

Andon B. Furd

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

DEPT: Treasurer-Tax Collector

BOARD AGENDA # *B-3

Urgent

Routine

omit

AGENDA DATE August 27, 2013

CEO Concur with Recommendation YES NO

(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2013

STAFF RECOMMENDATIONS:

1. Accept the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2013.
2. Authorize the Chairman of the Board of Supervisors to sign on behalf of the Board that the reports have been reviewed and accepted.

FISCAL IMPACT:

Preparation of these annual reports is a minimal cost to the County. Costs associated with managing the Tobacco Endowment Fund Series 2002 were \$4,988.88 for Fiscal Year 2012/2013. While the fund generated \$2,215,513.76 in interest earnings for the fiscal year ending June 30, 2013, the General Fund's portion of these earnings, which is 80% net of expenses or \$1,767,422.13, will be used towards paying off the accumulated deficit in the Health Services Agency Enterprise Fund in the current Fiscal Year 2013/2014.

Continued on Page 2

BOARD ACTION AS FOLLOWS:

No. 2013-430

On motion of Supervisor Withdraw, Seconded by Supervisor De Martini

and approved by the following vote,

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

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

Christine Ferraro

ATTEST:

CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT CONTINUED:

Costs associated with managing the Tobacco Endowment Series 2006 Fund were \$4,364.88 for Fiscal Year 2012/2013. This fund generated \$956,752.54 in interest earnings for the fiscal year ending June 30, 2013, of which \$761,037.15 (80% net of expenses) has been transferred to the General Fund as discretionary revenue in the current Fiscal Year 2013/2014.

DISCUSSION:

In November 1998, the Attorney Generals of 46 states (including California), the District of Columbia, the Commonwealth of Puerto Rico, Guam, The United States Virgin Islands, American Samoa and the Territory of the Northern Marianas (collectively, the "Settling States") and the four largest United States tobacco manufacturers (OPM's) entered into a master settlement agreement in resolution of cigarette-smoking related litigation. The master settlement agreement released the OPM's 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 cities and counties therein ("participating jurisdictions") entered into a memorandum of understanding (MOU). Pursuant to the MOU, participating jurisdictions were entitled to receive a portion of the payments made to the State of California in accordance with the master settlement agreement. Some jurisdictions, in an effort to manage/mitigate the risks associated with the receipt of the Tobacco Settlement Revenues (TSRs) opted to securitize this revenue stream.

On June 6, 2000, the Board of Supervisors authorized the Chief Executive Officer and the Debt Advisory Committee to proceed with the securitization of the County's share of the TSRs by issuing Tobacco Settlement Asset-Backed Bonds. In March 2002, the County sold their interest in the TSRs, received \$52,403,206 and subsequently placed the funds in an endowment.

In January 2002, the County Board of Supervisors delegated responsibility for the investment of the TSRs to the County Treasurer/Tax Collector in accordance with Stanislaus County's Investment Policy for the Investment of the Proceeds from the Securitization of the Tobacco Industry's Master Settlement Agreement. This policy includes language that mandates preparation of an annual report by the Office of the Treasurer/Tax Collector no later than August 15th following the close of each fiscal year on June 30. The report is to be forwarded to the Board of Supervisors for final review and acceptance.

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2013
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Interest earnings in the Tobacco Endowment Fund Series 2002 for Fiscal Year 2012/2013 were \$2,215,513.76. In accordance with the investment policy, interest and net gains received have been distributed as follows: 80% net of expenses or \$1,767,422.13 was distributed to the General Fund as discretionary revenue and the remaining 20% was re-invested in the endowment in the current fiscal year. On September 14, 2004, in the 2003/2004 Final Budget, the Board of Supervisors decided that the annual distribution that is received by the General Fund would be dedicated towards paying down the Health Services Agency accumulated deficit. The balance in the 2002 fund at June 30, 2013 was \$58,280,884.03.

Since the offering of the 2002 Tobacco Bonds, interest rates fell and investor demand for tobacco settlement asset-backed bonds greatly improved giving the County the opportunity to either refund or restructure the 2002 bonds or issue additional bonds. In January 2006, the Board of Supervisors authorized the Chief Executive Officer and the Debt Advisory Committee to proceed with determining the optimal bond structure for the County.

On March 29, 2006, Stanislaus County issued \$42,153,611.25 in bonds to further securitize the Tobacco Settlement Revenues. Of that amount, \$40,971,290.96 was placed in an endowment - the County of Stanislaus Tobacco Endowment Series 2006 Fund.

During the Fiscal Year 2009/2010, \$7,475,978.00 was withdrawn from this fund to provide a loan to the Animal Services Facility Capital Project as approved by the Stanislaus County Board of Supervisor's agenda item 2009-522 dated August 4, 2009. During the Fiscal Year 2011/2012, \$1,041,911.64 was withdrawn from this fund to provide a loan to the Coroner's Facility Capital Project and for the final debt payment on the Medical Arts Building which will be re-used for the Coroner's facility as approved by the Stanislaus County Board of Supervisor's Agenda item 2011-746 dated December 13, 2011. During the fiscal year 2012/2013, an additional \$455,470.00 was withdrawn from the fund for the same Coroner's Facility Capital Project as approved by the Stanislaus County Board of Supervisor's Agenda item 2011-746 dated December 13, 2011.

The balance in the 2006 fund at June 30, 2013 was \$34,411,142.93. While these funds are invested separately, they fall under Stanislaus County's Investment Policy for the Investment of the Proceeds from the Securitization of the Tobacco Industry's Master Settlement Agreement, and are invested within the parameters of that policy.

