

# Annual Financial Report

---

---

County of Stanislaus, California



Fiscal Year Ended June 30, 2012

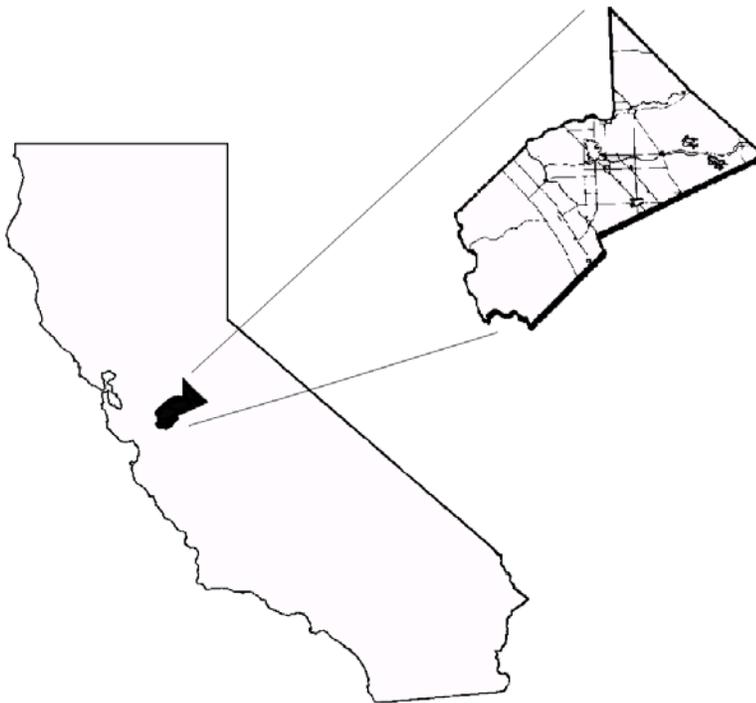


# Annual Financial Report

---

---

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



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

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

**T A B L E O F C O N T E N T S**

**Financial Section:**

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Required Supplementary Information).....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	15
Statement of Activities.....	16
Fund Financial Statements:	
<u>Governmental Funds:</u>	
Balance Sheet.....	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on Budgetary Basis:	
General Fund.....	22
Behavioral Health and Recovery Special Revenue Fund .....	30
Community Services Agency Special Revenue Fund .....	31
<u>Proprietary Funds:</u>	
Statement of Net Assets .....	32
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	33
Statement of Cash Flows .....	34
<u>Fiduciary Funds:</u>	
Statement of Fiduciary Net Assets.....	36
Statement of Changes in Fiduciary Net Assets.....	37
Notes to the Basic Financial Statements .....	38
Required Supplementary Information.....	95
Other Supplementary Information:	
<u>Nonmajor Governmental Funds:</u>	
Combining Balance Sheet.....	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	97

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

**TABLE OF CONTENTS**

Nonmajor Special Revenue Funds:

Combining Balance Sheet.....98  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....100

Nonmajor Enterprise Funds:

Combining Statement of Net Assets .....102  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....103

Internal Service Funds:

Combining Statement of Net Assets .....104  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....106

Successor Agency to the Stanislaus County Redevelopment Agency.....108

**Statistical Information:**

Government-wide:

Net Assets by Component.....112  
Changes in Net Assets .....113  
Governmental Activities - Tax Revenues by Source .....115

Fund Information:

Fund Balances of Governmental Funds.....116  
Changes in Fund Balances of Governmental Funds .....117

Property Taxes:

Net Assessed and Estimated Actual Value of Taxable Property .....118  
Property Tax Rates and Distributions of General Levy Property Tax Rate Among  
Direct and Overlapping Governments .....119  
Principle Property Taxpayers.....120  
Property Tax Levy and Collections .....121

Debt Capacity:

Legal Debt Margin Information.....122  
Estimated Direct and Overlapping Bonded Debt.....123

