

**COUNTY OF SAN JOAQUIN**

**AUDIT REPORT**

**JUNE 30, 2006**

**COUNTY OF SAN JOAQUIN  
AUDIT REPORT  
JUNE 30, 2006**

Table of Contents

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	1-2
<b>Management’s Discussion and Analysis (Required Supplemental Information)</b> .....	3-11
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Assets.....	12
Statement of Activities .....	13-14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	15
Reconciliation to the Government-wide Statement of Net Assets – Governmental Activities .....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	17
Reconciliation to the Government-wide Statement of Activities – Governmental Activities.....	18
Proprietary Funds:	
Statement of Fund Net Assets .....	19-20
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	21
Statement of Cash Flows.....	22-23
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	24
Statement of Changes in Fiduciary Net Assets .....	25
<b>Notes to Basic Financial Statements</b> .....	26-77
<b>Required Supplemental Information (other than MD&amp;A):</b>	
Schedule of Funding Progress – Pension Fund .....	78
Budgetary Comparison Schedule:	
General Fund .....	79-80
Mental Health and Substance Abuse Service Fund .....	81-82
First Five Program.....	83
Notes to Required Supplementary Information:	
Budgetary Basis of Accounting .....	84
<b>Supplemental Information:</b>	
General Fund Accounts:	
Combining Balance Sheet.....	85
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances .....	86
Combining Balance Sheet – General Fund Special Accounts .....	87-90
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund Special Accounts.....	91-94
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	96
Special Revenue Funds:	
Combining Balance Sheet.....	97-102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	103-108

**COUNTY OF SAN JOAQUIN  
AUDIT REPORT  
JUNE 30, 2006**

Table of Contents

	<u>Page</u>
<b>Supplemental Information (continued):</b>	
Special Revenue Funds (continued):	
Combining Balance Sheet – Nonmajor Special Districts Governed by the Board of Supervisors .....	109-111
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Districts Governed by the Board of Supervisors.....	112-114
Debt Service Funds:	
Combining Balance Sheet.....	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	116
Capital Projects Funds:	
Combining Balance Sheet.....	117-118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	119-120
Combining Balance Sheet – All Special Districts Governed by the Board of Supervisors .....	121
Combining Statements of Revenues, Expenditures and Changes in Fund Balances – All Special Districts Governed by the Board of Supervisors.....	122
Internal Service Funds:	
Combining Statement of Fund Net Assets.....	123-125
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	126-128
Combining Statement of Cash Flows .....	129-134
Private Purpose Trust Funds:	
Combining Statement of Fiduciary Net Assets.....	135
Combining Statement of Changes in Fiduciary Net Assets.....	136
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities .....	137
Mountain House Community Services District Funds:	
Combining Statement of Fund Net Assets.....	138-139
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	140-141
Mountain House Community Services District Funds – Utility Services District:	
Combining Statement of Fund Net Assets.....	142-143
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	144-145
Combining Statement of Cash Flows .....	146-147
 <b>STATISTICAL SECTION</b>	
Financial Statistics for the Last Five Years:	
Changes in Net Assets .....	148-149
Fund Balances-Governmental Funds .....	150
Legal Debt Margin Information.....	151
Ratios of Outstanding Debt by Type.....	152-154
Changes in Fund Balances, Governmental Funds – SJC .....	155
Net Assets by Component.....	156



## INDEPENDENT AUDITOR'S REPORT

Honorable Grand Jury and  
Board of Supervisors  
County of San Joaquin, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of San Joaquin, California (the County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County management. Our responsibility is to express an opinion on these statements based on our audit. We did not audit the financial statements of San Joaquin County Employees Retirement System. Those financial statements were audited by the office of the Auditor-Controller of the County of San Joaquin, California as permitted by law. We also did not audit the financial statements of Head Start Child Development Council, Inc., San Joaquin County Economic Development Association, Local Agency Formation Commission or Health Plan of San Joaquin, which collectively represent 100 percent of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us. In addition, we did not audit the San Joaquin General Hospital Enterprise Fund, a component unit of the County of San Joaquin, which represents 38 percent and 87 percent, respectively, of the assets and revenues of the business-type funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us. Our opinion, insofar as it relates to the amounts included for San Joaquin County Employees Retirement System, is based on the report of the Auditor-Controller of the County of San Joaquin, California and as it relates to the component units on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Governmental 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of San Joaquin, California, as of June 30, 2006 and the respective changes in financial position and cash flows, where applicable, thereof 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 under separate cover, our report dated November 9, 2006 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. 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 the internal control over financial reporting or on

Honorable Grand Jury and Board of Supervisors  
County of San Joaquin, California

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.

The management's discussion and analysis, the budgetary comparison schedules and the schedule of funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information consisting of combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of San Joaquin, California. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, based on our audit and the reports of other auditors are fairly stated, in all material respects, in relation to the basic financial statements taken 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 express no opinion on it.

BARTIG, BASLER & RAY, LLP  
A Gallina LLP Company

Handwritten signature in cursive script that reads "Bartig Basler & Ray, LLP".

November 9, 2006  
Roseville, California

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**MANAGEMENT'S DISCUSSION  
& ANALYSIS**

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**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2006**

This section of the County of San Joaquin's (County) annual financial report represents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2006. Please read it in conjunction with the County's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the County exceeded its liabilities at the close of the 2005-2006 fiscal year by \$904.8 million, which is referred to as net assets. Of this amount, \$175.1 million is considered unrestricted net assets, which may be used to meet ongoing obligations to citizens and creditors. \$264.8 million is reserved or restricted net assets and limited to specific purposes, and \$464.9 million, is invested in capital assets, net of related debt.
- The County's total net assets increased by \$141.4 million during the year. Governmental activities increased the County's net assets by \$79.2 million and business-type activities increased the County's net assets by \$62.2 million.
- As of June 30, 2006, the County governmental funds reported combined fund balances of \$300.4 million, which is an increase of \$70.0 million from last year's fund balance. Of the combined fund balances, \$203.0 million or 68% is available to meet the County's current and future needs (*unreserved fund balances*).
- As of June 30, 2006, the unreserved fund balance for the general fund was \$102.8 million, or approximately 19.1% of the total general fund operating expenditures. This entire amount is budgeted to be spent in the next fiscal year.
- The County's total long-term debt that is due beyond one year at June 30, 2006 was \$435.3 million, \$234.6 million higher than the prior year's, primarily due to the increase in Teeter Note borrowing, "IBNR" (incurred but not reported) liability claims, liabilities for unpaid compensated absences, and new loans in exchange for the infrastructure facilities from the developers within the service areas of the Mountain House Community Service District.
- The Mountain House Community Service District, a blended component unit of the County, has created enterprise funds to account for the water, sewer, and storm services. During the 2005-06 fiscal year, it accepted \$57.2 million of the donated infrastructure facilities from the district's developers. In addition, it has pledged certain facility receipts and future debt proceeds for the \$236.2 million of the infrastructure facilities received from the developers.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

**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. Therefore, the statements are reported using the accrual basis of accounting. Please refer to Note 2, section (c) for further information on the accrual basis of accounting.

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.

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2006**

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 may result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by intergovernmental revenues and property and sales taxes (*governmental activities*) from other functions that are intended to recover all or in part a 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, sanitation and public assistance; education and culture and recreation. The business-type activities of the County are the San Joaquin County General Hospital (Hospital), the San Joaquin County Airport (Airport), the San Joaquin County Solid Waste Enterprise (Landfill), and the Mountain House Community Service District's Utility Enterprise (Utility).

Component units that are discretely presented in the County's basic financial statements consist of legally separate entities for which the County is financially accountable or whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Examples are the Head Start Child Development Council, Health Plan of San Joaquin, Local Agency Formation Commission, and San Joaquin County Economic Development Association.

**The government-wide financial statements can be found on pages 12-14 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.

The County reports three major individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balance. Data from the nonmajor governmental funds, including the debt service funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopted an annual appropriated budget for all of its major governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with this budget and are included in the required supplemental section of this report.

**The governmental funds financial statements can be found on pages 15-18 of this report.**



**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2006**

*Proprietary funds* are reported in two ways: enterprise funds and internal service funds. *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 Hospital, the Airport, the Landfill, and the Mountain House Community Service District's Utility operations whose revenues are from external user fees. *Internal services funds* are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its insurance programs, fleet maintenance, telephone and radio communication programs, office automation equipment replacement program, and general office supply and services programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental 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 with the inclusion of cash flow statements. The County considers all its three enterprise funds as major funds to the County. The internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal services is provided in the form of combining statements elsewhere in this report.

**The proprietary funds financial statements can be found on pages 19-23 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. Agency funds are accounted for on the modified accounting basis.

**The fiduciary fund financial statements can be found on pages 24-25 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 26-76 of this report.

**Required Supplementary Information** provides the comparison of the budgetary information with the actual budget results for the major funds, the General Fund, the Mental Health and Substance Abuse Fund, and the First 5 Program Fund. As mentioned earlier, the Board of Supervisors revises the budget throughout the year as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was actually adopted at year-end, which is not prohibited by state law.

**Other Supplementary Information** provides the combining and individual fund statements and schedules referred to earlier for nonmajor governmental funds, internal service and fiduciary funds immediately following the required supplementary information. It also contains certain financial statistics for the past five years and the combined financial statements for the Mountain House Community Service District.

**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 \$904.8 million at the close of the fiscal year 2005-06.

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2006**

**Condensed Statement of Net Assets (000's)**

	Governmental Activities		Business-Type Activities		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
<b>Assets:</b>						
Current and other assets	\$ 557,518	\$ 435,668	\$ 87,432	\$ 95,635	\$ 644,950	\$ 531,303
Capital assets	541,900	424,574	305,821	125,955	847,721	550,529
Total assets	<u>1,099,418</u>	<u>860,242</u>	<u>393,253</u>	<u>221,590</u>	<u>1,492,671</u>	<u>1,081,832</u>
<b>Liabilities:</b>						
Current and other liabilities	126,482	89,965	26,048	27,756	152,530	117,721
Long-term liabilities	204,805	81,360	230,544	119,365	435,349	200,725
Total liabilities	<u>331,287</u>	<u>171,325</u>	<u>256,592</u>	<u>147,121</u>	<u>587,879</u>	<u>318,446</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	377,863	374,392	87,038	26,284	464,901	400,676
Restricted	250,392	213,626	17,325	6,131	267,717	219,757
Unrestricted	139,876	100,899	32,298	42,054	172,174	142,953
Total net assets	<u>768,131</u>	<u>688,917</u>	<u>136,661</u>	<u>74,469</u>	<u>904,792</u>	<u>763,386</u>
Total Liabilities and Net Assets	<u>\$ 1,099,418</u>	<u>\$ 860,242</u>	<u>\$ 393,253</u>	<u>\$ 221,590</u>	<u>\$ 1,492,671</u>	<u>\$ 1,081,832</u>

The largest portion of the County's net assets in the amount of \$464.9 million, approximately 51% of the total, represents its investment in capital assets (e.g. land, land improvements, buildings, equipment, infrastructure and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens and to internal county departments. 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.

A significant portion of the County's net assets of \$264.8 million represents resources that are subject to external restrictions on how they may be used.

The remaining balance of the County's net assets is unrestricted net assets in the amount of \$175.1 million, which may be used to meet the County's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the County reported positive balances in all three categories of net assets for the County as a whole, as well as for its separate governmental and business-type activities.

As shown below, the County's net assets were increased by \$141.4 million during the current fiscal year.

The following table indicates the changes in net assets for governmental and business-like activities.

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2006**

**Changes in Net Assets (000's)**

	Governmental Activities		Business-Type Activities		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 122,689	\$ 113,248	\$ 182,419	\$ 170,653	\$ 305,108	\$ 283,901
Operating grants and contr.	476,196	445,160	220	443	476,416	445,603
Capital grants and contr.	14,389	6,524	57,373	--	71,762	6,524
General revenues:						
Property taxes	185,372	151,883	447	--	185,819	151,883
Property transfer taxes	6,183	6,406	--	--	6,183	6,406
Sales taxes	32,125	28,403	--	--	32,125	28,403
Motor vehicle and other in lieu taxes	5,159	17,446	--	--	5,159	17,446
Transient occupancy tax	384	406	--	--	384	406
Tobacco settlement proceeds	5,591	6,025	--	--	5,591	6,025
Investment earnings	19,874	10,246	1,474	2,097	21,348	12,343
Total revenues	<u>867,962</u>	<u>785,747</u>	<u>241,933</u>	<u>173,193</u>	<u>1,109,895</u>	<u>958,940</u>
Expenses:						
General government	25,733	27,912	--	--	25,733	27,912
Public protection	230,090	209,656	--	--	230,090	209,656
Public ways and facilities	50,441	41,947	--	--	50,441	41,947
Health and sanitation	119,567	113,806	--	--	119,567	113,806
Public assistance	307,460	286,345	--	--	307,460	286,345
Education	5,865	5,671	--	--	5,865	5,671
Culture and recreation	5,581	5,151	--	--	5,581	5,151
Interest on long-term debt	4,040	3,301	--	--	4,040	3,301
Solid waste	--	--	17,686	19,129	17,686	19,129
Hospital	--	--	189,776	171,184	189,776	171,184
Mountain House Utilities	--	--	8,587	--	8,587	--
Airport	--	--	3,664	3,493	3,664	3,493
Total expenses	<u>748,777</u>	<u>693,789</u>	<u>219,713</u>	<u>193,806</u>	<u>968,490</u>	<u>887,595</u>
Excess (deficiency) before transfers	119,185	91,958	22,220	(20,613)	141,405	71,345
Transfers	(39,971)	(24,125)	39,971	24,125	--	--
Change in net assets	<u>79,214</u>	<u>67,833</u>	<u>62,191</u>	<u>3,512</u>	<u>141,405</u>	<u>71,345</u>
Net assets, beginning of year	688,917	611,992	74,470	70,957	763,387	682,949
Adjustment to beginning net assets	--	9,091	--	--	--	9,091
Net assets, end of year	<u>\$ 768,131</u>	<u>\$ 688,916</u>	<u>\$ 136,661</u>	<u>\$ 74,469</u>	<u>\$ 904,792</u>	<u>\$ 763,385</u>

**Governmental activities.** Governmental activities increased the County's net assets by \$79.2 million, accounting for 56.0% of the total growth in net assets of the County.

Net Assets

A key element in analyzing the increase above is the application of the accrual basis of accounting for the County's governmental activities. Governmental activities' budget and fund based financial statements reflect the budgeting practices under the modified accrual approach. Under this approach, capital assets purchases and debt principal payments are expensed; further, revenues are accrued if measurable and available within the County's availability period established at 60 days. Conversely, the statement of changes in net assets is reported under the accrual basis of accounting, which capitalizes fixed asset purchases, reduces liabilities by principal payments and recognizes revenues when earned. The effect of capitalizing capital asset purchases less overall depreciation increased net assets by \$4.9 million; the effect of decreasing long-term debt principal expenditures and recognizing revenues that were not available to meet current budgetary needs increased net assets by \$4.8 million. See the reconciliation on page 17 which further explains the difference between changes in the County's fund balance under the modified accrual basis and the changes in net assets under the accrual basis of accounting.

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2006**

The operating grants, the statutory-required contribution transfers, and capital asset transfers to the Hospital, Airport, and the Mountain House Community Services District-Utility Enterprise, the business-type funds, reduced the net assets of the governmental activities by \$40.0 million.

Revenues

Total revenue for the County's governmental activities increased by \$82.2 million, or 10%, over the previous year.

- Revenues from the general revenues, such as property taxes, sales taxes and investment earnings increased by \$34.5 million from the prior year's. This increase reflects the booming real estate market in the county, the consumers' purchase activities, and the improving investment environment.
- Revenues from service fees and court fees and fines increased by \$9.4 million and the operating and capital grants and contributions increased by \$38.9 million. As an arm of the state government, operating grants and contributions serve multiple programs and are tied to mandated services such as public assistance, public health, mental health, public safety, and etc. The capital grants were tied to specific capital projects within a specific time frame. These revenue sources increased 9% over the prior year primarily due to increased funding from various Federal and State sources.

Expenses

Expenses for most function categories funded by the County's general revenue reflected increases paralleling inflation and growth in the demand for services from the prior year's. Overall, expenditures for governmental activities increased by \$55.0 million, or 8%, over the previous year. Of the total increase, \$21.1 million comes from the public assistance functional category and \$20.4 million from the public protection functional category. The County's major cost component is salaries and benefits.

**Business-type activities.** Business-type activities increased the County's net assets by \$62.2 million, or 44% of the total growth in net assets. By excluding the operating grants and the statutory-required contribution transfers of \$40.0 million from the governmental-activities funds, the Business-type activities would have increased the County net assets by \$22.2 million.

Key factors that contributed to this increase from the operating activities were the capital grants of \$57.2 million received from the developers in the Mountain House Community Development District-Utility Enterprise funds. This increase was offset by the increase in the Hospital operation, reflecting the continuing rise in the costs of pharmaceuticals, medical supplies and equipment.

**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 fund.** The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are the special districts governed by the 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 financial requirements. In particular, unreserved 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, 2006, the County's governmental funds reported total fund balances of \$300.4 million, an increase of \$70.0 million in comparison with the prior year. Approximately 67.6%, or \$203.0 million, of the total fund balance constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to pay debt service, \$5.9 million; 2) to reflect inventories and interfund advances that are long-term in nature and thus do not represent available spendable resources, \$1.1 million and 3) to liquidate contractual

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2006**

commitments of the period – \$90.2 million. The County's management may also designate unreserved fund balance to a particular function or activity; however, designated fund balance is available for appropriations at any time.

The general fund is the main operational fund of the County. At June 30, 2006, it had an unreserved fund balance of \$102.8 million while its total fund balance increased to \$48.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures less transfers. Unreserved fund balance represents 19.1% of total fund expenditures, while total fund balance represents 22.0% of the same amount.

Revenues for governmental functions totaled \$865.3 million in fiscal year 2005-06, which represents a 11.9% or \$92.0 million increase from fiscal year 2004-05. The largest increases in revenues were tax revenues (\$47.1 million), aid from other governmental agencies (\$22.9 million), investment earnings (\$7.7 million), charges for services (\$6.3 million), and court fines (\$4.0 million).

Expenditures for government functions totaled \$760.1 million in fiscal year 2005-06, which represents an increase of 8.1% (\$57.1 million) from the prior year. The largest increase occurred in the public assistance and the public protection functional categories (\$34.5 million).

**Proprietary funds.** The County's proprietary funds provide similar information found in the governmental-wide financial statements, but in more detail.

The Solid Waste Enterprise had \$7.7 million in net assets at June 30, 2006, the Airport Enterprise had \$14.0 million, the Hospital Enterprise had \$58.8 million, and the Mountain House Enterprise had \$56.2 million. The unrestricted net assets amounted to -\$3.3 million, \$1.1 million, \$33.9 million, and \$0.6 million, respectively, of the total proprietary funds' net assets.

The internal service funds had \$44.7 million in net assets at June 30 2006 with \$36.7 million as unrestricted.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the 2005-06 fiscal year's original budget and the final amended budget resulted in \$16.4 million increase in charges to appropriations. The increases in the final amended budget can be briefly summarized as follows:

- The general government budget increased by \$1.0 million to reflect the increase of supervisory district-specific projects.
- The reserve for contingency budget increased by \$11.3 million to reflect the re-appropriation of the excess property tax revenues received in prior years.
- The public safety function budget increased by \$1.7 million to reflect the overruns of the overtime and holiday pay at the Sheriff's Department and the additional funding provided by the Federal and the State governments for public safety programs.
- The public assistance function budget increased by \$0.4 million to reflect the additional funding provided by the Federal and the State governments for public assistance programs.
- The transfers-out budget increased by \$2.0 million to reflect the additional funding provided to various programs managed by other funds.

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2006**

During the year, actual revenues were more than budgetary estimates by \$1.9 million. The increase reflects the combination of increases and decreases of various revenue sources. The major decrease (\$14.9 million) in Aid from Other Governmental Agencies is in the public assistance area. These decreases were offset by the increase in both the property and sales tax revenues (\$5.2 million), the interest earnings from the investment pool (\$4.1 million), donation from developers (\$5.9 million), and the licenses and permits (\$1.9 million).

Actual expenditures were less than budgetary estimates by \$83.6 million. A majority of the difference is attributable to below budget expenditures in public protection, health and human services, public assistance (\$52.9 million). The County also appropriated \$30.7 million for contingencies and departmental reserves as part of the County reserve policy. The net effect of over-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$85.6 million, thus eliminating the need to draw upon existing fund balance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

The County's investment in capital assets, net of related debt, for its governmental and business-type activities as of June 30, 2006, amounted to \$464.9 million. This investment in capital assets includes infrastructure, infrastructure in progress, land, buildings and improvements, equipment and construction in progress. The total increase in the County's investment in capital assets for the current period was 16.0 percent.

Major capital asset events during the current fiscal year included the following:

- Construction in progress increased by \$7.0 million due mainly to the continuing expansion of various County community service centers, the new Agriculture building, and new clinic projects at the Hospital.
- Infrastructure assets of \$292.1 million were added during the year for various road networks and the Mountain House Community Services District.
- Structure and improvements of \$4.1 million were added during the year for the community centers expansion projects, and the Hospital expansion project
- All depreciable assets, except infrastructure, were depreciated from the mid-month of the acquisition month to the end of the current fiscal year. Infrastructures acquired since 1985 were depreciated, using the composite method, over the life of 25 years.

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

	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Infrastructure	\$ 325,786	\$ 207,421	\$ 173,692	\$ --	\$ 499,478	\$ 207,421
Land and easements	15,788	11,612	4,663	4,663	20,451	16,275
Structure and improvements	170,865	177,281	103,550	93,054	274,415	270,335
Equipment	22,099	21,041	8,490	18,651	30,589	39,692
Construction in progress	1,162	11	15,426	9,586	16,588	9,597
Other capitalized assets	6,200	7,210	--	--	6,200	7,210
<b>Total</b>	<b>\$ 541,900</b>	<b>\$ 424,576</b>	<b>\$ 305,821</b>	<b>\$ 125,954</b>	<b>\$ 847,721</b>	<b>\$ 550,530</b>

For additional information related to capital assets, see note 6 on pages 53-55.

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2006**

**Long-term debt**

At June 30, 2006, the County had total long-term outstanding debt of \$435.3 million excluding the amount due within one year. This amount was comprised of \$140.8 million of certificates of participation, \$8.7 million in landfill closure/postclosure, \$1.3 million in capital lease obligations, \$239.8 million in notes payable, \$5.6 million in earned compensated absences and \$39.1 million for estimated self-insurance claims liability. For additional information related to long-term debt, see note 11, 12, and 13 on pages 58-65.

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

- The County's 2006-07 budget reflects a sizable increase in many programs as a result of an improving economic environment from the real estate market and the investment sector.
- The County's general revenues, sometimes referred to as discretionary revenues, are expected to experience a continuing growth as a result of the booming real estate market. At the same time, the portion of the County's budget that relies on these revenues will also continue to experience increased costs of living and medical insurance increases.
- The State's economic condition continues to have a significant impact on the County's budget, even though the constitutional amendment (Proposition 1A) approved in November 2004 will protect the local government revenues from future reductions by the State. Included in the Proposition 1A was the property taxes shift of \$6.1 million each for FY 2004-05 and 2005-06 to the Education Revenue Augmentation Funds (ERAF III).
- In May 2006, the State's budget revision (1) provided \$170 million to pay two years of the 15-year deferred reimbursements to local governments for State-mandated services. The County projected to receive \$2.3 million from this reimbursement; (2) restores the funding for the Juvenile Justice Crime Prevention Act (JJCPA) programs. The County budgeted \$2.3 million from these restorations; (3) proposes partial repayment of the Proposition 42 Transportation Fund and the County estimated to receive \$2.5 million for road and streets maintenance.

All of these factors were considered in preparing the County's budget for fiscal 2006, approximately \$1.36 billion (including the business-like activities).

During the current fiscal year, unreserved fund balance in the general fund increased to \$117.9 million. The County has appropriated the full amount for spending in the 2006 fiscal year budget.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request additional financial information should be addressed to the Auditor-Controller's Office, 24 S. Hunter Street, Room 103, Stockton, CA 95202.

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**BASIC FINANCIAL STATEMENTS**  
**Government-Wide Financial Statements**

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# COUNTY OF SAN JOAQUIN

## Statement of Net Assets June 30, 2006

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 393,699,528	\$ 23,846,035	\$ 417,545,563	\$ 47,162,730
Other banks	--	705,675	705,675	940,953
Imprest cash	311,540	4,730	316,270	--
Accounts receivable	13,078,937	28,985,646	42,064,583	41,132
Taxes receivable	45,714,799	--	45,714,799	--
Interest receivable	5,310,331	323,890	5,634,221	527,551
Internal balances	(2,012,394)	2,012,394	--	--
Due from other agencies	93,187,894	31,937	93,219,831	1,590,481
Loans receivable	105,826	--	105,826	--
Prepaid expenses	935,547	235,961	1,171,508	--
Inventory	1,068,850	1,829,887	2,898,737	--
Other assets	25,500	8,332,419	8,357,919	1,060,751
Unamortized debt issuance cost	213,002	1,541,920	1,754,922	--
Restricted assets:				
Cash and investments	5,858,221	19,393,576	25,251,797	--
Interest receivable	20,635	188,191	208,826	--
Capital assets:				
Nondepreciable	16,950,088	20,089,690	37,039,778	--
Depreciable	752,814,998	408,470,511	1,161,285,509	16,526,637
Accumulated depreciation	(227,865,295)	(122,739,019)	(350,604,314)	(5,594,568)
Total Assets	\$ 1,099,418,007	\$ 393,253,443	\$ 1,492,671,450	\$ 62,255,667
<b>LIABILITIES</b>				
Accounts payable	\$ 29,599,732	\$ 7,470,339	\$ 37,070,071	\$ 3,910,433
Accrued expenses	5,057,558	1,613,538	6,671,096	--
Compensated absences:				
Due within one year	23,590,623	4,756,279	28,346,902	20,553
Due beyond one year	5,168,833	501,042	5,669,875	3,013
Unearned revenue	23,293,037	3,598,043	26,891,080	530,256
Long-term liabilities:				
Due within one year	39,093,454	6,168,615	45,262,069	--
Due beyond one year	199,635,953	230,043,193	429,679,146	11,803,492
Other liabilities	5,236,196	706,964	5,943,160	1,433,932
Payable from restricted assets:				
Accrued interest	611,850	1,733,939	2,345,789	--
Total Liabilities	331,287,236	256,591,952	587,879,188	17,701,679
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	377,862,650	87,037,932	464,900,582	10,932,069
Restricted for:				
Capital projects	51,962,125	7,749,180	59,711,305	--
Debt service	5,920,341	9,537,572	15,457,913	--
Children and Families Act Program	27,756,823	--	27,756,823	--
Substance Abuse and Crime Prevention	616,259	--	616,259	--
Public works and community infrastructure	62,225,812	--	62,225,812	--
Local law enforcement programs	916,171	--	916,171	--
Other programs	100,994,631	38,411	101,033,042	--
Unrestricted	139,875,959	32,298,396	172,174,355	33,621,919
Total Net Assets	768,130,771	136,661,491	904,792,262	44,553,988
Total Liabilities and Net Assets	\$ 1,099,418,007	\$ 393,253,443	\$ 1,492,671,450	\$ 62,255,667

The accompanying notes are an integral part of these financial statements.

# COUNTY OF SAN JOAQUIN

## Statement of Activities For the Year Ended June 30, 2006

Functions/Programs	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>					
Governmental Activities:					
General government	\$ 37,086,777	\$ (11,353,918)	\$ 20,161,576	\$ 2,365,280	\$ 2,626,239
Public protection	223,229,711	6,860,629	50,135,663	77,844,695	--
Public ways and facilities	36,192,654	545,434	9,713,552	12,395,086	10,194,501
Community infrastructure program	867,626	--	3,922,438	--	--
Mountain House Service District	12,835,337	--	6,816,337	3,622,183	1,568,615
Health and sanitation	101,115,486	1,684,537	29,049,369	72,325,823	--
Children and families act program	16,685,045	81,438	--	9,926,026	--
Public assistance	305,886,200	1,573,622	1,162,124	297,593,322	--
Education	5,858,089	7,133	146,925	122,514	--
Recreation and cultural services	4,979,734	601,125	1,580,398	497	--
Interest on long-term debt	4,040,221	--	--	--	--
Total Governmental Activities	748,776,880	--	122,688,382	476,195,426	14,389,355
Business-Type Activities:					
Hospital	189,776,046	--	158,935,264	--	--
Airport	3,663,416	--	1,456,000	184	211,745
Solid Waste	17,685,787	--	19,699,066	219,566	--
Mountain House Services District - Utility Services	8,586,976	--	2,328,333	--	57,160,989
Total Business-Type Activities:	219,712,225	--	182,418,663	219,750	57,372,734
<b>Total Primary Government</b>	<b>\$ 968,489,105</b>	<b>\$ --</b>	<b>\$ 305,107,045</b>	<b>\$ 476,415,176</b>	<b>\$ 71,762,089</b>
<b>Component Units</b>					
Headstart	\$ 31,077,403	\$ --	\$ 2,168,145	\$ 28,638,778	\$ --
Health Plan of San Joaquin	85,888,522	--	1,302,141	84,202,718	--
San Joaquin Economic Development	181,483	--	103,520	165,557	--
Local Agency Formation Commission	336,120	--	214	260,968	--
Total Component Units	<b>\$ 117,483,528</b>	<b>\$ --</b>	<b>\$ 3,574,020</b>	<b>\$ 113,268,021</b>	<b>\$ --</b>
General Revenues:					
Taxes:					
Property taxes					
Property transfer taxes					
Sales and use taxes					
Transient occupancy taxes					
Franchise and other					
Motor vehicle in-lieu taxes					
Unrestricted interest and investment earnings					
Tobacco settlement proceeds					
Transfers					
Total General Revenues and Transfers					
Change in Net Assets					
Net assets - beginning					
Net assets - ending					

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (579,764)	\$ --	\$ (579,764)	\$ --
(102,109,982)	--	(102,109,982)	--
(4,434,949)	--	(4,434,949)	--
3,054,812	--	3,054,812	--
(828,202)	--	(828,202)	--
(1,424,831)	--	(1,424,831)	--
(6,840,457)	--	(6,840,457)	--
(8,704,376)	--	(8,704,376)	--
(5,595,783)	--	(5,595,783)	--
(3,999,964)	--	(3,999,964)	--
(4,040,221)	--	(4,040,221)	--
<u>(135,503,717)</u>	<u>--</u>	<u>(135,503,717)</u>	<u>--</u>
--	(30,840,782)	(30,840,782)	--
--	(1,995,487)	(1,995,487)	--
--	2,232,845	2,232,845	--
--	50,902,346	50,902,346	--
<u>--</u>	<u>20,298,922</u>	<u>20,298,922</u>	<u>--</u>
<u>\$ (135,503,717)</u>	<u>\$ 20,298,922</u>	<u>\$ (115,204,795)</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ (270,480)
--	--	--	(383,663)
--	--	--	87,594
<u>--</u>	<u>--</u>	<u>--</u>	<u>(74,938)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (641,487)</u>
185,372,303	447,221	185,819,524	--
6,182,784	--	6,182,784	--
32,125,346	--	32,125,346	--
384,368	--	384,368	--
2,371,806	--	2,371,806	--
5,159,327	--	5,159,327	--
17,501,863	1,474,136	18,975,999	1,942,258
5,591,287	--	5,591,287	--
(39,971,492)	39,971,492	--	--
<u>214,717,592</u>	<u>41,892,849</u>	<u>256,610,441</u>	<u>1,942,258</u>
79,213,875	62,191,771	141,405,646	1,300,771
<u>688,916,896</u>	<u>74,469,720</u>	<u>763,386,616</u>	<u>43,253,217</u>
<u>\$ 768,130,771</u>	<u>\$ 136,661,491</u>	<u>\$ 904,792,262</u>	<u>\$ 44,553,988</u>

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**BASIC FINANCIAL STATEMENTS**  
**Fund Financial Statements**

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**COUNTY OF SAN JOAQUIN**

Balance Sheet  
Governmental Funds  
June 30, 2006

	General Fund	Mental Health Substance Abuse	First Five Program	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and Investments:					
Pooled	\$ 141,148,591	\$ 24	\$ 30,606,437	\$ 143,789,965	\$ 315,545,017
Imprest cash	238,775	39,450	--	33,275	311,500
Accounts receivable	5,826,647	1,771,717	2,975	4,353,797	11,955,136
Taxes receivable	45,351,246	--	--	363,552	45,714,798
Interest receivable	2,089,027	18,608	379,402	1,852,962	4,339,999
Advances to other funds	66,000	--	--	426,425	492,425
Due from other funds	1,569,513	50,011	--	822,054	2,441,578
Due from other agencies	77,330,229	4,991,957	1,619,734	9,245,973	93,187,893
Loans and advances receivable	105,826	--	--	--	105,826
Inventory	48,838	290,064	--	280,634	619,536
Other assets	25,500	--	--	--	25,500
Restricted cash and investments	--	--	--	5,878,856	5,878,856
	<u>\$ 273,800,192</u>	<u>\$ 7,161,831</u>	<u>\$ 32,608,548</u>	<u>\$ 167,047,493</u>	<u>\$ 480,618,064</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 11,965,415	\$ 2,367,038	\$ 4,562,937	\$ 5,236,048	\$ 24,131,438
Accrued expenses	119,953	--	--	--	119,953
Due to other funds	1,526,694	633,139	227,559	763,985	3,151,377
Due to other agencies	135	--	--	1,266,622	1,266,757
Accrued salaries	3,872,928	553,335	12,011	574,556	5,012,830
Accrued compensated absences	19,802,260	1,511,949	49,218	2,014,428	23,377,855
Unearned revenue	78,007,054	3,306,613	--	1,105,918	82,419,585
Advances from other funds	2,391,410	--	--	66,000	2,457,410
Teeter note	33,000,000	--	--	--	33,000,000
Other liabilities	5,236,196	--	--	--	5,236,196
Total Liabilities	<u>155,922,045</u>	<u>8,372,074</u>	<u>4,851,725</u>	<u>11,027,557</u>	<u>180,173,401</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	14,785,911	539,988	9,809,993	65,092,090	90,227,982
Inventory	48,838	290,064	--	280,634	619,536
Debt service	--	--	--	5,920,343	5,920,343
Advances	66,000	--	--	426,426	492,426
Other assets	105,826	--	--	--	105,826
Unreserved, reported in					
General fund:					
Designated	36,205,340	--	--	--	36,205,340
Undesignated	66,666,232	--	--	--	66,666,232
Special revenue funds:					
Designated	--	39,474	--	31,932	71,406
Undesignated	--	(2,079,769)	17,946,830	68,949,338	84,816,399
Capital projects funds:					
Undesignated	--	--	--	15,319,173	15,319,173
	<u>117,878,147</u>	<u>(1,210,243)</u>	<u>27,756,823</u>	<u>156,019,936</u>	<u>300,444,663</u>
	<u>\$ 273,800,192</u>	<u>\$ 7,161,831</u>	<u>\$ 32,608,548</u>	<u>\$ 167,047,493</u>	<u>\$ 480,618,064</u>
Total Liabilities and Fund Balances	<u>\$ 273,800,192</u>	<u>\$ 7,161,831</u>	<u>\$ 32,608,548</u>	<u>\$ 167,047,493</u>	<u>\$ 480,618,064</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN JOAQUIN**

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets - Governmental Activities  
June 30, 2006

<b>Fund Balance - total governmental funds (page 15)</b>	\$	300,444,663
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		532,445,470
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the governmental funds.</p>		59,126,549
<p>Internal service funds are used by the County to charge the cost of unemployment insurance, dental insurance, fleet services and telephone services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:</p>		44,710,553
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.</p>		
<p>Certificates of participation</p>	\$ 42,816,169	
<p>Capital leases</p>	146,373	
<p>Notes payable</p>	120,051,117	
<p>Compensated absences</p>	5,141,368	
<p>Accrued interest payable</p>	441,437	
	(168,596,464)	
<b>Net assets of governmental activities (page 12)</b>	<b>\$</b>	<b><u><u>768,130,771</u></u></b>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN JOAQUIN**

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2006

	General Fund	Mental Health Substance Abuse	First Five Program	Other Governmental Funds	Total
<b>Revenues:</b>					
Taxes	\$ 189,190,952	\$ --	\$ --	\$ 27,078,486	\$ 216,269,438
Licenses and permits	9,215,709	--	--	628,883	9,844,592
Fines, forfeitures and penalties	15,079,237	297,889	--	2,690,278	18,067,404
Use of money and property	6,820,979	74,567	1,345,989	6,067,632	14,309,167
Aid from other governmental agencies	374,629,930	32,572,173	9,926,026	80,886,428	498,014,557
Charges for services	39,976,984	22,316,686	--	29,609,340	91,903,010
Other revenues	10,282,454	152,020	--	6,491,991	16,926,465
Total Revenues	<u>645,196,245</u>	<u>55,413,335</u>	<u>11,272,015</u>	<u>153,453,038</u>	<u>865,334,633</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	37,987,467	--	--	382,475	38,369,942
Public protection	191,399,335	--	--	24,121,015	215,520,350
Public ways and facilities	--	--	--	34,935,721	34,935,721
Health and sanitation	30,541,057	67,430,215	16,683,382	2,214,466	116,869,120
Public assistance	269,233,683	--	--	34,815,096	304,048,779
Education	313,560	--	--	5,490,035	5,803,595
Recreation and culture	3,833,107	--	--	298,064	4,131,171
Capital outlay	2,501,567	40,872	--	29,141,176	31,683,615
<b>Debt Service:</b>					
Principal retirement	377,755	--	--	5,109,200	5,486,955
Interest payments	740,069	--	--	2,468,706	3,208,775
Total Expenditures	<u>536,927,600</u>	<u>67,471,087</u>	<u>16,683,382</u>	<u>138,975,954</u>	<u>760,058,023</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>108,268,645</u>	<u>(12,057,752)</u>	<u>(5,411,367)</u>	<u>14,477,084</u>	<u>105,276,610</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of long term debt	425,981	--	--	--	425,981
Transfers in	3,424,769	10,225,141	--	33,280,069	46,929,979
Transfers out	(63,603,235)	(1,483,776)	(82,929)	(17,429,089)	(82,599,029)
Total Other Financing Sources (Uses)	<u>(59,752,485)</u>	<u>8,741,365</u>	<u>(82,929)</u>	<u>15,850,980</u>	<u>(35,243,069)</u>
Net change in fund balances	48,516,160	(3,316,387)	(5,494,296)	30,328,064	70,033,541
Fund balance - beginning	<u>69,361,987</u>	<u>2,106,144</u>	<u>33,251,119</u>	<u>125,691,872</u>	<u>230,411,122</u>
Fund balance - ending	<u>\$ 117,878,147</u>	<u>\$ (1,210,243)</u>	<u>\$ 27,756,823</u>	<u>\$ 156,019,936</u>	<u>\$ 300,444,663</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN JOAQUIN**

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities - Governmental Activities  
For the Fiscal Year Ended June 30, 2006

Net change to fund balance - total governmental funds (page 17)		\$ 70,033,541
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 31,560,851	
Less current year depreciation	<u>(26,645,033)</u>	4,915,818
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund</p>		
Increase (decrease) in accrued property tax revenues	4,815,139	
Increase (decrease) in accrued grant revenues	<u>(5,229,971)</u>	(414,832)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
<p>Principal repayments:</p>		
Certificate of participation	5,105,000	
Notes payable	273,543	
Capital leases	108,412	
Less amortization of discount on Certificate of participation	<u>(698,032)</u>	4,788,923
<p>Loan proceeds is a financial resource in the governmental funds, but it has no impact on the statement of activities since it increases the long-term liabilities in the statement of net assets.</p>		
		(425,981)
<p>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.</p>		
Decrease in accrued interest payable	42,264	
Decrease in compensated absences	<u>(2,839,592)</u>	(2,797,328)
<p>Capital assets transferred to external funds are recorded as reduction of net assets, but they do not provide any addition to current financial resources and therefore are not reported as revenues in the governmental funds.</p>		
		(4,874,641)
<p>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.</p>		
		<u>7,988,375</u>
Change in net assets of governmental activities (page 13)		<u>\$ 79,213,875</u>

The accompanying notes are an integral part of these financial statements.