Interest earnings in the Tobacco Endowment Fund Series 2006 for Fiscal Year 2012/2013 were \$956,752.54. In accordance with the investment policy, interest and net gains received have been distributed as follows: 80% net of expenses or \$761,037.15

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2013

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was distributed to the General Fund as discretionary revenue and the remaining 20% was re-invested in the endowment in the current fiscal year.

The 2002 Tobacco Portfolio includes investments in long term municipal bonds. During the Fiscal Year 2012/2013, there were ten calls on eight municipal bonds with a par value of \$9,275,000.00. Two of these bonds had two calls each; one partial call and one final call. Four long term municipal bonds were purchased with a par value of \$9,885,000.00. Two State of California Revenue Anticipation Notes with a par value of \$5,600,000.00 were purchased and matured. One long term municipal bond with a par value of \$1,170,000.00 matured. As of June 30, 2013, the Series 2002 Tobacco Portfolio balance was \$58,280,884.03 and had a market to book value of 101.6%.

The 2006 Tobacco Portfolio has included investments in long term municipal bonds since Fiscal Year 2010/2011. During the Fiscal Year 2012/2013, there were no additional bond purchases or calls. As of June 30, 2013, the Series 2006 Tobacco Portfolio balance was \$34,411,142.93 and had a market to book value of 104.1%.

POLICY ISSUES:

Stanislaus County's Investment Policy for the Investment of the Proceeds from the Securitization of the Tobacco Industry's Master Settlement Agreement mandates that the Office of the Treasurer/Tax Collector prepare an annual report for the Board of Supervisors.

Approval of this agenda item will support the Board's priority of Efficient Delivery of Public Services.

STAFFING IMPACT:

There is no staffing impact associated with this agenda item.

CONTACT PERSON:

Gordon B. Ford, Treasurer-Tax Collector

Telephone: 209-525-4463

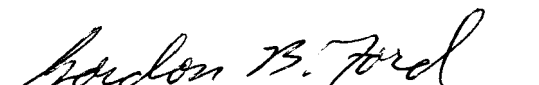


County of Stanislaus Tobacco Endowment Series 2002 Fund
Annual Report
June 2013

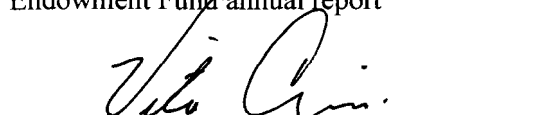
The Stanislaus County Tobacco Endowment Series 2002 Fund generated \$2,215,513.76 in interest income for the fiscal year ending June 30, 2013. The cash receipts yielded an average interest rate of 3.2%. Eight municipal bonds were called prior to maturity resulting in a net gain of \$55,952.82 in unamortized discount which was recorded as an increase to interest income and is included in the above amount. Costs associated with managing the fund were \$4,988.88 giving a net distribution to the County of \$1,767,422.13 which was distributed to the County on July 24, 2013.

The portfolio has been reviewed by both the Treasurer and the Chief Deputy Treasurer for compliance with the investment policy. All investments are non-AMT investments and no taxable interest was generated. The Union Bank custodial statement has been reviewed by both the Treasurer and Chief Deputy Treasurer for accuracy and completeness. The custodial statement is the source of market valuation for securities held by our custodial agent. All other securities are valued at cost.


Dolores Sarenana, Chief Deputy Treasurer


Gordon B. Ford, Treasurer

The County of Stanislaus Board of Supervisors has reviewed and accepted the Stanislaus County Tobacco Endowment Fund annual report


Chairman, Board of Supervisors

STANISLAUS COUNTY 2002 TOBACCO SERIES
MUNICIPAL BOND ACTIVITY
UNION BANK OF CALIFORNIA, ACCOUNT# XXXXXX0241
FISCAL YEAR ENDING JUNE 2013

INV #	CUSIP	AGENCY	PAR	COST	PAR PAID	COUPON	YIELD	MATURITY	
					@CALL				
HOLDINGS ON JUNE 30, 2012			39,160,000.00	39,816,286.00					
PURCHASES:									
08/23/12	49	13063BB50	CALIFORNIA STATE	5,000,000.00	5,083,000.00		2.50%	0.33%	5/30/2013
08/23/12	50	13063BB68	CALIFORNIA STATE	600,000.00	610,206.00		2.50%	0.43%	6/20/2013
08/27/12	51	13063BRE4	CALIFORNIA STATE	3,000,000.00	3,465,300.00		5.25%	3.32%	2/1/2030
08/27/12	53	13063BRE4	CALIFORNIA STATE	2,000,000.00	2,308,460.00		5.25%	3.33%	2/1/2030
08/28/12	54	801495G30	SANTA CLARA USD	2,895,000.00	2,748,426.15		3.00%	3.38%	7/1/2030
06/25/13	55	13063B3Q3	CALIFORNIA STATE	1,990,000.00	2,357,057.71		5.00%	2.00%	10/1/2019
TOTAL PURCHASES:			15,485,000.00	16,572,449.86					
CALLS:									
08/01/12	33	261005JA1	DOWNEY CALIFORNIA USD	1,080,000.00	1,074,654.00	1,101,600.00	5.00%	5.04%	8/1/2023
08/01/12	35	542433FY8	LONG BEACH CALIFORNIA USD	1,630,000.00	1,608,989.30	1,646,300.00	5.00%	5.10%	8/1/2025
10/01/12	25	212218LC3	CONTRA COSTA WATER DISTRICT	2,000,000.00	1,990,120.00	2,000,000.00	4.25%	4.30%	10/1/2015
12/20/12	10	196904EZ5	COLTON CALIF PUB FIN	1,930,000.00	1,930,000.00	1,930,000.00	4.75%	4.75%	4/1/2024
01/02/13	26	861419HB8	STOCKTON CA	1,000,000.00	1,000,000.00	1,000,000.00	4.25%	4.25%	1/1/2016
05/01/13	11	13062NG92	CALIFORNIA STATE	100,000.00	106,399.00	100,000.00	5.00%	4.50%	2/1/2022
05/01/13	39	13062T3R3	CALIFORNIA STATE	340,000.00	340,000.00	340,000.00	5.00%	5.00%	4/1/2027
05/23/13	11	13062NG92	CALIFORNIA STATE	100,000.00	106,399.00	100,000.00	5.00%	4.50%	2/1/2022
05/23/13	39	13062T3R3	CALIFORNIA STATE	95,000.00	95,000.00	95,000.00	5.00%	5.00%	4/1/2027
05/28/13	24	798153FC1	SAN JOSE CA	1,000,000.00	981,790.00	1,000,000.00	5.00%	5.12%	6/1/1932
TOTAL CALLS:			9,275,000.00	9,233,351.30	9,312,900.00				
MATURITIES:									
09/01/12	14	21969PBW8	CORONA CALIFORNIA PUB FIN	1,170,000.00	1,161,751.50		3.63%	3.71%	9/1/2012
05/30/13	49	13063BB50	CALIFORNIA STATE	5,000,000.00	5,083,000.00		2.50%	0.33%	5/30/2013
06/20/13	50	13063BB68	CALIFORNIA STATE	600,000.00	610,206.00		2.50%	0.43%	6/20/2013
TOTAL MATURITIES:			6,770,000.00	6,854,957.50					
HOLDINGS ON JUNE 30, 2013			38,600,000.00	40,300,427.06					

