

COUNTY OF SAN JOAQUIN

AUDIT REPORT

JUNE 30, 2007

**COUNTY OF SAN JOAQUIN
AUDIT REPORT
JUNE 30, 2007**

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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, 2007, 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 other auditors whose report thereon has been furnished to us. 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 47 percent and 86 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, the discretely presented component units and the San Joaquin General Hospital Enterprise Fund are based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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, 2007 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 February 11, 2008 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

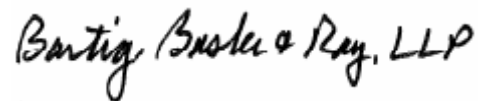
Honorable Grand Jury and Board of Supervisors
County of San Joaquin, California

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 (required supplementary information) 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 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

A handwritten signature in black ink that reads "Bartig Basler & Ray, LLP". The signature is written in a cursive, flowing style.

Roseville, California
February 11, 2008

**MANAGEMENT'S DISCUSSION
& ANALYSIS**

COUNTY OF SAN JOAQUIN
Management's Discussion and Analysis
June 30, 2007

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, 2007. 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 2006-2007 Fiscal Year by \$965.4 million, which is referred to as net assets. Of this amount, \$98.9 million is considered unrestricted net assets, which may be used to meet ongoing obligations to citizens and creditors. \$402.6 million is reserved or restricted net assets and limited to specific purposes and \$463.9 million, is invested in capital assets, net of related debt.
- The County's total net assets increased by \$103.5 million during the year. Governmental activities increased the County's net assets by \$132.4 million and business-type activities decreased the County's net assets by \$28.9 million.
- As of June 30, 2007, the County governmental funds reported combined fund balances of \$478.9 million, which is an increase of \$178.4 million from last year's fund balance. Of the combined fund balances, \$213.0 million or 44% is available to meet the County's current and future needs (*unreserved fund balances*).
- As of June 30, 2007, the unreserved fund balance for the general fund was \$83.2 million, or approximately 14.2% 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, 2007 was \$519.4 million, \$84.1 million higher than the prior year's, primarily due to the issuance of the Certificates of Participation for the County's new administration building

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 1, 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.

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Management's Discussion and Analysis
June 30, 2007

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 13-15 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 four 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 the General Fund and the major special revenue 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 16-19 of this report.

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Management's Discussion and Analysis
June 30, 2007

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 four 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 20-24 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 25-26 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 27-82 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 six years and the combined financial statements for the Mountain House Community Service District and County Service Area No. 31 (Flag City).

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 \$965.4 million at the close of the fiscal year 2006-07.

COUNTY OF SAN JOAQUIN
Management's Discussion and Analysis
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Condensed Statement of Net Assets (000's)

	Governmental Activities		Business-Type Activities		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Assets:						
Current and other assets	\$ 753,853	\$ 557,518	\$ 92,549	\$ 87,432	\$ 846,402	\$ 644,950
Capital assets	562,490	541,900	241,769	305,821	804,259	847,721
Total assets	<u>\$ 1,316,343</u>	<u>\$ 1,099,418</u>	<u>\$ 334,318</u>	<u>\$ 393,253</u>	<u>\$ 1,650,661</u>	<u>\$ 1,492,671</u>
Liabilities:						
Current and other liabilities	\$ 111,303	\$ 126,482	\$ 54,587	\$ 26,048	\$ 165,890	\$ 152,530
Long-term liabilities	283,373	204,805	236,002	230,544	519,375	435,349
Total liabilities	<u>394,676</u>	<u>331,287</u>	<u>290,589</u>	<u>256,592</u>	<u>685,265</u>	<u>587,879</u>
Net Assets:						
Invested in capital assets, net of related debt	430,608	377,863	33,307	87,038	463,915	464,901
Restricted	392,181	250,392	10,410	17,325	402,591	267,717
Unrestricted	98,878	139,876	12	32,298	98,890	172,174
Total net assets	<u>921,667</u>	<u>768,131</u>	<u>43,729</u>	<u>136,661</u>	<u>965,396</u>	<u>904,792</u>
Total Liabilities and Net Assets	<u>\$ 1,316,343</u>	<u>\$ 1,099,418</u>	<u>\$ 334,318</u>	<u>\$ 393,253</u>	<u>\$ 1,650,661</u>	<u>\$ 1,492,671</u>

The largest portion of the County's net assets in the amount of \$463.9 million, approximately 48% 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 \$402.6 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 \$98.9 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 \$103.5 million during the current fiscal year.

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

	Governmental Activities		Business-Type Activities		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Revenues						
Program Revenues:						
Charges for services	\$ 140,255	\$ 122,689	\$ 175,052	\$ 182,419	\$ 315,307	\$ 305,108
Operating grants and contr.	506,958	476,196	1,358	220	508,316	476,416
Capital grants and contr.	6,167	14,389	--	57,373	6,167	71,762
General revenues:						
Property taxes	219,158	185,372	497	447	219,655	185,819
Property transfer taxes	4,017	6,183	--	--	4,017	6,183
Sales taxes	28,596	32,125	--	--	28,596	32,125
Motor vehicle and other in lieu taxes	4,953	5,159	--	--	4,953	5,159
Transient occupancy tax	346	384	--	--	346	384
Franchise and others	2,586	2,372	--	--	2,586	2,372
Tobacco settlement proceeds	5,936	5,591	--	--	5,936	5,591
Investment earnings	27,259	17,502	4,425	1,474	31,684	18,976
Miscellaneous	--	--	713	--	713	--
Total revenues	<u>946,231</u>	<u>867,962</u>	<u>182,045</u>	<u>241,933</u>	<u>1,128,276</u>	<u>1,109,895</u>
Expenses:						
General government	20,374	25,733	--	--	20,374	25,733
Public protection	248,845	230,090	--	--	248,845	230,090
Public ways and facilities	37,532	50,441	--	--	37,532	50,441
Health and sanitation	124,328	119,567	--	--	124,328	119,567
Public assistance	324,549	307,460	--	--	324,549	307,460
Education	6,267	5,865	--	--	6,267	5,865
Culture and recreation	6,108	5,581	--	--	6,108	5,581
Interest on long-term debt	7,469	4,040	--	--	7,469	4,040
Solid waste	--	--	21,022	17,686	21,022	17,686
Hospital	--	--	194,541	189,776	194,541	189,776
Mountain House Utilities	16,625	--	12,490	8,587	29,115	8,587
Airport	--	--	4,593	3,664	4,593	3,664
Total expenses	<u>792,097</u>	<u>748,777</u>	<u>232,646</u>	<u>219,713</u>	<u>1,024,743</u>	<u>968,490</u>
Excess (deficiency) before transfers	154,134	119,185	(50,601)	22,220	103,533	141,405
Transfers	(21,743)	(39,971)	21,743	39,971	--	--
Change in net assets	<u>132,391</u>	<u>79,214</u>	<u>(28,858)</u>	<u>62,191</u>	<u>103,533</u>	<u>141,405</u>
Net assets, beginning of year	768,131	688,917	136,661	74,470	904,792	763,387
Adjustment to beginning net assets	21,145	--	(64,074)	--	(42,929)	--
Net assets, end of year	<u>\$ 921,667</u>	<u>\$ 768,131</u>	<u>\$ 43,729</u>	<u>\$ 136,661</u>	<u>\$ 965,396</u>	<u>\$ 904,792</u>

Governmental activities. Governmental activities increased the County's net assets by \$132.4 million, accounting for all 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 \$16.2 million; the effect of decreasing long-term debt principal expenditures, recognizing revenues that

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were not available to meet current budgetary needs, and the issuance of the new long-term debts decreased net assets by \$59.9 million. See the reconciliation on page 19 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.

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 \$25.8 million.

In addition, the prior year's adjustment to the Mountain House Community Service Area (both the governmental and the business-type activities) infrastructures that were accepted as a final dedication in August 2007 reduced the net assets by \$31.9 million.

Revenues

Total revenue for the County's governmental activities increased by \$78.3 million, or 9%, over the previous year.

- Revenues from the general revenues, such as property taxes, sales taxes and investment earnings increased by \$38.2 million from the prior year. 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 \$17.6 million and the operating and capital grants and contributions increased by \$30.8 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 6% 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. Overall, expenditures for governmental activities increased by \$43.3 million, or 6%, over the previous year. Of the total increase, \$17.1 million comes from the public assistance functional category and \$18.8 million from the public protection functional category. The County's major cost component is salaries and benefits.

Business-type activities. Business-type activities decreased the County's net assets by \$28.9 million. By excluding the operating grants and the statutory-required contribution transfers of \$21.7 million from the governmental-activities funds, the Business-type activities would have decreased the County net assets by \$50.6 million.

Key factors that contributed to this decrease from the operating activities were the loss of \$39.8 million in the Hospital operation, and \$9.0 million by the Mountain House Community Development District-Utility Enterprise funds.

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.

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At June 30, 2007, the County's governmental funds reported total fund balances of \$478.9 million, an increase of \$178.4 million in comparison with the prior year. Approximately 44%, or \$213 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, \$18.9 million; 2) to reflect inventories and interfund advances that are long-term in nature and thus do not represent available spendable resources, \$2.2 million and 3) to liquidate contractual commitments of the period – \$244.7 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, 2007, it had an unreserved fund balance of \$83.2 million while its total fund balance increased to \$97.7 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 14.2% of total fund expenditures, while total fund balance represents 16.7% of the same amount.

The Mental Health and Substance Abuse Fund, a major fund, was established to account for the mental health and substance abuse prevention and treatment services' activities. Therefore, the fund balance must be used for these designated services. At June 30, 2007, of its \$5.3 million fund balance, \$0.4 million has been committed and the remaining balance of \$4.9 million is available for the next fiscal year's appropriation.

The First Five Program, a major fund, was created following voter approval of the Children and Families Act of 1998 (Proposition 10) for the purposes of promoting and improving the early development of children from the prenatal stage to five years of age. The fund balance is, therefore, restricted for this program. At June 30, 2007, of its \$21.1 million fund balance, \$5.4 million has been committed and the remaining balance of \$15.7 million is available for the next year's appropriation.

The County Capital Outlay Fund, previously a non-major fund, was created to account for the expenditures related to the new acquisition, construction, major maintenance and/or additions and renovations of the County's facilities. Completion time for a capital project is often longer than a single fiscal year, depending on complexity and magnitude, Funds for projects still in progress at the end of a fiscal year are encumbered and carried forward in order to complete the work. At June 30, 2007, it had a fund balance of \$203.7 million.

Revenues for governmental functions totaled \$909.9 million in fiscal year 2006-07, which represents an 11.9% or \$44.6 million increase from fiscal year 2005-06. The largest increases in revenues were tax revenues (\$1.9 million), aid from other governmental agencies (\$25.6 million), investment earnings (\$7.9 million), charges for services (\$16.3 million). The largest decreases in revenues were court fines and penalties (\$4.3 million).

Expenditures for government functions totaled \$833.1 million in fiscal year 2006-07, which represents an increase of 9.6% (\$73.0 million) from the prior year. The largest increase occurred in functional categories of the public assistance (\$17.1 million), the public protection (\$18.8 million), and the debt services (\$8.5 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 \$7.3 million in net assets at June 30, 2007, the Airport Enterprise had \$13.3 million, the Hospital Enterprise had \$39.6 million, and the Mountain House Enterprise had a negative net asset of \$16.5 million. The unrestricted net assets amounted to \$3.3 million, \$-2.9 million, \$7.9 million, and \$1.1 million, respectively, of the total proprietary funds' net assets.

The internal service funds had \$63.9 million in net assets at June 30 2007 with \$55.4 million as unrestricted. Of the unrestricted fund balances, \$37.6 million is designated for future claims under the County's self-insurance programs.

COUNTY OF SAN JOAQUIN
Management's Discussion and Analysis
June 30, 2007

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the 2006-07 fiscal year's original budget and the final amended budget resulted in \$31.2 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 \$2.0 million to reflect the increase of supervisorial district-specific projects.
- The reserve for contingency budget increased by \$15.7 million to reflect the re-appropriation of the excess property tax revenues received in prior years.
- The public safety function budget increased by \$5.3 million to reflect the negotiated increase in salaries and benefits for the public safety employees and the additional funding provided by the Federal and the State governments for public safety programs.
- The public assistance function budget increased by \$2.9 million to reflect the additional funding provided by the Federal and the State governments for public assistance programs.
- The transfers-out budget increased by \$4.6 million to reflect the additional funding provided to various programs managed by other funds.

During the year, actual revenues were less than budgetary estimates by \$36.1 million. The decrease reflects the combination of increases and decreases of various revenue sources. The major decreases are \$19.0 million in Aid from Other Governmental Agencies for the public assistance area, \$2.9 million in sales tax and documentary stamp revenues and the \$15.1 million re-appropriation of the excess property tax revenues received in prior years. These decreases were offset by the increase in the interest earnings from the investment pool (\$4.1 million), donation from developers (\$5.0 million).

Actual expenditures were less than final amended budgetary estimates by \$103.7 million. A majority of the difference is attributable to below budget expenditures in public protection, health and human services, public assistance (\$50.4 million) and the interest expense on the Teeter Note (\$1.9 million). The County also appropriated \$46.8 million for contingencies as part of the County reserve policy. The net effect of under-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$67.6 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, 2007, amounted to \$463.9 million. This investment in capital assets includes infrastructure, infrastructure in progress, land, buildings and improvements, equipment and construction in progress. The total decrease in the County's investment in capital assets for the current period was 0.2 percent.

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

- Construction in progress increased by \$8.6 million due mainly to the new Agriculture building, new County administration building, and new clinic projects at the Hospital and the continuing expansion of various County community service centers.
- Infrastructure assets of \$24.2 million were added during the year for various road networks and \$76.7 million was removed from the Mountain House Community Services District as a result of the final dedication of acceptance of the infrastructure from developers.
- Structure and improvements of \$4.7 million were added during the year for the community centers expansion projects, and the Hospital expansion project

COUNTY OF SAN JOAQUIN
Management's Discussion and Analysis
June 30, 2007

- 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 (\$000's) to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Infrastructure	\$ 324,309	\$ 325,786	\$ 108,666	\$ 173,692	\$ 432,975	\$ 499,478
Land and easements	28,259	15,788	4,663	4,663	32,922	20,451
Structure and improvements	167,644	170,865	106,567	103,550	274,211	274,415
Equipment	28,307	22,099	7,579	8,490	35,886	30,589
Construction in progress	10,849	1,162	14,294	15,426	25,143	16,588
Other capitalized assets	3,122	6,200	--	--	3,122	6,200
Total	\$ 562,490	\$ 541,900	\$ 241,769	\$ 305,821	\$ 804,259	\$ 847,721

For additional information related to capital assets, see note 6 on pages 55-57.

Long-term debt

At June 30, 2007, the County had total long-term outstanding debt of \$519.4 million excluding the amount due within one year (\$67.7 million). This amount was comprised of \$230.4 million of certificates of participation, \$9.9 million in landfill closure/postclosure, \$4.3 million in capital lease obligations, \$224.7 million in notes payable, \$5.7 million in earned compensated absences and \$44.7 million for estimated self-insurance claims liability.

On May 23, 2007, the County issued \$114.635 million of Certificates of Participation (COP) to finance the costs of a new County Administration Building and prepay a portion of the County's 1993 outstanding COP. The refunding of the 1993 COP will reduce the total debt service payment over the next 12 years by \$1.2 million.

For additional information related to long-term debt, see notes 10, 11, and 12 on pages 60-68.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The County's 2007-08 budget reflects a marginal increase in many programs as a result of a downturn from 2006-07's phenomenal growth in the real estate market and the investment sector.
- 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.
- In May 2007, the State's budget revision (1) provides \$600 million from the Proposition 1B-Transportation bonds for local streets and roads, the County's projected share is \$6 million; (2) provides \$5.5 billion for the expansion of local detention capacity and \$53 million to reimburse counties for the costs of the new corrections reform programming and housing responsibilities; (3) proposes the elimination of all funding of the Williamson Act subventions totaling \$39.1 million statewide; the County received approximately \$1.9 million annually from this program; (4) reduces Proposition 36 funding by 50% from the current level and redirects the remaining funds to the Offender Treatment Program. The County received \$2.6 million in Proposition 36 funds in FY 2006-07.

COUNTY OF SAN JOAQUIN
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- In Fiscal Year 2007-08, the County plans to issue new revenue certificates of participation (approximately \$8.1 million) to finance various sanitary sewer improvements in the County Service Area No. 31 (Flag City). The County is also planning to issue utility system revenue bonds to finance certain utility improvements in the Mountain House Community Service District.

All of these factors were considered in preparing the County's budget for fiscal 2007-08, approximately \$1.36 billion (including the business-like activities).

During the current fiscal year, unreserved fund balance in the general fund decreased to \$97.7 million. The County has appropriated the full amount for spending in the 2007-08 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.