**COUNTY OF SAN JOAQUIN**

Statement of Fund Net Assets  
Proprietary Funds  
As of June 30, 2006

	Business-Type Activities - Enterprise Funds				Total	Governmental
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services		Internal Service Funds
<u>Assets</u>						
Current Assets:						
Cash and investments	\$ 7,087,989	\$ 1,291,585	\$ 14,537,961	\$ 928,500	\$ 23,846,035	\$ 78,154,511
Imprest cash	2,580	250	1,900	--	4,730	40
Deposits with others	705,675	--	--	--	705,675	--
Accounts receivable	27,452,128	70,354	1,463,164	--	28,985,646	374,019
Interest receivable	42,549	15,575	257,091	8,675	323,890	970,333
Due from other funds	729,553	--	7,931	--	737,484	1,844,709
Due from external parties	--	--	--	--	--	749,779
Due from other agencies	--	6,520	25,417	--	31,937	--
Other assets	8,332,419	--	--	--	8,332,419	--
Prepaid expenses	235,961	--	--	--	235,961	935,547
Inventories	1,813,206	--	16,681	--	1,829,887	449,314
<b>Total Current Assets</b>	<b>46,402,060</b>	<b>1,384,284</b>	<b>16,310,145</b>	<b>937,175</b>	<b>65,033,664</b>	<b>83,478,252</b>
Noncurrent Assets:						
Advances to other funds	5,524,814	--	--	--	5,524,814	--
Unamortized debt issuance cost	1,049,041	--	492,879	--	1,541,920	--
Restricted Assets:						
Cash and investments	8,159,000	--	11,234,576	--	19,393,576	--
Interest receivable	164,918	--	23,273	--	188,191	--
<b>Total Restricted Assets</b>	<b>8,323,918</b>	<b>--</b>	<b>11,257,849</b>	<b>--</b>	<b>19,581,767</b>	<b>--</b>
Capital Assets:						
Non-depreciable	13,952,513	1,599,784	4,537,393	--	20,089,690	17,481
Depreciable	146,956,847	37,871,593	39,145,304	184,496,767	408,470,511	25,933,586
Allowance for depreciation	(70,135,373)	(22,117,589)	(19,679,176)	(10,806,881)	(122,739,019)	(16,496,746)
<b>Total Capital Assets</b>	<b>90,773,987</b>	<b>17,353,788</b>	<b>24,003,521</b>	<b>173,689,886</b>	<b>305,821,182</b>	<b>9,454,321</b>
<b>Total Noncurrent Assets</b>	<b>104,622,719</b>	<b>17,353,788</b>	<b>35,261,370</b>	<b>173,689,886</b>	<b>330,927,763</b>	<b>9,454,321</b>
<b>Total Assets</b>	<b>\$ 151,024,779</b>	<b>\$ 18,738,072</b>	<b>\$ 51,571,515</b>	<b>\$ 174,627,061</b>	<b>\$ 395,961,427</b>	<b>\$ 92,932,573</b>

continued

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN JOAQUIN**

Statement of Fund Net Assets (continued)  
 Proprietary Funds  
 As of June 30, 2006

	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services	Total	Internal Services Funds
<u>Liabilities and Net Assets</u>						
Current Liabilities:						
Accounts payable	\$ 5,847,207	\$ 71,231	\$ 1,183,946	\$ 367,955	\$ 7,470,339	\$ 4,152,769
Accrued expenses	--	--	--	--	--	99,226
Accrued payroll	1,518,197	12,637	82,704	--	1,613,538	44,728
Compensated absences	4,306,890	74,877	374,512	--	4,756,279	212,768
Interest payable	1,362,865	--	371,074	--	1,733,939	--
Due to other funds	1,008,945	70,376	37,179	--	1,116,500	755,894
Current portion of capital lease obligations	--	--	85,274	--	85,274	322,188
Current portion of notes payable	--	3,341	--	--	3,341	48,098
Current portion of certificates of participation	4,025,000	--	2,055,000	--	6,080,000	--
Other liabilities	419,374	70,952	216,638	--	706,964	--
<b>Total Current Liabilities</b>	<b>18,488,478</b>	<b>303,414</b>	<b>4,406,327</b>	<b>367,955</b>	<b>23,566,174</b>	<b>5,635,671</b>
Long-Term Liabilities						
Unearned revenue	2,370,781	1,227,262	--	--	3,598,043	--
Compensated absences	461,438	5,896	33,708	--	501,042	27,465
Advances from other funds	--	3,133,404	--	--	3,133,404	426,425
Capital lease obligations	--	--	66,363	--	66,363	1,110,314
Notes payable	--	83,828	--	118,048,155	118,131,983	1,905,786
Certificates of participation	71,973,638	--	31,185,472	--	103,159,110	--
Claims liability	--	--	--	--	--	39,116,359
Liability for closure/postclosure costs	--	--	8,685,737	--	8,685,737	--
<b>Total Liabilities</b>	<b>93,294,335</b>	<b>4,753,804</b>	<b>44,377,607</b>	<b>118,416,110</b>	<b>260,841,856</b>	<b>48,222,020</b>
Net Assets:						
Invested in capital assets, net of related debt	16,643,058	12,905,953	1,845,988	55,642,933	87,037,932	8,021,819
Restricted for:						
Capital projects	--	--	7,749,180	--	7,749,180	--
Debt service	8,159,000	--	1,378,572	--	9,537,572	--
Other	38,411	--	--	--	38,411	--
Unrestricted	33,939,016	1,078,315	(3,286,953)	568,018	32,298,396	36,688,734
<b>Total net asset</b>	<b>58,779,485</b>	<b>13,984,268</b>	<b>7,686,787</b>	<b>56,210,951</b>	<b>136,661,491</b>	<b>44,710,553</b>
<b>Total liabilities and net assets</b>	<b>\$ 152,073,820</b>	<b>\$ 18,738,072</b>	<b>\$ 52,064,394</b>	<b>\$ 174,627,061</b>	<b>\$ 397,503,347</b>	<b>\$ 92,932,573</b>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN JOAQUIN**

Statement of Fund Net Assets (continued)  
 Proprietary Funds  
 As of June 30, 2006

	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services	Total	Internal Services Funds
<u>Liabilities and Net Assets</u>						
Current Liabilities:						
Accounts payable	\$ 5,847,207	\$ 71,231	\$ 1,183,946	\$ 367,955	\$ 7,470,339	\$ 4,152,769
Accrued expenses	--	--	--	--	--	99,226
Accrued payroll	1,518,197	12,637	82,704	--	1,613,538	44,728
Compensated absences	4,306,890	74,877	374,512	--	4,756,279	212,768
Interest payable	1,362,865	--	371,074	--	1,733,939	--
Due to other funds	1,008,945	70,376	37,179	--	1,116,500	755,894
Current portion of capital lease obligations	--	--	85,274	--	85,274	322,188
Current portion of notes payable	--	3,341	--	--	3,341	48,098
Current portion of certificates of participation	4,025,000	--	2,055,000	--	6,080,000	--
Other liabilities	419,374	70,952	216,638	--	706,964	--
<b>Total Current Liabilities</b>	<b>18,488,478</b>	<b>303,414</b>	<b>4,406,327</b>	<b>367,955</b>	<b>23,566,174</b>	<b>5,635,671</b>
Long-Term Liabilities						
Unearned revenue	2,370,781	1,227,262	--	--	3,598,043	--
Compensated absences	461,438	5,896	33,708	--	501,042	27,465
Advances from other funds	--	3,133,404	--	--	3,133,404	426,425
Capital lease obligations	--	--	66,363	--	66,363	1,110,314
Notes payable	--	83,828	--	118,048,155	118,131,983	1,905,786
Certificates of participation	71,973,638	--	31,185,472	--	103,159,110	--
Claims liability	--	--	--	--	--	39,116,359
Liability for closure/postclosure costs	--	--	8,685,737	--	8,685,737	--
<b>Total Liabilities</b>	<b>93,294,335</b>	<b>4,753,804</b>	<b>44,377,607</b>	<b>118,416,110</b>	<b>260,841,856</b>	<b>48,222,020</b>
Net Assets:						
Invested in capital assets, net of related debt	16,643,058	12,905,953	1,845,988	55,642,933	87,037,932	8,021,819
Restricted for:						
Capital projects	--	--	7,749,180	--	7,749,180	--
Debt service	8,159,000	--	1,378,572	--	9,537,572	--
Other	38,411	--	--	--	38,411	--
Unrestricted	33,939,016	1,078,315	(3,286,953)	568,018	32,298,396	36,688,734
<b>Total net asset</b>	<b>58,779,485</b>	<b>13,984,268</b>	<b>7,686,787</b>	<b>56,210,951</b>	<b>136,661,491</b>	<b>44,710,553</b>
<b>Total liabilities and net assets</b>	<b>\$ 152,073,820</b>	<b>\$ 18,738,072</b>	<b>\$ 52,064,394</b>	<b>\$ 174,627,061</b>	<b>\$ 397,503,347</b>	<b>\$ 92,932,573</b>

The accompanying notes are an integral part of these financial statements.

# COUNTY OF SAN JOAQUIN

## Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds				Total	Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services		Internal Service Funds
<b>Operating Revenues:</b>						
Property taxes	\$ --	\$ 447,221	\$ --	\$ --	\$ 447,221	\$ --
Charges for services	138,452,724	184	8,927,891	2,277,011	149,657,810	76,033,833
Concessions and rentals	--	1,434,015	10,281,256	--	11,715,271	6,336,207
User fees	--	--	--	--	--	15,261,438
Interest charged to users	--	--	--	--	--	29,888
Other income	17,482,959	21,985	709,485	51,322	18,265,751	20,304
<b>Total Operating Revenues</b>	<b>155,935,683</b>	<b>1,903,405</b>	<b>19,918,632</b>	<b>2,328,333</b>	<b>180,086,053</b>	<b>97,681,670</b>
<b>Operating Expenses:</b>						
Salaries and benefits	97,887,166	861,601	5,440,506	--	104,189,273	3,057,228
Liability claims and loss adjustment	--	--	--	--	--	63,026,480
Professional services	25,847,828	183,430	3,456,815	25,791	29,513,864	1,867,713
Purchased services	31,251,138	217,618	105,304	1,045,932	32,619,992	16,910,796
Repairs and maintenance	--	124,032	1,211,380	68,197	1,403,609	--
Services from other governmental departments	--	99,004	390,608	429	490,041	--
Rents and leases	--	7,153	35,278	--	42,431	--
Insurance	--	210,659	561,746	19,507	791,912	5,153,969
Special departmental expenses	--	120,159	1,989,036	383,621	2,492,816	--
Landfill closure and postclosure expense	--	--	(1,196,065)	--	(1,196,065)	--
Transportation and fuel	--	33,237	68,019	--	101,256	--
Supplies	22,869,874	76,355	277,617	--	23,223,846	138,722
Depreciation	6,360,400	1,437,226	3,740,752	7,043,499	18,581,877	3,061,565
Miscellaneous	--	1,493	113,558	--	115,051	72
<b>Total Operating Expenses</b>	<b>184,216,406</b>	<b>3,371,967</b>	<b>16,194,554</b>	<b>8,586,976</b>	<b>212,369,903</b>	<b>93,216,545</b>
<b>Operating Income (Loss)</b>	<b>(28,280,723)</b>	<b>(1,468,562)</b>	<b>3,724,078</b>	<b>(6,258,643)</b>	<b>(32,283,850)</b>	<b>4,465,125</b>
<b>Non-Operating Revenues (Expenses):</b>						
Gain (loss) on sale of equipment	--	(3,592)	(33,527)	--	(37,119)	(212,226)
Interest income	497,245	58,572	935,087	20,351	1,511,255	3,227,596
Aid from other governmental agencies	--	--	--	--	--	151,793
Insurance recovery	--	--	--	--	--	65,859
Other revenue	2,999,581	--	--	--	2,999,581	--
Interest expense	(5,559,640)	(291,449)	(1,491,233)	--	(7,342,322)	(210,578)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(2,062,814)</b>	<b>(236,469)</b>	<b>(589,673)</b>	<b>20,351</b>	<b>(2,868,605)</b>	<b>3,022,444</b>
<b>Net Income (Loss) Before Contributions and Transfers</b>	<b>(30,343,537)</b>	<b>(1,705,031)</b>	<b>3,134,405</b>	<b>(6,238,292)</b>	<b>(35,152,455)</b>	<b>7,487,569</b>
<b>Transfers and Contributions/Capital Grants</b>						
Contributions/capital grants	--	211,745	--	61,956,196	62,167,941	8,041
Transfers in	34,037,708	671,494	--	493,047	35,202,249	495,734
Transfers out	(23,594)	(606)	(1,764)	--	(25,964)	(2,969)
<b>Change in Net Assets</b>	<b>3,670,577</b>	<b>(822,398)</b>	<b>3,132,641</b>	<b>56,210,951</b>	<b>62,191,771</b>	<b>7,988,375</b>
<b>Net Assets - Beginning of Year</b>	<b>55,108,908</b>	<b>14,806,666</b>	<b>4,554,146</b>	<b>--</b>	<b>74,469,720</b>	<b>36,722,178</b>
<b>Net Assets - End of Year</b>	<b>\$ 58,779,485</b>	<b>\$ 13,984,268</b>	<b>\$ 7,686,787</b>	<b>\$ 56,210,951</b>	<b>\$ 136,661,491</b>	<b>\$ 44,710,553</b>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN JOAQUIN**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds					Governmental
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services	Totals	Internal
						Service Funds
Cash Flows from Operating Activities:						
Cash received from customers	\$ 146,789,578	\$ 1,926,412	\$ 19,707,786	\$ 2,328,330	\$ 170,752,106	\$ 99,270,933
Cash payments to suppliers for goods and services	(78,289,219)	(977,123)	(7,982,723)	(1,394,641)	(88,643,706)	(75,482,556)
Cash payments to other departments for goods and services	--	(42,204)	(13,187)	(429)	(55,820)	(4,444,271)
Cash payments to employees for services	(101,052,637)	(880,719)	(5,595,106)	--	(107,528,462)	(3,130,552)
Net Cash Provided (Used) by Operating Activities	(32,552,278)	26,366	6,116,770	933,260	(25,475,882)	16,213,554
Cash flows from noncapital financing activities:						
Transfers in (out)	34,014,114	670,888	(1,764)	493,047	35,176,285	492,765
Loan repayment or borrowing	226,757	(128,542)	--	--	98,215	--
State and federal grant receipts	--	--	--	--	--	151,792
Other non-operating receipts (payments)	3,082,949	--	--	--	3,082,949	--
Net Cash Provided (Used) by Noncapital Financing Activities	37,323,820	542,346	(1,764)	493,047	38,357,449	644,557
Cash flows from capital and related financing activities:						
Capital contribution received	--	--	--	500,389	500,389	--
Capital contribution grants	--	268,883	--	--	268,883	--
Acquisition and construction of capital assets	(15,824,931)	(164,381)	(1,285,063)	(501,458)	(17,775,833)	(1,773,095)
Insurance recovery	--	--	--	--	--	65,859
Proceeds from sale of property and equipment	--	--	--	--	--	72,761
Principal payment on debts	(3,875,000)	(2,965)	(1,741,744)	(509,483)	(6,129,192)	(495,499)
Interest payment on debts	(5,611,306)	(300,969)	(1,524,802)	--	(7,437,077)	(161,519)
Net Cash Provided (Used) by Capital Financing Activities	(25,311,237)	(199,432)	(4,551,609)	(510,552)	(30,572,830)	(2,291,493)
Cash flows from investing activities:						
Interest on investment	565,566	50,937	793,828	12,745	1,423,076	2,691,385
Net Cash Provided by Investing Activities	565,566	50,937	793,828	12,745	1,423,076	2,691,385
Increase (Decrease) in Cash and Cash Equivalents	(19,974,129)	420,217	2,357,225	928,500	(16,268,187)	17,258,003
Cash and Cash Equivalents, Beginning of Year	35,929,373	871,618	23,417,212	--	60,218,203	60,896,548
Cash and Cash Equivalents, End of Year	\$ 15,955,244	\$ 1,291,835	\$ 25,774,437	\$ 928,500	\$ 43,950,016	\$ 78,154,551

continued

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN JOAQUIN**

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds					Governmental
	General Hospital	Stockton	Solid	Mountain	Totals	Internal
		Metropolitan Airport	Waste Disposal	House Utility Services		Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (28,280,723)	\$ (1,468,562)	\$ 3,724,078	\$ (6,258,643)	\$ (32,283,850)	\$ 4,465,125
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	6,360,400	1,437,226	3,740,752	7,043,499	18,581,877	3,061,565
(Increase) decrease in accounts receivable	(9,386,066)	24,210	14,464	--	(9,347,392)	1,849,407
(Increase) decrease in prepaid expenses	124,788	--	--	--	124,788	(253,670)
(Increase) decrease in inventories	152,309	--	(6,456)	--	145,853	(111,589)
Increase (decrease) in accounts payable	1,373,844	34,695	191,914	148,404	1,748,857	(157,329)
Increase (decrease) in closure/postclosure liability	(3,136,791)	--	(1,335,861)	--	(4,472,652)	--
Increase (decrease) in claim liabilities	--	--	--	--	--	7,360,045
Increase (decrease) in deferred revenues	239,961	(1,203)	(212,121)	--	26,637	--
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (32,552,278)</u>	<u>\$ 26,366</u>	<u>\$ 6,116,770</u>	<u>\$ 933,260</u>	<u>\$ (25,475,882)</u>	<u>\$ 16,213,554</u>

Non-cash transactions:

The County entered various purchase-lease agreements during the year to purchase office automation equipment costing \$441,196. There was a transfer of capital assets in the amount of \$61,956,196 from governmental funds to the Mountain House Utility District during the year which is reported as a capital contribution on the Statement of Revenues, Expenses and Changes in Fund Net Assets.

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN JOAQUIN**

Statement of Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended

	June 30, 2006				December 31, 2005
	Investment Trust Fund	Agency Funds	Private Purpose Trust Funds	Total	Pension Trust Fund
<u>Assets</u>					
Cash and investments - pooled	\$ 723,127,608	\$ 39,396,817	\$ 9,270,108	\$ 771,794,533	\$ 384,435
Cash and investments held by others	8,500	5,268,718	4,324,484	9,601,702	--
Pension trust investments	--	--	--	--	2,111,097,617
Post-employment healthcare fund investments	--	--	--	--	19,198,479
Imprest cash	7,610	--	--	7,610	25
Investments sold, funds not received	--	--	--	--	873,911,501
Investment income receivables	9,934,676	--	67,606	10,002,282	8,789,663
Loans receivable	--	33,000,000	24,059,746	57,059,746	--
Other receivables	8,180,253	25,099,736	38,657	33,318,646	38,902
Pension fund contribution receivable	--	--	--	--	2,638,765
Other assets	--	529,965	--	529,965	76,701
Capital assets, net of depreciation	--	--	--	--	285,414
<b>Total Assets</b>	<b>\$ 741,258,647</b>	<b>\$ 103,295,236</b>	<b>\$ 37,760,601</b>	<b>\$ 882,314,484</b>	<b>\$ 3,016,421,502</b>
<u>Liabilities</u>					
Accounts payable	\$ 18,886,648	\$ (756,168)	\$ 212,682	\$ 18,343,162	\$ --
Accrued liabilities	--	--	--	--	3,287,257
Securities lending-cash collateral	--	--	--	--	294,802,817
Securities purchased but not paid	--	--	--	--	869,027,785
Due to other agencies	--	104,031,404	--	104,031,404	--
Deferred revenues	--	--	229,548	229,548	--
Loan payable	--	20,000	--	20,000	--
<b>Total Liabilities</b>	<b>18,886,648</b>	<b>103,295,236</b>	<b>442,230</b>	<b>122,624,114</b>	<b>1,167,117,859</b>
<u>Net Assets</u>					
Held in trust for:					
Employee pension benefits	--	--	--	--	1,832,667,990
Employee post-employment health benefits	--	--	--	--	16,635,653
Revolving loans	--	--	36,350,536	36,350,536	--
External investment pool participants	722,371,999	--	--	722,371,999	--
Other purposes	--	--	967,835	967,835	--
<b>Total Net Assets</b>	<b>722,371,999</b>	<b>--</b>	<b>37,318,371</b>	<b>759,690,370</b>	<b>1,849,303,643</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 741,258,647</b>	<b>\$ 103,295,236</b>	<b>\$ 37,760,601</b>	<b>\$ 882,314,484</b>	<b>\$ 3,016,421,502</b>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN JOAQUIN**

Statement of Changes in Net Assets  
Fiduciary Funds  
For the Year Ended

	June 30, 2006			December 31, 2005
	Investment Trust Fund	Private Purpose Trust Funds	Total	Pension Trust Fund
<b>Additions</b>				
Employer's contributions	\$ --	\$ --	\$ --	\$ 62,508,615
Employees' contributions	--	--	--	10,854,798
Contributions from investments pool participants	3,454,001,432	--	3,454,001,432	--
Contributions from other governments	--	2,720,356	2,720,356	--
Interest and investment income/(loss)	31,007,983	211,559	31,219,542	121,731,639
Loan income	--	870,435	870,435	--
Miscellaneous income	--	250,171	250,171	5,226
<b>Total Additions</b>	<b>3,485,009,415</b>	<b>4,052,521</b>	<b>3,489,061,936</b>	<b>195,100,278</b>
<b>Deductions</b>				
Benefit payments	--	513,861	513,861	84,966,010
Contribution refund	--	--	--	1,113,623
Withdrawals from pooled investments	3,472,434,723	--	3,472,434,723	--
Allowance for loan writedowns	--	106,363	106,363	--
Administration expenses	--	20,063	20,063	2,407,673
Miscellaneous expenses	--	954,620	954,620	--
<b>Total Deductions</b>	<b>3,472,434,723</b>	<b>1,594,907</b>	<b>3,474,029,630</b>	<b>88,487,306</b>
<b>Change in net assets</b>	<b>12,574,692</b>	<b>2,457,614</b>	<b>15,032,306</b>	<b>106,612,972</b>
Net assets - beginning	709,797,307	34,860,757	744,658,064	1,742,690,671
Net assets - ending	<u>\$ 722,371,999</u>	<u>\$ 37,318,371</u>	<u>\$ 759,690,370</u>	<u>\$ 1,849,303,643</u>

The accompanying notes are an integral part of these financial statements.



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**BASIC FINANCIAL STATEMENTS**  
**Notes to Financial Statements**

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# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

**A. Reporting Entity**

The reporting entity refers to the scope of activities, organizations and functions included in the financial statements. The County of San Joaquin (County) is a political subdivision created by the State of California and, as such, can exercise the powers specified by the Constitution and laws of the State of California. The County operates under the general laws of the State and is governed by an elected five member Board of Supervisors (Board).

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from County government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board. The financial statements of the individual component units may be obtained by writing to the County of San Joaquin, Auditor-Controller's Office, 24 S. Hunter Street, Room 103, Stockton, California 95202.

**Blended Components.** The special service districts governed by the Board are established for the purposes of providing special services to various County areas. The Board of Supervisors is the governing body of those special districts. However, the outstanding special assessment debts and the debt service of these special districts governed by the Board are excluded from these financial statements in accordance with GASB Statement No. 6, described in footnote 6. The special districts do not issue separate financial statements. For a specific list of special districts governed by the County's board, see note 5 on page 51.

The First Five San Joaquin County (previously, the Children and Families Commission) was established under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq. of the Health and Safety Code. The County Board appointed all members of the agency. The Board can remove appointed members at will. The agency is blended within the County's special revenue fund and reported as a major fund for the fiscal year 2005-06.

The In-Home Supportive Services (IHSS) Public Authority maintains a registry and referral system to assist consumers in finding qualified in-home supportive services personnel as well as training of and support for providers and recipients of IHSS. The IHSS Authority is primarily funded by state grants. The County's Board is the governing body for the IHSS Public Authority. Therefore, this entity has been blended with the primary government.

The San Joaquin County Employees' Retirement System (SJCERS) is governed by the Board of Retirement. The Board consists of nine regular members and one alternate. Four are elected by participating members, four are appointed by the Board of Supervisors and one is the County Treasurer. Although it is legally separated from the County, the SJCERS is reported as if it were part of the primary government because the sole purpose of the SJCERS is to provide retirement benefits to the employees of the County and certain participating special districts. The SJCERS is reported as a trust fund in the financial statements. The System uses

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

A. **Reporting Entity** (continued)

the calendar year as its fiscal year; therefore, the financial information related to the Pension Fund represents the year ended December 31, 2005. The financial statements of the Pension Fund are available through SJCERS (see Note 3).

The San Joaquin County Public Facilities Financing Corporation is included as part of the primary government. The sole purpose of the Corporation is to finance for the benefit of the County the acquisition and construction of the County's major capital projects, as described in Note 11 – B. The Corporation has assigned and transferred, without recourse, to the US Bank Trust Corporation for the benefit of the owners of the certificates each and all of its rights under the Site Lease and the Project Lease. With the exception of bonds issued for the North County Landfill Project, the Solid Waste System Project and the San Joaquin General Hospital Expansion Project, debt service and outstanding debts are recorded in the debt service fund and general long-term debt account group, respectively, and the related capital projects are accounted for in the general fixed assets account group. The bonds issued for the North County Landfill Project, the Solid Waste System Project and the General Hospital Project and the related construction are reported in the Solid Waste Disposal Enterprise Fund and General Hospital Enterprise Fund, as applicable. The Corporation's financial statements are available through the County Administrator's Office.

Discretely Presented Component Units. The component units' column in the basic financial statements includes the financial data of the County's other component units. They are reported in a separate column to emphasize that they are legally separate from the County. The County has chosen to report all of the discretely presented component units as major component units.

- Head Start Child Development Council, Inc., a nonprofit corporation, provides Head Start pre-school services to low-income families in San Joaquin County. The Council annually receives significant federal grants for providing Head Start services as a subrecipient through the County.
- San Joaquin County Economic Development Association, a nonprofit corporation, promotes, publicizes, encourages and coordinates economic development of San Joaquin County. The Association is governed by a five-member board appointed by the Board of Supervisors and is operationally funded solely by the County.
- Local Agency Formation Commission, established pursuant to Government Code Section 56000, is governed by five commissioners. It approves or disapproves any application proposing annexation or detachment of territory to or from a city or special district. It also develops and determines Spheres of Influence which are projected future service areas of local governmental agencies.
- Health Plan of San Joaquin, created by the Board of Supervisors in 1995, provides medical care and health services to Medi-Cal recipients and other groups of persons pursuant to various statutes specified in the Welfare and Institutions Code.

Separate financial statements of these individual component units have been issued and are available from their respective administration office or the County Auditor-Controller's office. Condensed financial data is presented in Note 19.

Related Organizations. The County's Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments; therefore, these organizations are not included in these financial statements. These organizations are Tracy Public Cemetery District, Escalon Cemetery District, San Joaquin Regional Transit District, New Mariposa Drainage District, San Joaquin County Housing Authority, and Colledgeville Fire District.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

A. **Reporting Entity** (continued)

**Joint Powers Agreement.** The County has seven Joint Powers Agreements (JPA). (1) San Joaquin Valleywide Air Pollution Study Agency was formed by the County and other counties in 1990 for the purpose of designing, planning, programming and implementing an ozone and air pollution study in the geographical territory encompassed by the member counties. (2) San Joaquin Area Flood Control Agency was formed by the County and the City of Stockton in 1995 to study, plan for, develop, finance, acquire, construct, maintain, repair, manage, operate and control water control works and facilities for the protection of the public. (3) San Joaquin Regional Rail Commission was formed by the County, certain incorporated cities within the County, and the Council of Governments in 1995 to resolve issues relating to the rail passenger services and facilities for the purpose of transporting passengers within and outside their respective boundaries. (4) Mokelumne River Water and Power Authority was formed by the County and San Joaquin County Flood Control and Water Conservation District in 1990 to finance the acquisition and construction of a dam, reservoir, generating facilities and conveyance facilities in order to benefit the County and the San Joaquin County Flood Control and Water Conservation District. (5) Northern San Joaquin County Groundwater Banking Authority (previously, East San Joaquin Parties Water Authority) was formed by the County, the San Joaquin County Flood Control and Water Conservation District, cities and other water conservation and irrigation districts in 1996. This JPA was formed to plan, along with other public entities, projects to meet the water deficiencies of Eastern San Joaquin County. (6) Altamont Commuter Express (ACE) was formed in 1997 by the San Joaquin Regional Rail Commission, a joint powers agency to which the County is a member, the Alameda County Congestion Management Agency and the Santa Clara County Transit District. ACE is formed to combine the parties' efforts to achieve a viable commuter rail service link over the existing rail line between the cities of the County and San Jose to improve air quality and reduce crippling congestion within the interstate highways. (7) Council of Governments was formed by the County and incorporated cities within the County in 1983 to manage the area-wide issues requiring multi-jurisdictional cooperation. With the exception of the responsibilities borne by the participating parties during the JPA start-up period, the County does not retain any on-going financial interest or responsibility in these JPAs, except Mokelumne River Power Authority and Northern San Joaquin County Groundwater Banking Authority, which are either controlled by the Board of Supervisors or fully funded by a County controlled district and therefore blended with the County's general purpose financial statements.

**Non-Related Organizations.** The school districts and special districts governed by local boards are independent and are not in any way related to the County and, therefore, are not included in these financial statements.

The Lodi Grape Festival and Harvest Fair (Festival) operates fairground facilities located in Lodi, California. It conducts the annual Lodi Grape Festival and the annual Harvest Fair. Although the County has the responsibility to provide certain capital assets and improvements to the Festival, the State Department of Food and Agriculture, through its Division of Fairs and Expositions, supervises and provides funding for the activities of the Festival. Therefore, it is not a component unit of the County.

The San Joaquin County Historical Society (Society), in addition to activities customarily associated with a historical society, operates the San Joaquin County Historical Museum for the County. The County provides the Society funds to cover the Museum operating expenses. Since there is no fiscal dependency or financial burden to the County, it is not a component unit of the County.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

### B. Basis of Financial Presentation

**GASB Statement No. 43**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is effective in the financial statements for the year ending June 30, 2007. It establishes uniform financial reporting standards for other postemployment benefits (OPEB) plans. The County will not be early implementing GASB Statement No. 43.

**GASB Statement No. 44**, *Economic Condition Reporting: The Statistical Section*, is effective for the fiscal year ending June 30, 2006. It provides specific requirements for the statistical information presented in a comprehensive annual financial report (CAFR). Although it does not prepare a CAFR report, the County has chosen to prepare some financial statistical information in this financial report.

**GASB Statement No. 45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, is effective for the fiscal year ending June 30, 2008. It establishes standards for the measurement, recognition and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The County will not be early implementing GASB Statement No. 45.

**GASB Statement No. 46**, *Net Assets Restricted by enabling Legislation* is effective for the fiscal year ending June 30, 2006. It clarifies the definition of the “enabling legislation” used in GASB Statement No. 34, *Basic financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*.

**GASB Statement No. 47**, *Accounting for Termination Benefits*, is effective for the fiscal year ending June 30, 2006. It establishes accounting and reporting requirements for all termination benefits (both voluntary and involuntary termination benefits). The County has always been reporting the termination benefits using the termination payment method to recognize the expenditure/expense and liability.

**GASB Statement No. 48**, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, is effective in financial statements for the year ending June 30, 2006. It establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future revenues. The County does not have any of these transactions.

### ***Government-wide Financial Statements***

Information relating to the primary government (the County) and its components is displayed in the statement of net assets and statement of activities. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are primarily supported by fees charged to external parties.

The statement of activities presents a comparison between direct and indirect expenses and program revenues for each segment of the business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or a function and; therefore, are clearly identifiable to a particular function. Indirect expenses are those that are allocated to a program or a function from the County’s centralized general service function based on the cost allocation principles established by the Federal Office of Management and Budget (OMB). Program revenues include 1) charges paid by the recipients of goods or services offered by the programs, 2) fines and penalties ordered by

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

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

*Government-wide Financial Statements* (continued)

the courts, 3) licenses and permits charged by the programs, and 4) 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, it is County policy to use restricted net assets first, and then use the unrestricted resources as they are needed.

*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. Although not required to be reported as major funds, the County has chosen to report the Mental Health Substance Abuse Fund, the First Five Program, and all enterprise funds as major funds for consistency reasons. All remaining governmental funds are separately aggregated and reported as nonmajor 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. Proprietary fund operating expenses, such as salaries and benefits or services and supplies, result from providing services and producing and delivering goods in related to the proprietary fund's primary operations. Expenses that are not directly related to the proprietary fund's primary operations are reported as non-operating expenses.

The County reports the following major governmental funds:

- General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources and transactions except those required to be accounted for in another fund. It includes certain special accounts that are under the control of various general fund departments and those that are used to accumulate resources for designated purposes.
- Mental Health and Substance Abuse Service Fund – The Mental Health and Substance Abuse Service Fund is used to account for the proceeds of specific sources with its expenditures legally restricted for mental health and substance abuse services.
- First Five Program – The Children and Families Program Fund is used to account for the funding provided through excise taxes collected by the State on tobacco products following voter approval of the Children and Families Act of 1998 (Prop. 10). The purpose of the program is to promote, support, and improve the early development of children from the prenatal stage to five years of age. Monies are expended in accordance with a strategic plan prepared by the San Joaquin County Children and Families Commission.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

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

*Fund Financial Statements* (continued)

The County reports all of its enterprise funds as major funds:

- The San Joaquin County General Hospital Fund (the Hospital) accounts for hospital operations involved in providing health services to County residents. Revenues are primarily fees for patient services, payments from Federal and State programs such as Medicare, Med-Cal, realignment revenues and subsidies from the general fund.
- The San Joaquin County Airport Enterprise Fund (the Airport) accounts for commercial, corporate business, and general aviation activities of the County. Revenues are primarily landing fees, rental and concessionary fees generated from the Airport owned facilities, capital grants from the Federal Aviation Administration and unsecured property taxes within the Airport's boundaries.
- The San Joaquin County Solid Waste Enterprise Fund accounts for the County's solid waste transfer and disposal activities, acquisition, design, development, and closure and postclosure maintenance of landfill sites, refuse collection franchise management, and other recycling programs. Revenues are primarily the gate fees and franchises.
- The Mountain House Community Services District Utility Enterprise Fund accounts for the water, wastewater, and storm services to the Mountain House Community Services District. Revenues are primarily the utility service fees.

The County reports the following additional fund types:

- Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments or agencies of the County on a cost recovery basis. These services include the County's fleet maintenance, telephone and radio communications, office automation, and centrally managed insurance programs – workers compensation, employee medical, dental, and unemployment benefits, and casualty liabilities.
- The Pension Trust Fund – This is used to account for the County Retirement System assets and changes in net assets. The Retirement System is a separate entity and its financial operations are controlled by the Board of Retirement. The financial statements of the Retirement System are included as a part of the primary government. The post-retirement health benefit plan is also included in the Pension Trust Fund, as it is managed by the County's Retirement System.
- Investment Trust Fund – This is used to account for the assets of legally separate entities who participate in the County Treasurer's investment pool. This fund represents the assets, primarily cash and investments, and the related net assets/fund balance for investment pool participants, such as schools, local fire districts, the San Joaquin County Superior Court, reclamation districts, etc.
- Private-purpose Trust Funds – These funds are used to account for the assets held for a minor pursuant to a liability claim settlement, and revolving loan funds that are funded by the Federal Community Development Block Grant, Home Loan Program, and Economic Development Administration for the benefit of the community as a whole, rather than for the benefit of the County.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

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

*Fund Financial Statements* (continued)

- Agency Funds – These funds are used to account for the assets and the related liabilities of clearing accounts, such as payroll withholdings, estate accounts, assets forfeiture accounts, court ordered deposits, and various entities other than those accounted for in the Investment Trust Fund.

