

# **Annual Financial Report**

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**County of Stanislaus, California**



**Fiscal Year Ended June 30, 2013**

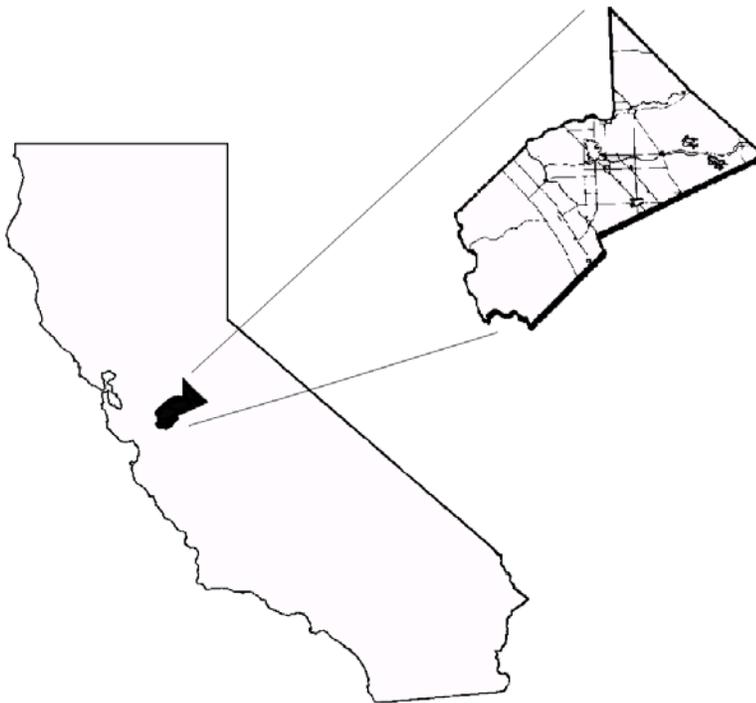


# Annual Financial Report

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**County of Stanislaus, California**  
**Fiscal Year Ended**  
**June 30, 2013**



**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, 2013**

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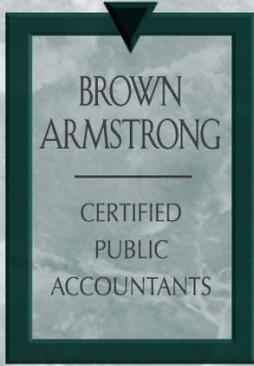
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# Financial Section





# 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, 2013, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 did not audit the financial statements of the Stanislaus County Employee Retirement System for the fiscal year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Stanislaus County Employee Retirement System is based solely on the report of the other auditors.

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

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

## 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison information for the General Fund, Behavioral Health and Recovery, and Community Services Agency Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2013, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and 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 introductory section, combining and individual nonmajor fund financial statements and schedules, 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 schedules 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 schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical sections have 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 them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report January 24, 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 County's internal control over financial reporting and compliance.

Bakersfield, California  
January 24, 2014

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

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, 2013. 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 2012-2013 fiscal year by \$724 million (*net position*). Of this amount, \$410 million is net investment in capital assets and \$326 million is restricted for specific purpose (*restricted net position*), leaving a deficit of \$12 million in unrestricted net position.
- The government's total net position increased by \$33 million.
- As of June 30, 2013, the County governmental funds reported combined fund balances of \$435 million, an increase of \$12 million from the prior year. Approximately 2% of the combined fund balances, or \$9 million is unassigned.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$9.6 million, or 4.3% of total General Fund expenditures and transfers.
- The County's total long-term liabilities decreased by a net \$24 million in fiscal year 2012-2013. The majority of the decrease is related to debt 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 38-94 of this report.

The combining and individual fund statements referred to earlier provide information for non-major governmental funds, enterprise and internal service funds and are presented following the notes to the financial statements. Combining and individual fund statements can be found on pages 97-111 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 \$724 million at the close of the 2012-2013 fiscal year.

By far the largest portion of the County's net position (57%) 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	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 575,008,247	\$ 553,075,148	\$ 53,933,334	\$ 52,167,748	\$ 628,941,581	\$ 605,242,896
Capital assets	441,385,172	452,343,428	26,864,463	23,691,163	468,249,635	476,034,591
Total assets	1,016,393,419	1,005,418,576	80,797,797	75,858,911	1,097,191,216	1,081,277,487
Long-term liabilities outstanding	253,757,924	275,963,226	12,662,609	14,752,997	266,420,533	290,716,223
Other liabilities	84,111,798	74,814,163	23,077,037	25,238,466	107,188,835	100,052,629
Total liabilities	337,869,722	350,777,389	35,739,646	39,991,463	373,609,368	390,768,852
Net position:						
Net investment in capital assets	383,152,489	385,331,672	26,864,465	23,350,343	410,016,954	408,682,015
Restricted	306,281,464	312,275,044	19,457,319	20,711,930	325,738,783	332,986,974
Unrestricted	(10,910,256)	(42,965,529)	(1,263,633)	(8,194,825)	(12,173,889)	(51,160,354)
Total net position	\$ 678,523,697	\$ 654,641,187	\$ 45,058,151	\$ 35,867,448	\$ 723,581,848	\$ 690,508,635

Another significant portion of the County's net position, \$326 million represents resources that are subject to external restrictions on how they may be used. The remaining deficit of \$12 million is the amount by which the County's obligations exceed the unrestricted dollars.

County's net position increased by \$33 million. The increase in net position is comprised of an operating gain of \$29 million plus prior period adjustments of \$4 million.

For business-type activities, the County reported a negative balance of \$1 million in unrestricted net position compared to a negative balance of \$8 million in the prior year. The favorable variance of \$7 million from the prior year's unrestricted net position is due to 1) program revenues exceeding program expenses and 2) prior year adjustment related to Fink Road Landfill.

**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 \$24 million, due to general revenues.

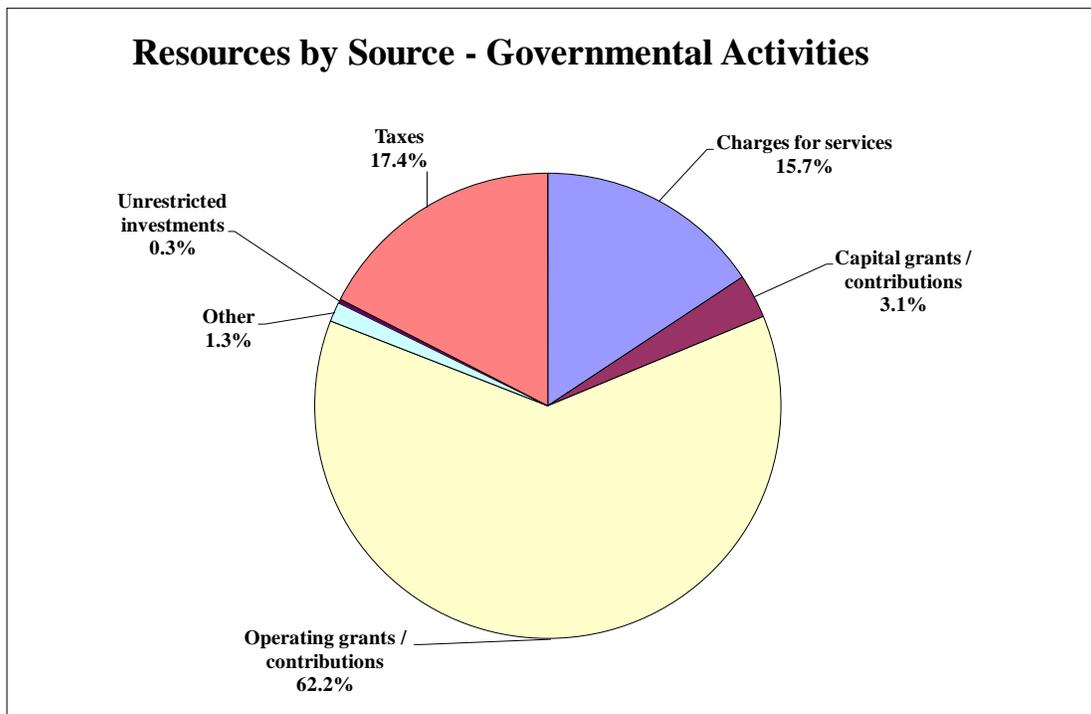
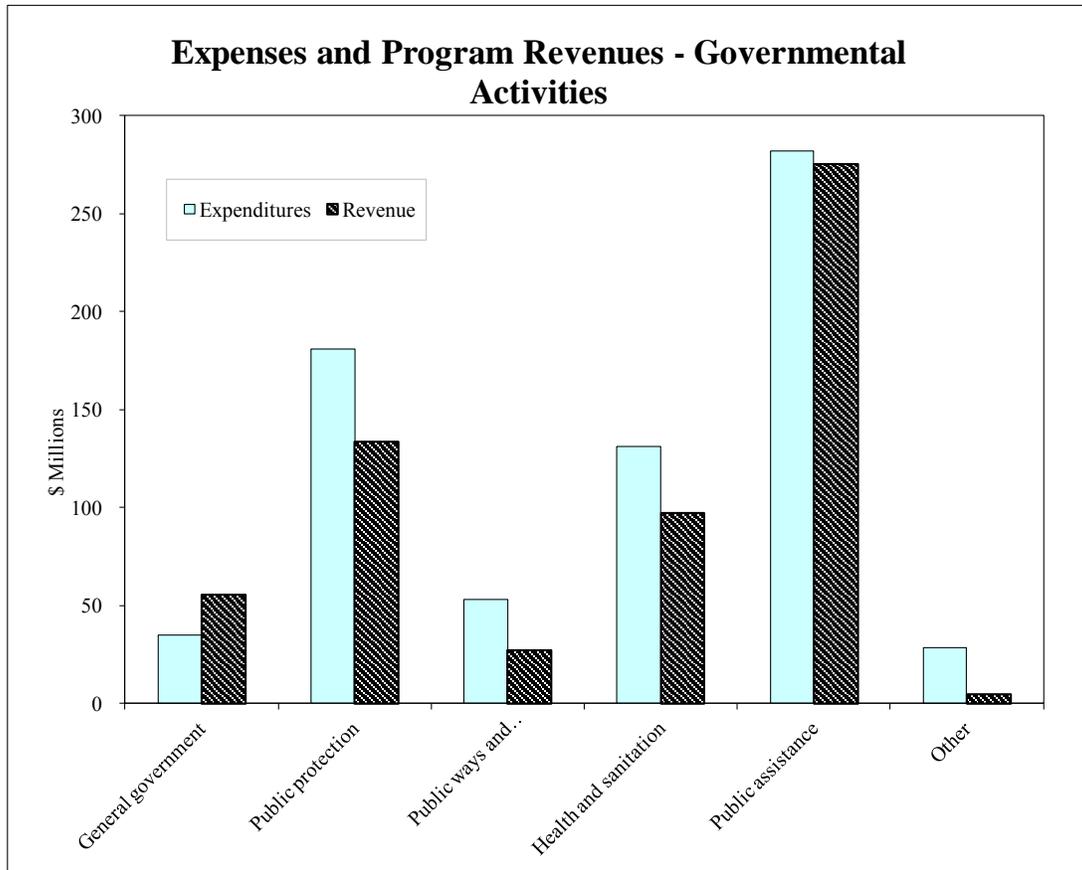
The following table indicates the changes in net position for governmental and business-type activities:

	County of Stanislaus Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 114,988,021	\$ 104,473,487	\$ 42,401,043	\$ 44,638,808	\$ 157,389,064	\$ 149,112,295
Operating grants and contributions	456,187,128	435,136,665	1,307,816	1,519,071	457,494,944	436,655,736
Capital grants and contributions	22,426,787	6,662,251			22,426,787	6,662,251
General revenues:						
Property taxes	94,552,082	86,124,943			94,552,082	86,124,943
Sales taxes	30,024,222	26,796,833	5,863,652	3,490,576	35,887,874	30,287,409
Other taxes	2,298,871	2,284,530			2,298,871	2,284,530
Unrestricted investment earnings	1,975,516	9,608,355	374,703	495,681	2,350,219	10,104,036
Grants/contributions not restricted	1,008,261	1,013,027			1,008,261	1,013,027
Other general revenue	9,950,570	8,077,436			9,950,570	8,077,436
Total revenues	<u>733,411,458</u>	<u>680,177,527</u>	<u>49,947,214</u>	<u>50,144,136</u>	<u>783,358,672</u>	<u>730,321,663</u>
Expenses:						
General government	34,640,462	31,262,204			34,640,462	31,262,204
Public protection	180,757,835	172,544,110			180,757,835	172,544,110
Public ways and facilities	52,929,458	49,480,040			52,929,458	49,480,040
Health and sanitation	131,314,972	114,881,433			131,314,972	114,881,433
Public assistance	282,044,591	265,885,829			282,044,591	265,885,829
Education	9,738,176	8,149,446			9,738,176	8,149,446
Recreation	7,123,274	5,669,167			7,123,274	5,669,167
Interest on long-term debt	11,492,957	11,308,210			11,492,957	11,308,210
Landfills			3,486,212	3,285,042	3,486,212	3,285,042
Health clinics and ancillary			34,752,858	39,470,220	34,752,858	39,470,220
Inmate welfare and commissary			1,404,060	1,239,584	1,404,060	1,239,584
Transit			4,655,628	4,262,606	4,655,628	4,262,606
Total expenses	<u>710,041,725</u>	<u>659,180,439</u>	<u>44,298,758</u>	<u>48,257,452</u>	<u>754,340,483</u>	<u>707,437,891</u>
Net position increase (decrease) before transfers	23,369,733	20,997,088	5,648,456	1,886,684	29,018,189	22,883,772
Transfers	512,777	(2,432,361)	(512,777)	2,432,361		
Change in net position	<u>23,882,510</u>	<u>18,564,727</u>	<u>5,135,679</u>	<u>4,319,045</u>	<u>29,018,189</u>	<u>22,883,772</u>
Extraordinary Item:						
Extraordinary Gain - RDA Debt Write-Off	-	18,141,513				18,141,513
Extraordinary Loss - RDA Fund Balance Trsfr	-	(19,421,089)				(19,421,089)
Net Extraordinary Loss	<u>-</u>	<u>(1,279,576)</u>				<u>(1,279,576)</u>
Change in Net Position, incl Extraordinary Item	23,882,510	17,285,151	5,135,679	4,319,045	29,018,189	21,604,196
Net position, July 1	654,641,187	637,356,036	35,867,448	31,548,403	690,508,635	668,904,439
Prior period adjustment	-	-	4,055,024		4,055,024	-
Net position – July 1, restated	<u>654,641,187</u>	<u>637,356,036</u>	<u>39,922,472</u>	<u>31,548,403</u>	<u>694,563,659</u>	<u>668,904,439</u>
Net position – June 30	<u>\$ 678,523,697</u>	<u>\$ 654,641,187</u>	<u>\$ 45,058,151</u>	<u>\$ 35,867,448</u>	<u>\$ 723,581,848</u>	<u>\$ 690,508,635</u>

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)**

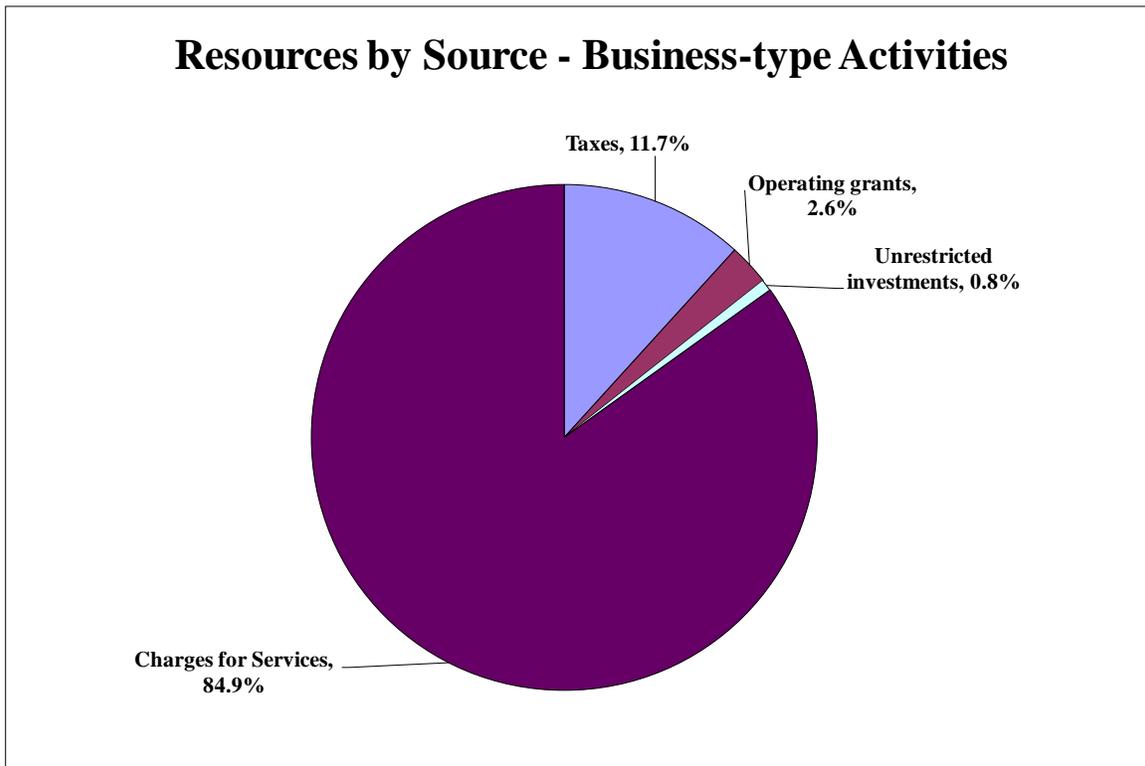
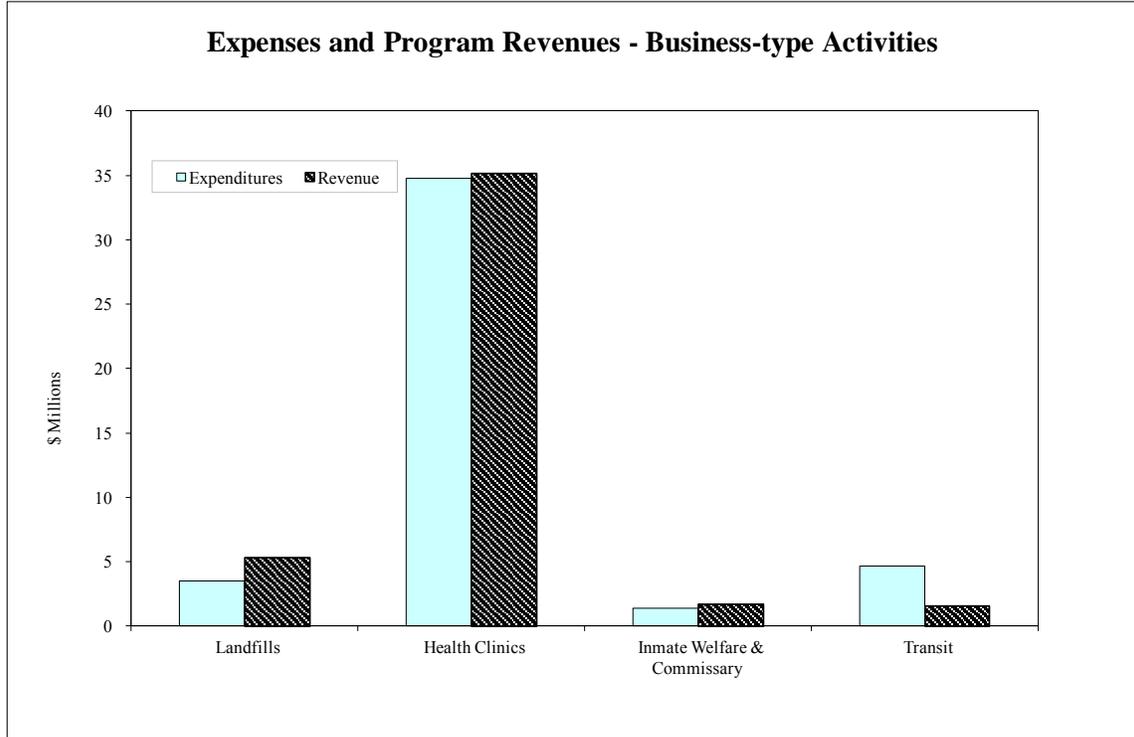
**Governmental activities (Cont.)**



**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, 2013, the County's governmental funds reported combined fund balances of \$435 million compared to \$423 million in the prior year. The increase of \$12 million is partially due to 2012 lease refunding debt proceeds and excess revenues in the programs.

The unassigned fund balance of the Governmental Funds is \$9 million. The remainder of fund balance is assigned as follows:

1) Non-spendable	\$ 20 million
2) Restricted	\$ 262 million
3) Committed	\$ 14 million
4) Assigned	\$ 130 million

The General Fund is the chief operating fund of the County. At June 30, 2013, unassigned fund balance of the General Fund was \$9.6 million while total fund balance was \$133 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 4.3% of total fund expenditures and transfers out and the total fund balance is 59% of total fund expenditures and transfers out.

The unassigned fund balance of the General Fund is \$9.6 million compared to \$16 million at June 30, 2012.

The County assigns (earmarks) fund balance to a particular function, project, activity, or for purposes beyond the current year. Of the \$133 million total General Fund balance, \$93 million or 70% of the fund balance is assigned.

The total fund balance of the County's General Fund is \$133 million compared to \$116 million in the prior year.

The debt service funds have a total fund balance of \$12 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 Proprietary Funds			Total
	Major Funds		Non-major	
	Fink Road Landfill	Health Clinics & Ancillary	Other Enterprise Funds	
Operating revenues	\$5,077,792	\$ 34,507,746	\$2,513,210	\$ 42,098,748
Operating expenses	3,486,210	33,779,237	6,059,688	43,325,135
Operating income (loss)	1,591,582	728,509	(3,546,478)	(1,226,387)
Non-operating revenues (expenses), net	560,447	(43,659)	6,593,123	7,109,911
Net income (loss) before contributions and transfers	2,152,029	684,850	3,046,645	5,883,524
Contributions and transfers	(1,191,633)	(468,687)	1,332,990	(327,330)
Net income	\$ 960,396	\$ 216,163	\$4,379,635	\$ 5,556,194

**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, 2013 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 decreased by \$1.8 million resulting in a difference between the original budget and the final amended budget. The significant decrease in appropriations was due to a transfer of General Fund resources to the Juvenile Justice Center Capital Project fund.