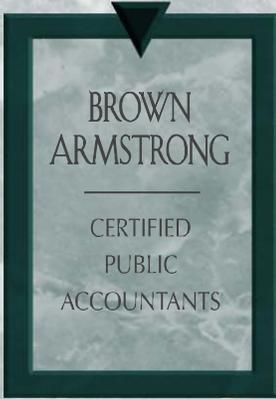
Demographic and Economic Information

Demographic and Economic Statistics .....124  
Principle Employers.....125  
Full-time Employees by Function.....126  
Miscellaneous Statistical Data .....127



# Financial Section





BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

MAIN OFFICE
4200 TRUXTUN AVENUE

SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

560 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263
TEL 661.746.2145
FAX 661.746.1218

8050 N. PALM AVENUE

SUITE 300
FRESNO, CALIFORNIA 93711
TEL 559.476.3592
FAX 559.476.3593

790 E. COLORADO BLVD.

SUITE 908B
PASADENA, CALIFORNIA 91101
TEL 626.240.0920
FAX 626.240.0922

5250 CLAREMENT AVENUE

SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833



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

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

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

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

Bakersfield, California  
March 15, 2013

Management's  
Discussion and  
Analysis



## COUNTY OF STANISLAUS Management's Discussion and Analysis

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

### FINANCIAL HIGHLIGHTS

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

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)**