**C. Basis of Accounting**

The government-wide, proprietary, pension, and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) values without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On the accrual basis, property tax revenues are recognized in the fiscal year for which the taxes are levied. Sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

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 accounting principles generally accepted in the United States of America for governmental units. The County has elected not to follow subsequent private-sector guidance of the Financial Accounting Standards Board after November 30, 1989.

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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, expenditures are recorded when the related liability is incurred except the unmatured interest on long-term debt, and expenses 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. Revenues are recorded when they are both measurable and available to finance expenditures during the fiscal period. Property and sales taxes, interest, state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Revenues earned but not received within sixty days after the end of the accounting period, on the other hand, are recorded as receivables and deferred revenues, in accordance with GASB 34.



# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

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

The financial statements of the component units are maintained on the following basis of accounting:

- San Joaquin County Economic Development Association: accrual accounting basis.
- Head Start Child Development Council, Inc.: modified accrual accounting basis plus accrual of encumbered expenses.
- Local Agency Formation Commission: modified accrual accounting basis.
- Health Plan of San Joaquin: accrual accounting basis.

### D. **Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers.

- Loans are reported as receivable and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/due from other funds” (the short-term interfund loans) or “advance to/from other funds” (the long-term 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 between funds, are reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.
- Services provided, deemed to be at market or near market rate and are the core business of the function, are treated as revenues or expenditures/expenses in the funds involved. The related accounts payable and accounts receivable are eliminated upon consolidation and are referred to as “due to/due from other funds” on the fund statements.
- Reimbursement transactions are treated as reductions of expenditures/expenses in one fund and corresponding increases in the other fund.
- Operating/Capital transfers are reported as recorded as “transfers in” or “transfers out” in the other financing sources and netted as part of the reconciliation to the government-wide presentation.

### E. **Cash and Investments**

Cash and investments consist of cash held in the bank or on hand and debt and equity securities. All investment securities, such as certificates of deposit, bankers acceptances, commercial paper, repurchase agreements, and U.S. Treasury notes, stocks, bonds, etc. are stated at fair market value in accordance with GASB Statement 31. The commingled funds are valued based on the fair value of the commingled trust’s underlying assets. Interest earnings on the County Treasurer’s investment pool are distributed to all participating funds based on their average daily cash balance within the pool.

### F. **Inventory and Prepaid Expenses**

Inventory of materials and supplies in the enterprise funds, internal service funds, Sheriff’s Commissary Store (a General Fund account), Mental Health & Substance Abuse Fund (a major governmental fund), and Road Fund (a nonmajor governmental fund) are stated at cost as determined by the first-in, first-out method. Materials and supplies purchased by other funds are for current consumption and are recorded as expenditures when consumed.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

**F. Inventory and Prepaid Expenses** (continued)

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

**G. Capital Assets**

Capital assets (including infrastructure) are recorded at historical costs or at estimated historical cost if actual historical cost is not available. Infrastructures acquired prior to June 30, 1980 are not recorded. The County defines capital assets as assets with an initial, individual cost of more than \$1,000 for equipment/furniture and \$5,000 for structures and improvements, and an estimated useful life in excess of one year.

Capital assets acquired by the governmental funds are accounted for as expenditures of those funds and capitalized and recorded as assets in the government-wide financial statements. Assets constructed through the issuance of Certificates of Participation are capitalized. Material interest and incidental expenses, net of interest revenue earned on proceeds of Certificates of Participation during the construction period, have been capitalized. Major equipment acquired through long-term lease purchase arrangements is capitalized and reported as assets in the government-wide statement of net assets.

Contributed fixed assets are valued at their estimated fair market value on the date contributed. Contributed capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including pavements in progress, bridges and right of way.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Depreciable capital assets of the enterprise funds and internal service funds are depreciated using the straight-line method over estimated useful lives of 10 to 60 years for structures and improvements and 2 to 20 years for equipment, furniture and fixtures.

Capital assets used in operations of the governmental funds are depreciated on the government-wide financial statements only, using the straight-line method over estimated lives of 10 to 50 years for structure and improvements and 2 to 5 years for equipment, furniture, and fixtures.

Infrastructure (i.e., roads, bridges, water/sewer, drainage system, flood control, etc.) is depreciated on the government-wide financial statements. The County uses a composite method to depreciate the infrastructure acquired after June 30, 1980 over an estimated weighted average life of 25 years.

**H. Capital Lease Obligations**

Capital leases consist of lease-purchase obligations stated at the present value of future minimum lease payments.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

### I. Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. The County is responsible for the assessment, collection and apportionment of property taxes for all jurisdictions including schools and special districts within the County.

Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIII of the California State Constitution and statutory provisions. The total 2005-06 net assessed valuation of the County real property was \$46.2 billion.

The property tax levy to support general operations of the various jurisdictions is limited to 1% of full cash value and is distributed in accordance with statutory formulas. Amounts needed to finance the annual requirements of voter-approved debt are excluded from this limitation and are separately calculated and levied each fiscal year. The rates are formally adopted by the Board after approval of city councils or the governing boards of special districts where applicable. Property taxes are levied on both real and personal property.

Secured property tax payments are levied in two equal installments: the first is generally due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property with unpaid taxes incurs a lien on January 1 preceding the fiscal year for which taxes are levied. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31.

In 1983, the Governor signed Senate Bill 813 which requires county assessors to appraise property and issue an assessment when new construction is completed or a change in ownership occurs. The supplemental assessment will reflect the change in value for the remainder of the property tax year. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill.

The County's Property taxes are accounted for in the property tax collection fund (tax resource fund) until apportionments are made and funds are disbursed to taxing jurisdictions. The fund carried a deficit cash balance of approximately \$34.9 million as of June 30, 2006.

Since fiscal year 1993-94, the County has opted into the alternative tax apportionment method, commonly known as the Teeter Plan. Under this method, the County, along with all other taxing agencies, has been paid 100% of the current secured taxes levied for each year. The fund balance (deficit) of the tax resource fund is consolidated with the General Fund at year-end. To finance the 100% distribution, the County has been choosing the interfund borrowing method every year since 1993-94 and reports the borrowing as the liability of the County General Fund.

The County maintains a balance of 2.5% (the legally required minimum balance is 1%) of the annual taxes levied on properties participating in the Teeter Plan in a Tax Loss Reserve Fund. The balance was approximately \$18.0 million at June 30, 2006. Penalties and interest collected on delinquent secured taxes are kept in the Tax Resource Fund.

Taxes, including unsecured property taxes, earned but not collected within 60 days after June 30, 2006 is recorded as taxes receivable (approximate \$63.7 million) and is offset by a deferred revenue liability of \$45.3 million on the fund statements. The changes in deferred revenues between prior fiscal year and the current fiscal year, however, are recognized as revenues on the government-wide financial statements. The net taxes receivable was \$45.7 million, net of the estimated uncollectible amount of \$18.0 million.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

### J. **Compensated Absences**

Unused vacation leave may be accumulated up to a specified maximum and is paid at the time of termination from County employment. In accordance with the memorandum of Understanding (MOU) between the County and the employees' unions, the County is only obligated to pay for unused sick leave up to a certain percentage at the time of eligible employees' retirement. Upon retirement, the County converts the non-cash pay out portion to a sick-leave bank to provide the post retirement medical or dental premium coverage for eligible employees.

The County accrues as current liabilities on the fund statements the compensated vacation and other leave benefits that are attributable to employees' services already rendered but not yet paid. A portion of the cash payout of the unused sick leave upon retirement, based on the past three years' experience, is also accrued as current liabilities. The non-current portion of the unused sick leave to be paid upon retirement is accrued as long-term liabilities by the proprietary funds but is represented as a reconciling item between fund and government-wide presentation for the governmental fund type.

### K. **Bond Issuance Costs and Discounts**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund statement of net assets. Bond discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, government fund types recognize bond discounts, as well as bond issuance costs, during the period paid. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

### L. **Cash and Cash Equivalents**

For purposes of the statements of cash flows of the proprietary funds, cash and cash equivalents are defined as cash pools managed by the County Treasurer and any other short-term, highly liquid investments that are both a) readily convertible to known amounts of cash and b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Changes in fair value of investments are reported as cash flow from investing activities as they meet the definition of cash equivalents.

### M. **Management Estimates**

In preparing basic financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

### N. **Postemployment Health Benefits**

The County does not provide employees any Other Post Employment Benefits (OPEB) other than the postemployment health benefits under the "sick leave bank" program, as described below. The sick leave bank program is administered by the County's Retirement System (see Note 3 – employee Retirement Systems for more information).

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

### N. **Postemployment Health Benefits** (continued)

The County provides full time employees with 12 days of paid sick leave per year. Unused sick leave is allowed to accumulate. As a result of the settlement of a lawsuit, as explained later, for those regular employees who were hired on or before August 26, 2001 and meet certain requirements, their accumulated unused sick leave, net of their cash-out portion, upon retirement is converted to a sick leave bank at a rate of \$27.65 per hour, which is used to pay their postemployment health insurance costs. Employees hired after that specified date are not eligible for sick leave cash payout or the sick leave bank benefits. The actuarial accrued liability was \$30.5 million with \$16.6 million of the actuarial value of the assets in the sick leave bank account at December 31, 2005.

At December 31, 2005, the total number of the eligible members was comprised of 4,142 active members and 891 retired members.

### O. **Hospital and Other Program Revenues**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Gross patient services revenue for year 2005-06 was \$274.8 million, the estimated adjustment was \$133.1 million for a net patient service revenue of \$141.7 million. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

- **Medi-Cal and Medicare Programs** – A substantial portion of Hospital revenues is derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Medi-Cal inpatient services are reimbursed at a contractually agreed upon per-diem rate. Services to inpatient Medicare program beneficiaries are primarily paid under prospectively determined rates-per-discharge based upon diagnostic related groups. Certain other services to Medicare beneficiaries are reimbursed based on cost, subject to certain limitations.
- **SB1100 – Medi-Cal Hospital Waiver.**

In September 2005, the California legislature passed SB1100. It puts in place the negotiated payment method (California's Medi-Cal Hospital Waiver) between the State of California and the federal government. The Medicaid Waiver (Waiver) is a financing agreement that changed how the State draws down federal matching funds to support public hospitals. It replaced a 15-year old system – SB855 and SB 1255 that governed hospital fee-for-service (FFS) and disproportionate Share Hospital(DSH) payments. Under the new Waiver, the non-federal share used to draw the federal funds is a combination of certified public expenditures (CPEs) and intergovernmental transfers (IGTs).

The Medi-Cal Waiver assigns each affected hospital a baseline payment amount (amounts paid in 2004-2005 fiscal year) and establishes a method for distributing additional Waiver funds, referred to as stabilization funds, among the hospitals. The aggregate baseline funding for the 22 public hospitals is estimated at \$2.092 billion and stabilization funding is estimated at \$252 million as of June 30, 2006. San Joaquin General Hospital's FY 2006 baseline amount is estimated at \$52.6 million with stabilization funds estimated at \$4.0 million at June 30, 2006.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 1: Summary of Significant Accounting Policies (continued)

### O. Hospital and Other Program Revenues

- SB1100 – Medi-Cal Hospital Waiver (continued).

The four funding components that will be utilized to ensure hospitals receive baseline and stabilization funding is as follows:

(1) Medi-Cal inpatient FFS cost-based per diems: Federal payments made to public hospitals for services delivered to Medi-Cal patients. The federal payment rate represents approximately half of the facility-specific costs or CPEs. Public hospital FFS payments will fluctuate based on number of facility-specific Medi-Cal patients served and the facility-specific cost-per-day computations that will be adjusted on an interim and final basis. These funds are counted towards the calculation of baseline funding for the designated public hospitals. The aggregate Medi-Cal inpatient FFS value among the designated public hospitals is estimated at \$783 million as of June 30, 2006. San Joaquin General Hospital's FY 2006 FFS payment amount is estimated at \$20.3 million as of June 30, 2006.

(2) Disproportionate Share Hospital (DSH) funds: Federal payments made to hospitals to account for a portion of the uncompensated care delivered to the uninsured, including undocumented immigrants. Funds also can be applied to make up for shortfalls between Medi-Cal psychiatric and Medi-Cal managed care payments and the cost of care delivered. The non-federal share of these funds will be a combination of CPEs for these services and IGTs and as such are subject to interim and final cost settlement. These funds are counted towards the calculation of baseline funding for the designated public hospitals. There is an annual fixed allotment of Federal DSH Funds. The waiver allocates almost all of these funds to public hospitals. The aggregate value of DSH funds for the designated public hospitals is estimated at \$1.025 billion as of June 30, 2006. San Joaquin General Hospital's FY 2006 DSH payment amount is estimated at \$24.3 million as of June 30, 2006.

(3) Safety Net Care Pool (SNCP): Federal payments made to public hospitals and clinics for uncompensated care delivered to uninsured patients and for certain designated non-hospital costs, such as drugs and supplies for the uninsured. The non-federal share of these funds will be CPEs for these services and as such are subject to interim and final cost settlement. Both public and private safety net hospitals will access the pool to achieve baseline funding and for stabilization funds. The SNCP is capped at \$586 million per year for FY 2005-06 and FY 2006-07. San Joaquin General Hospital's FY 2006 SNCP payment amount is estimated at \$7.9 million as of June 30, 2006.

(4) Payments to private and non-designated public DSH hospitals that exceed baseline amounts. Private and non-designated public DSH hospitals are guaranteed an aggregate baseline amount equal to the amount received in FY 2004-2005. Payments that exceed that aggregate baseline are considered stabilization funds and are included in the allocation of stabilization among all waiver hospitals. These payments are estimated at \$92 million as of June 30, 2006.

The combination of these four funding sources is designed to provide each affected hospital a baseline payment amount and stabilization funds. Since the DSH and SNCP funding are fixed allotments, the availability of stabilization funding is dependant upon the aggregate inpatient FFS Medi-Cal CPEs among the designated public hospitals (funding source #1 above) and the payments that exceed baseline to the remaining DSH hospitals (funding source #4 above).

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

**O. Hospital and Other Program Revenues** (continued)

- SB1100 – Medi-Cal Hospital Waiver (continued).

**Reconciliation and Finalization of Stabilization**

SB 1100 requires the Department of Health Services (DHS) to finalize the calculation of stabilization funding for each hospital and pay that amount by April 1 following the project year. For designated public hospitals the amounts will be based on the most recent claims data adjusted for amounts not yet paid, and the filed Medi-Cal cost reports for the project year. In calculating stabilization, the Department of Health Services shall reduce each hospital's cost data by a percentage that represents the average percentage change from total reported costs to final costs for the three most recent cost reporting periods. Non-hospital cost data will be reduced by 10%. The stabilization determined through this process shall not be modified for any reason other than mathematical errors or mathematical omissions on the part of the department.

**Final Reconciliation**

Each hospital's claims will be subject to a final reconciliation that will occur when the cost report for the project year is audited. According to the accounting and reimbursement protocols of the Waiver, if at the end of the final reconciliation process it is determined that a hospital received an overpayment, the overpayment will be properly credited to the federal government.

- SB1732 – The Hospital participates in the SB1732 program which provides supplemental Medi-Cal reimbursement to qualifying hospitals for a portion of their debt service on revenue bonds that were issued to finance the construction or maintenance of a new facility. To qualify for SB1732, the hospital must be a Disproportionate Share Hospital facility, and be a Medi-Cal contracting hospital. Since the funds received are supplemental Medi-Cal payments, the payments are applied against the Medi-Cal contractual allowance, increasing net patient service revenue. The County Hospital recognized \$5.2 million of SB1732 revenues in this year.
- Health and Welfare Realignment Act – in fiscal year 1991-92, the State implemented the Health and Welfare Realignment Act (Realignment), which transferred a significant portion of the financial and administrative responsibilities for local health and welfare programs from the State to counties. The State utilizes a one-half cent sales tax increase and an increase in vehicle license fees as the sources for funding allocations to the counties in lieu of previous State General Fund financing. The amount received by counties is dependent upon the actual increased sales tax and vehicle license fees. The County Realignment revenues from the one-half cent sales tax are recorded as Aid from Other Governmental Agencies in the General Fund, Mental Health/Substance Abuse Fund (a major fund), and are applied against the Medi-Cal contractual allowance, increasing net patient service revenue in the County Hospital Enterprise Fund. The County Realignment revenues from the increased vehicle license fees are recorded as Aid from Other Governmental Agencies in the General Fund; the portion of these revenues transferred from the General Fund to the Mental Health/ Substance Abuse Fund and the Hospital Fund are recorded as interfund transfers. In this year, the County recognized \$65.3 million realignment revenues as Aid from the State and applied \$8.2 million realignment revenues to the Medi-Cal contractual allowance, increasing net patient service revenue.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 2: **Cash and Investments**

With the exception of the Pension Fund, Revolving Loan Fund Trusts, and restricted Certificates of Participation proceeds, the San Joaquin County Treasurer-Tax Collector pools cash from various funds for investment purposes. Interest earned on investments is credited to individual funds based on their average daily cash balances and current year secured tax charges and direct assessments where applicable. The Pension Fund, Revolving Loan Fund Trusts, and restricted Certificates of Participation proceeds are invested and managed separately from the pooled cash and investments.

**Investment Pool**

The San Joaquin County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code, and the San Joaquin County Treasurer's Investment Policy. The California statutes and the County's investment policy authorize the County to invest in obligations of the U.S. Treasury, certain Federal agencies, bankers acceptances, "prime" commercial paper, certificates of deposit, swaps and trades, State Treasurer's Local Agency Investment fund and repurchase agreements. All of the County Treasurer's investments are of a mid-term and short-term nature. 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.

Of the total cash, deposits, and investments in the investment pool, \$7.6 million was restricted for capital projects of the Solid Waste Enterprise Fund in accordance with the official statement of the 2003 Certificates of Participation.

**Deposits**

At year-end, the carrying amount of the County's cash on hand and authorized deposits at various financial institutions was \$30.0 million. Of the total deposits, \$27.4 million was uninsured but secured by the pledging banks and, therefore, was exposed to **custodial credit risk**. The custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it.

Statutes and County investment policy allow the pool deposits be covered by federal depository insurance or by a multiple financial institution collateral pool, which is maintained at a minimum of 110% of the uninsured deposits with the pledging institution's agent in the institution's name. The County has made no exceptions to this requirement during the current year.



# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

**Investments**

As of June 30, 2006, the County had the following pool investments.

	Fair Value	Weighted Average Maturities (in days)	Fair Value as % of the Pool Investments	Credit Rating S&P/MIS
Commercial papers	\$ 252,710,358	22	19.2%	A-1/P-1
Repurchase agreements	665,000,000	132	50.4%	Aaaa/AAA
Federal National Mortgage Association	90,252,077	314	6.8%	Aaaa/AAA
Federal Home Loan Mortgage Corporation	122,015,076	136	9.2%	Aaaa/AAA
Certificate of Deposits	149,999,400	83	11.4%	Not applicable
State Local Agency Investment Fund (LAIF)	40,000,000	1	3.0%	Not rated
Total	<u>\$ 1,319,976,911</u>	<u>114</u>	<u>100.0%</u>	

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the County investment policy, the County Treasurer manages the exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to three years or less. As of June 30, 2006, the weighted average maturity of the pool investments was 114 days.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. California statutes and the County’s Investment Policy limit the County investments to obligations of the U.S. Treasury, certain Federal agencies, bankers acceptances, “prime” commercial paper, certificates of deposit, swaps and trades, State Treasurer’s Local Agency Investment Fund and repurchase agreements. At June 30, 2006, the credit rating of the pool investments is presented above.

*Concentration of Credit Risk* – Concentration of credit risk is the loss risk attributed to the magnitude of a government’s investment in a single issuer. The County’s investment policy places certain maximum percentage limitations of investments by investment type and the Treasurer has been adhered to this policy with no exception. As of June 30, 2006, the County’s investments by investment type as the percentage of the pool investments are shown above.

*Custodial Credit Risk* – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As required by the County investment policy, all of the County’s \$665.0 million investment in repurchase agreements are collateralized by either U.S. Treasury securities or by any U.S. Federal agency security with a market value of 102% of the repurchase agreements. The underlying securities were not in the name of the County but were held by a third party independent bank.

*Local Agency Investment Fund (LAIF)* – It is an investment pool managed by the California Department of Treasury. The County’s total investment in the LAIF at June 30, 2006, was \$40 million with a maturity date of July 1, 2006. The total amount invested by all public agencies in LAIF at June 30, 2006, was \$63.3 billion. At June 30, 2006, the LAIF’s investment portfolio had \$225.0 million in structured notes that were issued by corporations and by government-sponsored enterprises such as the Federal National Mortgage Association and the Federal Home Loan Bank System. It also had \$1400.9 million asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

Investments (continued)

Statement of Net Assets

The following represents condensed statements of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2006. The cash and investments of the Revolving Loan Funds and the deposits with other banks are not included in this statement, as they are managed and invested by a trustee bank. All dollars are in thousands.

<u>Statement of Net Assets</u>	(\$000s) Internal Investment Pool	External Investment Pool	Total
Assets:			
Cash and investments**	\$ 521,695	\$ 723,144	\$ 1,244,839
Investment income receivable	18,324	9,935	28,259
Pool participants fund deposit receivable	191,476	8,180	199,656
	731,495	741,259	1,472,754
Liabilities	246,578	18,887	265,465
Net Assets	\$ 484,917	\$ 722,372	\$ 1,207,289

\*\* Not including the cash and investments of the Revolving Loan Fund and the deposits with other banks that were managed by the trustee banks.

<u>Statement of Changes in Net Assets</u>	(\$000s) Internal Investment Pool	External Investment Pool	Total
Additions:			
Contributions	\$ 1,998,516	\$ 3,454,001	\$ 5,452,517
Investment income	34,965	31,009	65,974
Total Additions	2,033,481	3,485,010	5,518,491
Deductions:			
Distributions	1,963,538	3,472,435	5,435,973
Net Change	69,943	12,575	82,518
Net Assets - Beginning	414,974	709,797	1,124,771
Net Assets - Ending	\$ 484,917	\$ 722,372	\$ 1,207,289

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

### **Special Funds and Investments**

In addition to the County Treasurer's investment pool, certain specific funds and investments are managed by contracted financial institutions. Those are of the Revolving Loan Fund and the restricted Certificates of Participation (COPs) proceeds. The investments of COPs were reported as restricted cash and investments on the financial statements. The purpose of the restricted cash is to fund future long-term debt payments (\$25,213,385) and to restrict cash for patient gift funds (\$38,412). Presented below are those deposits and investments managed by the trustee banks at June 30, 2006.

	Fair Value			Weighted Average Maturities	Credit Rating S&P/MIS
	Revolving Loan Fund	Certificates of Participation	Total		
Cash and money market fund deposit	\$ 1,580,158	\$ 624,890	\$ 2,205,048	Not applicable	Not applicable
Mutual fund - fixed income fund	2,744,326	--	2,744,326	Not applicable	Aaaa/AAA
Repurchase agreement	--	8,120,000	8,120,000	14.2 years	A/A
U.S. Treasury notes	--	8,840,972	8,840,972	0.9 year	Not applicable
	<u>\$ 4,324,484</u>	<u>\$ 17,585,862</u>	<u>\$ 21,910,346</u>		

The total deposit of \$2.2 million was uninsured and was exposed to **custodial credit risk**.

All of the underlying investments of the fixed income mutual fund were in obligations of the U.S. government and were not subject to credit risk.

The investments in repurchase agreements and US. Treasury notes held by the trustee bank, not in the name of the County, were pledged to the trustee for the benefit of the owners of Certificates of Participation (See Note 11B).

Based on the trust agreements, the trustee bank's investments are limited by the laws of the State of California and the County's investment policy. At June 30, 2006, the repurchase agreement of \$8.1 million with the maturity date of September 1, 2020 was collateralized by either U.S. Government or its agencies security with a market value of 104% of the agreement and had a credit rating of A by S&P and Moody's. The securities purchased under repurchase agreements were mortgage-backed securities that were not in the County's name but held by the County's Trustee Bank.

The U.S. Treasury notes had a 1.0 weighted-average-maturity-year.

### **Pension Fund Investments**

The Pension Trust Fund's investment activity is governed by the Board of Retirement's policy. Accordingly, domestic equity investments are targeted to comprise, at market value, approximately 41% of the portfolio, and the international equities are targeted at approximately 19%. Fixed income investments are to comprise, at market value, approximately 33% of the portfolio and Real Estate investments are targeted at approximately 7% of the portfolio.

The Pension Fund's investments, presented at fair market value in accordance with GASB Statement #25, consist of both short term and long term investments.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

**Pension Fund Investments** (continued)

	Market (\$000's)
<u>Investments:</u>	
Domestic equities	\$ 543,544
Domestic debt securities	382,877
International equities	<u>267,299</u>
Sub-Total	<u>1,193,720</u>
Investments held by broker-dealers under securities loans:	
Domestic equities	112,742
Domestic debt securities	158,169
International equities	<u>94,773</u>
Total Investments held by broker-dealers under securities lending	365,684
Commingled funds	204,329
Short-term investment pool	<u>19,839</u>
Sub-Total	<u>589,852</u>
Cash held by custodian (including cash collaterals)	<u>346,724</u>
Total	<u>\$ 2,130,296</u>

All investments owned by the Pension Trust Fund (the Plan) are held for safekeeping by independent master custodians through a "book entry system".

The Commingled funds are managed by the Plan's investment manager who pools assets of several unrelated pension and/or employee benefit plans for investment purposes. Each participant owns units of the participation in the fair market value of the underlying assets of the Commingled Funds. The underlying assets consist of mainly common stocks of companies headquartered outside the U.S.

Cash not needed for the Plan's daily operations is deposited with the Plan master custodian, who pools from their clients all cash pending for permanent investment in their Short Term Investment Fund (STIF) and/or Short-Term Extendable Portfolio (STEP) accounts. The cash in the STIF account is invested in high-grade money market instruments with very short maturities, such as bonds, notes, foreign currency deposits (call deposits) and forward exchange contracts on a short-term basis. The cash in the STEP account is invested in various securities with the purpose of maximizing returns to the extent consistent with minimizing unit value volatility. The STEP investments are marked to market daily. At December 31, 2005, the Plan had \$39.9 million, \$19.8 million, and \$294.8 million in the STIF, the STEP, and the security lending STIF account, respectively.

*Security Lending* – The security lending STIF account represents the short-term investment of the cash collateral received from the borrower under the security-lending program. The Plan's master custodian was appointed as the lending fiduciary by the Plan. Under the contract, the master custodian may lend securities of the Plan, other than commingled funds, held by it to certain Plan approved security borrowers. All loans are fully collateralized with cash, securities issued or fully guaranteed by the U.S. Government, or irrevocable bank letters of credit. Initial collateralization is 102% of the market value of the loaned securities. As securities are loaned, collateral is maintained at a minimum of 100% of the market value of the securities plus accrued income. The potential risks involved in the security-lending program normally could include: borrower bankruptcy, collateral deficiencies, and problems with settlements, corporate actions, dividends and interest.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

**Pension Fund Investments** (continued)

Since the security-lending program is operated on a pooled basis, the cash collateral and the market value of non-cash collateral are pro-rated among all participants. The securities lending contracts do not allow the lenders to pledge or sell any non-cash collateral unless the borrower defaults. Cash collateral, on the other hand, is invested by the Plan's master custodian in a fund created solely for the investment of cash collateral purposes. At year-end, the Plan had no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceeded the amounts the borrowers owe the Plan.

The cash collateral is reported on the financial statement as an asset and as a liability of the Pension Fund while the non-cash December 31, 2005 the out-on-loan securities, consisted of the following (17% of the total market value of securities, excluding the commingled funds owned by the San Joaquin County Employees' Retirement Association):

[dollars in 000's]	Fair Value	Cash Collateral Value	Non-Cash Collateral Value
Domestic equities	\$ 112,742	\$ 115,919	\$ --
Domestic debt securities	158,170	151,786	10,416
International equities	<u>94,773</u>	<u>27,097</u>	<u>72,876</u>
Total	<u>\$ 365,685</u>	<u>\$ 294,802</u>	<u>\$ 83,292</u>

*Custodial Credit Risk* – All cash deposits of \$346.7 million with the pension fund's independent custodian, Northern Trust (NT), were uninsured and uncollateralized. All investment securities were held by NT and identified by NT's internal records that the Plan was the owner of the securities, and therefore they were not subject to custodial credit risk.

*Concentration of Credit Risk* – The Plan's investment policy restricts investment holdings to maximum of 5% of any single issuer within the Plan's investment portfolio. At December 31, 2005, the following holdings of the Plan exceeded the 5% maximum of a single issuer.

<u>Issuer</u>	<u>% of Plan Investment Portfolio</u>	<u>Market Value</u>
FNMA	7.03%	\$ 125,374,351
State Street Bank of Trust. Co	7.17%	\$ 127,862,197

*Interest Rate Risk* – The Plan manages its exposure to declines in fair values by requiring a minimum quality rating of Baa (Moody's) or BBB (Standard & Poor's) for fixed income securities. At December 31, 2005, the Plan's investments subject to the interest rate risk are presented below.

	Fair Value (\$000)	Weighted Average Maturity (Years)	Quality Rating	
			MIP	S&P
Asset Backed Securities	\$ 15,848	14.20	Aaa/Aa3	A/A+
Corporated Bonds	187,925	12.70	ABaa1/Aa3	BBB-/A+
Government Bonds	138,250	2.40	Aaa	AAA
Municipal/Provincial Bonds	<u>2</u>	<u>8.90</u>	Aaa	AAA
Total	<u>\$ 342,025</u>	<u>8.60</u>		

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

**Pension Fund Investments** (continued)

*Foreign Currency Risk* –The Plan had the following investments that were exposed to foreign currency risk. The Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

Currency Type	<u>Market Value by Type of Investment (\$000)</u>				Total Market Value
	Common Stock	Fixed Income	Ventures & Partnerships	Cash and Cash Equivalents	
Australian dollar	\$ 6,169	\$ --	\$ --	\$ 14,868	\$ 21,037
Canadian dollar	10,693	--	--	(929)	9,764
Swiss franc	33,302	--	--	(5,874)	27,428
Chinese yuan renminbi	--	--	--	15,444	15,444
Czech koruna	--	--	--	2,411	2,411
Danish krone	3,568	--	--	--	3,568
Euro	96,370	--	--	(75,523)	20,847
British pound sterling	72,221	--	--	27,426	99,647
Hong Kong dollar	6,342	--	--	--	6,342
Hungarian forint	--	--	--	(429)	(429)
Japanese yen	104,075	--	--	54,582	158,657
South Korean won	--	--	--	6,742	6,742
Mexican peso	--	--	--	7,518	7,518
Norwegian krone	2,876	--	--	(12,499)	(9,623)
New Zealand dollar	--	--	--	6,256	6,256
Polish zloty	--	--	--	2,517	2,517
Swedish korona	6,986	--	--	(3,206)	3,780
Singapore dollar	1,577	--	--	--	1,577
New Taiwan dollar	--	--	--	1,053	1,053
United States dollar	856,680	541,046	19,867	34,858	1,452,451
South African rand	1,961	--	--	1,020	2,981
Totals	\$ 1,202,820	\$ 541,046	\$ 19,867	\$ 76,235	\$ 1,839,968

**Component Units**

With the exception of the San Joaquin County Economic Development Association, all discretely presented component units utilize the County Treasury investment pool and receive their share of interest apportionment. The San Joaquin Economic Development Association's cash is deposited with a local bank and is covered by federal depository insurance.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

### Summary of Cash and Investments

Total cash and investments at June 30, 2006 are summarized below:

	<u>Fair Value</u>
Cash and investments – unrestricted pool	\$ 1,236,887,261
Cash and investments – restricted pool	7,627,523
Cash and investments – restricted	17,624,274
Cash and investments – other banks	11,248,331
Cash and investments – pension fund	2,130,296,096
Imprest cash	323,905
	<u>\$ 3,404,007,390</u>

Note 3: **Employee Retirement System**

The County's pension fund is governed by the Board of Retirement of the San Joaquin County Employees' Retirement System (Plan). Prior to Fiscal Year 1993-94, the County also participated in the California Public Employees' Retirement System (PERS) for employees working in the Division of Public Health of the County Health Care Services. Since the 1993-94 fiscal year, all County employees are covered by one single retirement plan, the San Joaquin County Employees' Retirement System (SJCERS). The Public Health employees are covered by the County Retirement System through reciprocity. Both the County's and the employees' cumulative contribution to PERS will remain with PERS.

The County also contracted with Public Employees Benefit Services Corporation (PEBSCO) to administer a qualified retirement plan under Section 401(a) of the Internal Revenue Code for full-time County physicians in health care services. These physicians are not members of the San Joaquin County Employees' Retirement System. The plan became operative on January 1, 1999.

The Health Plan of San Joaquin and Head Start Child Development Council, Inc., discretely presented component units, have either a money purchase pension plan, 401(a), or a deferred annuity program on behalf of their employees. The other two discretely presented component units are covered by the County's retirement plan.

### The San Joaquin County Employees' Retirement System (Plan)

#### *Plan Description*

The following description of the San Joaquin County Employees' Retirement Association (SJCERA) is provided for general information purposes. SJCERA is governed by the Board of Retirement under the 1937 County Employees' Retirement Law (1937 Act). Members should refer to this Law for more complete information.

The SJCERA issues a stand alone financial report and is audited by the San Joaquin County Auditor-Controller's office internal audit division. The report is available by writing to San Joaquin County Employees' Retirement Association, 6 South El Dorado Street, Suite 700, Stockton, CA 95202 or by calling 209-468-2163. The data presented within this footnote is obtained from the financial statements that were audited by and reported on by the County Auditor-Controller on October 31, 2006.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 3: **Employee Retirement System** (continued)

The San Joaquin County Employees' Retirement System (Plan) (continued)

General

The Plan is a cost sharing multiple employer defined benefit pension plan (covering certain districts outside the reporting entity). It provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. It also provides post-employment health benefits (sick leave bank benefits) to certain members who meet certain criteria contained in the Memorandum of Understanding between the County and employees' unions. It also provided a supplemental ad hoc benefit to assist retirees in paying their medical expenses. This benefit was eliminated in March 2004.

The Retirement Board maintains its own accounting records and controls its own assets. The Plan's net assets, including the postemployment healthcare program, totaled approximately \$3.0 billion at December 31, 2005. The Plan's financial statements are presented on the accrual basis of accounting. The Plan member and employer contributions that should have been made in the calendar year based on the actuarially determined contribution rates are recognized as revenues of that calendar year. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The Plan's investments are reported at fair value. Securities are valued at the last reported market sales price. The commingled funds are valued based on the fair value of the commingled trust's underlying assets. Interest earned by the Commingled Funds on the underlying assets is included in the valuation of the fair value of the underlying assets.

All administrative costs of the Plan are paid from the Plan's investment earnings.

Funding Policy

Pension: Contribution rates for the employers and employees were determined in accordance with actuarially determined contribution requirements by an actuarial valuation performed at December 31, 2003.

Employee contributions are payable over each employee's future working lifetime. The employer rates reflect the entry age normal funding method. Under this method, the normal cost is being paid over the future working lifetimes of the members. The past service liability is amortized over a rolling 10-year period.

In 2005, the employees' contributions were about \$10.9 million, an average of 3.7 % of the annual covered salary.

The adopted employers' 2005 contribution rates, based on the actuarial determined requirements applicable to covered payroll were 35.67% for safety members and 18.48% for general members. The employers' actual contributions, including the contributions from the Plan's unapportioned earnings, to the Plan for the years ending December 31, 2005, 2004, and 2003 were \$62.5 million, \$42.7 million, and \$34.8 million, respectively, equal to the required contributions for each year.

The Board of Retirement, as part of the settlement of the class-action lawsuit brought by the San Joaquin County Deputy Sheriff's Association, extended the sick leave bank benefit to cover all eligible employees who were on the August 27, 2001 payroll or who deferred prior to August 27, 2001. The actuarially determined sick leave bank benefit liability for eligible members hired from January 28, 1992 through August 27, 2001 has been fully funded. However, the funding for eligible active members who were hired prior to January 28, 1992 was yet to be funded. Based on the actuary valuation date of December 31, 2005, the unfunded sick leave bank benefit was approximately \$17.9 million. The employees are not required to contribute to the plan.



# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 3: **Employee Retirement System** (continued)

*Postemployment Health Benefits* (continued)

The supplemental ad hoc benefit, which was provided for solely at the discretion of the Board of Retirement on an annual basis through the investment earnings of the pension benefit plan, was phased out entirely on March 31, 2004.

California Public Employees' Retirement System (CalPERS)

*General Description*

Certain employees of the Health Care Services Department (Public Health) were members of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Effective June 28, 1993, those employees became members of the San Joaquin County Employees' Retirement System through reciprocity.

Defined Contribution Pension Plan for the County Full-Time Physicians in Health Care Services

The County has an agreement with Public Employees Benefit Services Corporation to administer a qualified retirement plan, 401(a), for the County's full-time physicians. Under this plan the County contributes \$8,000 annually per qualified physician to the plan. The physicians are also required to contribute a mandatory, tax-deferred match at a rate of 6.0% of their compensation. In FY 2005-06, the County contributed \$310,768 to the plan.

Defined Contribution Pension Plan for the Health Plan of San Joaquin and Headstart Child Development Council, Inc.

The Health Plan has a money purchase pension plan, 401(a), for its employees. All full-time, permanent employees are eligible to participate. The Health Plan contributes 5.75% of each participant's gross pay to the plan. Employees do not make contributions to the plan. In FY 2005-2006, the Health Plan contributed \$319,571 to the pension plan.