**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, 2013, amounted to \$468 million compared to \$476 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 2012-2013 fiscal year included the following:

- Completed construction of the Stanislaus Juvenile Commitment Project at 2215A Blue Gum Avenue, Modesto which included the construction of 60 new beds. Total project budget approved by the Board of Supervisors is \$20.9 million funded by State funding of \$16.4 million and a County cash match of approximately \$4.5 million, and land with a non-cash value of \$1,775,000.
- Awarded the construction contract for a 192 Honor Farm Jail Bed Replacement Facility at the Public Safety Center. The total project budget is \$11.9 million funded from insurance proceeds from the loss of barracks 1 and 2 at the Honor Farm.
- AB 900 Phase II Jail Construction at the Public Safety Center (PSC) met significant milestones. The State Public Works Board approved the project scope, schedule and costs which includes State funding of \$80 million and a County cash match of \$9.5 million. The Board of Supervisors established the capital project for the PSC Expansion projects, approved the professional services agreements for design, approved the Sheriff's Office Transition Plan and various matters related to the schematic and design development phases of the projects.
- Project Three (Intake, Release and Transportation), the \$24 million County funded companion project to the AB 900 Phase II Jail Construction projects funded completely by Public Facilities Fees, was approved by the Board of Supervisors. It established a capital project fund, approved the professional services agreements for design, and the Sheriff's Office Transition Plan along with other matters related to the schematic and design development phases of the project.
- Initiated the design-build construction of the Coroner's re-use of the Medical Arts Building in downtown Modesto. Total project budget including building buy back approved by the Board of Supervisors is \$6.2 million.
- Completed construction for the relocation of the Strategic Business Technology Data Center server room function at the Stanislaus Regional 911 Center. The total project budget is \$1.9 million which includes backup server, generator, and fire suppression system improvements.
- The Board of Supervisors selected an architect to assist the County in designing a facility renovation project for the Psychiatric Health Facility at 1904 Richland Avenue, Ceres. The approved project budget is \$2.4 million from Behavioral Health and Recovery Services committed fund balance for capital facilities.
- The Board of Supervisors selected a design team for 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.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.)**

- The Board of Supervisors approved the reuse of the basement, first and third Floors at 801 11<sup>th</sup> Street, Modesto for the Interim Day Reporting Center and Community Corrections Annex. The approved project budget is \$300,000 for both facilities, funded in the Community Corrections Partnership (CCP) budget. The Probation Department and Behavioral Health and Recovery Services made available offender services during the fiscal year.

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

	<b>County of Stanislaus Capital Assets</b> (net of depreciation)					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Land and Right of Ways	\$ 42,945,236	\$ 42,602,471	\$ 15,462,882	\$ 15,462,882	\$ 58,408,118	\$ 58,065,353
Infrastructure Structures and improvements	199,635,971	223,682,360	-	-	199,635,971	223,682,360
Equipment	144,666,186	130,695,363	6,276,318	2,570,651	150,942,504	133,266,014
Intangible Assets	38,924,044	39,834,705	4,780,032	5,429,878	43,704,076	45,264,583
Construction in progress - Intangible Assets	2,920,425	3,083,638	-	-	2,920,425	3,083,638
Construction in progress	-	-	-	-	-	-
	12,293,310	12,444,890	345,231	227,752	12,638,541	12,672,642
<b>Total</b>	<u>\$441,385,172</u>	<u>\$ 452,343,427</u>	<u>\$ 26,864,463</u>	<u>\$ 23,691,163</u>	<u>\$ 468,249,635</u>	<u>\$ 476,034,590</u>

**Long-term debt**

At June 30, 2013, the County had total long-term debt outstanding of \$184 million compared to \$204 million as of June 30, 2012, a net decrease of \$20 million. The annual debt service payments of \$22 million plus the \$10 million pay off of the 1998 A COP resulted in a \$32 million decrease to the debt. The long-term debt increased by \$8 million in new COP debt and \$3.8 million interest amortization of the 2006 tobacco bonds.

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

**County of Stanislaus**  
**Outstanding Debt (Principal)**

	<u>Governmental Activities</u>	
	2013	2012
Certificates of Participation	\$ 58,934,253	\$ 67,600,983
Bonds Payable - POB	11,035,000	21,310,000
Tobacco Securitization Note	91,563,611	96,118,611
Accreted Interest Tobacco Note	<u>23,210,698</u>	<u>19,325,022</u>
<b>Total</b>	<u>\$ 184,743,562</u>	<u>\$ 204,354,616</u>

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- The unemployment rate in the County for October 2013 was 11.7% compared to 8.3% for the State of California and 7.0% for the nation.
- Median home prices in Stanislaus County increased from October 2012 to October 2013 by 31%. Statewide median home prices increased 24.4% from September 2012 to September 2013.
- Building permits for single family units issued in Stanislaus County increased by 72% in October 2013 compared to the prior year. Statewide issuance of building permits for single family units increased by 37% for the same period.
- Assigned fund balance of \$15 million is being used to balance the General Fund budget for fiscal year 2013-2014.

**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, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 314,660,116	\$ 19,338,480	\$ 333,998,596
Investments with fiscal agent	101,915,229	51,709	101,966,938
Taxes receivable	22,232,217		22,232,217
Accounts receivable	74,731,282	36,683,229	111,414,511
Interest and other receivables	2,044,597	124,021	2,168,618
Deposit with others	500,000		500,000
Deferred charges	2,305,720		2,305,720
Inventory	844,784	283,243	1,128,027
Prepaid items	259,302	331,265	590,567
Loans to other governments	10,998,052		10,998,052
Internal balances	22,172,377	(22,172,377)	
Restricted cash and investments	3,728,478	19,293,764	23,022,242
Investments - joint ventures	18,616,093		18,616,093
Capital assets: (net of accumulated depreciation)			
Land & Right of Ways	42,945,236	15,462,882	58,408,118
Infrastructure	199,635,971		199,635,971
Structures and improvements	144,666,186	6,276,318	150,942,504
Equipment	38,924,044	4,780,032	43,704,076
Intangible Assets	2,920,425		2,920,425
Construction in progress	12,293,310	345,231	12,638,541
Total capital assets	<u>441,385,172</u>	<u>26,864,463</u>	<u>468,249,635</u>
Total assets	<u>1,016,393,419</u>	<u>80,797,797</u>	<u>1,097,191,216</u>
<b>LIABILITIES</b>			
Accounts payable	37,846,018	2,713,659	40,559,677
Salaries and benefits payable	9,870,797	606,125	10,476,922
Interest payable	826,421		826,421
Unearned revenue	32,759,233	3,573	32,762,806
Deposits from others	18,950	28,617	47,567
Due to other governments	2,790,379		2,790,379
Payables to external parties		19,725,063	19,725,063
Long-term liabilities:			
Portion due or payable within one year:			
Risk management liability - current	11,418,685	279,000	11,697,685
Capital leases - current	189,334		189,334
Compensated absences - current	1,792,562	131,161	1,923,723
Long-term obligations - current	22,320,985		22,320,985
Portion due or payable after one year:			
Risk management liability	19,782,000	369,000	20,151,000
Other post-employment benefits (OPEB)	6,406,506	397,205	6,803,711
Capital leases payable	378,105		378,105
Compensated absences	29,047,170	1,548,674	30,595,844
Long-term obligations	162,422,577		162,422,577
Estimated cost of landfill closure/postclosure		9,937,569	9,937,569
Total liabilities	<u>337,869,722</u>	<u>35,739,646</u>	<u>373,609,368</u>
<b>NET POSITION</b>			
Net investment in capital assets	383,152,489	26,864,465	410,016,954
Restricted for:			
Capital projects	88,960,379		88,960,379
Debt service	12,347,987		12,347,987
Other purposes	204,973,098	19,457,319	224,430,417
Unrestricted (deficit)	(10,910,256)	(1,263,633)	(12,173,889)
Total net position	<u>\$ 678,523,697</u>	<u>\$ 45,058,151</u>	<u>\$ 723,581,848</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, 2013**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
<b>Governmental activities:</b>				
General government	\$ 34,640,462	\$ 17,831,574	\$ 23,941,242	\$ 14,037,880
Public protection	180,757,835	44,846,489	88,638,079	181,521
Public ways and facilities	52,929,458	6,916,936	12,068,859	8,106,928
Health and sanitation	131,314,972	34,539,726	62,796,115	31,578
Public assistance	282,044,591	6,962,414	268,176,846	
Education	9,738,176	439,237	129,254	26,611
Recreation	7,123,274	3,451,645	436,733	42,269
Interest and fiscal charges on long-term debt	11,492,957			
Total governmental activities	<u>710,041,725</u>	<u>114,988,021</u>	<u>456,187,128</u>	<u>22,426,787</u>
<b>Business-type activities:</b>				
Landfills	3,486,212	5,217,737	112,119	
Health Clinics & Ancillary	34,752,858	34,807,751	317,542	
Inmate Welfare and Commissary	1,404,060	1,688,466	4,487	
Transit	4,655,628	687,089	873,668	
Total business-type activities	<u>44,298,758</u>	<u>42,401,043</u>	<u>1,307,816</u>	
Total Stanislaus County	<u>\$ 754,340,483</u>	<u>\$ 157,389,064</u>	<u>\$ 457,494,944</u>	<u>\$ 22,426,787</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
- Donation
- Net transfers

Total general revenues and transfers

Changes in net position

Net position--beginning  
 Prior Period Adjustment  
 Net position--beginning, restated  
 Net position--ending

**County of Stanislaus**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

<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>
21,170,234	\$	\$ 21,170,234	<b>Primary government</b>
(47,091,746)		(47,091,746)	<b>Governmental activities:</b>
(25,836,735)		(25,836,735)	General government
(33,947,553)		(33,947,553)	Public protection
(6,905,331)		(6,905,331)	Public ways and facilities
(9,143,074)		(9,143,074)	Health and sanitation
(3,192,627)		(3,192,627)	Public assistance
(11,492,957)		(11,492,957)	Education
(116,439,789)		(116,439,789)	Recreation
			Interest and fiscal charges on long-term debt
			Total governmental activities
	1,843,644	1,843,644	<b>Business-type activities:</b>
	372,435	372,435	Landfills
	288,893	288,893	Health Clinics & Ancillary
	(3,094,871)	(3,094,871)	Inmate Welfare and Commissary
	(589,899)	(589,899)	Transit
(116,439,789)	\$ (589,899)	\$ (117,029,688)	Total business-type activities
			Total Stanislaus County
			General revenues:
49,469,853		49,469,853	Taxes:
43,137,966		43,137,966	Property taxes
1,944,263		1,944,263	Property taxes in lieu vehicle license fees
15,024,823	5,863,652	20,888,475	Property taxes - unsecured
8,655,294		8,655,294	Sales taxes
1,579,604		1,579,604	Sales taxes - library
4,764,501		4,764,501	Sales taxes - road
2,298,871		2,298,871	In lieu sales tax
1,008,261		1,008,261	Other taxes
1,975,516	374,703	2,350,219	Franchise fees
9,950,570		9,950,570	Unrestricted investment earnings
			Miscellaneous
			Donation
			Net transfers
512,777	(512,777)		Total general revenues and transfers
140,322,299	5,725,578	146,047,877	
23,882,510	5,135,679	29,018,189	Changes in net position
654,641,187	35,867,448	690,508,635	Net position--beginning
	4,055,024	4,055,024	Prior Period Adjustment
654,641,187	39,922,472	694,563,659	Net position--beginning, restated
678,523,697	45,058,151	723,581,848	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, 2013**

	General Fund	Tobacco Settlement	Behavioral Health and Recovery	Community Services Agency	Public Facility Fees	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 72,062,338		\$ 42,080,778		\$ 72,205,715	\$ 91,891,222	\$ 278,240,053
Investments with fiscal agent		92,692,027				9,223,202	101,915,229
Taxes receivable	22,232,217						22,232,217
Accounts receivable	12,005,070		15,867,451	15,768,231		29,592,848	73,233,600
Interest and other receivables	599,026	830,411	129,755	139	223,566	175,914	1,958,811
Inventory						561,433	561,433
Due from other funds	27,509,654					6,154,730	33,664,384
Loans to other governments	4,396,874	6,601,178					10,998,052
Advances to other funds	100,000						100,000
Prepaid items	175,301		1,125			82,875	259,301
Restricted cash and investments	3,728,477						3,728,477
Total assets	<u>142,808,957</u>	<u>100,123,616</u>	<u>58,079,109</u>	<u>15,768,370</u>	<u>72,429,281</u>	<u>137,682,224</u>	<u>526,891,557</u>
<b>Liabilities and fund balance</b>							
<b>Liabilities</b>							
Accounts payable	2,308,130		17,739,352	52,144		14,537,282	34,636,908
Salaries and benefits payable	4,236,184		1,040,892	2,150,979		2,221,940	9,649,995
Sales tax liability				2,627		1,478	4,105
Due to other funds	18			5,157,992		6,333,997	11,492,007
Due to other governments	2,538,680			251,699			2,790,379
Deposits from others	18,950						18,950
Deferred revenue	579,170	830,411	22,110,013	7,874,330		2,216,666	33,610,590
Advances from other funds						100,000	100,000
Total liabilities	<u>9,681,132</u>	<u>830,411</u>	<u>40,890,257</u>	<u>15,489,771</u>	<u></u>	<u>25,411,363</u>	<u>92,302,934</u>
<b>Fund balance</b>							
Non-spendable	19,683,239		6,106	25,150		535,774	20,250,269
Restricted	3,728,477	99,293,205	5,233,350	215,531	72,079,103	81,809,878	262,359,544
Committed	7,460,200		4,022,043			1,936,688	13,418,931
Assigned	92,656,760		7,927,353	37,918	350,178	29,154,930	130,127,139
Unassigned							
General fund	9,599,149						9,599,149
Special revenue funds						(1,092,192)	(1,092,192)
Debt service funds						(74,217)	(74,217)
Total fund balance	<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>
Total liabilities and fund balance	<u>\$ 142,808,957</u>	<u>\$ 100,123,616</u>	<u>\$ 58,079,109</u>	<u>\$ 15,768,370</u>	<u>\$ 72,429,281</u>	<u>\$ 137,682,224</u>	<u>\$ 526,891,557</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 Assets**  
**June 30, 2013**

Total fund balances for governmental funds (page 18) \$ 434,588,623

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

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

Land	\$ 42,945,236	
Intangible Assets - Internally Generated Software	422,555	
Infrastructure	199,635,971	
Structures and improvements	143,963,990	
Equipment	31,108,689	
Construction in progress	<u>12,293,310</u>	
Total capital assets		430,369,751

Investments - Joint ventures 18,616,093

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. 13,866,720

Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are not recognized as revenue in the funds. 851,360

Costs of issuance that benefit future periods are recognized as expenditures in the funds. 2,305,720

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, 2013 are:

Certificates of participation	(58,934,253)	
Bonds payable and Loans	(11,035,000)	
Tobacco securitization notes	(114,774,309)	
Capital leases	(565,524)	
Accrued interest on long term debt	(826,421)	
Other post-employment benefits (OPEB)	(6,236,952)	
Compensated absences	<u>(29,702,111)</u>	
Total long-term liabilities		(222,074,570)

Net assets of governmental activities (page 15) \$ 678,523,697

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

**County of Stanislaus**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

	General Fund	Tobacco Settlement	Behavioral Health and Recovery	Community Services Agency	Public Facility Fees	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 115,165,790	\$	\$	\$	\$	\$ 11,704,012	\$ 126,869,802
Licenses, permits and franchises	1,945,038			73,320		1,408,999	3,427,357
Fines, forfeitures and penalties	8,956,470		49,327			2,725,666	11,731,463
Revenue from use of money and property	3,427,012	(1,544,284)	306,277	485	444,494	910,366	3,544,350
Intergovernmental	63,990,353		46,853,786	192,044,558		173,951,509	476,840,206
Charges for services	41,580,154		22,913,445	739,538	3,245,569	32,308,887	100,787,593
Miscellaneous	884,271		550,763	588,448	19,056	7,789,341	9,831,879
Total revenues	<u>235,949,088</u>	<u>(1,544,284)</u>	<u>70,673,598</u>	<u>193,446,349</u>	<u>3,709,119</u>	<u>230,798,780</u>	<u>733,032,650</u>
<b>EXPENDITURES</b>							
Current:							
General government	29,764,636					416,606	30,181,242
Public protection	133,004,944		1,164,357			49,043,015	183,212,316
Public ways and facilities	152,511					28,769,032	28,921,543
Health and sanitation	8,195,060		73,843,274			48,700,261	130,738,595
Public assistance	300,671			199,836,876		80,854,124	280,991,671
Education	340,943					8,225,003	8,565,946
Recreation and cultural service	4,440,059					475,536	4,915,595
Capital outlay					11,158	22,685,122	22,696,280
Debt service:							
Interest and fiscal charges	25,350		6,873	25,138		7,378,785	7,436,146
Principal	286,084		38,816	151,748		32,039,438	32,516,086
Total expenditures	<u>176,510,258</u>	<u></u>	<u>75,053,320</u>	<u>200,013,762</u>	<u>11,158</u>	<u>278,586,922</u>	<u>730,175,420</u>
Excess revenues over (under) expenditures	<u>59,438,830</u>	<u>(1,544,284)</u>	<u>(4,379,722)</u>	<u>(6,567,413)</u>	<u>3,697,961</u>	<u>(47,788,142)</u>	<u>2,857,230</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Capital lease proceeds				326,482		44,130	370,612
Loan Proceeds						8,687,050	8,687,050
Transfers in	6,739,608	-	1,834,892	7,583,654		62,467,496	78,625,650
Transfers out	(48,927,838)	(3,399,198)	(3,089,864)	(2,034,842)	(4,440,889)	(17,143,215)	(79,035,846)
Sale of capital assets	111,313		1,452	3,937		1,977	118,679
Total other financing sources (uses)	<u>(42,076,917)</u>	<u>(3,399,198)</u>	<u>(1,253,520)</u>	<u>5,879,231</u>	<u>(4,440,889)</u>	<u>54,057,438</u>	<u>8,766,145</u>
<b>EXTRAORDINARY ITEM</b>							
Net change in fund balances	17,361,913	(4,943,482)	(5,633,242)	(688,182)	(742,928)	6,269,296	11,623,375
Fund balance -- beginning	<u>115,765,912</u>	<u>104,236,687</u>	<u>22,822,094</u>	<u>966,781</u>	<u>73,172,209</u>	<u>106,001,565</u>	<u>422,965,248</u>
Fund balances -- ending	<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>

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, 2013**

Net change in fund balances - total governmental funds (page 20) \$ 11,623,375

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

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

Expenditures for capital assets and infrastructure	\$ 37,972,088	
Less current year depreciation	<u>(33,826,660)</u>	4,145,428

The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets (15,161,379)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 59,701

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	17,209,438	
Other long-term debt	14,830,000	
Capital lease	107,947	
Amortization of issuance premium	<u>144,342</u>	32,291,727

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)	\$ 378,740	
Change in investment in joint ventures	5,383,421	
Change in accrued interest payable	324,871	
Change in Tobacco accreted interest payable	(3,885,676)	
Change in compensated absences	1,346,097	
Change in deferred charges	<u>(163,424)</u>	3,384,029

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. (3,773,321)

Bond Proceeds (8,687,050)

Change in net assets of governmental activities (page 17) \$ 23,882,510

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

**County of Stanislaus**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**  
**Budget and Actual on Budgetary Basis**  
**For the fiscal year ended June 30, 2013**

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
<b>Revenues:</b>				
Taxes	\$ 102,065,800	\$ 112,877,658	\$ 115,165,790	\$ 2,288,132
Licenses, permits and franchises	1,853,700	1,856,700	1,945,038	88,338
Fines, forfeitures and penalties	7,613,900	7,066,900	8,956,470	1,889,570
Revenue from use of money and property	3,122,917	3,340,397	3,427,012	86,615
Intergovernmental revenue	61,991,730	65,067,285	63,990,353	(1,076,932)
Charges for services	43,595,336	43,310,407	41,580,154	(1,730,253)
Miscellaneous revenue	901,912	1,038,421	884,271	(154,150)
Total revenues	<u>221,145,295</u>	<u>234,557,768</u>	<u>235,949,088</u>	<u>1,391,320</u>
<b>Expenditures: General</b>				
Assessor				
Salaries and employee benefits	4,840,775	4,676,754	4,503,782	172,972
Services and supplies	579,023	473,875	464,169	9,706
Other charges	264,984	286,984	279,815	7,169
Expenditure transfer		150	15	135
Total expenditures	<u>5,684,782</u>	<u>5,437,763</u>	<u>5,247,781</u>	<u>189,982</u>
Auditor-Controller				
Salaries and employee benefits	3,572,877	3,572,877	2,904,357	668,520
Services and supplies	117,418	117,418	69,334	48,084
Other charges	175,660	175,660	176,132	(472)
Expenditure transfer	(25,438)	(25,438)	(23,030)	(2,408)
Total expenditures	<u>3,840,517</u>	<u>3,840,517</u>	<u>3,126,793</u>	<u>713,724</u>
Board of Supervisors				
Salaries and employee benefits	845,763	834,638	677,756	156,882
Services and supplies	114,185	119,185	115,518	3,667
Other charges	48,433	54,558	51,330	3,228
Expenditure transfer	(790)	(790)	(790)	
Total expenditures	<u>1,007,591</u>	<u>1,007,591</u>	<u>843,814</u>	<u>163,777</u>
Chief Executive				
Salaries and employee benefits	4,183,487	4,363,487	4,191,056	172,431
Services and supplies	2,755,881	2,525,881	833,834	1,692,047
Other charges	297,239	347,239	320,903	26,336
Expenditure transfer	(33,950)	(33,950)	(33,558)	(392)
Total expenditures	<u>7,202,657</u>	<u>7,202,657</u>	<u>5,312,235</u>	<u>1,890,422</u>
Economic Development				
Services and supplies		334,299	334,255	44
Total expenditures		<u>334,299</u>	<u>334,255</u>	<u>44</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, 2013**

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
<b>Risk Management</b>				
Salaries and employee benefits	1,245,665	1,208,665	1,064,911	143,754
Services and supplies	233,810	270,810	241,434	29,376
Other charges	54,583	54,583	54,250	333
Expenditure transfer	(5,787)	(5,787)	(5,547)	(240)
Total expenditures	<u>1,528,271</u>	<u>1,528,271</u>	<u>1,355,048</u>	<u>173,223</u>
<b>CEO - Discretionary Revenue</b>				
Other charges			22	(22)
Expenditure transfer			3,102	(3,102)
Total expenditures			<u>3,124</u>	<u>(3,124)</u>
<b>Capital Improvement Financing Authority</b>				
Services and supplies	154,833	154,733	40,156	114,577
Other charges		100	36	64
Total expenditures	<u>154,833</u>	<u>154,833</u>	<u>40,192</u>	<u>114,641</u>
<b>Plant Acquisition</b>				
Salaries and employee benefits		6,315	2,123	4,192
Services and supplies	1,987,185	2,076,692	1,086,480	990,212
Other charges	14,010	31,010	25,950	5,060
Expenditure transfer			24	(24)
Total expenditures	<u>2,001,195</u>	<u>2,114,017</u>	<u>1,114,577</u>	<u>999,440</u>
<b>General Fund Contribution to Other Programs</b>				
Services and supplies			2,538,680	(2,538,680)
Other charges	2,685,260	2,762,046	2,726,740	35,306
Total expenditures	<u>2,685,260</u>	<u>2,762,046</u>	<u>5,265,420</u>	<u>(2,503,374)</u>
<b>Mandated County Match</b>				
Appropriations for contingencies	7,352,926	7,352,926		7,352,926
Total expenditures	<u>7,352,926</u>	<u>7,352,926</u>		<u>7,352,926</u>
<b>Appropriations for Contingencies</b>				
Appropriations for contingencies	4,420,864	2,454,117		2,454,117
Total expenditures	<u>4,420,864</u>	<u>2,454,117</u>		<u>2,454,117</u>
<b>County Facilities</b>				
Salaries and employee benefits				
Services and supplies	440,550	494,989	220,422	274,567
Other charges	5,028,832	928,332	928,038	294
Expenditure transfer	7,500	7,500	5,346	2,154
Total expenditures	<u>5,476,882</u>	<u>1,430,821</u>	<u>1,153,806</u>	<u>277,015</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, 2013**