STANISLAUS COUNTY 2002 TOBACCO SERIES
MONEY MARKET FUND ACTIVITY
INVESCO, INVESTMENT# 15, ACCOUNT# XXXXXX6492
FISCAL YEAR ENDING JUNE 2013

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
BEGINNING	6,484,155.08	6,484,262.18	3,732,810.45	3,732,915.04	3,732,976.54	3,733,040.09
INTEREST	107.10	110.67	104.59	61.50	63.55	247.92
ADDITIONS						
WITHDRAWALS		(2,751,562.40)				
ENDING VALUE	6,484,262.18	3,732,810.45	3,732,915.04	3,732,976.54	3,733,040.09	3,733,288.01

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	YTD
BEGINNING	3,733,288.01	3,733,573.83	3,733,859.65	3,734,117.81	3,734,403.63	3,734,680.23	6,484,155.08
INTEREST	285.82	285.82	258.16	285.82	276.60	128.08	2,215.63
ADDITIONS							0.00
WITHDRAWALS							(2,751,562.40)
TOTAL	3,733,573.83	3,733,859.65	3,734,117.81	3,734,403.63	3,734,680.23	3,734,808.31	3,734,808.31

STANISLAUS COUNTY 2002 TOBACCO SERIES
MUTUAL FUND ACTIVITY
USAA, INVESTMENT# 19, ACCOUNT# XXXXXXX7035
FISCAL YEAR ENDING JUNE 2013