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

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

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

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

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

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

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)**

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

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

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

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

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

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

County of Stanislaus Net Assets

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

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

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

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

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

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

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

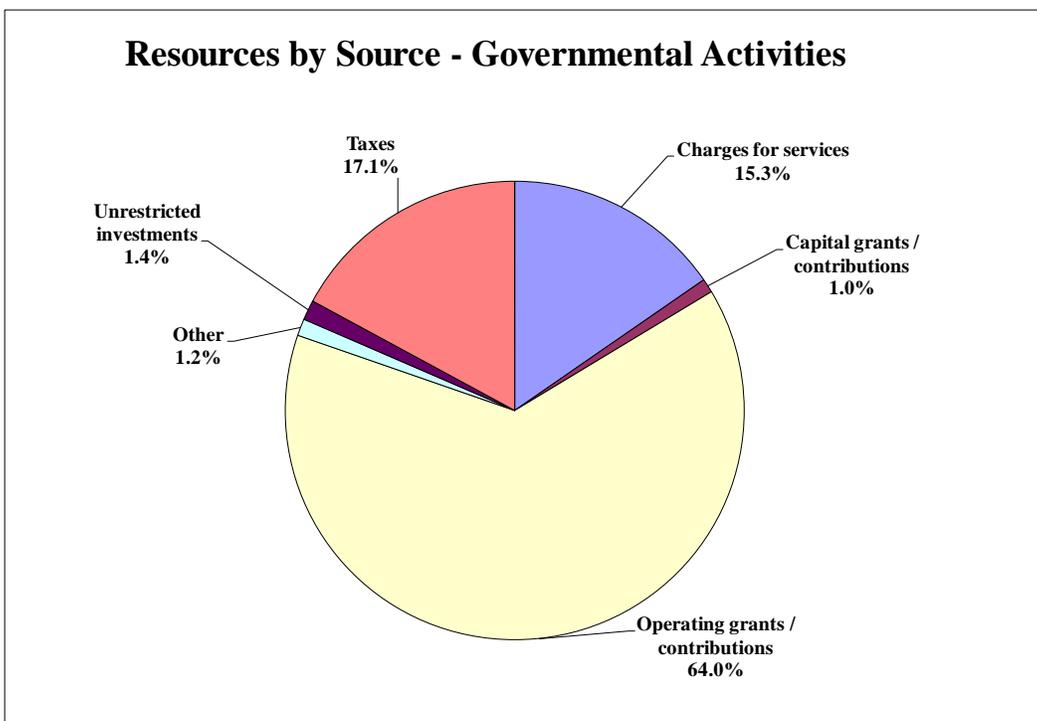
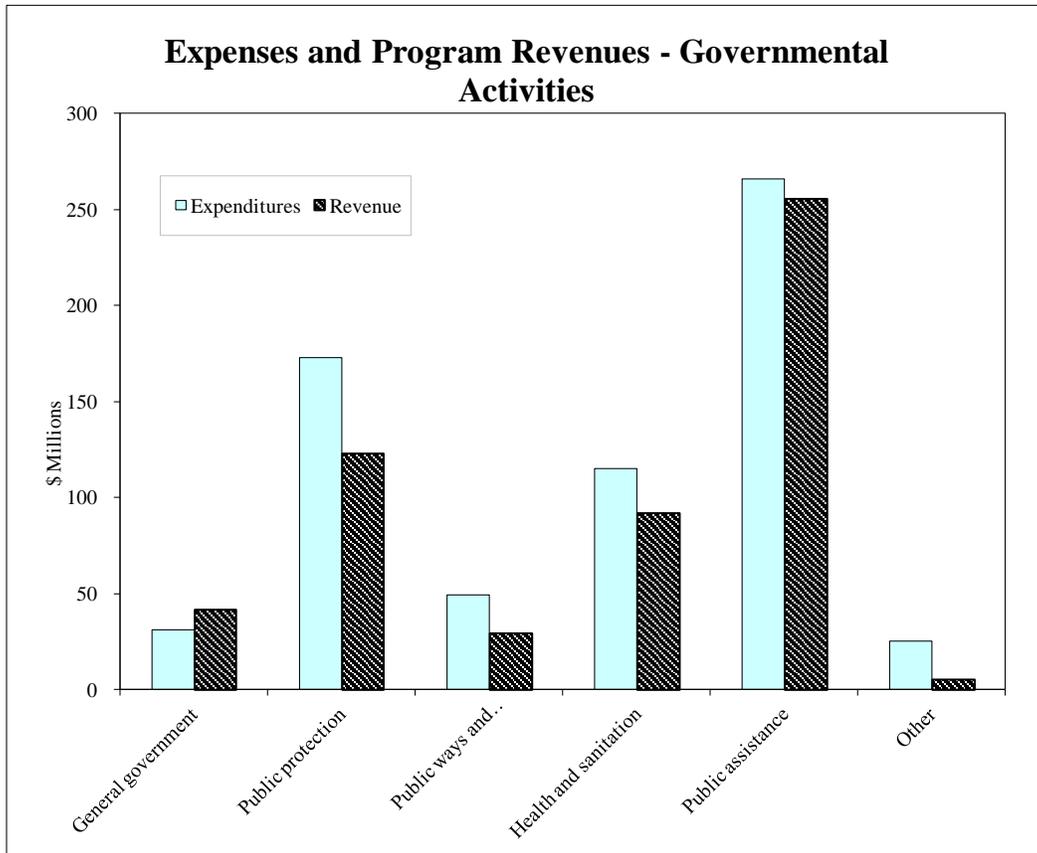
The following table indicates the changes in net assets for governmental and business-type activities:

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

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

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

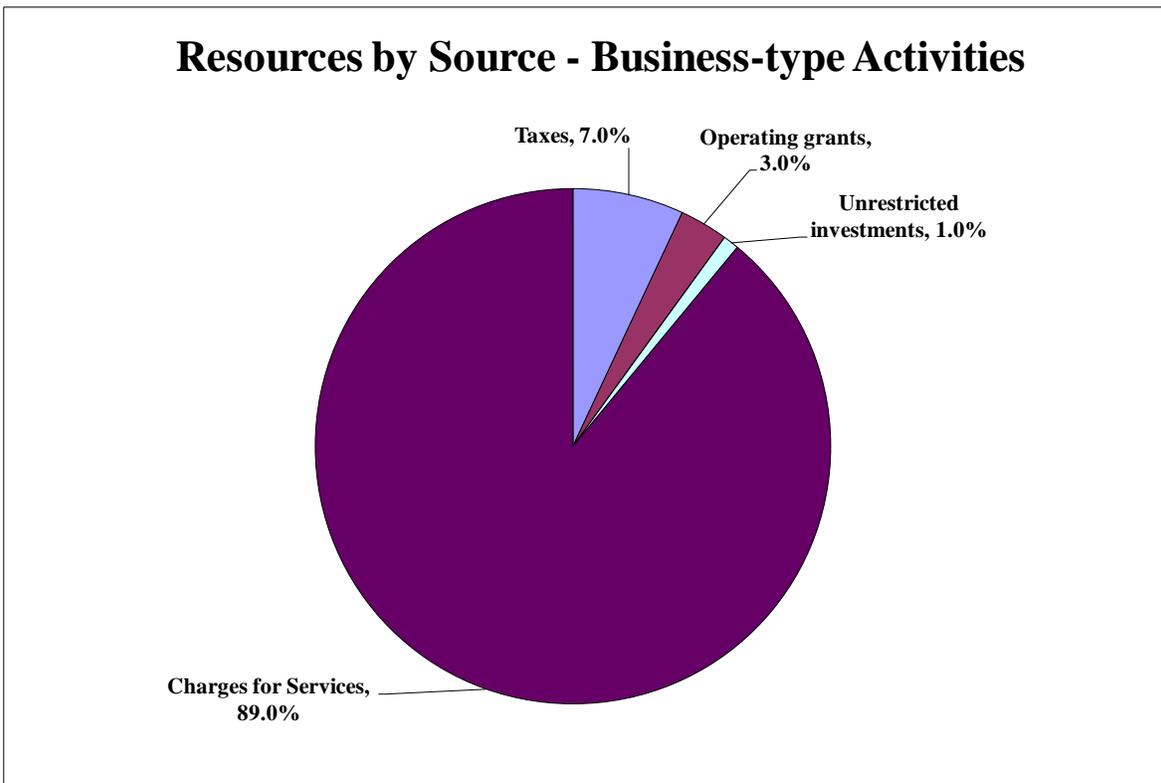
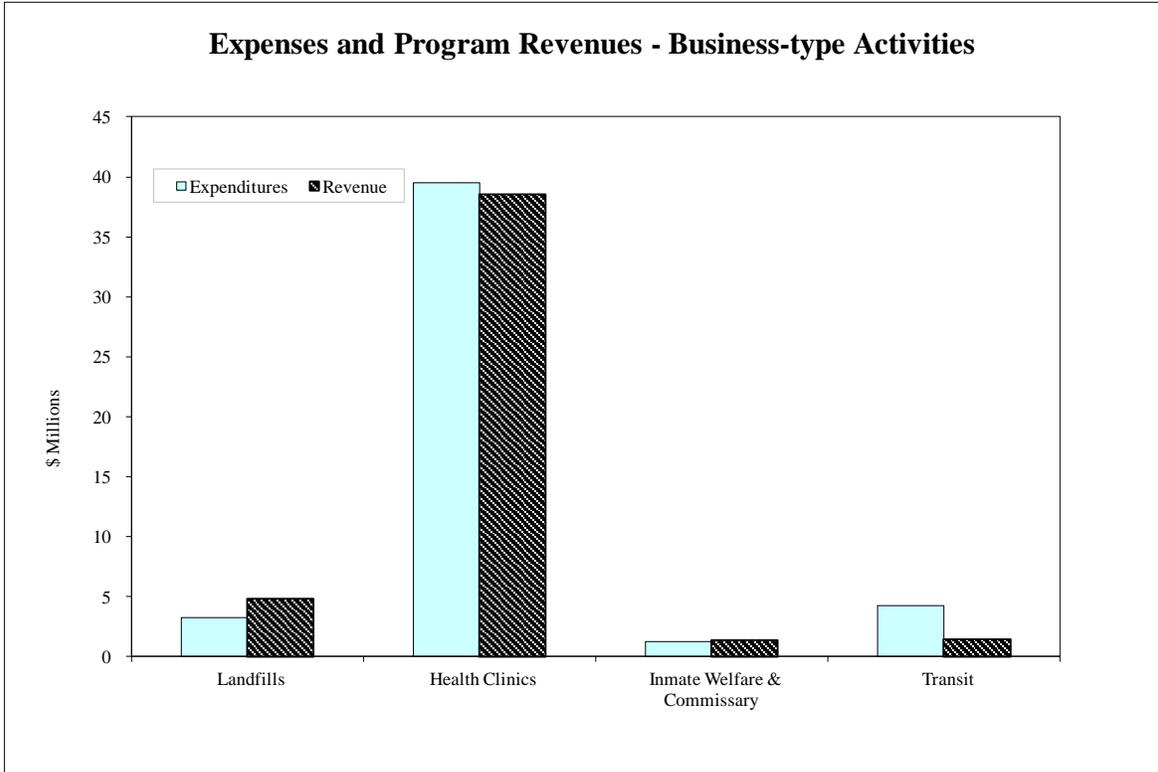
**Governmental activities**