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
<b>Elections Division</b>				
Salaries and employee benefits	950,224	1,135,828	799,366	336,462
Services and supplies	1,097,805	1,108,962	843,329	265,633
Other charges	81,727	90,427	89,648	779
Expenditure transfer	700	843	843	
Fixed assets		80,000	63,222	16,778
Total expenditures	<u>2,130,456</u>	<u>2,416,060</u>	<u>1,796,408</u>	<u>619,652</u>
<b>County Counsel</b>				
Salaries and employee benefits	2,041,431	2,041,431	1,988,343	53,088
Services and supplies	327,506	326,556	83,901	242,655
Other charges	79,066	80,016	79,652	364
Expenditure transfer	25	25		25
Total expenditures	<u>2,448,028</u>	<u>2,448,028</u>	<u>2,151,896</u>	<u>296,132</u>
<b>Treasurer and Tax Collector</b>				
Salaries and employee benefits	1,019,117	1,019,117	945,082	74,035
Services and supplies	984,161	952,046	178,916	773,130
Other charges	110,294	120,594	114,289	6,305
Expenditure transfer	(33,000)	(11,185)	19,669	(30,854)
Total expenditures	<u>2,080,572</u>	<u>2,080,572</u>	<u>1,257,956</u>	<u>822,616</u>
<b>Revenue Recovery</b>				
Salaries and employee benefits	1,161,866	1,161,866	1,019,210	142,656
Services and supplies	194,144	144,744	119,446	25,298
Other charges	103,348	152,748	136,072	16,676
Expenditure transfer	(578,000)	(578,000)	(602,808)	24,808
Fixed assets	10,000	10,000		10,000
Total expenditures	<u>891,358</u>	<u>891,358</u>	<u>671,920</u>	<u>219,438</u>
<b>Treasury</b>				
Salaries and employee benefits	290,397	290,397	263,558	26,839
Services and supplies	121,553	111,553	72,644	38,909
Other charges	24,670	34,670	32,715	1,955
Expenditure transfer	115,000	115,000	115,000	
Total expenditures	<u>551,620</u>	<u>551,620</u>	<u>483,917</u>	<u>67,703</u>
<b>General Services Agency</b>				
Salaries and employee benefits	542,285	541,885	466,999	74,886
Services and supplies	4,460	4,460	3,335	1,125
Other charges	22,099	22,499	22,288	211
Total expenditures	<u>568,844</u>	<u>568,844</u>	<u>492,622</u>	<u>76,222</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, 2013**

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
<b>Expenditures: Public Protection</b>				
Agricultural Commissioner				
Salaries and employee benefits	2,950,158	3,230,158	3,125,446	104,712
Services and supplies	1,318,331	1,173,731	266,049	907,682
Other charges	366,302	365,802	339,104	26,698
Expenditure transfer	98,777	99,877	99,483	394
Fixed assets	128,528	128,528	85,928	42,600
Total expenditures	<u>4,862,096</u>	<u>4,998,096</u>	<u>3,916,010</u>	<u>1,082,086</u>
Office of Emergency Services				
Salaries and employee benefits	595,716	662,250	619,661	42,589
Services and supplies	1,104,769	1,139,735	755,833	383,902
Other charges	399,776	314,734	218,833	95,901
Expenditure transfer		42	41	1
Total expenditures	<u>2,100,261</u>	<u>2,116,761</u>	<u>1,594,368</u>	<u>522,393</u>
County Court Funding				
Services and supplies	142,863	142,863	124,838	18,025
Other charges	5,968,110	5,968,110	5,711,830	256,280
Expenditure transfer	400,827	400,827	424,861	(24,034)
Total expenditures	<u>6,511,800</u>	<u>6,511,800</u>	<u>6,261,529</u>	<u>250,271</u>
Recorder Division				
Salaries and employee benefits	1,558,609	1,449,509	1,380,286	69,223
Services and supplies	262,994	194,862	165,072	29,790
Other charges	207,812	255,921	222,506	33,415
Expenditure transfer		166	166	
Fixed assets		425,657	405,005	20,652
Total expenditures	<u>2,029,415</u>	<u>2,326,115</u>	<u>2,173,035</u>	<u>153,080</u>
District Attorney				
Salaries and employee benefits	11,327,457	11,546,150	11,092,015	454,135
Services and supplies	1,528,036	1,386,244	896,811	489,433
Other charges	715,572	715,572	706,184	9,388
Expenditure transfer	1,000	1,000	(19,970)	20,970
Fixed assets		92,500		92,500
Total expenditures	<u>13,572,065</u>	<u>13,741,466</u>	<u>12,675,040</u>	<u>1,066,426</u>
Planning				
Salaries and employee benefits	1,919,607	1,919,607	1,395,118	524,489
Services and supplies	78,214	77,614	39,149	38,465
Other charges	99,402	99,402	93,079	6,323
Expenditure transfer		600	487	113
Total expenditures	<u>2,097,223</u>	<u>2,097,223</u>	<u>1,527,833</u>	<u>569,390</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, 2013**

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
<b>Probation Administration</b>				
Salaries and employee benefits	1,838,580	1,803,580	1,635,575	168,005
Services and supplies	160,075	195,075	182,956	12,119
Other charges	133,164	133,164	112,973	20,191
Fixed assets	10,484	10,484	7,273	3,211
Total expenditures	<u>2,142,303</u>	<u>2,142,303</u>	<u>1,938,777</u>	<u>203,526</u>
<b>Probation Community Corrections Partnership</b>				
Salaries and employee benefits		2,523,824	2,324,464	199,360
Services and supplies		604,514	301,384	303,130
Other charges		210,949	133,566	77,383
Fixed assets		10,500	7,494	3,006
Total expenditures		<u>3,349,787</u>	<u>2,766,908</u>	<u>582,879</u>
<b>Probation Juvenile Commitment Facility</b>				
Salaries and employee benefits		325,778	177,620	148,158
Services and supplies		100,000	65,793	34,207
Other charges		56,651	56,651	
Total expenditures		<u>482,429</u>	<u>300,064</u>	<u>182,365</u>
<b>Probation - Field Services</b>				
Salaries and employee benefits	11,046,140	8,529,212	6,903,384	1,625,828
Services and supplies	1,549,961	887,940	551,811	336,129
Other charges	694,859	709,770	709,770	
Expenditure transfer	3,000	3,000	2,981	19
Fixed assets	58,207	47,707	23,296	24,411
Total expenditures	<u>13,352,167</u>	<u>10,177,629</u>	<u>8,191,242</u>	<u>1,986,387</u>
<b>Probation - Institutions</b>				
Salaries and employee benefits	7,292,407	6,929,567	6,342,158	587,409
Services and supplies	1,000,768	1,000,768	642,019	358,749
Other charges	592,272	592,272	563,474	28,798
Fixed assets	73,399	73,399	8,959	64,440
Total expenditures	<u>8,958,846</u>	<u>8,596,006</u>	<u>7,556,610</u>	<u>1,039,396</u>
<b>Public Defender</b>				
Salaries and employee benefits	4,933,788	4,883,788	4,365,255	518,533
Services and supplies	266,054	313,540	312,170	1,370
Other charges	198,501	209,883	209,840	43
Expenditure transfer	68,000	68,000	43,604	24,396
Total expenditures	<u>5,466,343</u>	<u>5,475,211</u>	<u>4,930,869</u>	<u>544,342</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, 2013**

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Indigent Defense				
Services and supplies	3,071,140	3,571,140	3,549,166	21,974
Total expenditures	<u>3,071,140</u>	<u>3,571,140</u>	<u>3,549,166</u>	<u>21,974</u>
Sheriff's Administration				
Salaries and employee benefits	3,915,729	3,520,073	3,336,721	183,352
Services and supplies	699,262	1,070,690	904,019	166,671
Other charges	282,081	377,609	343,207	34,402
Expenditure transfer		1,372	(5,092)	6,464
Fixed assets	55,665	118,043	84,746	33,297
Total expenditures	<u>4,952,737</u>	<u>5,087,787</u>	<u>4,663,601</u>	<u>424,186</u>
Sheriff's Operations				
Salaries and employee benefits	20,400,201	19,060,321	16,345,310	2,715,011
Services and supplies	4,079,614	5,176,292	4,841,076	335,216
Other charges	2,867,859	2,877,812	1,855,905	1,021,907
Expenditure transfer	(588,700)	(588,700)	(563,239)	(25,461)
Fixed assets	1,131,407	1,730,534	1,453,417	277,117
Total expenditures	<u>27,890,381</u>	<u>28,256,259</u>	<u>23,932,469</u>	<u>4,323,790</u>
Sheriff's Detention				
Salaries and employee benefits	32,102,487	31,486,211	26,166,723	5,319,488
Services and supplies	5,216,243	5,239,443	4,824,570	414,873
Other charges	3,567,997	3,641,073	3,536,123	104,950
Expenditure transfer	7,000	27,000	9,182	17,818
Fixed assets	375,004	875,004	321,406	553,598
Total expenditures	<u>41,268,731</u>	<u>41,268,731</u>	<u>34,858,004</u>	<u>6,410,727</u>
Court Security				
Salaries and employee benefits	4,614,405	4,598,405	4,169,900	428,505
Services and supplies	19,011	35,011	23,615	11,396
Other charges	135,665	135,665	135,425	240
Expenditure transfer	80,317	80,317	49,075	31,242
Total expenditures	<u>4,849,398</u>	<u>4,849,398</u>	<u>4,378,015</u>	<u>471,383</u>
Sheriff's Contract Cities				
Salaries and employee benefits	7,940,625	8,063,909	7,272,340	791,569
Services and supplies	1,304,615	1,317,865	1,113,531	204,334
Other charges	578,638	578,638	547,785	30,853
Expenditure transfer	33,500	33,500	28,107	5,393
Fixed assets	106,000	136,000	133,927	2,073
Total expenditures	<u>9,963,378</u>	<u>10,129,912</u>	<u>9,095,690</u>	<u>1,034,222</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, 2013**

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Grand Jury				
Salaries and employee benefits	49,425	49,425	46,282	3,143
Services and supplies	78,662	77,132	52,615	24,517
Other charges	11,458	12,978	12,951	27
Expenditure transfer	300	310	310	
Total expenditures	<u>139,845</u>	<u>139,845</u>	<u>112,158</u>	<u>27,687</u>
<b>Expenditures: Public Ways</b>				
Airport				
Services and supplies	229,000	241,392		241,392
Total expenditures	<u>229,000</u>	<u>241,392</u>		<u>241,392</u>
CEO Crows Landing Air Facility				
Salaries and employee benefits		7,500	6,321	1,179
Services and supplies	1,013,864	1,691,364	779,034	912,330
Other charges	3,500	3,500	3,154	346
Total expenditures	<u>1,017,364</u>	<u>1,702,364</u>	<u>788,509</u>	<u>913,855</u>
<b>Expenditures: Health and Sanitation</b>				
CEO Jail Medical				
Services and supplies	8,034,190	8,214,190	8,140,742	73,448
Other charges	80	80	60	20
Total expenditures	<u>8,034,270</u>	<u>8,214,270</u>	<u>8,140,802</u>	<u>73,468</u>
<b>Expenditures: Public Assistance</b>				
Veterans' Services				
Salaries and employee benefits	282,529	277,529	252,274	25,255
Services and supplies	26,898	26,898	14,940	11,958
Other charges	27,232	32,232	32,624	(392)
Expenditure transfer			5	(5)
Total expenditures	<u>336,659</u>	<u>336,659</u>	<u>299,843</u>	<u>36,816</u>
<b>Expenditures: Education</b>				
Cooperative Extension				
Salaries and employee benefits	252,301	252,301	226,901	25,400
Services and supplies	19,008	19,008	3,268	15,740
Other charges	130,250	130,250	106,316	23,934
Total expenditures	<u>401,559</u>	<u>401,559</u>	<u>336,485</u>	<u>65,074</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, 2013**

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
<b>Expenditures: Recreation and Cultural Services</b>				
Parks and Recreation				
Salaries and employee benefits	2,559,505	2,960,024	2,161,261	798,763
Services and supplies	814,986	823,371	1,190,354	(366,983)
Other charges	869,608	888,608	873,611	14,997
Expenditure transfer	564,920	564,920	550,310	14,610
Fixed assets	240,799	240,799	4,793	236,006
Total expenditures	<u>5,049,818</u>	<u>5,477,722</u>	<u>4,780,329</u>	<u>697,393</u>
Tuolumne River Regional Park				
Services and supplies	121,426	121,426	121,426	
Total expenditures	<u>121,426</u>	<u>121,426</u>	<u>121,426</u>	
Debt Services				
Other charges		271,575	271,575	
Expenditure transfer	(98,577)	(98,577)	(98,577)	
Total expenditures	<u>(98,577)</u>	<u>172,998</u>	<u>172,998</u>	
<b>Total Expenditures - General Fund</b>	<u>218,346,304</u>	<u>216,562,628</u>	<u>179,713,544</u>	<u>36,849,084</u>
Excess of revenue over expenditures	<u>2,798,991</u>	<u>17,995,140</u>	<u>56,235,544</u>	<u>38,240,404</u>
Other financing sources (uses):				
Capital lease proceeds				
Transfers in	5,840,377	7,990,134	6,739,608	(1,250,526)
Transfers out	(43,529,039)	(48,715,602)	(48,975,390)	(259,788)
Sale of capital assets	86,749	86,749	111,313	24,564
Total other financing sources (uses)	<u>(37,601,913)</u>	<u>(40,638,719)</u>	<u>(42,124,469)</u>	<u>(1,485,750)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(34,802,922)</u>	<u>(22,643,579)</u>	<u>14,111,075</u>	<u>36,754,654</u>
Fund balance -- beginning	(80,720,089)	(143,397,968)	165,439,735	
Prior year adjustment				
Fund balances - restated	<u>(80,720,089)</u>	<u>(143,397,968)</u>	<u>165,439,735</u>	
Fund balance -- ending	<u>\$ (115,523,011)</u>	<u>\$ (166,041,547)</u>	<u>\$ 179,550,810</u>	<u>\$</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, 2013**

	Budgeted Amounts		Actual amount on the Budgetary basis	Variance with Final Budget
	Original Budget	Final Budget		
Revenues				
Fines, forfeitures, and penalties	\$ 111,746	\$ 111,746	\$ 49,327	\$ (62,419)
Revenue from use of money and property	543,072	543,072	306,277	(236,795)
Intergovernmental revenue	49,643,412	50,799,167	46,853,786	(3,945,381)
Charges for services	22,646,833	22,909,144	22,913,445	4,301
Miscellaneous revenue	538,987	479,987	540,592	60,605
Donation			10,171	10,171
	<u>73,484,050</u>	<u>74,843,116</u>	<u>70,673,598</u>	<u>(4,169,518)</u>
Total revenues				
Expenditures				
Public Protection				
Salaries and employee benefits	854,966	839,966	706,320	133,646
Services and supplies	85,627	85,627	80,006	5,621
Other charges	194,955	209,955	203,245	6,710
Expenditure transfer	98,383	98,383	127,686	(29,303)
	<u>1,283,931</u>	<u>1,283,931</u>	<u>1,165,540</u>	<u>118,391</u>
Total Public Protection				
Health and Sanitation				
Salaries and employee benefits	33,873,808	33,650,860	29,043,579	4,607,281
Services and supplies	38,201,705	43,418,094	38,322,799	5,095,295
Other charges	5,551,588	6,808,583	6,303,677	504,906
Fixed assets	592,425	629,815	432,097	197,718
Expenditure transfer	(98,382)	(98,382)	(127,686)	29,304
	<u>78,121,144</u>	<u>84,408,970</u>	<u>73,974,466</u>	<u>10,434,504</u>
Total Health and Sanitation				
Total expenditures	<u>79,405,075</u>	<u>85,692,901</u>	<u>75,140,006</u>	<u>10,552,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,921,025)</u>	<u>(10,849,785)</u>	<u>(4,466,408)</u>	<u>6,383,377</u>
Other financing sources (uses)				
Transfers in	1,773,942	1,773,942	1,834,893	60,951
Transfers out	(429,640)	(2,840,533)	(3,089,864)	(249,331)
Sale of capital assets			1,452	1,452
Capital lease proceeds				
	<u>1,344,302</u>	<u>(1,066,591)</u>	<u>(1,253,519)</u>	<u>(186,928)</u>
Total other financing sources (uses)				
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(4,576,723)</u>	<u>(11,916,376)</u>	<u>(5,719,927)</u>	<u>6,196,449</u>
Fund balance - beginning	<u>13,387,916</u>	<u>12,233,098</u>	<u>20,520,276</u>	
Fund balance - ending	<u>\$ 8,811,193</u>	<u>\$ 316,722</u>	<u>\$ 14,800,349</u>	<u>\$ 6,196,449</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, 2013**

	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	\$ 73,320	\$ (5,333)
Revenue from use of money and property			485	485
Intergovernmental revenue	201,143,627	210,634,289	192,044,558	(18,589,731)
Charges for services	894,786	877,126	739,538	(137,588)
Miscellaneous revenue	711,692	742,223	376,922	(365,301)
Donation	185,493	185,493	211,525	26,032
<b>Total revenues</b>	<b>203,014,251</b>	<b>212,517,784</b>	<b>193,446,349</b>	<b>(19,071,435)</b>
Public Assistance				
Salaries and employee benefits	73,910,918	74,229,071	64,891,591	9,337,480
Services and supplies	18,836,021	19,531,628	16,673,153	2,858,475
Other charges	117,933,687	126,823,281	117,798,899	9,024,382
Fixed assets	187,200	825,330	688,256	137,074
<b>Total Public Assistance</b>	<b>210,867,826</b>	<b>221,409,310</b>	<b>200,051,899</b>	<b>21,357,411</b>
<b>Total expenditures</b>	<b>210,867,826</b>	<b>221,409,310</b>	<b>200,051,899</b>	<b>21,357,411</b>
Excess (deficiency) of revenues over (under) expenditures	(7,853,575)	(8,891,526)	(6,605,550)	2,285,976
Other financing sources (uses)				
Transfers in	7,571,669	10,021,928	7,583,654	(2,438,274)
Transfers out	(455,631)	(701,833)	(2,034,842)	(1,333,009)
Sale of capital assets			3,938	3,938
Capital lease proceeds		326,482	326,482	
<b>Total other financing sources (uses)</b>	<b>7,116,038</b>	<b>9,646,577</b>	<b>5,879,232</b>	<b>(3,767,345)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(737,537)	755,051	(726,318)	(1,481,369)
Fund balance - beginning	294,398	(529,997)	998,087	1,528,084
Fund balance - ending	\$ (443,139)	\$ 225,054	\$ 271,769	\$ 46,715

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, 2013**

	Business-type Activities - Enterprise Funds				Governmental
	Fink Road Sanitary Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
<b>ASSETS:</b>					
Current Assets:					
Cash and investments	\$ 9,863,723		\$ 8,398,159	\$ 18,261,882	\$ 37,496,661
Accounts receivable, net	853,632	34,695,098	1,134,500	36,683,230	1,497,682
Interest and other receivables	85,464	6,119	27,968	119,551	90,258
Inventory		266,825	16,417	283,242	283,351
Amount on deposit with expendable trust					
Deposit with others					500,000
Due from other funds					
Prepaid items		331,265		331,265	
Total current assets	<u>10,802,819</u>	<u>35,299,307</u>	<u>9,577,044</u>	<u>55,679,170</u>	<u>39,867,952</u>
Noncurrent assets:					
Deferred charges					
Investments with fiscal agent	51,709			51,709	
Restricted cash and investments	18,332,640		961,125	19,293,765	
Capital assets:					
Land and right of ways	13,556,621		1,906,261	15,462,882	
Intangible assets					3,391,592
Structures and improvements	7,840,779	10,029,512	348,276	18,218,567	1,002,508
Equipment	3,552,557	3,776,906	6,546,228	13,875,691	25,410,708
Construction in progress		269,749	75,482	345,231	
Less: Accumulated depreciation	<u>(4,456,768)</u>	<u>(12,752,187)</u>	<u>(3,828,951)</u>	<u>(21,037,906)</u>	<u>(18,789,386)</u>
Net capital assets	<u>20,493,189</u>	<u>1,323,980</u>	<u>5,047,296</u>	<u>26,864,465</u>	<u>11,015,422</u>
Total noncurrent assets	<u>38,877,538</u>	<u>1,323,980</u>	<u>6,008,421</u>	<u>46,209,939</u>	<u>11,015,422</u>
Total assets	<u>49,680,357</u>	<u>36,623,287</u>	<u>15,585,465</u>	<u>101,889,109</u>	<u>50,883,374</u>
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	186,878	1,794,756	724,250	2,705,884	3,212,790
Due to other governments					
Salaries and benefits payable	35,556	548,630	21,938	606,124	220,802
Deferred revenues		3,573		3,573	
Due to other funds		22,172,377		22,172,377	
Deposits from others	28,617			28,617	
Interfund note payable - current		1,447,050		1,447,050	
Risk management liability - current					11,697,684
Capital leases - current					1,915
Compensated absences - current	9,194	119,219	2,748	131,161	47,455
Long-term obligations - current					
Total current liabilities	<u>260,245</u>	<u>26,085,605</u>	<u>748,936</u>	<u>27,094,786</u>	<u>15,180,646</u>
Noncurrent liabilities					
Estimated cost of landfill closure/postclosure	7,499,117		2,438,452	9,937,569	
Advances from other funds					
Interfund note payable		18,278,013		18,278,013	
Risk management liability					20,151,000
Capital leases payable					
Other post-employment benefits (OPEB)	36,766	340,152	20,286	397,204	169,554
Compensated absences	132,782	1,354,770	61,121	1,548,673	1,090,167
Total noncurrent liabilities	<u>7,668,665</u>	<u>19,972,935</u>	<u>2,519,859</u>	<u>30,161,459</u>	<u>21,410,721</u>
Total liabilities	<u>7,928,910</u>	<u>46,058,540</u>	<u>3,268,795</u>	<u>57,256,245</u>	<u>36,591,367</u>
<b>NET POSITION</b>					
Net investment in capital assets	20,493,189	1,323,980	5,047,296	26,864,465	11,013,507
Restricted	18,388,885		1,068,434	19,457,319	
Unrestricted	2,869,373	(10,759,233)	6,200,940	(1,688,920)	3,278,500
Total net position	<u>\$ 41,751,447</u>	<u>\$ (9,435,253)</u>	<u>\$ 12,316,670</u>	<u>44,632,864</u>	<u>\$ 14,292,007</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				425,287	
Net assets of business type activities				<u>\$ 45,058,151</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, 2013**