	TRANSACT. SHARES	CUMULATIVE SHARES	PRICE	PURCHASE	WITHDRAWAL	INTEREST EARNINGS	TOTAL AS SUM OF DOLLARS	TOTAL SHARES AT ENDING PRICE
06/29/12	1,963.92	1,500,497.228	10.83				16,111,774.11	16,250,384.98
07/02/12	1,962.14	1,502,459.370	10.83	21,250.00			16,133,024.11	16,271,634.98
07/31/12	2,370.70	1,504,830.074	10.85			25,722.14	16,158,746.25	16,327,406.30
08/02/12	278,573.73	1,783,403.807	10.85	3,022,525.00			19,181,271.25	19,349,931.31
08/15/12	(503,602.84)	1,279,800.970	10.84		(5,459,054.75)		13,722,216.50	13,873,042.51
08/22/12	(525,205.35)	754,595.619	10.84		(5,693,226.00)		8,028,990.49	8,179,816.51
08/24/12	(534,388.22)	220,207.397	10.84		(5,792,768.33)		2,236,222.16	2,387,048.18
08/31/12	2,036.63	222,244.030	10.85			22,097.47	2,258,319.63	2,411,347.73
09/04/12	137,265.55	359,509.583	10.85	1,489,331.25			3,747,650.88	3,900,678.98
09/17/12	4,616.81	364,126.388	10.83	50,000.00			3,797,650.88	3,943,488.78
09/21/12	(41,980.65)	322,145.743	10.85		(455,490.00)		3,342,160.88	3,495,281.31
09/28/12	490.20	322,635.943	10.85			5,318.67	3,347,479.55	3,500,599.98
10/01/12	203,206.09	525,842.037	10.85	2,204,786.12			5,552,265.67	5,705,386.10
10/31/12	902.76	526,744.794	10.85			9,794.91	5,562,060.59	5,715,181.01
11/01/12	2,304.15	529,048.941	10.85	25,000.00			5,587,060.59	5,740,181.01
11/30/12	1,018.85	530,067.787	10.86			11,064.67	5,598,125.25	5,756,536.17
12/03/12	2,302.03	532,369.813	10.86	25,000.00			5,623,125.26	5,781,536.17
12/21/12	180,066.33	712,436.140	10.83	1,950,118.32			7,573,243.58	7,715,683.40
12/31/12	965.61	713,401.746	10.83			10,457.51	7,583,701.09	7,726,140.91
01/02/13	97,327.79	810,729.539	10.83	1,054,060.00			8,637,761.09	8,780,200.91
01/31/13	1,241.93	811,971.471	10.82			13,437.70	8,651,198.79	8,785,531.32
02/01/13	31,250.00	843,221.471	10.82	338,125.00			8,989,323.79	9,123,656.32
02/28/13	1,405.28	844,626.754	10.84			15,233.27	9,004,557.06	9,155,754.01
03/04/13	27,502.31	872,129.060	10.84	298,125.00			9,302,682.06	9,453,879.01
03/15/13	4,616.81	876,745.865	10.83	50,000.00			9,352,682.06	9,495,157.72
03/28/13	1,379.83	878,125.694	10.84			14,957.35	9,367,639.40	9,518,882.52
04/02/13	11,358.40	889,484.089	10.84	123,125.00			9,490,764.40	9,642,007.52
04/11/13	41,980.65	931,464.734	10.85	455,490.00			9,946,254.40	10,106,392.36
04/11/13	15.54	931,480.277	10.85			168.64	9,946,423.05	10,106,561.01
04/11/13	73.01	931,553.283	10.85			792.12	9,947,215.16	10,107,353.12
04/11/13	81.03	931,634.311	10.86			879.96	9,948,095.12	10,117,548.62
04/11/13	69.43	931,703.738	10.83			751.89	9,948,847.02	10,090,351.48
04/11/13	64.94	931,768.680	10.82			702.67	9,949,549.69	10,081,737.12
04/11/13	70.75	931,839.432	10.84			766.95	9,950,316.64	10,101,139.44
04/11/13	67.12	931,906.556	10.84			727.62	9,951,044.27	10,101,867.07
04/30/13	1,494.75	933,401.301	10.84			16,203.04	9,967,247.30	10,118,070.10
05/02/13	43,142.69	976,543.993	10.84	467,666.78			10,434,914.08	10,585,736.88
05/23/13	17,760.07	994,304.059	10.82	192,163.91			10,627,078.00	10,758,369.92
05/24/13	469.30	994,773.355	10.82	5,077.78			10,632,155.78	10,763,447.70
05/28/13	94,693.44	1,089,466.793	10.82	1,024,583.00			11,656,738.78	11,788,030.70
05/31/13	471,405.22	1,560,872.011	10.81	5,095,890.41			16,752,629.19	16,873,026.44
05/31/13	1,689.87	1,562,561.884	10.81			18,267.53	16,770,896.71	16,891,293.97
06/21/13	57,017.68	1,619,579.562	10.74	612,369.86			17,383,266.58	17,394,284.50
06/24/13	(219,876.65)	1,399,702.910	10.72		(2,357,077.71)		15,026,188.87	15,004,815.20
06/28/13	2,207.06	1,401,909.965	10.74			23,703.77	15,049,892.63	15,056,513.02
Totals				18,504,687.43	(19,757,616.79)	191,047.88		



**2002 Tobacco Series 2012/13
Portfolio Management
Portfolio Summary
June 30, 2013**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM. 360 Equiv.	YTM 365 Equiv.
Money Market Funds	3,734,808.31	3,734,808.31	3,734,808.31	6.36	1	1	0.020	0.020
Mutual Fund	15,049,892.63	15,056,513.02	15,049,892.63	25.63	1	1	0.690	0.700
Municipal Bonds	38,600,000.00	39,489,562.70	39,935,755.88	68.01	7,429	5,116	4.172	4.230
Investments	57,384,700.94	58,280,884.03	58,720,456.82	100.00%	5,053	3,480	3.016	3.058

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	160,456.83	2,034,846.77	2,034,846.77
Average Daily Balance	58,596,876.51	58,146,239.25	
Effective Rate of Return	3.33%	3.50%	

Market Values have been reconciled to Union Bank of California Custody Statement and differ only by the amount of Accrued Interest at Purchase which has not been received. This figure can be found on the Investment Status Report.