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

COUNTY OF SAN JOAQUIN

Statement of Net Assets June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments:				
Pooled	\$ 471,828,235	\$ 33,834,846	\$ 505,663,081	\$ 37,782,152
Other banks	--	--	--	2,653,133
Imprest cash	311,540	4,730	316,270	--
Accounts receivable	11,145,351	38,044,221	49,189,572	97,811
Taxes receivable	73,902,068	--	73,902,068	--
Interest receivable	6,661,688	277,701	6,939,389	495,861
Internal balances	(2,067,335)	2,067,331	(4)	(51,998)
Due from other agencies	82,959,943	3,167	82,963,110	1,789,858
Loans receivable	20,000	--	20,000	--
Prepaid expenses	616,854	549,348	1,166,202	--
Inventory	1,104,809	1,720,614	2,825,423	--
Other assets	25,500	--	25,500	1,743,981
Unamortized debt issuance cost	1,714,854	1,430,953	3,145,807	--
Restricted assets:				
Cash and investments	105,402,152	14,427,353	119,829,505	--
Interest receivable	227,388	188,398	415,786	--
Capital assets:				
Nondepreciable	39,108,323	18,957,049	58,065,372	--
Depreciable	779,392,316	354,996,364	1,134,388,680	20,125,415
Accumulated depreciation	(256,010,568)	(132,184,689)	(388,195,257)	(4,942,154)
Total Assets	\$ 1,316,343,118	\$ 334,317,386	\$ 1,650,660,504	\$ 59,694,059
LIABILITIES				
Accounts payable	\$ 26,634,913	\$ 33,651,208	\$ 60,286,121	\$ 3,322,990
Accrued expenses	6,520,500	2,444,465	8,964,965	--
Compensated absences:				
Due within one year	21,899,022	4,790,025	26,689,047	7,257
Due beyond one year	5,170,930	563,743	5,734,673	--
Unearned revenue	20,987,812	3,429,044	24,416,856	396,366
Long-term liabilities:				
Due within one year	33,693,939	7,228,254	40,922,193	--
Due beyond one year	278,201,376	235,437,853	513,639,229	12,228,354
Other liabilities	592,078	1,380,871	1,972,949	1,760,514
Payable from restricted assets:				
Accrued interest	975,739	1,662,986	2,638,725	--
Total Liabilities	394,676,309	290,588,449	685,264,758	17,715,481
NET ASSETS				
Invested in capital assets, net of related debt	430,608,245	33,306,890	463,915,135	15,183,261
Restricted for:				
Capital projects	267,268,601	866,781	268,135,382	--
Debt service	--	9,501,116	9,501,116	--
Children and Families Act Program	21,027,940	--	21,027,940	--
Mountain House Community Service District funds	6,718,230	--	6,718,230	--
Public works and community infrastructure	55,971,251	--	55,971,251	--
Local law enforcement programs	333,596	--	333,596	--
Mental health and substance abuse programs	8,571,735	--	8,571,735	--
Other programs	32,289,272	42,185	32,331,457	--
Unrestricted	98,877,939	11,965	98,889,904	26,795,317
Total Net Assets	921,666,809	43,728,937	965,395,746	41,978,578
Total Liabilities and Net Assets	\$ 1,316,343,118	\$ 334,317,386	\$ 1,650,660,504	\$ 59,694,059

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

COUNTY OF SAN JOAQUIN

Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General government	\$ 34,295,372	\$ (13,921,054)	\$ 25,644,079	\$ 3,241,130	\$ 4,126,491
Public protection	240,357,102	8,487,894	43,895,054	89,226,505	--
Public ways and facilities	35,499,367	804,668	10,750,679	11,021,022	2,040,724
Community infrastructure program	1,227,408	--	5,424,835	--	--
Mountain House Service District	16,625,018	--	18,980,629	--	--
Health and sanitation	103,557,906	1,866,563	32,909,784	77,939,062	--
Children and families act program	18,886,062	17,612	3,507	10,661,358	--
Public assistance	322,492,029	2,057,257	1,004,460	314,868,473	--
Education	6,239,215	27,783	137,306	--	--
Recreation and cultural services	5,448,872	659,277	1,504,986	--	--
Interest on long-term debt	7,468,897	--	--	--	--
Total Governmental Activities	792,097,248	--	140,255,319	506,957,550	6,167,215
Business-Type Activities:					
Hospital	194,540,564	--	151,052,423	--	--
Airport	4,592,686	--	1,364,367	1,127,408	--
Solid Waste	21,022,270	--	19,171,854	230,537	--
Mountain House Services District - Utility Services	12,490,364	--	3,462,934	--	--
Total Business-Type Activities:	232,645,884	--	175,051,578	1,357,945	--
Total Primary Government	\$ 1,024,743,132	\$ --	\$ 315,306,897	\$ 508,315,495	\$ 6,167,215
Component Units					
Headstart	\$ 31,910,379	\$ --	\$ 2,226,307	\$ 29,477,563	\$ --
Health Plan of San Joaquin	93,900,898	--	1,313,357	87,991,582	--
San Joaquin Economic Development	309,626	--	136,190	165,557	--
Local Agency Formation Commission	371,498	--	--	525,178	--
Total Component Units	\$ 126,492,401	\$ --	\$ 3,675,854	\$ 118,159,880	\$ --
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					
Miscellaneous					
Transfers					
Total General Revenues and Transfers					
Change in Net Assets					
Net assets - beginning					
Adjustments to beginning net assets					
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
\$ 12,637,382	\$ --	\$ 12,637,382	\$ --
(115,723,437)	--	(115,723,437)	--
(12,491,610)	--	(12,491,610)	--
4,197,427	--	4,197,427	--
2,355,611	--	2,355,611	--
5,424,377	--	5,424,377	--
(8,238,809)	--	(8,238,809)	--
(8,676,353)	--	(8,676,353)	--
(6,129,692)	--	(6,129,692)	--
(4,603,163)	--	(4,603,163)	--
(7,468,897)	--	(7,468,897)	--
<u>(138,717,164)</u>	<u>--</u>	<u>(138,717,164)</u>	<u>--</u>
--	(43,488,141)	(43,488,141)	--
--	(2,100,911)	(2,100,911)	--
--	(1,619,879)	(1,619,879)	--
--	<u>(9,027,430)</u>	<u>(9,027,430)</u>	<u>--</u>
--	<u>(56,236,361)</u>	<u>(56,236,361)</u>	<u>--</u>
<u>\$ (138,717,164)</u>	<u>\$ (56,236,361)</u>	<u>\$ (194,953,525)</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ (206,509)
--	--	--	(4,595,959)
--	--	--	(7,879)
--	--	--	<u>153,680</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (4,656,667)</u>
219,157,813	497,427	219,655,240	--
4,017,097	--	4,017,097	--
28,596,414	--	28,596,414	--
345,715	--	345,715	--
2,585,644	--	2,585,644	--
4,952,713	--	4,952,713	--
27,259,242	4,425,054	31,684,296	2,081,257
5,936,350	--	5,936,350	--
--	712,180	712,180	--
<u>(21,743,326)</u>	<u>21,743,326</u>	<u>--</u>	<u>--</u>
<u>271,107,662</u>	<u>27,377,987</u>	<u>298,485,649</u>	<u>2,081,257</u>
132,390,498	(28,858,374)	103,532,124	(2,575,410)
768,130,771	136,661,491	904,792,262	44,553,988
21,145,540	(64,074,180)	(42,928,640)	--
<u>\$ 921,666,809</u>	<u>\$ 43,728,937</u>	<u>\$ 965,395,746</u>	<u>\$ 41,978,578</u>

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

COUNTY OF SAN JOAQUIN

Balance Sheet Governmental Funds June 30, 2007

	General Fund	Mental Health Substance Abuse	First Five Program	County Capital Outlay Fund	Other Governmental Funds	Total
ASSETS						
Cash and Investments:						
Pooled	\$ 103,611,732	\$ 4,416,173	\$ 24,934,801	\$ 110,484,709	\$ 126,895,098	\$ 370,342,513
Imprest cash	238,775	39,450	--	--	33,275	311,500
Accounts receivable	2,670,607	1,434,204	270	--	6,761,714	10,866,795
Taxes receivable	73,485,523	--	--	--	416,545	73,902,068
Interest receivable	2,417,657	95,334	355,987	656,666	1,792,954	5,318,598
Due from other agencies	69,869,221	5,903,673	1,664,356	--	4,474,250	81,911,500
Due from other funds	1,883,117	34,000	--	1,301,740	9,255,932	12,474,789
Advances to other funds	1,287,233	--	--	400,807	--	1,688,040
Loans receivable	20,000	--	--	--	--	20,000
Inventory	53,140	217,476	--	--	280,157	550,773
Other assets	25,500	--	--	--	--	25,500
Restricted assets:						
Restricted cash and investments	--	--	--	94,519,827	10,882,325	105,402,152
Interest receivable	--	--	--	204,710	22,678	227,388
Total Assets	<u>\$ 255,562,505</u>	<u>\$ 12,140,310</u>	<u>\$ 26,955,414</u>	<u>\$ 207,568,459</u>	<u>\$ 160,814,928</u>	<u>\$ 663,041,616</u>
LIABILITIES						
Accounts payable	\$ 7,798,628	\$ 1,112,973	\$ 5,708,847	\$ 3,905,449	\$ 3,571,130	\$ 22,097,027
Due to other funds	11,040,611	315,857	131,557	8,522	1,487,248	12,983,795
Due to other agencies	--	--	--	--	1,414,729	1,414,729
Accrued salaries	5,029,399	712,192	15,543	--	707,801	6,464,935
Unearned revenue	103,684,122	4,721,438	--	--	1,194,048	109,599,608
Advances from other funds	2,286,209	--	--	--	1,287,233	3,573,442
Teeter note	27,000,000	--	--	--	--	27,000,000
Accrued interest	428,297	--	--	--	--	428,297
Other liabilities	592,078	--	--	--	--	592,078
Total Liabilities	<u>157,859,344</u>	<u>6,862,460</u>	<u>5,855,947</u>	<u>3,913,971</u>	<u>9,662,189</u>	<u>184,153,911</u>
FUND BALANCES						
Reserved for:						
Encumbrances	13,176,006	172,735	5,411,835	203,776,552	22,129,321	244,666,449
Inventory	53,140	217,476	--	--	280,157	550,773
Debt service	--	--	--	--	18,949,188	18,949,188
Advances	1,287,233	--	--	400,807	--	1,688,040
Other assets	20,000	--	--	--	--	20,000
Unreserved, reported in						
General fund:						
Designated	49,704,691	--	--	--	--	49,704,691
Undesignated	33,462,091	--	--	--	--	33,462,091
Special revenue funds:						
Designated	--	39,429	--	--	33,163	72,592
Undesignated	--	4,848,210	15,687,632	(522,871)	90,394,890	110,407,861
Capital projects funds:						
Undesignated	--	--	--	--	19,366,020	19,366,020
Total Fund Balances	<u>97,703,161</u>	<u>5,277,850</u>	<u>21,099,467</u>	<u>203,654,488</u>	<u>151,152,739</u>	<u>478,887,705</u>
Total Liabilities and Fund Balances						
Fund Balances	<u>\$ 255,562,505</u>	<u>\$ 12,140,310</u>	<u>\$ 26,955,414</u>	<u>\$ 207,568,459</u>	<u>\$ 160,814,928</u>	<u>\$ 663,041,616</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, 2007

Fund Balance - total governmental funds (page 16)		\$ 478,887,705
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		551,665,786
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the governmental funds.		88,611,799
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:		63,857,810
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.		
Certificates of participation	\$137,378,025	
Capital leases	164,431	
Notes payable	2,369,257	
Pledged revenue debt	94,097,026	
Compensated absences	26,853,333	
Accrued interest payable	494,219	
		<u>(261,356,291)</u>
Net assets of governmental activities (page 13)		<u><u>\$ 921,666,809</u></u>

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, 2007

	General Fund	Mental Health Substance Abuse	First Five Program	County Capital Outlay Fund	Other Governmental Funds	Total
Revenues:						
Taxes	\$ 189,462,303	\$ --	\$ --	\$ --	\$ 28,683,913	\$ 218,146,216
Licenses and permits	7,699,900	--	--	--	786,376	8,486,276
Fines, forfeitures and penalties	10,876,499	326,177	100	--	2,519,847	13,722,623
Use of money and property	10,704,741	309,479	1,527,404	2,624,404	7,026,312	22,192,340
Aid from other governmental agencies	400,700,501	38,602,324	10,661,358	2,113,466	71,579,580	523,657,229
Charges for services	45,400,349	23,202,504	--	--	39,611,033	108,213,886
Other revenues	9,764,872	131,014	3,408	--	5,616,815	15,516,109
Total Revenues	<u>674,609,165</u>	<u>62,571,498</u>	<u>12,192,270</u>	<u>4,737,870</u>	<u>155,823,876</u>	<u>909,934,679</u>
Expenditures:						
Current:						
General government	44,199,844	--	--	361,604	--	44,561,448
Public protection	210,118,125	--	--	1,388,076	26,493,674	237,999,875
Public ways and facilities	--	--	--	32,036	36,413,582	36,445,618
Health and sanitation	33,078,799	66,632,705	18,866,751	4,956	3,011,744	121,594,955
Public assistance	285,104,468	--	--	--	35,869,419	320,973,887
Education	341,794	--	--	--	5,840,543	6,182,337
Recreation and culture	4,498,002	--	--	14,445	194,131	4,706,578
Capital outlay	4,711,439	52,876	14,455	13,933,436	24,739,200	43,451,406
Debt Service:						
Principal retirement	352,616	--	--	--	12,526,721	12,879,337
Interest and debt issuance costs	2,046,696	--	--	--	3,868,467	5,915,163
Total Expenditures	<u>584,451,783</u>	<u>66,685,581</u>	<u>18,881,206</u>	<u>15,734,553</u>	<u>148,957,481</u>	<u>834,710,604</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>90,157,382</u>	<u>(4,114,083)</u>	<u>(6,688,936)</u>	<u>(10,996,683)</u>	<u>6,866,395</u>	<u>75,224,075</u>
Other Financing Sources (Uses):						
Issuance of debt:						
Loan proceeds	1,748,248	--	--	--	--	1,748,248
Certificates of participation proceeds	--	--	--	--	114,635,000	114,635,000
Certificates of participation premium	--	--	--	--	4,658,738	4,658,738
Payment to refunded certificates of participation escrow	--	--	--	--	(18,398,858)	(18,398,858)
Transfers in	11,115,933	10,323,956	--	187,687,996	20,285,737	229,413,622
Transfers out	(142,998,809)	(1,233,729)	(17,638)	(7,712,696)	(100,252,767)	(252,215,639)
Total Other Financing Sources (Uses)	<u>(130,134,628)</u>	<u>9,090,227</u>	<u>(17,638)</u>	<u>179,975,300</u>	<u>20,927,850</u>	<u>79,841,111</u>
Net change in fund balances	(39,977,246)	4,976,144	(6,706,574)	168,978,617	27,794,245	155,065,186
Fund balance - beginning	117,878,147	(1,210,243)	27,756,823	34,675,871	121,344,065	300,444,663
Prior period adjustment	19,802,260	1,511,949	49,218	--	2,014,429	23,377,856
Fund balance - beginning, restated	<u>137,680,407</u>	<u>301,706</u>	<u>27,806,041</u>	<u>34,675,871</u>	<u>123,358,494</u>	<u>323,822,519</u>
Fund balance - ending	<u>\$ 97,703,161</u>	<u>\$ 5,277,850</u>	<u>\$ 21,099,467</u>	<u>\$ 203,654,488</u>	<u>\$ 151,152,739</u>	<u>\$ 478,887,705</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, 2007**

Net change to fund balance - total governmental funds (page 18)		\$ 155,065,186
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 43,451,408	
Less current year depreciation	<u>(27,233,210)</u>	16,218,198
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund		
Increase (decrease) in accrued property tax revenues	29,605,147	
Increase (decrease) in accrued grant revenues	<u>1,620,595</u>	31,225,742
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal repayments:		
Certificate of participation	5,389,300	
Notes payable	7,419,504	
Capital leases	70,533	
Less amortization of discount on Certificate of participation	<u>(664,503)</u>	12,214,834
Long-term debt proceeds is a financial resource in the governmental funds, but it has no impact on the statement of activities since it increase the long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Also, the payment to the refunding escrow also has an effect on net assets. This amount is the net effect of these differences in the treatment of the issuance in the refunding and new long-term debt:		
New issuance of Certificate of participations and related costs	(117,683,704)	
Payment to refunding escrow agent	18,398,858	
Other long-term notes	<u>(4,028,965)</u>	(103,313,811)
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.		
Change in accrued interest payable	(52,785)	
Change in compensated absences	<u>1,665,890</u>	1,613,105
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.		
		219,987
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.		
		<u>19,147,257</u>
Change in net assets of governmental activities (page 15)		<u>\$ 132,390,498</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, 2007

	Business-Type Activities - Enterprise Funds					Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services	Total	Internal Service Funds
<u>Assets</u>						
Current Assets:						
Cash and investments	\$ 15,021,982	\$ 1,290,067	\$ 16,081,303	\$ 1,441,494	\$ 33,834,846	\$ 101,485,720
Imprest cash	2,580	250	1,900	--	4,730	40
Accounts receivable	36,072,435	321,244	1,417,715	232,827	38,044,221	278,556
Interest receivable	--	19,557	237,186	20,958	277,701	1,343,090
Due from other funds	381,355	--	--	--	381,355	1,497,203
Due from other agencies	--	3,167	--	--	3,167	1,048,442
Prepaid expenses	549,348	--	--	--	549,348	616,854
Inventories	1,692,445	--	28,169	--	1,720,614	554,036
Total Current Assets	53,720,145	1,634,285	17,766,273	1,695,279	74,815,982	106,823,941
Noncurrent Assets:						
Advances to other funds	5,281,910	--	--	--	5,281,910	--
Restricted Assets:						
Cash and investments	8,171,196	--	6,256,157	--	14,427,353	--
Interest receivable	164,918	--	23,480	--	188,398	--
Other	969,367	--	461,586	--	1,430,953	--
Total Restricted Assets	9,305,481	--	6,741,223	--	16,046,704	--
Capital Assets:						
Non-depreciable	7,782,255	1,599,784	9,575,010	--	18,957,049	17,481
Depreciable	158,954,647	38,553,069	39,023,519	118,465,129	354,996,364	29,627,858
Allowance for depreciation	(76,233,566)	(23,841,446)	(22,310,562)	(9,799,115)	(132,184,689)	(18,821,053)
Total Capital Assets	90,503,336	16,311,407	26,287,967	108,666,014	241,768,724	10,824,286
Total Noncurrent Assets	105,090,727	16,311,407	33,029,190	108,666,014	263,097,338	10,824,286
Total Assets	\$ 158,810,872	\$ 17,945,692	\$ 50,795,463	\$ 110,361,293	\$ 337,913,320	\$ 117,648,227

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

continued

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	\$ 20,545,123	\$ 150,326	\$ 965,036	\$ 220,680	\$ 21,881,165	\$ 3,123,159
Accrued expenses	--	--	--	371,826	371,826	--
Accrued payroll	1,953,733	15,414	103,492	--	2,072,639	55,565
Compensated absences	4,340,684	64,251	385,090	--	4,790,025	207,865
Interest payable	1,307,521	--	355,465	--	1,662,986	99,841
Due to other funds	12,270,564	67,892	31,820	--	12,370,276	722,704
Current portion of capital lease	463,126	--	66,363	--	529,489	588,997
Current portion of notes payable	--	3,765	--	--	3,765	50,166
Current portion of certificates of participation	4,190,000	--	2,505,000	--	6,695,000	--
Other liabilities	880,915	69,524	430,432	--	1,380,871	--
Total Current Liabilities	45,951,666	371,172	4,842,698	592,506	51,758,042	4,848,297
Long-Term Liabilities						
Unearned revenue	2,249,889	1,179,155	--	--	3,429,044	--
Compensated absences	514,606	2,131	47,006	--	563,743	8,754
Advances from other funds	--	2,995,701	--	--	2,995,701	400,807
Capital lease obligations	2,202,407	--	--	--	2,202,407	1,969,229
Notes payable	--	80,063	--	126,221,566	126,301,629	1,855,620
Certificates of participation	68,326,019	--	28,658,146	--	96,984,165	--
Claims liability	--	--	--	--	--	44,707,710
Liability for closure/postclosure costs	--	--	9,949,652	--	9,949,652	--
Total Liabilities	119,244,587	4,628,222	43,497,502	126,814,072	294,184,383	53,790,417
Net Assets:						
Invested in capital assets, net of Restricted for:	23,450,795	16,227,579	1,799,698	(8,171,182)	33,306,890	8,410,886
Capital projects	--	--	866,781	--	866,781	--
Debt service	8,171,196	--	1,329,920	--	9,501,116	--
Other	42,185	--	--	--	42,185	--
Unrestricted	7,902,109	(2,910,109)	3,301,562	(8,281,597)	11,965	55,446,924
Total net assets	39,566,285	13,317,470	7,297,961	(16,452,779)	43,728,937	63,857,810
Total liabilities and net assets	\$ 158,810,872	\$ 17,945,692	\$ 50,795,463	\$ 110,361,293	\$ 337,913,320	\$ 117,648,227