	Business-type Activities - Enterprise Funds				Governmental
	Fink Road Sanitary Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:					
Charges for services	\$ 5,077,792	\$ 34,507,746	\$ 2,513,210	\$ 42,098,748	\$ 80,784,930
Total operating revenues	<u>5,077,792</u>	<u>34,507,746</u>	<u>2,513,210</u>	<u>42,098,748</u>	<u>80,784,930</u>
Operating expenses:					
Salaries and benefits	1,081,574	16,465,551	626,051	18,173,176	6,747,090
Services and supplies	1,764,036	16,996,738	4,814,484	23,575,258	78,415,071
Depreciation	648,193	316,948	619,153	1,584,294	1,549,204
Estimated cost of closure/postclosure	(7,593)			(7,593)	
Total operating expenses	<u>3,486,210</u>	<u>33,779,237</u>	<u>6,059,688</u>	<u>43,325,135</u>	<u>86,711,365</u>
Operating income (loss)	<u>1,591,582</u>	<u>728,509</u>	<u>(3,546,478)</u>	<u>(1,226,387)</u>	<u>(5,926,435)</u>
Nonoperating revenues (expenses)					
Investment income	560,447		66,286	626,733	184,567
Interest expense		(362,782)		(362,782)	(30,210)
Intergovernmental		317,542	6,551,875	6,869,417	578,198
Gain (loss) on sale of capital assets		1,581	(25,038)	(23,457)	77,072
Total nonoperating revenues (expenses)	<u>560,447</u>	<u>(43,659)</u>	<u>6,593,123</u>	<u>7,109,911</u>	<u>809,627</u>
Income (loss) before capital contributions and transfers	2,152,029	684,850	3,046,645	5,883,524	(5,116,808)
Transfers in		6,134,625	1,163,057	7,297,682	1,125,398
Transfers out	(1,191,633)	(6,603,312)	(15,513)	(7,810,458)	(202,426)
Capital contributions			185,446	185,446	
Changes in net assets	<u>960,396</u>	<u>216,163</u>	<u>4,379,635</u>	<u>5,556,194</u>	<u>(4,193,836)</u>
Total net position - beginning	36,736,027	(9,651,416)	7,937,035	35,021,646	18,485,843
Prior period restatement	4,055,024			4,055,024	
Total net position beginning - restated	<u>40,791,051</u>	<u>(9,651,416)</u>	<u>7,937,035</u>	<u>39,076,670</u>	<u>18,485,843</u>
Total net position - ending	\$ <u>41,751,447</u>	\$ <u>(9,435,253)</u>	\$ <u>12,316,670</u>		\$ <u>14,292,007</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(420,515)	
Change in net assets of business type activities				<u>\$ 5,135,679</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, 2013**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Fink Road Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities:</b>					
Cash received from customers and users	\$ 4,747,450	\$ 20,943,663	\$ 1,791,725	\$ 27,482,838	\$ 80,306,187
Cash received (paid) from interfund services		9,355,140		9,355,140	(78,937,485)
Cash paid to suppliers	(1,753,066)	(11,068,822)	(6,442,517)	(19,264,405)	
Cash paid to employees	(1,075,946)	(16,403,965)	(610,116)	(18,090,027)	(6,843,214)
Net cash provided (used) by operating activities	<u>1,918,438</u>	<u>2,826,016</u>	<u>(5,260,908)</u>	<u>(516,454)</u>	<u>(5,474,512)</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers in		6,134,625	1,163,057	7,297,682	410,631
Interfund borrowing					
Advances from other funds					
Interfund borrowing		(1,725,042)		(1,725,042)	(29,934)
Deferred revenues					
Subsidy from state and federal grant		317,542	6,551,875	6,869,417	578,196
Transfers out	(1,191,633)	(6,603,312)	6,983	(7,787,962)	(202,426)
Net cash provided (used) by noncapital financing activities	<u>(1,191,633)</u>	<u>(1,876,187)</u>	<u>7,721,915</u>	<u>4,654,095</u>	<u>756,467</u>
<b>Cash flows from capital and related financing activities:</b>					
Purchase of capital assets		(257,534)	(294,357)	(551,891)	(673,574)
Proceeds (loss) from disposal of capital assets		11,307	(22,497)	(11,190)	83,442
Capital contributions					
Principal payment - capital leases		(340,820)		(340,820)	(4,395)
Principal payment - long term debt					
Interest income					
Interest paid		(362,782)		(362,782)	(276)
Net cash (used) by capital and related financing activities		<u>(949,829)</u>	<u>(316,854)</u>	<u>(1,266,683)</u>	<u>(594,803)</u>
<b>Cash flows from investing activities:</b>					
Interest received	560,448		66,286	626,734	184,567
Net cash provided by investing activities	<u>560,448</u>		<u>66,286</u>	<u>626,734</u>	<u>184,567</u>
Net increase (decrease) in cash and cash equivalents	1,287,253		2,210,439	3,497,692	(5,128,281)
Cash and equivalents - beginning	26,960,819		7,148,844	34,109,663	42,624,942
Cash and equivalents - ending	<u>\$ 28,248,072</u>		<u>\$ 9,359,283</u>	<u>\$ 37,607,355</u>	<u>\$ 37,496,661</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Assets</b>					
Cash and investments	\$ 9,863,723		\$ 8,398,159	\$ 18,261,882	\$ 37,496,661
Restricted cash and investments & investment with fiscal agent	18,384,349		961,125	19,345,474	
Total cash and cash equivalents	<u>\$ 28,248,072</u>		<u>\$ 9,359,284</u>	<u>\$ 37,607,356</u>	<u>\$ 37,496,661</u>

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

**County of Stanislaus**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental
	Fink Road Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 1,591,582	\$ 728,509	\$ (3,546,478)	\$ (1,226,387)	\$ (5,926,435)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	648,193	316,948	619,153	1,584,294	1,549,204
(Increase) decrease in accounts receivable	(341,097)	(6,813,248)	(714,580)	(7,868,925)	(370,404)
(Increase) decrease in other receivables	10,755	(2,364,946)	(2,962)	(2,357,153)	6,941
(Increase) decrease in inventory		(42,472)	(3,941)	(46,413)	(115,280)
(Increase) decrease in prepaid items		(89,909)		(89,909)	
(Increase) decrease in due from other funds		68,831		68,831	
(Increase) decrease in deposits with others					2,250
(Increase) decrease in deferred charges					
(Increase) decrease in internally generated intangible fixed asset					(224,920)
Increase (decrease) in accounts payable and accrued liabilities	10,970	(253,391)	41,511	(200,910)	466,064
Increase (decrease) in interfund note payable		11,243,592		11,243,592	
Increase (decrease) in salaries and benefits payable	3,589	14,845	4,143	22,577	28,137
Increase (decrease) in liability for compensated absences	5,787	51,850	15,146	72,783	94,153
Increase (decrease) in other post-employment benefits(OPEB)	(3,748)	(5,109)	(3,354)	(12,211)	6,506
Increase (decrease) in deferred revenue		(29,484)		(29,484)	
Increase (decrease) in deposits from others					
Increase (decrease) in advances from other funds					
Increase (decrease) in capital lease payable					
Increase (decrease) in estimated cost of closure/postclosure	(7,593)		(1,669,546)	(1,677,139)	
Increase (decrease) in risk management liability					(990,728)
Net cash provided (used) by operating activities	<u>\$ 1,918,438</u>	<u>\$ 2,826,016</u>	<u>\$ (5,260,908)</u>	<u>\$ (516,454)</u>	<u>\$ (5,474,512)</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, 2013**

	Employees' Retirement Trust	Investment Trust	Agency Funds	Successor Agency Private Purpose Trust
<b>ASSETS</b>				
Cash and investments	\$ 44,461,336	\$ 543,279,513	\$ 7,300,591	\$ 1,525,522
Investments with fiscal agent				1,193,740
Receivables (net of allowance for uncollectables)		10,742,373		
Interest and dividends	6,090,300			
Securities transactions	24,493,236			
Contributions	2,380,496			
Other	43,281	1,585,270	49	
Advances to other governments				18,738
Prepaid		13,228		287,381
Interfund note receivable		19,725,063		
Other assets	3,817,082	32,782,057		
Investments:				
Bonds	505,014,355			
Stocks	986,464,083			
Direct Lending	29,098,868			
Collateral on loaned securities	113,001,370			
<b>Total assets</b>	<b>1,714,864,407</b>	<b>608,127,504</b>	<b>7,300,640</b>	<b>3,025,381</b>
<b>LIABILITIES</b>				
Accounts payable	54,020,258	8,713,439		159
Securities Lending Obligation	115,636,154			
Grant deed extension fee	395,000			
Trust obligations		10,893,232	7,300,640	
Deferred revenue		661,541		
Interest payable				352,116
Bonds and notes payable				17,643,275
<b>Total liabilities</b>	<b>170,051,412</b>	<b>20,268,212</b>	<b>7,300,640</b>	<b>17,995,550</b>
<b>NET POSITION</b>				
Net position held in trust for pension benefits/investment pool participants	<b>\$ 1,544,812,995</b>	<b>\$ 587,859,292</b>		<b>\$ (14,970,169)</b>

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, 2013**

	Employees' Retirement Trust	Investment Trust	Successor Agency Private Purpose Trust
Additions:			
Contributions:			
Employer contributions	\$ 39,077,480	\$	\$
Member contributions	20,285,888		
Contributions on pooled investments		3,639,414,051	
Redevelopment agency property tax trust			1,795,881
Total contributions	<u>59,363,368</u>	<u>3,639,414,051</u>	<u>1,795,881</u>
Investment income:			
Net (depreciation) in fair value	159,601,338		
Interest	38,144,730	3,661,560	
Miscellaneous income	1,088,048		1,167
Less investment expense	(8,845,829)		
Net investment income	<u>189,988,287</u>	<u>3,661,560</u>	<u>1,167</u>
Total additions	<u>249,351,655</u>	<u>3,643,075,611</u>	<u>1,797,048</u>
Deductions:			
Benefit payments	87,102,798		15,954,712
Refunds of prior contributions	1,545,763		
Distributions from pooled investments		3,631,572,943	
Interest			835,867
Administrative expense	2,065,345		170,011
Total deductions	<u>90,713,906</u>	<u>3,631,572,943</u>	<u>16,960,590</u>
Change in Net Assets	158,637,749	11,502,668	(15,163,542)
Net position held in trust - beginning	<u>1,386,175,246</u>	<u>576,356,624</u>	<u>193,373</u>
Net position held in trust - ending	<u>\$ 1,544,812,995</u>	<u>\$ 587,859,292</u>	<u>\$ (14,970,169)</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, 2013**

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

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

**A. Reporting Entity**

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

Reported component units on the County’s financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the County’s operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Each component unit has a June 30<sup>th</sup> 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 17). 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, 2013

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 assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. The government-wide statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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, 2013

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, 2013

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, 2013

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, 2013

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

**B. 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, 2013**

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

	Special Revenue Funds		
	General Fund	Behavioral Health and Recovery	Community Services Agency
Total expenditures (budgetary basis)	\$ 179,713,544	\$ 75,140,006	\$ 200,051,899
Basis difference - net addition of			
2011/12 encumbrances and commitments			
minus			
2012/13 encumbrances and commitments	(3,203,286)	(86,686)	(38,137)
Total Expenditures (GAAP)	\$ 176,510,258	\$ 75,053,320	\$ 200,013,762

# COUNTY OF STANISLAUS

## Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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 or any local agency of the State of California, bankers’ acceptances, commercial paper, negotiable certificates of deposits, repurchase agreements or reverse repurchase agreements, medium-term notes issued by corporations and the State of California Local Agency Investment Fund.

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

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, 2013

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

**G. Deferred Revenue**

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

**H. Inventory**

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

# COUNTY OF STANISLAUS

## Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

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.

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.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013

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

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.”

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.

# COUNTY OF STANISLAUS

## Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

M. **Interfund Transactions** (continued)

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.

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

# COUNTY OF STANISLAUS

## Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

O. **Fund Balance** (continued)

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, 2013.

*Governmental Accounting Standards Board Statement No. 60*

*Accounting and Financial Reporting for Service Concession Arrangements* addresses accounting and financial reporting issues related to public-private and public-public partnerships.

*Governmental Accounting Standards Board Statement No. 61*

*The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34* modifies a number of provisions with regard to reporting of component units within a financial reporting entity.

*Governmental Accounting Standards Board Statement No. 62*

*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements* incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013

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

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

*Governmental Accounting Standards Board Statement No. 63*

*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* modify current financial reporting of those elements.

*Governmental Accounting Standards Board Statement No. 64*

*Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53.* Clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

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

*Governmental Accounting Standards Board Statement No. 65*

*Items Previously Reported as Assets and Liabilities.* The provisions of GASB Statement No. 65 are effective for financial statements beginning after December 15, 2012. The County is in the process of assessing the change that will occur as a result of the implementation of this statement.

*Governmental Accounting Standards Board Statement No. 66*

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

*Governmental Accounting Standards Board Statement No. 67*

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

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013

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

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

*Governmental Accounting Standards Board Statement No. 68*

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

*Governmental Accounting Standards Board Statement No. 69*

*Government Combinations and Disposals of Government Operations.* 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.

*Governmental Accounting Standards Board Statement No. 70*

*Accounting and Financial Reporting for Nonexchange Financial Guarantees.* For reporting periods beginning after June 15, 2013. The County has not fully judged the effect of the implementation of GASB Statement No. 70 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	\$ 799,541
Debt Service Fund-Pension Obligation Bonds	16,851

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

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

COUNTY OF STANISLAUS

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

Note 2: Individual Fund Deficits (continued)

Net Asset Deficits – Proprietary Funds

Table with 2 columns: Fund Name and Amount. Rows include Enterprise fund - Health Clinics and Ancillary Services (\$ 9,435,253), Internal Service fund - General Liability Insurance (1,962,846), and Internal Service fund - Medical Self-Insurance (6,035,966).

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

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

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

For the year ended June 30, 2013, actual expenditures based on budgetary basis, excluding transfers, exceeded budget at the department and object level as follows:

Table with 3 columns: Fund Type and Department, Object, and Excess Expenditures. Rows include General Fund - Auditor-Controller (Other charges, \$ 472), General Fund - CEO Discretionary Revenue (Other charges, 22), General Fund - Contribution to Other Programs (Services & supplies, 2,538,680), General Fund - Veterans' Services (Other charges, 392), and General Fund - Parks & Recreation (Services & supplies, 366,983).

The above disclosure is based on departmental appropriations as of June 30, 2013. The positive effect of unanticipated revenue received during the fiscal year for which estimated revenue and appropriations were not increased is not reflected in the above chart.

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 assets/balance sheet as "cash and investments." The Stanislaus County Treasurer's Pool generally limits participation in the pool to those agencies and districts required to participate by legal provisions of the California State Government Code for those agencies and districts. Voluntary participation is limited to the Stanislaus County Employees Retirement System (StanCERA) and independent special districts, which represent approximately 3% of the pool. While StanCERA participates in the County Treasurer's Pool, the majority of its cash and investments are managed separately from the County Pool. The County has no legally binding guarantees to support the shares in the County Treasurer's Pool.

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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

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	\$ 145,792
Cash in banks-department administered	2,438,616
In custody of Treasurer:	
Cash on hand	177,186
Cash in bank	15,938,688
Investments held by Treasurer	941,831,331
Less outstanding checks	<u>(42,875,051)</u>
Total in custody of Treasurer	915,072,154
Investments held by fiscal agents:	
Tobacco settlement	92,692,027
Tobacco funding corporation	4,783,777
Stock investment	51,709
Bond requirements	<u>4,439,424</u>
Subtotal investments held by agents	101,966,937
Private Purpose Trust investments held by fiscal agent	<u>1,193,740</u>
Total investments held by agents	103,160,677
Employees' retirement trust:	
Cash (outside Treasurer's pool)	35,931,239
Investments	<u>1,633,578,676</u>
Total cash and investments	<u><u>\$ 2,690,327,154</u></u>

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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

Total County cash & investments are reported as follows:

Primary government	
Cash and investments	\$ 333,998,596
Investments with fiscal agent	101,966,938
Restricted cash & investments	23,022,242
Employees' retirement trust	
Cash and investments	44,461,336
Other investments	1,633,578,676
Investment trust - cash and investments	543,279,513
Agency funds - cash and investments	7,300,591
Private purpose trust	
Cash and investments	1,525,522
Investments with fiscal agent	1,193,740
	<hr/>
Total cash and investments	<u>\$ 2,690,327,154</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 \$942 million portfolio, over 55% 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, 41% 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 2.40% with an effective duration of 5.1 years. StanCERA had a yield of 3.00% with an effective duration of 4.4 years.

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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 single A, double A or triple B and make up 41% 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, 2013**

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, 2013.

<u>Credit Rating</u>	<u>Active Management</u>	<u>Fixed Income Securities Amount</u>
AAA	2.79%	\$ 14,071,776
Aa1/AA+/AA+	33.71%	170,287,141
AA	0.26%	1,309,337
AA-	1.25%	6,304,713
A1/A+/A+	2.24%	11,312,668
A2/A/A	0.38%	1,923,595
A3/A-/A-	6.86%	34,656,612
BAA+	0.00%	-
BAA	0.00%	-
BAA-	0.00%	-
BA+	0.00%	-
BA	0.00%	-
BA-	0.00%	-
Baa1/BBB+/BBB+	6.08%	30,693,053
Baa2/BBB/BBB	12.80%	64,629,944
Baa3/BBB-/BBB-	5.07%	25,597,130
Ba1/BB+BB+	3.77%	19,018,154
Ba2/BB/BB	1.91%	9,648,549
Ba3/BB-/BB-	1.36%	6,849,103
B1/B+/B+	1.24%	6,242,349
B	0.38%	1,935,034
B3/B-/B-	1.69%	8,554,573
CAA+	0.00%	-
CAA	0.00%	-
CCC	0.11%	556,328
N/R	0.01%	44,688
N/A	18.09%	91,379,608
	<u>100.00%</u>	<u>\$ 505,014,355</u>

Credit Ratings are reported by Moody's, Standard & Poor's and Fitch, respectively

Single Credit Ratings are reported by Moody's

N/R represents securities that are not rated

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

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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, 2013, StanCERA had securities on loan with a carrying value of \$113,001,370 and cash collateral of \$115,636,154. 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, 2013**

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, 2013 was \$286,211,183, distributed as follows:

<u>Currency</u>	<u>Fair Value (in US \$)</u>	<u>Currency</u>	<u>Fair Value (in US \$)</u>
Australian Dollar	\$ 13,030,178	New Taiwan Dollar	2,507,997
Brazil Real	505,722	New Turkish Lira	\$ 2,306,789
British Pound Sterling	-	New Zealand Dollar	96,971
Canadian Dollar	19,064,800	Norwegian Krone	2,776,352
Chilean Peso	589,543	Pound Sterling	41,179,897
Danish Krone	1,524,864	Singapore Dollar	2,163,718
Euro Currency	55,603,361	South African Rand	3,442,601
Hong Kong Dollar	10,327,831	South Korean Won	4,975,670
Indonesian Rupiah	215,808	Swedish Krona	2,587,924
Israeli Shekel	876,734	Swiss Franc	15,963,772
Japanese Yen	46,160,496	Thailand Baht	666,084
Malaysian Renggit	1,005,190	US Dollar	35,926,602
Mexican Nuevo Peso	335,060		

*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 42% 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>	17.65%
<i>Federal Home Loan Bank</i>	14.44%
<i>Federal Farm Credit Bank</i>	6.05%

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

- *Stanislaus County Tobacco Settlement Investment Portfolio.* This portfolio includes California State Municipal bonds that comprise 29% of the portfolio.

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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

*Concentration of Credit Risk* (continued)

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

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

At June 30, 2013, StanCERA had the following investments:

<b><u>Fixed Income Securities</u></b>	
US Treasuries	\$ 89,422,064
Single Family Mortgage Backed Securities	143,375,567
Multi Family Mortgage Backed Securities	6,216,414
Collateralized Mortgage Backed Securities	22,657,727
Federal Agency	9,030,115
Asset Backed	7,876,925
Corporate Bonds	192,004,280
Municipal Bonds	31,682,578
Emerging Market / Non-US Bonds	2,748,685
	<u>505,014,355</u>
 <b><u>Equities</u></b>	
Domestic	700,252,900
International	286,211,183
	<u>986,464,083</u>
 <b><u>Direct Lending</u></b>	 <u>29,098,868</u>
 <b><u>Collateral on Loaned Securities</u></b>	 <u>113,001,370</u>
Total Investments	<u>\$ 1,633,578,676</u>

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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

The following schedule indicates the credit and interest rate risk at June 30, 2013. 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 (000's)  
June 30, 2013

	S&P Credit Rating	Maturity									Total	Total %
		≤ 30 Days	31 - 60 Days	61 - 90 Days	91 - 180 Days	181 - 360 Days	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years		
Negotiable Cert of Deposit	A-1	10,000	10,000	30,004	30,052	45,065	40,036				165,157	17.54%
Commercial Paper	A-1	44,996			14,988						59,984	6.37%
Commercial Paper	A-1+	9,999			39,955						49,954	5.30%
Managed Pool Account - LAIF	N/R	50,000									50,000	5.31%
Federal Agencies - Coupon	AA+		20,038		15,154	67,951	49,984	9,952	19,820	29,003	211,902	22.50%
Federal Agencies - Discount	AA+					19,983					19,983	2.12%
US Treasuries	AA+					30,284	101,707	25,943		9,828	167,762	17.81%
Medium Term Notes	A				10,058		11,906		33,546		55,510	5.89%
Medium Term Notes	A+						8,046		36,266		44,312	4.70%
Medium Term Notes	AA-						21,138				21,138	2.24%
Medium Term Notes	AA+			10,032	10,031	10,087		10,247	10,527		50,924	5.41%
Medium Term Notes	BBB+	14,295									14,295	1.52%
Municipal Bonds	A							10,909			10,909	1.16%
Money Market	N/R	20,000									20,000	2.12%
<b>Total Treasury Pool Investments</b>		<b>149,290</b>	<b>30,038</b>	<b>40,036</b>	<b>120,238</b>	<b>173,370</b>	<b>232,817</b>	<b>57,051</b>	<b>100,159</b>	<b>38,831</b>	<b>941,830</b>	<b>100.00%</b>

Stanislaus County Tobacco Endowment Investments  
Fair Value Maturity Distribution (000s)  
June 30, 2013

Tobacco Endowments (Combined)	S&P Credit Rating	Maturity								Total	% Total
		< 30 Days	31 - 360 Days	1 - 3 Years	3 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20 - 25 Years		
Money Market Funds	Unrated	14,015								14,014.56	15.12%
Mutual Funds	Unrated	19,592								19,592.08	21.14%
Municipal Bonds	A				2,342	7,623	5,858	17,100	2,002	34,925.59	37.68%
Municipal Bonds	A-					1,047				1,046.82	1.13%
Municipal Bonds	AA						4,289	2,460	2,019	8,768.31	9.46%
Municipal Bonds	AA-					2,364	4,135	4,009	0	10,507.75	11.34%
Municipal Bonds	Unrated						2,002	1,835		3,836.68	4.14%
<b>Total Tobacco Settlement Investments</b>		<b>33,607</b>	<b>0</b>	<b>0</b>	<b>2,342</b>	<b>11,034</b>	<b>16,284</b>	<b>25,404</b>	<b>4,021</b>	<b>92,691.79</b>	<b>100.00%</b>

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

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

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

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

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

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

The Stanislaus County Treasurer's Pool normally maintains the maximum allowable investment in the State of California Local Agency Investment Fund (L.A.I.F.). The total amount invested by all public agencies in L.A.I.F. at June 30, 2013 was \$21.2 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, 2013 was \$58.8 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 278 days as of June 30, 2013.

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

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

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool at June 30, 2013:

<u>Statement of Net Position</u>	
Net assets held for pool participants	<u>\$ 915,072,152</u>
Equity of external pool participants	\$ 560,635,723
Equity of internal pool participants	<u>354,436,429</u>
Total Equity	<u>\$ 915,072,152</u>
 <u>Statement of Changes in Net Position</u>	
Net assets at July 1, 2012	\$ 921,832,029
Net investment income	13,859,346.00
Net contributions and withdrawals	<u>(20,619,223)</u>
Net assets at June 30, 2013	<u>\$ 915,072,152</u>

Stanislaus County Treasury Pool  
Summary of Investments (in thousands)  
June 30, 2013

	<u>Fair Value</u>	<u>Dollar Cost</u>	<u>Interest Rate</u>	<u>Maturity Range</u>
Negotiable Cert of Deposit	165,156	165,000	0.16% 0.54%	07/29/13 10/17/14
Commercial Paper	109,939	109,888	0.15% 0.34%	07/01/13 12/24/13
Managed Funds - LAIF	50,000	50,000	0.24% 0.24%	07/01/13 07/01/13
Federal Agencies - Coupons	211,902	211,706	0.19% 1.55%	08/12/13 10/30/17
Federal Agencies - Discounts	19,983	19,982	0.11% 0.11%	02/26/14 02/26/14
US Treasuries - Coupons	167,762	165,602	0.13% 1.36%	01/31/14 05/31/18
Medium Term Notes	186,180	184,395	0.39% 4.46%	07/15/13 03/15/17
Municipal Bonds	10,909	10,806	0.76% 0.76%	09/01/15 09/01/15
Money Market	20,000	20,000	0.40% 0.40%	07/01/13 07/01/13
Total Investments	<u>941,831</u>	<u>937,379</u>		

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

Note 5: **Interfund Transactions**

**Interfund Receivables/Payables**

The compositions of interfund balances as of June 30, 2013 are as follows:

***Due To/From Other Funds***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Other Governmental Funds	\$ 6,333,997	To cover deficit cash balance
General Fund	CSA	5,157,992	To cover deficit cash balance
General Fund	Health Clinics and Ancillary Services	16,017,665	To cover deficit cash balance
		<u>27,509,654</u>	Sub total
Community Services Agency	General Fund	18	State realignment
Other Governmental Funds	Health Clinics and Ancillary Services	6,154,712	To cover MIA Deficit
		<u>6,154,730</u>	Sub total
		<u>\$ 33,664,384</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	\$ 19,725,063

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

***Interfund Note Payable*** (continued)

In Fiscal Year 2003-2004 the Health Clinics and Ancillary Services Fund borrowed monies from the Investment Trust Fund. The balance on the note as of June 30, 2013 is \$9,523,531 and the note is expected to be repaid, with interest, by July 2019. The interest will be credited each fiscal year-end based on the Treasurer's pool rate. Annual transfers from the County's General Fund to the Health Services Agency will be the source of funds to retire the note.