Gordon B. Ford, Treasurer/Tax Collector

**2002 Tobacco Series 2012/13
Portfolio Management
Portfolio Details - Investments
June 30, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Money Market Funds												
SYS15	15	Invesco Tax Free Inst Fund			3,734,808.31	3,734,808.31	3,734,808.31	0.020	0.020	0.020	1	
Subtotal and Average			3,734,808.31		3,734,808.31	3,734,808.31	3,734,808.31		0.020	0.020	1	
Mutual Fund												
SYS19	19	USAA Tax-Exempt Short-Term Fun		07/01/2002	15,049,892.63	15,056,513.02	15,049,892.63	0.700	0.690	0.700	1	
Subtotal and Average			16,427,405.57		15,049,892.63	15,056,513.02	15,049,892.63		0.690	0.700	1	
Municipal Bonds												
13062NL96	4	California State		08/30/2002	2,000,000.00	2,342,420.00	2,098,914.30	6.000	4.162	4.220	1,370	04/01/2017
13063B3Q3	55	California State		06/25/2013	1,990,000.00	2,337,473.90	2,356,127.07	5.000	1.973	2.000	2,283	10/01/2019
13063BWM0	46	State of California		04/24/2012	2,000,000.00	1,991,580.00	1,975,317.56	2.500	2.644	2.680	2,831	04/01/2021
13063BWZ1	47	State of California		04/24/2012	1,090,000.00	1,271,125.30	1,265,639.32	5.000	2.831	2.870	3,196	04/01/2022
343261EQ2	9	Florin Calif Resource Consv Di		09/09/2002	2,000,000.00	2,022,500.00	2,000,000.00	4.750	4.685	4.750	3,349	09/01/2022
156809CV5	21	Cerritos Pub Fing Auth Rev Tax		10/21/2002	1,000,000.00	1,046,820.00	1,000,000.00	5.000	4.931	5.000	3,410	11/01/2022
796720AX8	30	San Bernardino Comm Coll		02/06/2004	2,125,000.00	2,132,777.50	2,183,059.30	5.000	4.524	4.587	3,683	08/01/2023
612553BW6	3	Monterey Park CA Redev Agy Tax		08/22/2002	2,000,000.00	2,001,760.00	1,966,372.25	4.750	4.902	4.970	4,810	09/01/2026
18933QAX4	28	Clovis Public Financing Auth		02/06/2004	2,000,000.00	2,001,680.00	2,045,847.34	5.000	4.671	4.736	5,357	03/01/2028
13063BLW0	44	State of California		09/28/2011	2,500,000.00	2,555,275.00	2,483,892.42	4.250	4.251	4.311	5,541	09/01/2028
797300XY1	34	San Diego Redev		06/14/2004	2,000,000.00	1,835,240.00	1,982,587.13	5.000	5.030	5.100	5,541	09/01/2028
13063BRE4	51	State of California		08/27/2012	3,000,000.00	3,267,660.00	3,442,782.93	5.250	3.950	4.005	6,059	02/01/2030
13063BRE4	53	State of California		08/27/2012	2,000,000.00	2,178,440.00	2,293,513.90	5.250	3.956	4.011	6,059	02/01/2030
801495G30	54	Santa Clara Calif Uni Sch Dist		08/28/2012	2,895,000.00	2,460,171.00	2,755,340.66	3.000	3.326	3.372	6,209	07/01/2030
79875FDR0	1	San Marcos Calif Pub Faci Auth		08/22/2002	2,000,000.00	2,002,440.00	1,983,729.69	4.875	4.892	4.960	6,605	08/01/2031
171294DZ1	2	Chula Vista Calif CTFS Partn		08/22/2002	2,000,000.00	2,013,680.00	2,000,000.00	5.000	4.931	5.000	6,971	08/01/2032
901073DA1	8	Tustin Calif Uni Sch Dist SPL		09/03/2002	2,000,000.00	2,006,940.00	2,000,000.00	5.000	4.931	5.000	7,002	09/01/2032
769045PU3	29	Riverside Redevelopment		02/06/2004	2,000,000.00	2,002,360.00	2,052,105.04	5.000	4.692	4.757	7,336	08/01/2033
900207CF6	31	Turlock Financing Auth		02/06/2004	2,000,000.00	2,019,220.00	2,050,526.97	5.000	4.700	4.765	7,381	09/15/2033
Subtotal and Average			38,054,466.75		38,600,000.00	39,489,562.70	39,935,755.88		4.172	4.230	5,116	
Municipal Anticipation Notes												
Subtotal and Average			380,195.87									

**2002 Tobacco Series 2012/13
Portfolio Management
Portfolio Details - Investments
June 30, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity
Total and Average			58,596,876.51		57,384,700.94	58,280,884.03	58,720,456.82		3.016	3.058	3,480

**2002 Tobacco Series 2012/13
Portfolio Management
Portfolio Details - Cash
June 30, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity
Average Balance			0.00								0
Total Cash and Investments			58,596,876.51		57,384,700.94	58,280,884.03	58,720,456.82		3.016	3.058	3,480

**2002 Tobacco Series 2012/13
Portfolio Management
Activity By Type
June 1, 2013 through June 30, 2013**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Money Market Funds (Monthly Summary)							
SYS15	15	Invesco Tax Free Inst Fund	0.020		128.08	0.00	
		Subtotal			128.08	0.00	3,734,808.31
Mutual Fund							
SYS19	19	USAA Tax-Exempt Short-Term Fun	0.700		636,073.63	2,357,077.71	
		Subtotal			636,073.63	2,357,077.71	15,049,892.63
Municipal Bonds							
13063B3Q3	55	California State	5.000	06/25/2013	2,339,921.60	0.00	
		Subtotal			2,339,921.60	0.00	39,935,755.88
Municipal Anticipation Notes							
13063BB68	50	State of California	2.500	06/20/2013	0.00	600,000.00	
		Subtotal			0.00	600,000.00	0.00
		Total			2,976,123.31	2,957,077.71	58,720,456.82

**2002 Tobacco Series 2012/13
Portfolio Management
Activity Summary
June 2012 through June 2013**

Month End	Year	Number of Securities	Total Invested	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
June	2012	26	62,155,783.15	3.137	3.181	0.020	0	2	4,922	3,092
July	2012	26	62,198,799.90	3.125	3.169	0.020	0	0	4,918	3,070
August	2012	29	57,083,183.84	3.513	3.562	0.020	5	2	5,996	4,101
September	2012	28	56,985,175.30	3.462	3.510	0.020	0	1	5,931	4,081
October	2012	27	57,184,799.01	3.332	3.379	0.020	0	1	5,746	4,002
November	2012	27	57,203,589.75	3.334	3.380	0.090	0	0	5,744	3,975
December	2012	26	57,242,076.07	3.197	3.242	0.090	0	1	5,473	3,808
January	2013	25	57,289,385.86	3.129	3.172	0.090	0	1	5,385	3,760
February	2013	25	57,606,734.15	3.115	3.158	0.090	0	0	5,353	3,715
March	2013	25	57,952,737.20	3.100	3.143	0.090	0	0	5,320	3,669
April	2013	25	58,535,293.45	3.057	3.099	0.090	0	0	5,266	3,609
May	2013	19	58,693,172.40	2.952	2.993	0.020	0	6	4,967	3,410
June	2013	21	58,720,456.82	3.016	3.058	0.020	1	1	5,053	3,480
Average		25	58,373,168.22	3.190%	3.234%	0.052	0	1	5,390	3,675