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, 2007

	Business-type Activities - Enterprise Funds				Total	Governmental
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services		Internal Service Funds
Operating Revenues:						
Property taxes	\$ --	\$ 497,427	\$ --	\$ --	\$ 497,427	\$ --
Charges for services	132,997,549	44,279	8,349,421	3,346,631	144,737,880	83,433,304
Concessions and rentals	--	1,304,091	9,907,377	--	11,211,468	7,345,616
User fees	--	--	--	--	--	15,899,627
Interest charged to users	--	--	--	--	--	30,177
Other income	18,054,874	15,997	915,056	116,303	19,102,230	39,987
Total Operating Revenues	<u>151,052,423</u>	<u>1,861,794</u>	<u>19,171,854</u>	<u>3,462,934</u>	<u>175,549,005</u>	<u>106,748,711</u>
Operating Expenses:						
Salaries and benefits	103,741,024	901,310	6,005,094	--	110,647,428	3,337,289
Liability claims and loss adjustment	--	--	--	--	--	64,397,851
Professional services	24,530,351	642,344	3,236,730	669,114	29,078,539	1,695,645
Purchased services	30,505,217	227,467	109,637	1,111,051	31,953,372	18,106,717
Repairs and maintenance	--	268,441	1,628,452	161,257	2,058,150	--
Services from other governmental departments	--	57,690	297,057	400	355,147	--
Rents and leases	--	5,627	42,278	--	47,905	--
Insurance	--	210,465	645,433	7,925	863,823	2,668,973
Special departmental expenses	--	185,808	2,941,238	205,783	3,332,829	--
Landfill closure and postclosure expense	--	--	1,443,218	--	1,443,218	--
Transportation and fuel	--	37,307	89,888	--	127,195	--
Supplies	22,484,131	88,633	12,151	--	22,584,915	220,587
Depreciation	6,732,417	1,742,072	3,065,722	7,274,709	18,814,920	3,091,960
Miscellaneous	--	916	25,890	777	27,583	11,969
Total Operating Expenses	<u>187,993,140</u>	<u>4,368,080</u>	<u>19,542,788</u>	<u>9,431,016</u>	<u>221,335,024</u>	<u>93,530,991</u>
Operating Income (Loss)	<u>(36,940,717)</u>	<u>(2,506,286)</u>	<u>(370,934)</u>	<u>(5,968,082)</u>	<u>(45,786,019)</u>	<u>13,217,720</u>
Non-Operating Revenues (Expenses):						
Gain (loss) on sale of asset	--	--	--	--	--	(319,149)
Interest income	3,006,084	119,672	1,239,026	60,272	4,425,054	5,106,389
Aid from other governmental agencies	--	1,127,408	230,537	--	1,357,945	216,258
Insurance recovery	--	--	--	--	--	69,731
Other revenue	712,180	--	--	--	712,180	--
Interest expense	(6,547,424)	(224,604)	(1,479,482)	(3,059,349)	(11,310,859)	(205,552)
Total Non-Operating Revenues (Expenses)	<u>(2,829,160)</u>	<u>1,022,476</u>	<u>(9,919)</u>	<u>(2,999,077)</u>	<u>(4,815,680)</u>	<u>4,867,677</u>
Net Income (Loss) Before Contributions and Transfers	(39,769,877)	(1,483,810)	(380,853)	(8,967,159)	(50,601,699)	18,085,397
Transfers and Contributions/Capital Grants						
Contributions/capital grants	--	--	--	--	--	46,584
Transfers in	20,562,013	817,612	--	377,609	21,757,234	1,017,065
Transfers out	(5,336)	(600)	(7,973)	--	(13,909)	(1,789)
Change in Net Assets	(19,213,200)	(666,798)	(388,826)	(8,589,550)	(28,858,374)	19,147,257
Net Assets - Beginning of Year	58,779,485	13,984,268	7,686,787	56,210,951	136,661,491	44,710,553
Prior period adjustment	--	--	--	(64,074,180)	(64,074,180)	--
Net Assets - Beginning of Year, restated	<u>58,779,485</u>	<u>13,984,268</u>	<u>7,686,787</u>	<u>(7,863,229)</u>	<u>72,587,311</u>	<u>44,710,553</u>
Net Assets - End of Year	<u>\$ 39,566,285</u>	<u>\$ 13,317,470</u>	<u>\$ 7,297,961</u>	<u>\$ (16,452,779)</u>	<u>\$ 43,728,937</u>	<u>\$ 63,857,810</u>

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, 2007

	Business-type Activities - Enterprise Funds				Governmental	
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services	Totals	Activities
						Internal Service Funds
Cash Flows from Operating Activities:						
Cash received from customers	\$ 147,790,296	\$ 1,561,370	\$ 19,452,019	\$ 3,231,608	\$ 172,035,293	\$ 109,505,264
Cash payments to suppliers for goods and services	(23,571,496)	(1,587,913)	(6,139,674)	(1,691,062)	(32,990,145)	(80,871,757)
Cash payments to other departments for goods and services	--	(60,175)	(931,314)	(394,468)	(1,385,957)	(3,883,452)
Cash payments to employees for services	(127,820,422)	(912,924)	(8,320,831)	--	(137,054,177)	(3,350,067)
Net Cash Provided (Used) by Operating Activities	<u>(3,601,622)</u>	<u>(999,642)</u>	<u>4,060,200</u>	<u>1,146,078</u>	<u>605,014</u>	<u>21,399,988</u>
Cash flows from noncapital financing activities:						
Transfers in (out)	20,556,677	817,012	(7,973)	377,609	21,743,325	883,019
State and federal grant receipts	--	1,130,761	230,538	--	1,361,299	--
Loan repayment or borrowing	242,904	(137,704)	--	--	105,200	--
Other non-operating receipts (payments)	3,082,949	--	--	--	3,082,949	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>23,882,530</u>	<u>1,810,069</u>	<u>222,565</u>	<u>377,609</u>	<u>26,292,773</u>	<u>883,019</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(3,071,998)	(699,690)	(5,350,168)	--	(9,121,856)	(3,195,814)
Insurance recovery	--	--	--	--	--	69,731
Proceeds from sale of property and equipment	--	--	--	--	--	118,216
Principal payment on debts	(4,107,225)	(3,341)	(2,140,274)	(1,058,682)	(7,309,522)	(508,544)
Interest payment on debts	(6,622,722)	(224,604)	(1,486,124)	--	(8,333,450)	(169,019)
Net Cash Provided (Used) by Capital Financing Activities	<u>(13,801,945)</u>	<u>(927,635)</u>	<u>(8,976,566)</u>	<u>(1,058,682)</u>	<u>(24,764,828)</u>	<u>(3,685,430)</u>
Cash flows from investing activities:						
Interest on investment	761,551	115,690	1,258,724	47,989	2,183,954	4,733,632
Net Cash Provided by Investing Activities	<u>761,551</u>	<u>115,690</u>	<u>1,258,724</u>	<u>47,989</u>	<u>2,183,954</u>	<u>4,733,632</u>
Increase (Decrease) in Cash and Cash Equivalents	7,240,514	(1,518)	(3,435,077)	512,994	4,316,913	23,331,209
Cash and Cash Equivalents, Beginning of Year	<u>15,955,244</u>	<u>1,291,835</u>	<u>25,774,437</u>	<u>928,500</u>	<u>43,950,016</u>	<u>78,154,551</u>
Cash and Cash Equivalents, End of Year	<u>\$ 23,195,758</u>	<u>\$ 1,290,317</u>	<u>\$ 22,339,360</u>	<u>\$ 1,441,494</u>	<u>\$ 48,266,929</u>	<u>\$ 101,485,760</u>

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, 2007

	Business-type Activities - Enterprise Funds				Totals	Governmental
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (36,940,717)	\$ (2,506,286)	\$ (370,934)	\$ (5,968,082)	\$ (45,786,019)	\$ 13,217,720
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	6,732,417	1,742,072	3,065,722	7,274,709	18,814,920	3,091,960
(Increase) decrease in accounts receivable	(989,260)	(250,889)	66,373	(232,827)	(1,406,603)	357,800
(Increase) decrease in prepaid expenses	(313,383)	(1,428)	--	--	(314,811)	318,692
(Increase) decrease in inventories	120,761	--	(11,489)	--	109,272	(104,722)
Increase (decrease) in accounts payable	24,951,905	64,998	(167,181)	72,278	24,922,000	(1,072,813)
Increase (decrease) in closure/postclosure liability	--	--	1,263,915	--	1,263,915	--
Increase (decrease) in claim liabilities	2,957,547	--	--	--	2,957,547	5,591,351
Increase (decrease) in deferred revenues	(120,892)	(48,109)	213,794	--	44,793	--
 Net Cash Provided (Used) by Operating Activities	 <u>\$ (3,601,622)</u>	 <u>\$ (999,642)</u>	 <u>\$ 4,060,200</u>	 <u>\$ 1,146,078</u>	 <u>\$ 605,014</u>	 <u>\$ 21,399,988</u>

Non-cash transactions:

The County entered various purchase-lease agreements during the year to purchase office automation equipment costing \$4,272,391.

There was a transfer of capital assets in the amount of \$219,987 from internal service funds to the nonmajor special revenue funds during the year which is reported as a loss on sale of asset 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, 2007				December 31, 2006
	Investment Trust Fund	Agency Funds	Private Purpose Trust Funds	Total	Pension Trust Fund
<u>Assets</u>					
Cash and investments - pooled	\$ 766,148,580	\$ 28,033,155	\$ 5,853,641	\$ 800,035,376	\$ 2,688,261
Cash and investments held by others	8,500	5,997,666	4,822,667	10,828,833	--
Pension trust investments	--	--	--	--	2,261,858,229
Post-employment healthcare fund investments	--	--	--	--	16,103,853
Imprest cash	--	--	--	--	25
Investments sold, funds not received	--	--	--	--	79,544,123
Investment income receivables	11,489,250	--	567,745	12,056,995	8,831,760
Loans receivable	--	27,000,000	27,398,615	54,398,615	--
Other receivables	22,487,625	45,262,023	--	67,749,648	37,886
Pension fund contribution receivable	--	--	--	--	2,813,046
Other assets	--	461,222	--	461,222	65,930
Capital assets, net of depreciation	--	--	--	--	223,150
 Total Assets	 <u>\$ 800,133,955</u>	 <u>\$ 106,754,066</u>	 <u>\$ 38,642,668</u>	 <u>\$ 945,530,689</u>	 <u>\$ 2,372,166,263</u>
<u>Liabilities</u>					
Accounts payable	\$ 30,901,716	\$ 36,205,002	\$ 164,618	\$ 67,271,336	\$ --
Accrued liabilities	--	--	--	--	3,235,111
Securities lending-cash collateral	--	--	--	--	212,957,765
Securities purchased but not paid	--	--	--	--	76,721,211
Due to other funds	--	27,000,000	--	27,000,000	--
Due to other agencies	--	43,529,064	--	43,529,064	--
Loan payable	--	20,000	--	20,000	--
 Total Liabilities	 <u>30,901,716</u>	 <u>106,754,066</u>	 <u>164,618</u>	 <u>137,820,400</u>	 <u>292,914,087</u>
<u>Net Assets</u>					
Held in trust for:					
Employee pension benefits	--	--	--	--	2,064,592,247
Employee post-employment health benefits	--	--	--	--	14,659,929
Revolving loans	--	--	37,539,485	37,539,485	--
External investment pool participants	769,232,239	--	--	769,232,239	--
Other purposes	--	--	938,565	938,565	--
Total Net Assets	<u>769,232,239</u>	<u>--</u>	<u>38,478,050</u>	<u>807,710,289</u>	<u>2,079,252,176</u>
 Total Liabilities and Net Assets	 <u>\$ 800,133,955</u>	 <u>\$ 106,754,066</u>	 <u>\$ 38,642,668</u>	 <u>\$ 945,530,689</u>	 <u>\$ 2,372,166,263</u>

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, 2007

	June 30, 2007			December 31, 2006
	Investment Trust Fund	Private Purpose Trust Funds	Total	Pension Trust Fund
Additions				
Employer's contributions	\$ --	\$ --	\$ --	\$ 74,261,841
Employees' contributions	--	--	--	11,365,569
Contributions from investments pool participants	3,874,404,088	--	3,874,404,088	--
Contributions from other governments	--	707,431	707,431	--
Interest and investment income/(loss)	42,513,857	940,050	43,453,907	237,072,470
Loan income	--	560,573	560,573	--
Miscellaneous income	--	57,223	57,223	25,792
Total Additions	3,916,917,945	2,265,277	3,919,183,222	322,725,672
Deductions				
Benefit payments	--	233,945	233,945	88,674,743
Contribution refund	--	--	--	1,035,866
Withdrawals from pooled investments	3,870,057,705	--	3,870,057,705	--
Allowance for loan writedowns	--	17,383	17,383	--
Administration expenses	--	17,552	17,552	3,066,530
Miscellaneous expenses	--	836,718	836,718	--
Total Deductions	3,870,057,705	1,105,598	3,871,163,303	92,777,139
Change in net assets	46,860,240	1,159,679	48,019,919	229,948,533
Net assets - beginning	722,371,999	37,318,371	759,690,370	1,849,303,643
Net assets - ending	<u>\$ 769,232,239</u>	<u>\$ 38,478,050</u>	<u>\$ 807,710,289</u>	<u>\$ 2,079,252,176</u>

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

BASIC FINANCIAL STATEMENTS
Notes to Financial Statements

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

Special Districts Governed by the Board of Supervisors. The special service districts governed by the Board are established for the purposes of providing special services to various County areas. 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 below. With the exception of the Mountain House Community Services District, the special districts do not issue separate financial statements.

The special service districts governed by the Board 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

Lighting Districts

Linden
Lockeford
Ripon
Victor
Woodbridge
Boggs Tract

Maintenance Districts

Almond Park
Colonial Heights
Gayla Manor
Lincoln Village
Maurland Manor
Morada Manor

County Service Areas

Number 1
Number 2
Number 3
Number 4
Number 5
Number 8

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

A. **Reporting Entity** (continued)

Blended Components (continued)

Special Districts Governed by the Board of Supervisors (continued)

<u>Lighting Districts</u>	<u>Maintenance Districts</u>	<u>County Service Areas</u>
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
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*

Improvement Districts

San Joaquin Improvement #47	San Joaquin Improvement #54
San Joaquin Improvement #51	Industrial Way & Beckman Road
San Joaquin Improvement #52	

*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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

A. **Reporting Entity** (continued)

Blended Components (continued)

Special Districts Governed by the Board of Supervisors (continued)

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 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.
- (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 \$416,000 as of June 30, 2007 is not presented in the financial statements. The maintenance districts of Shaded Terrace and Sunnyside Estate obtained, each, a loan from the United States 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, with the final dedication of acceptance on August 14, 2007, 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.

The San Joaquin General Hospital (the Hospital), organized as an enterprise fund of the County of San Joaquin on July 1, 1975, owns and operates a licensed general acute care hospital within the County. The Hospital provides a full range of acute and intensive care medical service to both inpatients and outpatients. The Hospital is an integral part of the County of San Joaquin reporting entity.

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 2006-07.

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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

A. **Reporting Entity** (continued)

Blended Components (continued)

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 the calendar year as its fiscal year; therefore, the financial information related to the Pension Fund represents the year ended December 31, 2006. 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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

A. **Reporting Entity** (continued)

Discretely Presented Component Units (continued)

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 Colleeville Fire District.

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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

A. **Reporting Entity** (continued)

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.

B. **Basis of Financial Presentation**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. The following new standards may have a significant impact on the County's financial reporting process.

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 pension fund has implemented GASB Statement No. 43 for the sick leave bank program (see note 4 for more explanation) this fiscal year.

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 has implemented GASB Statement No. 45 for the 2007-08 fiscal year.

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, 2007. 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.

GASB Statement No. 49, *Accounting and Reporting of Pollution Remediation Obligations*, is effective in financial statements for the year ending June 30, 2008. It establishes accounting and financial reporting standards for pollution remediation obligations. The County does not have any of these liabilities.

GASB Statement No. 50, *Pension Disclosures*, is effective in financial statements for the year ending June 30, 2008. It enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The County has implemented GASB Statement No. 50 for the 2007-08 fiscal year.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

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

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, is effective in financial statements for the year ending June 30, 2010. It establishes accounting and financial reporting requirements for intangible assets to reduce various inconsistencies that are currently applied by various governmental entities. The County will not be early implementing GASB Statement No. 51.

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 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. The County is required to report the Capital Outlay Fund, the General Hospital, the Solid Waste Disposal, and the Mountain House Utility Services as major funds. Although not required to be reported as major funds, the County has also chosen to report the Mental Health Substance Abuse Fund, the First Five Program, and the Stockton Metropolitan Airport fund 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 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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

B. Basis of Financial Presentation (continued)

Fund Financial Statements (continued)

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 Capital Outlay Fund – The County Capital Outlay Fund is used to account for financial resources to be used for the major maintenance, acquisition and/or construction of major capital facilities, other than those financed by business-type funds.

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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

B. Basis of Financial Presentation (continued)

Fund Financial Statements (continued)

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.
- 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

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

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

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.

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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

D. Interfund Transactions (continued)

- 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 value in accordance with GASB Statement 31. The fair value of investments are obtained by using quotations obtained from independent published sources. 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.

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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

G. **Capital Assets** (continued)

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.

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 2006-07 net assessed valuation of the County real property was \$54.2 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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

I. **Property Taxes** (continued)

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 \$56.6 million as of June 30, 2007.

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 \$19.9 million at June 30, 2007. 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, 2007 is recorded as taxes receivable (approximate \$91.8 million) and is offset by a deferred revenue liability of \$73.5 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 \$ 73.9 million, net of the estimated uncollectible amount of \$19.9 million.

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 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. Prior to this fiscal year, the current liability was reported on the fund statement. Effective this fiscal year, both the current liability and the non-current portion of the unused sick leave to be paid upon retirement are accrued as long-term liabilities by both the governmental funds and the proprietary funds. This change was made in accordance with the Governmental Accounting Standards Board's comprehensive Implementation Guide -2006/07. The net impact was \$23.4 million of the unpaid compensated absences being removed from the fund statements, although there is no impact on the governmental-wide financial statements.

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 and premiums are amortized over the life of the bonds in the same manner as interest expense. 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

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

K. Bond Issuance Costs and Discounts (continued)

discount or premium. Bond issuance costs are reported as deferred charges in the asset section, net of accumulated amortization.