The Health Plan approved a defined contribution plan contract between the Health Plan and CalPERS on January 28, 2002. Active CalPERS Plan members are required to contribute 7% of reportable earnings and the Health Plan is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The Health Plan's contribution for the period ended June 30, 2006 was \$659,807.

The Headstart Council maintains a deferred annuity program on behalf of its employees. The employees contribute to the plan on a voluntary basis. The Council contributes to the plan for those employees who meet the eligibility requirements set forth in the plan. For the year ended January 31, 2006, the Council contributed \$218,628 to the plan.

The Local Agency Formation Commission participates in the County's Pension Plan and it contributed \$40,384 to the plan for the period ended June 30, 2006.

Note 4: **Risk Management Programs**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and employees' health. To effectively manage those risks and control costs, the County established self-insurance programs for casualty (December, 1974), workers compensation (June, 2003), unemployment compensation (January, 1978), medical insurance (June, 1982), and dental insurance (June, 1982). Under these programs, the County provides coverage for up to a \$1,000,000 for each general liability

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 4: **Risk Management Programs** (continued)

and malpractice claim, \$50,000 for each property damage claim, \$10,000 for each public official performance claim, \$50,000 for health insurance coverage and \$600 for dental insurance coverage per employee per year. The County also joins together with other counties in the State through the California State Association of Counties (CSAC) to obtain general liability and malpractice insurance coverage for claims in excess of the coverage provided by the County up to \$20 million and \$5 million, respectively. The County also purchases commercial stop loss insurance for the health and dental insurance coverage in excess of the County covered portion. Settled claims have not exceeded the CSAC coverage or the commercial insurance coverage in any of the past three fiscal years.

The County, prior to FY 2003-04, obtained the workers' compensation insurance through CSAC's Excess Insurance Authority Primary Workers' Compensation program. The program provided for first dollar coverage for the County on a pooled basis with aggregate stop loss coverage in place to provide a unique "guaranteed cost" feature. Effective FY 2003-04, the County reverted back to the self-insurance program and only secured the excess coverage through the Excess Workers' Compensation Program of CSAC's Excess Insurance Authority (EIA).

All funds of the County participate in the programs and make payments to the insurance funds based on the actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses.

Based on the most recent actuarial studies (January of 2006) the full value of the County's unpaid casualty (general liability and malpractice liability) liabilities and the workers compensation program liabilities at June 30, 2006 were estimated at a discounted value of \$10.7 million and \$21.4 million, respectively, using the discount rate of 3% and 4%, respectively. These actuarially determined liabilities include the unpaid loss adjustment expenses.

In the opinion of management, the total assets in the insurance funds were sufficient to cover the actuarially determined claim liabilities, premium and administration cost as of June 30, 2006.

The insurance funds had the following net assets:

	Net Assets (in \$000)
Casualty Insurance	\$ 870
Workers' Compensation Insurance	1,821
Medical Insurance	15,447
Dental Insurance	774
Unemployment Insurance	<u>2,057</u>
Total	<u>\$ 20,969</u>

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 4: **Risk Management Programs** (continued)

Changes in the insurance funds' claim liabilities for fiscal years 2004-2005 and 2005-2006 were:

(dollars in thousands)	<u>Casualty</u>	<u>Workers' Compensation</u>	<u>Medical Insurance</u>	<u>Dental Insurance</u>	<u>Unemployment</u>	<u>Total</u>
<b>Balance at June 30, 2004</b>	\$ <u>11,393</u>	\$ <u>7,020</u>	\$ <u>5,270</u>	\$ <u>258</u>	\$ <u>287</u>	\$ <u>24,228</u>
Claims and changes in estimates for FY 2004-2005	4,297	11,737	39,739	4,381	1,485	61,639
Less: claim payments	<u>5,745</u>	<u>2,865</u>	<u>39,660</u>	<u>4,423</u>	<u>1,418</u>	<u>54,111</u>
<b>Balance at June 30, 2005</b>	<u>9,945</u>	<u>15,892</u>	<u>5,349</u>	<u>216</u>	<u>354</u>	<u>31,756</u>
Claims and changes in estimates for FY 2005-2006	5,854	14,458	41,274	4,688	815	67,089
Less: claim payments	<u>5,070</u>	<u>8,924</u>	<u>40,210</u>	<u>4,591</u>	<u>934</u>	<u>59,729</u>
<b>Balance at June 30, 2006</b>	<u>\$ 10,729</u>	<u>\$ 21,426</u>	<u>\$ 6,413</u>	<u>\$ 313</u>	<u>\$ 235</u>	<u>\$ 39,116</u>

Note 5: **Special Districts Governed by the Board of Supervisors**

Special districts governed by the Board of Supervisors include a flood control district, 2 water and power authorities, a water works district, 31 lighting districts, 30 maintenance districts, 37 county service areas and 5 improvement districts as follows:

San Joaquin County Flood Control  
Mokelumne River Water and Power Authority  
Northeastern San Joaquin County Groundwater Banking Authority  
San Joaquin Water Works #2

<u>Lighting Districts</u>	<u>Maintenance Districts</u>	<u>County Service Areas</u>
Linden	Almond Park	Number 1
Lockeford	Colonial Heights	Number 2
Ripon	Gayla Manor	Number 3
Victor	Lincoln Village	Number 4
Woodbridge	Maurland Manor	Number 5
Boggs Tract	Morada Manor	Number 8
Farmington	Rancho San Joaquin	Number 11
Mission Village	Riviera Cliffs	Number 12
Northeast Stockton	Shaded Terrace	Number 14
North Oaks	Wilkinson Manor	Number 15
North Wilson Way	Morada Acres	Number 16
Oro Street	Acampo	Number 17
Plymouth Village	Elkhorn Golf Course Estates	Number 18
Southwest Stockton	Lockeford	Number 21
Stockton No. 5	Pacific Gardens	Number 23
Tuxedo – Country Club	Mokelumne Acres	Number 24
West Lane	Spring Creek Estates	Number 25

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 5: **Special Districts Governed by the Board of Supervisors** (continued)

<u>Lighting Districts</u>	<u>Maintenance Districts</u>	<u>County Service Areas</u>
Ash Street	Sunnyside	Number 29
Elkhorn	Raymus Village	Number 30
Shippee – French Camp Homesite	Bowling Green Estates	Number 31
Rancho Village	Ashley Drainage	Number 35
Morada Estates	Morada Estates	Number 36
Burkett Gardens	Summer Home Estates	Number 37
Burkett Garden Acres	Lathrop Acres	Number 41
Mariposa Heights	Country Estates	Number 42
South French Camp	Country Club Vista	Number 43
Silva Gardens	Corral Hollow	Number 44
Morada Manor	Lambert Village	Number 45
Eastview	Bear Creek Terrace	Number 46
Shasta Avenue	Walnut Acres	Number 47
West Stockton		Number 48
		Number 49
		Number 50
		Number 51
		Number 53
		Number 54
		Mountain House*
 <u>Improvement Districts</u>		
San Joaquin Improvement #47	San Joaquin Improvement #54	
San Joaquin Improvement #51	Industrial Way & Beckman Road	
San Joaquin Improvement #52		

Each district was created to provide services to the residents of certain areas or to undertake a capital improvement project, including the providing or arranging of financing and collecting the assessments to pay any debt incurred to finance the project.

\*The Mountain House Community Services District (CSD) was formed in July 1996 as a dependent special district of the County. It provides a wide range of municipal services, such as police and fire protection, water, wastewater and storm services, the construction and maintenance of highways, streets, and other infrastructure, and recreational and cultural activities, as well as services to the developers.

The accounting principles established for reporting transactions of special districts are as follows:

- (1) Governmental Accounting Standards Board (GASB) Statement No. 6 requires transactions of service-type special districts and of the construction phase related to capital improvements financed by special assessment to be reported within the general, special revenue or capital projects funds, as appropriate. Revenues and expenditures are recognized on the same basis of accounting as described in Note 1-C. Any fixed assets constructed or acquired, other than infrastructure, are reported in the general fixed assets account group on the same accounting principles as described in Note 1.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 5: **Special Districts Governed by the Board of Supervisors** (continued)

- (2) With the exception of Shaded Terrace Maintenance District, Sunnyside Estate Maintenance District, and Mountain House Community Services District, all special assessment debts were incurred under the provisions of the Improvement Bond Acts of 1911 and 1915, under which the County is not obligated in any manner for special assessment debts; the County acts as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings as appropriate. Transactions affecting debt service are reported in the agency fund and the outstanding assessment debt approximating \$440,000 as of June 30, 2006 is not presented in the financial statements. The maintenance districts of Shaded Terrace and Sunnyside Estate obtained, each, a loan from the United State Department of Agriculture to finance certain capital improvements to their water systems. As required by the loan agreement, the Districts established a debt service fund to accumulate funds for loan repayment purposes. These loans are reported in the County's Statement of Net Assets and the related debt service is also included in the Debt Service Fund. The Mountain House Community Services District accepted in 2005-06 a number of infrastructure facilities through Master Acquisition and Reimbursement Agreements. The total reimbursement amounts were recorded as long-term notes either in the business-like funds or the governmental funds, as applicable.

Note 6: **Capital Assets**

Capital asset activity for the year ended June 30, 2006, was as follows:

	(in thousands)				
	<u>Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Transfers &amp;</u>	<u>Balance</u>
	<u>June 30, 2005</u>			<u>Adjustments</u>	<u>June 30, 2006</u>
<b>Government Activities</b>					
Capital assets, not being depreciated					
Land	\$ 11,612	\$ 4,177	\$ --	\$ --	\$ 15,789
Construction in progress	11	1,162	--	(11)	1,162
Total capital assets, not being depreciated	<u>11,623</u>	<u>5,339</u>	<u>--</u>	<u>(11)</u>	<u>16,951</u>
Capital assets, being depreciated					
Structure and improvements	272,172	2,429	--	(3,438)	271,163
Furniture and equipment	55,241	6,026	(5,991)	4,366	59,642
Capitalized leases	6,153	1,405	(2,873)	--	4,685
Other capitalized assets	19,224	--	(10,482)	--	8,742
Infrastructure	280,077	194,218	--	(65,711)	408,584
Total capital assets, being depreciated	<u>632,867</u>	<u>204,078</u>	<u>(19,346)</u>	<u>(64,783)</u>	<u>752,816</u>
Less accumulated depreciation for:					
Structure and improvements	94,891	6,264	--	(857)	100,298
Furniture and equipment	34,201	7,088	(5,778)	2,032	37,543
Capitalized leases	4,778	952	(2,873)	--	2,857
Other capitalized assets	13,390	1,463	(10,482)	--	4,371
Infrastructure	72,656	13,905	--	(3,763)	82,798
Total depreciation	<u>219,916</u>	<u>29,672</u>	<u>(19,133)</u>	<u>(2,588)</u>	<u>227,867</u>
Total capital assets, being depreciated, net	<u>412,951</u>	<u>174,406</u>	<u>(213)</u>	<u>(62,195)</u>	<u>524,949</u>
Government activities capital assets, net	<u>\$ 424,574</u>	<u>\$179,745</u>	<u>\$ (213)</u>	<u>\$ (62,206)</u>	<u>\$ 541,900</u>

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

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

	(in thousands)				
	Balance				Balance
	<u>June 30, 2005</u>	<u>Additions</u>	<u>Retirement</u>	<u>Adjustments</u>	<u>June 30, 2006</u>
<b>Business-type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 4,663	\$ --	\$ --	\$ --	\$ 4,663
Construction in progress	<u>9,586</u>	<u>6,093</u>	<u>(65)</u>	<u>(188)</u>	<u>15,426</u>
Total capital assets, not being depreciated	<u>14,249</u>	<u>6,093</u>	<u>(65)</u>	<u>(188)</u>	<u>20,089</u>
Capital assets, being depreciated					
Structure and improvements	159,763	8,855	--	27,088	195,706
Furniture and equipment	72,087	2,214	(19,133)	(26,900)	28,268
Infrastructure	<u>--</u>	<u>118,777</u>	<u>--</u>	<u>65,720</u>	<u>184,497</u>
Total capital assets, being depreciated	<u>231,850</u>	<u>129,846</u>	<u>(19,133)</u>	<u>65,908</u>	<u>408,471</u>
Less accumulated depreciation for:					
Structure and improvements	66,709	7,831	--	17,617	92,157
Furniture and equipment	53,435	3,677	(19,719)	(17,616)	19,777
Infrastructure	<u>--</u>	<u>7,042</u>	<u>--</u>	<u>3,763</u>	<u>10,805</u>
Total depreciation	<u>120,144</u>	<u>18,550</u>	<u>(19,719)</u>	<u>3,764</u>	<u>122,739</u>
Total capital assets, being depreciated, net	<u>111,706</u>	<u>111,296</u>	<u>586</u>	<u>62,144</u>	<u>285,732</u>
Business-type activities capital assets, net	<u>\$ 125,955</u>	<u>\$ 117,389</u>	<u>\$ 521</u>	<u>\$ 61,956</u>	<u>\$ 305,821</u>

Note: The infrastructure adjustment represents mainly the transfer of assets classified previously as Governmental to Enterprise (Mountain House Service District Utility Enterprise).

Of the above property of the Enterprise Funds, a total of \$3.4 million represents the net investment property of the Airport Enterprise Fund on operating leases. Those properties held for lease as of June 30, 2006 are presented below:

	<u>Amount (\$000)</u>
Land	\$ 1,176
Building	1,794
Equipment	<u>26</u>
Total	<u>\$ 2,996</u>

Construction in progress in the business-type activities represents ongoing work at the Hospital Phase 2 Expansion and a clinic facility, and Airport projects. Construction in progress in the governmental activities represents ongoing work in the community centers, the agriculture center, and the county administration building.

The discretely presented component units' fixed assets including building structure, furniture and equipment with a net book value of \$10.9 million.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

Depreciation expense was charged to governmental functions as follows:

	<u>Amount (\$000)</u>
General government	\$ 1,781
Public protection	4,922
Public ways and facilities	15,058
Health and sanitation	960
Social services	1,743
Education	54
Culture and recreation	843
Depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their usage of the assets	3,062
	<u>\$ 28,423</u>

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

	<u>Amount (\$000's)</u>
Airport enterprise	\$ 1,437
Solid Waste enterprise	3,709
General Hospital enterprise	6,360
Mountain House Community Service District-Utility	7,043
Total depreciation expense – business-type functions	<u>\$ 18,549</u>

Included in the capital assets of the Government Activities type is a group of electronic voting machines of \$6.1 million acquired in fiscal year 2003-04. The State Secretary has certified the use of the electronic voting machines since the March 2006's election.

Note 7: **Guaranteed Fixed Rate Telephone Service Cost**

The County entered an agreement in 1995 with SBC whereby SBC provides enhanced telecommunication services and installed and maintained network systems to various county locations at fixed rates and charges per line as set forth in the agreement. The County was required to prepay, upon connection, those minimum services to be performed for the next ten years from the original contract date. This prepaid service fee was recorded in the Telephone Internal Service Fund as other capital assets and amortized over the term specified in the agreement. The agreement expired in FY 2004-05. At June 30, 2006, this prepaid service cost had been fully amortized. Amortization expense recorded for the year ended June 30, 2006 was \$214,373.

Note 8: **Deferred Compensation**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees and certain contractors, permits them to defer a portion of their compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 8: **Deferred Compensation** (continued)

The County has little administrative involvement and does not perform the investing function for the plan. The plan assets are, therefore, not reported on the financial statements of the County.

Note 9: **Commitments and Contingencies**

**Pending Litigations**

The County is a defendant in various casualty and workers compensation lawsuits. Based on the most recent actuary report issued in January 2006, the County's actuarially determined ultimate loss liability of these lawsuits under the casualty insurance and workers compensation programs were approximately \$10.7 million and \$21.4 million, respectively. The assets of these two insurance funds totaling \$39.4 million were sufficient to cover these actuarially determined losses as of June 30, 2006 (See Note 4).

**San Joaquin County Employees' Retirement**

In 1998, the San Joaquin County Deputy Sheriffs' Association filed with the San Joaquin Superior Court a lawsuit against the County. The case arises out of a decision by the California Supreme Court entitled "Ventura County Deputy Sheriff's Association v. Board of Retirement of Ventura County Employee's Retirement Association" pertaining to the calculation of final compensation for retirement benefits. The petition for Coordination of Statewide Litigation was filed in July 1998, granted in December 1998, and assigned to the San Francisco Superior Court. The County and the County's Retirement System agreed, in July 2001, to settle the lawsuit, with the Superior Court's approval. Based on the agreement, the County's Retirement System will be responsible for the increased benefits. It is estimated that the cost is about \$134 million.

**Grants**

The County recognizes as revenue, grant monies received and available within 60 days as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

**Medicare and Medi-Cal Programs**

Under the Medicare and Medi-Cal programs, final settlement for cost reports filed by the San Joaquin General Hospital enterprise fund (Hospital) is dependent upon a review by the Medicare fiscal intermediary. Preliminary estimates of the amounts to be received from third parties are included in the current year's financial statements.

Final determination of amounts due for services to program patients is made when the cost reports are settled with the respective administrative agencies, and any adjustments are made in the period such amounts are finally determined. Medicare cost reports have been audited through June 30, 2004. Medi-Cal cost reports have been audited through June 30, 2004. The total estimated cost report settlements, as of June 30, 2006 was \$3.4 million.



# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 9: **Commitments and Contingencies** (continued)

### **Long-Term Operating Lease Agreements**

The County has several long-term operating lease agreements, with original terms ranging from one to ten years, for leased office space for County departments. There are no material restrictions imposed by these agreements. The discretely presented components also have non-cancelable lease agreements. The minimum rental payments required under the operating lease commitments at June 30, 2006 are:

Year Ended June 30,	Primary Government (000's)	Discretely Presented Component Units (000's)
2007	\$ 2,067	\$ 868
2008	1,678	328
2009	1,679	235
2010	1,430	101
2011	1,330	102
2012-2016	1,685	--
	\$ 9,869	\$ 1,634

Total rent expense under operating lease agreements during the year ended June 30, 2006 was approximately \$3.2 million and \$1.5 million for the primary government and the discretely presented component units, respectively.

The County also has outstanding construction project commitments of approximately \$1.7 million as of June 30, 2006. These commitments involve the outstanding Hospital Phase II Expansion projects, Hospital Clinic Facility project, Agriculture Center, and storm drainage project.

A new lease agreement was entered in October 2003 for the County to lease an office building that was under construction by a property developer. The agreement would allow the County to occupy the office building for a minimum of 15 years after the completion of the construction with scheduled rent increases. The County moved into this new building in September 2005 with an initial monthly rent payment of approximately \$52,016.

Note 10: **Rental Income Under Operating Leases**

The following is a schedule by years of minimum future rental income on noncancelable operating leases as of June 30, 2006. These operating leases, for various real property, contain no material restrictions. All are to be paid to the Airport Enterprise Fund.

Year Ended June 30,	Amount (\$000's)
2007	\$ 800
2008	706
2009	659
2010	585
2011	521
Thereafter	14,301
	\$ 17,572

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 10: **Rental Income Under Operating Leases** (continued)

Total rental income under operating lease agreements during the year ended June 30, 2006 is approximately \$780,220.

Note 11: **Long-Term Debt**

The following is a schedule of long-term liabilities as of June 30, 2006:

**Governmental Activities:**

	Amount (in \$000's)				
	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006	Amounts Due Within One Year
Teeter note	\$ 10,000	\$ 23,000	\$ --	\$ 33,000	\$ 33,000
Capital leases	71	184	108	147	52
Capital leases - ISF	673	1,185	426	1,432	322
Notes payable	2,929	117,395	273	120,051	286
Notes payable - ISF	2,000	--	46	1,954	48
Compensated absences	22,830	28,519	22,830	28,519	23,378
Compensated absences - ISF	209	240	209	240	213
Certificate of participation	52,465	--	5,105	47,360	5,385
Discount/gain on advance refunding (net)	(5,029)	--	(698)	(4,331)	--
Estimated claims	31,756	7,360	--	39,116	--
	\$ 117,904	\$ 177,883	\$ 28,299	\$ 267,488	\$ 62,684

Estimated claims are liquidated by the internal service funds. Compensated absences are generally liquidated by the General Fund and related special revenue funds.

**Business-Type Activities:**

	Amount (in 000's)				
	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006	Amounts Due Within One Year
Capital lease	\$ 233	\$ --	\$ 81	\$ 152	\$ 85
Notes payable	90	118,777	3	118,864	3
Landfill closure and postclosure	10,022	--	1,336	8,686	--
Compensated absences	4,802	5,211	4,756	5,257	4,756
Certificates of participation	121,570	--	5,535	116,035	6,080
Discount/gain on advance refunding (net)	(7,316)	--	(520)	(6,796)	--
	\$ 129,401	\$ 123,988	\$ 11,191	\$ 242,198	\$ 10,924

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

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

**A. Capital Leases**

The County has entered into long-term capital leases agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met. Equipment under capital lease includes the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment	\$ 6,153,316	\$ 405,147
Less: accumulated depreciation	<u>4,777,710</u>	<u>283,603</u>
Net Value	<u>\$ 1,375,606</u>	<u>\$ 121,544</u>

The related amortization on the capital leases is as follows:

Year Ending June 30:	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2006-07	\$ 463,477	\$ 90,372
2007-08	392,053	67,777
2008-09	349,460	--
2009-10	208,576	--
2010-11	145,860	--
2011-16	<u>255,255</u>	<u>--</u>
Total requirements	1,814,681	158,149
Less interest	<u>235,805</u>	<u>6,512</u>
Present value of remaining payments	<u>\$ 1,578,876</u>	<u>\$ 151,637</u>

**B. Certificates of Participation and Notes Payable**

**Certificates of Participation**

As of June 30, 2006 three long-term lease-trust agreements, with remaining terms of 8 to 16 years, evidenced by Certificates of Participation (COP) were outstanding. These COPs were issued by the San Joaquin County Public Facilities Financing Corporation (the Corporation) during the past six fiscal years for the purposes of financing of the County's various projects:

<u>Project Name</u>	<u>Issuance Date</u>	<u>Face Value of the C.O.P.</u>
1993 Capital Facilities Project	October 1, 1993	\$ 110,740,000
Solid Waste System Facilities Project (Including refunding)	May 8, 2003	36,830,000
2000 San Joaquin General Hospital Refunding	May 1, 2000	<u>108,420,000</u>
Total		<u>\$ 255,990,000</u>

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

**B. Certificates of Participation and Notes Payable** (continued)

**Certificates of Participation** (continued)

According to the official statements of the Certificates of Participation, all proceeds from the issuance are held and maintained by a Trustee Bank (Trustee) for the County Treasury. The Trustee invests the proceeds in demand or time deposits of any bank authorized to accept deposits of public funds, and/or in permitted investments as authorized by the County. Interest or profits on such investments received by the Trustee are, prior to the completion of the acquisition, construction and installation of the project, deposited in the Project Fund and thereafter are deposited in the Interest Fund. Costs of the acquisition and construction of the project are paid by the Trustee from the Project Fund, upon the County's authorization. Once the project is completed, the remaining funds in the Acquisition and Construction Fund, if any, are transferred to the County's proper funds or to the debt service funds.

The 2003 Solid Waste System Facilities Projects COPs are recorded in the Solid Waste enterprise fund. The COPs were issued on May 8, 2003 with an average interest rate of 6.5% to advance refund the outstanding Certificates of Participation issued in 1994, current refund the outstanding Certificates of Participation issued in 1991, and provide approximately \$17 million to fund various Solid Waste System Facilities projects. These Certificates are repaid from the net revenues of the County's solid waste system operations in accordance with the COP agreements. The improvement of real property is recognized as the Enterprise Fund's capital improvements.

The 1991 Certificates were paid off in May 2003, and the 1994 Certificates were paid off in April 2004. The deferred amount on this refunding (the difference between the net carrying amount of old debt and the amount of funds required to redeem the old debts or to be deposited in escrow fund to refund old debts at the time of refunding) is amortized over the life of the original debt, which is shorter than the new debt.

The 2000 San Joaquin General Hospital Expansion Project Refunding COPs are recorded in the San Joaquin General Hospital enterprise fund. The COPs were issued on May 1, 2000 with an average interest rate of 4.9% to advance refund the then outstanding Certificates of Participation issued for the 1993 San Joaquin General Hospital Expansion Project with an average interest rate of 6.48%. The refunded COPs were paid off in September 2003.

The 1993 Capital Facilities Project COPs are recorded as the liabilities of the Governmental Activities on the Statement of Net Assets. The debt services transactions and fund balance of the remaining proceeds are recorded in the County's Debt Service Fund. The related building structures and improvements are also recorded in the Governmental Activities on the Statement of Net Assets.

The 1993 COPs were issued on October 1, 1993 with an average interest rate from 3.86% to 5.16% to advance refund the then outstanding Certificates of Participation with an average interest rate of 6.07% to 7.18%. The then outstanding COPs included the 1989 Human Services Facilities Project COPs, the 1989 Jail and Sheriff's Operating Center Project, and the 1991 Public Facilities Project. The proceeds from the new issuance were deposited in an irrevocable trust with an escrow agent to provide for all future debt services payments on the refunded COPs. As a result, these COPs are considered to be defeased and the liability for those debts have been removed from the financial statements. The refunded COPs were paid off in November 2004.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

**B. Certificates of Participation and Notes Payable** (continued)

**Certificates of Participation** (continued)

Repayments made by the County to the Trustee Bank are held in trust by the Trustee Bank in the Interest Fund or the Base Rental Fund for the benefit of the County, but are irrevocably pledged to the trustee for the benefit of the owners of Certificate of Participation. The funds are used for the payment of interest and principal evidenced by the certificates.

**Notes Payable**

In November 2002 the County signed a fixed-price agreement of \$5.7 million to purchase an electronic voting system. To finance the purchase and additional related project costs, the County signed a loan agreement with a financial institution in an amount of \$3.2 million. The remaining project cost is to be funded by the State, pursuant to the 2002 California Voting Modernization Act (Proposition 41). In addition, the Federal government may also provide additional funding pursuant to Federal Bill House Resolution 3295. The purchase and loan agreements were finalized on July 1, 2003. The electronic voting machines were delivered on July 1, 2003 and the loan carries a term of 10 years with an interest rate of 4.73%. At June 30, 2006 the loan carried a balance of \$2.3 million. In addition, the State Secretary did not certify the usage of the machines until March 2006's election. As a result, an additional amount of \$5.2 million as of June 30, 2006 will be paid to the vendor in FY 2006-07; this unpaid amount was reported as other liability on the financial statements.

The County Maintenance Districts of Shaded Terrace and Sunnyside Estates (Special Revenue Funds) had entered into agreements with the United States Department of Agriculture (USDA) for a loan of \$300,000 and \$100,000, respectively, in 2000-2001. The loans, along with the grants received from USDA, are used to finance certain capital improvements to the water system of the Districts. As of June 30, 2006 the outstanding loan was \$377,700.

In FY 2004-05, the County settled a lawsuit that was filed by H.D. Arnaiz, LTD, a California limited partnership (HDAL). This lawsuit involved the HDAL's rights to lease certain real property around the Airport area. The settlement requires the County to make an annual payment of \$132,115.35 between August 2005 to August 2029 (Promissory Note). In addition, the County is to make an annual property tax-based payment between September 2005 and September 2029 (Tax-based agreement). The tax-based payment is to be calculated each year and to be paid only if a certain threshold is met. The sum total of the payments under the promissory note payment and the tax-based agreement, in the aggregate is not to exceed \$4.0 million prior to 2029. The County reports it as a note liability (\$2.0 million) of the Casualty Insurance Fund, an internal service fund, at the present value of the minimum payments. As of June 30, 2006, the outstanding note was \$1.9 million.

The Airport (Enterprise Fund) has the remaining life of a 13-year note with a third party which financed the 1993-94 purchase of a paint shop. The note had a fixed interest rate of 12%. It carried a balance of \$87,169 as of June 30, 2006.

In 2005-06, the Mountain House Community Services District (CSD) acquired various infrastructure facilities from the district developer. The water, wastewater, and storm infrastructure facilities are reported in the CSD's Utility Enterprise Funds, the public infrastructures are reported in the CSD's operating funds (governmental activities). In accordance with the Master Acquisition and Reimbursement Agreement of August 22, 2000, the CSD is obligated to reimburse some of the accepted infrastructure. The agreed amounts that are subject to

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

**B. Certificates of Participation and Notes Payable** (continued)

**Notes Payable** (continued)

reimbursements are, therefore, reported as note liabilities in the business-like activities and the governmental activities, as applicable. The outstanding reimbursement amounts are \$117.4 million and \$118.0 million, respectively, for the governmental activities and the business-like activities. CSD has agreed that once the community has revenues that will support the repayment, the CSD must issue bonds in ten million dollar increments payable to the developer.

**Teeter Plan Borrowing**

Pursuant to Revenue and Taxation Code Section 4701, the County has opted into the "Alternative Method of Property Tax Distribution" method since fiscal year 1993-94. This method is known as the "Teeter Plan". Under the Teeter Plan, the County and all other taxing agencies received 100% of the current secured tax levy and direct assessments. In 1993-94, all taxing agencies received their share of 95% of all outstanding delinquent taxes and 100% of delinquent assessments. Additionally, Senate Bill 742 (1993) allowed counties converting to the Teeter Plan a one-time property shift reduction for the excess property tax revenues that schools received in 1993-94 due to the conversion.

In order to convert to the Teeter Plan, the County had to buy out the existing delinquent property taxes, which was approximately \$41.0 million as of June 30, 2006. The County has been choosing the interfund borrowing method to partially finance the buy-out every year since 1993-94.

The County utilizes the delinquent tax penalty collections in 2005-06, and extra amount set aside in the loss reserve fund, and the interfund borrowing of \$33 million to finance the buy-out and the cumulative interest cost on the borrowing.

The interfund borrowing of \$33.0 million is collateralized with the uncollected taxes and is recorded in the General Fund. The interfund borrowing note, dated June 27, 2006, is to be repaid in full by July 1, 2007. However, the intention of the borrowing is to refinance the Note every year until such time that the collection of delinquent taxes is sufficient to repay the note. The interest expense of the Teeter-Plan borrowing is computed based on the County Treasury's investment rate and was reported within the County General Fund. In 2005-06, the County recognized \$425,621 interest expense on the loan.

The County is required by law to maintain a Loss Reserve Fund (classified as the General Fund's restricted net assets) in an amount equivalent to 1% of the total tax roll for that year. At June 30, 2006, the County set aside 2.5%, instead of 1%. The reserve fund balance was \$17.95 million.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

**B. Certificates of Participation and Notes Payable** (continued)

**Schedule of Future Payments**

The following is a schedule of the future long-term debts payments as of June 30, 2006:

**Governmental Activities:**

Year Ended June 30	Certificates of Participation		Notes Payable	
	Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)
2006-07	\$ 5,385	\$ 2,200	\$ 334	\$ 211
2007-08	5,685	1,937	349	195
2008-09	5,995	1,654	366	178
2009-10	2,075	1,455	384	161
2010-11	2,220	1,348	401	143
2011-16	13,635	4,728	1,081	475
2016-21	12,365	1,086	437	339
2021-26	--	--	542	230
2026-31	--	--	537	106
2031-36	--	--	79	41
2036-41	--	--	99	16
Non-specified	--	--	117,395	--
	47,360	14,408	122,004	2,095
Less discount on advance refunding	(4,331)	--	--	--
Total Debt	<u>\$ 43,029</u>	<u>\$ 14,408</u>	<u>\$ 122,004</u>	<u>\$ 2,095</u>

**Business-Type Activities:**

Year Ended June 30	Certificates of Participation		Notes Payable	
	Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)
2006-07	\$ 6,080	\$ 5,483	\$ 3	\$ 10
2007-08	6,695	5,250	4	10
2008-09	7,385	4,968	4	9
2009-10	7,710	4,637	5	9
2010-11	7,465	4,270	5	8
2011-16	36,510	15,892	39	29
2016-21	42,240	6,022	27	3
2021-26	1,950	98	--	--
Non-specified	--	--	118,777	--
	116,035	46,620	118,864	78
Less discount on advance refunding	(6,796)	--	--	--
Total Debt	<u>\$ 109,239</u>	<u>\$ 46,620</u>	<u>\$ 118,864</u>	<u>\$ 78</u>

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

### Note 12: Legal Debt Margin

Government Code Section 25371 limits the County's ability to raise resources through the issuance of debt to finance acquisitions or construction of County facilities. The computation of the debt limitation and legal debt margin is presented below:

Net assessed value fiscal year 2005-2006	<u>\$ 46,153,600,000</u>
Debt limit – 1 1/4% of total assessed value Amount of debt applicable to debt limit:	\$ 576,920,000
Less 60% of estimated total outstanding rental payments, including interest and principal per Government Code Section 25371	<u>29,700,000</u>
Legal debt margin	<u>\$ 547,200,000</u>

### Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all 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 rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings and at June 30, 2006 and does not expect to incur a significant liability.

### Special Assessment Debt

Special assessment district transactions are recorded in the Agency Fund as the County acts as an agent for the property owners in collecting assessments bonds and forwarding the collections to the bondholders. However, the County is not obligated in any manner for repayment of these special assessments. As of June 30, 2006, such special assessment debt outstanding totaled about \$440,000.

### Note 13: Landfill Closure and Postclosure Liability

State and federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, GASB 18 requires a portion of these closure and postclosure care costs to be recognized as an operating expense in each period of operation, based on landfill capacity used. The County is also required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care.

The County uses the Solid Waste Closure Fund, reported within the Solid Waste Enterprise Fund, to account for the contributions, as well as the landfill closure and postclosure costs.

The annual contributions to the Solid Waste Closure Fund (Closure Fund) by the Solid Waste Enterprise Fund (Operating Enterprise Fund) are eliminated on the financial statements.



# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 13: **Landfill Closure and Postclosure Liability** (continued)

At June 30, 2006, the landfill closure and postclosure care liability (\$8.7 million) represents the cumulative amount reported to date based on the cumulative usage of the landfills' capacity, minus the cash payments made. The remaining estimated cost of closure and postclosure care of \$72.8 million will be recognized as the remaining estimated capacities are filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2006. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Solid Waste Enterprise operating fund transferred \$393,175 to the Closure Fund in 2005-06 to bring the funds available for landfill closure and postclosure up to \$5.5 million, which leaves approximately \$3.2 million to be funded in future years.

Two of the County's four landfills have been closed. The remaining two landfills will be operative until year 2033 and 2049, respectively, with an estimated 16.4% and 5.2% of the available landfill capacity used to date.

Note 14: **Receivables**

Taxes and accounts receivable balances of the County's major individual funds and nonmajor and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

<b>Receivables - Governmental Activities</b>	General Fund	Mental Health Substance Abuse Fund	First Five Program	Nonmajor Fund	Internal Service Funds	Total Governmental Activities
Taxes - gross	\$ 63,301	\$ --	\$ --	\$ 364	\$ --	\$ 63,665
Accounts	3,272	1,772	3	4,354	1,124	10,525
Sales tax	2,555	--	--	--	--	2,555
Interest	2,089	19	379	1,853	970	5,310
Loan receivable	106	--	--	--	--	106
Due from other governments	77,330	4,992	1,620	9,246	--	93,188
Total receivables	<u>148,653</u>	<u>6,783</u>	<u>2,002</u>	<u>15,817</u>	<u>2,094</u>	<u>175,349</u>
Less: allowance for uncollectible	<u>(17,950)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(17,950)</u>
	<u>\$ 130,703</u>	<u>\$ 6,783</u>	<u>\$ 2,002</u>	<u>\$ 15,817</u>	<u>\$ 2,094</u>	<u>\$ 157,399</u>

<b>Receivables - Business-type Activities</b>	Hospital	Airport	Solid Waste	Mountain House Utility Enterprise	Total Business-type Activities
Accounts	\$ 70,332	\$ 146	\$ 1,463	\$ --	\$ 71,941
Interest	43	16	257	9	325
Due from other governments	--	7	25	--	32
Gross receivables	<u>70,375</u>	<u>169</u>	<u>1,745</u>	<u>9</u>	<u>72,298</u>
Less: allowance for uncollectible	<u>(42,880)</u>	<u>(76)</u>	<u>--</u>	<u>--</u>	<u>(42,956)</u>
	<u>\$ 27,495</u>	<u>\$ 93</u>	<u>\$ 1,745</u>	<u>\$ 9</u>	<u>\$ 29,342</u>

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

Note 14: **Receivables** (continued)

At June 30, 2006, the various components of deferred revenue and unearned revenue reported were as follows:

<b>Governmental Activities:</b>	Amount (in 000's)	
	Unavailable	Unearned
General fund:		
Property taxes receivable – secured	\$ 42,513	\$ --
Property taxes receivable – unsecured	2,786	--
Due from other governmental agencies	9,535	--
Grant received prior to meeting all eligible requirements	--	23,159
Due from others	14	--
Mental Health and Substance Abuse fund:		
Due from other governmental agencies	3307	--
Grant received prior to meeting all eligible requirements	--	--
Nonmajor funds and Internal Service funds:		
Due from other governmental agencies	607	--
Grant received prior to meeting all eligible requirements	--	134
Due from other governmental agencies	--	--
Property taxes receivable – unsecured	365	--
	\$ 59,127	\$ 23,293
 <b>Business-Type Activities:</b>		
Hospital	\$ --	\$ 2,371
Airport	--	1,227
	\$ --	\$ 3,598

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

Note 15: **Interfund Transactions and Balances**

**Due to and due from other funds**

Due to and due from other funds represents short-term borrowing between funds and regular services and supplies provided but not settled at year-end. The composition of interfund balances as of June 30, 2006 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Hospital	\$ 908,252
	Airport	809
	Solid Waste	14,497
	Internal Service	14,329
	General Fund	98,047
	Mental Health	218,287
	First 5 Program	84,819
	Nonmajor Funds	<u>230,473</u>
		<u>1,569,513</u>
Mental Health	General Fund	<u>50,011</u>
		<u>50,011</u>
Nonmajor Funds	Hospital	2,374
	Internal Service Funds	649,415
	General Fund	3,976
	Mental Health	90
	Nonmajor Funds	<u>166,199</u>
		<u>822,054</u>
	<b>Governmental Funds</b>	<u>2,441,578</u>
Internal Service Funds	Hospital	98,319
	Airport	5,552
	Solid Waste	22,682
	Internal Service Funds	92,150
	General Fund	1,163,902
	Mental Health	101,523
	First 5 Program	1,199
	Nonmajor funds	<u>359,382</u>
	<b>Internal Service Funds</b>	<u>1,844,709</u>

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

Note 15: **Interfund Transactions and Balances** (continued)

**Due to and due from other funds** (continued)

Receivable Fund	Payable Fund	
Hospital	General Fund	\$ 210,758
	Mental Health	313,239
	First 5 Program	141,541
	Airport	<u>64,015</u>
		<u>729,553</u>
Solid Waste	Nonmajor Funds	<u>7,931</u>
		<u>7,931</u>
Total	<b>Enterprise Funds</b>	<u>737,484</u>
		<u><u>\$ 5,023,771</u></u>

**Advances to/from other funds**

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Fund	\$ 66,000
Nonmajor Fund	Internal Service Fund	426,426
Hospital	General Fund	2,391,410
	Airport	<u>3,133,404</u>
	Total	<u><u>\$ 6,017,240</u></u>

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

Note 15: **Interfund Transactions and Balances** (continued)

Of the balance of \$2.0 million due to business-type funds, \$1.1 million represents receivables from enterprise funds for services provided, \$0.7 million payable to the enterprise funds for services received, and a \$2.4 million loan payable to the Hospital Enterprise Fund for the Juvenile Hall expansion project. The loan carries a remaining term of 18-years at an interest rate of 7.55%.

