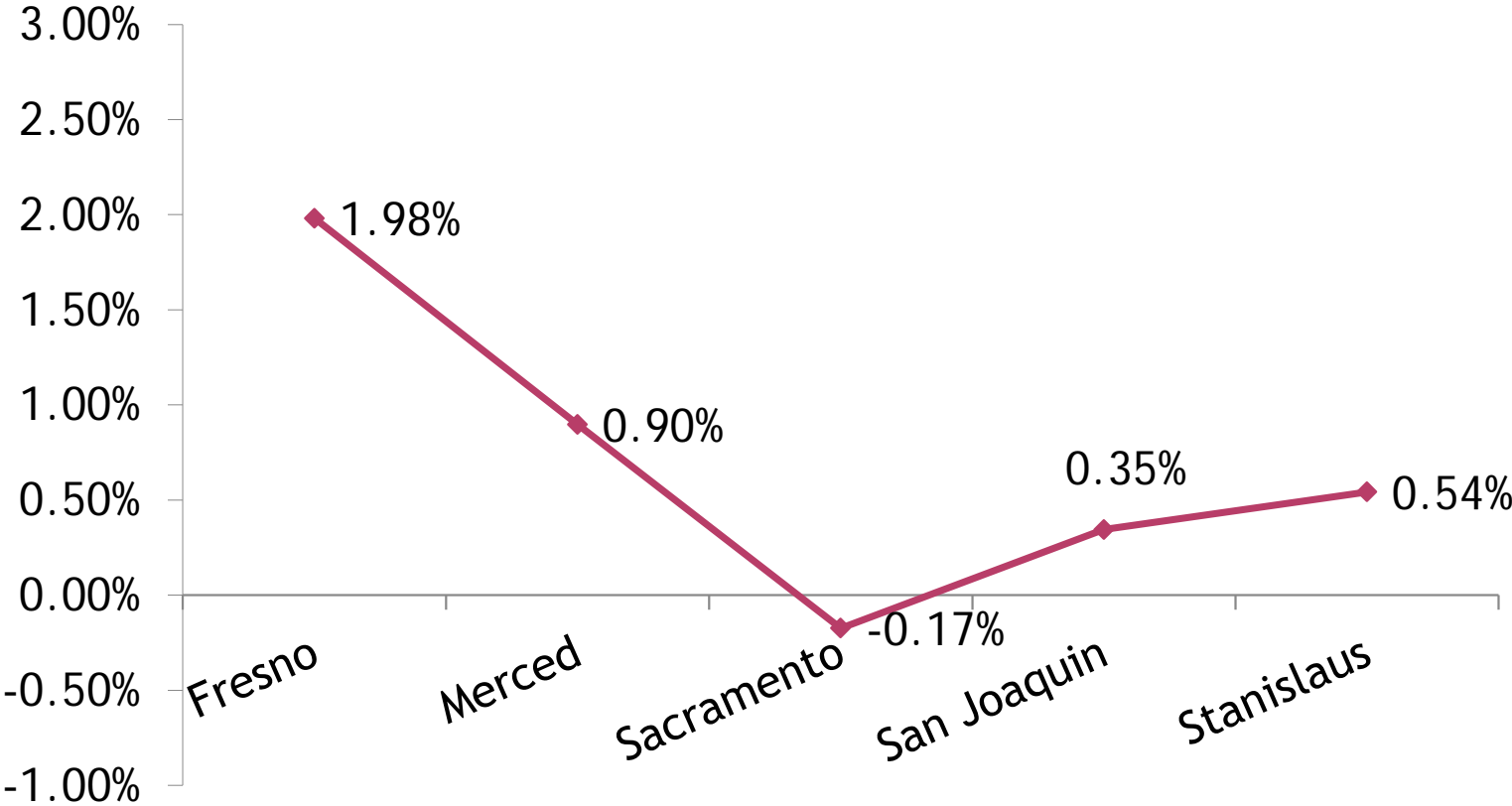
NET POSITION



DEBT TO EQUITY (NET POSITION)



NET INCOME TO ASSETS



GASB STATEMENTS IMPLEMENTED

- ◉ GASB 65 - Items Previously Reported as Assets and Liabilities - FYE 6/30/14
- ◉ GASB 67 - Financial Reporting for Pensions Plans - FYE 6/30/14

NEW STATEMENTS & GUIDELINES

- ◉ GASB Statement 68 - Accounting and Financial Reporting for Pensions - FYE 6/30/15
 - Post - GASB 68
 - Unfunded liability on the balance sheet
 - Pre - GASB 68
 - Required contributions
- ◉ Office of Management & Budget (OMB) Requirements
 - Uniform administrative requirements, cost principles and audit requirements for Federal Awards

CONCLUSION

- ◉ Clean Audit Opinions
- ◉ Financial Highlights
 - Cash & Net Position
 - Moving in the right direction
- ◉ Financial Ratios
- ◉ Statements Implemented
 - GASB Statement 65 - Items Previously Reported as Assets and Liabilities
 - GASB Statement 67 - Financial Reporting for Pensions Plans
- ◉ GASB Statement 68 - Accounting & Financial Reporting for Pensions
- ◉ OMB Requirements