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).

In accordance with GASB Statement No. 43 and No. 45, however, the County has the implicit subsidy liability as the County allows any member or beneficiary receiving a pension benefit to purchase post-retirement health insurance under one of the County's sponsored plans. In some cases, the purchase of this insurance can result in an implicit subsidy payable by the County.

Sick Leave Bank Benefit: 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. However, the sick leave bank benefits are not vested in any way and are of a use-or-lose plan. 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 \$37.5 million with \$14.7 million of the actuarial value of the assets in the sick leave bank account at December 31, 2006. The County has committed to provide the annual required contribution (ARC) since fiscal year 2006-07.

At December 31, 2006, the total number of the eligible members was comprised of 3,877 active members and 804 retired members.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

N. Postemployment Health Benefits (continued)

Implicit Subsidy Benefit: The County allows any member or beneficiary receiving a pension benefits to purchase post-retirement health insurance under the County sponsored plans and this results in an implicit subsidy payable by the County. Currently, the County pays for these benefits on a pay-as-you-go basis, as opposed to the pre-funded approach that is used in the pension and sick leave bank programs. The County has contributed \$2.4 million toward this implicit subsidy for year 2006-07.

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 2006-07 was \$257.3 million, the estimated adjustment was \$183.2 million for a net patient service revenue of \$74.1 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 SB1255 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 \$1.02 billion and stabilization funding is estimated at \$541.55 million as of June 30, 2007. San Joaquin General Hospital's FY 2007 baseline amount is estimated at \$25.6 million with stabilization funds estimated at \$11.65 million at June 30, 2007.

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. The investment pool includes both voluntary and involuntary participation from external entities. 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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

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 provides for 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, \$2.6 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 \$38.1 million. Of the total deposits, \$36.3 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.

Investments

As of June 30, 2007, the County had the following pool investments.

	(\$000's) Fair Value	Weighted Average Maturities (in days)	Fair Value as % of the Pool Investments	Credit Rating S&P/MIS
Commercial papers	\$ 326,141	22 days	22.9%	A-1/P-1
Repurchase agreements	801,500	103 days	56.2%	Aaa/AAA
Federal National Mortgage Association	38,564	27 days	2.7%	Aaa/AAA
Federal Home Loan Mortgage Corporation	39,975	334 days	2.8%	Aaa/AAA
Certificate of Deposits	179,964	109 days	12.6%	Not applicable
State Local Agency Investment Fund (LAIF)	40,000	1 day	2.8%	Not rated
Total	<u>\$ 1,426,144</u>	<u>87 days</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, 2007, the weighted average maturity of the pool investments was 87 days.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

Investments (continued)

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, 2007, 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, 2007, 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 \$801.5 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, 2007, was \$40 million with a maturity date of July 1, 2007. The total amount invested by all public agencies in LAIF at June 30, 2007, was \$65.6 billion. At June 30, 2007, the LAIF’s investment portfolio had \$774.0 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 \$1.5 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.

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, 2007. 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.

(\$000's)	Internal Investment Pool	External Investment Pool	Total
Statement of Net Assets			
Assets:			
Cash and investments**	\$ 567,625	\$ 766,157	\$ 1,333,782
Investment income receivable	26,056	11,489	37,545
Pool participants fund deposit receivable	<u>222,046</u>	<u>22,488</u>	<u>244,534</u>
	815,727	800,134	1,615,861
Liabilities	<u>251,624</u>	<u>30,902</u>	<u>282,526</u>
Net Assets	<u><u>\$ 564,103</u></u>	<u><u>\$ 769,232</u></u>	<u><u>\$ 1,333,335</u></u>

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

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

Investments (continued)

Statement of Net Assets (continued)

<u>Statement of Changes in Net Assets</u>	<u>Internal Investment Pool</u>	<u>External Investment Pool</u>	<u>Total</u>
Additions:			
Contributions	\$ 2,191,965	\$ 3,874,404	\$ 6,066,369
Investment income	22,998	42,514	65,512
Total Additions	<u>2,214,963</u>	<u>3,916,918</u>	<u>6,131,881</u>
Deductions:			
Distributions	<u>2,135,777</u>	<u>3,870,058</u>	<u>6,005,835</u>
Net Change	79,186	46,860	126,046
Net Assets - Beginning	484,917	722,372	1,207,289
Net Assets - Ending	<u>\$ 564,103</u>	<u>\$ 769,232</u>	<u>\$ 1,333,335</u>

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 (\$22.6 million) and capital project (\$94.6 million) and to restrict cash for patient gift funds (\$42,185). Presented below are those deposits and investments managed by the trustee banks at June 30, 2007.

	<u>Fair Value</u>			<u>Weighted Average Maturities</u>	<u>Credit Rating S&P/MIS</u>
	<u>Revolving Loan Fund</u>	<u>Certificates of Participation</u>	<u>Total</u>		
Cash and money market fund deposit	\$ 2,960,223	\$ 7,546,028	\$ 10,506,251	Not applicable	Not applicable
Mutual fund - fixed income fund	1,862,443	--	1,862,443	Not applicable	Aaa/AAA
Repurchase agreement	--	102,638,000	102,638,000	2.3 years	A/A
U.S. Treasury notes	--	6,967,754	6,967,754	2.4 years	Not applicable
	<u>\$ 4,822,666</u>	<u>\$ 117,151,782</u>	<u>\$ 121,974,448</u>		

The total deposit of \$2.9 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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

Investments (continued)

Special Funds and Investments (continued)

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, 2007, the repurchase agreements of \$102.6 million with the maturity date of June 15, 2009 and September 1, 2020 were 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 2.4 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, 2007

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

Pension Fund Investments (continued)

	Market (\$000's)
<u>Investments:</u>	
Domestic equities	\$ 792,873
Domestic debt securities	530,477
International equities	435,784
Real estate	128,148
Alternative investments	77,691
Sub-Total	1,964,973
Investments Held by Broker-Dealers Under Securities Loans:	
Domestic equities	117,836
Domestic debt securities	63,835
International equities and debt securities	31,287
Total Investments Held by Broker-Dealers Under Securities Loans	212,958
Commingled funds	
Short-term investment pool	19,665
Sub-Total	232,623
Cash held by custodian (including cash collaterals)	80,367
Total	\$ 2,277,963

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

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, 2006, the Plan had \$80.4 million, \$19.7 million, and \$213 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, 2007

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, 2006 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]	<u>Fair Value</u>	<u>Cash Collateral Value</u>	<u>Non-Cash Collateral Value</u>
Domestic equities	\$ 114,643	\$ 117,836	\$ 3,523
Domestic debt securities	62,293	63,835	2,583
International equities	29,949	31,287	27,389
Total	<u>\$ 206,885</u>	<u>\$ 212,958</u>	<u>\$ 33,495</u>

Credit Risk – The Plan's investments at December 31, 2006 had the following credit ratings from Standard & Pool (S&P):

Pension S & P credit rating	<u>Fair Value (\$000's)</u>
AAA	\$ 46,189
AAA	500
AAA	55,095
BBB	63,239
BBB	44,312
BBB	29,031
CCC	2,501
D	1,201
not rated	79,782
U.S. government and agencies	228,293
	<u>\$ 550,143</u>

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

Pension Fund Investments (continued)

Custodial Credit Risk – All cash deposits 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, 2006, the investment portfolio contained no concentration of investments in any one entity that represented 5% or more of the Plan net assets.

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, 2006, the Plan’s investments subject to the interest rate risk are presented below.

	Fair Value (\$000's)	Weighted Average Maturity (Years)
Asset backed securities	\$ 10,115	19.1
U.S. government bonds	69,030	6.3
U.S. government mortgages	208,740	20.7
U.S. government agencies	11,855	14.1
Corporate and other credit	214,477	11.4
Non-government backed CMO's	14,624	31.2
Municipal/Provincial bonds	1,637	7.9
Short-term investments	19,665	0.1
Total	\$ 550,143	15.1

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.

Derivative Financial Instruments – The Plan uses forward settlement contracts, forward currency contracts, futures and options contracts, and other derivative products within fixed income financial instruments to reduce financial market risks, enhances yields and to participate in all market areas without increasing investment costs. At December 31, 2006, the Plan’s derivative financial instruments, with a fair value of \$206 million, include government and corporate obligations that consist of asset-based securities, futures, hedge equity, Collateralized Mortgage Obligations (CMOs), and Collateralized Mortgage Backed Securities (CMBS).

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

Pension Fund Investments (continued)

SJCERA's exposure to Foreign Currency Risk in U.S. dollars as of December 31, 2007 is as follows:

<u>Currenty Type</u>	<u>Fair Value</u>
Australian dollar	\$ 5,505,640
Brazilian Real	1,083,493
British pound sterling	24,886,486
Canadian Dollar	10,342,190
Columbian Peso	557,542
Danish Krone	840,610
Euro Currency	51,696,696
Hong Kong Dollar	5,142,453
Japanese Yen	45,623,905
Mexican Peso	1,140,458
Norwegian Krone	1,866,241
Singapore Dollar	2,958,957
South African Rand	1,461,592
Swedish Krona	3,424,708
Swiss Franc	13,770,491
Thailand Baht	901,644
Uruguayan Peso	432,522
Totals	<u>\$ 171,635,628</u>

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.

Summary of Cash and Investments

Total cash and investments at June 30, 2007 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>

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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 Hartford 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 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 Brown Armstrong Paulden, McCown Starbuck Thornburgh & Keeter, Certified Public Accountants. 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 said Certified Public Accountants on April 27, 2007.

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.

The Retirement Board maintains its own accounting records and controls its own assets. The Plan's net assets, including the postemployment healthcare program-sick leave bank benefit, totaled approximately \$2.1 billion at December 31, 2006. 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 or the equivalent pricing to comparable Government National Mortgage Association.

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

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

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

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, 2004.

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 2006, the employees' contributions were about \$11.4 million, an average of 5 % of the annual covered salary.

The adopted employers' 2006 contribution rates, based on the actuarial determined requirements applicable to covered payroll were 39.56% for safety members and 20.70% 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, 2006, 2005, and 2004 were \$73.6 million, \$62.5 million, and \$42.7 million, respectively, equal to the required contributions for each year.

Postemployment Health Benefit Plan-Sick Leave Bank

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 fully funded. The County has adopted a funding policy, effective fiscal year 2006-07, to make a bi-weekly contribution to the plan based on the annual actuary valuation of the benefit plan. Based on the December 31, 2004 actuary report, the County has made the annual required contribution of \$650,000 in year 2006. The employees are not required to contribute to the plan.

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 2006-07, the County contributed \$335,998 to the plan.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

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 2006-2007, the Health Plan contributed \$358,180 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, 2007 was \$742,213.

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, 2007, the Council contributed \$273,123 to the plan.

The Local Agency Formation Commission participates in the County's Pension Plan and it contributed \$33,636 to the plan for the period ended June 30, 2007.

Note 4: **Postemployment Health Benefits-Implicit Subsidy**

As explained in Note 1-N, 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 in Note 3. The sick leave bank program is administered by the County's Retirement System (see Note 3 – employee Retirement Systems for more information).

However, the County allows any member or beneficiary receiving a pension benefit to purchase post-retirement health insurance from one of the County's sponsored plans. In some cases, the purchase of this insurance can result in an implicit subsidy payable by the County in accordance with GASB Statement No. 43 and No. 45. The County has set the beginning OPEB liability of FY 2006-07 at \$0.

Funding Policy. Currently, the County pays for these benefits on a pay-as-you-go basis, as opposed to the pre-funded approach that is used in the pension and sick leave bank programs. The "annual required contribution" presented below is based on projected pay-as-you-go financing requirements. For fiscal year 2006-07, the County's actual contribution amounted to \$2.4 million for current premiums. Members receiving benefits contributed \$3.7 million, or approximately 60.9% of the total premiums.

Annual OPEB Cost and Net OPEB Obligation The County's annual OPEB-Implicit Subsidy cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation (dollar amounts in thousands):

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 4: **Postemployment Health Benefits-Implicit Subsidy** (continued)

Annual required contribution	\$17,472
Interest on net OPEB-Implicit Subsidy obligation	-
Adjustment to annual required contribution	-
Annual OPEB-Implicit Subsidy cost	17,472
Contribution made	(2,396)
Increase in obligation	15,076
Net OPEB-Implicit Subsidy obligation-beginning of year	-
Net OPEB-Implicit Subsidy obligation-end of year	\$15,076

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for FY 2006-07 were as follows (dollar amounts in thousands):

<u>Year Ended December 31,</u>	<u>Annual OPEB-Subsidy Obligation</u>	<u>Annual Actual Contribution</u>	<u>Percentage of Annual Cost Contribution</u>	<u>Net Pension Obligation End of Year</u>
2006	\$ 17,472	\$ 2,395	13.71%	\$ 15,076

Funded Status and Funding Progress. As of December 31, 2006, the most recent actuarial valuation date, the plan was not funded, as the County chose to fund the program on the as-pay-as-you-go basis. The actuarial accrued liability and the unfunded actuarial accrued liability (UAAL) for benefits was \$153.2 million. The covered payroll was \$340.6 million, and the ratio of the UAAL to the covered payroll was 45%.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents only the current fiscal year information (FY 2006-07 is the first year to implement GASB 45) about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that time. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 4: **Postemployment Health Benefits-Implicit Subsidy** (continued)

In the December 31, 2006 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is an expected investment return based on the County's own investments, and an annual healthcare cost trend increment rate of 11% initially, reduced by decrements to an ultimate rate of 5% after 6 years. Both rates include a 3.75% salary increase assumption. Since the County chose to fund the plan on the basis of a pay-as-you-go method, there is no actuarial value of assets involved in the computation. The UAAL is being amortized as a level dollar amount over a closed period of 30 years. The remaining amortization period at December 31, 2006, was 29 years.

Note 5: **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 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 2007) the full value of the County's unpaid casualty (general liability and malpractice liability) liabilities and the workers compensation program liabilities at June 30, 2007 were estimated at a discounted value of \$11.6 million and \$26.3 million, respectively, using the discount rate of 4%. 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, 2007.

The insurance funds had the following net assets:

	Net Assets (in \$000's)
Casualty Insurance	\$ 1,256
Workers' Compensation Insurance	6,841
Medical Insurance	24,534
Dental Insurance	1,449
Unemployment Insurance	3,547
Total	\$ 37,627

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 5: **Risk Management Programs** (continued)

Changes in the insurance funds' claim liabilities for fiscal years 2005-2006 and 2006-2007 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>
Balance at June 30, 2005	\$ 9,945	\$ 15,892	\$ 5,349	\$ 216	\$ 354	\$ 31,756
Claims and changes in estimates for FY 2005-2006	5,854	14,458	41,273	4,688	815	67,088
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>
Balance at June 30, 2006	<u>10,729</u>	<u>21,426</u>	<u>6,412</u>	<u>313</u>	<u>235</u>	<u>39,115</u>
Claims and changes in estimates for FY 2006-2007	5,579	13,785	42,026	4,718	697	66,804
Less: claim payments	<u>4,678</u>	<u>8,906</u>	<u>42,099</u>	<u>4,798</u>	<u>732</u>	<u>61,212</u>
Balance at June 30, 2007	<u>\$ 11,630</u>	<u>\$ 26,305</u>	<u>\$ 6,339</u>	<u>\$ 233</u>	<u>\$ 200</u>	<u>\$ 44,707</u>

Note 6: **Capital Assets**

Capital asset activity for the year ended June 30, 2007, was as follows:

	(in thousands)				
	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Retirement</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2007</u>
Government Activities					
Capital assets, not being depreciated					
Land	\$ 15,788	\$ 296	\$ --	\$ 12,175	\$ 28,259
Construction in progress	<u>1,162</u>	<u>10,352</u>	<u>--</u>	<u>(665)</u>	<u>10,849</u>
Total capital assets, not being depreciated	<u>16,950</u>	<u>10,648</u>	<u>--</u>	<u>11,510</u>	<u>39,108</u>
Capital assets, being depreciated					
Structure and improvements	271,163	1,888	--	665	273,716
Furniture and equipment	59,641	10,091	(1,242)	52	68,542
Capitalized leases	4,685	1,613	--	--	6,298
Other capitalized assets	8,742	--	--	--	8,742
Infrastructure	<u>408,584</u>	<u>24,223</u>	<u>--</u>	<u>(10,712)</u>	<u>422,095</u>
Total capital assets, being depreciated	<u>752,815</u>	<u>37,815</u>	<u>(1,242)</u>	<u>(9,995)</u>	<u>779,393</u>
Less accumulated depreciation for:					
Structure and improvements	100,298	5,774	--	--	106,072
Furniture and equipment	37,543	6,290	(994)	54	42,893
Capitalized leases	2,856	784	--	--	3,640
Other capitalized assets	4,371	1,249	--	--	5,620
Infrastructure	<u>82,798</u>	<u>16,229</u>	<u>(22)</u>	<u>(1,219)</u>	<u>97,786</u>
Total depreciation	<u>227,866</u>	<u>30,326</u>	<u>(1,016)</u>	<u>(1,165)</u>	<u>256,011</u>
Total capital assets, being depreciated, net	<u>524,949</u>	<u>7,489</u>	<u>(226)</u>	<u>(8,830)</u>	<u>523,382</u>
Government activities capital assets, net	<u>\$ 541,899</u>	<u>\$ 18,137</u>	<u>\$ (226)</u>	<u>\$ 2,680</u>	<u>\$ 562,490</u>

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

	(in thousands)				
	Balance June 30, 2006	Additions	Retirement	Adjustments	Balance June 30, 2007
Business-type Activities					
Capital assets, not being depreciated					
Land	\$ 4,663	\$ --	\$ --	\$ --	\$ 4,663
Construction in progress	15,426	6,914	--	(8,046)	14,294
Total capital assets, not being depreciated	<u>20,089</u>	<u>6,914</u>	<u>--</u>	<u>(8,046)</u>	<u>18,957</u>
Capital assets, being depreciated					
Structure and improvements	195,707	2,918	--	8,046	206,671
Furniture and equipment	28,267	1,924	(455)	124	29,860
Infrastructure	184,497	--	--	(66,032)	118,465
Total capital assets, being depreciated	<u>408,471</u>	<u>4,842</u>	<u>(455)</u>	<u>(57,862)</u>	<u>354,996</u>
Less accumulated depreciation for:					
Structure and improvements	92,157	7,947	--	--	100,104
Furniture and equipment	19,777	2,965	(453)	(8)	22,281
Infrastructure	10,805	7,275	--	(8,281)	9,799
Total depreciation	<u>122,739</u>	<u>18,187</u>	<u>(453)</u>	<u>(8,289)</u>	<u>132,184</u>
Total capital assets, being depreciated, net	<u>285,732</u>	<u>(13,345)</u>	<u>(2)</u>	<u>(49,573)</u>	<u>222,812</u>
Business-type activities capital assets, net	<u>\$ 305,821</u>	<u>\$ (6,431)</u>	<u>\$ (2)</u>	<u>\$ (57,619)</u>	<u>\$ 241,769</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.