**Fund Transfers**

During the course of normal operations, the County has numerous transactions between funds as a result of labor negotiations, new funding resources, new projects, debt service payments, etc. Those transfer transactions are summarized below:

(a) Between Governmental and Business-Type Activities:

Transfer from	Transfer to	Amount (in \$000)	Purpose
General Fund	Hospital	\$ 20,240	Provide subsidy to cover portion of Hospital's operation.
	Airport	427	Provide subsidy to cover portion of Airport's operation.
	Subtotal	<u>20,667</u>	
Nonmajor Fund (Capital Outlay)	Hospital	13,798	Provide subsidy to cover portion of Hospital's capital projects.
	Mountain House Utility Svs	493	Provides funds for newly created enterprise fund
	Airport	244	Provide subsidy to cover portion of Airport's capital projects.
		<u>14,535</u>	
Hospital	Internal Service Funds	24	Provide capital to internal service fund for purchases of capital assets.
Solid Waste	Internal Service Funds	2	Provide capital to internal service fund for purchases of capital assets.
		<u>26</u>	
Net transfers between Governmental and Business-Type Activities		<u>\$ 35,228</u>	

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

Note 15: **Interfund Transactions and Balances** (continued)

**Fund Transfers** (continued)

(b) Between Funds within the Governmental Activities

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount (in \$000)</u>	<u>Purpose</u>
General Fund	Internal Service Funds	\$ 411	Provide capital to internal service fund for purchases of capital assets.
	Nonmajor Governmental Funds	4,593	Provide subsidy to Rabies Control, Road Fund, Library Fund, and other grant funds.
	Nonmajor Governmental Funds	7,034	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	20,673	Transfer funds to pay for capital outlay.
	Mental Health and Substance Abuse	<u>10,225</u>	Provide subsidy for operation.
	Subtotal	<u>42,936</u>	
Mental Health and Substance Abuse	Nonmajor Governmental Funds	274	Transfer funds to pay for capital outlay.
	General Fund	1,194	Transfer funds for specified programs
	Internal Service Funds	16	Provide internal service funds additional funding for equipment replacement.
	Subtotal	<u>1,484</u>	
First Five	General Fund	83	Transfer funds to pay for general services.
	Subtotal	<u>83</u>	

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

Note 15: **Interfund Transactions and Balances** (continued)

**Fund Transfers** (continued)

(b) Between Funds within the Governmental Activities (continued)

<u>Transfer from</u>	<u>Transfer to</u>	Amount (in \$000)	<u>Purpose</u>
Nonmajor Governmental Funds	Internal Service Funds	\$ 39	Provide internal service funds additional funding for equipment replacement.
	General Fund	2,148	Transfer funds to pay for GF operations.
	Nonmajor Fund	528	Transfer funds to pay for other Special Revenue Funds operations.
	Nonmajor Fund	179	Transfer funds to pay for capital outlay
	Subtotal	<u>2,894</u>	
Internal Service Funds	Internal Service Funds	3	Transfer funds to pay for capital outlay
	Subtotal	<u>3</u>	
	Total	<u>\$ 47,400</u>	

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

Note 16: **Net Assets for Business-Type Activities**

Individual Net Assets balances at June 30, 2006 are as follows:

	Amount (in \$000)
<b>Solid Waste Enterprise</b>	
Net Assets	
Invested in capital assets, net of depreciation	\$ 1,846
Restricted:	
Capital projects	7,749
Debt services	1,379
Subtotal	9,128
Unrestricted	(3,287)
Total	7,687
<b>Airport Enterprise</b>	
Net Assets	
Invested in capital assets, net of depreciation	12,906
Unrestricted	1,078
Total	13,984
<b>Hospital Enterprise</b>	
Net Assets	
Invested in capital assets, net of depreciation	16,643
Restricted:	
Debt services	8,159
Patient trust fund	38
Unrestricted	33,939
Total	58,779
<b>Mountain House Utility Enterprise</b>	
Net Assets	
Invested in capital assets, net of depreciation	54,913
Unrestricted:	
Total	569
	55,482
<b>Total Net Assets for Business-Type Activities</b>	<b>\$ 135,932</b>

Note 17: **Net Assets/Fund Balances**

The governmental-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- 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.



# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

### Note 17: Net Assets/Fund Balances

- 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.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

As of June 30, 2006, reservations of fund balances are described below:

- Encumbrances – to reflect the outstanding contractual obligations for goods and services that have not been received.
- Inventories – to reflect the portion of assets that do not represent available spendable resources.
- Debt services – to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general operations.
- Interfund advances – to reflect the amount due from other funds that are long-term in nature, such amounts do not represent available spendable resources.
- Others – to reflect the loan receivables and other assets that do not represent available spendable resources.

Portion of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures. Fund balance designations include:

- Health and Social Services programs – to reflect management’s intent to expend the funds to meet the immediate needs in the following year for the County’s health and social services programs.
- Public Safety programs – to reflect management’s intent to expend the funds to support the County’s public safety needs.
- Parks and Recreation programs – to reflect management’s intent to expend certain funds for planned capital projects.
- Self-Insurance Programs – to meet the federal and state governments’ requirements for being self-insured for general liability, workers compensation, health and dental, and unemployment programs.

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

Note 18: **Deficit Fund Balance/Net Assets**

The following funds had deficit fund balances at June 30, 2006:

Mental Health Substance Abuse (Major Special Revenue Fund) The deficit resulted from the delay in obtaining Federal and State reimbursements for costs incurred.	\$ 1,210,243
In-Home Support Services (IHSS) Authority (Nonmajor Special Revenue Fund) The deficit resulted from the delay in obtaining Federal and State reimbursements for costs incurred.	492,093
Water and Power Authority (Nonmajor Special Revenue Fund) The deficit resulted from the excess expenditures over revenues	10,694 <hr/>
	<u>\$ 1,713,030</u>

Deficits in these funds are expected to be eliminated in future years through future revenues and/or transfers from other funds.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 19: **Component Unit Condensed Financial Information**

Condensed financial data for the four discretely presented major component units is presented below:

**Statement of Net Assets**

	Head Start Child Development Council, Inc.	San Joaquin Economic Development Association	Local Agency Formation Commission	Health Plan of San Joaquin County	Total
<b>ASSETS</b>					
Cash & investment – pool	\$ 1,640,420	\$ --	\$ (13,967)	\$ 45,536,277	\$ 47,162,730
Cash and investments – other	559,166	381,787	--	--	940,953
Due from other governments	--	--	--	1,590,481	1,590,481
Interest receivable	19,024	--	121	508,406	527,551
Receivable	32,347	--	8,785	--	41,132
Depreciable assets	3,991,311	28,789	--	12,506,537	16,526,637
Net of accumulated depreciation	(2,841,965)	(24,348)	--	(2,728,255)	(5,594,568)
Other Assets	509,441	--	--	551,310	1,060,751
Total Assets	<u>\$ 3,909,744</u>	<u>\$ 386,228</u>	<u>\$ (5,061)</u>	<u>\$ 57,964,756</u>	<u>\$ 62,255,667</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accrued expenses	\$ 1,695,978	\$ 11,957	\$ 14,737	\$ 2,187,761	\$ 3,910,433
Accrued claims payable	--	--	--	8,909,902	8,909,902
Provider risk sharing payable	--	--	--	2,893,590	2,893,590
Unpaid compensated absences	--	--	23,566	--	23,566
Advance customer deposits	530,256	--	--	--	530,256
Other liabilities	517,523	--	85,827	830,582	1,433,932
Total Liabilities	<u>2,743,757</u>	<u>11,957</u>	<u>124,130</u>	<u>14,821,835</u>	<u>17,701,679</u>
<b>NET ASSETS</b>					
Investment in general fixed assets	1,149,346	4,441	--	9,778,282	\$ 10,932,069
Unrestricted net assets	16,641	369,830	(129,191)	33,364,639	33,621,919
Total Net Assets	<u>1,165,987</u>	<u>374,271</u>	<u>(129,191)</u>	<u>43,142,921</u>	<u>44,553,988</u>
Total Liabilities and Net Assets	<u>\$ 3,909,744</u>	<u>\$ 386,228</u>	<u>\$ (5,061)</u>	<u>\$ 57,964,756</u>	<u>\$ 62,255,667</u>

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 19: **Component Unit Condensed Financial Information** (continued)

**Statement of Changes in Net Assets**

	<u>Head Start Child Development Council, Inc.</u>	<u>San Joaquin Economic Development Association</u>	<u>Local Agency Formation Commission</u>	<u>Health Plan of San Joaquin County</u>	<u>Total</u>
<b>REVENUES</b>					
Program Revenues:					
Operating grants and contributions	\$ 28,638,778	\$ 165,557	\$ 260,967	\$ 84,202,719	\$ 113,268,021
Charges for services	2,168,145	--	--	1,302,141	3,470,286
Interest income	24,557	1,704	1,564	1,914,433	1,942,258
Miscellaneous	--	103,520	214	--	103,734
Total Revenues	<u>30,831,480</u>	<u>270,781</u>	<u>262,745</u>	<u>87,419,293</u>	<u>118,784,299</u>
<b>EXPENSES</b>					
General	--	--	336,120	--	336,120
Public Assistance	31,077,403	181,483	--	--	31,258,886
Health	--	--	--	85,888,522	85,888,522
Total Expenses	<u>31,077,403</u>	<u>181,483</u>	<u>336,120</u>	<u>85,888,522</u>	<u>117,483,528</u>
Change in net assets	(245,923)	89,298	(73,375)	1,530,771	1,300,771
Net assets, beginning	<u>1,411,910</u>	<u>284,973</u>	<u>(55,816)</u>	<u>41,612,150</u>	<u>43,253,217</u>
Net assets, ending	<u>\$ 1,165,987</u>	<u>\$ 374,271</u>	<u>\$ (129,191)</u>	<u>\$ 43,142,921</u>	<u>44,553,988</u>

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

Note 20: **Component Unit Condensed Financial Information** (continued)

### Statement of Cash Flows

	Head Start Child Development Council, Inc.	San Joaquin Economic Development Association	Local Agency Formation Commission	Health Plan of San Joaquin County	Total
Cash flows from operating activities:					
Cash received from:					
Service fees	\$ 2,121,669	\$ 103,520	\$ --	\$ 90,824,522	\$ 93,049,711
Operating grants and contributions	30,846,641	165,557	252,183	--	31,264,381
Interest income	--	1,704	--	1,731,326	1,733,030
Other revenues	--	--	213	1,328,709	1,328,922
Cash paid to:					
Healthcare providers	--	--	--	(74,920,134)	(74,920,134)
Program expenditures	(31,400,982)	(60,884)	(59,347)	(3,446,789)	(34,968,002)
Employees	--	(123,938)	(275,596)	(7,741,421)	(8,140,955)
Net cash provided (used) in operating activities	<u>1,567,328</u>	<u>85,959</u>	<u>(82,547)</u>	<u>7,776,213</u>	<u>9,346,953</u>
Cash flows from capital financing and related activities:					
Purchase of capital assets	(60,710)	376	--	(7,560,246)	(7,620,580)
Net cash provided (used) by capital financing and related activities	<u>(60,710)</u>	<u>376</u>	<u>--</u>	<u>(7,560,246)</u>	<u>(7,620,580)</u>
Cash flows from non-capital financing and related activities:					
Borrowing proceeds from other agencies	--	--	85,000	--	85,000
Net cash provided (used) by capital financing and related activities	<u>--</u>	<u>--</u>	<u>85,000</u>	<u>--</u>	<u>85,000</u>
Cash flows from investing activities:					
Purchase of investments	--	(161)	--	--	(161)
Investment income	--	--	1,502	--	1,502
Net cash provided (used) for investing activities	<u>--</u>	<u>(161)</u>	<u>1,502</u>	<u>--</u>	<u>1,341</u>
Net increase (decrease) in cash and cash equivalents	1,506,618	85,422	3,955	215,967	1,811,962
Cash and cash equivalents, beginning of year	<u>692,968</u>	<u>296,365</u>	<u>(17,922)</u>	<u>45,320,310</u>	<u>46,291,721</u>
Cash and cash equivalents, end of year	<u>\$ 2,199,586</u>	<u>\$ 381,787</u>	<u>\$ (13,967)</u>	<u>\$ 45,536,277</u>	<u>\$ 48,103,683</u>
<b>Reconciliation of net increase (decrease) in net assets to net cash provided by operating activities:</b>					
Operating income (loss)	\$ (245,923)	\$ 89,298	\$ (73,375)	\$ 1,530,771	\$ 1,300,771
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	267,797	2,316	--	370,748	640,861
Loss on disposal of assets	--	--	--	384	384
(Increase) decrease in receivables	1,258,198	--	(8,785)	4,991,355	6,240,768
(Increase) decrease in other assets	(61,947)	--	--	133,718	71,771
Increase (decrease) in payables	385,526	(5,655)	(387)	914,700	1,294,184
Increase (decrease) in other liabilities	(36,323)	--	--	(165,463)	(201,786)
Net cash provided (used) by operating activities	<u>\$ 1,567,328</u>	<u>\$ 85,959</u>	<u>\$ (82,547)</u>	<u>\$ 7,776,213</u>	<u>\$ 9,346,953</u>

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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# COUNTY OF SAN JOAQUIN

## Required Supplementary Information For the Year Ended June 30, 2006

### Schedule of Funding Progress – Pension Fund

The tables below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

### Required Supplementary Information For the Year Ended June 30, 2006

#### Schedule of Funding Progress (amounts in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL	Funded Ratio	Covered Payroll	Unfunded (Overfunded) AAL Percentage of Covered Payroll
01/01/03	\$ 1,448,905	\$ 1,418,209	\$ (30,696)	102.2%	\$ 259,812	0%
01/01/04	1,531,288	1,595,737	64,449	96.0%	286,429	23%
01/01/05	1,614,979	1,769,507	154,528	91.3%	296,473	52%

**COUNTY OF SAN JOAQUIN**

Required Supplementary Information  
For the Year Ended June 30, 2006

Budgetary Comparison Schedule  
General Fund

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 44,341,780	\$ 44,341,780	\$ 44,341,780	\$ --
Resources (inflows):				
Taxes	170,802,306	184,014,271	189,190,952	5,176,681
Licenses and permits	6,779,175	6,779,175	8,630,501	1,851,326
Fines, forfeitures and penalties	8,286,388	8,286,388	11,645,037	3,358,649
Use of money and property	1,207,429	1,207,429	5,288,298	4,080,869
Aid from other governmental agencies	386,493,856	387,223,577	372,317,035	(14,906,542)
Charges for services	38,706,287	39,183,014	37,691,932	(1,491,082)
Other revenues	496,706	654,581	6,609,804	5,955,223
Other financing sources	12,002,202	13,856,229	11,765,648	(2,090,581)
Amounts available for appropriation	<u>624,774,349</u>	<u>641,204,664</u>	<u>643,139,207</u>	<u>1,934,543</u>
Charges to appropriations (outflows):				
Current:				
General government	37,842,945	38,541,557	40,318,309	(1,776,752)
Public protection	197,350,703	198,566,549	186,802,679	11,763,870
Health and sanitation	35,996,811	35,905,651	29,727,460	6,178,191
Public assistance	301,946,448	301,809,690	268,918,563	32,891,127
Education	326,914	326,914	313,560	13,354
Recreation and culture	4,022,850	3,959,232	3,851,318	107,914
Reserve for contingency	19,361,019	30,663,561	--	30,663,561
Capital outlay	9,679,429	11,174,857	2,946,222	8,228,635
Debt service:				
Principal	--	--	377,755	(377,755)
Interest	172,360	172,361	740,069	(567,708)
Other financing uses	59,992,466	62,001,888	65,470,840	(3,468,952)
Total charges to appropriations	<u>666,691,945</u>	<u>683,122,260</u>	<u>599,466,775</u>	<u>83,655,485</u>
Fund balance, end of year	<u>\$ 2,424,184</u>	<u>\$ 2,424,184</u>	<u>\$ 88,014,212</u>	<u>\$ 85,590,028</u>

continued



# COUNTY OF SAN JOAQUIN

## Required Supplementary Information For the Year Ended June 30, 2006

### Budgetary Comparison Schedule (continued) General Fund

Explanation of differences between budgetary inflows and outflows and GAAP revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement, not including fund balance \$ 643,139,207

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes (11,765,648)

Receipts from General Fund special accounts were budgeted only if they were expected to be used by the General Fund account, but were reported as revenues of the General Fund for financial reporting purposes 13,822,686

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 645,196,245

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 599,466,775

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (65,470,840)

Budgets for claims and compensated absences were budgeted only to the extent expected to be paid, rather than on the modified accrual basis for financial reporting purposes. 2,937,360

Disbursements from General Fund special accounts were not budgeted but were reported as expenditures for financial reporting purposes 2,540,204

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes. (2,545,899)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 536,927,600

**COUNTY OF SAN JOAQUIN**

Required Supplementary Information  
For the Year Ended June 30, 2006

Budgetary Comparison Schedule  
Mental Health and Substance Abuse Fund

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ (1,210,243)	\$ (1,210,243)	\$ (3,437,286)	\$ (2,227,043)
Resources (inflows):				
Fines, forfeitures and penalties	210,000	210,000	297,889	87,889
Use of money and property	30,000	30,000	74,567	44,567
Aid from other governmental agencies	33,784,000	33,784,000	32,572,173	(1,211,827)
Charges for services	29,626,386	29,911,432	22,316,686	(7,594,746)
Other revenues	182,801	182,801	152,020	(30,781)
Other financing sources	9,764,926	9,764,926	10,225,141	460,215
Amounts available for appropriation	<u>73,598,113</u>	<u>73,883,159</u>	<u>65,638,476</u>	<u>(8,244,683)</u>
Charges to appropriations (outflows):				
Current:				
Health and sanitation	76,035,210	76,284,756	66,883,816	9,400,940
Capital outlay	353,079	388,579	(197,290)	585,869
Other financing uses	--	--	1,483,776	(14,394,836)
Total charges to appropriations	<u>76,388,289</u>	<u>76,673,335</u>	<u>68,170,302</u>	<u>(4,408,027)</u>
Fund balance, end of year	<u>\$ (4,000,419)</u>	<u>\$ (4,000,419)</u>	<u>\$ (5,969,112)</u>	<u>\$ (12,652,710)</u>

continued

# COUNTY OF SAN JOAQUIN

## Budgetary Comparison Schedule (continued) Mental Health and Substance Abuse Fund

### Budgetary Comparison Schedule Mental Health and Substance Abuse Fund

Explanation of differences between budgetary inflows and outflows and GAAP revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement, not including fund balance \$ 65,638,476

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes (10,225,141)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 55,413,335

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 68,170,302

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (1,483,776)

Budgets for claims and compensated absences were budgeted only to the extent expected to be paid, rather than on the modified accrual basis for financial reporting purposes. (51,373)

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes. 835,934

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 67,471,087

**COUNTY OF SAN JOAQUIN**

Required Supplementary Information  
For the Year Ended June 30, 2006

Budgetary Comparison Schedule  
First Five Program

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 33,251,119	\$ 33,251,119	\$ 33,251,119	\$ --
Resources (inflows):				
Use of money and property	448,428	448,428	1,345,989	897,561
Aid from other governmental agencies	9,917,450	10,017,450	9,926,026	(91,424)
Operating transfers in	1,065,234	(5,339)	--	5,339
Amounts available for appropriation	<u>11,431,112</u>	<u>10,460,539</u>	<u>11,272,015</u>	<u>811,476</u>
Charges to appropriations (outflows):				
Current:				
Health and sanitation	848,133	848,133	26,099,927	(25,251,794)
Capital outlay	31,104,790	27,788,025	--	27,788,025
Other financing uses	1,069,573	--	82,929	(82,929)
Total charges to appropriations	<u>33,022,496</u>	<u>28,636,158</u>	<u>26,182,856</u>	<u>2,453,302</u>
Fund balance, end of year	<u>\$ 11,659,735</u>	<u>\$ 15,075,500</u>	<u>\$ 18,340,278</u>	<u>\$ 3,264,778</u>

Explanation of differences between budgetary inflows and outflows and GAAP revenues and Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 26,182,856

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (82,929)

Budgets for claims and compensated absences were budgeted only to the extent expected to be paid, rather than on the modified accrual basis for financial reporting purposes. 3,898

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes. (9,420,443)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 16,683,382

## COUNTY OF SAN JOAQUIN

### Note to Required Supplementary Information For the Year Ended June 30, 2006

#### **BUDGETARY BASIS OF ACCOUNTING**

In accordance with provisions of Sections 29000 through 29144 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts an operating balanced final budget on or before August 31, of each year. Public hearings are conducted to review all proposed appropriations and the sources of financing before the adoption. Until the adoption of this balanced final budget, operations are governed by the proposed budget, which is approved by the Board of Supervisors.

Since the final budget must be balanced, any shortfall in revenue and other financing sources requires an equal reduction in appropriations. This operating balanced budget is adopted each fiscal year for the general, special revenue and special district service funds. It is prepared on a modified cash basis except that encumbrances are treated as budgeted expenditures in the year the purchase commitment is made. The encumbered appropriations do not lapse at year-end. Accordingly, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent year expenditures and become authorized encumbrance appropriations carried over. Throughout the fiscal year, supplemental appropriations may be made by the Board when revenues are received from unanticipated sources, or from anticipated sources in excess of estimates thereof or from contingency sources.

The legal level for budgetary control (the level at which expenditures may not exceed budgeted appropriations) is at the index and object level. An "index" for legal appropriation purposes may be (1) a single department (2) a division of a large department having multiple divisions, or (3) an entire fund. Object levels of expenditures for legal appropriation purposes are:

1. Salaries and benefits
2. Services and supplies
3. Other charges
4. Capital outlay
5. Other financing uses
6. Interfund transfers
7. Appropriation for contingencies
8. Contracts
9. Unclassified

All amendments or transfers of line item appropriations between objects within the same index require County Administrator approval. Amendments and transfers of appropriations between indexes or that involve the addition or deletion of a project or piece of equipment must be approved by the Board of Supervisors. The Board of Supervisors has authorized the Auditor-Controller of the County to make year-end budget adjustments and appropriation transfers within the respective County budgets and funds to provide for expenditures in excess of budgeted amounts.

Budgeted amounts in the budgetary financial schedules are reported as originally adopted and amended during the fiscal year by resolutions approved by the Board of Supervisors. Because of the transition in implementing GASB 34, although trust and agency actual revenues and expenditures are included in the financial statements, the County did not budget for these activities.

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

The budgets for the governmental funds may include an object level known as "intrafund transfers" in the charges for appropriations. 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).

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## **SUPPLEMENTARY INFORMATION**

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# **GENERAL FUND ACCOUNTS**

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General Fund Accounts, representing the general operating fund of the County, include General Account (General Fund) and certain special accounts that are under the control of various General Fund departments.

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
All General Funds  
June 30, 2006

	<u>General Accounts</u>	<u>Contingency</u>	<u>General Reserve</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 117,682,399	\$ 17,463,437	\$ 6,002,755	\$ 141,148,591
Imprest cash	238,775	--	--	238,775
Accounts receivable	5,812,535	14,112	--	5,826,647
Taxes receivable	45,351,246	--	--	45,351,246
Interest receivable	2,089,027	--	--	2,089,027
Advances to other funds	--	66,000	--	66,000
Due from other funds	1,505,741	63,772	--	1,569,513
Due from other agencies	77,330,229	--	--	77,330,229
Loans and advances receivable	--	105,826	--	105,826
Inventory	48,838	--	--	48,838
Other assets	25,500	--	--	25,500
Total Assets	<u>\$ 250,084,290</u>	<u>\$ 17,713,147</u>	<u>\$ 6,002,755</u>	<u>\$ 273,800,192</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 11,965,415	\$ --	\$ --	\$ 11,965,415
Accrued expenses	119,953	--	--	119,953
Due to other funds	1,526,694	--	--	1,526,694
Due to other agencies	135	--	--	135
Accrued payroll	3,872,928	--	--	3,872,928
Accrued compensated absences	19,802,260	--	--	19,802,260
Unearned revenues	78,007,054	--	--	78,007,054
Advances from other funds	2,391,410	--	--	2,391,410
Teeter note	33,000,000	--	--	33,000,000
Other liabilities	5,236,196	--	--	5,236,196
Total Liabilities	<u>155,922,045</u>	<u>--</u>	<u>--</u>	<u>155,922,045</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	14,785,911	--	--	14,785,911
Loans and advances	--	66,000	--	66,000
Inventory	48,838	--	--	48,838
Other assets	--	105,826	--	105,826
Unreserved				
Designated	30,202,585	--	6,002,755	36,205,340
Undesignated	49,124,911	17,541,321	--	66,666,232
Total Fund Balances	<u>94,162,245</u>	<u>17,713,147</u>	<u>6,002,755</u>	<u>117,878,147</u>
 Total Liabilities and Fund Balances	 <u>\$ 250,084,290</u>	 <u>\$ 17,713,147</u>	 <u>\$ 6,002,755</u>	 <u>\$ 273,800,192</u>



**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
All General Funds  
For the Year Ended June 30, 2006

	General Accounts	Contingency	General Reserve	Total
<b>Revenues:</b>				
Taxes	\$ 189,190,952	\$ --	\$ --	\$ 189,190,952
Licenses, permits and franchises	9,215,709	--	--	9,215,709
Fines, forfeitures and penalties	15,079,237	--	--	15,079,237
Revenue from use of money and property	6,559,542	15,053	246,384	6,820,979
Aid from other governmental agencies	374,629,930	--	--	374,629,930
Charges for services	39,976,984	--	--	39,976,984
Other revenue	10,282,454	--	--	10,282,454
<b>Total Revenues</b>	<b>644,934,808</b>	<b>15,053</b>	<b>246,384</b>	<b>645,196,245</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	37,987,467	--	--	37,987,467
Public protection	191,399,335	--	--	191,399,335
Health and sanitation	30,541,057	--	--	30,541,057
Public assistance	269,233,683	--	--	269,233,683
Education	313,560	--	--	313,560
Recreation and cultural services	3,833,107	--	--	3,833,107
Capital Outlay	2,501,567	--	--	2,501,567
<b>Debt Service:</b>				
Principal	377,755	--	--	377,755
Interest	740,069	--	--	740,069
<b>Total Expenditures</b>	<b>536,927,600</b>	<b>--</b>	<b>--</b>	<b>536,927,600</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	108,007,208	15,053	246,384	108,268,645
<b>Other Financing Sources (Uses):</b>				
Proceeds from long term debt	425,981	--	--	425,981
Intrafund transfer	(2,798,456)	2,798,456	--	--
Transfers in	3,424,769	--	--	3,424,769
Transfers out	(63,360,711)	--	(242,524)	(63,603,235)
<b>Total Other Financing Sources (Uses)</b>	<b>(62,308,417)</b>	<b>2,798,456</b>	<b>(242,524)</b>	<b>(59,752,485)</b>
Net Change in Fund Balances	45,698,791	2,813,509	3,860	48,516,160
Fund Balances, Beginning of Year	48,463,454	14,899,638	5,998,895	69,361,987
Fund Balances, End of Year	<u>\$ 94,162,245</u>	<u>\$ 17,713,147</u>	<u>\$ 6,002,755</u>	<u>\$ 117,878,147</u>

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
All General Fund Special Accounts  
June 30, 2006

	<u>General Account</u>	<u>Recorder's Account</u>	<u>Sheriff's Special Accounts</u>	<u>Prisoner Welfare Accounts</u>
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 64,180,205	\$ 321,283	\$ 768,209	\$ 513,754
Impress cash	86,175	--	--	--
Accounts receivable	4,517,917	242	40,258	377,844
Taxes receivable	45,351,246	--	--	--
Interest receivable	1,767,084	--	14,507	3,663
Due from other funds	1,454,795	--	3,191	44,745
Due from other agencies	76,906,030	--	168,950	--
Inventory	--	--	--	48,838
Other assets	25,500	--	--	--
Total Assets	<u>\$ 194,288,952</u>	<u>\$ 321,525</u>	<u>\$ 995,115</u>	<u>\$ 988,844</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 9,694,722	\$ --	\$ 36,262	\$ 73,459
Accrued expenses	119,953	--	--	--
Due to other funds	1,423,247	193	5,774	52,310
Due to other agencies	--	--	--	--
Accrued payroll	3,866,772	--	--	--
Accrued compensated absences	19,801,540	--	--	--
Unearned revenues	54,848,260	--	233,616	--
Advances from other funds	2,391,410	--	--	--
Teeter note	33,000,000	--	--	--
Other liabilities	5,236,196	--	--	--
Total Liabilities	<u>130,382,100</u>	<u>193</u>	<u>275,652</u>	<u>125,769</u>
 <b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	14,781,941	--	--	617
Inventory	--	--	--	48,838
Unreserved:				
Designated	--	321,332	719,463	813,620
Undesignated	49,124,911	--	--	--
Total Fund Balances	<u>63,906,852</u>	<u>321,332</u>	<u>719,463</u>	<u>863,075</u>
 Total Liabilities and Fund Balances	 <u>\$ 194,288,952</u>	 <u>\$ 321,525</u>	 <u>\$ 995,115</u>	 <u>\$ 988,844</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
All General Fund Special Accounts  
June 30, 2006

	Emergency Medical Services Special Accounts	Court Fees & Assessments	Agriculture Special Accounts	Public Health Special Accounts
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 1,761,923	\$ 1,686,391	\$ 786,210	\$ 6,099,870
Impress cash	--	--	--	--
Accounts receivable	56,324	25,135	213,258	2,483
Taxes receivable	--	--	--	--
Interest receivable	20,413	21,490	546	84,777
Due from other funds	--	--	1,520	1,480
Due from other agencies	--	142,279	--	--
Inventory	--	--	--	--
Other assets	--	--	--	--
Total Assets	<u>\$ 1,838,660</u>	<u>\$ 1,875,295</u>	<u>\$ 1,001,534</u>	<u>\$ 6,188,610</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 93,511	\$ --	\$ 34,548	\$ 84,226
Accrued expenses	--	--	--	--
Due to other funds	--	--	--	--
Due to other agencies	--	--	--	--
Accrued payroll	--	--	--	--
Accrued compensated absences	--	--	--	--
Unearned revenues	--	--	--	4,716
Advances from other funds	--	--	--	--
Teeter note	--	--	--	--
Other liabilities	--	--	--	--
Total Liabilities	<u>93,511</u>	<u>--</u>	<u>34,548</u>	<u>88,942</u>
 <b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	--	--	--	--
Inventory	--	--	--	--
Unreserved:				
Designated	1,745,149	1,875,295	966,986	6,099,668
Undesignated	--	--	--	--
Total Fund Balances	<u>1,745,149</u>	<u>1,875,295</u>	<u>966,986</u>	<u>6,099,668</u>
 Total Liabilities and Fund Balances	<u>\$ 1,838,660</u>	<u>\$ 1,875,295</u>	<u>\$ 1,001,534</u>	<u>\$ 6,188,610</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
All General Fund Special Accounts  
June 30, 2006

	Community Service Special Accounts	Parks' Special Accounts	Assessor Special Accounts	Probation Juvenile Welfare
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 2,846,504	\$ 2,930,393	\$ 207,467	\$ 97,017
Impress cash	2,600	--	--	--
Accounts receivable	9,367	85,000	--	--
Taxes receivable	--	--	--	--
Interest receivable	16,540	32,154	3,181	1,328
Due from other funds	10	--	--	--
Due from other agencies	133,845	--	--	--
Inventory	--	--	--	--
Other assets	--	--	--	--
Total Assets	<u>\$ 3,008,866</u>	<u>\$ 3,047,547</u>	<u>\$ 210,648</u>	<u>\$ 98,345</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 35,632	\$ --	\$ --	\$ 2,216
Accrued expenses	--	--	--	--
Due to other funds	2,864	--	--	650
Due to other agencies	--	135	--	--
Accrued payroll	6,156	--	--	--
Accrued compensated absences	720	--	--	--
Unearned revenues	--	--	--	--
Advances from other funds	--	--	--	--
Teeter note	--	--	--	--
Other liabilities	--	--	--	--
Total Liabilities	<u>45,372</u>	<u>135</u>	<u>--</u>	<u>2,866</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	--	--	--	3,353
Inventory	--	--	--	--
Unreserved:				
Designated	2,963,494	3,047,412	210,648	92,126
Undesignated	--	--	--	--
Total Fund Balances	<u>2,963,494</u>	<u>3,047,412</u>	<u>210,648</u>	<u>95,479</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,008,866</u>	 <u>\$ 3,047,547</u>	 <u>\$ 210,648</u>	 <u>\$ 98,345</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
All General Fund Special Accounts  
June 30, 2006

	Comm Dev Accounts	District Attorney Accounts	HSA Grant Accounts	Other Accounts	Total
<b>ASSETS</b>					
Cash and investments:					
Pooled	\$1,617,084	\$ 4,489,100	\$ 23,012,068	\$ 6,364,921	\$ 117,682,399
Impress cash	--	--	150,000	--	238,775
Accounts receivable	--	437,131	--	47,576	5,812,535
Taxes receivable	--	--	--	--	45,351,246
Interest receivable	18,013	61,736	--	43,595	2,089,027
Due from other funds	--	--	--	--	1,505,741
Due from other agencies	--	--	(20,875)	--	77,330,229
Inventory	--	--	--	--	48,838
Other assets	--	--	--	--	25,500
Total Assets	<u>\$1,635,097</u>	<u>\$ 4,987,967</u>	<u>\$ 23,141,193</u>	<u>\$ 6,456,092</u>	<u>\$ 250,084,290</u>
<b>LIABILITIES</b>					
Accounts payable	\$ --	\$ 193,500	\$ 1,714,895	\$ 2,444	\$ 11,965,415
Accrued expenses	--	--	--	--	119,953
Due to other funds	--	--	--	41,656	1,526,694
Due to other agencies	--	--	--	--	135
Accrued payroll	--	--	--	--	3,872,928
Accrued compensated absences	--	--	--	--	19,802,260
Unearned revenues	--	1,634,194	21,286,268	--	78,007,054
Advances from other funds	--	--	--	--	2,391,410
Teeter note	--	--	--	--	33,000,000
Other liabilities	--	--	--	--	5,236,196
Total Liabilities	<u>--</u>	<u>1,827,694</u>	<u>23,001,163</u>	<u>44,100</u>	<u>155,922,045</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	--	--	--	--	14,785,911
Inventory	--	--	--	--	48,838
Unreserved:					
Designated	1,635,097	3,160,273	140,030	6,411,992	30,202,585
Undesignated	--	--	--	--	49,124,911
Total Fund Balances	<u>1,635,097</u>	<u>3,160,273</u>	<u>140,030</u>	<u>6,411,992</u>	<u>94,162,245</u>
Total Liabilities and Fund Balances	<u>\$1,635,097</u>	<u>\$ 4,987,967</u>	<u>\$ 23,141,193</u>	<u>\$ 6,456,092</u>	<u>\$ 250,084,290</u>

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
All General Fund Special Accounts  
For the Year Ended June 30, 2006