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

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

**Business-type activities**



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

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

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

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

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

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

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

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

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

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

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

**Long-term debt**

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

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

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

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

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

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

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

**REQUEST FOR INFORMATION**

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

# Basic Financial Statements



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

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

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

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

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

General revenues:

Taxes:

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

- Unrestricted investment earnings
- Miscellaneous
- Net transfers

Total general revenues and transfers

Changes in net assets excluding Extraordinary Item

Extraordinary Item:

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

Changes in net assets including Extraordinary Item

Net assets--beginning

Net assets--ending

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

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

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

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

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

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

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

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

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

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

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

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

Investments - Joint ventures 13,232,672

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

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

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

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

Balances at June 30, 2012 are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# COUNTY OF STANISLAUS

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

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

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

**A. Reporting Entity**

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

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

**Blended Component Units**

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

## COUNTY OF STANISLAUS

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

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

A. **Reporting Entity** (continued)

Blended Component Units (continued)

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

B. **Basis of Presentation**

*Government-Wide Financial Statements*

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

# COUNTY OF STANISLAUS

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

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

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

*Government-Wide Financial Statements* (continued)

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

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

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

*Fund Financial Statements*

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

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

The County reports the following major governmental funds:

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

## COUNTY OF STANISLAUS

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

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

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

*Fund Financial Statements-major governmental funds* (continued)

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

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

The County reports the following major enterprise funds:

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

## COUNTY OF STANISLAUS

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

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

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

*Fund Financial Statements-major enterprise funds* (continued)

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

The County reports the following additional fund types:

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

C. **Basis of Accounting**

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

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

# COUNTY OF STANISLAUS

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

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

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

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

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

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

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

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

# COUNTY OF STANISLAUS

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

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

### D. **Budgetary Basis of Accounting**

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

**D. Budgetary Basis of Accounting** (continued)

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

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

**E. Cash and Cash Equivalents**

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

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

**F. Investments**

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

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

# COUNTY OF STANISLAUS

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

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

F. **Investments** (continued)

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

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

G. **Deferred Revenue**

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

H. **Inventory**

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

I. **Prepaid Items**

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

# COUNTY OF STANISLAUS

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

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

### J. Capital Assets

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

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

The estimated useful lives are as follows:

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

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

### K. Intangible Assets

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

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

# COUNTY OF STANISLAUS

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

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

**K. Intangible Assets** (continued)

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

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

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

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

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

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

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

# COUNTY OF STANISLAUS

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

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

### M. **Interfund Transactions**

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

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

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

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

### N. **Estimates**

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

### O. **Fund Balance**

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

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

# COUNTY OF STANISLAUS

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

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

O. **Fund Balance** (continued)

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

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

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

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

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

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

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

*Governmental Accounting Standards Board Statement No. 60*

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

COUNTY OF STANISLAUS

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

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

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

*Governmental Accounting Standards Board Statement No. 60* (continued)

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

*Governmental Accounting Standards Board Statement No. 61*

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

*Governmental Accounting Standards Board Statement No. 62*

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

*Governmental Accounting Standards Board Statement No. 63*

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

## COUNTY OF STANISLAUS

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

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

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

*Governmental Accounting Standards Board Statement No. 65*

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

*Governmental Accounting Standards Board Statement No. 66*

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

*Governmental Accounting Standards Board Statement No. 67*

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

*Governmental Accounting Standards Board Statement No. 68*

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

Note 2: **Redevelopment Successor Agencies**

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

**COUNTY OF STANISLAUS**

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

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

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

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

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

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

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

Note 3: **Individual Fund Deficits**

**Deficit Fund balances – Governmental Fund Type**

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

Net Asset Deficits – Proprietary Funds

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

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

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

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

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

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

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

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

## COUNTY OF STANISLAUS

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

Note 5: **Cash and Investments**

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

Total County cash and investments are as follows:

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

Total County cash & investments are reported as follows:

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

## COUNTY OF STANISLAUS

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

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

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

*StanCERA's Investment Portfolio* (continued)

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

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

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

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

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

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

## COUNTY OF STANISLAUS

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

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

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

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

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

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

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

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

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

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

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

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

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

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

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

# COUNTY OF STANISLAUS

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

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

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

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

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

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

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

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

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

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

## COUNTY OF STANISLAUS

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

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

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

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

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

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

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

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

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

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

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

**COUNTY OF STANISLAUS**

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

Note 6: **Interfund Transactions**

**Interfund Receivables/Payables**

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

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

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

***Advances To/From***

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

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

***Interfund Note Payable/Receivable***

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

## COUNTY OF STANISLAUS

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

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

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

# COUNTY OF STANISLAUS

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

Note 7: **Capital Assets**

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

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

**COUNTY OF STANISLAUS**

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

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

Depreciation expense was charged to governmental functions as follows:

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

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

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

Note 8: **Receivables and Deferred Revenue**

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

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

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

**COUNTY OF STANISLAUS**

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

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

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

Note 9: **Property Taxes**

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

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

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

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

# COUNTY OF STANISLAUS

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

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

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

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

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

Note 10: **Proposition 1A**

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

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

Note 11: **Leases**

**Operating Leases**

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

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

# COUNTY OF STANISLAUS

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

Note 11: Leases (continued)

### Operating Leases (continued)

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

### Revenue Leases

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

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

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

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

The County of Stanislaus and The Gallo Center for the Arts, LLC and the Gallo Center for the Arts entered into an agreement on February 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, 2012**

Note 11: **Leases** (continued)

**Revenue Leases** (continued)

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

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

**Capital Leases**

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

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

**COUNTY OF STANISLAUS**

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

Note 11: **Leases** (continued)

**Capital Leases** (continued)

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

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

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

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

**COUNTY OF STANISLAUS**

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

Note 12: **Long-Term Debt**

**A. Summary of Long-Term Debt**

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

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

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

**COUNTY OF STANISLAUS**

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

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

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

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

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

Year Ending June 30	Tobacco Securitization Note		Tobacco Securitization Note 2006	
	Principal	Interest	Principal	Interest
2013	\$ 3,555,000	\$ 2,821,231	\$	\$
2014	3,835,000	2,625,569		
2015	4,130,000	2,414,438		
2016	4,460,000	2,185,203		
2017	4,815,000	1,931,840		
2018-2022	30,170,000	4,723,280		2,935,222
2023-2027		41,565		39,889,695
2028-2032			23,793,382	42,546,901
2033-2037			9,446,325	47,665,309
2038-2042			-	50,794,058
2043-2047			8,913,904	42,299,911
<b>Totals</b>	<b>\$ 50,965,000</b>	<b>\$ 16,743,126</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, 2012**

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

**B. Long-Term Obligations**

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

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

(1) Includes \$31,662 premium

(2) Includes \$56,451 premium

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

A summary of loans and bonds payable follows:

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

A summary of notes payable follows:

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

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

# COUNTY OF STANISLAUS

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

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

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

#### Purpose for County Borrowings

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

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

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

**D. Arbitrage**

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

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

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

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

**Net Assets**

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

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

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

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

## COUNTY OF STANISLAUS

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

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

#### **Fund Balances**

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

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

**Fund Balances** (continued)

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

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

Note 15: **Risk Management**

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

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

**COUNTY OF STANISLAUS**

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

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

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

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

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

\*Incurred But Not Reported Claims (IBNRs)

Note 16: **Contingent Liabilities**

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

Note 17: **Joint Ventures**

**Stanislaus Waste-to-Energy Financing Agency**

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

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

## COUNTY OF STANISLAUS

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

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

#### Stanislaus Waste-to-Energy Financing Agency (continued)

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

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

#### Tuolumne River Regional Park

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

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

#### Stanislaus Drug Enforcement Agency

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

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

## COUNTY OF STANISLAUS

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

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

Stanislaus Drug Enforcement Agency (continued)