Construction in progress in the business-type activities represents ongoing work at the Hospital Phase 2 Expansion and a clinic facility, Airport projects, and Solid Waste 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 have a net book value of \$15.2 million.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

Depreciation expense was charged to governmental functions as follows:

	<u>Amount (\$000's)</u>
General government	\$ 3,143
Public protection	4,139
Public ways and facilities	16,890
Health and sanitation	769
Social services	1,495
Education	55
Culture and recreation	743
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	<u>3,092</u>
	<u>\$ 30,326</u>

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

	<u>Amount (\$000's)</u>
Airport enterprise	\$ 1,742
Solid Waste enterprise	3,066
General Hospital enterprise	6,732
Mountain House Community Service District-Utility	<u>7,275</u>
Total depreciation expense – business-type functions	<u>\$ 18,815</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 certified the use of the electronic voting machines for the March 2006's election and subsequently, limited the use of the electronic voting machines for elections after June 30, 2007. The net book value of the electronic voting machines was \$3.7 million at June 30, 2007.

Note 7: **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.

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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 8: **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 2007, the County's actuarially determined ultimate loss liability of these lawsuits under the casualty insurance and workers compensation programs were approximately \$11.6 million and \$26.3 million, respectively. The assets of these two insurance funds totaling \$49.3 million were sufficient to cover these actuarially determined losses as of June 30, 2007 (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

The Medicare program provides for reimbursement for the cost of service provided to program patients. The Medi-Cal program provides for reimbursement based on cost per patient day or service provided for administrative day services. Preliminary estimates of the amounts to be received from or due to 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 respective administrative agencies, and any adjustments are made in the period such amounts are fully determined. Medicare and Medi-Cal cost reports have been audited through June 30, 2001 and June 30, 2004, respectively. The Hospital recognized approximately \$2.7 million and \$2.4 million in net patient service revenue in 2007 and 2006 for changes in estimated cost report settlements for cost reports finalized during the year ended June 30, 2007 and 2006, respectively.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 8: **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, 2007 are:

Year Ended June 30,	Primary Government (\$000's)	Discretely Presented Component Units (\$000's)
2008	\$ 1,837	\$ 583
2009	1,803	378
2010	1,519	205
2011	1,330	102
2012	1,270	--
2013-2017	415	--
	\$ 8,174	\$ 1,268

Total rent expense under operating lease agreements during the year ended June 30, 2007 was approximately \$2.4 million and \$1.4 million for the primary government and the discretely presented component units, respectively.

The County also has outstanding construction project commitments of approximately \$102 million as of June 30, 2007. These commitments involve the outstanding Hospital Phase II Expansion projects, Hospital Clinic Facility project, Agriculture Center, County Administration building and a storm drainage project.

A new lease agreement was entered in October 2003 for the County to lease for the Workforce Investment Act Program 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. The fiscal year 2006-07 rent payment was \$875,614.

Note 9: **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, 2007. 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)
2008	\$ 995
2009	873
2010	727
2011	704
2012	716
Thereafter	34,225
	\$ 38,240

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 9: **Rental Income Under Operating Leases** (continued)

Total rental income under operating lease agreements during the year ended June 30, 2007 is approximately \$702,644.

Note 10: **Long-Term Debt**

The following is a schedule of long-term liabilities as of June 30, 2007:

Governmental Activities:

	Amount (in \$000's)					
	Balance June 30, 2006	Additions	Deductions	Adjustments	Balance June 30, 2007	Amounts Due Within One Year
Teeter note	\$ 33,000	\$ --	\$ 6,000	\$ --	\$ 27,000	\$ 27,000
Capital leases	146	89	71	--	164	70
Capital leases - ISF	1,433	1,525	399	--	2,559	589
Notes payable	2,656	--	286	--	2,370	300
Notes payable - ISF	1,954	--	48	--	1,906	50
Revenue pledged note - MHCSD	117,395	2,872	30,905	4,735	94,097	--
Compensated absences	28,519	26,853	28,519	--	26,853	21,691
Compensated absences - ISF	240	217	240	--	217	208
Certificate of participation	47,360	114,635	23,740	--	138,255	5,685
Discount/gain on advance refunding (net)	(4,331)	2,918	(2,250)	--	837	--
Estimated claims	39,116	66,804	61,213	--	44,707	--
	\$ 267,488	\$ 215,913	\$ 149,171	\$ 4,735	\$ 338,965	\$ 55,593

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, 2006	Additions	Deductions	Adjustments	Balance June 30, 2007	Amounts Due Within One Year
Capital lease	\$ 152	\$ 2,747	\$ 167	\$ --	\$ 2,732	\$ 529
Notes payable	816	--	732	--	84	4
Revenue pledged notes - MHCSD	118,048	3,059	1,211	6,325	126,221	--
Landfill closure and postclosure	8,686	1,264	--	--	9,950	--
Compensated absences	5,257	5,354	5,257	--	5,354	4,790
Certificates of participation	116,035	--	6,080	--	109,955	6,695
Discount/gain on advance refunding (net)	(6,796)	--	(520)	--	(6,276)	--
	\$ 242,198	\$ 12,424	\$ 12,927	\$ 6,325	\$ 248,020	\$ 12,018

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 10: **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 leases includes the following:

	Governmental Activities	Business-Type Activities
Equipment	\$ 6,298,526	\$ 3,152,905
Less: accumulated depreciation	3,639,839	432,327
Net Value	\$ 2,658,687	\$ 2,720,578

The related amortization on the capital leases is as follows:

	Governmental Activities	Business-Type Activities
Year Ending June 30:		
2008	\$ 783,887	\$ 629,760
2009	741,294	613,070
2010	600,409	613,070
2011	438,860	613,070
2012	232,518	561,981
2013-17	261,046	--
Total requirements	3,058,014	3,030,951
Less interest	335,356	299,054
Present value of remaining payments	\$ 2,722,658	\$ 2,731,897

B. Certificates of Participation and Notes Payable

Certificates of Participation

On May 23, 2007, the County issued the 2007 Certificates of Participation (COP) of \$114,635,000 to finance the costs of design and construction of a new County Administration Building and prepay a portion of the County's 1993 outstanding COP. A portion of the proceeds from the new issuance was deposited in an irrevocable trust (\$18,398,857) with an escrow agent to provide for future scheduled debt services on the refunded 1993 COPs. As a result, the refunded portion of the outstanding 1993 COPs are considered to be defeased and the liability for those debts has been removed from the financial statements. The deferred amount on this refunding (the difference between the funds required to be deposited in an escrow fund to refund the old debt and the net carrying amount of old debt) is recorded in the 2007 COP project and amortized over the life of the old debt, which is shorter than the new debt. The last payment on the 2007 COP is November 15, 2036.

The refunding of the Refunded 1993 COP will reduce the total debt service payment over the next 12 years by \$1.2 million and obtain an economic gain (difference between the present value of the debt service payments on the old and the new refunding debts that are used to refund the old debts) of \$832,000.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

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

B. Certificates of Participation and Notes Payable (continued)

Certificates of Participation (continued)

As of June 30, 2007, including the 2007 COP, four long-term lease-trust agreements, with remaining terms of 7 to 29 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 seven 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 (partially refunded by 2007 COP)	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	108,420,000
2007 County Administration Building	May 23, 2007	<u>114,635,000</u>
Total		<u>\$ 370,625,000</u>

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 2007 County Administration Building Project COPs are recorded as the liabilities of the Governmental Activities on the Statement of Net Assets. The debt service transactions and the fund balance of the reserve are recorded in the County's Debt Service Fund. The portion of the proceeds that is used for the construction of the County administration building is recorded in the County's Capital Outlay Fund. All activities are also included in the Governmental Activities on the Statement of Net Assets.

The 2007 COPs were issued on May 23, 2007 with an average interest rate from 4.75% to 5.0%. A portion of the proceeds from the new issuance was deposited in an irrevocable trust (\$18,398,857) with an escrow agent to provide for future scheduled debt services on the refunded 1993 COPs. As a result, the refunded portion of the outstanding 1993 COPs are considered to be defeased and the liability for those debts has been removed from the financial statement. The remaining proceeds, after the required deposit to the Reserve Fund and issuance costs and discounts, are deposited in the Improvement Fund for the design and construction of the new County administration building. The final acceptance and occupancy of the new building is anticipated to occur in approximately May 2009.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

B. Certificates of Participation and Notes Payable (continued)

Certificates of Participation (continued)

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 in 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 refunded COPs were paid off in November 2004.

On May 23, 2007, the County issued the 2007 COPs. Of the face value of \$114,635,000, \$18,398,857 was deposited in an escrow fund to pay the scheduled debt service on the Refunded 1993 Certificates of Participation to and including September 4, 2007, and to prepay on September 4, 2007, the refunded 1993 Certificates maturing November 15, 2019, at a prepayment price equal to 100% of the principal represented by the Refunded 1993 Certificates plus accrued interest. The refunded portion of the outstanding 1993 COPs, along with the related original deferred amount on the 1993 Certificates, are considered to be defeased and the liability for those debts have been removed from the financial statement.

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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

B. Certificates of Participation and Notes Payable (continued)

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, 2007 the loan carried a balance of \$2.0 million. In addition, the State Secretary certified the usage of the machines for March 2006's election and therefore, the County released \$4.6 million of the \$5.2 million outstanding accounts payable in FY 2006-07. Subsequently, the State Secretary limited the usage of the machines to specific groups of voters. The remaining unpaid amount of \$592,078 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, 2007 the outstanding loan was \$378,600.

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 and 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, 2007, the outstanding note was \$1.9 million.

The Airport (Enterprise Fund) has the remaining life of a 12-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 \$83,828 as of June 30, 2007.

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 reimbursements are, therefore, reported as note liabilities in the business-like activities and the governmental activities, as applicable. Per the agreement, the financing charges will be applied to the outstanding balance on an annual basis under the applicable Project Acquisition Agreement or Project Reimbursement Agreement. The outstanding reimbursement amounts are \$94.1 million and \$126.2 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.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

B. Certificates of Participation and Notes Payable (continued)

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 unpaid property taxes, which was approximately \$70.1 million as of June 30, 2007. 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 2006-07, and extra amount set aside in the loss reserve fund, and the interfund borrowing of \$27 million to finance the buy-out and the cumulative interest cost on the borrowing.

The interfund borrowing of \$27 million is collateralized with the uncollected taxes and is recorded in the General Fund. The interfund borrowing note, dated June 26, 2007, is to be repaid in full by July 1, 2008. 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 2006-07, the County recognized \$1,748,608 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, 2007, the County set aside 2.5%, instead of 1%. The reserve fund balance was \$19.86 million.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 10: **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, 2007:

Governmental Activities:

Year Ended June 30	Certificates of Participation		Notes Payable	
	Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)
2008	\$ 5,685	\$ 6,321	\$ 350	\$ 195
2009	5,995	6,380	366	178
2010	2,075	6,181	384	161
2011	2,220	6,074	402	143
2012	2,380	5,954	420	125
2013-2017	14,020	27,645	742	424
2018-2022	17,955	23,630	459	318
2023-2027	22,655	18,591	568	209
2028-2032	28,815	12,299	432	80
2033-2037	36,455	4,490	88	29
2038-2042	--	--	65	6
	<u>138,255</u>	<u>117,565</u>	<u>4,276</u>	<u>1,868</u>
Add gain on advance refunding	837	--	--	--
Total Debt	<u>\$ 139,092</u>	<u>\$ 117,565</u>	<u>\$ 4,276</u>	<u>\$ 1,868</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)
2008	\$ 6,695	\$ 5,250	\$ 4	\$ 10
2009	7,385	4,968	4	9
2010	7,710	4,637	5	9
2011	7,465	4,270	5	8
2012	7,935	3,912	6	8
2013-2017	36,660	14,029	44	24
2018-2022	36,105	3,974	16	--
	<u>109,955</u>	<u>41,040</u>	<u>84</u>	<u>68</u>
Less discount on advance refunding	(6,276)	--	--	--
Total Debt	<u>\$ 103,679</u>	<u>\$ 41,040</u>	<u>\$ 84</u>	<u>\$ 68</u>

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

Due to the unpredictability of the timing of future debt payments on the notes payable for the Mountain House Community Services District, they have been excluded from the above amortization schedules.

Note 11: **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 2006-2007	<u>\$ 54,526,710,000</u>
Debt limit – 1 1/4% of total assessed value Amount of debt applicable to debt limit:	\$ 681,584,000
Less 60% of estimated total outstanding rental payments, including interest and principal per Government Code Section 25371	<u>170,287,000</u>
Legal debt margin	<u>\$ 511,297,000</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, 2007 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, 2007, such special assessment debt outstanding totaled about \$416,000.

Note 12: **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, 2007

Note 12: **Landfill Closure and Postclosure Liability** (continued)

At June 30, 2007, the landfill closure and postclosure care liability (\$9.9 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 \$66.2 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 2007. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Solid Waste Enterprise operating fund transferred \$316,818 to the Closure Fund in 2006-07 to bring the funds available for landfill closure and postclosure up to \$5.9 million, which leaves approximately \$4.0 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 18% and 5.9% of the available landfill capacity used to date.

Note 13: **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:

Receivables - Governmental Activities	General Fund	Mental Health Substance Abuse Fund	First Five Program	Capital Outlay Fund	Nonmajor Fund	Internal Service Funds	Total Governmental Activities
Taxes - gross	\$ 91,384	\$ --	\$ --	\$ --	\$ 417	\$ --	\$ 91,801
Accounts receivable	2,671	1,434	--	--	6,762	1,327	12,194
Sales tax	1,962	--	--	--	--	--	1,962
Interest	2,418	95	356	861	1,816	1,343	6,889
Loan receivable	20	--	--	--	--	--	20
Due from other governments	69,868	5,904	1,664	--	4,474	--	81,910
Gross receivables	168,323	7,433	2,020	861	13,469	2,670	194,776
Less: allowance for uncollectible	(19,860)	--	--	--	--	--	(19,860)
	<u>\$ 148,463</u>	<u>\$ 7,433</u>	<u>\$ 2,020</u>	<u>\$ 861</u>	<u>\$ 13,469</u>	<u>\$ 2,670</u>	<u>\$ 174,916</u>

Receivables - Business-type Activities	Hospital	Airport	Solid Waste	Mountain House Utility Enterprise	Total Business-type Activities
Accounts receivable	\$ 74,941	\$ 397	\$ 1,418	\$ 233	\$ 76,989
Interest	165	20	265	21	471
Due from other governments	--	3	--	--	--
Other	--	--	--	--	--
Gross receivables	75,106	420	1,683	254	77,460
Less: allowance for uncollectible	(38,869)	(76)	--	--	(38,945)
	<u>\$ 36,237</u>	<u>\$ 344</u>	<u>\$ 1,683</u>	<u>\$ 254</u>	<u>\$ 38,515</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, 2007

Note 13: **Receivables** (continued)

At June 30, 2007, the various components of deferred revenue and unearned revenue reported were as follows:

Governmental Activities:	<u>Unavailable</u>	<u>Unearned</u>
General fund:		
Property taxes receivable – secured	\$ 70,112	\$ --
Property taxes receivable – unsecured	2,995	--
Due from other governmental agencies	9,606	--
Grants received prior to meeting all eligible requirements	--	20,954
Others	18	--
Mental Health and Substance Abuse fund:		
Due from other governmental agencies	4,721	--
Nonmajor funds and Internal Service funds:		
Due from other governmental agencies	746	--
Grant received prior to meeting all eligible requirements	--	34
Property taxes receivable – unsecured	414	--
	<u>\$ 88,612</u>	<u>\$ 20,988</u>
 Business-Type Activities:	 <u>Unavailable</u>	 <u>Unearned</u>
Hospital	\$ --	\$ 2,250
Airport	--	1,179
	<u>\$ --</u>	<u>\$ 3,429</u>

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 14: **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, 2007 is as follows:

Receivable Fund	Payable Fund	
General Fund	Hospital	\$ 427,981
	Airport	1,966
	Solid Waste	12,646
	Internal Service	29,104
	General Fund	604,835
	Mental Health	150,307
	First 5 Program	130,398
	Nonmajor Funds	<u>525,880</u>
		<u>1,883,117</u>
Mental Health	Internal Service Funds	34,000
		<u>34,000</u>
Capital Outlay Fund	Internal Service Funds	649,415
	Nonmajor Funds (Capital)	652,325
		<u>1,301,740</u>
Nonmajor Funds	Solid Waste	9,733
	Internal Service Funds	879
	General Fund	1,226,384
	General Fund to Debt Service	8,000,000
	Capital Outlay Fund	8,522
	Nonmajor Funds	<u>10,414</u>
		<u>9,255,932</u>
	Governmental Funds	<u>12,474,789</u>
Internal Service Funds	Hospital	72,538
	Airport	4,725
	Solid Waste	9,441
	Internal Service Funds	9,307
	General Fund	954,897
	Mental Health	89,819
	First 5 Program	1,159
	Nonmajor funds	<u>355,317</u>
	Internal Service Funds	<u>1,497,203</u>

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 14: **Interfund Transactions and Balances** (continued)

Due to and due from other funds (continued)

Receivable Fund	Payable Fund	
Hospital	General Fund	\$ 234,003
	Mental Health	75,731
	Nonmajor Fund	10,420
	Airport	61,201
		381,355
Total	Enterprise Funds	381,355
		\$ 14,353,347

Advances to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Fund	\$ 1,287,233
County Capital Outlay Fund	Internal Service Fund	400,807
Hospital	General Fund	2,286,209
	Airport	2,995,701
	Total	\$ 6,969,950

Of the balance of \$2.1 million due to business-type funds, \$0.5 million represents receivables from enterprise funds for services provided, \$0.3 million payable to the enterprise funds for services received, and a \$2.3 million loan payable to the Hospital Enterprise Fund for the Juvenile Hall expansion project. The loan carries a remaining term of 17 years at an interest rate of 7.55%.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 14: **Interfund Transactions and Balances** (continued)

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's)	Purpose
General Fund	Hospital	\$ 20,164	Provide subsidy to cover portion of Hospital's operation.
	Airport	503	Provide subsidy to cover portion of Airport's operation.
	Subtotal	<u>20,667</u>	
County Capital Outlay Fund	Hospital	398	Provide subsidy to cover portion of Hospital's capital projects.
	Airport	315	Provide subsidy to cover portion of Airport's capital projects.
	Subtotal	<u>713</u>	
Nonmajor Fund (Special Revenue)	Mountain House Utility Svs	378	Provide subsidy to cover portion of Mountain House Enterprise operation
Hospital	Internal Service Funds	5	Provide capital to internal service fund for purchases of capital assets.
Airport	Internal Service Funds	1	Provide capitals to internal service fund for purchases of capital assets
Solid Waste	Internal Service Funds	8	Provide capital to internal service fund for purchases of capital assets.
		<u>14</u>	
Net transfers between Governmental and Business-Type Activities		<u>\$ 21,772</u>	