**2002 Tobacco Series 2012/13
Portfolio Management
Distribution of Investments By Type
June 2012 through June 2013**

Security Type	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	Average by Period
Money Market Funds	10.4	10.4	6.5	6.6	6.5	6.5	6.5	6.5	6.5	6.4	6.4	6.4	6.4	7.1%
Mutual Fund	25.9	26.0	4.0	5.9	9.7	9.8	13.3	15.1	15.6	16.2	17.0	28.6	25.6	16.4%
Municipal Bonds	63.7	63.6	79.5	77.6	73.8	73.8	70.4	68.5	68.1	67.7	67.0	64.0	68.0	69.7%
Municipal Anticipation Notes			10.0	10.0	9.9	9.9	9.9	9.9	9.8	9.7	9.6	1.0		6.9%

**2002 Tobacco Series 2012/13
Portfolio Management
Interest Earnings Summary
June 30, 2013**

	June 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	12,369.86	1,966,297.43
Plus Accrued Interest at End of Period	632,481.52	622,946.23
Less Accrued Interest at Beginning of Period	(481,611.10)	(594,165.97)
Less Accrued Interest at Purchase During Period	(17,136.11)	(39,230.69)
Interest Earned during Period	146,104.17	1,955,847.00
Adjusted by Premiums and Discounts	-8,897.29	-175,868.78
Adjusted by Capital Gains or Losses	0.00	62,190.85
Earnings during Periods	137,206.88	1,842,169.07
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	23,831.85	193,263.51
Plus Accrued Interest at End of Period	-6,578.96	-6,578.96
Less Accrued Interest at Beginning of Period	(-5,997.06)	(-5,993.16)
Interest Earned during Period	23,249.95	192,677.71
Total Interest Earned during Period	169,354.12	2,148,524.71
Total Adjustments from Premiums and Discounts	-8,897.29	-175,868.78
Total Capital Gains or Losses	0.00	62,190.85
Total Earnings during Period	160,456.83	2,034,846.78



Gordon B. Ford
Treasurer/Tax Collector

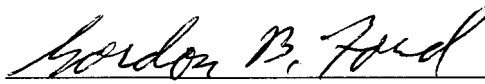
PO Box 3052, Modesto, CA 95353-3052
Phone: 209.525.6524 Fax: 209.525.4333

County of Stanislaus Tobacco Endowment Series 2006 Fund
Annual Report
June 2013

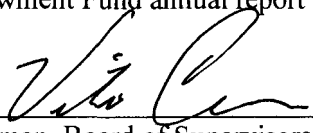
The Stanislaus County Tobacco Endowment Series 2006 Fund generated \$956,752.54 in interest income for the fiscal year ending June 30, 2013. The cash receipts yielded an average interest rate of 2.5%. No sales were made prior to maturity and no gains due to sale were recorded. Costs associated with managing the fund were \$4,364.88, giving a net distribution to the County of \$761,037.15 which was distributed to the County on July 24, 2013.

The portfolio has been reviewed by both the Treasurer and the Chief Deputy Treasurer for compliance with the investment policy. All investments are non-AMT investments and no taxable interest was generated. The Union Bank custodial statement has been reviewed by both the Treasurer and Chief Deputy Treasurer for accuracy and completeness. The custodial statement is the source of market valuation for securities held by our custodial agent. All other securities are valued at cost.


Dolores Sarenana, Chief Deputy Treasurer


Gordon B. Ford, Treasurer

The County of Stanislaus Board of Supervisors has reviewed and accepted the Stanislaus County Tobacco Endowment Fund annual report


Chairman, Board of Supervisors

STANISLAUS COUNTY 2006 TOBACCO SERIES
 MUNICIPAL BOND ACTIVITY
 UNION BANK OF CALIFORNIA, ACCOUNT# XXXXXX0242
 FISCAL YEAR ENDING JUNE 2013

CUSIP AGENCY PAR COST COUPON YIELD MATURITY

HOLDINGS ON JUNE 30, 2012	18,260,000.00	19,086,905.45	
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PURCHASES:

NONE			
TOTAL PURCHASES:	0.00	0.00	

CALLS:

NONE			
TOTAL CALLS:	0.00	0.00	

MATURITIES:

NONE			
TOTAL CALLS:	0.00	0.00	

HOLDINGS ON JUNE 30, 2013	18,260,000.00	19,086,905.45	
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STANISLAUS COUNTY 2006 TOBACCO SERIES
MONEY MARKET FUND ACTIVITY
INVESCO, INVESTMENT# 10000, ACCOUNT# XXXXXX6493
FISCAL YEAR ENDING JUNE 2013

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
BEGINNING	7,431,740.16	4,815,257.49	10,274,410.23	10,274,540.38	10,274,709.88	10,274,885.03
INTEREST	122.70	97.99	130.15	169.50	175.15	682.48
ADDITIONS		5,459,054.75				
WITHDRAWALS	(2,616,605.37)					
ENDING VALUE	4,815,257.49	10,274,410.23	10,274,540.38	10,274,709.88	10,274,885.03	10,275,567.51

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	YTD
BEGINNING	10,275,567.51	10,276,354.29	10,277,141.07	10,277,851.71	10,278,638.80	10,279,400.50	7,431,740.16
INTEREST	786.78	786.78	710.64	787.09	761.70	352.81	5,563.77
ADDITIONS							5,459,054.75
WITHDRAWALS							(2,616,605.37)
TOTAL	10,276,354.29	10,277,141.07	10,277,851.71	10,278,638.80	10,279,400.50	10,279,753.31	10,279,753.31