The Health Clinics and Ancillary Services Fund borrowed a second long-term loan from the Investment Trust Fund. The second note was established in Fiscal Year 2008-2009 to cover repayment of the Graduate Medical Education (GME) Federal funding. As of June 30, 2013, the balance on the note is \$10,201,532. The note also funded the County's share of Residency Program costs for Fiscal Years 2008-2009 and 2009-2010. The note is expected to be repaid with interest by July 2026.

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

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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

Transfer from	Transfer to	Amount	Purpose
General Fund	Community Services Agency	\$ 5,304,676	County program contributions
	Behavioral Health and Recovery	1,830,280	County program contributions
	Health Clinics and Ancillary Services	6,066,986	County program contribution
	Other Governmental Funds	30,234,085	County program contributions
	Other Governmental Funds	5,081,180	To pay debt service
	Internal Service Funds	410,631	General Liability
		<u>48,927,838</u>	
Tobacco Settlement	General Fund	2,616,605	Interest distribution
	General Fund	327,123	To pay debt service
	Other Governmental Funds	455,470	Renovate Coroner's Facility
		<u>3,399,198</u>	
Behavioral Health and Recovery	Other Governmental Funds	866,961	To pay debt service
	Other Governmental Funds	2,165,893	Contributions to capital projects
	Health Clinics and Ancillary Services	57,010	Contributions to joint programs
		<u>3,089,864</u>	
Community Services Agency	Other Governmental Funds	1,926,426	To pay debt service
	Other Governmental Funds	108,416	Contributions to joint programs
		<u>2,034,842</u>	
Public Facility Fees	General Fund	2,424,692	Debt Service Payments
	Other Governmental Funds	2,016,197	Capital assets purchases
		<u>4,440,889</u>	
Other Governmental Funds	General Fund	1,371,188	Various contributions to programs
	Behavioral Health and Recovery	3,150	Various contributions to programs
	Community Services Agency	2,278,978	Contributions to joint programs
	Other Governmental Funds	10,761,180	Contributions to capital projects
	Other Governmental Funds	2,003,323	To pay debt service
	Internal Service Funds	714,767	Various contributions to programs
	Health Clinics and Ancillary Services	10,629	Various contributions to programs
		<u>17,143,215</u>	
Fink Landfill	Other Governmental Funds	28,576	To pay debt service
	Other Enterprise	1,163,057	Landfill closure/post-closure
		<u>1,191,633</u>	
Health Clinics and Ancillary Services	Other Governmental Funds	6,194,474	Reimburse administrative costs of HSA and debt service
	Other Governmental Funds	407,376	To pay debt service
	Behavioral Health and Recovery	1,462	H.S.A.'s share of Repaving Expense
		<u>6,603,312</u>	
Other Enterprise Funds	Other Governmental Funds	15,513	To pay debt service
Internal Service Funds	Other Governmental Funds	202,426	To pay debt service
		<u>\$ 87,048,730</u>	

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

Note 6: **Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Retirements	Adjustments & Transfers	Balance June 30, 2013
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land and Right of Ways	\$ 42,602,471	\$ 342,765	\$ -		\$ 42,945,236
Construction in progress	12,444,890	10,868,936		(11,020,516)	12,293,310
<b>Total capital assets, not being depreciated</b>	<b>55,047,361</b>	<b>11,211,701</b>	<b>-</b>	<b>(11,020,516)</b>	<b>55,238,546</b>
Capital assets, being depreciated:					
Infrastructure	821,042,762	865,527	(2,115,306)	-	819,792,983
Structures and improvements	206,202,142	20,610,072	-	-	226,812,214
Equipment	102,933,435	6,982,645	(3,287,686)	(1,240,443)	105,387,951
Intangible Assets	3,770,322	224,920	-	-	3,995,242
<b>Total capital assets, being depreciated</b>	<b>1,133,948,661</b>	<b>28,683,164</b>	<b>(5,402,992)</b>	<b>(1,240,443)</b>	<b>1,155,988,390</b>
Less accumulated depreciation for:					
Infrastructure	(597,360,402)	(24,891,608)	2,115,306	(20,308)	(620,157,012)
Structures and improvements	(75,506,779)	(6,391,623)	-	(247,626)	(82,146,028)
Equipment	(63,098,730)	(7,357,776)	3,275,194	717,404	(66,463,908)
Intangible Assets	(686,684)	(388,132)	-	-	(1,074,816)
<b>Total accumulated depreciation</b>	<b>(736,652,595)</b>	<b>(39,029,139)</b>	<b>5,390,500</b>	<b>449,470</b>	<b>(769,841,764)</b>
<b>Total capital assets, being depreciated, net</b>	<b>397,296,066</b>	<b>(10,345,975)</b>	<b>(12,492)</b>	<b>(790,973)</b>	<b>386,146,626</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 452,343,427</b>	<b>\$ 865,726</b>	<b>\$ (12,492)</b>	<b>\$ (11,811,489)</b>	<b>\$ 441,385,172</b>
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land and Right of Ways	\$ 15,462,882	\$ -	\$ -	\$ -	\$ 15,462,882
Construction in progress	227,752		(57,808)	175,287	345,231
<b>Total capital assets, not being depreciated</b>	<b>15,690,634</b>	<b>-</b>	<b>(57,808)</b>	<b>175,287</b>	<b>15,808,113</b>
Capital assets, being depreciated:					
Structures and improvements	14,163,543	4,055,024			18,218,567
Equipment	13,013,816	713,979	(125,592)	273,486	13,875,689
<b>Total capital assets, being depreciated</b>	<b>27,177,359</b>	<b>4,769,003</b>	<b>(125,592)</b>	<b>273,486</b>	<b>32,094,256</b>
Less accumulated depreciation for:					
Structures and improvements	(11,592,892)	(349,357)			(11,942,249)
Equipment	(7,583,938)	(1,234,937)	100,449	(377,231)	(9,095,657)
<b>Total accumulated depreciation</b>	<b>(19,176,830)</b>	<b>(1,584,294)</b>	<b>100,449</b>	<b>(377,231)</b>	<b>(21,037,906)</b>
<b>Total capital assets, being depreciated, net</b>	<b>8,000,529</b>	<b>3,184,709</b>	<b>(25,143)</b>	<b>(103,745)</b>	<b>11,056,350</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 23,691,163</b>	<b>\$ 3,184,709</b>	<b>\$ (82,951)</b>	<b>\$ 71,542</b>	<b>\$ 26,864,463</b>

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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	\$ 570,834	\$ 2,067,657			\$ 2,638,491
Public protection	2,953,524	2,483,930	60,364		5,497,818
Public ways	8,344	51,849		24,891,608	24,951,801
Health and sanitation	323,789	129,710			453,499
Public assistance	173,035	649,927			822,962
Education	2,027,289	207,080			2,234,369
Recreation	104,882	776,114			880,996
Internal service funds	1,196,079	25,356	327,768		1,549,203
Total	<u>\$ 7,357,776</u>	<u>\$ 6,391,623</u>	<u>\$ 388,132</u>	<u>\$ 24,891,608</u>	<u>\$ 39,029,139</u>

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

	<u>Equipment</u>	<u>Structures and Improvements</u>	<u>Total</u>
Transit	\$ 586,638	\$ 13,154	599,792
Fink Road Landfill	390,822	257,371	648,193
Health Clinics and Ancillary Services	245,104	71,844	316,948
Inmate Welfare/Commissary	12,373	6,988	19,361
	<u>\$ 1,234,937</u>	<u>\$ 349,357</u>	<u>\$ 1,584,294</u>

Note 7: **Receivables and Deferred Revenue**

A large portion of the governmental activities accounts receivable, net of allowance for uncollectibles, balance of \$74,731,282 includes receivables from federal, state, and local governments in the amount of \$49,360,175.

The business-type activities accounts receivable balance, net of allowance, is \$36,683,229; Health Clinics and Ancillary Services receivable balance comprises \$34,695,098.

At June 30, 2013, total deferred revenue for governmental funds is \$33,610,590. Deferred revenue is comprised of unavailable and unearned components. The unearned portion (32,759,233) is reported in the government-wide, governmental funds, proprietary and fiduciary fund financial statements. The unavailable portion (\$851,357) is not available to finance expenditures of the current fiscal period and is unique to governmental fund financial statements.

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

Note 7: **Receivables and Deferred Revenue** (continued)

<b>Governmental Activities:</b>	<u>Unavailable</u>	<u>Unearned</u>	<u>Deferred Revenue</u>
General fund:			
Property taxes receivable	\$ 20,946		\$ 20,946
Advanced deposits for District Attorney and Public Defender Services		140,253	140,253
Advanced deposits for probation services			
Advanced deposits for sheriff services		23,550	23,550
Grant drawdowns prior to meeting all eligibility requirements			
Other		394,421	394,421
Behavioral Health and Recovery			
Grant drawdowns prior to meeting all eligibility requirements		22,110,013	22,110,013
Tobacco Settlement			
Interest receivable	830,411		830,411
Community Services Agency:			
Grant drawdowns prior to meeting all eligibility requirements		7,874,330	7,874,330
Non-major funds:			
Grant drawdowns prior to meeting all eligibility requirements		2,216,666	2,216,666
	<u>\$851,357</u>	<u>\$32,759,233</u>	<u>\$ 33,610,590</u>

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 2012-2013 is \$33,482,512,029.

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

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

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

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

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

Taxes receivable in the General Fund includes \$14,881,551 of long-term and \$7,329,719 of short-term property tax related to Teeter. Total property tax receivable related to Teeter is \$22,211,271. An additional \$20,946 represents unsecured taxes to be collected within 60 days of fiscal year end.

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

Note 9: **Proposition 1A**

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

The total amount of loan from the County's property tax allocation of \$7,866,152 was recorded as reduction of revenue in Fiscal Year 2010-2011. In Fiscal Year 2012-2013 the State repaid the loan with interest.

Note 10: **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 \$4,801,356 for all fund types for the year ended June 30, 2013. 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, 2013.

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

Note 10: **Leases** (continued)

Operating Leases (continued)

Year Ending June 30,	
2014	\$ 4,036,435
2015	2,156,302
2016	1,674,590
2017	1,580,238
2018	1,579,038
2019-2027	3,528,909
Total Minimum Lease Payments	<u>\$ 14,555,512</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 Gallo Center for the Arts entered into an agreement on February 17<sup>th</sup>, 2004. The annual rent is one dollar. The leased property is located at 1030 11<sup>th</sup> 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, 2013**

Note 10: **Leases** (continued)

Revenue Leases (continued)

The following is a schedule of future lease revenue on these noncancelable leases at June 30, 2013.

Year Ending June 30,	
2014	\$ 198,001
2015	198,001
2016	198,001
2017	198,001
2018	198,001
2019-2047	<u>1,584,028</u>
Total Minimum Lease Revenue	<u><u>\$ 2,574,033</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, 2013
<b>Governmental activities:</b>		
Equipment	0.00-7.7%	\$ <u>567,439</u>
Total capital lease obligations		\$ <u><u>567,439</u></u>

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

Note 10: **Leases** (continued)

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Year Ending June 30,	Governmental Activities
2014	\$ 216,260
2015	177,568
2016	114,099
Thereafter	117,582
Total Minimum Lease Payments	625,509
Less: Amounts Representing Interest	(58,070)
Present Value of Minimum Lease Payments	567,439
Less: Current Portion of Capital Leases	189,334
Long-term Capital Lease Obligation	\$ 378,105

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

	Governmental Activities	Business-type Activities
Equipment	\$ 1,845,342	\$ 1,116,760
Less: accumulated depreciation	(1,163,709)	(1,090,897)
Net value	\$ 681,633	\$ 25,863

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

Note 11: **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, 2013:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Certificates of participation	\$ 66,765,000	\$ 8,687,050	\$(17,209,438)	\$ 58,242,612	\$ 7,306,642
Plus issuance premium	835,983	-	(144,342)	691,641	144,343
Bonds payable - POB	21,310,000	-	(10,275,000)	11,035,000	11,035,000
Tobacco securitization note	96,118,611	-	(4,555,000)	91,563,611	3,835,000
Accreted interest tobacco note	19,325,022	3,885,676	-	23,210,698	-
	<u>204,354,616</u>	<u>12,572,726</u>	<u>(32,183,780)</u>	<u>184,743,562</u>	<u>22,320,985</u>
Risk management liability	\$ 32,058,413	\$ 6,734,117	\$ (7,591,845)	\$ 31,200,685	\$ 11,418,685
Capital lease payable	679,780	370,613	(482,954)	567,439	189,334
Compensated absences	32,091,677	18,911,416	(20,163,361)	30,839,732	1,792,562
	<u>\$ 64,829,870</u>	<u>\$ 26,016,146</u>	<u>\$ (28,238,160)</u>	<u>\$ 62,607,856</u>	<u>\$ 13,400,581</u>
Total Governmental Activities	<u>\$ 269,184,486</u>	<u>\$ 38,588,872</u>	<u>\$ (60,421,940)</u>	<u>\$ 247,351,418</u>	<u>\$ 35,721,566</u>
<b>Business-type Activities:</b>					
Risk management liability	\$ 781,000	\$ -	\$ (133,000)	\$ 648,000	\$ 279,000
Compensated absences	1,607,055	1,048,559	(975,779)	1,679,835	131,161
Capital lease payable	340,820	-	(340,820)	-	-
	<u>\$ 2,728,875</u>	<u>\$ 1,048,559</u>	<u>\$ (1,449,599)</u>	<u>\$ 2,327,835</u>	<u>\$ 410,161</u>
Total Business-Type Activities	<u>\$ 2,728,875</u>	<u>\$ 1,048,559</u>	<u>\$ (1,449,599)</u>	<u>\$ 2,327,835</u>	<u>\$ 410,161</u>

With the exception of the Professional Liability Insurance Fund, which serves the Health Clinics and Ancillary Services Enterprise Fund, internal service funds serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$1,043,470 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, risk management liability and compensated absences are generally liquidated by the General Fund.

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

Note 11: **Long-Term Debt** (continued)

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

As of June 30, 2013, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30	Governmental Activities			
	Bonds Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2014	11,035,000	394,501	7,306,642	2,325,444
2015			7,620,998	2,002,361
2016			7,965,754	1,660,511
2017			7,966,515	1,332,314
2018			6,657,703	1,047,527
2019-2023			12,140,000	3,172,149
2024-2028			8,585,000	574,109
2029-2033				
2034-2038				
2039-2043				
2044-2048				
<b>Totals</b>	<b>\$ 11,035,000</b>	<b>\$ 394,501</b>	<b>\$ 58,242,612</b>	<b>\$ 12,114,415</b>

Year Ending June 30	Tobacco Securitization Note		Tobacco Securitization Note 2006	
	Principal	Interest	Principal	Interest
2014	3,835,000	2,625,569		
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		
2019-2023	26,510,000	3,120,506		18,595,106
2024-2028				40,918,013
2029-2033			23,793,382	44,577,799
2034-2038			9,446,325	48,849,499
2039-2043				53,053,381
2044-2048			8,913,904	20,137,298
<b>Totals</b>	<b>\$ 49,410,000</b>	<b>\$ 13,921,897</b>	<b>\$ 42,153,611</b>	<b>\$ 226,131,096</b>

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, 2013**

Note 11: **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, 2013
<b>Governmental activities:</b>						
2012 Lease Refunding	1.99	8/1/2012	6/1/2018	\$ 8,687,050		\$ 7,507,612
2004 Series A	1.63-4.38	3/26/2004	9/1/2025	15,371,663	(1)	11,050,000
2004 Series B	1.63-4.38	3/26/2004	9/1/2025	27,511,451	(2)	19,770,000
2007 Series A Refunding	3.65-5.75	2/1/2007	5/1/2018	42,081,614	(3)	19,915,000
Total governmental activities				<u>\$ 93,651,778</u>		<u>\$ 58,242,612</u>

(1) Includes \$31,662 premium

(2) Includes \$56,451 premium

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

A summary of loans and bonds payable follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue		Outstanding as of June 30, 2013
1995 Pension Obligation Bonds	7.15	9/25/1995	8/15/2013	\$108,970,000		\$ 11,035,000
Total Bonds				<u>\$108,970,000</u>		<u>\$ 11,035,000</u>

A summary of notes payable follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue		Outstanding as of June 30, 2013
Tobacco Securitization Note	5.50-7.50	3/21/2002	6/1/2043	\$ 67,305,000		\$ 49,410,000
2006 Tobacco Securitization Note	5.75-7.25	3/29/2006	6/1/2055	42,153,611		65,364,309 *
Total				<u>\$109,458,611</u>		<u>\$ 114,774,309</u>

\* Includes accredited interest of \$23,210,698

# COUNTY OF STANISLAUS

## Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Note 11: **Long-Term Debt** (continued)

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

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

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

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

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

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

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

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

Note 11: **Long-Term Debt** (continued)

**D. Arbitrage**

Arbitrage regulations pertain to the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable arbitrage rebates are not reported and paid to the Internal Revenue Service at least every five years. The last arbitrage calculation was performed in Fiscal Year 2012-2013 for the 2007 A COP. At June 30, 2013, the County did not have any outstanding liability for arbitrage. An arbitrage calculation is due for the 2004 A & B Certificates of Participation in Fiscal Year 2013-2014.

Note 12: **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, 2013	\$ 20,839,825	\$ 2,438,452	\$ 23,278,277
Liability recognized as of June 30, 2013	\$ 7,499,117	\$ 2,438,452	\$ 9,937,569
Landfill capacity used to date	36.00%	100%	
Estimated remaining useful life	20 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	\$ 18,332,640
Geer Road Sanitary Landfill	\$ 961,125

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

Note 13: **Net Position/Fund Balances**

**Net Position**

The governmental 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, 2013, the County had the following restrictions to net position:

	Governmental Activities	Business-type Activities
Restricted for:		
Capital projects	\$ 88,960,379	
Debt service	12,347,987	
Other purposes:		
Landfill closure/postclosure		19,457,319
Tobacco Settlement	99,293,205	
Behavioral Health & Recovery	17,188,851	
Road and Bridge	15,946,621	
Children and Families Commission	12,600,661	
Honor Farm Barracks	773,059	
Probation Grants	12,196,856	
Environmental resources	7,601,296	
Library	7,561,610	
Clerk-recorder - capital assets	3,478,606	
Tax Loss Reserve Fund	3,728,477	
Health Services	5,016,826	
Lighting/Storm Drain & Service Area Districts	3,084,061	
Other	16,502,969	
Subtotal other purposes	204,973,098	19,457,319
Total Restricted Net Position	\$ 306,281,464	\$ 19,457,319
Amount of total restricted by enabling legislation	\$ 54,197	\$ -

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Note 13: **Net Position/Fund Balances** (continued)

#### **Fund Balances**

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

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

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

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

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

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

Note 13: **Net Position/Fund Balances** (continued)

**Fund Balances** (continued)

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned and unassigned (see Note 1 for a description of these categories). A detail schedule of fund balances at June 30, 2013 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	19,683,239		6,106	25,150		535,774	20,250,269
Restricted	3,728,477	99,293,205	5,233,350	215,531	72,079,103	81,809,878	262,359,544
Committed	7,460,200		4,022,043			1,936,688	13,418,931
Assigned	92,656,760		7,927,353	37,918	350,178	29,154,930	130,127,139
Unassigned:							
General fund	9,599,149						9,599,149
Special revenue funds						(1,092,192)	(1,092,192)
Capital project funds							
Debt Service funds						(74,217)	(74,217)
Total fund balance	<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>

Note 14: **Prior Period Restatement**

The fund balance for Fink Road Landfill (Enterprise fund) includes a credit to prior year restatement of equity in the amount of \$4,055,024. The adjustment is related to the accumulated construction costs associated with cell five of the landfill which were recorded as an expense instead of a debit to capital assets.

Note 15: **Risk Management**

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

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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

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.

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.

	2012/2013	2011/2012
Unpaid claims as of July 1	\$ 32,839,413	\$ 26,181,348
Incurred claims (including IBNRs)	6,734,116	15,662,613
Claim payments	<u>(7,724,844)</u>	<u>(9,004,548)</u>
Unpaid claims as of June 30	<u>\$ 31,848,685</u>	<u>\$ 32,839,413</u>

Note 16: **Contingent Liabilities**

The County participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Some audits of these programs prior to and for the year ended June 30, 2013, 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 and the potential outcome of the case is not known. The County is vigorously defending its interest because an unfavorable outcome could result in the County and other plan sponsors having obligation to pay millions to StanCERA.

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Note 17: **Joint Ventures**

Stanislaus Waste-to-Energy Financing Agency

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

The agreement provides that the City and the County shall pay for costs associated with the operation of the SWEFA and are entitled to all rights and property of the SWEFA equally. The agreement was amended and approved by the County of Stanislaus Board of Supervisors on June 26, 2012. (See Subsequent Events Note 21)

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, 2013, 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, 2013, the County's equity interest was \$1,145,223. For the fiscal year ending June 30, 2013, 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

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

#### Stanislaus Drug Enforcement Agency (continued)

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 2013 was \$176,320.14. The total cash plus in-kind contribution was \$608,337.93. 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, 2013, the County's equity interest in the CCCIFA was \$10,121,815 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

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

The California County Tobacco Securitization Agency (continued)

past, present and future smoking related claims in exchange for, among other things, certain payments to be made to the Settling States.

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

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

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

#### Consolidated Emergency Dispatch Agency

The Modesto/Stanislaus Consolidated Emergency Dispatch Agency (the MSCEDA) was created on September 1, 1999, pursuant to a joint exercise of powers agreement between the City of Modesto (the “City”) and the County of Stanislaus (the “County”). The MSCEDA is administered by a seven-member commission consisting of one member of the Modesto City Council, one member of the County’s Board of Supervisors, the County Chief Executive Officer, the Modesto City Manager, two members from the Dispatch Advisory Board, and one member from the City of Ceres’ City Council or one member selected by the City Council of another participating City. The purpose of the MSCEDA is to consolidate the public safety communications system. The responsibilities of the County and the City include approval of the annual budget, claims, liabilities, and the use of MSCEDA property as collateral. Each participant will contribute sufficient funds to pay for all costs and expenses associated with providing Emergency Dispatch Services. Upon termination of the agreement, assets will be distributed equally to the City and County, unless otherwise approved. The financial statements may be obtained by writing to the Modesto/Stanislaus Consolidated Emergency Dispatch, Office Manager, 3705 Oakdale Road, Modesto, California 95357.