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 14: **Interfund Transactions and Balances** (continued)

Fund Transfers (continued)

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

Transfer from	Transfer to	(in \$000's)	Purpose
General Fund	Internal Service Funds	\$ 989	Provide capital to internal service fund for purchases of capital assets.
	Nonmajor Governmental Funds - Special Revenue Funds	4,299	Provide subsidy to Rabies Control, Road Fund, Library Fund, and other grant funds.
	Nonmajor Governmental Funds - Debt Service	15,247	Transfer funds to cover debt service payments.
	County Capital Outlay Fund	91,473	Transfer funds to pay for capital outlay.
	Mental Health and Substance Abuse	10,324	Provide subsidy for operation.
	Subtotal	<u>122,332</u>	
Mental Health and Substance Abuse	Internal Service Fund	17	Provide internal service funds additional funding for equipment replacement
	Nonmajor Fund (Special Revenue)	58	
	General Fund	1,159	Transfer funds to pay for General Fund services support
	Subtotal	<u>1,234</u>	
First 5 - Children and Families	General Fund	18	Transfer funds to pay for General Fund services support
County Capital Outlay Fund	General Fund	7,000	Transfer funds to pay for General Fund capital projects and maintenance
Nonmajor Governmental Funds - Special Revenue Funds	Internal Service Funds	39	Provide internal service funds additional funding for equipment replacement.
	General Fund	2,939	Transfer funds to pay for GF operations.
	Nonmajor Fund (Capital Project)	639	Transfer funds to pay for public projects
	Subtotal	<u>3,617</u>	

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 14: **Interfund Transactions and Balances** (continued)

Fund Transfers (continued)

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

Transfer from	Transfer to	(in \$000's)	Purpose
Nonmajor Governmental Funds	County Capital Outlay Fund	\$ 1,982	Transfer funds to pay for capital projects and major maintenance
	Nonmajor Funds (Special Revenue)	43	Transfer funds to pay for capital projects and major maintenance
	Subtotal	<u>2,025</u>	
Nonmajor Governmental Funds - Debt Service Funds	County Capital Outlay Funds	94,233	Transfer Certificates of Participation proceeds to capital outlay for capital projects
Internal Service Funds	Internal Service Funds	2	Transfer funds to pay for acquisition of capital assets
	Total	<u>\$ 223,461</u>	

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 15: **Net Assets for Business-Type Activities**

Individual Net Assets balances at June 30, 2007 are as follows:

	Amount (in \$000's)
Solid Waste Enterprise	
Net Assets	
Invested in capital assets, net of depreciation	\$ 1,800
Restricted:	
Capital projects	867
Debt services	1,330
Subtotal	2,197
Unrestricted	3,301
Total	7,298
Airport Enterprise	
Net Assets	
Invested in capital assets, net of depreciation	16,227
Unrestricted	(2,910)
Total	13,317
Hospital Enterprise	
Net Assets	
Invested in capital assets, net of depreciation	23,451
Restricted:	
Debt services	8,171
Patient trust fund	42
Unrestricted	7,902
Total	39,566
Mountain House Utility Enterprise	
Net Assets	
Invested in capital assets, net of depreciation	(17,555)
Unrestricted:	
Total	1,103
	(16,452)
Total Net Assets for Business-Type Activities	\$ 43,729

Note 16: **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, 2007

Note 16: **Net Assets/Fund Balances** (continued)

- 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, 2007, reservations of fund balances are described below:

- Encumbrances – to reflect the outstanding contractual obligations for goods and services that have not been received.
- Inventory – to reflect the portion of assets that do not represent available spendable resources.
- Debt service – 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.
- 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, 2007

Note 17: **Deficit Fund Balance/Net Assets**

The following funds had deficit fund balances (in \$000's) at June 30, 2007:

Substance Abuse and Crime Prevention Fund (Nonmajor Special Revenue Fund) The deficit resulted from the delay in obtaining Federal and State reimbursements for costs incurred.	\$ 193,790
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.	241,968
Water and Power Authority (Nonmajor Special Revenue Fund) The deficit resulted from excess expenditures over revenues.	3,262
Mountain House Utility Services (Enterprise Fund) The deficit resulted from excess expenditures over revenues.	<u>16,452,779</u>
	<u>\$ 16,891,799</u>

Deficits in these funds, other than Mountain House Utility Service Enterprise Fund, are expected to be eliminated in future years through future revenues and/or transfers from other funds. The Mountain House Utility Service Enterprise Fund deficit will be recovered through utility service fee charges in future years.

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 18: **Component Unit Condensed Financial Information**

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

Statement of Net Assets

ASSETS	Head Start Child Development Council, Inc.	San Joaquin Economic Development Association	Local Agency Formation Commission	Health Plan of San Joaquin County	Total
Cash & investment – pool	\$ --	\$ --	\$ 25,420	\$ 37,756,732	\$ 37,782,152
Cash and investments – other	2,233,544	419,589	--	--	2,653,133
Due from other governments	540,245	--	--	1,249,613	1,789,858
Interest receivable	27,917	--	160	467,784	495,861
Receivable	72,471	--	25,340	--	97,811
Depreciable assets	4,027,266	29,811	--	16,068,338	20,125,415
Net of accumulated depreciation	(3,007,557)	(26,544)	--	(1,908,053)	(4,942,154)
Other Assets	343,358	--	--	1,400,623	1,743,981
Total Assets	<u>\$ 4,237,244</u>	<u>\$ 422,856</u>	<u>\$ 50,920</u>	<u>\$ 55,035,037</u>	<u>\$ 59,746,057</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accrued expenses	\$ 1,695,287	\$ 54,579	\$ 17,690	\$ 1,555,434	\$ 3,322,990
Accrued claims payable	--	--	--	8,584,722	8,584,722
Due to other funds - cash shortage in pool	51,998	--	--	--	51,998
Provider risk sharing payable	--	--	--	3,643,632	3,643,632
Unpaid compensated absences	--	--	7,257	--	7,257
Advance customer deposits	396,366	--	--	--	396,366
Other liabilities	1,106,198	--	--	654,316	1,760,514
Total Liabilities	<u>3,249,849</u>	<u>54,579</u>	<u>24,947</u>	<u>14,438,104</u>	<u>17,767,479</u>
NET ASSETS					
Investment in general fixed assets	1,019,709	3,267	--	14,160,285	\$ 15,183,261
Unrestricted net assets	(32,314)	365,010	25,973	26,436,648	26,795,317
Total Net Assets	<u>987,395</u>	<u>368,277</u>	<u>25,973</u>	<u>40,596,933</u>	<u>41,978,578</u>
Total Liabilities and Net Assets	<u>\$ 4,237,244</u>	<u>\$ 422,856</u>	<u>\$ 50,920</u>	<u>\$ 55,035,037</u>	<u>\$ 59,746,057</u>

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 18: **Component Unit Condensed Financial Information** (continued)

Statement of Changes in Net Assets

	Head Start Child Development Council, Inc.	San Joaquin Economic Development Association	Local Agency Formation Commission	Health Plan of San Joaquin County	Total
REVENUES					
Program Revenues:					
Operating grants and contributions	\$ 29,477,563	\$ 165,557	\$ 525,178	\$ 87,991,582	\$ 118,159,880
Charges for services	2,226,307	--	--	1,313,357	3,539,664
Interest income	27,917	1,885	1,484	2,049,971	2,081,257
Miscellaneous	--	136,190	--	--	136,190
Total Revenues	<u>31,731,787</u>	<u>303,632</u>	<u>526,662</u>	<u>91,354,910</u>	<u>123,916,991</u>
EXPENSES					
General	--	--	370,685	--	370,685
Public Assistance	31,910,379	309,626	--	--	32,220,005
Health	--	--	--	93,900,898	93,900,898
Interest expense	--	--	813	--	813
Total Expenses	<u>31,910,379</u>	<u>309,626</u>	<u>371,498</u>	<u>93,900,898</u>	<u>126,492,401</u>
Change in net assets	(178,592)	(5,994)	155,164	(2,545,988)	(2,575,410)
Net assets, beginning	<u>1,165,987</u>	<u>374,271</u>	<u>(129,191)</u>	<u>43,142,921</u>	<u>44,553,988</u>
Net assets, ending	<u>\$ 987,395</u>	<u>\$ 368,277</u>	<u>\$ 25,973</u>	<u>\$ 40,596,933</u>	<u>\$ 41,978,578</u>

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 18: **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	\$ 2,214,100	\$ 136,190	\$ --	\$ 86,882,616	\$ 89,232,906
Operating grants and contributions	28,937,318	165,557	508,623	--	29,611,498
Interest income	--	1,885	--	2,090,592	2,092,477
Other revenues	--	--	--	1,170,771	1,170,771
Cash paid to:					
Healthcare providers	--	--	--	(80,036,812)	(80,036,812)
Program expenditures	(31,014,859)	(142,423)	(88,076)	(4,557,239)	(35,802,597)
Employees	--	(122,385)	(295,965)	(8,579,867)	(8,998,217)
Net cash provided (used) in operating activities	<u>136,559</u>	<u>38,824</u>	<u>124,582</u>	<u>(3,029,939)</u>	<u>(2,729,974)</u>
Cash flows from capital financing and related activities:					
Purchase of capital assets	<u>(154,599)</u>	<u>(1,022)</u>	<u>--</u>	<u>(4,749,606)</u>	<u>(4,905,227)</u>
Net cash provided (used) by capital financing and related activities	<u>(154,599)</u>	<u>(1,022)</u>	<u>--</u>	<u>(4,749,606)</u>	<u>(4,905,227)</u>
Cash flows from non-capital financing and related activities:					
Borrowing proceeds from other agencies	--	--	(85,000)	--	(85,000)
Interest expense	--	--	(1,640)	--	(1,640)
Net cash provided (used) by non-capital financing and related activities	<u>--</u>	<u>--</u>	<u>(86,640)</u>	<u>--</u>	<u>(86,640)</u>
Cash flows from investing activities:					
Investment income	--	--	1,445	--	1,445
Net cash provided (used) for investing activities	<u>--</u>	<u>--</u>	<u>1,445</u>	<u>--</u>	<u>1,445</u>
Net increase (decrease) in cash and cash equivalents	(18,040)	37,802	39,387	(7,779,545)	(7,720,396)
Cash and cash equivalents, beginning 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>
Cash and cash equivalents, end of year	<u>\$ 2,181,546</u>	<u>\$ 419,589</u>	<u>\$ 25,420</u>	<u>\$ 37,756,732</u>	<u>\$ 40,383,287</u>
Reconciliation of net increase (decrease) in net assets to net cash provided by operating activities:					
Operating income (loss)	\$ (178,592)	\$ (5,994)	\$ 155,164	\$ (2,545,988)	\$ (2,575,410)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	263,695	2,197	--	522,477	788,369
Loss on disposal of assets	20,542	--	--	191	20,733
(Increase) decrease in receivables	(589,263)	--	(16,555)	381,488	(224,330)
(Increase) decrease in other assets	166,083	--	--	(849,312)	(683,229)
Increase (decrease) in payables	575,251	42,621	(14,027)	(362,529)	241,316
Increase (decrease) in other liabilities	<u>(121,157)</u>	<u>--</u>	<u>--</u>	<u>(176,266)</u>	<u>(297,423)</u>
Net cash provided (used) by operating activities	<u>\$ 136,559</u>	<u>\$ 38,824</u>	<u>\$ 124,582</u>	<u>\$ (3,029,939)</u>	<u>\$ (2,729,974)</u>

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 19: **Prior period Adjustments**

The fund balance/net assets of at the beginning of the FY 2006-07 have been adjusted for the following:

1. During the fiscal years of 2002-03 through 2005-06, the County had recorded the infrastructures, at an estimated value, that were delivered by the developers of the Mountain House Community Service District. However, at the final dedication of the acceptance on August 17, 2007, the actual value of the infrastructure was much less than the original estimates. As a result, the beginning net assets have been reduced by \$55.6 million.
2. As per agreements between the developers and the County (Mountain House Community Service District), certain developer/inspection/permit fees are to be paid to the developers in lieu of the repayments of the long-term debts. These fees-in-lieu-of-loan-repayments (\$23.8 million) were not, therefore, recorded in prior year's financial statements.
3. Prior to FY 2006-07, the current portion of the unpaid compensated absences was recognized as a liability and expenditure in governmental fund financial statements. Effective this fiscal year, both the current liability and the non-current portion of the unused sick leave to be paid upon retirement are recognized as long-term liabilities. This change was made in accordance with the Governmental Accounting Standards Board's Comprehensive Implementation Guide -2006/07. The net impact of this change was \$23.4 million of the unpaid compensated absences that were recognized as expenditures in prior years being removed from the fund statements, although there is no impact on the governmental-wide financial statements.

The summary of the prior period adjustments is presented below:

	Governmental Funds	Governmental Activities	Business-Type Activities
Fund Financial Statements			
Original amount	\$ 300,444,663		
Unpaid compensated balance – moved to governmental-wide financial statements	<u>23,377,856</u>		
Adjusted beginning balance	<u>\$ 323,822,519</u>		
Governmental-wide Financial Statements			
Original amount	\$ 768,130,771	\$ 136,661,491	
Mountain House – fees collected by developers not being recorded previously	23,767,136		--
Mountain House – shift the infrastructure from enterprise to GF-final dedication	2,113,884		(2,113,884)
Mountain House – final dedication reduced the infrastructures accepted	--		(55,635,276)
Mountain House – financing charges on notes payable	(5,022,266)		(6,325,020)
Mountain House – prior year payment to note payable	286,686		--
Mountain House – Miscellaneous	<u>100</u>		<u>--</u>
Adjusted beginning balance	<u>\$ 789,276,311</u>	<u>\$ 72,587,311</u>	

COUNTY OF SAN JOAQUIN

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 20: **Subsequent Events**

The County is in the final stage of issuing \$8.1 million revenue certificates of participation for the wastewater conveyance project in County Service Area No. 31 (Flag City). The proceeds of the sale of the certificates will be used to finance the acquisition and construction of certain sanitary sewer improvements by the County in County Service Area No. 31. The certificates evidence undivided proportionate interest in the installment payments to be made by the County pursuant to the installment purchase contract. The payment of installment payments is secured by a pledge of certain revenues of the County Service Area No. 31. The specified pledged revenues will be fully disclosed in the final official Statement upon the issuance of the certificates.

In December 2007, the Mountain House Public Financing Authority issued \$24,365,000 of revenue bonds at rates between 4.0% and 5.2%. The bonds were issued to provide funds to finance the cost of improvements to the water, wastewater and storm drain systems of the Mountain House Community Services District.

**REQUIRED
SUPPLEMENTARY INFORMATION**

COUNTY OF SAN JOAQUIN

Required Supplementary Information
For the Year Ended June 30, 2007

Schedule of Funding Progress and Funding Status – Pension Fund

The tables below shows a) 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; b) a three-year history of the funding status of the pension fund:

Required Supplementary Information
For the Year Ended June 30, 2007
Pension Benefit Plan
Schedule of Funding Progress
(amounts in thousands)

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded/ (Overfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded (Overfunded) AAL Percentage of Covered Payroll</u>
01/01/04	\$ 1,531,288	\$ 1,621,060	\$ 89,772	94.5%	\$ 286,429	31%
01/01/05	1,614,979	1,769,507	154,528	91.3%	296,473	52%
01/01/06	1,727,033	1,935,818	208,785	89.2%	309,692	67%

Schedule of Employer Contributions
(amount in thousands)

<u>Actuarial Valuation</u>	<u>Actual Annual Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>	<u>Net Pension Obligation</u>
2004	\$ 42,688	\$ 42,688	100.0%	\$ --
2005	62,509	62,509	100.0%	--
2006	73,612	73,612	100.0%	--

COUNTY OF SAN JOAQUIN

Required Supplementary Information
For the Year Ended June 30, 2007

Required Supplementary Information
For the Year Ended June 30, 2007
Post-employment Healthcare – Sick Leave Bank Program
Schedule of Funding Progress
(amounts in thousands)

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded/ (Overfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded (Overfunded) AAL Percentage of Covered Payroll</u>
12/31/05	\$ 16,636	\$ 30,465	\$ 13,829	54.6%	\$ 224,753	6%
12/31/06	14,660	37,475	22,815	39.1%	229,726	10%

(Schedule of Funding Progress information for fiscal year ended 12/31/04 is not available.)

Schedule of Employer Contributions
(amount in thousands)

<u>Actuarial Valuation</u>	<u>Actual Annual Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>	<u>Net Pension Obligation</u>
2006	\$ 650,000	\$ 650,000	100.0%	\$ --

(Employer contributions for fiscal years 2004 and 2005 are not available.)

COUNTY OF SAN JOAQUIN

Required Supplementary Information
For the Year Ended June 30, 2007

Required Supplementary Information
For the Year Ended June 30, 2007
Post-employment Healthcare – Implicit Subsidy
Schedule of Funding Progress
(amounts in thousands)

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded/ (Overfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded (Overfunded) AAL Percentage of Covered Payroll</u>
12/31/06	\$ --	\$ 153,206	\$ 153,206	0.0%	\$ 340,576	45%
(Schedule of Funding Progress information for fiscal years ended 12/31/04 and 12/31/05 is not available.)						

Schedule of Employer Contributions
(amount in thousands)

<u>Actuarial Valuation</u>	<u>Actual Annual Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>	<u>Net Pension Obligation</u>
12/31/06	\$ 17,472	\$ 2,395	13.71%	\$ 15,076
(Employer contributions for fiscal years 2004 and 2005 are not available.)				