STANISLAUS COUNTY 2006 TOBACCO SERIES
MUTUAL FUND ACTIVITY
USAA, INVESTMENT# 10001, ACCOUNT# XXXXXXX3596
FISCAL YEAR ENDING JUNE 2013

	TRANSACT. SHARES	CUMULATIVE SHARES	PRICE	PURCHASE	WITHDRAWAL	INTEREST EARNINGS	TOTAL AS SUM OF DOLLARS	TOTAL SHARES AT ENDING PRICE
06/29/12		376,505.688	10.83				4,006,158.65	4,077,556.60
07/31/12	594.11	377,099.793	10.85			6,446.04	4,012,604.69	4,091,532.75
08/31/12	661.81	377,761.600	10.85			7,180.61	4,019,785.29	4,098,713.36
09/05/12	19,558.47	397,320.068	10.85	212,209.38			4,231,994.67	4,310,922.74
09/28/12	559.49	397,879.556	10.85			6,070.44	4,238,065.12	4,316,993.18
10/01/12	12,695.85	410,575.409	10.85	137,750.01			4,375,815.12	4,454,743.19
10/31/12	713.03	411,288.435	10.85			7,736.33	4,383,551.45	4,462,479.52
11/30/12	792.17	412,080.602	10.86			8,602.93	4,392,154.39	4,475,195.34
12/18/12	7,818.85	419,899.456	10.82	84,600.00			4,476,754.39	4,543,312.11
12/31/12	684.77	420,584.221	10.83			7,416.00	4,484,170.39	4,554,927.11
01/31/13	646.94	421,231.162	10.82			6,999.90	4,491,170.29	4,557,721.17
02/28/13	704.82	421,935.977	10.84			7,640.19	4,498,810.49	4,573,785.99
03/04/13	19,576.51	441,512.488	10.84	212,209.38			4,711,019.87	4,785,995.37
03/28/13	695.70	442,208.189	10.84			7,541.40	4,718,561.27	4,793,536.77
04/02/13	12,707.57	454,915.754	10.84	137,750.00			4,856,311.27	4,931,286.77
04/11/13	(41,980.65)	412,935.109	10.85		(455,490.00)		4,400,821.27	4,480,345.93
04/11/13	(15.54)	412,919.566	10.85			(168.64)	4,400,652.63	4,480,177.29
04/11/13	(73.01)	412,846.560	10.85			(792.12)	4,399,860.52	4,479,385.18
04/11/13	(81.03)	412,765.532	10.86			(879.96)	4,398,980.55	4,482,633.68
04/11/13	(69.43)	412,696.105	10.83			(751.89)	4,398,228.66	4,469,498.82
04/11/13	(64.94)	412,631.163	10.82			(702.67)	4,397,525.99	4,464,669.18
04/11/13	(70.75)	412,560.411	10.84			(766.95)	4,396,759.03	4,472,154.86
04/11/13	(67.12)	412,493.287	10.84			(727.62)	4,396,031.41	4,471,427.23
04/30/13	660.81	413,154.098	10.84			7,163.19	4,403,194.60	4,478,590.42
05/31/13	702.75	413,856.844	10.81			7,596.68	4,410,791.29	4,473,792.48
06/18/13	7,847.87	421,704.710	10.78	84,600.00			4,495,391.28	4,545,976.77
06/28/13	602.06	422,306.771	10.74			6,466.14	4,501,857.42	4,535,574.72
Totals				869,118.76	(455,490.00)	82,070.01		



**2006 Tobacco Series 2012/13
Portfolio Management
Portfolio Summary
June 30, 2013**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Money Market Fund	10,279,753.31	10,279,753.31	10,279,753.31	30.45	1	1	0.020	0.020
Mutual Fund	4,501,857.42	4,535,574.72	4,501,857.42	13.33	1	1	0.690	0.700
Municipal Bonds	18,260,000.00	19,595,814.90	18,982,798.13	56.22	5,640	4,946	4.156	4.214
Investments	33,041,610.73	34,411,142.93	33,764,408.86	100.00%	3,171	2,781	2.435	2.468

Total Earnings	June 30	Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year		72,374.56	877,962.45	877,962.45
Average Daily Balance		33,713,819.79	33,062,756.12	
Effective Rate of Return		2.61%	2.66%	