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

The City-County Capital Improvements and Financing Agency

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

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

The California County Tobacco Securitization Agency

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

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

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

## COUNTY OF STANISLAUS

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

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

The California County Tobacco Securitization Agency (continued)

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

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

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

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

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

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

Consolidated Emergency Dispatch Agency

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

## COUNTY OF STANISLAUS

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

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

#### Consolidated Emergency Dispatch Agency (continued)

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

#### Regional Fire Training Center

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

#### California Statewide Automated Welfare System Consortium IV

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

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

## COUNTY OF STANISLAUS

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

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

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

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

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

#### North County Corridor Transportation Expressway Authority

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

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

#### The Stanislaus Animal Services Agency

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

## COUNTY OF STANISLAUS

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

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

The Stanislaus Animal Services Agency (continued)

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

Note 18: **Employees' Retirement Plan**

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

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

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

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

## COUNTY OF STANISLAUS

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

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

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

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

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

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

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

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

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

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

**COUNTY OF STANISLAUS**

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

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

Schedule of Funding Progress

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

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

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

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

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

Plan Description

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

Funding Policy

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

**COUNTY OF STANISLAUS**

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

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

Funding Policy (continued)

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

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The funded status of the plan as of June 30, 2012 was as follows:

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

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

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of

## COUNTY OF STANISLAUS

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

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

#### Actuarial Methods and Assumptions (continued)

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

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

Note 20: **Subsequent Events**

#### Pension Reform

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

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

#### Property Tax Administration Fee

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

## COUNTY OF STANISLAUS

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

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

#### Property Tax Administration Fee (continued)

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

#### Patient Protection and Affordable Health Care Act

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

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

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

#### 2012 Lease Refinancing

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

## COUNTY OF STANISLAUS

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

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

2012 Lease Refinancing (continued)

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

Stanislaus County Successor Agency

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

Stanislaus Waste-to-Energy Financing Agency

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

Required  
Supplementary  
Information



## County of Stanislaus

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

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

(Dollar amounts in thousands)

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

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

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

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

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

(Dollar amounts in thousands)

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

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

#### Notes to the Required Supplementary Information

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

The OPEB schedule presented relates solely to the County.



Other  
Supplementary  
Information



Non-major  
Governmental  
Funds

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

### **Capital Projects Fund**

#### **Redevelopment Agency**

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

#### **Capital Projects**

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

### **Debt Service Funds**

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

#### **Capital Improvement Financing Authority**

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

#### **Pension Obligation Bonds**

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

#### **Stanislaus County Tobacco Funding Corporation**

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

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

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

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

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

Non-major  
Special Revenue  
Funds

## **NONMAJOR SPECIAL REVENUE FUNDS**

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

### **Environmental Resources**

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

### **Children and Families Commission**

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

### **Public Works – Engineering**

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

### **Road and Bridge**

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

### **Employment and Training**

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

### **Child Support Services**

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

## **NONMAJOR SPECIAL REVENUE FUNDS**

(Continued)

### **Public Authority**

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

### **Health Services Agency**

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

### **Indigent Health Care**

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

### **Library**

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

### **Lighting Districts**

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

### **All Other Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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