COUNTY OF SAN JOAQUIN

Required Supplementary Information
For the Year Ended June 30, 2007

Budgetary Comparison Schedule
General Fund

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 87,622,754	\$ 87,622,754	\$ 87,622,754	\$ --
Resources (inflows):				
Taxes	201,402,278	216,504,363	189,462,303	(27,042,060)
Licenses and permits	7,199,638	7,199,638	7,114,692	(84,946)
Fines, forfeitures and penalties	9,795,100	9,795,100	7,442,299	(2,352,801)
Use of money and property	5,073,598	5,073,598	9,172,060	4,098,462
Aid from other governmental agencies	411,114,702	417,465,736	398,387,606	(19,078,130)
Charges for services	40,612,233	41,653,613	43,115,297	1,461,684
Other revenues	1,115,493	1,130,638	6,092,222	4,961,584
Other financing sources	11,687,313	14,825,854	16,717,096	1,891,242
Amounts available for appropriation	<u>688,000,355</u>	<u>713,648,540</u>	<u>677,503,575</u>	<u>(36,144,965)</u>
Charges to appropriations (outflows):				
Current:				
General government	51,697,861	53,720,935	41,684,773	12,036,162
Public protection	217,629,918	222,945,860	211,422,427	11,523,433
Health and sanitation	39,024,176	39,661,795	34,237,356	5,424,439
Public assistance	315,235,720	318,117,973	284,599,428	33,518,545
Education	358,114	358,336	341,870	16,466
Recreation and culture	5,266,487	5,268,118	4,978,235	289,883
Reserve for contingency	31,102,566	46,801,417	--	46,801,417
Debt service:				
Principal	--	--	352,616	(352,616)
Interest	165,373	165,373	2,046,696	(1,881,323)
Other financing uses	131,698,893	136,317,750	139,961,556	(3,643,806)
Total charges to appropriations	<u>792,179,108</u>	<u>823,357,557</u>	<u>719,624,957</u>	<u>103,732,600</u>
Fund balance, end of year	<u>\$ (16,555,999)</u>	<u>\$ (22,086,263)</u>	<u>\$ 45,501,372</u>	<u>\$ 67,587,635</u>

continued

COUNTY OF SAN JOAQUIN

Required Supplementary Information
For the Year Ended June 30, 2007

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 \$ 677,503,575

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes (16,717,096)

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 \$ 674,609,165

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 719,624,957

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (139,961,556)

Disbursements from General Fund special accounts were not budgeted but were reported as expenditures for financial reporting purposes 5,230,063

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. (441,681)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 584,451,783

COUNTY OF SAN JOAQUIN

Required Supplementary Information
For the Year Ended June 30, 2007

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	\$ (3,437,286)	\$ (3,437,286)	\$ (3,437,286)	\$ --
Resources (inflows):				
Fines, forfeitures and penalties	210,000	210,000	326,177	116,177
Use of money and property	50,000	50,000	309,479	259,479
Aid from other governmental agencies	32,717,433	39,328,107	38,602,324	(725,783)
Charges for services	29,424,443	29,474,443	23,202,504	(6,271,939)
Other revenues	160,650	160,650	131,014	(29,636)
Other financing sources	9,865,320	9,819,965	10,323,956	503,991
Amounts available for appropriation	<u>72,427,846</u>	<u>79,043,165</u>	<u>72,895,454</u>	<u>(6,147,711)</u>
Charges to appropriations (outflows):				
Current:				
Health and sanitation	72,843,918	77,394,816	66,464,839	10,929,977
Capital outlay	114,917	2,169,157	37,959	2,131,198
Other financing uses	--	91,891	1,233,729	(1,141,838)
Total charges to appropriations	<u>72,958,835</u>	<u>79,655,864</u>	<u>67,736,527</u>	<u>11,919,337</u>
Fund balance, end of year	<u>\$ (3,968,275)</u>	<u>\$ (4,049,985)</u>	<u>\$ 1,721,641</u>	<u>\$ 5,771,626</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	\$ 72,895,454
---	---------------

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	<u>(10,323,956)</u>
---	---------------------

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 62,571,498</u>
--	----------------------

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement	\$ 67,736,527
--	---------------

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,233,729)
--	-------------

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.	<u>182,783</u>
---	----------------

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 66,685,581</u>
--	----------------------

COUNTY OF SAN JOAQUIN

Required Supplementary Information
For the Year Ended June 30, 2007

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	\$ 27,756,824	\$ 27,756,824	\$ 27,806,042	\$ 49,218
Resources (inflows):				
Fines, forfeitures and penalties	--	--	100	100
Use of money and property	383,334	383,334	1,527,404	1,144,070
Aid from other governmental agencies	10,883,567	10,881,696	10,661,358	(220,338)
Other revenues	--	--	3,408	3,408
Operating transfers in	1,099,859	25,842	--	(25,842)
Amounts available for appropriation	<u>12,366,760</u>	<u>11,290,872</u>	<u>12,192,270</u>	<u>901,398</u>
Charges to appropriations (outflows):				
Current:				
Health and sanitation	36,802,060	38,021,152	14,468,592	23,552,560
Capital outlay	15,300	22,300	14,455	7,845
Other financing uses	1,074,017	--	17,638	(17,638)
Total charges to appropriations	<u>37,891,377</u>	<u>38,043,452</u>	<u>14,500,685</u>	<u>23,542,767</u>
Fund balance, end of year	<u>\$ 2,232,207</u>	<u>\$ 1,004,244</u>	<u>\$ 25,497,627</u>	<u>\$ 24,493,383</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 \$ 14,500,685

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (17,638)

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. 4,398,159

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 18,881,206

COUNTY OF SAN JOAQUIN

Note to Required Supplementary Information For the Year Ended June 30, 2007

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).

SUPPLEMENTARY INFORMATION

GENERAL FUND ACCOUNTS

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. They are used to account for all financial resources not accounted for in another fund.

COUNTY OF SAN JOAQUIN

Combining Balance Sheet All General Funds June 30, 2007

	General Accounts	Contingency	General Reserve	Total
ASSETS				
Cash and investments:				
Pooled	\$ 61,808,773	\$ 31,799,924	\$ 10,003,035	\$ 103,611,732
Imprest cash	238,775	--	--	238,775
Accounts receivable	2,670,607	--	--	2,670,607
Taxes receivable	73,485,523	--	--	73,485,523
Interest receivable	2,417,657	--	--	2,417,657
Due from other agencies	69,869,221	--	--	69,869,221
Due from other funds	1,801,451	81,666	--	1,883,117
Advances to other funds	1,232,233	55,000	--	1,287,233
Loans receivable	--	20,000	--	20,000
Inventory	53,140	--	--	53,140
Other assets	25,500	--	--	25,500
Total Assets	\$ 213,602,880	\$ 31,956,590	\$ 10,003,035	\$ 255,562,505
 LIABILITIES				
Accounts payable	\$ 7,798,628	\$ --	\$ --	\$ 7,798,628
Due to other funds	11,040,611	--	--	11,040,611
Accrued payroll	5,029,399	--	--	5,029,399
Unearned revenues	103,684,122	--	--	103,684,122
Advances from other funds	2,286,209	--	--	2,286,209
Teeter note	27,000,000	--	--	27,000,000
Accrued interest	428,297	--	--	428,297
Other liabilities	592,078	--	--	592,078
Total Liabilities	157,859,344	--	--	157,859,344
 FUND BALANCES				
Reserved for:				
Encumbrances	13,176,006	--	--	13,176,006
Loans and advances	1,242,019	55,000	--	1,297,019
Inventory	53,140	--	--	53,140
Other assets	--	20,000	--	20,000
Unreserved				
Designated	39,701,656	--	10,003,035	49,704,691
Undesignated	1,570,715	31,881,590	--	33,452,305
Total Fund Balances	55,743,536	31,956,590	10,003,035	97,703,161
Total Liabilities and Fund Balances	\$ 213,602,880	\$ 31,956,590	\$ 10,003,035	\$ 255,562,505

COUNTY OF SAN JOAQUIN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All General Funds
For the Year Ended June 30, 2007

	General Accounts	Contingency	General Reserve	Total
Revenues:				
Taxes	\$ 189,462,303	\$ --	\$ --	\$ 189,462,303
Licenses, permits and franchises	7,699,900	--	--	7,699,900
Fines, forfeitures and penalties	10,876,499	--	--	10,876,499
Revenue from use of money and property	10,382,546	8,509	313,686	10,704,741
Aid from other governmental agencies	400,700,501	--	--	400,700,501
Charges for services	45,400,349	--	--	45,400,349
Other revenue	9,764,872	--	--	9,764,872
Total Revenues	674,286,970	8,509	313,686	674,609,165
Expenditures:				
Current:				
General government	44,199,844	--	--	44,199,844
Public protection	210,118,125	--	--	210,118,125
Health and sanitation	33,078,799	--	--	33,078,799
Public assistance	285,104,468	--	--	285,104,468
Education	341,794	--	--	341,794
Recreation and cultural services	4,498,002	--	--	4,498,002
Capital Outlay	4,711,439	--	--	4,711,439
Debt Service:				
Principal	352,616	--	--	352,616
Interest	2,046,696	--	--	2,046,696
Total Expenditures	584,451,783	--	--	584,451,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	89,835,187	8,509	313,686	90,157,382
Other Financing Sources (Uses):				
Proceeds from long term debt	1,748,248	--	--	1,748,248
Intrafund transfer	(18,234,934)	14,234,934	4,000,000	--
Transfers in	11,115,933	--	--	11,115,933
Transfers out	(142,685,403)	--	(313,406)	(142,998,809)
Total Other Financing Sources (Uses)	(148,056,156)	14,234,934	3,686,594	(130,134,628)
Net Change in Fund Balances	(58,220,969)	14,243,443	4,000,280	(39,977,246)
Fund balance - beginning	94,162,245	17,713,147	6,002,755	117,878,147
Prior period adjustment	19,802,260	--	--	19,802,260
Fund balance - beginning, restated	113,964,505	17,713,147	6,002,755	137,680,407
Fund Balances, End of Year	\$ 55,743,536	\$ 31,956,590	\$ 10,003,035	\$ 97,703,161

COUNTY OF SAN JOAQUIN

Combining Balance Sheet
All General Fund Special Accounts
June 30, 2007

	General Account	Recorder's Account	Sheriff's Special Accounts	Prisoner Welfare Accounts
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments:				
Pooled	\$ 2,221,376	\$ 309,911	\$ 838,354	\$ 423,091
Impress cash	86,175	--	--	--
Accounts receivable	2,004,267	243	73,359	333,541
Taxes receivable	73,485,523	--	--	--
Interest receivable	2,072,975	--	15,131	2,525
Due from other agencies	69,271,756	--	141,565	--
Due from other funds	1,756,634	--	3,512	40,469
Advances to other funds	1,232,233	--	--	--
Inventory	--	--	--	53,140
Other assets	25,500	--	--	--
Total Assets	<u>\$ 152,156,439</u>	<u>\$ 310,154</u>	<u>\$ 1,071,921</u>	<u>\$ 852,766</u>
 LIABILITIES				
Accounts payable	\$ 7,322,130	\$ --	\$ 60,848	\$ 70,090
Due to other funds	10,913,193	--	6,000	8,269
Accrued payroll	5,023,121	--	--	--
Unearned revenues	82,617,588	--	56,257	--
Advances from other funds	2,286,209	--	--	--
Teeter note	27,000,000	--	--	--
Accrued interest	428,297	--	--	--
Other liabilities	592,078	--	--	--
Total Liabilities	<u>136,182,616</u>	<u>--</u>	<u>123,105</u>	<u>78,359</u>
 FUND BALANCES				
Reserved for:				
Encumbrances	13,161,089	--	148	1,479
Loans and advances	1,242,019	--	--	--
Inventory	--	--	--	53,140
Unreserved:				
Designated	--	310,154	948,668	719,788
Undesignated	1,570,715	--	--	--
Total Fund Balances	<u>15,973,823</u>	<u>310,154</u>	<u>948,816</u>	<u>774,407</u>
 Total Liabilities and Fund Balances	<u>\$ 152,156,439</u>	<u>\$ 310,154</u>	<u>\$ 1,071,921</u>	<u>\$ 852,766</u>

COUNTY OF SAN JOAQUIN

Combining Balance Sheet (continued)
All General Fund Special Accounts
June 30, 2007

	Emergency Medical Services Special Accounts	Court Fees & Assessments	Agriculture Special Accounts	Public Health Special Accounts
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments:				
Pooled	\$ 2,173,484	\$ 1,992,277	\$ 830,511	\$ 6,728,813
Impress cash	--	--	--	--
Accounts receivable	76,063	27,631	88,495	3,636
Taxes receivable	--	--	--	--
Interest receivable	26,455	28,135	621	43,973
Due from other agencies	--	141,530	--	--
Due from other funds	--	--	836	--
Advances to other funds	--	--	--	--
Inventory	--	--	--	--
Other assets	--	--	--	--
Total Assets	<u>\$ 2,276,002</u>	<u>\$ 2,189,573</u>	<u>\$ 920,463</u>	<u>\$ 6,776,422</u>
 LIABILITIES				
Accounts payable	\$ 225,542	\$ --	\$ 21,518	\$ --
Due to other funds	29,016	--	--	80,601
Accrued payroll	--	--	--	--
Unearned revenues	--	--	--	4,617
Advances from other funds	--	--	--	--
Teeter note	--	--	--	--
Accrued interest	--	--	--	--
Other liabilities	--	--	--	--
Total Liabilities	<u>254,558</u>	<u>--</u>	<u>21,518</u>	<u>85,218</u>
 FUND BALANCES				
Reserved for:				
Encumbrances	--	--	--	--
Loans and advances	--	--	--	--
Inventory	--	--	--	--
Unreserved:				
Designated	2,021,444	2,189,573	898,945	6,691,204
Undesignated	--	--	--	--
Total Fund Balances	<u>2,021,444</u>	<u>2,189,573</u>	<u>898,945</u>	<u>6,691,204</u>
 Total Liabilities and Fund Balances	 <u>\$ 2,276,002</u>	 <u>\$ 2,189,573</u>	 <u>\$ 920,463</u>	 <u>\$ 6,776,422</u>

COUNTY OF SAN JOAQUIN

Combining Balance Sheet (continued)
All General Fund Special Accounts
June 30, 2007

	Community Service Special Accounts	Parks' Special Accounts	Assessor Special Accounts	Probation Juvenile Welfare
ASSETS				
Cash and investments:				
Pooled	\$ 2,792,935	\$ 3,324,862	\$ 294,389	\$ 47,399
Impress cash	2,600	--	--	--
Accounts receivable	52,234	1,923	--	2,784
Taxes receivable	--	--	--	--
Interest receivable	19,834	38,087	4,537	886
Due from other agencies	314,370	--	--	--
Due from other funds	--	--	--	--
Advances to other funds	--	--	--	--
Inventory	--	--	--	--
Other assets	--	--	--	--
Total Assets	<u>\$ 3,181,973</u>	<u>\$ 3,364,872</u>	<u>\$ 298,926</u>	<u>\$ 51,069</u>
LIABILITIES				
Accounts payable	\$ 98,052	\$ --	\$ --	\$ 448
Due to other funds	781	1,610	--	1,141
Accrued payroll	6,278	--	--	--
Unearned revenues	112,966	--	--	--
Advances from other funds	--	--	--	--
Teeter note	--	--	--	--
Accrued interest	--	--	--	--
Other liabilities	--	--	--	--
Total Liabilities	<u>218,077</u>	<u>1,610</u>	<u>--</u>	<u>1,589</u>
FUND BALANCES				
Reserved for:				
Encumbrances	--	--	--	13,290
Loans and advances	--	--	--	--
Inventory	--	--	--	--
Unreserved:				
Designated	2,963,896	3,363,262	298,926	36,190
Undesignated	--	--	--	--
Total Fund Balances	<u>2,963,896</u>	<u>3,363,262</u>	<u>298,926</u>	<u>49,480</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,181,973</u>	 <u>\$ 3,364,872</u>	 <u>\$ 298,926</u>	 <u>\$ 51,069</u>

COUNTY OF SAN JOAQUIN

Combining Balance Sheet (continued)
All General Fund Special Accounts
June 30, 2007

	Comm Dev Accounts	District Attorney Accounts	HSA Grant Accounts	Other Accounts	Total
ASSETS					
Cash and investments:					
Pooled	\$ 2,109,868	\$ 3,749,522	\$ 19,975,434	\$ 13,996,547	\$ 61,808,773
Impress cash	--	--	150,000	--	238,775
Accounts receivable	--	6,271	--	160	2,670,607
Taxes receivable	--	--	--	--	73,485,523
Interest receivable	27,185	47,313	--	90,000	2,417,657
Due from other agencies	--	--	--	--	69,869,221
Due from other funds	--	--	--	--	1,801,451
Advances to other funds	--	--	--	--	1,232,233
Inventory	--	--	--	--	53,140
Other assets	--	--	--	--	25,500
Total Assets	<u>\$ 2,137,053</u>	<u>\$ 3,803,106</u>	<u>\$ 20,125,434</u>	<u>\$ 14,086,707</u>	<u>\$ 213,602,880</u>
LIABILITIES					
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 7,798,628
Due to other funds	--	--	--	--	11,040,611
Accrued payroll	--	--	--	--	5,029,399
Unearned revenues	--	908,856	19,983,838	--	103,684,122
Advances from other funds	--	--	--	--	2,286,209
Teeter note	--	--	--	--	27,000,000
Accrued interest	--	--	--	--	428,297
Other liabilities	--	--	--	--	592,078
Total Liabilities	<u>--</u>	<u>908,856</u>	<u>19,983,838</u>	<u>--</u>	<u>157,859,344</u>
FUND BALANCES					
Reserved for:					
Encumbrances	--	--	--	--	13,176,006
Loans and advances	--	--	--	--	1,242,019
Inventory	--	--	--	--	53,140
Unreserved:					
Designated	2,137,053	2,894,250	141,596	14,086,707	39,701,656
Undesignated	--	--	--	--	1,570,715
Total Fund Balances	<u>2,137,053</u>	<u>2,894,250</u>	<u>141,596</u>	<u>14,086,707</u>	<u>55,743,536</u>
Total Liabilities and Fund Balances	<u>\$ 2,137,053</u>	<u>\$ 3,803,106</u>	<u>\$ 20,125,434</u>	<u>\$ 14,086,707</u>	<u>\$ 213,602,880</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, 2007

	General Account	Recorder's Account	Sheriff's Special Accounts	Prisoner Welfare Accounts
Revenues:				
Taxes	\$ 189,461,565	\$ --	\$ --	\$ --
Licenses, permits and franchises	7,297,893	--	--	--
Fines, forfeitures and penalties	9,305,628	--	147,781	--
Revenue from use of money and property	8,425,035	16	51,404	9,451
Aid from other governmental agencies	398,347,194	--	722,569	--
Charges for services	43,833,198	63,806	65,486	--
Other revenue	6,677,102	--	--	2,943,521
Total Revenues	<u>663,347,615</u>	<u>63,822</u>	<u>987,240</u>	<u>2,952,972</u>
Expenditures:				
Current:				
General government	44,200,344	--	--	--
Public protection	208,309,392	--	245,950	1,364,273
Health and sanitation	32,362,554	--	--	--
Public assistance	284,958,918	--	--	--
Education	341,794	--	--	--
Recreation and cultural services	4,498,002	--	--	--
Capital Outlay	4,709,819	--	--	1,620
Debt Service:				
Principal	352,616	--	--	--
Interest	2,046,696	--	--	--
Total Expenditures	<u>581,780,135</u>	<u>--</u>	<u>245,950</u>	<u>1,365,893</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>81,567,480</u>	<u>63,822</u>	<u>741,290</u>	<u>1,587,079</u>
Other Financing Sources (Uses):				
Proceeds from long term debt	1,748,248	--	--	--
Transfers between General Fund accounts	(12,590,659)	(25,000)	(511,937)	(1,675,683)
Transfers in	4,115,933	--	--	--
Transfers out	(142,575,571)	(50,000)	--	(64)
Total Other Financing Sources (Uses)	<u>(149,302,049)</u>	<u>(75,000)</u>	<u>(511,937)</u>	<u>(1,675,747)</u>
Net Change in Fund Balances	<u>(67,734,569)</u>	<u>(11,178)</u>	<u>229,353</u>	<u>(88,668)</u>
Fund balance - beginning	63,906,852	321,332	719,463	863,075
Prior period adjustment	19,801,540	--	--	--
Fund balance - beginning, restated	<u>83,708,392</u>	<u>321,332</u>	<u>719,463</u>	<u>863,075</u>
Fund Balances, End of Year	<u>\$ 15,973,823</u>	<u>\$ 310,154</u>	<u>\$ 948,816</u>	<u>\$ 774,407</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, 2007