	General Account	Recorder's Account	Sheriff's Special Accounts	Prisoner Welfare Accounts
<b>Revenues:</b>				
Taxes	\$ 189,190,952	\$ --	\$ --	\$ --
Licenses, permits and franchises	8,630,501	--	--	--
Fines, forfeitures and penalties	11,645,038	--	149,031	--
Revenue from use of money and property	5,026,861	234	38,158	12,792
Aid from other governmental agencies	372,317,036	--	73,668	--
Charges for services	37,691,933	60,080	308,915	--
Other revenue	6,609,802	--	255,153	2,961,021
<b>Total Revenues</b>	<b>631,112,123</b>	<b>60,314</b>	<b>824,925</b>	<b>2,973,813</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	37,987,967	--	--	--
Public protection	189,706,358	--	257,518	1,253,355
Health and sanitation	29,949,531	--	--	--
Public assistance	268,983,600	--	--	--
Education	313,560	--	--	--
Recreation and cultural services	3,826,988	--	--	--
Capital Outlay	2,501,567	--	--	--
<b>Debt Service:</b>				
Principal	377,755	--	--	--
Interest	740,069	--	--	--
<b>Total Expenditures</b>	<b>534,387,395</b>	<b>--</b>	<b>257,518</b>	<b>1,253,355</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>96,724,728</b>	<b>60,314</b>	<b>567,407</b>	<b>1,720,458</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from long term debt	425,981	--	--	--
Transfers between General Fund accounts	3,039,879	(25,000)	(329,454)	(1,764,004)
Transfers in	3,424,769	--	--	--
Transfers out	(63,151,752)	(75,000)	--	(20)
<b>Total Other Financing Sources (Uses)</b>	<b>(56,261,123)</b>	<b>(100,000)</b>	<b>(329,454)</b>	<b>(1,764,024)</b>
<b>Net Change in Fund Balances</b>	<b>40,463,605</b>	<b>(39,686)</b>	<b>237,953</b>	<b>(43,566)</b>
<b>Fund Balances, Beginning of Year</b>	<b>23,443,247</b>	<b>361,018</b>	<b>481,510</b>	<b>906,641</b>
<b>Fund Balances, End of Year</b>	<b>\$ 63,906,852</b>	<b>\$ 321,332</b>	<b>\$ 719,463</b>	<b>\$ 863,075</b>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)  
 All General Fund Special Accounts  
 For the Year Ended June 30, 2006

	Emergency Medical Services Special Accounts	Court Fees & Assessments	Agriculture Special Accounts	Public Health Special Accounts
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, permits and franchises	--	--	--	--
Fines, forfeitures and penalties	668,544	319,948	--	264,706
Revenue from use of money and property	67,993	71,691	2,452	59,209
Aid from other governmental agencies	58,697	544,724	--	1,524,605
Charges for services	--	--	384,044	602,344
Other revenue	--	--	127,504	--
Total Revenues	795,234	936,363	514,000	2,450,864
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	115,927	--
Health and sanitation	591,451	--	--	75
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and cultural services	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	591,451	--	115,927	75
Excess (Deficiency) of Revenues Over (Under) Expenditures	203,783	936,363	398,073	2,450,789
Other Financing Sources (Uses):				
Proceeds from long term debt	--	--	--	--
Transfers between General Fund accounts	--	(799,876)	(594,847)	(1,485,319)
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	--	(799,876)	(594,847)	(1,485,319)
Net Change in Fund Balances	203,783	136,487	(196,774)	965,470
Fund Balances, Beginning of Year	1,541,366	1,738,808	1,163,760	5,134,198
Fund Balances, End of Year	\$ 1,745,149	\$ 1,875,295	\$ 966,986	\$ 6,099,668

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)  
 All General Fund Special Accounts  
 For the Year Ended June 30, 2006

	Community Service Special Accounts	Parks' Special Accounts	Assessor Special Accounts	Probation Juvenile Welfare
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, permits and franchises	--	--	--	--
Fines, forfeitures and penalties	90,367	--	--	--
Revenue from use of money and property	61,192	107,006	24,440	47,895
Aid from other governmental agencies	152,950	--	--	--
Charges for services	178,970	298,176	121,555	--
Other revenue	235,860	96,522	--	--
Total Revenues	<u>719,339</u>	<u>501,704</u>	<u>145,995</u>	<u>47,895</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	66,177
Health and sanitation	--	--	--	--
Public assistance	250,073	--	--	--
Education	--	--	--	--
Recreation and cultural services	--	6,119	--	--
Capital Outlay	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>250,073</u>	<u>6,119</u>	<u>--</u>	<u>66,177</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>469,266</u>	<u>495,585</u>	<u>145,995</u>	<u>(18,282)</u>
Other Financing Sources (Uses):				
Proceeds from long term debt	--	--	--	--
Transfers between General Fund accounts	--	--	(595,465)	--
Transfers in	--	--	--	--
Transfers out	--	(133,939)	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>(133,939)</u>	<u>(595,465)</u>	<u>--</u>
Net Change in Fund Balances	469,266	361,646	(449,470)	(18,282)
Fund Balances, Beginning of Year	<u>2,494,228</u>	<u>2,685,766</u>	<u>660,118</u>	<u>113,761</u>
Fund Balances, End of Year	<u>\$ 2,963,494</u>	<u>\$ 3,047,412</u>	<u>\$ 210,648</u>	<u>\$ 95,479</u>

continued



**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)  
 All General Fund Special Accounts  
 For the Year Ended June 30, 2006

	Comm Dev Accounts	District Attorney Accounts	HSA Grant Accounts	Other Accounts	Total
<b>Revenues:</b>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$189,190,952
Licenses, permits and franchises	585,208	--	--	--	9,215,709
Fines, forfeitures and penalties	--	1,941,603	--	--	15,079,237
Revenue from use of money and property	53,434	112,050	5,446	868,689	6,559,542
Aid from other governmental agencies	--	--	(41,750)	--	374,629,930
Charges for services	15,000	315,967	--	--	39,976,984
Other revenue	--	--	--	(3,408)	10,282,454
<b>Total Revenues</b>	<u>653,642</u>	<u>2,369,620</u>	<u>(36,304)</u>	<u>865,281</u>	<u>644,934,808</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	--	--	--	(500)	37,987,467
Public protection	--	--	--	--	191,399,335
Health and sanitation	--	--	--	--	30,541,057
Public assistance	--	--	10	--	269,233,683
Education	--	--	--	--	313,560
Recreation and cultural services	--	--	--	--	3,833,107
Capital Outlay	--	--	--	--	2,501,567
<b>Debt Service:</b>					
Principal	--	--	--	--	377,755
Interest	--	--	--	--	740,069
<b>Total Expenditures</b>	<u>--</u>	<u>--</u>	<u>10</u>	<u>(500)</u>	<u>536,927,600</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>653,642</u>	<u>2,369,620</u>	<u>(36,314)</u>	<u>865,781</u>	<u>108,007,208</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from long term debt	--	--	--	--	425,981
Transfers between General Fund accounts	--	(2,320,934)	--	2,076,564	(2,798,456)
Transfers in	--	--	--	--	3,424,769
Transfers out	--	--	--	--	(63,360,711)
<b>Total Other Financing Sources (Uses)</b>	<u>--</u>	<u>(2,320,934)</u>	<u>--</u>	<u>2,076,564</u>	<u>(62,308,417)</u>
<b>Net Change in Fund Balances</b>	653,642	48,686	(36,314)	2,942,345	45,698,791
<b>Fund Balances, Beginning of Year</b>	<u>981,455</u>	<u>3,111,587</u>	<u>176,344</u>	<u>3,469,647</u>	<u>48,463,454</u>
<b>Fund Balances, End of Year</b>	<u>\$1,635,097</u>	<u>\$ 3,160,273</u>	<u>\$ 140,030</u>	<u>\$ 6,411,992</u>	<u>\$ 94,162,245</u>

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# **NONMAJOR GOVERNMENTAL FUNDS**

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Nonmajor governmental funds include special revenue funds, capital project funds, and debt service funds that are not classified as major funds by the County.

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2006

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 93,171,236	\$ 40,889	\$ 50,577,840	\$ 143,789,965
Imprest cash	33,275	--	--	33,275
Accounts receivable	4,714,957	--	2,392	4,717,349
Interest receivable	1,201,860	598	650,504	1,852,962
Due from other funds	100,397	--	721,657	822,054
Due from other agencies	9,039,070	--	206,903	9,245,973
Inventory	280,634	--	--	280,634
Advances to other funds	--	--	426,425	426,425
Restricted cash and investments	--	5,878,856	--	5,878,856
Total Assets	<u>\$ 108,541,429</u>	<u>\$ 5,920,343</u>	<u>\$ 52,585,721</u>	<u>\$ 167,047,493</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 4,684,668	\$ --	\$ 551,380	\$ 5,236,048
Accrued payroll	574,556	--	--	574,556
Accrued compensated absences	2,014,428	--	--	2,014,428
Unearned revenues	1,105,918	--	--	1,105,918
Due to other funds	691,769	--	72,216	763,985
Due to other agencies	1,266,622	--	--	1,266,622
Advances from other funds	66,000	--	--	66,000
Total Liabilities	<u>10,403,961</u>	<u>--</u>	<u>623,596</u>	<u>11,027,557</u>
 <b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	28,875,564	--	36,216,526	65,092,090
Debt service	--	5,920,343	--	5,920,343
Inventory	280,634	--	--	280,634
Other assets	--	--	426,426	426,426
Unreserved				
Designated	31,932	--	--	31,932
Undesignated	68,949,338	--	15,319,173	84,268,511
Total Fund Balances	<u>98,137,468</u>	<u>5,920,343</u>	<u>51,962,125</u>	<u>156,019,936</u>
 Total Liabilities and Fund Balances	 <u>\$ 108,541,429</u>	 <u>\$ 5,920,343</u>	 <u>\$ 52,585,721</u>	 <u>\$ 167,047,493</u>

## COUNTY OF SAN JOAQUIN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds For the Year Ended June 30, 2006

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 27,078,486	\$ --	\$ --	\$ 27,078,486
Licenses, permits and franchises	628,883	--	--	628,883
Fines, forfeitures and penalties	54,951	--	2,635,327	2,690,278
Revenue from use of money and property	3,771,185	216,825	2,079,622	6,067,632
Aid from other governmental agencies	77,102,953	--	3,783,475	80,886,428
Charges for services	29,520,817	23,583	64,940	29,609,340
Other revenue	6,300,201	--	191,790	6,491,991
<b>Total Revenues</b>	<b>144,457,476</b>	<b>240,408</b>	<b>8,755,154</b>	<b>153,453,038</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	--	226	382,249	382,475
Public protection	23,803,251	--	317,764	24,121,015
Public ways and facilities	34,815,307	--	120,414	34,935,721
Health and sanitation	2,192,801	--	21,665	2,214,466
Public assistance	34,796,501	--	18,595	34,815,096
Education	5,489,070	--	965	5,490,035
Recreation and cultural services	215,353	--	82,711	298,064
Capital Outlay	25,042,306	--	4,098,870	29,141,176
<b>Debt Service:</b>				
Principal	--	5,109,200	--	5,109,200
Interest	4,856	2,463,850	--	2,468,706
<b>Total Expenditures</b>	<b>126,359,445</b>	<b>7,573,276</b>	<b>5,043,233</b>	<b>138,975,954</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>18,098,031</b>	<b>(7,332,868)</b>	<b>3,711,921</b>	<b>14,477,084</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,121,908	7,033,746	21,124,415	33,280,069
Transfers out	(3,373,986)	--	(14,055,103)	(17,429,089)
<b>Total Other Financing Sources (Uses)</b>	<b>1,747,922</b>	<b>7,033,746</b>	<b>7,069,312</b>	<b>15,850,980</b>
<b>Net Change in Fund Balances</b>	<b>19,845,953</b>	<b>(299,122)</b>	<b>10,781,233</b>	<b>30,328,064</b>
<b>Fund Balances, Beginning of Year</b>	<b>78,291,515</b>	<b>6,219,465</b>	<b>41,180,892</b>	<b>125,691,872</b>
<b>Fund Balances, End of Year</b>	<b>\$ 98,137,468</b>	<b>\$ 5,920,343</b>	<b>\$ 51,962,125</b>	<b>\$ 156,019,936</b>

## **Special Revenue Funds**

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Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes.

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**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2006

	<u>Road</u>	<u>Fish and Game</u>	<u>County Facilities Fee Program</u>	<u>Special Districts Settlement Fund</u>
<b>ASSETS</b>				
Cash and investments	\$ 23,146,167	\$ 362,387	\$ 3,970,716	\$ 1,210,344
Imprest cash	125	--	--	--
Accounts receivable	401,666	4,890	634,518	--
Interest receivable	242,921	495	39,158	14,470
Due from other funds	100,272	--	--	--
Due from other agencies	6,461,824	27,223	--	--
Inventories	280,634	--	--	--
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 30,633,609</u>	<u>\$ 394,995</u>	<u>\$ 4,644,392</u>	<u>\$ 1,224,814</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 763,530	\$ --	\$ --	\$ --
Accrued payroll	208,666	--	--	--
Accrued compensated absences	812,317	--	--	--
Advances from other funds	--	--	--	--
Due to other funds	248,372	116	--	--
Due to other agencies	--	--	--	--
Unearned revenues	204,166	--	--	--
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>2,237,051</u>	<u>116</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	14,664,486	--	--	--
Inventory	280,634	--	--	--
Unreserved:				
Designated	(1,148)	--	--	--
Undesignated	13,452,586	394,879	4,644,392	1,224,814
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>28,396,558</u>	<u>394,879</u>	<u>4,644,392</u>	<u>1,224,814</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balance	<u>\$ 30,633,609</u>	<u>\$ 394,995</u>	<u>\$ 4,644,392</u>	<u>\$ 1,224,814</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2006

	Job Training Partnership Act	Rabies Treatment	County Headstart	Road District #1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 690,366	\$ 316,161	\$ --	\$ 1,419,809
Imprest cash	250	--	--	--
Accounts receivable	52,504	239	--	16,277
Interest receivable	--	5,708	3,130	17,501
Due from other funds	--	--	--	--
Due from other agencies	1,270,038	--	187,777	--
Inventories	--	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 2,013,158</u>	<u>\$ 322,108</u>	<u>\$ 190,907</u>	<u>\$ 1,453,587</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 550,859	\$ 1,318	\$ 3,143	\$ 60,306
Accrued payroll	140,150	9,013	1,598	--
Accrued compensated absences	486,980	39,484	13,021	--
Advances from other funds	--	--	--	--
Due to other funds	14,452	12,760	1,746	--
Due to other agencies	--	--	5,254	--
Unearned revenues	476,038	--	--	16,324
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>1,668,479</u>	<u>62,575</u>	<u>24,762</u>	<u>76,630</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	83,305	134,257	--	1,104,617
Inventory	--	--	--	--
Unreserved:				
Designated	212	--	--	--
Undesignated	261,162	125,276	166,145	272,340
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>344,679</u>	<u>259,533</u>	<u>166,145</u>	<u>1,376,957</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$ 2,013,158</u>	<u>\$ 322,108</u>	<u>\$ 190,907</u>	<u>\$ 1,453,587</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2006

	Road District #2	Road District #3	Road District #4	Road District #5
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 2,135,402	\$ 835,483	\$ 2,578,164	\$ 2,621,755
Imprest cash	--	--	--	--
Accounts receivable	16,795	10,951	68,226	33,005
Interest receivable	31,650	10,908	34,054	33,006
Due from other funds	--	--	--	--
Due from other agencies	--	--	--	--
Inventories	--	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 2,183,847</u>	<u>\$ 857,342</u>	<u>\$ 2,680,444</u>	<u>\$ 2,687,766</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 847	\$ 174,638	\$ 636,355	\$ 37,817
Accrued payroll	--	--	--	--
Accrued compensated absences	--	--	--	--
Advances from other funds	--	--	--	--
Due to other funds	--	82,500	--	--
Due to other agencies	--	--	--	--
Unearned revenues	16,839	10,979	68,406	33,093
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>17,686</u>	<u>268,117</u>	<u>704,761</u>	<u>70,910</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	2,017,081	--	1,967,039	377,661
Inventory	--	--	--	--
Unreserved:				
Designated	--	--	--	--
Undesignated	149,080	589,225	8,644	2,239,195
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>2,166,161</u>	<u>589,225</u>	<u>1,975,683</u>	<u>2,616,856</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$ 2,183,847</u>	<u>\$ 857,342</u>	<u>\$ 2,680,444</u>	<u>\$ 2,687,766</u>

continued



**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2006

	<u>County Library</u>	<u>District Attorney Narcotics Enforcement</u>	<u>Sheriff Narcotics Enforcement</u>	<u>Justice Assistance Grant</u>
<b>ASSETS</b>				
Cash and investments	\$ 402,846	\$ 343,274	\$ 29,937	\$ 26,827
Imprest cash	--	--	7,500	--
Accounts receivable	126,760	--	--	--
Interest receivable	9,625	4,122	361	855
Due from other funds	--	--	95	--
Due from other agencies	--	--	--	--
Inventories	--	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 539,231</u>	<u>\$ 347,396</u>	<u>\$ 37,893</u>	<u>\$ 27,682</u>
<b>LIABILITIES</b>				
Accounts payable	\$ --	\$ 374	\$ 1,138	\$ 1,166
Accrued payroll	--	--	--	1,507
Accrued compensated absences	--	--	--	2,611
Advances from other funds	--	--	--	--
Due to other funds	--	--	--	310
Due to other agencies	--	--	--	--
Unearned revenues	127,109	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>127,109</u>	<u>374</u>	<u>1,138</u>	<u>5,594</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	--	--	--	20,402
Inventory	--	--	--	--
Unreserved:				
Designated	--	--	7,498	--
Undesignated	412,122	347,022	29,257	1,686
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>412,122</u>	<u>347,022</u>	<u>36,755</u>	<u>22,088</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$ 539,231</u>	<u>\$ 347,396</u>	<u>\$ 37,893</u>	<u>\$ 27,682</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2006

	Supplemental Local Law Enforcement Block Grant	Recorder's Equipment Automation	Family Support and Incentive Earnings	Community Infra- Structure
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 973,734	\$ 6,521,195	\$ 1,033,840	\$ 16,562,101
Imprest cash	--	--	25,400	--
Accounts receivable	--	16,608	602	325,209
Interest receivable	15,392	79,063	40,012	196,256
Due from other funds	--	--	--	--
Due from other agencies	--	--	--	--
Inventories	--	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 989,126</u>	<u>\$ 6,616,866</u>	<u>\$ 1,099,854</u>	<u>\$ 17,083,566</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 16,643	\$ 21,641	\$ 60,521	\$ 145,078
Accrued payroll	14,928	5,370	162,509	--
Accrued compensated absences	58,027	13,970	488,984	--
Advances from other funds	--	--	--	--
Due to other funds	5,445	666	29,083	11,485
Due to other agencies	--	--	--	--
Unearned revenues	--	--	34,242	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>95,043</u>	<u>41,647</u>	<u>775,339</u>	<u>156,563</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	249,916	88,206	5,890	3,040,052
Inventory	--	--	--	--
Unreserved:				
Designated	--	--	25,343	--
Undesignated	644,167	6,487,013	293,282	13,886,951
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>894,083</u>	<u>6,575,219</u>	<u>324,515</u>	<u>16,927,003</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$ 989,126</u>	<u>\$ 6,616,866</u>	<u>\$ 1,099,854</u>	<u>\$ 17,083,566</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2006

	Substance Abuse and Crime Prevention	Public Works Special Accounts	Special Districts Under the Board	Total
<b>ASSETS</b>				
Cash and investments	\$ 638,970	\$ 997,698	\$ 26,354,060	\$ 93,171,236
Imprest cash	--	--	--	33,275
Accounts receivable	--	1,715	3,004,992	4,714,957
Interest receivable	21,849	11,362	389,962	1,201,860
Due from other funds	--	--	30	100,397
Due from other agencies	--	--	1,092,208	9,039,070
Inventories	--	--	--	280,634
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 660,819</u>	<u>\$ 1,010,775</u>	<u>\$ 30,841,252</u>	<u>\$ 108,541,429</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 28,561	\$ --	\$ 2,180,733	\$ 4,684,668
Accrued payroll	3,592	--	27,223	574,556
Accrued compensated absences	11,661	--	87,373	2,014,428
Advances from other funds	--	--	66,000	66,000
Due to other funds	746	--	284,088	691,769
Due to other agencies	--	--	1,261,368	1,266,622
Unearned revenues	--	--	118,722	1,105,918
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>44,560</u>	<u>--</u>	<u>4,025,507</u>	<u>10,403,961</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	22,997	--	5,099,655	28,875,564
Inventory	--	--	--	280,634
Unreserved:				
Designated	--	--	27	31,932
Undesignated	593,262	1,010,775	21,716,063	68,949,338
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>616,259</u>	<u>1,010,775</u>	<u>26,815,745</u>	<u>98,137,468</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$ 660,819</u>	<u>\$ 1,010,775</u>	<u>\$ 30,841,252</u>	<u>\$ 108,541,429</u>

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2006

	Road	Fish and Game	County Facilities Fee Program	Special Districts Settlement Fund
Revenues:				
Taxes	\$ 13,901,171	\$ --	\$ --	\$ --
Licenses and permits	178,139	--	--	--
Aid from other governmental agencies	22,656,435	27,224	--	--
Fines, forfeitures and penalties	--	54,951	--	--
Use of money and property	761,812	2,057	70,158	49,002
Charges for services	1,545,878	--	4,574,234	--
Miscellaneous	160,010	--	--	--
Total Revenues	<u>39,203,445</u>	<u>84,232</u>	<u>4,644,392</u>	<u>49,002</u>
Expenditures:				
Current:				
Public protection	--	29,181	--	--
Public ways and facilities	10,878,239	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	23,276,319	2,837	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>34,154,558</u>	<u>32,018</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,048,887</u>	<u>52,214</u>	<u>4,644,392</u>	<u>49,002</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	1,606,322	--	--	--
Transfers in	2,857,574	--	--	--
Transfers out	(677,014)	(165,505)	--	--
Total Other Financing Sources (Uses)	<u>3,786,882</u>	<u>(165,505)</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	8,835,769	(113,291)	4,644,392	49,002
Fund Balances, Beginning of Year	<u>19,560,789</u>	<u>508,170</u>	<u>--</u>	<u>1,175,812</u>
Fund Balances, End of Year	<u>\$ 28,396,558</u>	<u>\$ 394,879</u>	<u>\$ 4,644,392</u>	<u>\$ 1,224,814</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2006

	<u>Job Training Partnership Act</u>	<u>Rabies Treatment</u>	<u>County Headstart</u>	<u>Road District #1</u>
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 598,523
Licenses and permits	--	85,909	--	--
Aid from other governmental agencies	11,235,297	--	23,313,188	8,062
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	778	30,531	6,400	51,185
Charges for services	270,309	12,543	--	--
Miscellaneous	14,256	511	--	1,836
Total Revenues	<u>11,520,640</u>	<u>129,494</u>	<u>23,319,588</u>	<u>659,606</u>
Expenditures:				
Current:				
Public protection	--	1,104,864	--	--
Public ways and facilities	--	--	--	251,335
Health and sanitation	--	--	--	--
Public assistance	11,431,269	--	23,097,444	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	596,775	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>12,028,044</u>	<u>1,104,864</u>	<u>23,097,444</u>	<u>251,335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(507,404)</u>	<u>(975,370)</u>	<u>222,144</u>	<u>408,271</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	--	--	--	(76,594)
Transfers in	--	959,590	--	--
Transfers out	(58,639)	(5,152)	(9)	--
Total Other Financing Sources (Uses)	<u>(58,639)</u>	<u>954,438</u>	<u>(9)</u>	<u>(76,594)</u>
Net Change in Fund Balances	(566,043)	(20,932)	222,135	331,677
Fund Balances, Beginning of Year	<u>910,722</u>	<u>280,465</u>	<u>(55,990)</u>	<u>1,045,280</u>
Fund Balances, End of Year	<u>\$ 344,679</u>	<u>\$ 259,533</u>	<u>\$ 166,145</u>	<u>\$ 1,376,957</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2006

	Road District #2	Road District #3	Road District #4	Road District #5
Revenues:				
Taxes	\$ 611,349	\$ 529,920	\$ 2,523,546	\$ 1,235,715
Licenses and permits	--	--	--	--
Aid from other governmental agencies	8,362	5,448	93,934	16,393
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	105,142	29,330	93,157	95,383
Charges for services	--	--	500	--
Miscellaneous	--	--	452	--
Total Revenues	<u>724,853</u>	<u>564,698</u>	<u>2,711,589</u>	<u>1,347,491</u>
Expenditures:				
Current:				
Public protection	--	--	--	--
Public ways and facilities	1,291,443	325,366	3,232,910	686,380
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>1,291,443</u>	<u>325,366</u>	<u>3,232,910</u>	<u>686,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(566,590)</u>	<u>239,332</u>	<u>(521,321)</u>	<u>661,111</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	(62,578)	(166,355)	(301,884)	(206,097)
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	<u>(62,578)</u>	<u>(166,355)</u>	<u>(301,884)</u>	<u>(206,097)</u>
Net Change in Fund Balances	(629,168)	72,977	(823,205)	455,014
Fund Balances, Beginning of Year	<u>2,795,329</u>	<u>516,248</u>	<u>2,798,888</u>	<u>2,161,842</u>
Fund Balances, End of Year	<u>\$ 2,166,161</u>	<u>\$ 589,225</u>	<u>\$ 1,975,683</u>	<u>\$ 2,616,856</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2006

	County Library	District Attorney Narcotics Enforcement	Sheriff Narcotics Enforcement	Justice Assistance Grant
Revenues:				
Taxes	\$ 4,735,508	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Aid from other governmental agencies	179,603	--	1,726	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	19,547	13,952	1,291	5,045
Charges for services	269,439	--	--	--
Miscellaneous	--	6,755	1,110	--
Total Revenues	<u>5,204,097</u>	<u>20,707</u>	<u>4,127</u>	<u>5,045</u>
Expenditures:				
Current:				
Public protection	--	8,408	8,725	180,097
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	5,489,070	--	--	--
Recreation	--	--	--	--
Capital Outlay	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>5,489,070</u>	<u>8,408</u>	<u>8,725</u>	<u>180,097</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(284,973)</u>	<u>12,299</u>	<u>(4,598)</u>	<u>(175,052)</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	--	--	--	--
Transfers in	252,240	--	--	19,701
Transfers out	--	--	--	(165)
Total Other Financing Sources (Uses)	<u>252,240</u>	<u>--</u>	<u>--</u>	<u>19,536</u>
Net Change in Fund Balances	(32,733)	12,299	(4,598)	(155,516)
Fund Balances, Beginning of Year	<u>444,855</u>	<u>334,723</u>	<u>41,353</u>	<u>177,604</u>
Fund Balances, End of Year	<u>\$ 412,122</u>	<u>\$ 347,022</u>	<u>\$ 36,755</u>	<u>\$ 22,088</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2006

	Supplemental Local Law Enforcement Block Grant	Recorder's Equipment Automation	Family Support and Incentive Earnings	Community Infra- Structure
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Aid from other governmental agencies	2,046,770	--	15,271,030	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	64,032	253,508	155,162	643,044
Charges for services	--	1,977,769	--	3,922,438
Miscellaneous	--	--	100,515	--
Total Revenues	<u>2,110,802</u>	<u>2,231,277</u>	<u>15,526,707</u>	<u>4,565,482</u>
Expenditures:				
Current:				
Public protection	3,163,453	718,367	14,521,374	--
Public ways and facilities	--	--	--	867,626
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	12,223	1,071	4,303	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>3,175,676</u>	<u>719,438</u>	<u>14,525,677</u>	<u>867,626</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,064,874)</u>	<u>1,511,839</u>	<u>1,001,030</u>	<u>3,697,856</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	--	--	--	(791,412)
Transfers in	--	75,000	429,332	--
Transfers out	(2,996)	(305,661)	(965,035)	--
Total Other Financing Sources (Uses)	<u>(2,996)</u>	<u>(230,661)</u>	<u>(535,703)</u>	<u>(791,412)</u>
Net Change in Fund Balances	(1,067,870)	1,281,178	465,327	2,906,444
Fund Balances, Beginning of Year	<u>1,961,953</u>	<u>5,294,041</u>	<u>(140,812)</u>	<u>14,020,559</u>
Fund Balances, End of Year	<u>\$ 894,083</u>	<u>\$ 6,575,219</u>	<u>\$ 324,515</u>	<u>\$ 16,927,003</u>

continued



**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2006

	Substance Abuse and Crime Prevention	Public Works Special Accounts	Special Districts Under the Board	Total
Revenues:				
Taxes	\$ --	\$ --	\$ 2,942,754	\$ 27,078,486
Licenses and permits	--	--	364,835	628,883
Aid from other governmental agencies	2,023,389	--	216,092	77,102,953
Fines, forfeitures and penalties	--	--	--	54,951
Use of money and property	89,214	36,666	1,194,789	3,771,185
Charges for services	--	240,278	16,707,429	29,520,817
Miscellaneous	--	28,368	5,986,388	6,300,201
Total Revenues	<u>2,112,603</u>	<u>305,312</u>	<u>27,412,287</u>	<u>144,457,476</u>
Expenditures:				
Current:				
Public protection	--	--	4,068,782	23,803,251
Public ways and facilities	--	14,184	17,267,824	34,815,307
Health and sanitation	2,192,801	--	--	2,192,801
Public assistance	--	--	267,788	34,796,501
Education	--	--	--	5,489,070
Recreation	--	--	215,353	215,353
Capital Outlay	--	--	1,148,778	25,042,306
Debt service - interest	--	--	4,856	4,856
Total Expenditures	<u>2,192,801</u>	<u>14,184</u>	<u>22,973,381</u>	<u>126,359,445</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(80,198)</u>	<u>291,128</u>	<u>4,438,906</u>	<u>18,098,031</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	--	(1,402)	--	--
Transfers in	--	--	528,471	5,121,908
Transfers out	(30)	--	(1,193,780)	(3,373,986)
Total Other Financing Sources (Uses)	<u>(30)</u>	<u>(1,402)</u>	<u>(665,309)</u>	<u>1,747,922</u>
Net Change in Fund Balances	(80,228)	289,726	3,773,597	19,845,953
Fund Balances, Beginning of Year	<u>696,487</u>	<u>721,049</u>	<u>23,042,148</u>	<u>78,291,515</u>
Fund Balances, End of Year	<u>\$ 616,259</u>	<u>\$ 1,010,775</u>	<u>\$ 26,815,745</u>	<u>\$ 98,137,468</u>

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
 Nonmajor Special Districts Governed by the Board of Supervisors - Special Revenue Funds  
 As of June 30, 2006

	<u>Lighting Districts</u>	<u>Service Areas</u>	<u>Mountain House CSD</u>	<u>Maintenance Districts</u>
<b>ASSETS</b>				
Cash and investments	\$ 288,822	\$ 4,237,231	\$ 4,096,687	\$ 4,970,413
Accounts receivable	5,526	60,025	2,793,497	38,611
Due from other funds	--	--	--	--
Due from other agencies	--	--	--	--
Interest receivable	3,807	60,401	89,817	66,815
	<u>3,807</u>	<u>60,401</u>	<u>89,817</u>	<u>66,815</u>
Total Assets	<u>\$ 298,155</u>	<u>\$ 4,357,657</u>	<u>\$ 6,980,001</u>	<u>\$ 5,075,839</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 24,174	\$ 189,068	\$ 1,127,243	\$ 456,339
Accrued salaries and benefits	--	--	22,839	--
Accrued compensated absences	--	--	87,373	--
Advances from other funds	--	66,000	--	--
Due to other funds	--	73,163	91,978	10,000
Due to other agencies	--	--	--	--
Unearned revenues	5,498	5,355	29,627	11,044
	<u>5,498</u>	<u>5,355</u>	<u>29,627</u>	<u>11,044</u>
Total Liabilities	<u>29,672</u>	<u>333,586</u>	<u>1,359,060</u>	<u>477,383</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	--	198,552	3,664,926	97,553
Unreserved:				
Designated	--	--	27	--
Undesignated	268,483	3,825,519	1,955,988	4,500,903
	<u>268,483</u>	<u>3,825,519</u>	<u>1,955,988</u>	<u>4,500,903</u>
Total Fund Balances	<u>268,483</u>	<u>4,024,071</u>	<u>5,620,941</u>	<u>4,598,456</u>
Total Liabilities and Fund Balances	<u>\$ 298,155</u>	<u>\$ 4,357,657</u>	<u>\$ 6,980,001</u>	<u>\$ 5,075,839</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)

Nonmajor Special Districts Governed by the Board of Supervisors - Special Revenue Funds  
As of June 30, 2006

	Flood Control District	Water District	San Joaquin Parties Water Authority
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments	\$ 11,814,426	\$ 1	\$ 139,812
Accounts receivable	92,215	3,433	--
Due from other funds	30	--	--
Due from other agencies	37,030	--	26,639
Interest receivable	156,658	4	1,997
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 12,100,359</u>	<u>\$ 3,438</u>	<u>\$ 168,448</u>
 <b>LIABILITIES</b>			
Accounts payable	\$ 48,824	\$ 3,832	\$ 11,625
Accrued salaries and benefits	26	--	--
Accrued compensated absences	--	--	--
Advances from other funds	--	--	--
Due to other funds	100,743	964	4,083
Accrued compensated absences	--	9,278	--
Unearned revenues	67,140	58	--
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>216,733</u>	<u>14,132</u>	<u>15,708</u>
 <b>FUND BALANCES</b>			
Reserved:			
Encumbrances	657,403	--	52,292
Unreserved:			
Designated	--	--	--
Undesignated	11,226,223	(10,694)	100,448
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>11,883,626</u>	<u>(10,694)</u>	<u>152,740</u>
Total Liabilities and Fund Balances	<u>\$ 12,100,359</u>	<u>\$ 3,438</u>	<u>\$ 168,448</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)

Nonmajor Special Districts Governed by the Board of Supervisors - Special Revenue Funds  
As of June 30, 2006

	Water & Power Authority	Improvement Districts	IHSS Public Authority	Total
<b>ASSETS</b>				
Cash and investments	\$ 692,898	\$ 113,701	\$ 69	\$ 26,354,060
Accounts receivable	--	--	11,685	3,004,992
Due from other funds	--	--	--	30
Due from other agencies	--	--	1,028,539	1,092,208
Interest receivable	9,105	1,358	--	389,962
	<u>9,105</u>	<u>1,358</u>	<u>--</u>	<u>389,962</u>
 Total Assets	 <u>\$ 702,003</u>	 <u>\$ 115,059</u>	 <u>\$ 1,040,293</u>	 <u>\$ 30,841,252</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 45,271	\$ --	\$ 274,357	\$ 2,180,733
Accrued salaries and benefits	26	--	4,332	27,223
Accrued compensated absences	--	--	--	87,373
Advances from other funds	--	--	--	66,000
Due to other funds	1,550	--	1,607	284,088
Accrued compensated absences	--	--	1,252,090	1,261,368
Unearned revenues	--	--	--	118,722
	<u>--</u>	<u>--</u>	<u>--</u>	<u>118,722</u>
 Total Liabilities	 <u>46,847</u>	 <u>--</u>	 <u>1,532,386</u>	 <u>4,025,507</u>
 <b>FUND BALANCES</b>				
Reserved:				
Encumbrances	312,969	--	115,960	5,099,655
Unreserved:				
Designated	--	--	--	27
Undesignated	342,187	115,059	(608,053)	21,716,063
	<u>342,187</u>	<u>115,059</u>	<u>(608,053)</u>	<u>21,716,063</u>
 Total Fund Balances	 <u>655,156</u>	 <u>115,059</u>	 <u>(492,093)</u>	 <u>26,815,745</u>
 Total Liabilities and Fund Balances	 <u>\$ 702,003</u>	 <u>\$ 115,059</u>	 <u>\$ 1,040,293</u>	 <u>\$ 30,841,252</u>

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Districts Governed by the Board of Supervisors - Special Revenue Funds  
For the Year Ended June 30, 2006

	<u>Lighting Districts</u>	<u>Service Areas</u>	<u>Moutain House CSD</u>	<u>Maintenance Districts</u>
Revenues:				
Taxes	\$ 187,113	\$ 174,066	\$ 1,031,247	\$ 174,006
Licenses and permits	--	--	364,835	--
Aid from other governmental agencies	2,724	29,140	14,277	5,483
Use of money and property	10,250	196,043	219,822	203,203
Charges for services	240,367	3,185,999	5,954,754	4,069,585
Miscellaneous	--	21,748	5,722,949	12,218
	<u>440,454</u>	<u>3,606,996</u>	<u>13,307,884</u>	<u>4,464,495</u>
Total Revenues				
Expenditures:				
Current:				
Public protection	--	--	--	--
Public ways and facilities	327,724	2,759,152	9,129,163	4,074,097
Public assistance				
Recreation	--	215,353	--	--
Capital Outlay	--	160,878	5,027	148,520
Debt service - interest	--	4,856	--	--
	<u>327,724</u>	<u>3,140,239</u>	<u>9,134,190</u>	<u>4,222,617</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>112,730</u>	<u>466,757</u>	<u>4,173,694</u>	<u>241,878</u>
Other Financing Sources (Uses):				
Transfers in	--	28,471	--	--
Transfers out	--	(106,437)	(493,231)	(87,519)
	<u>--</u>	<u>(77,966)</u>	<u>(493,231)</u>	<u>(87,519)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	112,730	388,791	3,680,463	154,359
Fund Balances, Beginning of Year	<u>155,753</u>	<u>3,635,280</u>	<u>1,940,478</u>	<u>4,444,097</u>
Fund Balances, End of Year	<u>\$ 268,483</u>	<u>\$ 4,024,071</u>	<u>\$ 5,620,941</u>	<u>\$ 4,598,456</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Districts Governed by the Board of Supervisors - Special Revenue Funds  
For the Year Ended June 30, 2006

	Flood Control District	Water District	East San Joaquin Parties Water Authority
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Taxes	\$ 1,375,546	\$ 776	\$ --
Licenses and permits	--	--	--
Aid from other governmental agencies	64,439	29	100,000
Use of money and property	519,273	2	11,400
Charges for services	3,213,433	43,291	--
Miscellaneous	84,985	--	90
	<u>5,257,676</u>	<u>44,098</u>	<u>111,490</u>
 Expenditures:			
Current:			
Public protection	4,068,782	--	--
Public ways and facilities	--	45,367	544,991
Public assistance			
Recreation	--	--	--
Capital Outlay	811,803	--	--
Debt service - interest	--	--	--
	<u>4,880,585</u>	<u>45,367</u>	<u>544,991</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>377,091</u>	<u>(1,269)</u>	<u>(433,501)</u>
 Other Financing Sources (Uses):			
Transfers in	--	--	200,000
Transfers out	(506,593)	--	--
	<u>(506,593)</u>	<u>          </u>	<u>200,000</u>
 Total Other Financing Sources (Uses)	<u>(506,593)</u>	<u>          </u>	<u>200,000</u>
 Net Change in Fund Balances	(129,502)	(1,269)	(233,501)
 Fund Balances, Beginning of Year	<u>12,013,128</u>	<u>(9,425)</u>	<u>386,241</u>
 Fund Balances, End of Year	<u>\$ 11,883,626</u>	<u>\$ (10,694)</u>	<u>\$ 152,740</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Districts Governed by the Board of Supervisors - Special Revenue Funds  
For the Year Ended June 30, 2006

	Mokelumne Water & Power Authority	Improvement Districts	IHSS Public Authority	Total
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 2,942,754
Licenses and permits	--	--	--	364,835
Aid from other governmental agencies	--	--	--	216,092
Use of money and property	30,923	4,597	(724)	1,194,789
Charges for services	--	--	--	16,707,429
Miscellaneous	--	--	144,398	5,986,388
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	30,923	4,597	143,674	27,412,287
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Public protection	--	--	--	4,068,782
Public ways and facilities	387,330	--	--	17,267,824
Public assistance	--	--	267,788	267,788
Recreation	--	--	--	215,353
Capital Outlay	--	--	22,550	1,148,778
Debt service - interest	--	--	--	4,856
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	387,330	--	290,338	22,973,381
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(356,407)	4,597	(146,664)	4,438,906
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):				
Transfers in	300,000	--	--	528,471
Transfers out	--	--	--	(1,193,780)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	300,000	--	--	(665,309)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(56,407)	4,597	(146,664)	3,773,597
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	711,563	110,462	(345,429)	23,042,148
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 655,156	\$ 115,059	\$ (492,093)	\$ 26,815,745
	<hr/>	<hr/>	<hr/>	<hr/>

## **Debt Service Funds**

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Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
 Nonmajor Debt Service Funds  
 June 30, 2006

		Special Districts Governed By Board		
	1993	Maintenance	Maintenance	
	Capital	District	District	
	Facility	Shaded	Sunnyside	
	Project	Terrace		Total
<b>ASSETS</b>				
Cash and investments	\$ --	\$ 31,550	\$ 9,339	\$ 40,889
Interest receivable	--	460	138	598
Restricted Assets:				
Cash and investments	5,858,221	--	--	5,858,221
Receivables	20,635	--	--	20,635
Total Assets	<u>\$ 5,878,856</u>	<u>\$ 32,010</u>	<u>\$ 9,477</u>	<u>\$ 5,920,343</u>
<b>FUND BALANCES</b>				
Reserved:				
Debt service	5,878,856	32,010	9,477	5,920,343
Total Fund Balances	<u>5,878,856</u>	<u>32,010</u>	<u>9,477</u>	<u>5,920,343</u>
Total Liabilities and Fund Balances	<u>\$ 5,878,856</u>	<u>\$ 32,010</u>	<u>\$ 9,477</u>	<u>\$ 5,920,343</u>

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Debt Service Funds  
For the Year Ended June 30, 2006

	1993 Capital Facility Project	Special Districts Governed By Board		Total
		Maintenance District Shaded Terrace	Maintenance District Sunnyside	
Revenues:				
Use of money and property	\$ 214,997	\$ 1,405	\$ 423	\$ 216,825
Charges for services	--	18,144	5,439	23,583
Total Revenues	<u>214,997</u>	<u>19,549</u>	<u>5,862</u>	<u>240,408</u>
Expenditures:				
General government	--	113	113	226
Debt service:				
Principal retirement	5,105,000	3,000	1,200	5,109,200
Interest payments	2,444,871	14,708	4,271	2,463,850
Total Expenditures	<u>7,549,871</u>	<u>17,821</u>	<u>5,584</u>	<u>7,573,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,334,874)</u>	<u>1,728</u>	<u>278</u>	<u>(7,332,868)</u>
Other Financing Sources (Uses):				
Transfers in	7,033,746	--	--	7,033,746
Total Other Financing Sources (Uses)	<u>7,033,746</u>	<u>--</u>	<u>--</u>	<u>7,033,746</u>
Net Change in Fund Balances	(301,128)	1,728	278	(299,122)
Fund Balances, Beginning of Year	6,179,984	30,282	9,199	6,219,465
Fund Balances, End of Year	<u>\$ 5,878,856</u>	<u>\$ 32,010</u>	<u>\$ 9,477</u>	<u>\$ 5,920,343</u>

## **Capital Projects Funds**

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Capital Projects Funds are used to account for financial resources to be used for the acquisition of land or acquisition and construction of major capital facilities other than those financed by proprietary funds.