#### Regional Fire Training Center

On July 1, 1992 the County, Yosemite Community College District (YCCD), and the City of Modesto (City) entered into a 20 year agreement for the joint use and management of the regional fire training center (Center) at Modesto Junior College (MJC). The Center’s executive board is made up of the Chancellor of YCCD, the President of MJC, the City Manager and the Chief Executive Officer of the County. The Center was initially constructed using funds borrowed by YCCD with the City and County reimbursing a portion of these costs over 20 years. The buildings, grounds and equipment belong to YCCD. All three entities share in the Center’s operating costs with YCCD responsible for the accounting and monitoring of the Center’s budget. For fiscal year ending June 30, 2013, the County paid \$51,673.09 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.

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

#### California Statewide Automated Welfare System Consortium IV (continued)

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

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 2012/2013 were \$311,908. A copy of the Financial Statement may be obtained by writing to the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector (ATC), 222 West Hospitality Lane, 4<sup>th</sup> 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 (NCCTE). The purpose of the Authority is to prepare, identify, and adopt a precise alignment, and prepare and certify environmental documents for a route to improve east/west traffic circulation in the County.

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

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

#### The Stanislaus Animal Services Agency

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

Note 18: **Employees' Retirement Plan**

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

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

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

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

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 12.95% to 31.32% of covered payroll and employee contributions rates vary from 4.46% to 15.55%.

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

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

Ad-hoc benefits are non-vested benefits determined by the Board of Retirement. Approved changes to the excess earnings policy by the Board of Retirement on May 24, 2010 placed restrictions on offering ad-hoc benefits, specifically that the system must be 90%

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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

actuarially funded prior to the Board of Retirement offering any ad-hoc benefits. StanCERA is 76.9% actuarially funded as of June 30, 2012.

The County's contribution to StanCERA for the years ending June 30, 2011, 2012 and 2013 were \$26,256,729, \$27,314,032 and \$39,077,480, respectively, equal to the required contributions for each year. 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)
6/30/2010	\$1,325,801	\$1,737,824	\$412,023	76.30%	\$231,538	177.95%
6/30/2011	\$1,372,046	\$1,757,717	\$385,671	78.10%	\$221,541	174.10%
6/30/2012	\$1,451,764	\$1,888,713	\$436,950	76.90%	\$215,057	203.20%

Data provided by last actuarial valuation as of July 1

Expressing StanCERA's benefits pension plan (the Plan) net assets as a percentage of the actuarial accrued liability (AAL) provides one indication of StanCERA's funding status on a going-concern basis. Analysis of this percentage over time will indicate whether the Plan is becoming financially stronger or weaker. As of the most current actuarial valuation completed for year ending June 30, 2012 this percentage was 76.9%. 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, 2012 this percentage was 203.2%.

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

Plan Description

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

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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

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, 2013 the County's annual OPEB cost (expense) of \$3,469,472 was equal to the annual required contribution (ARC). The net OPEB obligation for 2013 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 3,469,472	66.1%	\$ 6,803,711

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, 2013 was as follows:

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets a</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit b</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll c</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
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

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

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.

Note 20: **Subsequent Events**

**2013 Lease Refunding**

On July 16, 2013 the Board of Supervisors approved the refinancing of the 2004 Series A and B Certificates of Participation (COP) through an internal borrowing from the Stanislaus County Treasury Pool. This will shorten the maturity date of the COPs by eight years, provide approximately \$4.9 million in Net Present Value savings and will free up operational funding in Budget Year 2018-2019, and beyond, that can be used to address anticipated increases in cost associated with the expansion of the County's detention facilities.

The refinancing of the COPs required a one-time cash contribution to "buy-down" \$4,028,754 of outstanding par amount as well as an additional payment for \$1,226,728, for total of \$5,255,482 in 2013-2014. For future budget years, accelerated annual payments of approximately \$1.95 million will be needed until the debt is paid off in 2017-2018. Additionally, on September 10, 2013, the Board of Supervisors authorized the Auditor-Controller to establish a new General Fund assignment of \$5,027,425 from the General Fund Unassigned Fund Balance, to pay off the final year (2017-2018) of the 2013 Lease Refunding debt.

## COUNTY OF STANISLAUS

### Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

#### State Medi-Cal Expansion under the Patient Protection and Affordable Health Care Act

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

Due to the PPACA, the State of California has opted to implement the State optional Medicaid (Medi-Cal in California) expansion, which will enable childless adults with income up to 138% of the Federal Poverty Level to gain eligibility to Medi-Cal beginning on January 1, 2014. The majority of these individuals rely on county Medically Indigent Adult (MIA) programs for their healthcare needs. As the State anticipates that counties' expenditures for care to indigents will significantly decline, the State has passed legislation (Assembly Bill 85) which will redirect funding currently used by counties to support MIA and other health programs, to another human services program to offset a State expense. This redirection of funds begins on January 1, 2014 and for Stanislaus County, is a set amount of approximately \$3.2 million in Fiscal Year 2013-2014.

Future years' redirection amount will be determined by a formula option of "60 percent State/40 percent County" of the total Health Realignment funding allocated to the County, along with the mandated County Maintenance of Effort amount. The "40 percent" that remains with the County will fund programs provided by Public Health, Clinics and Ancillary Services, and Environmental Resources, as well as the remaining MIA program responsibilities. It is anticipated that an ongoing General Fund exposure of approximately \$1.3 million will exist to fully support the costs of the residual MIA program.

#### Pension Obligation Bond (POB)

In Fiscal 1995-1996, Stanislaus County issued a Pension Obligation Bond (POB) to fund \$225,792,000 of Unfunded Actuarial Accrued Liability (UAAL) in retirement contributions to StanCERA. The first payment was made in March 1996. The final payment of \$11,371,795.29, principal and interest was made in July 2013.

#### Geer Road Landfill Groundwater Corrective Action

In December 2012 Tetra Tech BAS prepared a Report of Waste Discharge to outline the corrective action related to the Geer Road Landfill. The California Regional Water Quality Control Board requires closure/post closure maintenance funds for landfills. The corrective action specifically relates to the groundwater for the Geer Road Landfill. The study quantifies the estimated costs associated with the corrective action over the next 20 years.

The estimated liability in the report is \$13,895,000 over the next 20 years. The annual cost is \$694,750. The County is awaiting approval of the report from the California Regional Water Quality Control Board. The annual liability for Fiscal Year ending June 30, 2013 has not been recorded.

**COUNTY OF STANISLAUS**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013**

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

Property Tax Augmentation Fund

On January 14, 2014, the Board of Supervisors approved the use of \$2,538,680 from the General Fund Committed Fund Balance for payment to the cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford as a result of settlement associated with the Property Tax Administration Fees (PTAF). Of this obligated amount \$1,116,276 has been paid as of the date of the audit report. In November 2012 the California Supreme Court ruling determined the additional property taxes received by cities and County from the “Triple Flip” and “VLF Swap” are not to be included as property tax revenue in the annual PTAF calculation. The settlement includes three and a half to four and half years of back payments which had resulted in lower property tax revenues for the Cities. As of June 30, 2013, liability and expense was recorded in the General Fund to recognize the settlement obligation.

Required  
Supplementary  
Information



## County of Stanislaus

### Required Supplementary Information (Unaudited) For the Year Ended June 30, 2013

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

(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)
6/30/2005	\$ 1,049,691	\$ 1,116,310	\$ 66,619	94.00%	\$ 211,681	31.50%
6/30/2006	\$ 1,154,048	\$ 1,329,375	\$ 175,327	86.80%	\$ 212,011	82.70%
6/30/2008	\$ 1,317,167	\$ 1,548,824	\$ 231,657	85.00%	\$ 242,009	95.70%
6/30/2009	\$ 1,171,767	\$ 1,653,716	\$ 481,949	70.90%	\$ 248,316	194.10%
6/30/2010	\$ 1,325,801	\$ 1,737,824	\$ 412,023	76.30%	\$ 231,538	177.95%
6/30/2011	\$ 1,372,046	\$ 1,757,717	\$ 385,671	78.10%	\$ 221,541	174.10%
6/30/2012	\$ 1,451,764	\$ 18,888,713	\$ 436,950	76.90%	\$ 215,057	203.20%

Note: The actuarial valuation as of June 30, 2006 was revised due to changes in assumptions, Actuarial valuation was not performed for the fiscal year ending June 30, 2007. Data was included in the actuarial valuation as of June 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)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	a	b	(b-a)	(a/b)	c	((b-a)/c)
7/1/2006	\$ -	\$ 36,090,083	\$36,090,083	0%	\$ 215,818,211	16.7%
7/1/2008	\$ -	\$ 40,174,546	\$40,174,546	0%	\$ 222,013,314	18.1%
7/1/2010	\$ -	\$ 36,877,098	\$36,877,098	0%	\$ 216,990,039	17.0%
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 87.38% of StanCERA’s covered payroll.

The OPEB schedule presented relates solely to the County.



Other  
Supplementary  
Information



Non-major  
Governmental  
Funds

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

### **Capital Projects Fund**

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, 2013**

	Debt Service Funds					Totals
	Special Revenue Funds	Capital Projects	Capital Improvement Finance Authority	Pension Obligation Bonds	Stan County Tobacco Funding Corp	
<b>Assets</b>						
Cash and investments	\$ 78,706,175	\$ 9,995,502	\$ 3,180,040	\$	\$ 9,505	\$ 91,891,222
Investments with fiscal agent			4,381,719	57,706	4,783,777	9,223,202
Account receivable	19,026,203	7,702,691			2,863,954	29,592,848
Interest and other receivables	147,027	19,092	9,766		29	175,914
Inventory	561,433					561,433
Due from other funds	6,154,730					6,154,730
Prepaid items	82,875					82,875
Total assets	<u>\$ 104,678,443</u>	<u>\$ 17,717,285</u>	<u>\$ 7,571,525</u>	<u>\$ 57,706</u>	<u>\$ 7,657,265</u>	<u>\$ 137,682,224</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts payable	\$ 10,496,900	\$ 1,171,761	\$	\$ 4,669	\$ 2,863,952	\$ 14,537,282
Salaries and benefits payable	2,207,514	14,426				2,221,940
Sales tax liability	1,478					1,478
Due to other funds	6,264,109			69,888		6,333,997
Deferred revenue	2,216,666					2,216,666
Advances from other funds	100,000					100,000
Total Liabilities	<u>21,286,667</u>	<u>1,186,187</u>		<u>74,557</u>	<u>2,863,952</u>	<u>25,411,363</u>
<b>Fund Balances</b>						
Non-spendable	535,774					535,774
Restricted	69,423,451		7,544,942	57,706	4,783,779	81,809,878
Committed	598,373	1,338,315				1,936,688
Assigned	13,926,370	15,192,783	26,583	(340)	9,534	29,154,930
Unassigned	(1,092,192)			(74,217)		(1,166,409)
Total fund balances	<u>83,391,776</u>	<u>16,531,098</u>	<u>7,571,525</u>	<u>(16,851)</u>	<u>4,793,313</u>	<u>112,270,861</u>
Total Liabilities and Fund Balances	<u>\$ 104,678,443</u>	<u>\$ 17,717,285</u>	<u>\$ 7,571,525</u>	<u>\$ 57,706</u>	<u>\$ 7,657,265</u>	<u>\$ 137,682,224</u>

**County of Stanislaus**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Debt Service Funds					Totals
	Special Revenue Funds	Capital Projects	Capital Improvement Finance Authority	Pension Obligation Bonds	Stan County Tobacco Funding Corp	
Revenues						
Taxes	\$ 11,704,012	\$	\$	\$	\$	\$ 11,704,012
Licenses, permits and franchises	1,408,999					1,408,999
Fines, forfeitures and penalties	1,494,592	1,231,074				2,725,666
Revenue from use of money and property	311,294	36,357	200,803		361,912	910,366
Intergovernmental revenue	159,020,986	14,013,073		917,450		173,951,509
Charges for services	31,991,549	326,706		(9,368)		32,308,887
Miscellaneous revenue	460,732	26	1,928		7,326,655	7,789,341
Total revenues	<u>206,392,164</u>	<u>15,607,236</u>	<u>202,731</u>	<u>908,082</u>	<u>7,688,567</u>	<u>230,798,780</u>
Expenditures						
Current						
General government	416,606					416,606
Public protection	49,043,015					49,043,015
Public ways and facilities	28,769,032					28,769,032
Health and sanitation	48,700,261					48,700,261
Public assistance	80,854,124					80,854,124
Education	8,225,003					8,225,003
Recreation and cultural services	475,536					475,536
Capital outlay		22,685,122				22,685,122
Debt service						
Interest and fiscal charges	127,072		2,916,332	1,172,994	3,162,387	7,378,785
Principal			17,209,438	10,275,000	4,555,000	32,039,438
Total expenditures	<u>216,610,649</u>	<u>22,685,122</u>	<u>20,125,770</u>	<u>11,447,994</u>	<u>7,717,387</u>	<u>278,586,922</u>
Excess revenues over (under) expenditures	<u>(10,218,485)</u>	<u>(7,077,886)</u>	<u>(19,923,039)</u>	<u>(10,539,912)</u>	<u>(28,820)</u>	<u>(47,788,142)</u>
Other financing sources (uses)						
Capital lease proceeds	44,130					44,130
Loan proceeds			8,687,050			8,687,050
Transfers in	23,605,264	18,878,962	9,451,493	10,531,777		62,467,496
Transfers out	(15,659,602)	(1,395,588)	(88,025)			(17,143,215)
Sale of capital assets	1,977					1,977
Total other financing sources (uses)	<u>7,991,769</u>	<u>17,483,374</u>	<u>18,050,518</u>	<u>10,531,777</u>		<u>54,057,438</u>
Net changes in fund balances	(2,226,716)	10,405,488	(1,872,521)	(8,135)	(28,820)	6,269,296
Fund balances -- beginning	85,618,492	6,125,610	9,444,046	(8,716)	4,822,133	106,001,565
Fund balances -- ending	<u>\$ 83,391,776</u>	<u>\$ 16,531,098</u>	<u>\$ 7,571,525</u>	<u>\$ (16,851)</u>	<u>\$ 4,793,313</u>	<u>\$ 112,270,861</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, 2013**

	Environmental Resources	Children and Families Commission	Public Works Engineering	Road and Bridge	Employment and Training	Child Support Services	Public Authority
<b>Assets</b>							
Cash and investments	\$ 7,418,957	\$ 12,151,570	\$ 2,466,528	\$ 16,251,188	\$ 1,143,974	\$ 1,837,305	\$ 229,590
Account receivable	597,135	1,061,571	45,505	3,925,546	1,456,791	33,511	1,735,114
Interest and other receivables	6,523	40,526		63,750		8,508	
Inventory				426,057	9,322		
Due from other funds							18
Prepaid items							
Total assets	<u>\$ 8,022,615</u>	<u>\$ 13,253,667</u>	<u>\$ 2,512,033</u>	<u>\$ 20,666,541</u>	<u>\$ 2,610,087</u>	<u>\$ 1,879,324</u>	<u>\$ 1,964,722</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 230,288	\$ 641,197	\$ 71,582	\$ 4,584,497	\$ 775,394	\$ 21,731	\$
Salaries and benefits payable	191,031	11,809	176,479	135,423	211,055	383,218	
Sales Tax Liability					149		
Due to other funds							
Deferred revenue					20,730		1,964,722
Advances from other funds							
Total Liabilities	<u>421,319</u>	<u>653,006</u>	<u>248,061</u>	<u>4,719,920</u>	<u>1,007,328</u>	<u>404,949</u>	<u>1,964,722</u>
<b>Fund Balances</b>							
Reserved for:							
Non Spendable	800		300	312,460		100	
Restricted	7,519,649	12,375,871	360,096	15,264,211	1,599,010	1,326,414	
Committed							
Assigned	80,847	224,790	1,903,576	369,950	3,749	147,861	
Unassigned							
Total fund balances	<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>	
Total liabilities and fund balances	<u>\$ 8,022,615</u>	<u>\$ 13,253,667</u>	<u>\$ 2,512,033</u>	<u>\$ 20,666,541</u>	<u>\$ 2,610,087</u>	<u>\$ 1,879,324</u>	<u>\$ 1,964,722</u>

**County of Stanislaus  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2013**

Health Services Agency	Indigent Health Care	Library	Lighting Districts	All Other Special Revenue Funds	Totals	
\$ 2,629,738	\$	\$ 6,711,594	\$ 366,729	\$ 27,499,002	\$ 78,706,175	Assets
4,375,200	937,672	1,138,028		3,720,130	19,026,203	Cash and investments
656	2,065		951	24,048	147,027	Account receivable
126,054					561,433	Interest and other receivables
	6,154,712				6,154,730	Inventory
82,875					82,875	Due from other funds
<u>\$ 7,214,523</u>	<u>\$ 7,094,449</u>	<u>\$ 7,849,622</u>	<u>\$ 367,680</u>	<u>\$ 31,243,180</u>	<u>\$ 104,678,443</u>	Prepaid items
						Total assets
						Liabilities and Fund Balances
						Liabilities
\$ 1,372,593	\$ 1,551,814	\$ 90,490	\$ 19,638	\$ 1,137,676	\$ 10,496,900	Accounts payable
618,858	78,067	197,522		204,052	2,207,514	Salaries and benefits payable
4				1,325	1,478	Sales Tax Liability
	6,264,109				6,264,109	Due to other funds
206,242				24,972	2,216,666	Deferred revenue
				100,000	100,000	Advances from other funds
<u>2,197,697</u>	<u>7,893,990</u>	<u>288,012</u>	<u>19,638</u>	<u>1,468,025</u>	<u>21,286,667</u>	Total Liabilities
						Fund Balances
212,529	100	1,485		8,000	535,774	Reserved for:
4,343,296	242,069	7,488,813	346,253	18,557,769	69,423,451	Non Spendable
				598,373	598,373	Restricted
461,001	50,482	71,312	1,789	10,611,013	13,926,370	Committed
	(1,092,192)				(1,092,192)	Assigned
						Unassigned
<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>	Total fund balances
<u>\$ 7,214,523</u>	<u>\$ 7,094,449</u>	<u>\$ 7,849,622</u>	<u>\$ 367,680</u>	<u>\$ 31,243,180</u>	<u>\$ 104,678,443</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, 2013**

	Environmental Resources	Children and Families Commission	Public Works Engineering	Road and Bridge	Employment and Training	Child Support Services	Public Authority
Revenues							
Taxes	\$	\$	\$	\$ 1,603,125	\$	\$	\$
Licenses, permits and franchises			1,377,676	20,704			
Fines, forfeitures and penalties and property	43,128 13,209	76,899		121,805		22,442	67
Intergovernmental revenue	891,237	5,597,168		19,916,274	9,843,960	13,538,454	63,369,190
Charges for services	6,547,032		4,726,736	291,377	5,809,827		
Miscellaneous revenue	12,396	667	2,489	391	36,408	220	-
Total revenues	<u>7,507,002</u>	<u>5,674,734</u>	<u>6,106,901</u>	<u>21,953,676</u>	<u>15,690,195</u>	<u>13,561,116</u>	<u>63,369,257</u>
Expenditures							
General		386,255					
Public protection	7,018,597		1,518,867			13,191,908	
Public ways and facilities			4,652,222	24,116,810			
Health and sanitation		5,752,678					
Public assistance					14,534,754		63,001,319
Education							
Recreation and cultural services							
Interest and fiscal charges							
Total expenditures	<u>7,018,597</u>	<u>6,138,933</u>	<u>6,171,089</u>	<u>24,116,810</u>	<u>14,534,754</u>	<u>13,191,908</u>	<u>63,001,319</u>
Revenues over (under) expenditures	<u>488,405</u>	<u>(464,199)</u>	<u>(64,188)</u>	<u>(2,163,134)</u>	<u>1,155,441</u>	<u>369,208</u>	<u>367,938</u>
Capital lease proceeds							
Transfers in	1,036,234	854	347,833	104,162			1,939,701
Transfers out	(163,270)	(13,398)	(162,002)	(124,550)	(189,295)	(348,367)	(2,279,001)
Sale of capital assets	1,136					346	
Total other financing sources (uses)	<u>874,100</u>	<u>(12,544)</u>	<u>185,831</u>	<u>(20,388)</u>	<u>(189,295)</u>	<u>(348,021)</u>	<u>(339,300)</u>
Net change in fund balance	1,362,505	(476,743)	121,643	(2,183,522)	966,146	21,187	28,638
Fund balances -- beginning	6,238,791	13,077,404	2,142,329	18,130,143	636,613	1,453,188	(28,638)
Prior period Restatement							
Fund balances -- ending	<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>	<u>\$</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, 2013**

Health Services Agency	Indigent Health Care	Library	Lighting Districts	All Other Special Revenue Funds	Totals	
\$	\$	\$ 8,655,294	\$ 123,469	\$ 1,322,124	\$ 11,704,012	Revenues
10,619						Taxes
176,933	994,021			280,510	1,408,999	Licenses, permits and franchises
7,274	3,306	4,600	2,681	59,011	1,494,592	Fines, forfeitures and penalties and property
12,869,928	2,606,190	119,702	662	30,268,221	159,020,986	Intergovernmental revenue
9,977,465	360,142	340,857	359,999	3,578,114	31,991,549	Charges for services
127,151	352	76,988		203,670	460,732	Miscellaneous revenue
<u>23,169,370</u>	<u>3,964,011</u>	<u>9,197,441</u>	<u>486,811</u>	<u>35,711,650</u>	<u>206,392,164</u>	Total revenues
				30,351	416,606	Expenditures
			301,503	27,012,140	49,043,015	General
					28,769,032	Public protection
24,770,180	18,177,403				48,700,261	Public ways and facilities
				3,318,051	80,854,124	Health and sanitation
		8,217,966		7,037	8,225,003	Public assistance
				475,536	475,536	Education
				127,072	127,072	Recreation and cultural services
<u>24,770,180</u>	<u>18,177,403</u>	<u>8,217,966</u>	<u>301,503</u>	<u>30,970,187</u>	<u>216,610,649</u>	Interest and fiscal charges
						Total expenditures
<u>(1,600,810)</u>	<u>(14,213,392)</u>	<u>979,475</u>	<u>185,308</u>	<u>4,741,463</u>	<u>(10,218,485)</u>	Revenues over (under) expenditures
				44,130	44,130	Capital lease proceeds
3,595,282	14,619,872	611,810		1,349,516	23,605,264	Transfers in
(540,870)	(65,482)	(139,716)		(11,633,651)	(15,659,602)	Transfers out
495					1,977	Sale of capital assets
<u>3,054,907</u>	<u>14,554,390</u>	<u>472,094</u>		<u>(10,240,005)</u>	<u>7,991,769</u>	Total other financing sources (uses)
1,454,097	340,998	1,451,569	185,308	(5,498,542)	(2,226,716)	Net change in fund balance
3,562,729	(1,140,539)	6,110,041	155,978	35,280,453	85,618,492	Fund balances -- beginning
			6,756	(6,756)		Prior period Restatement
<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 -- 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, 2013**