Non-major  
Enterprise  
Funds

## **NONMAJOR ENTERPRISE FUNDS**

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

### **County Transit System**

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

### **Geer Road Sanitary Landfill**

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

### **Inmate Welfare/Commissary**

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

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

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

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

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

# Internal Service Funds

## **INTERNAL SERVICE FUNDS**

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

### **General Liability Insurance**

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

### **Unemployment Insurance**

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

### **Workers' Compensation Insurance**

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

### **Medical Self-Insurance**

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

### **Other Employee Benefits**

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

### **Dental Insurance**

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

## **INTERNAL SERVICE FUNDS (Continued)**

### **Vision Care Insurance**

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

### **Professional Liability Insurance**

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

### **Central Services**

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

### **Fleet Services**

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

### **Technology and Communications**

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

### **Morgan Shop Garage**

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

### **Facility Maintenance**

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

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

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

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

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

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

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

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

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

## County of Stanislaus

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

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

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

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

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

## County of Stanislaus

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

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

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

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

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

## County of Stanislaus

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

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

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

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

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

## County of Stanislaus

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

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

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



# Statistical Information



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

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 48,391,005	\$ 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
Public protection	143,930,821	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
Public ways and facilities	39,214,960	45,291,400	49,611,339	43,300,626	48,425,573	55,988,788	53,935,268	48,937,845	35,995,934	49,480,040
Health and sanitation	103,632,801	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
Public assistance	205,434,527	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
Education	9,628,228	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
Recreation	6,062,670	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
Interest and fiscal charges on long-term debt	11,582,666	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
Total governmental activities expenses	<u>567,877,678</u>	<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>
<b>Business-type activities:</b>										
Landfills	7,659,100	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
Behavioral Health	13,799,708	16,655,727	16,256,875	16,574,026	14,981,467	3,403,472	(2,472)			
Health Clinics and Ancillary	37,321,847	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
Inmate Welfare and Commissary	1,437,906	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
Transit	2,082,555	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
Total business-type activities expenses	<u>62,301,116</u>	<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>
Total primary government expenses	<u>\$ 630,178,794</u>	<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>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 23,686,029	\$ 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
Public protection	33,973,505	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
Public ways and facilities	1,990,484	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
Health and sanitation	24,778,203	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
Public assistance	4,139,918	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
Education	387,553	1,958,812	2,597,282	1,791,647	1,119,156	929,447	525,221	456,577	365,953	325,092
Recreation	2,100,374	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
Operating grants and contributions	332,085,792	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
Capital grants and contributions	23,552,188	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
Total governmental activities program revenues	<u>446,694,046</u>	<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>
<b>Business-type activities:</b>										
Charges for services:										
Landfills	4,793,867	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
Behavioral Health	14,756,842	16,138,480	15,994,328	17,043,260	13,767,234	2,747,730				
Health Clinics and Ancillary	37,576,983	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
Inmate Welfare and Commissary	1,226,081	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
Transit	196,832	248,081	280,470	270,282	271,523	287,648	363,804	346,729	502,139	465,005
Operating grants and contributions	514,380	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
Capital grants and contributions		133,483	2,106,894	219,614		742,258				
Total business-type activities program revenues	<u>59,064,985</u>	<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>
Total primary government program revenues	<u>\$ 505,759,031</u>	<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>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (121,183,632)	\$ (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)
Business-type activities	(3,236,131)	(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)
Total primary government net expense	<u>\$ (124,419,763)</u>	<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>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	\$ 31,561,725	\$ 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
Sales taxes	26,468,757	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
Other taxes	2,918,028	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
Franchise fees	918,309	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
Motor vehicle license	32,658,197	25,906,813	44,584,362							
Open space subvention	1,737,231	1,691,748	1,670,086	1,609,009	1,545,374	1,466,943	1,332,316			
Unrestricted investment earnings	3,646,615	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
Miscellaneous	11,648,645	11,543,413	12,506,005	9,652,580	9,516,094	10,011,674	9,734,087	7,719,050	21,020,693	8,077,436
Transfers	5,341,969	(8,203,529)	(1,441,780)	(9,338,373)	(14,124,658)	(11,265,358)	(4,251,900)	(5,250,856)	(2,673,525)	(2,432,361)
Total governmental activities	<u>116,899,476</u>	<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>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Includes Superintendent of Schools

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<b>GROSS COMBINED TOTAL DEBT</b>	(2)	<b>\$1,206,096,017</b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$1,204,681,017</b>

(1) Based on 2011-12 ratios.

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

Ratios to 2012-13 Assessed Valuation:

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

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

Overlapping Tax Increment Debt.....	5.02%
-------------------------------------	-------

Source: California Municipal Statistics, Inc.

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

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

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

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

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

Source: (1) Stanislaus Economic Development & Workforce Alliance

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

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

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

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

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

AREA OF COUNTY : Approximately 1,494 square miles

COUNTY SEAT : Modesto, California

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

DATE COUNTY FORMED : April 1, 1854

FISCAL YEAR BEGINS : July 1

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

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

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

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

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

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

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

1,521

**CONSTRUCTION PERMITS**  
(County Building Department)

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