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**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
Nonmajor Capital Project Funds  
June 30, 2006

	<u>Courthouse Construction</u>	<u>Criminal Justice Construction</u>	<u>Capital Outlay</u>
<b>ASSETS</b>			
Cash and investments	\$ 5,412,384	\$ 7,497,494	\$ 33,621,076
Accounts receivable	--	--	--
Due from other funds	--	--	721,657
Due from other agencies	121,541	85,362	--
Interest receivable	62,692	87,260	458,093
Advances to other funds	--	--	426,425
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 5,596,617</u>	<u>\$ 7,670,116</u>	<u>\$ 35,227,251</u>
<b>LIABILITIES</b>			
Accounts payable	\$ --	\$ --	\$ 551,380
Due to other funds	72,216	--	--
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>72,216</u>	<u>--</u>	<u>551,380</u>
<b>FUND BALANCES</b>			
Reserved:			
Encumbrances	--	--	36,216,526
Interfund advances	--	--	426,426
Unreserved:			
Undesignated	5,524,401	7,670,116	(1,967,081)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>5,524,401</u>	<u>7,670,116</u>	<u>34,675,871</u>
Total Liabilities and Fund Balances	<u>\$ 5,596,617</u>	<u>\$ 7,670,116</u>	<u>\$ 35,227,251</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Capital Project Funds  
 June 30, 2006

	Public Health Construction	Special Districts Governed by the Board	Total
<b>ASSETS</b>			
Cash and investments	\$ 971,099	\$ 3,075,787	\$ 50,577,840
Accounts receivable	--	2,392	2,392
Due from other funds	--	--	721,657
Due from other agencies	--	--	206,903
Interest receivable	11,452	31,007	650,504
Advances to other funds	--	--	426,425
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 982,551</u>	<u>\$ 3,109,186</u>	<u>\$ 52,585,721</u>
<b>LIABILITIES</b>			
Accounts payable	\$ --	\$ --	\$ 551,380
Due to other funds	--	--	72,216
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>--</u>	<u>--</u>	<u>623,596</u>
<b>FUND BALANCES</b>			
Reserved:			
Encumbrances	--	--	36,216,526
Interfund advances	--	--	426,426
Unreserved:			
Undesignated	982,551	3,109,186	15,319,173
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>982,551</u>	<u>3,109,186</u>	<u>51,962,125</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 982,551</u>	<u>\$ 3,109,186</u>	<u>\$ 52,585,721</u>

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Capital Project Funds  
For the Year Ended June 30, 2006

	Courthouse Construction	Criminal Justice Construction	Capital Outlay
Revenues:			
Fines, forfeitures and penalties	\$ 1,567,421	\$ 1,067,906	\$ --
Use of money and property	192,035	280,860	1,464,628
Aid from other governmental agencies	--	--	3,783,475
Charges for services	--	--	--
Miscellaneous	--	--	171,790
Total Revenues	1,759,456	1,348,766	5,419,893
Expenditures:			
General government	--	--	382,249
Public protection	--	--	317,764
Public ways and facilities	--	--	120,414
Health and sanitation	--	--	21,665
Public assistance	--	--	18,595
Education	--	--	965
Recreation and culture	--	--	82,711
Capital outlay	--	--	4,098,870
Total Expenditures	--	--	5,043,233
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,759,456	1,348,766	376,660
Other Financing Sources (Uses):			
Transfers in	--	--	20,946,147
Transfers out	--	--	(14,042,103)
Transfers between capital outlay funds	(216,625)	--	216,625
Total Other Financing Sources (Uses)	(216,625)	--	7,120,669
Net Change in Fund Balances	1,542,831	1,348,766	7,497,329
Fund Balances, Beginning of Year	3,981,570	6,321,350	27,178,542
Fund Balances, End of Year	\$ 5,524,401	\$ 7,670,116	\$ 34,675,871

continued

**COUNTY OF SAN JOAQUIN**

Combining Statements of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Capital Project Funds  
For the Year Ended June 30, 2006

	Public Health Construction	Special Districts Governed by the Board	Total
Revenues:			
Fines, forfeitures and penalties	\$ --	\$ --	\$ 2,635,327
Use of money and property	38,588	103,511	2,079,622
Aid from other governmental agencies	--	--	3,783,475
Charges for services	--	64,940	64,940
Miscellaneous	20,000	--	191,790
<b>Total Revenues</b>	<b>58,588</b>	<b>168,451</b>	<b>8,755,154</b>
Expenditures:			
General government	--	--	382,249
Public protection	--	--	317,764
Public ways and facilities	--	--	120,414
Health and sanitation	--	--	21,665
Public assistance	--	--	18,595
Education	--	--	965
Recreation and culture	--	--	82,711
Capital outlay	--	--	4,098,870
<b>Total Expenditures</b>	<b>--</b>	<b>--</b>	<b>5,043,233</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	58,588	168,451	3,711,921
Other Financing Sources (Uses):			
Transfers in	--	178,268	21,124,415
Transfers out	--	(13,000)	(14,055,103)
Transfers between capital outlay funds	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<b>--</b>	<b>165,268</b>	<b>7,069,312</b>
Net Change in Fund Balances	58,588	333,719	10,781,233
Fund Balances, Beginning of Year	923,963	2,775,467	41,180,892
Fund Balances, End of Year	\$ 982,551	\$ 3,109,186	\$ 51,962,125

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet

Nonmajor Special Districts Governed by the Board of Supervisors - Capital Project Funds  
As of June 30, 2006

	<u>Improvement Districts</u>	<u>Maintenance Districts</u>	<u>County Service Areas</u>	<u>Flood Control</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 778,550	\$ 1,239,302	\$ 740,133	\$ 317,802	\$ 3,075,787
Accounts receivable	2,392	--	--	--	2,392
Interest receivable	9,192	13,995	7,820	--	31,007
	<u>9,192</u>	<u>13,995</u>	<u>7,820</u>	<u>--</u>	<u>31,007</u>
Total Assets	<u>\$ 790,134</u>	<u>\$ 1,253,297</u>	<u>\$ 747,953</u>	<u>\$ 317,802</u>	<u>\$ 3,109,186</u>
<b>FUND BALANCES</b>					
Unreserved:					
Undesignated	<u>790,134</u>	<u>1,253,297</u>	<u>747,953</u>	<u>317,802</u>	<u>3,109,186</u>
Total Fund Balances	<u>\$ 790,134</u>	<u>\$ 1,253,297</u>	<u>\$ 747,953</u>	<u>\$ 317,802</u>	<u>\$ 3,109,186</u>



## COUNTY OF SAN JOAQUIN

### Combining Statements of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Districts Governed by the Board of Supervisors - Capital Project Funds For the Year Ended June 30, 2006

	Improvement Districts	Maintenance Districts	County Service Areas	Flood Control	Total
Revenues:					
Use of money and property	\$ 30,373	\$ 46,901	\$ 26,032	\$ 205	\$ 103,511
Charges for services	64,940	--	--	--	64,940
<b>Total Revenues</b>	<b>95,313</b>	<b>46,901</b>	<b>26,032</b>	<b>205</b>	<b>168,451</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	95,313	46,901	26,032	205	168,451
Other Financing Sources (Uses):					
Transfers in	--	72,048	106,220	--	178,268
Transfers out	--	--	(13,000)	--	(13,000)
<b>Total Other Financing Sources (Uses)</b>	<b>--</b>	<b>72,048</b>	<b>93,220</b>	<b>--</b>	<b>165,268</b>
Net Change in Fund Balances	95,313	118,949	119,252	205	333,719
Fund Balance, Beginning of Year	694,821	1,134,348	628,701	317,597	2,775,467
Fund Balance, End of Year	<u>\$ 790,134</u>	<u>\$ 1,253,297</u>	<u>\$ 747,953</u>	<u>\$ 317,802</u>	<u>\$ 3,109,186</u>

## **Internal Service Funds**

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Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments on a cost-reimbursement basis.

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**COUNTY OF SAN JOAQUIN**

Combining Statement of Fund Net Assets  
Internal Service Funds  
As of June 30, 2006

	<u>Fleet Services</u>	<u>Office Automation</u>	<u>Central Telephone</u>	<u>Southern Water System</u>
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 10,601,706	\$ 245,194	\$ 2,084,413	\$ 289,392
Imprest cash	40	--	--	--
Interest receivable	129,495	4,465	24,838	3,979
Due from other funds	830,914	19,189	421,228	--
Due from external parties	183,444	2,763	43,667	38,000
Prepaid expenses	--	--	1,135	--
Inventories	359,842	--	89,472	--
Total Current Assets	<u>12,105,441</u>	<u>271,611</u>	<u>2,664,753</u>	<u>331,371</u>
Non-current Assets:				
Capital Assets:				
Non-depreciable	--	--	--	17,481
Depreciable, net	4,114,859	987,716	239,686	458,000
Total Noncurrent Assets	<u>4,114,859</u>	<u>987,716</u>	<u>239,686</u>	<u>475,481</u>
Total Assets	<u>\$ 16,220,300</u>	<u>\$ 1,259,327</u>	<u>\$ 2,904,439</u>	<u>\$ 806,852</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 176,613	\$ --	\$ 256,717	\$ --
Accrued expenses	--	12,030	--	--
Accrued payroll	31,759	--	12,969	--
Due to other funds	6,370	--	49,060	--
Compensated absences	147,441	--	65,327	--
Current portion of capital leases	--	215,114	--	--
Current portion of notes payable	--	--	--	--
Total Current Liabilities	<u>362,183</u>	<u>227,144</u>	<u>384,073</u>	<u>--</u>
Long-Term Liabilities:				
Advances from other funds	--	--	--	426,425
Compensated absences	11,540	--	15,925	--
Capital lease obligations	--	382,848	--	--
Claims liability	--	--	--	--
Notes payable	--	--	--	--
Total Liabilities	<u>373,723</u>	<u>609,992</u>	<u>399,998</u>	<u>426,425</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	4,114,859	389,754	239,686	475,481
Unrestricted	11,731,718	259,581	2,264,755	(95,054)
Total Net Assets	<u>15,846,577</u>	<u>649,335</u>	<u>2,504,441</u>	<u>380,427</u>
Total Liabilities and Net Assets	<u>\$ 16,220,300</u>	<u>\$ 1,259,327</u>	<u>\$ 2,904,439</u>	<u>\$ 806,852</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Fund Net Assets (continued)  
Internal Service Funds  
As of June 30, 2006

	<u>Radio Communi- cations</u>	<u>Copier/ Credit Card</u>	<u>Casualty Insurance</u>	<u>Workers' Compensation Insurance</u>
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 754,643	\$ 1,034,516	\$ 13,770,774	\$ 24,292,053
Imprest cash	--	--	--	--
Interest receivable	10,467	8,559	181,023	313,274
Due from other funds	403,571	164,912	4,462	433
Due from external parties	598	5,153	--	4,580
Prepaid expenses	--	82,346	602,066	250,000
Inventories	--	--	--	--
Total Current Assets	<u>1,169,279</u>	<u>1,295,486</u>	<u>14,558,325</u>	<u>24,860,340</u>
Non-current Assets:				
Capital Assets:				
Non-depreciable	--	--	--	--
Depreciable, net	3,628,162	--	--	8,417
Total Noncurrent Assets	<u>3,628,162</u>	<u>--</u>	<u>--</u>	<u>8,417</u>
Total Assets	<u>4,797,441</u>	<u>1,295,486</u>	<u>14,558,325</u>	<u>24,868,757</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 10,758	\$ 831,366	\$ 278,716	\$ 1,621,698
Accrued expenses	10,181	--	77,015	--
Accrued payroll	--	--	--	--
Due to other funds	46,358	--	649,415	229
Compensated absences	--	--	--	--
Current portion of capital leases	107,074	--	--	--
Current portion of notes payable	--	--	48,098	--
Total Current Liabilities	<u>174,371</u>	<u>831,366</u>	<u>1,053,244</u>	<u>1,621,927</u>
Long-Term Liabilities:				
Advances from other funds	--	--	--	--
Compensated absences	--	--	--	--
Capital lease obligations	727,466	--	--	--
Claims liability	--	--	10,729,000	21,426,000
Notes payable	--	--	1,905,786	--
Total Liabilities	<u>901,837</u>	<u>831,366</u>	<u>13,688,030</u>	<u>23,047,927</u>
Net Assets				
Invested in capital assets, net of related debt	2,793,622	--	--	8,417
Unrestricted	1,101,982	464,120	870,295	1,812,413
Total Net Assets	<u>3,895,604</u>	<u>464,120</u>	<u>870,295</u>	<u>1,820,830</u>
Total Liabilities and Net Assets	<u>\$ 4,797,441</u>	<u>\$ 1,295,486</u>	<u>\$ 14,558,325</u>	<u>\$ 24,868,757</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Fund Net Assets (continued)  
Internal Service Funds  
As of June 30, 2006

	<u>Medical Insurance</u>	<u>Dental Insurance</u>	<u>Unemployment Insurance</u>	<u>Total</u>
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 20,995,966	\$ 1,839,218	\$ 2,246,636	\$ 78,154,511
Imprest cash	--	--	--	40
Interest receivable	249,350	19,800	25,083	970,333
Due from other funds	--	--	--	1,844,709
Due from external parties	745,922	72,263	27,408	1,123,798
Prepaid expenses	--	--	--	935,547
Inventories	--	--	--	449,314
Total Current Assets	<u>21,991,238</u>	<u>1,931,281</u>	<u>2,299,127</u>	<u>83,478,252</u>
Non-current Assets:				
Capital Assets:				
Non-depreciable	--	--	--	17,481
Depreciable, net	--	--	--	9,436,840
Total Noncurrent Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,454,321</u>
Total Assets	<u>\$ 21,991,238</u>	<u>\$ 1,931,281</u>	<u>\$ 2,299,127</u>	<u>\$ 92,932,573</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 131,114	\$ 843,556	\$ 2,231	4,152,769
Accrued expenses	--	--	--	99,226
Accrued payroll	--	--	--	44,728
Due to other funds	--	--	4,462	755,894
Compensated absences	--	--	--	212,768
Current portion of capital leases	--	--	--	322,188
Current portion of notes payable	--	--	--	48,098
Total Current Liabilities	<u>131,114</u>	<u>843,556</u>	<u>6,693</u>	<u>5,635,671</u>
Long-Term Liabilities:				
Advances from other funds	--	--	--	426,425
Compensated absences	--	--	--	27,465
Capital lease obligations	--	--	--	1,110,314
Claims liability	6,412,876	313,483	235,000	39,116,359
Notes payable	--	--	--	1,905,786
Total Liabilities	<u>6,543,990</u>	<u>1,157,039</u>	<u>241,693</u>	<u>48,222,020</u>
Net Assets				
Invested in capital assets, net of related debt	--	--	--	8,021,819
Unrestricted	<u>15,447,248</u>	<u>774,242</u>	<u>2,057,434</u>	<u>36,688,734</u>
Total Net Assets	<u>15,447,248</u>	<u>774,242</u>	<u>2,057,434</u>	<u>44,710,553</u>
Total Liabilities and Net Assets	<u>\$ 21,991,238</u>	<u>\$ 1,931,281</u>	<u>\$ 2,299,127</u>	<u>\$ 92,932,573</u>

## COUNTY OF SAN JOAQUIN

### Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended June 30, 2006

	Fleet Services	Office Automation	Central Telephone	Southern Water System	Radio Communi- cations
Operating Revenues:					
Charges for services	\$ --	\$ --	\$ --	\$ --	\$ --
Equipment rental	5,464,217	313,853	219,379	68,821	269,937
User fees	3,043,777	39,107	5,403,988	--	676,516
Interest charges to users	--	29,888	--	--	--
Other	1,754	--	--	--	--
<b>Total Operating Revenues</b>	<b>8,509,748</b>	<b>382,848</b>	<b>5,623,367</b>	<b>68,821</b>	<b>946,453</b>
Operating Expenses:					
Liability claims and loss adjustment	--	--	--	--	--
Salaries and benefits	2,170,356	--	886,872	--	--
Professional services	320,287	--	119,432	--	86,492
Cost of services	4,055,898	28,377	4,359,489	--	685,923
Supplies	103,913	11,129	6,573	--	--
Depreciation and amortization	1,517,321	749,165	333,583	67,026	393,315
Miscellaneous	72	--	--	--	--
<b>Total Operating Expenses</b>	<b>8,167,847</b>	<b>788,671</b>	<b>5,705,949</b>	<b>67,026</b>	<b>1,165,730</b>
<b>Operating Income (Loss)</b>	<b>341,901</b>	<b>(405,823)</b>	<b>(82,582)</b>	<b>1,795</b>	<b>(219,277)</b>
Non-Operating Revenues (Expenses):					
Gain (loss) on sale of equipment	(212,226)	--	--	--	--
Aid from other governmental agencies	151,793	--	--	--	--
Interest income	436,192	14,821	77,965	11,778	37,970
Interest expense	--	(43,436)	--	(33,614)	(20,680)
Insurance recovery	65,859	--	--	--	--
<b>Total Non-Operating Revenues (Expenses)</b>	<b>441,618</b>	<b>(28,615)</b>	<b>77,965</b>	<b>(21,836)</b>	<b>17,290</b>
<b>Net Income (Loss) Before Contributions</b>	<b>783,519</b>	<b>(434,438)</b>	<b>(4,617)</b>	<b>(20,041)</b>	<b>(201,987)</b>
Contributions/capital grants	8,041	--	--	--	--
Transfers in	360,257	105,412	12,519	--	17,546
Transfers out	(71)	--	(2,898)	--	--
<b>Change in Net Assets</b>	<b>1,151,746</b>	<b>(329,026)</b>	<b>5,004</b>	<b>(20,041)</b>	<b>(184,441)</b>
<b>Net Assets - Beginning of Year</b>	<b>14,694,831</b>	<b>978,361</b>	<b>2,499,437</b>	<b>400,468</b>	<b>4,080,045</b>
<b>Net Assets - End of Year</b>	<b>\$ 15,846,577</b>	<b>\$ 649,335</b>	<b>\$ 2,504,441</b>	<b>\$ 380,427</b>	<b>\$ 3,895,604</b>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets (continued)  
Internal Service Funds  
For the Year Ended June 30, 2006

	<u>Copier/ Credit Card</u>	<u>Casualty Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Medical Insurance</u>
Operating Revenues:				
Charges for services	\$ --	\$ 8,458,009	\$ 13,997,750	\$ 46,319,282
Equipment rental	--	--	--	--
User fees	5,738,089	--	--	359,961
Interest charges to users	--	--	--	--
Other	18,550	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenues	5,756,639	8,458,009	13,997,750	46,679,243
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Expenses:				
Liability claims and loss adjustment	--	5,568,987	10,678,453	41,273,146
Salaries and benefits	--	--	--	--
Professional services	24,937	1,102,738	99,981	106,695
Cost of services	5,775,706	1,822,038	4,029,991	1,251,052
Supplies	--	7,059	10,048	--
Depreciation and amortization	--	--	1,155	--
Miscellaneous	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	5,800,643	8,500,822	14,819,628	42,630,893
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	(44,004)	(42,813)	(821,878)	4,048,350
	<hr/>	<hr/>	<hr/>	<hr/>
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of equipment	--	--	--	--
Aid from other governmental agencies	--	--	--	--
Interest income	30,426	553,933	1,140,888	795,449
Interest expense	--	(112,848)	--	--
Insurance recovery	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	30,426	441,085	1,140,888	795,449
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income (Loss) Before Contributions	(13,578)	398,272	319,010	4,843,799
	<hr/>	<hr/>	<hr/>	<hr/>
Contributions/capital grants	--	--	--	--
Transfers in	--	--	--	--
Transfers out	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Change in Net Assets	(13,578)	398,272	319,010	4,843,799
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets - Beginning of Year	477,698	472,023	1,501,820	10,603,449
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets - End of Year	<u>\$ 464,120</u>	<u>\$ 870,295</u>	<u>\$ 1,820,830</u>	<u>\$ 15,447,248</u>

continued

## COUNTY OF SAN JOAQUIN

### Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued) Internal Service Funds For the Year Ended June 30, 2006

	Dental Insurance	Unemployment Insurance	Total
Operating Revenues:			
Charges for services	\$ 5,286,435	\$ 1,972,357	\$ 76,033,833
Equipment rental	--	--	6,336,207
User fees	--	--	15,261,438
Interest charges to users	--	--	29,888
Other	--	--	20,304
	<u>5,286,435</u>	<u>1,972,357</u>	<u>97,681,670</u>
Total Operating Revenues			
Operating Expenses:			
Liability claims and loss adjustment	4,688,381	817,513	63,026,480
Salaries and benefits	--	--	3,057,228
Professional services	346	6,805	1,867,713
Cost of services	54,306	1,985	22,064,765
Supplies	--	--	138,722
Depreciation and amortization	--	--	3,061,565
Miscellaneous	--	--	72
	<u>4,743,033</u>	<u>826,303</u>	<u>93,216,545</u>
Total Operating Expenses			
Operating Income (Loss)	<u>543,402</u>	<u>1,146,054</u>	<u>4,465,125</u>
Non-Operating Revenues (Expenses):			
Gain (loss) on sale of equipment	--	--	(212,226)
Aid from other governmental agencies	--	--	151,793
Interest income	58,186	69,988	3,227,596
Interest expense	--	--	(210,578)
Insurance recovery	--	--	65,859
	<u>58,186</u>	<u>69,988</u>	<u>3,022,444</u>
Total Non-Operating Revenues (Expenses)			
Net Income (Loss) Before Contributions	601,588	1,216,042	7,487,569
Contributions/capital grants	--	--	8,041
Transfers in	--	--	495,734
Transfers out	--	--	(2,969)
	<u>601,588</u>	<u>1,216,042</u>	<u>7,988,375</u>
Change in Net Assets			
Net Assets - Beginning of Year	<u>172,654</u>	<u>841,392</u>	<u>36,722,178</u>
Net Assets - End of Year	<u>\$ 774,242</u>	<u>\$ 2,057,434</u>	<u>\$ 44,710,553</u>



## COUNTY OF SAN JOAQUIN

### Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2006

	Fleet Services	Office Automation	Central Telephone	Southern Water System
Cash Flows from Operating Activities:				
Cash received from customers	\$ 8,414,057	\$ 371,967	\$ 5,605,566	\$ --
Cash payments to suppliers for goods and services	(3,831,111)	--	(4,159,585)	--
Cash payments to employees for services	(2,218,144)	--	(912,408)	--
Cash paid to County departments for services	(760,792)	(15,953)	(343,341)	--
Other operating revenues	157,063	29,888	--	79,090
Net Cash Provided (Used) by Operating Activities	<u>1,761,073</u>	<u>385,902</u>	<u>190,232</u>	<u>79,090</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	360,186	105,412	9,621	--
State and federal grant receipts	151,792	--	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>511,978</u>	<u>105,412</u>	<u>9,621</u>	<u>--</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(1,550,181)	(153,361)	(17,654)	--
Debt interest payments	--	(31,406)	--	(33,615)
Debt principal payments	--	(399,697)	--	(23,720)
Proceeds from sale of capital assets	72,761	--	--	--
Receipts from insurance recovery	65,859	--	--	--
Net Cash Provided (Used) by Capital Financing Activities	<u>(1,411,561)</u>	<u>(584,464)</u>	<u>(17,654)</u>	<u>(57,335)</u>
Cash flows from investing activities:				
Interest received	372,946	12,271	67,179	9,922
Net Cash Provided by Investing Activities	<u>372,946</u>	<u>12,271</u>	<u>67,179</u>	<u>9,922</u>
Increase (Decrease) in Cash and Cash Equivalents	1,234,436	(80,879)	249,378	31,677
Cash and Cash Equivalents, Beginning of Year	<u>9,367,310</u>	<u>326,073</u>	<u>1,835,035</u>	<u>257,715</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,601,746</u>	<u>\$ 245,194</u>	<u>\$ 2,084,413</u>	<u>\$ 289,392</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2006

	Radio Communi- cations	Copier/ Credit Card	Casualty Insurance	Workers' Compensation Insurance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash Flows from Operating Activities:				
Cash received from customers	\$ 543,361	\$ 5,623,784	\$ 8,470,064	\$ 13,997,750
Cash payments to suppliers for goods and services	(721,748)	(5,315,122)	(7,387,253)	(7,785,013)
Cash payments to employees for services	--	--	--	--
Cash paid to County departments for services	(57,798)	(65,372)	(1,089,165)	(1,428,512)
Other operating revenues	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	--	--	29,749	--
Net Cash Provided (Used) by Operating Activities	<u>(236,185)</u>	<u>243,290</u>	<u>23,395</u>	<u>4,784,225</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	17,546	--	--	--
State and federal grant receipts	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>17,546</u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(51,899)	--	--	--
Debt interest payments	(10,498)	--	(86,000)	--
Debt principal payments	(25,967)	--	(46,115)	--
Proceeds from sale of capital assets	--	--	--	--
Receipts from insurance recovery	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net Cash Provided (Used) by Capital Financing Activities	<u>(88,364)</u>	<u>          </u>	<u>(132,115)</u>	<u>          </u>
Cash flows from investing activities:				
Interest received	<u>31,997</u>	<u>26,096</u>	<u>468,440</u>	<u>965,209</u>
Net Cash Provided by Investing Activities	<u>31,997</u>	<u>26,096</u>	<u>468,440</u>	<u>965,209</u>
Increase (Decrease) in Cash and Cash Equivalents	(275,006)	269,386	359,720	5,749,434
Cash and Cash Equivalents, Beginning of Year	<u>1,029,649</u>	<u>765,130</u>	<u>13,411,054</u>	<u>18,542,619</u>
Cash and Cash Equivalents, End of Year	<u>\$ 754,643</u>	<u>\$ 1,034,516</u>	<u>\$ 13,770,774</u>	<u>\$ 24,292,053</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2006

	<u>Medical Insurance</u>	<u>Dental Insurance</u>	<u>Unemployment Insurance</u>	<u>Totals</u>
Cash Flows from Operating Activities:				
Cash received from customers	\$ 48,437,200	\$ 5,472,102	\$ 2,039,292	\$ 98,975,143
Cash payments to suppliers for goods and services	(40,854,164)	(4,492,047)	(936,513)	(75,482,556)
Cash payments to employees for services	--	--	--	(3,130,552)
Cash paid to County departments for services	(619,897)	(54,651)	(8,790)	(4,444,271)
Other operating revenues	--	--	--	295,790
	<u>6,963,139</u>	<u>925,404</u>	<u>1,093,989</u>	<u>16,213,554</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	--	--	--	492,765
State and federal grant receipts	--	--	--	151,792
Net Cash Provided (Used) by Noncapital Financing Activities	--	--	--	644,557
Cash flows from capital and related financing activities:				
Acquisition of capital assets	--	--	--	(1,773,095)
Debt interest payments	--	--	--	(161,519)
Debt principal payments	--	--	--	(495,499)
Proceeds from sale of capital assets	--	--	--	72,761
Receipts from insurance recovery	--	--	--	65,859
Net Cash Provided (Used) by Capital Financing Activities	--	--	--	(2,291,493)
Cash flows from investing activities:				
Interest received	639,797	45,557	51,971	2,691,385
Net Cash Provided by Investing Activities	639,797	45,557	51,971	2,691,385
Increase (Decrease) in Cash and Cash Equivalents	7,602,936	970,961	1,145,960	17,258,003
Cash and Cash Equivalents, Beginning of Year	13,393,030	868,257	1,100,676	60,896,548
Cash and Cash Equivalents, End of Year	<u>\$ 20,995,966</u>	<u>\$ 1,839,218</u>	<u>\$ 2,246,636</u>	<u>\$ 78,154,551</u>

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2006

	Fleet Services	Office Automation	Central Telephone	Southern Water System
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 341,901	\$ (405,823)	\$ (82,582)	\$ 1,795
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	1,517,321	749,165	333,583	67,026
(Increase) decrease in accounts receivable	38,028	19,007	(17,801)	10,269
(Increase) decrease in inventories	(94,086)	--	(17,503)	--
Increase (decrease) in accounts payable	(42,091)	(4,867)	(25,308)	--
(Increase) decrease in prepaid expenses	--	28,420	(157)	--
Increase (decrease) in claims liability	--	--	--	--
	<u>\$ 1,761,073</u>	<u>\$ 385,902</u>	<u>\$ 190,232</u>	<u>\$ 79,090</u>
Net Cash Provided (Used) by Operating Activities				

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2006

	Radio Communi- cations	Copier/ Credit Card	Casualty Insurance	Workers' Compensation Insurance
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (219,277)	\$ (44,004)	\$ (42,813)	\$ (821,878)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	393,315	--	--	1,155
(Increase) decrease in accounts receivable	(403,091)	(66,731)	7,711	29,716
(Increase) decrease in inventories	--	--	--	--
Increase (decrease) in accounts payable	(7,132)	281,104	(370,649)	41,232
(Increase) decrease in prepaid expenses	--	72,921	(354,854)	--
Increase (decrease) in claims liability	--	--	784,000	5,534,000
	<u>\$ (236,185)</u>	<u>\$ 243,290</u>	<u>\$ 23,395</u>	<u>\$ 4,784,225</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (236,185)</u>	<u>\$ 243,290</u>	<u>\$ 23,395</u>	<u>\$ 4,784,225</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2006

	Medical Insurance	Dental Insurance	Unemployment Insurance	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 4,048,350	\$ 543,402	\$ 1,146,054	\$ 4,465,125
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	--	--	--	3,061,565
(Increase) decrease in accounts receivable	1,979,697	185,667	66,935	1,849,407
(Increase) decrease in inventories	--	--	--	(111,589)
Increase (decrease) in accounts payable	(128,470)	98,852	--	(157,329)
(Increase) decrease in prepaid expenses	--	--	--	(253,670)
Increase (decrease) in claims liability	1,063,562	97,483	(119,000)	7,360,045
	<u>\$ 6,963,139</u>	<u>\$ 925,404</u>	<u>\$ 1,093,989</u>	<u>\$ 16,213,554</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,963,139</u>	<u>\$ 925,404</u>	<u>\$ 1,093,989</u>	<u>\$ 16,213,554</u>

## **PRIVATE PURPOSE TRUST FUNDS**

Private Purpose Trust Funds are used to report various federal-sponsored community development loan programs and other private trust agreements. None of the resources of these funds are used to support government programs.

# COUNTY OF SAN JOAQUIN

## Combining Statement of Fiduciary Net Assets Private Purpose Trust Funds June 30, 2006

	Sammie Hay	Industrial Revolving Loan Fund	Home Investment Trust Local Account	Rehabilitation Loan Program	Disaster Recovery Initiative Program	Total
<u>Assets</u>						
Cash and investments	\$ 967,271	\$ --	\$ 4,588,661	\$ 3,650,479	\$ 63,697	\$ 9,270,108
Cash and investments held by others	--	4,324,484	--	--	--	4,324,484
Investment income receivables	11,658	20,056	--	35,892	--	67,606
Due from other governments	--	--	--	--	38,657	38,657
Loans receivable	--	4,533,453	11,500,318	7,907,328	118,647	24,059,746
 Total Assets	 <u>\$ 978,929</u>	 <u>\$ 8,877,993</u>	 <u>\$ 16,088,979</u>	 <u>11,593,699</u>	 <u>\$ 221,001</u>	 <u>\$ 37,760,601</u>
<u>Liabilities</u>						
Accounts payable	\$ 11,147	\$ 813	\$ 183,850	\$ 16,872	\$ --	\$ 212,682
Deferred revenues	--	--	--	229,548	--	229,548
 Total Liabilities	 <u>11,147</u>	 <u>813</u>	 <u>183,850</u>	 <u>246,420</u>	 <u>--</u>	 <u>442,230</u>
<u>Net Assets</u>						
Held in trust for:						
Revolving loans	--	8,877,180	15,905,129	11,347,279	221,001	36,350,589
Other purposes	967,782	--	--	--	--	967,782
 Total Net Assets	 <u>967,782</u>	 <u>8,877,180</u>	 <u>15,905,129</u>	 <u>11,347,279</u>	 <u>221,001</u>	 <u>37,318,371</u>
 Total Liabilities and Net Assets	 <u>\$ 978,929</u>	 <u>\$ 8,877,993</u>	 <u>\$ 16,088,979</u>	 <u>\$ 11,593,699</u>	 <u>\$ 221,001</u>	 <u>\$ 37,760,601</u>



## COUNTY OF SAN JOAQUIN

### Combining Statement of Changes in Fiduciary Net Assets Private Purpose Trust Funds For the Year Ended June 30, 2006

	Sammie Hay	Industrial Revolving Loan Fund	Home Investment Trust Local Account	Rehabilitation Loan Program	Disaster Recovery Initiative Loan Program	Total
Additions:						
Contributions from other governments	\$ --	\$ --	\$ 1,556,148	\$ 1,164,208	\$ --	\$ 2,720,356
Investment income	40,178	63,602	2,169	105,554	56	211,559
Loan income	--	639,666	110,456	120,313	--	870,435
Miscellaneous income	--	68,967	178,670	2,450	84	250,171
<b>Total additions</b>	<b>40,178</b>	<b>772,235</b>	<b>1,847,443</b>	<b>1,392,525</b>	<b>140</b>	<b>4,052,521</b>
Deductions:						
Benefit payments	54,121	--	--	--	--	54,121
Program expenses	--	21,704	235,191	202,845	--	459,740
Allowance for loan adjustments	--	87,867	18,496	--	--	106,363
Loan servicing fees	--	20,063	--	--	--	20,063
Administrative expenses	--	560,179	272,790	121,640	11	954,620
<b>Total deductions</b>	<b>54,121</b>	<b>689,813</b>	<b>526,477</b>	<b>324,485</b>	<b>11</b>	<b>1,594,907</b>
Change in net assets	(13,943)	82,422	1,320,966	1,068,040	129	2,457,614
Net assets, beginning	981,725	8,794,758	14,584,163	10,279,239	220,872	34,860,757
Net assets, ending	<u>\$ 967,782</u>	<u>\$ 8,877,180</u>	<u>\$ 15,905,129</u>	<u>\$ 11,347,279</u>	<u>\$ 221,001</u>	<u>\$ 37,318,371</u>

## **AGENCY FUNDS**

Agency Funds are used to account for the assets and the related liabilities of various clearing accounts for which the County's role is purely custodial.