	County Transit System	Geer Road Sanitary Landfill	Inmate Welfare/ Commissary	Total
<b>ASSETS:</b>				
Current Assets:				
Cash and investments	\$ 7,030,525	\$ 772,466	\$ 595,168	\$ 8,398,159
Accounts receivable, net	764,908	104,658	264,934	1,134,500
Interest and other receivables	20,881	5,396	1,691	27,968
Inventory			16,417	16,417
Total current assets	<u>7,816,314</u>	<u>882,520</u>	<u>878,210</u>	<u>9,577,044</u>
Noncurrent assets:				
Restricted cash and investments		961,125		961,125
Capital assets:				
Land and right of ways		1,906,261		1,906,261
Building and improvements	131,545		216,731	348,276
Equipment	6,401,321		144,907	6,546,228
Construction in progress	75,482			75,482
Less: Accumulated depreciation	<u>(3,616,637)</u>		<u>(212,314)</u>	<u>(3,828,951)</u>
Total noncurrent assets	<u>2,991,711</u>	<u>2,867,386</u>	<u>149,324</u>	<u>6,008,421</u>
Total assets	<u>10,808,025</u>	<u>3,749,906</u>	<u>1,027,534</u>	<u>15,585,465</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	662,554	5,183	56,513	724,250
Salaries and benefits payable	13,561		8,377	21,938
Due to other governments				
Due to other funds				
Advances from other funds				
Interfund payable				
Deposits from others				
Current portion of capital lease				
Compensated absences - current	2,712		36	2,748
Total current liabilities	<u>678,827</u>	<u>5,183</u>	<u>64,926</u>	<u>748,936</u>
Noncurrent liabilities				
Estimated cost of closure/postclosure		2,438,452		2,438,452
Other post-employment benefits (OPEB)	6,336		13,950	20,286
Compensated absences	40,593		20,528	61,121
Total noncurrent liabilities	<u>46,929</u>	<u>2,438,452</u>	<u>34,478</u>	<u>2,519,859</u>
Total liabilities	<u>725,756</u>	<u>2,443,635</u>	<u>99,404</u>	<u>3,268,795</u>
<b>NET POSITION:</b>				
Net investment in capital assets	2,991,711	1,906,261	149,324	5,047,296
Restricted		1,068,434		1,068,434
Unrestricted	<u>7,090,558</u>	<u>(1,668,424)</u>	<u>778,806</u>	<u>6,200,940</u>
Total net position	<u>\$ 10,082,269</u>	<u>\$ 1,306,271</u>	<u>\$ 928,130</u>	<u>\$ 12,316,670</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, 2013**

	County Transit System	Geer Road Sanitary Landfill	Inmate Welfare/ Commissary	Total
Operating revenues:				
Charges for services	\$ 687,089	\$ 137,655	\$ 1,688,466	\$ 2,513,210
Total operating revenues	<u>687,089</u>	<u>137,655</u>	<u>1,688,466</u>	<u>2,513,210</u>
Operating expenses:				
Salaries and benefits	363,016		263,035	626,051
Services and supplies	3,692,819		1,121,665	4,814,484
Depreciation	599,792		19,361	619,153
Total operating expenses	<u>4,655,627</u>	<u></u>	<u>1,404,061</u>	<u>6,059,688</u>
Operating income (loss)	<u>(3,968,538)</u>	<u>137,655</u>	<u>284,405</u>	<u>(3,546,478)</u>
Nonoperating revenues (expenses)				
Investment income	55,996	5,803	4,487	66,286
Interest expense				
(Loss) on sale of fixed assets	(25,038)			(25,038)
Intergovernmental	6,551,875			6,551,875
Total nonoperating revenues (expenses)	<u>6,582,833</u>	<u>5,803</u>	<u>4,487</u>	<u>6,593,123</u>
Income before contributions and transfers	2,614,295	143,458	288,892	3,046,645
Capital contributions	185,446			185,446
Transfers in		1,163,057		1,163,057
Transfers out	(11,248)		(4,265)	(15,513)
Change in net position	<u>2,788,493</u>	<u>1,306,515</u>	<u>284,627</u>	<u>4,379,635</u>
Total net position - beginning	7,293,776	(244)	643,503	7,937,035
Total net position - ending	<u>\$ 10,082,269</u>	<u>\$ 1,306,271</u>	<u>\$ 928,130</u>	<u>\$ 12,316,670</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, 2013**

	Self Insurance funds						
	General Liability Insurance	Unemployment Insurance	Workers' Compensation Insurance	Medical Self-Insurance	Other Employee Benefits	Dental Insurance	Vision Care Insurance
<b>ASSETS:</b>							
Cash and investments	\$ 2,549,842	\$ 1,707,650	\$ 20,719,940	\$ 258,745	\$ 403,957	\$ 1,375,129	\$ 760,057
Accounts receivable, net	566,958		20,683	831,305			
Interest and other receivables	7,671	5,151	63,680	1,365	1,270	4,218	2,432
Inventory							
Deposit with others			500,000				
Due from other funds							
Prepaid items							
Total current assets	<u>3,124,471</u>	<u>1,712,801</u>	<u>21,304,303</u>	<u>1,091,415</u>	<u>405,227</u>	<u>1,379,347</u>	<u>762,489</u>
Capital assets:							
Intangible assets							
Structures and improvements							
Equipment							
Less: Accumulated depreciation							
Net capital assets							
Total assets	<u>3,124,471</u>	<u>1,712,801</u>	<u>21,304,303</u>	<u>1,091,415</u>	<u>405,227</u>	<u>1,379,347</u>	<u>762,489</u>
<b>LIABILITIES:</b>							
Current liabilities							
Accounts payable	679,317	200,005	63,389	1,416,381		121,017	43,109
Salaries and benefits payable							
Interfund payable							
Due to other funds							
Deposits from others							
Risk management liability-current	1,489,000	200,000	3,779,000	5,711,000		202,847	36,837
Capital lease - current							
Compensated absences - current							
Total current liabilities	<u>2,168,317</u>	<u>400,005</u>	<u>3,842,389</u>	<u>7,127,381</u>		<u>323,864</u>	<u>79,946</u>
Noncurrent liabilities							
Risk management liability	2,919,000		16,863,000				
Capital leases payable							
Other post-employment benefits							
Compensated absences							
Total noncurrent liabilities	<u>2,919,000</u>		<u>16,863,000</u>				
Total liabilities	<u>5,087,317</u>	<u>400,005</u>	<u>20,705,389</u>	<u>7,127,381</u>		<u>323,864</u>	<u>79,946</u>
<b>NET POSITION:</b>							
Net investment in capital assets							
Unrestricted	<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>
Total net position	<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>

**County of Stanislaus**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**June 30, 2013**

Self Insurance funds								
Professional Liability Insurance	Central Services	Fleet Services	Technology and Communications	Morgan Shop Garage	Facility Maintenance	Total		
\$ 1,076,598	\$ 126,240	\$ 446,329	\$ 3,289,641	\$ 2,894,581	\$ 1,887,952	\$ 37,496,661	<b>ASSETS:</b>	
4,471	12,479		11,249	29,255	25,753	1,497,682	Cash and investments	
	64,371	71,872		147,108		90,258	Accounts receivable, net	
						283,351	Interest and other receivables	
						500,000	Inventory	
							Deposit with others	
							Due from other funds	
							Prepaid items	
<u>1,081,069</u>	<u>203,090</u>	<u>518,201</u>	<u>3,300,890</u>	<u>3,070,944</u>	<u>1,913,705</u>	<u>39,867,952</u>	Total current assets	
							Capital assets:	
			3,391,592			3,391,592	Intangible assets	
	11,735	990,773				1,002,508	Structures and improvements	
	145,737	5,722,490	5,552,990	13,781,340	208,151	25,410,708	Equipment	
	(146,823)	(5,971,725)	(5,356,800)	(7,109,787)	(204,251)	(18,789,386)	Less: Accumulated depreciation	
	10,649	741,538	3,587,782	6,671,553	3,900	11,015,422	Net capital assets	
<u>1,081,069</u>	<u>213,739</u>	<u>1,259,739</u>	<u>6,888,672</u>	<u>9,742,497</u>	<u>1,917,605</u>	<u>50,883,374</u>	Total assets	
							<b>LIABILITIES:</b>	
							Current liabilities	
7,782	9,031	128,623	101,250	120,405	322,481	3,212,790	Accounts payable	
	18,792	24,977	86,002	25,255	65,776	220,802	Salaries and benefits payable	
							Interfund payable	
							Due to other funds	
279,000						11,697,684	Deposits from others	
	1,915					1,915	Risk management liability-current	
	303	1,473	19,393	844	25,442	47,455	Capital lease - current	
							Compensated absences - current	
<u>286,782</u>	<u>30,041</u>	<u>155,073</u>	<u>206,645</u>	<u>146,504</u>	<u>413,699</u>	<u>15,180,646</u>	Total current liabilities	
369,000						20,151,000	Noncurrent liabilities	
	29,896	19,699	51,312	19,615	49,032	169,554	Risk management liability	
	64,448	140,787	444,606	114,845	325,481	1,090,167	Capital leases payable	
369,000	94,344	160,486	495,918	134,460	374,513	21,410,721	Other post-employment benefits	
							Compensated absences	
<u>655,782</u>	<u>124,385</u>	<u>315,559</u>	<u>702,563</u>	<u>280,964</u>	<u>788,212</u>	<u>36,591,367</u>	Total noncurrent liabilities	
							Total liabilities	
							<b>NET POSITION:</b>	
	8,734	741,538	3,587,782	6,671,553	3,900	11,013,507	Net investment in capital assets	
<u>425,287</u>	<u>80,620</u>	<u>202,642</u>	<u>2,598,327</u>	<u>2,789,980</u>	<u>1,125,493</u>	<u>3,278,500</u>	Unrestricted	
\$ <u>425,287</u>	\$ <u>89,354</u>	\$ <u>944,180</u>	\$ <u>6,186,109</u>	\$ <u>9,461,533</u>	\$ <u>1,129,393</u>	\$ <u>14,292,007</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, 2013**

	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	\$ 4,056,174	\$ 1,144,807	\$ 4,893,970	\$ 46,753,894	\$ 497,378	\$ 3,579,324	\$ 491,734	\$ 300,001
Total operating revenues	<u>4,056,174</u>	<u>1,144,807</u>	<u>4,893,970</u>	<u>46,753,894</u>	<u>497,378</u>	<u>3,579,324</u>	<u>491,734</u>	<u>300,001</u>
Operating expenses:								
Salaries and benefits								
Services and supplies	4,312,137	514,417	4,135,751	53,139,196	384,348	3,521,768	661,335	724,596
Depreciation								
Total operating expenses	<u>4,312,137</u>	<u>514,417</u>	<u>4,135,751</u>	<u>53,139,196</u>	<u>384,348</u>	<u>3,521,768</u>	<u>661,335</u>	<u>724,596</u>
Operating income (loss)	<u>(255,963)</u>	<u>630,390</u>	<u>758,219</u>	<u>(6,385,302)</u>	<u>113,030</u>	<u>57,556</u>	<u>(169,601)</u>	<u>(424,595)</u>
Nonoperating revenues (expenses):								
Investment income	6,286	15,115	130,376		4,599	9,348	4,125	4,080
Interest expense				(29,934)				
Intergovernmental	36,580	27,280	118,912					
Gain(loss) on sale of capital assets								
Total nonoperating revenues (expenses), net	<u>42,866</u>	<u>42,395</u>	<u>249,288</u>	<u>(29,934)</u>	<u>4,599</u>	<u>9,348</u>	<u>4,125</u>	<u>4,080</u>
Income (loss) before contributions and transfers	(213,097)	672,785	1,007,507	(6,415,236)	117,629	66,904	(165,476)	(420,515)
Capital contribution								
Transfers in	410,631							
Transfers out								
Changes in net position	<u>197,534</u>	<u>672,785</u>	<u>1,007,507</u>	<u>(6,415,236)</u>	<u>117,629</u>	<u>66,904</u>	<u>(165,476)</u>	<u>(420,515)</u>
Total net position - beginning	<u>(2,160,380)</u>	<u>640,011</u>	<u>(408,593)</u>	<u>379,270</u>	<u>287,598</u>	<u>988,579</u>	<u>848,019</u>	<u>845,802</u>
Residual equity transfers out								
Prior period adjustment								
Cumulative effect of change in accounting principle								
Total net position - beginning - restated	<u>(2,160,380)</u>	<u>640,011</u>	<u>(408,593)</u>	<u>379,270</u>	<u>287,598</u>	<u>988,579</u>	<u>848,019</u>	<u>845,802</u>
Total net position (deficit) - ending	<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>

**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, 2013**

Central Services	Fleet Services	Technology and Communications	Morgan Shop Garage	Facility Maintenance	Total	
\$ 878,978	\$ 2,258,284	\$ 4,550,869	\$ 2,901,397	\$ 8,478,120	\$ 80,784,930	Operating revenues: Charges for services
<u>878,978</u>	<u>2,258,284</u>	<u>4,550,869</u>	<u>2,901,397</u>	<u>8,478,120</u>	<u>80,784,930</u>	Total operating revenues
678,265	687,887	2,564,995	713,353	2,102,590	6,747,090	Operating expenses: Salaries and benefits
291,766	1,556,476	1,755,171	1,582,737	5,835,373	78,415,071	Services and supplies
5,751	115,895	442,445	984,022	1,091	1,549,204	Depreciation
<u>975,782</u>	<u>2,360,258</u>	<u>4,762,611</u>	<u>3,280,112</u>	<u>7,939,054</u>	<u>86,711,365</u>	Total operating expenses
<u>(96,804)</u>	<u>(101,974)</u>	<u>(211,742)</u>	<u>(378,715)</u>	<u>539,066</u>	<u>(5,926,435)</u>	Operating income (loss)
				10,638	184,567	Nonoperating revenues (expenses): Investment income
(276)					(30,210)	Interest expense
23,330	40,557	86,419	102,928	142,192	578,198	Intergovernmental
(2,922)	8,242	(3,448)	75,200		77,072	Gain(loss) on sale of capital assets
<u>20,132</u>	<u>48,799</u>	<u>82,971</u>	<u>178,128</u>	<u>152,830</u>	<u>809,627</u>	Total nonoperating revenues (expenses), net
(76,672)	(53,175)	(128,771)	(200,587)	691,896	(5,116,808)	Income (loss) before contributions and transfers
		714,767			1,125,398	Capital contribution Transfers in
(19,176)	(20,943)	(81,563)	(22,840)	(57,904)	(202,426)	Transfers out
<u>(95,848)</u>	<u>(74,118)</u>	<u>504,433</u>	<u>(223,427)</u>	<u>633,992</u>	<u>(4,193,836)</u>	Changes in net position
<u>185,202</u>	<u>1,018,298</u>	<u>5,681,676</u>	<u>9,684,960</u>	<u>495,401</u>	<u>18,485,843</u>	Total net position - beginning
						Residual equity transfers out
						Prior period adjustment
						Cumulative effect of change in accounting principle
<u>185,202</u>	<u>1,018,298</u>	<u>5,681,676</u>	<u>9,684,960</u>	<u>495,401</u>	<u>18,485,843</u>	Total net position - beginning - restated
<u>\$ 89,354</u>	<u>\$ 944,180</u>	<u>\$ 6,186,109</u>	<u>\$ 9,461,533</u>	<u>\$ 1,129,393</u>	<u>\$ 14,292,007</u>	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, 2013

The Agency had the following long-term debt liabilities as of June 30, 2013:

	Beginning Principal Balance	Adjustments	Deletions	Ending Principal Balance	Due Within One Year
<u>Notes Payable</u>					
United States Department of Agriculture	\$ 4,070,000	\$ 5,000	\$ 70,000	\$ 4,005,000	\$ 75,000
State of California, State Water Resources Control Board	664,331	-	158,556	505,775	163,472
State of California, Housing Finance Agency	562,500	-	-	562,500	-
<b>Total notes payable</b>	<u>5,296,831</u>	<u>5,000</u>	<u>228,556</u>	<u>5,073,275</u>	<u>238,472</u>
<u>Bonds Payable</u>					
2005 tax allocation bonds	13,070,000	-	495,000	12,575,000	520,000
<b>Total long-term liabilities</b>	<u>\$ 18,366,831</u>	<u>\$ 5,000</u>	<u>\$ 723,556</u>	<u>\$ 17,648,275</u>	<u>\$ 758,472</u>

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

Fiscal Year	Ending Principal	Interest	Total
2014	\$ 758,472	\$ 829,648	\$ 1,588,120
2015	1,351,039	989,787	2,340,826
2016	688,764	764,019	1,452,783
2017	525,000	733,943	1,258,943
2018	535,000	707,623	1,242,623
2019-2023	2,860,000	3,124,381	5,984,381
2024-2028	3,185,000	2,355,389	5,540,389
2029-2033	3,550,000	1,489,738	5,039,738
2034-2038	3,310,000	547,155	3,857,155
2039-2042	885,000	76,825	961,825
	<u>\$ 17,648,275</u>	<u>\$ 11,618,508</u>	<u>\$ 29,266,783</u>

## County of Stanislaus

### Successor Agency to the Stanislaus County Redevelopment Agency Long-Term Debt (continued) For the Year Ended June 30, 2013

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	Principal	Interest	Total
<u>Ending</u>	<u>          </u>	<u>          </u>	<u>          </u>
2014	\$ 75,000	\$ 168,393	\$ 243,393
2015	75,000	165,206	240,206
2016	80,000	161,911	241,911
2017	80,000	158,950	238,950
2018	85,000	155,004	240,004
2019-2023	485,000	716,332	1,201,332
2024-2028	600,000	601,621	1,201,621
2029-2033	735,000	460,560	1,195,560
2034-2038	905,000	286,333	1,191,333
2039-2042	885,000	76,825	961,825
	<u>\$4,005,000</u>	<u>\$2,951,135</u>	<u>\$6,956,135</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	Principal	Interest	Total
<u>Ending</u>	<u>          </u>	<u>          </u>	<u>          </u>
2014	\$ 163,472	\$ 15,679	\$ 179,151
2015	168,539	10,611	179,150
2016	173,764	5,387	179,151
	<u>\$ 505,775</u>	<u>\$ 31,677</u>	<u>\$ 537,452</u>

## County of Stanislaus

### Successor Agency to the Stanislaus County Redevelopment Agency Long-Term Debt (continued) For the Year Ended June 30, 2013

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
2014	\$ -	\$ -	\$ -
2015	562,500	193,565	756,065
	<u>\$ 562,500</u>	<u>\$ 193,565</u>	<u>\$ 756,065</u>

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

Fiscal Year			
Ending	Principal	Interest	Total
2014	\$ 520,000	\$ 645,576	\$ 1,165,576
2015	545,000	620,405	1,165,405
2016	435,000	596,721	1,031,721
2017	445,000	574,993	1,019,993
2018	450,000	552,619	1,002,619
2019-2023	2,375,000	2,408,049	4,783,049
2024-2028	2,585,000	1,753,768	4,338,768
2029-2033	2,815,000	1,029,178	3,844,178
2033-2037	2,405,000	260,822	2,665,822
	<u>\$ 12,575,000</u>	<u>\$ 8,442,131</u>	<u>\$ 21,017,131</u>

## County of Stanislaus

### Successor Agency to the Stanislaus County Redevelopment Agency Long-Term Debt (continued) For the Year Ended June 30, 2013

Bond Issuance Costs – The financial statements reflect the bond issuance costs as an asset as of June 30, 2013. Beginning in fiscal year 2006-2007, the bond issuance costs are amortized over a 30-year period, the life of the loan, on the financial statements only. Amortization expense for the five months ending June 30, 2013, was \$12,494.

Arbitrage Compliance – The Agency must comply with Section 148 of the Internal Revenue Code whereby arbitrage on tax-exempt bonds, if any, is rebated to the Internal Revenue Service. Arbitrage payments, as related to the 2005 Tax Allocation Bonds, are required to be paid on the fifth bond year, or August 2011. The Agency is in compliance with Section 148 requirements as of June 30, 2013.

# Statistical Information



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

	Fiscal Year									
	2004	2005 as restated	2006 as restated	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 495,467,522	\$ 486,725,321	\$ 468,897,825	\$ 464,402,025	\$ 435,204,374	\$ 418,149,972	\$ 397,176,565	\$ 393,212,996	\$ 385,331,672	\$ 383,152,489
Restricted	111,663,081	127,009,622	152,249,240	163,255,952	193,992,595	189,524,182	182,467,381	291,389,268	312,275,044	306,281,464
Restricted by enabling legislation		20,529	126,604							
Unrestricted (deficit)	(22,784,867)	10,909,303	36,961,726	64,162,858	72,110,910	81,056,076	53,951,001	(47,246,228)	(42,965,529)	(10,910,256)
Total governmental activities net position	<u>\$ 584,345,736</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 24,016,538	\$ 27,911,764	\$ 29,741,803	\$ 29,205,014	\$ 23,544,958	\$ 24,087,472	\$ 24,537,140	\$ 24,275,953	\$ 23,350,343	\$ 26,864,465
Restricted	17,058,797	16,464,101	17,484,367	18,925,816	20,404,464	20,831,269	20,697,693	20,453,722	20,711,930	19,457,319
Restricted by enabling legislation										
Unrestricted (deficit)	(19,977,851)	(19,270,657)	(24,034,466)	(22,237,324)	(6,364,621)	(13,496,679)	(14,739,508)	(13,181,272)	(8,194,825)	(1,263,633)
Total business-type activities net position	<u>\$ 21,097,484</u>	<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>
Net Position										
Net investment in capital assets	\$ 519,484,060	\$ 514,637,085	\$ 498,639,628	\$ 493,607,039	\$ 458,749,332	\$ 442,237,444	\$ 421,713,705	\$ 417,488,949	\$ 408,682,015	\$ 410,016,954
Restricted	128,721,878	143,473,723	169,733,607	182,181,768	214,397,059	210,355,451	203,165,074	311,842,990	332,986,974	325,738,783
Restricted by enabling legislation		20,529	126,604							
Unrestricted (deficit)	(42,762,718)	(8,361,354)	12,927,260	41,925,534	65,746,289	67,559,397	39,211,493	(60,427,500)	(51,160,354)	(12,173,889)
Total net position	<u>\$ 605,443,220</u>	<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>

Notes:

FY 2002-2003 governmental activities total net position was restated from \$639,576,553 to \$597,187,820

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 44,290,347	\$ 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
Public protection	146,200,826	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
Public ways and facilities	45,291,400	49,611,339	43,300,626	48,425,573	55,988,788	53,935,268	48,937,845	53,995,934	49,480,040	52,929,458
Health and sanitation	103,788,932	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
Public assistance	204,811,256	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
Education	10,553,123	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
Recreation	6,710,196	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
Interest and fiscal charges on long-term debt	17,522,288	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
Total governmental activities expenses	<u>579,168,368</u>	<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>
<b>Business-type activities:</b>										
Landfills	4,295,808	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
Behavioral Health	16,655,727	16,256,875	16,574,026	14,981,467	3,403,472	(2,472)				
Health Clinics and Ancillary	40,143,654	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
Inmate Welfare and Commissary	1,718,460	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
Transit	2,348,014	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
Total business-type activities expenses	<u>65,161,663</u>	<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>
Total primary government expenses	<u>\$ 644,330,031</u>	<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>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 17,555,386	\$ 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
Public protection	40,883,130	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
Public ways and facilities	12,520,953	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
Health and sanitation	26,047,686	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
Public assistance	3,241,588	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
Education	1,958,812	2,597,282	1,791,647	1,119,156	929,447	525,221	456,577	365,953	325,092	439,237
Recreation	3,383,321	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
Operating grants and contributions	335,349,242	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
Capital grants and contributions	11,639,869	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
Total governmental activities program revenues	<u>452,579,987</u>	<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>
<b>Business-type activities:</b>										
Charges for services:										
Landfills	4,941,990	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
Behavioral Health	16,138,480	15,994,328	17,043,260	13,767,234	2,747,730					
Health Clinics and Ancillary	39,969,644	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
Inmate Welfare and Commissary	1,230,589	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
Transit	248,081	280,470	270,282	271,523	287,648	363,804	346,729	502,139	465,005	687,089
Operating grants and contributions	2,113,508	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
Capital grants and contributions	133,483	2,106,894	219,614		742,258					
Total business-type activities program revenues	<u>64,775,775</u>	<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>
Total primary government program revenues	<u>\$ 517,355,762</u>	<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>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (126,588,381)	\$ (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)
Business-type activities	(385,888)	(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)
Total primary government net expense	<u>\$ (126,974,269)</u>	<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>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	\$ 34,432,004	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
Sales taxes	27,480,214	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
Other taxes	3,787,530	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
Franchise fees	1,020,333	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
Motor vehicle license	25,906,813	44,584,362								
Open space subvention	1,691,748	1,670,086	1,609,009	1,545,374	1,466,943	1,332,316				
Unrestricted investment earnings	2,550,113	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
Miscellaneous	11,543,413	12,506,005	9,652,580	10,011,674	9,734,087	9,734,087	7,719,050	21,020,693	8,077,436	9,950,570
Transfers	(8,203,529)	(1,441,780)	(9,338,373)	(14,124,658)	(11,265,358)	(4,251,900)	(5,250,856)	(2,673,525)	(2,432,361)	512,777
Total governmental activities	<u>100,208,639</u>	<u>139,750,333</u>	<u>140,638,202</u>	<u>154,338,822</u>	<u>158,467,824</u>	<u>147,948,267</u>	<u>119,049,871</u>	<u>143,498,600</u>	<u>131,472,763</u>	<u>140,322,299</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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
Unrestricted investment earnings	2,106,012	705,257	631,598	848,117	943,553	673,368	95,463	813,164	495,681	374,703
Transfers	8,203,529	1,441,780	9,338,373	14,124,658	11,265,358	4,251,900	5,250,856	2,673,525	2,432,361	(512,777)
Total business-type activities	10,309,541	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
Total primary government	\$ 110,518,180	\$ 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
<b>Change in Net Position excluding Extraordinary Item</b>										
Governmental activities	\$ (26,379,742)	\$ 30,858,259	\$ 33,570,620	\$ 33,585,440	\$ 7,457,459	\$ (12,577,649)	\$ (57,481,911)	\$ 3,760,360	\$ 18,564,001	\$ 23,882,510
Business-type activities	9,923,653	4,007,724	3,313,056	(2,524,758)	11,691,295	3,474,311	(926,737)	1,053,078	4,319,045	5,135,679
Total primary government	\$ (16,456,089)	\$ 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
<b>Extraordinary Item</b>										
RDA Debt Write-off									\$ 18,141,513	
RDA Due to Successor Agency									(19,421,089)	
Net Extraordinary Loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,279,576)	\$ -
<b>Change in Net Position</b>	\$ (16,456,089)	\$ 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