Gordon B. Ford, Treasurer/Tax Collector

**2006 Tobacco Series 2012/13
Portfolio Management
Portfolio Details - Investments
June 30, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Money Market Fund												
SYS10000	10000	Invesco Tax- Free Inst Fund			10,279,753.31	10,279,753.31	10,279,753.31	0.020	0.020	0.020	1	
SYS10004	10004	Tax Exempt Money Market Fund			0.00	0.00	0.00	0.010	0.010	0.010	1	
Subtotal and Average			10,279,753.31		10,279,753.31	10,279,753.31	10,279,753.31	0.020	0.020	0.020	1	
Mutual Fund												
SYS10001	10001	Tax Exempt Bond Fund		03/29/2006	4,501,857.42	4,535,574.72	4,501,857.42	0.700	0.690	0.700	1	
Subtotal and Average			4,448,097.90		4,501,857.42	4,535,574.72	4,501,857.42	0.690	0.700	0.700	1	
Municipal Bonds												
544351HH5	10015	Los Angeles Calif		04/03/2012	2,110,000.00	2,363,833.00	2,384,749.05	4.000	1.804	1.829	2,253	09/01/2019
797646RB4	10016	San Francisco Calif City & Cty		04/03/2012	2,000,000.00	2,027,860.00	2,116,672.99	4.000	3.381	3.428	4,732	06/15/2026
797646RB4	10017	San Francisco Calif City & Cty		04/03/2012	2,230,000.00	2,261,063.90	2,360,090.38	4.000	3.381	3.428	4,732	06/15/2026
13063BNC2	10014	California State		09/28/2011	1,500,000.00	1,682,625.00	1,618,500.00	5.250	4.364	4.424	4,810	09/01/2026
13062TPM0	10009	California State		01/20/2011	1,305,000.00	1,408,486.50	1,250,652.13	5.000	5.375	5.450	5,175	09/01/2027
13063BLV2	10013	California State		09/28/2011	2,500,000.00	2,766,975.00	2,680,341.44	5.250	4.468	4.530	5,175	09/01/2027
13063BAS1	10007	California State		10/27/2010	2,000,000.00	2,147,100.00	2,115,231.44	5.250	4.645	4.710	5,936	10/01/2029
13063BAR3	10008	California State		01/19/2011	3,410,000.00	3,613,986.20	3,173,059.71	5.000	5.622	5.700	5,936	10/01/2029
13063BEP3	10006	California State		10/07/2010	1,205,000.00	1,323,885.30	1,283,500.99	5.375	4.699	4.764	6,087	03/01/2030
Subtotal and Average			18,985,968.58		18,260,000.00	19,595,814.90	18,982,798.13	4.156	4.214	4.946		
Total and Average			33,713,819.79		33,041,610.73	34,411,142.93	33,764,408.86	2.435	2.468	2.781		

**2006 Tobacco Series 2012/13
Portfolio Management
Activity By Type
June 1, 2013 through June 30, 2013**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Money Market Fund (Monthly Summary)							
SYS10000	10000	Invesco Tax- Free Inst Fund	0.020		352.81	0.00	
		Subtotal			352.81	0.00	10,279,753.31
Mutual Fund							
SYS10001	10001	Tax Exempt Bond Fund	0.700		91,066.13	0.00	
		Subtotal			91,066.13	0.00	4,501,857.42
Municipal Bonds							
		Subtotal					18,982,798.13
		Total			91,418.94	0.00	33,764,408.86

**2006 Tobacco Series 2012/13
Portfolio Management
Activity Summary
June 2012 through June 2013**

Month End	Year	Number of Securities	Total Invested	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
June	2012	12	30,506,913.91	2.736	2.774	0.020	0	0	3,521	3,315
July	2012	12	27,890,317.71	2.985	3.027	0.020	0	0	3,850	3,604
August	2012	12	33,350,091.50	2.490	2.524	0.020	0	0	3,219	2,996
September	2012	12	33,554,439.69	2.480	2.514	0.020	0	0	3,198	2,959
October	2012	12	33,693,535.98	2.467	2.501	0.020	0	0	3,184	2,929
November	2012	12	33,695,754.50	2.485	2.519	0.090	0	0	3,183	2,911
December	2012	12	33,781,893.43	2.475	2.510	0.090	0	0	3,174	2,886
January	2013	12	33,783,120.52	2.468	2.503	0.090	0	0	3,173	2,867
February	2013	12	33,784,987.94	2.468	2.502	0.090	0	0	3,172	2,851
March	2013	12	33,998,889.79	2.457	2.491	0.090	0	0	3,152	2,815
April	2013	12	33,677,750.66	2.457	2.491	0.090	0	0	3,181	2,824
May	2013	12	33,679,549.48	2.434	2.468	0.020	0	0	3,180	2,806
June	2013	12	33,764,408.86	2.435	2.468	0.020	0	0	3,171	2,781
Average		12	33,012,434.92	2.526%	2.561%	0.052	0	0	3,258	2,965

**2006 Tobacco Series 2012/13
Portfolio Management
Distribution of Investments By Type
June 2012 through June 2013**

Security Type	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	Average by Period
Money Market Fund	24.4	17.3	30.8	30.6	30.5	30.5	30.4	30.4	30.4	30.2	30.5	30.5	30.5	29.0%
Mutual Fund	13.1	14.4	12.1	12.6	13.0	13.0	13.3	13.3	13.3	13.9	13.1	13.1	13.3	13.2%
Municipal Bonds	62.5	68.4	57.1	56.8	56.5	56.5	56.3	56.3	56.3	55.9	56.4	56.4	56.2	57.8%

**2006 Tobacco Series 2012/13
Portfolio Management
Interest Earnings Summary
June 30, 2013**

	June 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	84,600.00	869,118.76
Plus Accrued Interest at End of Period	217,867.89	217,867.89
Less Accrued Interest at Beginning of Period	(230,041.33)	(217,867.90)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
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Interest Earned during Period	72,426.56	869,118.75
Adjusted by Premiums and Discounts	-6,559.57	-78,714.75
Adjusted by Capital Gains or Losses	0.00	0.00
	<hr/>	<hr/>
Earnings during Periods	65,866.99	790,404.00
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
	<hr/>	<hr/>
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
	<hr/>	<hr/>
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	6,818.94	87,633.77
Plus Accrued Interest at End of Period	-13,945.31	-13,945.31
Less Accrued Interest at Beginning of Period	(-13,633.94)	(-13,869.99)
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Interest Earned during Period	6,507.57	87,558.45
Total Interest Earned during Period	78,934.13	956,677.20
Total Adjustments from Premiums and Discounts	-6,559.57	-78,714.75
Total Capital Gains or Losses	0.00	0.00
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Total Earnings during Period	72,374.56	877,962.45