**COUNTY OF SAN JOAQUIN**

Statement of Changes in Assets and Liabilities  
 Arising From Cash Transactions  
 All Agency Funds  
 For the Year Ended June 30, 2006

	June 30, 2005	Additions	Deductions	June 30, 2006
<u>Assets</u>				
Cash and investments - pooled	\$ 48,544,274	\$ 586,290,387	\$ 595,437,844	\$ 39,396,817
Cash and investments held by others	1,907,556	15,443,467	12,082,305	5,268,718
Receivables	31,508,631	23,380,079	29,788,973	25,099,737
Loans receivable	10,000,000	23,000,000	--	33,000,000
Other assets	21,310	508,654	--	529,964
	<u>\$ 91,981,771</u>	<u>\$ 648,622,587</u>	<u>\$ 637,309,122</u>	<u>\$ 103,295,236</u>
<u>Liabilities</u>				
Accounts payable	\$ 40,120,126	\$ 15,834,321	\$ 56,710,615	\$ (756,168)
Due to other agencies	51,841,645	703,634,015	651,444,256	104,031,404
Loan payable	20,000	--	--	20,000
	<u>\$ 91,981,771</u>	<u>\$ 719,468,336</u>	<u>\$ 708,154,871</u>	<u>\$ 103,295,236</u>

## **MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT FUNDS**

Mountain House Community Services District Funds provide an overall financial picture of the District as a whole. It presents both the general operational funds and the utility enterprise funds at the basic fund level and the district-wide level. The general operational funds are reported as governmental funds and the utility enterprise funds are reported as business-like funds. The reconciliation from the governmental funds on the basic fund level to the district-wide level is presented in the face of the financial statements.

**COUNTY OF SAN JOAQUIN**

Combining Statement of Fund Net Assets  
 Mountain House Community Services District  
 As of June 30, 2006

	Fund-based Special Revenue Funds			Total Special Revenue Funds
	Operating Fund	Builders Fee Funds	Developers Fund	
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 2,986,889	\$ 1,603,373	\$ (493,575)	\$ 4,096,687
Interest receivable	60,314	19,728	9,775	89,817
Taxes receivable	29,507	--	--	29,507
Accounts receivable	--	--	2,763,990	2,763,990
Total Current Assets	<u>3,076,710</u>	<u>1,623,101</u>	<u>2,280,190</u>	<u>6,980,001</u>
Non-current Assets:				
Capital Assets:				
Non-depreciable	--	--	--	--
Depreciable, net				
Public infrastructure	--	--	--	--
General assets	--	--	--	--
Total Noncurrent Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$ 3,076,710</u>	<u>\$ 1,623,101</u>	<u>\$ 2,280,190</u>	<u>\$ 6,980,001</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 124,223	\$ --	\$ 1,003,020	\$ 1,127,243
Accrued payroll	22,839	--	--	22,839
Due to other funds	91,978	--	--	91,978
Compensated absences-current	87,373	--	--	87,373
Compensated absences-noncurrent	--	--	--	--
Deferred tax revenues	29,627	--	--	29,627
Current portion of notes payable	--	--	--	--
Total Liabilities	<u>356,040</u>	<u>--</u>	<u>1,003,020</u>	<u>1,359,060</u>
<u>Fund Balances/Net Assets</u>				
Invested in capital assets, net of related debt	--	--	--	--
Reserve for encumbrances	254,358	--	3,410,568	3,664,926
Designated	--	--	27	27
Undesignated	<u>2,466,312</u>	<u>1,623,101</u>	<u>(2,133,425)</u>	<u>1,955,988</u>
Total Fund Balances/Net Assets	<u>2,720,670</u>	<u>1,623,101</u>	<u>1,277,170</u>	<u>5,620,941</u>
Total Liabilities and Net Assets	<u>\$ 3,076,710</u>	<u>\$ 1,623,101</u>	<u>\$ 2,280,190</u>	<u>\$ 6,980,001</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Fund Net Assets (continued)  
 Mountain House Community Services District  
 As of June 30, 2006

	Adjustments from Fund based to Districtwide	Total - District Wide		
		Government Funds (Special Revenue)	Business- Type Funds Utility Services	Total
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ --	\$ 4,096,687	\$ 928,500	\$ 5,025,187
Interest receivable	--	89,817	8,675	98,492
Taxes receivable	--	29,507	--	29,507
Accounts receivable	--	2,763,990	--	2,763,990
Total Current Assets	--	6,980,001	937,175	7,917,176
Non-current Assets:				
Capital Assets:				
Non-depreciable	3,841,968	3,841,968	--	3,841,968
Depreciable, net				
Public infrastructure	(1) 168,621,508	168,621,508	173,683,424	342,304,932
General assets	23,193	23,193	6,462	29,655
Total Noncurrent Assets	172,486,669	172,486,669	173,689,886	346,176,555
Total Assets	\$ 172,486,669	\$ 179,466,670	\$ 174,627,061	\$ 354,093,731
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ --	\$ 1,127,243	\$ 367,955	\$ 1,495,198
Accrued payroll	--	22,839	--	22,839
Due to other funds	--	91,978	--	91,978
Compensated absences-current	--	87,373	--	87,373
Compensated absences-noncurrent	(2) 14,876	14,876	--	14,876
Deferred tax revenues	(3) (29,627)	--	--	--
Current portion of notes payable	(4) 117,395,477	117,395,477	118,048,155	235,443,632
Total Liabilities	117,380,726	118,739,786	118,416,110	237,155,896
<u>Fund Balances/Net Assets</u>				
Invested in capital assets, net of related debt	(2,226,028)	(2,226,028)	55,642,933	53,416,905
Reserve for encumbrances	(3,664,926)	--	--	--
Designated	--	27	--	27
Undesignated	58,770,869	60,726,857	56,210,951	116,937,808
Total Fund Balances/Net Assets	55,105,943	60,726,884	56,210,951	116,937,835
Total Liabilities and Net Assets	\$ 172,486,669	\$ 179,466,670	\$ 174,627,061	\$ 354,093,731

Notes:

The adjustments from fund based statement to district wide statement:

- (1) Record the capital assets and the related accumulated depreciation.
- (2) Recognize long-term unpaid compensated absence liability.
- (3) Recognize tax revenues not received within 60 days.
- (4) Recognize the long-term notes payable to the district developers.

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Mountain House Community Services District  
For the Year Ended June 30, 2006

	Fund-based Special Revenue Funds			Total Special Revenue Funds
	Operating Fund	Builders Fee Funds	Developers Fund	
Revenues:				
Taxes	\$ 1,031,247	\$ --	\$ --	\$ 1,031,247
Licenses and permits	105,159	--	259,676	364,835
Aid from other governmental agencies	14,277	--	--	14,277
Use of money and property	152,861	58,986	7,975	219,822
Charges for services	2,380,783	1,670,768	1,903,203	5,954,754
Miscellaneous	1,636,010	--	4,086,939	5,722,949
<b>Total Operating Revenues</b>	<b>5,320,337</b>	<b>1,729,754</b>	<b>6,257,793</b>	<b>13,307,884</b>
Operating Expenses:				
Current:				
Public ways and facilities	3,872,342	--	5,256,821	9,129,163
Capital Outlay	5,027	--	--	5,027
Depreciation	--	--	--	--
<b>Total Operating Expenses</b>	<b>3,877,369</b>	<b>--</b>	<b>5,256,821</b>	<b>9,134,190</b>
<b>Operating Income (Loss)</b>	<b>1,442,968</b>	<b>1,729,754</b>	<b>1,000,972</b>	<b>4,173,694</b>
Other Financing Sources (Uses):				
Capital contributions	--	--	--	--
Transfers between special revenue accounts	436,726	(308,216)	(128,510)	--
Transfers in	--	--	--	--
Transfers out	(493,231)	--	--	(493,231)
<b>Total Other Financing Sources (Uses)</b>	<b>(56,505)</b>	<b>(308,216)</b>	<b>(128,510)</b>	<b>(493,231)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	1,386,463	1,421,538	872,462	3,680,463
Net Assets - Beginning of Year	1,334,207	201,563	404,708	1,940,478
Net Assets - End of Year	<u>\$ 2,720,670</u>	<u>\$ 1,623,101</u>	<u>\$ 1,277,170</u>	<u>\$ 5,620,941</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets (continued)  
Mountain House Community Services District  
For the Year Ended June 30, 2006

	Adjustments from Fund based to Districtwide	Total - District Wide		
		Government Funds Special Revenue	Business- Type Funds Utility Services	Total
<b>Revenues:</b>				
Taxes	(1) \$ 15,159	\$ 1,046,406	\$ --	\$ 1,046,406
Licenses and permits	--	364,835	--	364,835
Aid from other governmental agencies	--	14,277	--	14,277
Use of money and property	--	219,822	20,351	240,173
Charges for services	--	5,954,754	2,277,011	8,231,765
Miscellaneous	--	5,722,949	51,322	5,774,271
<b>Total Operating Revenues</b>	<b>15,159</b>	<b>13,323,043</b>	<b>2,348,684</b>	<b>15,671,727</b>
<b>Operating Expenses:</b>				
<b>Current:</b>				
Public ways and facilities	(2) 5,421,512	14,550,675	1,543,477	16,094,152
Capital Outlay	--	5,027	--	5,027
Depreciation	--	--	7,043,499	7,043,499
<b>Total Operating Expenses</b>	<b>5,421,512</b>	<b>14,555,702</b>	<b>8,586,976</b>	<b>23,142,678</b>
<b>Operating Income (Loss)</b>	<b>(5,406,353)</b>	<b>(1,232,659)</b>	<b>(6,238,292)</b>	<b>(7,470,951)</b>
<b>Other Financing Sources (Uses):</b>				
Capital contributions	--	--	61,956,196	61,956,196
Transfers between special revenue accounts	--	--	--	--
Transfers in	--	--	493,047	493,047
Transfers out	(3) (4,795,207)	(5,288,438)	--	(5,288,438)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,795,207)</b>	<b>(5,288,438)</b>	<b>62,449,243</b>	<b>57,160,805</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>(10,201,560)</b>	<b>(6,521,097)</b>	<b>56,210,951</b>	<b>49,689,854</b>
<b>Net Assets - Beginning of Year</b>	<b>65,307,503</b>	<b>67,247,981</b>	<b>--</b>	<b>67,247,981</b>
<b>Net Assets - End of Year</b>	<b>\$ 55,105,943</b>	<b>\$ 60,726,884</b>	<b>\$ 56,210,951</b>	<b>\$ 116,937,835</b>

Notes:

The adjustments from fund based statement to district wide statement:

- (1) Recognize the property tax revenues not received within 60 days.
- (2) Recognize the long-term portion of the unpaid compensated balances.  
Capital expenditures were capitalized on the District-wide statement, with the uncapitalized expenditures being classified as maintenance expenditures.  
Record the depreciation expense on district-wide statements.  
Record the transfer of the capitalized items to the District's enterprise Fund.
- (3) The transfer of capital assets from governmental fund group to the Business-Like fund group was included in the Capital Contribution shown in the detailed statement of changes in net assets for the Enterprise funds.



**COUNTY OF SAN JOAQUIN**

Combining Statement of Fund Net Assets  
 Mountain House Community Services District  
 Utility Enterprise Funds  
 As of June 30, 2006

	<u>Water Fund</u>	<u>Water Pledged Fund</u>	<u>Wastewater</u>	<u>Wastewater Pledged Fund</u>
<u>Assets</u>				
Cash	\$ 356,172	\$ 110,151	\$ --	\$ 88,883
Market value appreciation	(20)	(6)	--	(5)
Cash and investments at market value	<u>356,152</u>	<u>110,145</u>	--	<u>88,878</u>
Interest receivable	3,383	817	--	659
Capital Asset:				
Depreciable, net of accumulated depreciation:				
Public infrastructure	--	94,764,482	--	55,788,565
General assets	6,462	--	--	--
Total Assets	<u>\$ 365,997</u>	<u>\$ 94,875,444</u>	<u>\$ --</u>	<u>\$ 55,878,102</u>
 <u>Liabilities and Net Assets</u>				
Liabilities:				
Accounts payable	\$ 92,172	\$ 108,201	\$ 50,663	\$ 87,223
Notes payable - noncurrent	--	36,366,010	--	57,713,325
Total Liabilities	<u>92,172</u>	<u>36,474,211</u>	<u>50,663</u>	<u>57,800,548</u>
 <u>Net Assets</u>				
Invested in capital assets, net of related debt	6,462	58,398,472	--	(1,924,760)
Unreserved	267,363	2,761	(50,663)	2,314
Total Fund Balances/Net Assets	<u>273,825</u>	<u>58,401,233</u>	<u>(50,663)</u>	<u>(1,922,446)</u>
 Total Liabilities and Net Assets	 <u>\$ 365,997</u>	 <u>\$ 94,875,444</u>	 <u>\$ --</u>	 <u>\$ 55,878,102</u>

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Fund Net Assets (continued)  
 Mountain House Community Services District  
 Utility Enterprise Funds  
 As of June 30, 2006

	Storm Fund	Storm Pledged Fund	Total Utility Enterprise Fund
<u>Assets</u>			
Cash	\$ 349,205	\$ 24,140	\$ 928,551
Market value appreciation	(19)	(1)	(51)
Cash and investments at market value	349,186	24,139	928,500
Interest receivable	3,639	177	8,675
Capital Asset:			
Depreciable, net of accumulated depreciation:			
Public infrastructure	--	23,130,377	173,683,424
General assets	--	--	6,462
Total Assets	\$ 352,825	\$ 23,154,693	\$ 174,627,061
<u>Liabilities and Net Assets</u>			
Liabilities:			
Accounts payable	\$ 5,569	\$ 24,128	\$ 367,956
Notes payable - noncurrent	--	23,968,819	118,048,154
Total Liabilities	5,569	23,992,947	118,416,110
<u>Net Assets</u>			
Invested in capital assets, net of related debt	--	(838,442)	55,641,732
Unreserved	347,256	188	569,219
Total Fund Balances/Net Assets	347,256	(838,254)	56,210,951
Total Liabilities and Net Assets	\$ 352,825	\$ 23,154,693	\$ 174,627,061

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Mountain House Community Services District  
Utility Enterprise Funds  
For the Year Ended June 30, 2006

	Water Fund	Water Pledged Fund	Wastewater	Wastewater Pledged Fund
Revenues:				
Charges for services	\$ 844,686	\$ 362,083	\$ 332,886	\$ 290,932
Miscellaneous	51,322	--	--	--
Total Operating Revenues	896,008	362,083	332,886	290,932
Operating Expenses:				
Current:				
Professional services	7,594	--	5,509	--
Enterprise services costs	325,771	--	333,221	--
Road maintenance	--	--	--	--
Utilities	217,418	--	66,550	--
Maintenance-equipment and buildings	20,970	--	24,902	--
Insurance	19,507	--	--	--
County services	157	--	145	--
Indirect cost charges	134,267	--	237,846	--
Depreciation	1,202	3,910,243	--	2,214,079
Total Operating Expenses	726,886	3,910,243	668,173	2,214,079
Operating Income (Loss)	169,122	(3,548,160)	(335,287)	(1,923,147)
Non-Operating Revenues (Expenses):				
Interest income	10,246	862	(17)	701
Total Non-Operating Revenues (Expenses):	10,246	862	(17)	701
Transfers and Contributions/Capital Grants				
Contributions/Capital Grants	94,457	61,796,782	(56,657)	--
Transfers in	--	151,749	341,298	--
Change in Net Assets	273,825	58,401,233	(50,663)	(1,922,446)
Net Assets - Beginning of Year	--	--	--	--
Net Assets - End of Year	\$ 273,825	\$ 58,401,233	\$ (50,663)	\$ (1,922,446)

continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets (continued)  
Mountain House Community Services District  
Utility Enterprise Funds  
For the Year Ended June 30, 2006

	Storm Fund	Storm Pledged Fund	Total Utility Enterprise Fund
Revenues:			
Charges for services	\$ 366,891	\$ 79,533	\$ 2,277,011
Miscellaneous	--	--	51,322
Total Operating Revenues	366,891	79,533	2,328,333
Operating Expenses:			
Current:			
Professional services	12,688	--	25,791
Enterprise services costs	102,972	--	761,964
Road maintenance	21,120	--	21,120
Utilities	--	--	283,968
Maintenance-equipment and buildings	1,205	--	47,077
Insurance	--	--	19,507
County services	127	--	429
Indirect cost charges	11,508	--	383,621
Depreciation	--	917,975	7,043,499
Total Operating Expenses	149,620	917,975	8,586,976
Operating Income (Loss)	217,271	(838,442)	(6,258,643)
Non-Operating Revenues (Expenses):			
Interest income	8,371	188	20,351
Total Non-Operating Revenues (Expenses):	8,371	188	20,351
Transfers and Contributions/Capital Grants			
Contributions/Capital Grants	121,614	--	61,956,196
Transfers in	--	--	493,047
Change in Net Assets	347,256	(838,254)	56,210,951
Net Assets - Beginning of Year	--	--	--
Net Assets - End of Year	\$ 347,256	\$ (838,254)	\$ 56,210,951

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows  
 Mountain House Community Services District  
 Utility Enterprise Funds  
 For the Year Ended June 30, 2006

	<u>Water Fund</u>	<u>Water Pledged Fund</u>	<u>Wastewater</u>	<u>Wastewater Pledged Fund</u>
Cash Flows from Operating Activities:				
Cash received from customers	\$ 896,005	\$ 362,083	\$ 332,886	\$ 290,932
Cash payments to suppliers for goods and services	(633,352)	--	(617,365)	--
Cash payments to other departments for goods and services	(157)	--	(145)	--
Net Cash Provided (Used) by Operating Activities	<u>262,496</u>	<u>362,083</u>	<u>(284,624)</u>	<u>290,932</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	--	151,749	341,298	--
Cash Flows from Noncapital Financing Activities	<u>--</u>	<u>151,749</u>	<u>341,298</u>	<u>--</u>
Cash flows from capital financing activities:				
Capital contributions received	94,769	--	284,641	--
Acquisition and construction of capital assets	(8,411)	(151,749)	(341,298)	--
Principal payment on debts	--	(251,983)	--	(202,096)
Interest payments on debts	--	--	--	--
Cash Flows from Capital Financing Activities	<u>86,358</u>	<u>(403,732)</u>	<u>(56,657)</u>	<u>(202,096)</u>
Cash flows from investing activities:				
Earnings on investment	7,298	45	(17)	42
Net Cash Flows from Investing Activities	<u>7,298</u>	<u>45</u>	<u>(17)</u>	<u>42</u>
Increase (Decrease) in Cash and Cash Equivalents	356,152	110,145	--	88,878
Cash and Cash Equivalents, Beginning of Year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Cash and Cash Equivalents, End of Year	<u>\$ 356,152</u>	<u>\$ 110,145</u>	<u>\$ --</u>	<u>\$ 88,878</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating Income (Loss)	\$ 169,122	\$ (3,548,160)	\$ (335,287)	\$ (1,923,147)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,202	3,910,243	--	2,214,079
Changes in assets and liabilities:				
Increase/(decrease) in payables	92,172	--	50,663	--
Total Adjustments	<u>93,374</u>	<u>3,910,243</u>	<u>50,663</u>	<u>2,214,079</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 262,496</u>	<u>\$ 362,083</u>	<u>\$ (284,624)</u>	<u>\$ 290,932</u>

continued

## COUNTY OF SAN JOAQUIN

### Combining Statement of Cash Flows (continued) Mountain House Community Services District Utility Enterprise Funds For the Year Ended June 30, 2006

	Storm Fund	Storm Pledged Fund	Total Utility Enterprise Fund
Cash Flows from Operating Activities:			
Cash received from customers	\$ 366,891	\$ 79,533	\$ 2,328,330
Cash payments to suppliers for goods and services	(143,924)	--	(1,394,641)
Cash payments to other departments for goods and services	(127)	--	(429)
Net Cash Provided (Used) by Operating Activities	222,840	79,533	933,260
Cash flows from noncapital financing activities:			
Transfers in (out)	--	--	493,047
Cash Flows from Noncapital Financing Activities	--	--	493,047
Cash flows from capital financing activities:			
Capital contributions received	120,979	--	500,389
Acquisition and construction of capital assets	--	--	(501,458)
Principal payment on debts	--	(55,404)	(509,483)
Interest payments on debts	--	--	--
Cash Flows from Capital Financing Activities	120,979	(55,404)	(510,552)
Cash flows from investing activities:			
Earnings on investment	5,367	10	12,745
Net Cash Flows from Investing Activities	5,367	10	12,745
Increase (Decrease) in Cash and Cash Equivalents	349,186	24,139	928,500
Cash and Cash Equivalents, Beginning of Year	--	--	--
Cash and Cash Equivalents, End of Year	\$ 349,186	\$ 24,139	\$ 928,500
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating Income (Loss)	\$ 217,271	\$ (838,442)	\$ (6,258,643)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	--	917,975	7,043,499
Changes in assets and liabilities:			
Increase/(decrease) in payables	5,569	--	148,404
Total Adjustments	5,569	917,975	7,191,903
Net Cash Provided (Used) by Operating Activities	\$ 222,840	\$ 79,533	\$ 933,260

**STATISTICAL SECTION –  
FINANCIAL ONLY**

# COUNTY OF SAN JOAQUIN

## Changes in Net Assets, Last Five Fiscal Years For the Year Ended June 30, 2006

	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 25,732,859	\$ 27,912,118	\$ 30,779,313	\$ 38,795,621	\$ 34,228,773
Public protection	230,090,340	209,655,788	202,926,413	190,662,044	188,040,521
Public ways and facilities	50,441,051	41,946,734	39,656,503	34,232,728	32,655,358
Health and sanitation	119,566,506	113,805,931	114,164,687	108,020,461	95,671,637
Public assistance	307,459,822	286,344,969	262,306,099	259,868,711	250,800,994
Education	5,865,222	5,670,639	4,141,557	4,224,248	4,075,421
Culture and recreation	5,580,859	5,151,479	4,851,047	4,892,440	4,516,643
Interest on long-term debt	4,040,221	3,301,400	3,602,597	3,767,117	3,687,949
Total governmental activities expenses	<u>748,776,880</u>	<u>693,789,058</u>	<u>662,428,216</u>	<u>644,463,370</u>	<u>613,677,296</u>
Business-type activities:					
Solid Waste	17,685,787	19,128,619	18,258,876	14,761,783	14,819,128
Hospital	189,776,046	171,184,362	158,342,874	160,106,702	152,420,720
Airport	3,663,416	3,492,808	2,877,679	2,567,318	2,741,807
Mountain House District-Water/wasterwtr	9,316,012	--	--	--	--
Total business-type activities expenses	<u>220,441,261</u>	<u>193,805,789</u>	<u>179,479,429</u>	<u>177,435,803</u>	<u>169,981,655</u>
 Total primary government expenses	 <u>969,218,141</u>	 <u>887,594,847</u>	 <u>841,907,645</u>	 <u>821,899,173</u>	 <u>783,658,951</u>
 <b>Program Revenues:</b>					
Governmental activities:					
Charges for services					
General government	20,161,576	13,147,165	12,902,374	8,038,035	12,303,088
Public protection	50,135,663	47,004,966	45,568,340	40,848,887	32,451,657
Public ways and facilities	9,713,552	8,084,373	14,917,746	11,129,767	19,852,028
Community infrastructure pro	3,922,438	2,744,572	--	--	3,082,241
Mountain House service district	6,816,337	7,617,175	--	--	--
Health & sanitation	29,049,369	32,172,418	33,432,777	35,571,727	31,870,685
Children & families act program	--	--	--	--	965,243
Public assistance	1,162,124	882,179	770,841	458,498	28,284
Education	146,925	165,664	146,494	123,384	177,849
Recreation	1,580,398	1,429,929	1,468,930	1,448,001	1,294,571
Operating grants and contribution	476,195,426	445,160,436	401,581,907	411,746,972	407,032,211
Capital grants and contribution (3)	14,389,355	6,523,968	10,343,663	75,199,646	9,601,105
Total governmental activities revenues	<u>613,273,163</u>	<u>564,932,845</u>	<u>521,133,072</u>	<u>584,564,917</u>	<u>518,658,962</u>
Business-type activities:					
Charges for services					
Solid Waste	19,699,066	16,397,404	14,421,249	14,189,244	12,363,704
Hospital	158,935,264	151,749,835	139,106,939	126,726,781	130,241,517
Airport	1,456,000	2,505,795	1,764,248	1,337,875	1,051,249
Mountain House District-Water/wasterwtr	2,328,332	--	--	--	--
Operating grants and contribution	219,750	443,470	402,321	730,141	601,569
Capital grants and contribution (3)	57,372,734	--	6,199,257	1,784,775	521,246
Total business-type activities revenues	<u>240,011,146</u>	<u>171,096,504</u>	<u>161,894,014</u>	<u>144,768,816</u>	<u>144,779,285</u>
 Total primary government revenues	 <u>853,284,309</u>	 <u>736,029,349</u>	 <u>683,027,086</u>	 <u>729,333,733</u>	 <u>663,438,247</u>
 <b>Net(expense)/revenue</b>					
Governmental activities	(135,503,717)	(128,856,213)	(141,295,144)	(59,898,453)	(95,018,334)
Business-type activities	19,569,885	(22,709,285)	(17,585,415)	(32,666,987)	(25,202,370)
Total primary government net expense	<u>\$ (115,933,832)</u>	<u>\$ (151,565,498)</u>	<u>\$ (158,880,559)</u>	<u>\$ (92,565,440)</u>	<u>\$ (120,220,704)</u>

continued



# COUNTY OF SAN JOAQUIN

## Changes in Net Assets, Last Five Fiscal Years (continued) For the Year Ended June 30, 2006

	2005-06	2004-05	2003-04	2002-03	2001-02
<b>General revenues and other changes in net assets</b>					
Governmental activities:					
Property taxes	\$ 185,372,303	\$ 151,882,750	\$ 86,669,108	\$ 85,827,506	\$ 77,334,414
Sales taxes	32,125,346	28,403,230	27,140,610	13,462,083	11,302,600
Motor vehicle and other in lieu taxes	5,159,327	17,446,086	37,340,881	50,010,443	42,733,916
Tobacco settlement proceeds	5,591,287	6,025,258	6,067,708	7,099,275	7,429,440
Other	8,938,958	9,140,545	7,144,766	5,722,455	4,844,335
Investment earnings	17,501,863	7,916,246	3,535,745	4,899,391	7,803,258
Miscellaneous	--	--	151,610	--	11,742
Tranfers	(39,971,492)	(24,124,551)	(20,180,124)	(20,702,077)	(22,142,220)
Extraordinary item (1)	--	--	(1,010,334)	--	--
Prior period adjustments (2)	--	9,091,468	--	4,053,340	649,415
Total governmental activities	<u>214,717,592</u>	<u>205,781,032</u>	<u>146,859,970</u>	<u>150,372,416</u>	<u>129,966,900</u>
Business-type activities					
Property taxes	447,221	--	--	--	650,604
Investment earnings	1,474,136	2,097,150	1,352,743	2,579,915	1,951,500
Tranfers	39,971,492	24,124,551	20,180,124	20,702,077	22,142,220
Prior period adjustments	--	--	--	--	965,197
Total business-type activities	<u>41,892,849</u>	<u>26,221,701</u>	<u>21,532,867</u>	<u>23,281,992</u>	<u>25,709,521</u>
Total primary government	<u>\$ 256,610,441</u>	<u>\$ 232,002,733</u>	<u>\$ 168,392,837</u>	<u>\$ 173,654,408</u>	<u>\$ 155,676,421</u>
<b>Changes in net assets</b>					
Governmental activities	\$ 79,213,875	\$ 76,924,819	\$ 5,564,826	\$ 90,473,963	\$ 34,948,566
Business-type activities	61,462,734	3,512,416	3,947,452	(9,384,995)	507,151
Total primary government	<u>\$ 140,676,609</u>	<u>\$ 80,437,235</u>	<u>\$ 9,512,278</u>	<u>\$ 81,088,968</u>	<u>\$ 35,455,717</u>

(1) = The County's imposed share of the State of California's penalty assessment levied by the federal government for the State's failure to establish a State-wide automated child support collection system.

(2) = 2001-02 and 2002-03 -Funds classified as "agency fund group" previously are recalsified as an integral part of the County's governmental fund group.

(2) = 2004-05 - Reflect the capitalization of the financial and human resources computer system and the right-of-way acquisitions expended in prior years.

## COUNTY OF SAN JOAQUIN

### County of San Joaquin Fund Balances, Governmental Funds Last Five Fiscal Years

	2005-06	2004-05	2003-04	2002-03	2001-02
General fund:					
Reserved	\$ 15,070,347	\$ 15,059,550	\$ 16,282,303	\$ 18,071,737	\$ 12,977,323
Unreserved	102,807,800	54,302,437	14,809,035	26,612,224	25,299,737
Total general fund	117,878,147	69,361,987	31,091,338	44,683,961	38,277,060
All Other Governmental Funds					
Reserved	82,359,538	67,074,862	85,343,195	89,295,726	110,548,916
Unreserved, reported in:					
Special Revenue Funds	84,887,806	86,357,996	58,703,829	70,284,471	85,597,972
Capital Project Funds	15,319,173	7,616,277	1,118,684	(10,340,773)	(21,978,654)
Total all other governmental funds	182,566,517	161,049,135	145,165,708	149,239,424	174,168,234
Total, all governmental funds	\$ 300,444,664	\$ 230,411,122	\$ 176,257,046	\$ 193,923,385	\$ 212,445,294

# COUNTY OF SAN JOAQUIN

## Legal Debt Margin Information Last Five Years

	Fiscal year ended June 30				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt Limit	\$ 576,919,493	\$ 497,461,589	\$ 440,925,627	\$ 398,527,288	\$ 398,527,000
Total net debt applicable to limit	29,711,144	33,342,132	33,274,766	31,623,103	32,050,536
Legal debt margin	547,208,349	464,119,457	407,650,861	366,904,185	366,476,464
Total net debt applicable to the limit as a percentage of debt limit	5.15%	6.70%	7.55%	7.93%	8.04%

Government Code Section 25371 limits the County's ability to raise resources through the issuance of debt to finance acquisitions or construction of County facilities. The debt limit is 1 1/4% of the total assessed value

**COUNTY OF SAN JOAQUIN**

County of San Joaquin  
Ratios of Outstanding Debt by Type,  
Last Five Years

<u>Fiscal Year</u>	<u>Governmental Activities</u>			
	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Loans</u>	<u>Unpaid Compensated Absence</u>
2006	\$ 43,029,172	\$ 1,578,874	\$ 122,005,002	\$ 28,759,456
2005	47,436,140	743,953	4,929,183	23,038,782
2004	51,523,204	929,104	4,320,462	22,134,256
2003	55,314,773	1,989,558	2,580,100	21,853,309
2002	58,815,190	2,304,326	3,579,100	20,351,048

continued

**COUNTY OF SAN JOAQUIN**

County of San Joaquin  
 Ratios of Outstanding Debt by Type,  
 Last Five Years (continued)

Fiscal Year	Business-Type Activities				
	Certificates of Participation	Capital Leases	Loans	Unpaid Compensated Absence	Landfill Closure and Postclosure
2006	\$ 109,239,109	\$ 151,638	\$ 118,864,360	\$ 5,257,321	\$ 8,685,737
2005	114,254,053	233,382	90,134	4,802,333.00	10,021,598
2004	118,788,998	311,742	92,792	5,133,855.00	6,908,034
2003	122,798,940	394,191	95,151	5,165,988.00	4,765,986
2002	107,614,109	14,194	97,244	4,422,669.00	4,740,172

continued

**COUNTY OF SAN JOAQUIN**

County of San Joaquin  
Ratios of Outstanding Debt by Type,  
Last Five Years (continued)

<u>Fiscal Year</u>	<u>Total Primary Government</u>	<u>Per Capita</u>	<u>Population</u>
2006	\$ 437,574,681	\$ 655	668,265
2005	205,553,568	317	648,422
2004	210,146,455	333	630,577
2003	214,962,002	350	613,490
2002	201,942,056	339	595,985

Population - January of the fiscal year

[1] = FY 2005-06, Mountain House Service District incurred long-term debt in exchange for the district infrastructure that has been transferred by the developer.

## COUNTY OF SAN JOAQUIN

### Changes in Fund Balances, Governmental Funds - SJC Last 5 years June 30, 2006

	2005-06	2004-05	2003-04	2002-03	2001-02
<b>REVENUES</b>					
Taxes	\$ 216,269,438	\$ 169,201,969	\$ 112,347,258	\$ 106,749,269	\$ 95,800,789
Licenses and permits	9,844,592	7,407,564	7,430,313	5,388,267	4,825,994
Fines, forfeits and penalties	18,067,404	14,080,149	11,656,083	10,752,441	10,864,649
Use of money and property	14,275,552	6,611,373	3,133,097	4,668,323	12,122,232
Aid from other governmental agencies	498,014,555	475,119,794	448,488,147	454,815,250	461,871,684
Charges for services	91,903,011	85,555,433	83,232,358	78,970,076	71,208,354
Miscellaneous	15,186,059	15,277,219	14,665,287	14,016,900	16,515,994
<b>TOTAL REVENUES</b>	<b>863,560,611</b>	<b>773,253,501</b>	<b>680,952,543</b>	<b>675,360,526</b>	<b>673,209,696</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	38,369,942	31,018,117	31,296,316	36,277,964	37,055,410
Public safety	215,520,350	199,948,767	194,602,048	181,895,446	179,413,886
Public ways and facilities	34,935,720	31,528,734	29,781,894	27,254,974	26,151,100
Health & sanitation	116,869,120	112,053,011	112,618,258	106,415,747	94,778,227
Public assistance	304,048,779	285,095,525	260,876,919	258,408,303	250,652,919
Education	5,803,595	5,586,424	4,018,930	4,125,295	3,989,708
Recreation	4,131,171	3,554,593	3,368,867	3,622,470	3,435,111
Capital outlay	31,683,615	25,711,923	35,030,831	46,987,741	34,141,151
<b>Debt service:</b>					
Principal	5,486,955	5,216,438	5,484,743	4,825,020	5,402,261
Interest	3,208,775	3,266,278	3,237,657	3,542,306	3,377,075
<b>Total expenditures</b>	<b>760,058,022</b>	<b>702,979,810</b>	<b>680,316,463</b>	<b>673,355,266</b>	<b>638,396,848</b>
Excess (deficiency) of revenues over(under) expenditures	103,502,589	70,273,691	636,080	2,005,260	34,812,848
<b>OTHER FINANCING SOURCES(USES)</b>					
Transfers in	47,101,771	35,711,734	24,458,294	33,598,997	35,085,473
Transfers out	(82,599,029)	(52,034,944)	(45,047,748)	(55,389,327)	(59,375,019)
Interfund interest	33,615	--	--	--	--
Loan proceeds	425,981	203,597	3,297,369	--	--
Capital grants	1,568,615	--	--	--	--
Extraordinary and special item-Fed Govt Penalty prior periods adjustment	--	--	(1,010,334)	--	--
<b>TOTAL OTHER FINANCING</b>	<b>(33,469,047)</b>	<b>(16,119,613)</b>	<b>(18,302,419)</b>	<b>(20,527,169)</b>	<b>(22,666,714)</b>
<b>Net change in fund balances</b>	<b>\$ 70,033,542</b>	<b>\$ 54,154,078</b>	<b>\$ (17,666,339)</b>	<b>\$ (18,521,909)</b>	<b>\$ 12,146,134</b>

# COUNTY OF SAN JOAQUIN

## Net Assets by Component, Last 5 Fiscal Years Amount in thousands

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 248,502,581	\$ 293,067,118	\$ 368,137,777	\$ 374,392,279	\$ 377,862,650
Restricted net assets	151,307,681	157,613,542	152,047,237	213,625,664	250,392,162
Unrestricted net assets	116,143,053	155,746,621	91,807,063	100,898,953	139,875,959
Total governmental activities net assets	<u>515,953,315</u>	<u>606,427,281</u>	<u>611,992,077</u>	<u>688,916,896</u>	<u>768,130,771</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	7,684,095	15,719,581	13,900,024	26,284,166	86,307,694
Restricted net assets	852,809	19,035,786	12,797,787	6,131,099	14,403,192
Unrestricted net assets	67,857,943	32,254,485	44,259,493	42,054,455	35,221,568
Total business-type activities net assets	<u>76,394,847</u>	<u>67,009,852</u>	<u>70,957,304</u>	<u>74,469,720</u>	<u>135,932,454</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	256,186,676	308,786,699	382,037,801	400,676,445	464,170,344
Restricted net assets	152,160,490	176,649,328	164,845,024	219,756,763	264,795,354
Unrestricted net assets	184,000,996	188,001,106	136,066,556	142,953,408	175,097,527
Total primary government net assets	<u>\$ 592,348,162</u>	<u>\$ 673,437,133</u>	<u>\$ 682,949,381</u>	<u>\$ 763,386,616</u>	<u>\$ 904,063,225</u>