**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
2004	34,432,004	27,480,214	3,787,530	65,699,748
2005	36,762,205	29,434,230	4,667,735	70,864,170
2006	91,742,755	32,547,462	4,693,426	128,983,643 (1)
2007	106,497,765	32,520,456	3,390,027	142,408,248
2008	113,743,380	29,552,774	2,583,804	145,879,958
2009	103,175,578	26,568,776	2,765,178	132,509,532
2010	83,397,110	20,677,876	2,220,643	106,295,629
2011	90,486,461	23,329,577	2,157,019	115,973,057
2012	86,124,943	26,796,833	2,284,530	115,206,306
2013	94,552,082	30,024,222	2,298,871	126,875,175

(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									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	General fund										
	Reserved	\$ 25,354,279	\$ 25,924,335	\$ 31,767,114	\$ 44,479,034	\$ 62,679,395	\$ 41,020,498	\$ 33,648,284	\$	\$	\$
	Unreserved	33,292,699	56,023,028	74,630,642	72,660,005	61,246,112	81,512,275	72,768,168			
	Non-spendable:										
	Imprest cash								91,835	91,835	91,835
	Advance to other funds								100,000	100,000	100,000
	Advance to other governments								4,396,259	4,596,783	4,393,668
	Teeter receivable								18,012,420	16,101,384	14,881,550
	Prepaid items								216,186	216,186	216,186
	Restricted								3,902,067	3,766,553	3,728,477
	Committed								7,360,782	2,835,387	7,460,200
	Assigned								53,427,519	71,991,359	92,656,760
	Unassigned								20,761,362	16,066,425	9,599,149
	Total general fund	<u>58,646,978</u>	<u>81,947,363</u>	<u>106,397,756</u>	<u>117,139,039</u>	<u>123,925,507</u>	<u>122,532,773</u>	<u>106,416,452</u>	<u>108,268,430</u>	<u>115,765,912</u>	<u>133,127,825</u>
121	All other governmental funds										
	Reserved	108,136,528	67,918,410	48,258,775	41,362,101	33,055,756	44,950,684	38,392,864			
	Unreserved, reported in:										
	Special revenue funds	110,031,476	109,598,487	163,006,645	163,980,081	167,860,880	165,211,615	166,634,879			
	Capital projects funds	25,250,961	68,311,908	101,602,439	116,592,397	127,469,211	113,352,227	107,615,020			
	Debt service funds	2,527,799	1,177,586	86,286	716,295	803,917	(53,215)	343,325			
	Non-spendable:										
	Imprest cash								45,835	45,286	42,841
	Advance to other governments								21,207		
	Prepaid items								117,016	169,003	85,675
	Inventory								420,428	414,994	438,514
	Restricted								275,406,521	275,903,217	258,631,067
	Committed								7,673,957	8,006,919	5,958,731
	Assigned								31,321,622	23,969,078	37,470,379
	Unassigned								(606,674)	(1,309,161)	(1,166,409)
	Total all other governmental funds	<u>\$ 245,946,764</u>	<u>\$ 247,006,391</u>	<u>\$ 312,954,145</u>	<u>\$ 322,650,874</u>	<u>\$ 329,189,764</u>	<u>\$ 323,461,311</u>	<u>\$ 312,986,088</u>	<u>\$ 314,399,912</u>	<u>\$ 307,199,336</u>	<u>\$ 301,460,798</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$ 65,574,750	\$ 70,907,713	\$ 128,897,810	\$ 142,332,996	\$ 146,040,455	\$ 132,516,011	\$ 106,302,266	\$ 116,024,106	\$ 115,217,548	\$ 126,869,802
Licenses, permits and franchises	4,522,962	5,229,280	5,795,146	5,632,176	4,850,084	4,362,507	3,779,539	3,346,635	3,251,371	3,427,357
Fines, forfeitures and penalties	6,458,261	8,249,576	12,293,083	13,334,536	16,471,765	18,740,397	15,853,039	14,102,259	11,277,500	11,731,463
Revenue from use of money and property	5,385,832	14,087,837	14,851,573	23,993,844	20,366,844	13,135,585	11,628,724	10,951,594	12,046,180	3,544,350
Intergovernmental revenue	374,587,670	404,173,862	385,428,573	399,060,197	423,136,156	424,320,463	432,391,862	437,920,991	439,019,276	476,840,206
Charges for services	96,416,581	110,621,879	113,569,885	105,010,453	106,066,595	95,147,099	99,969,868	96,719,319	90,939,405	100,787,593
Miscellaneous revenue	11,543,413	12,513,789	9,652,580	9,516,094	10,012,180	9,734,085	7,700,801	20,758,655	8,053,236	9,831,879
Donation	13,537,658	6,145,113		3,736,752				188,052		
<b>Total revenues</b>	<b>578,027,127</b>	<b>631,929,049</b>	<b>670,488,650</b>	<b>702,617,048</b>	<b>726,944,079</b>	<b>697,956,147</b>	<b>677,626,099</b>	<b>700,011,611</b>	<b>679,804,516</b>	<b>733,032,650</b>
<b>Expenditures</b>										
General	38,197,737	38,619,527	44,505,563	36,843,138	42,117,731	35,384,104	32,492,953	32,199,947	27,597,103	30,181,242
Public Protection	142,936,105	155,069,132	164,830,857	181,167,098	191,335,195	187,668,670	184,488,026	164,981,273	165,575,535	183,212,316
Public ways and facilities	22,352,607	19,355,303	21,154,573	28,138,841	33,640,576	33,072,185	24,836,257	33,152,617	29,360,660	28,921,543
Health and sanitation	103,266,153	105,176,319	108,099,835	117,532,564	121,486,760	117,463,923	117,204,330	128,343,261	114,687,805	130,738,595
Public assistance	203,468,428	215,860,788	226,545,330	233,950,056	258,662,538	268,783,428	278,429,040	278,379,256	264,657,512	280,991,671
Education	9,676,337	10,055,515	10,522,628	12,683,522	14,038,114	12,614,620	11,426,521	8,439,844	7,945,714	8,565,946
Recreation and cultural services	6,606,007	4,260,721	4,414,323	5,288,606	6,548,470	5,393,150	5,180,469	5,147,480	5,454,792	4,915,595
Capital outlay	14,724,893	28,409,155	18,404,088	18,105,515	7,032,270	11,398,556	17,536,137	13,993,830	13,759,973	22,696,280
Debt Service:										
Interest and fiscal charges	18,869,034	16,417,218	16,380,484	16,070,101	13,622,687	12,187,477	11,420,042	10,220,117	9,296,468	7,436,146
Principal	17,014,661	13,021,864	13,578,584	18,429,803	16,444,563	18,125,510	18,546,652	19,887,473	20,159,733	32,516,086
<b>Total expenditures</b>	<b>577,111,962</b>	<b>606,245,542</b>	<b>628,436,265</b>	<b>668,209,244</b>	<b>704,928,904</b>	<b>702,091,623</b>	<b>701,560,427</b>	<b>694,745,098</b>	<b>658,495,295</b>	<b>730,175,420</b>
Excess of revenues over (under) expenditures	915,165	25,683,507	42,052,385	34,407,804	22,015,175	(4,135,476)	(23,934,328)	5,266,513	21,309,221	2,857,230
<b>Other financing sources (uses)</b>										
Capital lease proceeds	29,651		219,767	129,559	254,451	1,005,918	1,224,693	363,711		370,612
Transfers in	68,602,177	67,662,570	78,628,427	77,077,052	81,047,677	84,579,807	67,347,196	74,906,929	66,041,234	78,625,650
Transfers out	(76,677,619)	(68,986,762)	(88,271,040)	(91,273,994)	(92,022,031)	(88,571,434)	(71,247,366)	(77,346,060)	(67,656,660)	(79,035,846)
Loan proceeds	47,408,114		15,615,000	42,081,614						8,687,050
Sale of capital assets	6,710	697		15,401	501		18,266	73,981	24,200	118,679
Payment to refund bond agent				(41,999,424)						
<b>Total other financing sources (uses)</b>	<b>39,369,033</b>	<b>(1,323,495)</b>	<b>6,192,154</b>	<b>(13,969,792)</b>	<b>(10,719,402)</b>	<b>(2,985,709)</b>	<b>(2,657,211)</b>	<b>(2,001,439)</b>	<b>(1,591,226)</b>	<b>8,766,145</b>
<b>Special item</b>										
Proceeds of tobacco securitization			42,153,611							
<b>Extraordinary item</b>										
Amount Due to Successor Agency									(19,421,089)	
<b>Net change in fund balances</b>	<b>\$ 40,284,198</b>	<b>\$ 24,360,012</b>	<b>\$ 90,398,150</b>	<b>\$ 20,438,012</b>	<b>\$ 11,295,773</b>	<b>\$ (7,121,185)</b>	<b>\$ (26,591,539)</b>	<b>\$ 3,265,074</b>	<b>\$ 296,906</b>	<b>\$ 11,623,375</b>
Debt service as a percentage of noncapital expenditures	7.00%	5.56%	5.27%	5.72%	4.57%	4.68%	4.65%	4.82%	5.13%	5.79%

**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
2004/2005	\$ 28,051,289,609	\$ 1,417,019,559	\$ 29,468,309,168	1.0%
2005/2006	\$ 32,208,454,089	\$ 1,587,421,541	\$ 33,795,875,630	1.0%
2006/2007	\$ 37,791,765,530	\$ 1,680,662,352	\$ 39,472,427,882	1.0%
2007/2008	\$ 41,620,543,863	\$ 1,724,988,175	\$ 43,345,532,038	1.0%
2008/2009	\$ 38,597,715,159	\$ 1,826,743,622	\$ 40,424,458,781	1.0%
2009/2010	\$ 35,370,164,996	\$ 1,926,983,957	\$ 37,297,148,953	1.0%
2010/2011	\$ 33,672,949,885	\$ 1,885,958,178	\$ 35,558,908,063	1.0%
2011/2012	\$ 32,956,461,906	\$ 1,818,628,853	\$ 34,775,090,759	1.0%
2012/2013	\$ 32,069,153,243	\$ 1,855,446,174	\$ 33,924,599,417	1.0%
2013/2014	\$ 33,719,128,951	\$ 1,881,099,573	\$ 35,600,228,524	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	
2003/2004	0.9594	1.1280	11.18%	6.49%	73.24%	9.09%	100.00%
2004/2005	0.9500	1.1240	11.13%	6.49%	72.90%	9.48%	100.00%
2005/2006	0.9511	1.1668	10.88%	6.70%	72.28%	10.14%	100.00%
2006/2007	0.9283	1.1683	10.81%	6.79%	71.62%	10.78%	100.00%
2007/2008	0.9383	1.1683	10.84%	6.81%	71.25%	11.10%	100.00%
2008/2009	0.9233	1.2053	10.98%	6.52%	71.11%	11.39%	100.00%
2009/2010	1.0202	1.2168	11.09%	6.37%	71.23%	11.31%	100.00%
2010/2011	1.0259	1.2440	11.07%	6.39%	71.57%	10.97%	100.00%
2011/2012	1.0246	1.2541	11.10%	6.39%	71.89%	10.62%	100.00%
2012/2013	1.0213	1.2731	11.20%	6.32%	71.91%	10.57%	100.00%

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

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

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

(1) Includes Superintendent of Schools

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

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

Taxpayer	Secured Assessed Value	2012/2013			2003/2004		
		Property Taxes Billed	Rank	Percentage of Total Property Taxes Billed	Property Taxes	Rank	Percentage of Total Property Taxes
World International, LLC	\$ 15,563,392	\$ 2,948,417	1	0.6892%			
Gallo Glass Co	226,234,201	2,533,100	2	0.5922%	1,803,071	2	0.6257%
Pacific Gas and Electric	198,075,294	2,470,443	3	0.5775%	1,158,779	6	0.4021%
Gallo Winery	213,804,233	2,401,686	4	0.5614%	1,477,747	3	0.5128%
WW Grainger, Inc	97,371,169	1,304,330	5	0.3049%			
Hunt Wesson Foods, Inc	109,754,487	1,292,151	6	0.3021%	1,024,762	10	0.3556%
Bronco Wine Company	111,784,859	1,280,300	7	0.2993%			
AT&T California	101,405,078	1,264,252	8	0.2955%			
Frito Lay Inc	112,214,340	1,255,979	9	0.2936%			
Doctor's Medical Center	111,909,640	1,228,161	10	0.2871%	1,257,340	5	0.4363%
Diable Grande, LTD					3,693,257	1	1.2816%
Signature Fruit					1,444,050	4	0.5011%
SBC California					1,127,668	7	0.3913%
Beard Land Improvement Co.					1,095,446	8	0.3801%
Foster Dairy Farms					1,028,028	9	0.3567%
Total	<u>1,298,116,693</u>	<u>\$ 17,978,819</u>		<u>4.2029%</u>	<u>\$ 15,110,148</u>		<u>5.2433%</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
2004	\$ 303,836,456	\$ 295,829,739	97.36%
2005	\$ 333,902,361	\$ 326,003,357	97.63%
2006	\$ 396,734,408	\$ 383,041,323	96.55%
2007	\$ 461,085,798	\$ 431,482,886	93.58%
2008	\$ 505,125,278	\$ 464,689,972	91.99%
2009	\$ 474,286,882	\$ 451,524,927	95.20%
2010	\$ 446,704,648	\$ 430,564,452	96.39%
2011	\$ 436,493,485	\$ 424,593,296	97.27%
2012	\$ 426,313,135	\$ 416,034,209	97.59%
2013	\$ 427,774,039	\$ 417,419,791	97.58%

\* 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
2003/2004	\$ 29,160,150,955	1.25%	\$ 364,501,887	\$ -	\$ 364,501,887	0%
2004/2005	\$ 33,476,100,273	1.25%	\$ 418,451,253	\$ -	\$ 418,451,253	0%
2005/2006	\$ 39,155,801,284	1.25%	\$ 489,447,516	\$ -	\$ 489,447,516	0%
2006/2007	\$ 42,974,745,064	1.25%	\$ 537,184,313	\$ -	\$ 537,184,313	0%
2007/2008	\$ 40,026,418,777	1.25%	\$ 500,330,235	\$ -	\$ 500,330,235	0%
2008/2009	\$ 37,297,148,953	1.25%	\$ 466,214,362	\$ -	\$ 466,214,362	0%
2009/2010	\$ 35,558,908,063	1.25%	\$ 444,486,351	\$ -	\$ 444,486,351	0%
2010/2011	\$ 34,775,090,795	1.25%	\$ 434,688,635	\$ -	\$ 434,688,635	0%
2011/2012	\$ 34,775,090,759	1.25%	\$ 434,688,634	\$ -	\$ 434,688,634	0%
2012/2013	\$ 33,924,599,417	1.25%	\$ 424,057,493	\$ -	\$ 424,057,493	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 16, 2013)**

2013-14 Assessed Valuation: \$35,600,228,524 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 12/1/13</u>
Yosemite Community College District	71.487%	\$215,652,673
Modesto High School District	100.	45,286,787
Turlock Joint Union High School District	98.249	26,989,000
Ceres Unified School District	100.	67,670,446
Newman-Crows Landing Unified School District	100.	23,562,330
Oakdale Joint Unified School District	98.447	14,998,400
Patterson Joint Unified School District	98.642	28,971,750
Riverbank Unified School District	100.	13,275,180
Other Unified School Districts	Various	40,347,315
Modesto City School District	100.	11,638,389
Stanislaus Union School District	100.	17,980,532
Sylvan School District	100.	35,121,169
Other School Districts	Various	23,329,221
Oak Valley Hospital District	100.	34,950,000
Newman Drainage District	100.	175,000
Empire Union School District Community Facilities District No. 87-1	100.	10,041,495
City Community Facilities Districts	100.	119,300,000
Schools Infrastructure Financing Agency Mello-Roos Act Bonds	100.	37,070,000
Salida Area Community Facilities District No. 1988-1	100.	27,420,000
Western Hills Water District Community Facilities District No. 1	100.	46,290,000
1915 Act Bonds (Estimate)	100.	<u>7,660,832</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$847,730,519

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

<b>Stanislaus County Certificates of Participation</b>	<b>100. %</b>	<b>\$ 56,600,000</b>
Stanislaus County Office of Education Certificates of Participation	100.	3,680,000
Modesto High School and City School District Certificates of Participation	100.	18,255,000
Ceres Unified School District Certificates of Participation	100.	11,265,000
Newman-Crows Landing Unified School District	100.	11,965,000
Salida Union School District Certificates of Participation	100.	12,050,000
Other School District Certificates of Participation	Various	22,256,178
City of Modesto General Fund Obligations	100.	76,890,000
City of Newman Certificates of Participation	100.	1,210,000
Other City Certificates of Participation	100.	<u>4,269,880</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$218,441,058
Less: City of Newman Wastewater Certificates of Participation (100% supported)		<u>1,210,000</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$217,231,058

OVERLAPPING TAX INCREMENT DEBT:

County Redevelopment Agencies	100. %	\$ 17,090,000
Ceres Redevelopment Agency	100.	45,395,000
Turlock Redevelopment Agency	100.	40,570,000
Other City Redevelopment Agencies	100.	<u>39,862,240</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$142,917,240

GROSS COMBINED TOTAL DEBT	\$1,209,088,817	(1)
NET COMBINED TOTAL DEBT	\$1,207,878,817	

(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 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt .....	2.38%
<b>Total Direct Debt (\$56,600,000) .....</b>	<b>0.16%</b>
Gross Combined Total Debt .....	3.40%
Net Combined Total Debt .....	3.39%

Ratios to Redevelopment Incremental Valuation (\$3,081,686,794):

Total Overlapping Tax Increment Debt .....	4.64%
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**County of Stanislaus  
Demographic and Economic Statistics  
Last Ten Calendar Years**

Calendar Year	Population (2)	Personal Income (in thousands) (1)	Per Capita Personal Income (1)	Unemployment Rate (2)
2003	481,604	11,944,709	24,337	11.2%
2004	491,900	12,880,334	25,885	10.9%
2005	504,482	13,472,415	26,954	9.9%
2006	514,370	14,076,261	27,862	8.4%
2007	521,497	14,755,527	28,985	8.5%
2008	525,903	15,977,182	31,485	10.5%
2009	526,383	15,948,738	31,248	15.3%
2010	530,584	15,980,924	31,006	16.4%
2011	517,685	16,652,338	32,115	15.1%
2012	522,651	not available	not available	15.2%

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)

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

(1) Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
County of Stanislaus	3,890	1	1.92%	4,747	1	2.33%
E & J Gallo	3,181	2	1.57%	3,425	4	1.68%
Modesto City Schools	3,002	3	1.48%	4,000	3	1.96%
Memorial Medical Center	2,959	4	1.46%	2,600	6	1.28%
Seneca Foods	2,200	5	1.08%			
Doctor's Medical Center	2,085	6	1.03%	2,300	7	1.13%
Stanislaus Food Products	1,922	7	0.95%	2,000	8	0.98%
Kaiser Permanente	1,759	8	0.87%			
Foster Farms	1,722	9	0.85%			
Del Monte Foods	1,700	10	0.84%	2,600	5	1.28%
Signature Foods				4,100	2	2.01%
Modesto Junior College				1,866	9	0.92%
Turlock School District				1,851	10	0.91%
Total	<u>24,420</u>		<u>12.02%</u>	<u>29,489</u>		<u>14.47%</u>

Source: (1) Stanislaus Economic Development & Workforce Alliance

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

**Full-time Employees as of June 30**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Function</b>										
<b>Governmental activities:</b>										
General government	333	331	341	343	352	348	337	270	281	268
Public protection	1,317	1,368	1,378	1,441	1,486	1,464	1,418	1,224	1,215	1208
Public ways and facilities	121	123	123	121	109	110	107	99	73	98
Health and sanitation	984	961	937	916	644	676	664	568	622	576
Public assistance	894	898	897	952	979	951	927	913	962	969
Education	91	92	93	94	94	88	86	71	70	68
Recreation	31	26	25	28	30	27	23	20	20	20
Total governmental activities	3,771	3,799	3,794	3,895	3,694	3,664	3,562	3,165	3,243	3,207
<b>Business-type activities:</b>										
Landfill	17	17	17	15	17	17	17	14	13	14
Health Clinics & Ancillary	263	243	222	217	193	229	220	186	185	182
Transit	3	3	3	3	3	3	3	3	3	3
Inmate Welfare/Commissary	0	0	0	0	0	0	0	4	5	4
Behavioral Health	116	99	108	79	0	0	0	0	0	0
Total business-type activities	399	362	350	314	213	249	240	207	206	203
Total Stanislaus County	4,170	4,161	4,144	4,209	3,907	3,913	3,802	3,372	3,449	3,410

**County of Stanislaus  
Miscellaneous Statistical Data  
June 30, 2013**

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

AREA OF COUNTY : Approximately 1,494 square miles

COUNTY SEAT : Modesto, California

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

DATE COUNTY FORMED : April 1, 1854

FISCAL YEAR BEGINS : July 1

INCORPORATED CITIES :

Ceres	Newman	Riverbank
Hughson	Oakdale	Turlock
Modesto	Patterson	Waterford

Number of Special Districts  
Controlled by Board of Supervisors :

County Service Areas	22	
Drainage	7	
Lighting	29	
Landscape and Lighting	<u>9</u>	
Total	67	

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	14	Water	<u>7</u>
		Total	53

**County of Stanislaus**  
**Miscellaneous Statistical Data (continued)**  
**June 30, 2013**

**ELECTION NOVEMBER 2, 2012**  
(County Registrar of Voters)

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

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

1,513

**CONSTRUCTION PERMITS**  
(County Building Department)

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