	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	625,759	320,855	--	215,799
Revenue from use of money and property	98,701	101,169	2,464	293,653
Aid from other governmental agencies	219,162	677,902	--	920,154
Charges for services	--	--	296,628	449,684
Other revenue	--	--	135,418	(251,508)
Total Revenues	943,622	1,099,926	434,510	1,627,782
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	92,375	--
Health and sanitation	667,327	--	--	48,918
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and cultural services	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	667,327	--	92,375	48,918
Excess (Deficiency) of Revenues Over (Under) Expenditures	276,295	1,099,926	342,135	1,578,864
Other Financing Sources (Uses):				
Proceeds from long term debt	--	--	--	--
Transfers between General Fund accounts	--	(785,648)	(410,176)	(987,328)
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	--	(785,648)	(410,176)	(987,328)
Net Change in Fund Balances	276,295	314,278	(68,041)	591,536
Fund balance - beginning	1,745,149	1,875,295	966,986	6,099,668
Prior period adjustment	--	--	--	--
Fund balance - beginning, restated	1,745,149	1,875,295	966,986	6,099,668
Fund Balances, End of Year	\$ 2,021,444	\$ 2,189,573	\$ 898,945	\$ 6,691,204

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, 2007

	Community Service Special Accounts	Parks' Special Accounts	Assessor Special Accounts	Probation Juvenile Welfare
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, permits and franchises	184	--	--	--
Fines, forfeitures and penalties	86,490	--	--	--
Revenue from use of money and property	74,669	146,529	38,260	58,162
Aid from other governmental agencies	(82,530)	--	--	--
Charges for services	189,112	205,635	114,518	--
Other revenue	226,007	23,025	--	--
Total Revenues	<u>493,932</u>	<u>375,189</u>	<u>152,778</u>	<u>58,162</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	103,732
Health and sanitation	--	--	--	--
Public assistance	145,950	--	--	--
Education	--	--	--	--
Recreation and cultural services	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>145,950</u>	<u>--</u>	<u>--</u>	<u>103,732</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>347,982</u>	<u>375,189</u>	<u>152,778</u>	<u>(45,570)</u>
Other Financing Sources (Uses):				
Proceeds from long term debt	--	--	--	--
Transfers between General Fund accounts	(348,300)	--	(64,500)	--
Transfers in	--	--	--	--
Transfers out	--	(59,339)	--	(429)
Total Other Financing Sources (Uses)	<u>(348,300)</u>	<u>(59,339)</u>	<u>(64,500)</u>	<u>(429)</u>
Net Change in Fund Balances	<u>(318)</u>	<u>315,850</u>	<u>88,278</u>	<u>(45,999)</u>
Fund balance - beginning	2,963,494	3,047,412	210,648	95,479
Prior period adjustment	720	--	--	--
Fund balance - beginning, restated	<u>2,964,214</u>	<u>3,047,412</u>	<u>210,648</u>	<u>95,479</u>
Fund Balances, End of Year	<u>\$ 2,963,896</u>	<u>\$ 3,363,262</u>	<u>\$ 298,926</u>	<u>\$ 49,480</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, 2007

	Comm Dev Accounts	District Attorney Accounts	HSA Grant Accounts	Other Accounts	Total
Revenues:					
Taxes	\$ --	\$ 738	\$ --	\$ --	\$ 189,462,303
Licenses, permits and franchises	401,823	--	--	--	7,699,900
Fines, forfeitures and penalties	--	174,187	--	--	10,876,499
Revenue from use of money and property	96,326	187,980	1,166	797,561	10,382,546
Aid from other governmental agencies	--	(103,950)	--	--	400,700,501
Charges for services	6,210	(112,980)	--	289,052	45,400,349
Other revenue	--	11,150	--	157	9,764,872
Total Revenues	<u>504,359</u>	<u>157,125</u>	<u>1,166</u>	<u>1,086,770</u>	<u>674,286,970</u>
Expenditures:					
Current:					
General government	--	--	--	(500)	44,199,844
Public protection	2,403	--	--	--	210,118,125
Health and sanitation	--	--	--	--	33,078,799
Public assistance	--	--	(400)	--	285,104,468
Education	--	--	--	--	341,794
Recreation and cultural services	--	--	--	--	4,498,002
Capital Outlay	--	--	--	--	4,711,439
Debt Service:					
Principal	--	--	--	--	352,616
Interest	--	--	--	--	2,046,696
Total Expenditures	<u>2,403</u>	<u>--</u>	<u>(400)</u>	<u>(500)</u>	<u>584,451,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>501,956</u>	<u>157,125</u>	<u>1,566</u>	<u>1,087,270</u>	<u>89,835,187</u>
Other Financing Sources (Uses):					
Proceeds from long term debt	--	--	--	--	1,748,248
Transfers between General Fund accounts	--	(423,148)	--	(412,555)	(18,234,934)
Transfers in	--	--	--	7,000,000	11,115,933
Transfers out	--	--	--	--	(142,685,403)
Total Other Financing Sources (Uses)	<u>--</u>	<u>(423,148)</u>	<u>--</u>	<u>6,587,445</u>	<u>(148,056,156)</u>
Net Change in Fund Balances	<u>501,956</u>	<u>(266,023)</u>	<u>1,566</u>	<u>7,674,715</u>	<u>(58,220,969)</u>
Fund balance - beginning	1,635,097	3,160,273	140,030	6,411,992	94,162,245
Prior period adjustment	--	--	--	--	19,802,260
Fund balance - beginning, restated	<u>1,635,097</u>	<u>3,160,273</u>	<u>140,030</u>	<u>6,411,992</u>	<u>113,964,505</u>
Fund Balances, End of Year	<u>\$2,137,053</u>	<u>\$ 2,894,250</u>	<u>\$ 141,596</u>	<u>\$ 14,086,707</u>	<u>\$ 55,743,536</u>

NONMAJOR GOVERNMENTAL FUNDS

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, 2007

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments:				
Pooled	\$ 107,275,883	\$ 43,523	\$ 19,575,692	\$ 126,895,098
Imprest cash	33,275	--	--	33,275
Accounts receivable	6,971,752	--	206,507	7,178,259
Interest receivable	1,540,130	662	252,162	1,792,954
Due from other agencies	4,474,082	--	168	4,474,250
Due from other funds	1,245,517	8,000,000	10,415	9,255,932
Inventory	280,157	--	--	280,157
Restricted assets:				
Restricted cash and investments	--	10,882,325	--	10,882,325
Receivables	--	22,678	--	22,678
Total Assets	<u>\$ 121,820,796</u>	<u>\$ 18,949,188</u>	<u>\$ 20,044,944</u>	<u>\$ 160,814,928</u>
LIABILITIES				
Accounts payable	\$ 3,554,946	\$ --	\$ 16,184	\$ 3,571,130
Accrued payroll	707,801	--	--	707,801
Unearned revenues	1,194,048	--	--	1,194,048
Due to other funds	824,508	--	662,740	1,487,248
Due to other agencies	1,414,729	--	--	1,414,729
Advances from other funds	1,287,233	--	--	1,287,233
Total Liabilities	<u>8,983,265</u>	<u>--</u>	<u>678,924</u>	<u>9,662,189</u>
FUND BALANCES				
Reserved for:				
Encumbrances	22,129,321	--	--	22,129,321
Debt service	--	18,949,188	--	18,949,188
Inventory	280,157	--	--	280,157
Unreserved				
Designated	33,163	--	--	33,163
Undesignated	90,394,890	--	19,366,020	109,760,910
Total Fund Balances	<u>112,837,531</u>	<u>18,949,188</u>	<u>19,366,020</u>	<u>151,152,739</u>
Total Liabilities and Fund Balances	<u>\$ 121,820,796</u>	<u>\$ 18,949,188</u>	<u>\$ 20,044,944</u>	<u>\$ 160,814,928</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, 2007

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 28,683,913	\$ --	\$ --	\$ 28,683,913
Licenses, permits and franchises	786,376	--	--	786,376
Fines, forfeitures and penalties	37,415	--	2,482,432	2,519,847
Revenue from use of money and property	5,764,584	315,246	946,482	7,026,312
Aid from other governmental agencies	71,579,580	--	--	71,579,580
Charges for services	39,516,585	23,583	70,865	39,611,033
Other revenue	5,616,815	--	--	5,616,815
Total Revenues	151,985,268	338,829	3,499,779	155,823,876
Expenditures:				
Current:				
Public protection	26,461,306	--	32,368	26,493,674
Public ways and facilities	36,412,507	--	1,075	36,413,582
Health and sanitation	3,011,744	--	--	3,011,744
Public assistance	35,869,419	--	--	35,869,419
Education	5,840,543	--	--	5,840,543
Recreation and cultural services	194,131	--	--	194,131
Capital Outlay	24,739,200	--	--	24,739,200
Debt Service:				
Principal	7,137,421	5,389,300	--	12,526,721
Interest and debt issuance costs	39,189	3,829,278	--	3,868,467
Total Expenditures	139,705,460	9,218,578	33,443	148,957,481
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,279,808	(8,879,749)	3,466,336	6,866,395
Other Financing Sources (Uses):				
Issuance of debt:				
Certificates of participation proceeds	--	114,635,000	--	114,635,000
Certificates of participation premium	--	4,658,738	--	4,658,738
Payment to refunded certificates of participation escrow	--	(18,398,858)	--	(18,398,858)
Transfers in	4,400,047	15,247,112	638,578	20,285,737
Transfers out	(3,994,221)	(94,233,398)	(2,025,148)	(100,252,767)
Total Other Financing Sources (Uses)	405,826	21,908,594	(1,386,570)	20,927,850
Net Change in Fund Balances	12,685,634	13,028,845	2,079,766	27,794,245
Fund balance - beginning	98,137,468	5,920,343	17,286,254	121,344,065
Prior period adjustment	2,014,429	--	--	2,014,429
Fund balance - beginning, restated	100,151,897	5,920,343	17,286,254	123,358,494
Fund Balances, End of Year	\$ 112,837,531	\$ 18,949,188	\$ 19,366,020	\$ 151,152,739

Special Revenue Funds

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.

COUNTY OF SAN JOAQUIN

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

	Road	Fish and Game	County Facilities Fee Program	Special Districts Settlement Fund
ASSETS				
Cash and investments	\$ 25,247,637	\$ 263,909	\$ 9,144,885	\$ 1,222,241
Imprest cash	125	--	--	--
Accounts receivable	19,731	16,296	820,894	--
Interest receivable	289,303	1,002	112,861	16,224
Due from other funds	130,216	--	--	--
Due from other agencies	2,048,549	--	--	--
Inventories	280,157	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 28,015,718</u>	<u>\$ 281,207</u>	<u>\$ 10,078,640</u>	<u>\$ 1,238,465</u>
LIABILITIES				
Accounts payable	\$ 677,432	\$ --	\$ --	\$ --
Accrued payroll	263,938	--	--	--
Advances from other funds	--	--	--	--
Due to other funds	252,498	--	--	--
Due to other agencies	--	--	--	--
Unearned revenues	701,188	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,895,056</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES				
Reserved:				
Encumbrances	14,000,794	--	--	--
Inventory	280,157	--	--	--
Unreserved:				
Designated	--	--	--	--
Undesignated	11,839,711	281,207	10,078,640	1,238,465
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>26,120,662</u>	<u>281,207</u>	<u>10,078,640</u>	<u>1,238,465</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 28,015,718</u>	<u>\$ 281,207</u>	<u>\$ 10,078,640</u>	<u>\$ 1,238,465</u>

continued

COUNTY OF SAN JOAQUIN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2007

	Job Training Partnership Act	Rabies Treatment	County Headstart	Road District #1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 991,959	\$ 314,278	\$ 5,380	\$ 1,150,546
Imprest cash	250	--	--	--
Accounts receivable	48,616	2,932	--	31,464
Interest receivable	--	6,662	36	14,903
Due from other funds	--	--	--	--
Due from other agencies	1,318,728	--	21,836	3,000
Inventories	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,359,553</u>	<u>\$ 323,872</u>	<u>\$ 27,252</u>	<u>\$ 1,199,913</u>
LIABILITIES				
Accounts payable	\$ 612,027	\$ 4,998	\$ 204	\$ --
Accrued payroll	152,360	9,354	4,092	--
Advances from other funds	--	--	--	--
Due to other funds	12,824	8,683	452	4,772
Due to other agencies	--	--	--	--
Unearned revenues	--	--	21,836	17,462
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>777,211</u>	<u>23,035</u>	<u>26,584</u>	<u>22,234</u>
FUND BALANCES				
Reserved:				
Encumbrances	63,628	142,552	5,380	2,675
Inventory	--	--	--	--
Unreserved:				
Designated	245	--	--	--
Undesignated	1,518,469	158,285	(4,712)	1,175,004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,582,342</u>	<u>300,837</u>	<u>668</u>	<u>1,177,679</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 2,359,553</u>	<u>\$ 323,872</u>	<u>\$ 27,252</u>	<u>\$ 1,199,913</u>

continued

COUNTY OF SAN JOAQUIN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2007

	Road District #2	Road District #3	Road District #4	Road District #5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 727,682	\$ 453,934	\$ 2,460,087	\$ 2,875,300
Imprest cash	--	--	--	--
Accounts receivable	16,500	14,178	62,830	33,527
Interest receivable	10,293	7,913	35,023	38,816
Due from other funds	--	--	--	--
Due from other agencies	--	--	2,400	--
Inventories	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 754,475</u>	<u>\$ 476,025</u>	<u>\$ 2,560,340</u>	<u>\$ 2,947,643</u>
LIABILITIES				
Accounts payable	\$ 149	\$ 386	\$ 369,206	\$ 3,397
Accrued payroll	--	--	--	--
Advances from other funds	--	--	--	--
Due to other funds	3,632	8,872	43,163	5,906
Due to other agencies	--	--	--	--
Unearned revenues	17,518	10,945	69,354	35,682
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>21,299</u>	<u>20,203</u>	<u>481,723</u>	<u>44,985</u>
FUND BALANCES				
Reserved:				
Encumbrances	1,498	22,654	88,862	13,475
Inventory	--	--	--	--
Unreserved:				
Designated	--	--	--	--
Undesignated	731,678	433,168	1,989,755	2,889,183
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>733,176</u>	<u>455,822</u>	<u>2,078,617</u>	<u>2,902,658</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 754,475</u>	<u>\$ 476,025</u>	<u>\$ 2,560,340</u>	<u>\$ 2,947,643</u>

continued

COUNTY OF SAN JOAQUIN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2007

	<u>County Library</u>	<u>District Attorney Narcotics Enforcement</u>	<u>Sheriff Narcotics Enforcement</u>	<u>Justice Assistance Grant</u>
ASSETS				
Cash and investments	\$ 640,393	\$ 385,417	\$ 27,465	\$ 341,894
Imprest cash	--	--	7,500	--
Accounts receivable	135,650	--	--	--
Interest receivable	9,640	5,057	372	5,623
Due from other funds	--	--	--	--
Due from other agencies	--	--	--	--
Inventories	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 785,683</u>	<u>\$ 390,474</u>	<u>\$ 35,337</u>	<u>\$ 347,517</u>
LIABILITIES				
Accounts payable	\$ --	\$ --	\$ 55	\$ 1,833
Accrued payroll	--	--	--	2,112
Advances from other funds	--	--	--	--
Due to other funds	--	--	276	307
Due to other agencies	--	--	--	--
Unearned revenues	137,857	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>137,857</u>	<u>--</u>	<u>331</u>	<u>4,252</u>
FUND BALANCES				
Reserved:				
Encumbrances	100,000	--	--	35,354
Inventory	--	--	--	--
Unreserved:				
Designated	--	--	7,500	--
Undesignated	547,826	390,474	27,506	307,911
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>647,826</u>	<u>390,474</u>	<u>35,006</u>	<u>343,265</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 785,683</u>	<u>\$ 390,474</u>	<u>\$ 35,337</u>	<u>\$ 347,517</u>

continued

COUNTY OF SAN JOAQUIN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2007

	Supplemental Local Law Enforcement Block Grant	Recorder's Equipment Automation	Family Support and Incentive Earnings	Community Infra- Structure
ASSETS				
Cash and investments	\$ 1,278,703	\$ 6,432,725	\$ 43,742	\$ 20,883,433
Imprest cash	--	--	25,400	--
Accounts receivable	--	11,440	24,879	381,022
Interest receivable	22,566	89,616	43,469	274,807
Due from other funds	--	71	--	--
Due from other agencies	6,286	--	1,009,253	--
Inventories	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,307,555</u>	<u>\$ 6,533,852</u>	<u>\$ 1,146,743</u>	<u>\$ 21,539,262</u>
LIABILITIES				
Accounts payable	\$ 18,065	\$ 4,984	\$ 90,410	\$ 198,602
Accrued payroll	25,577	5,362	204,627	--
Advances from other funds	--	--	--	--
Due to other funds	3,240	914	38,689	16,394
Due to other agencies	--	--	--	--
Unearned revenues	--	--	34,242	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>46,882</u>	<u>11,260</u>	<u>367,968</u>	<u>214,996</u>
FUND BALANCES				
Reserved:				
Encumbrances	551,444	545,441	103,521	--
Inventory	--	--	--	--
Unreserved:				
Designated	--	--	25,400	--
Undesignated	709,229	5,977,151	649,854	21,324,266
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,260,673</u>	<u>6,522,592</u>	<u>778,775</u>	<u>21,324,266</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 1,307,555</u>	<u>\$ 6,533,852</u>	<u>\$ 1,146,743</u>	<u>\$ 21,539,262</u>

continued

COUNTY OF SAN JOAQUIN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2007

	Substance Abuse and Crime Prevention	Public Works Special Accounts	Special Districts Under the Board	Total
ASSETS				
Cash and investments	\$ --	\$ 1,243,924	\$ 31,140,349	\$ 107,275,883
Imprest cash	--	--	--	33,275
Accounts receivable	--	39,736	5,312,057	6,971,752
Interest receivable	12,719	10,067	533,158	1,540,130
Due from other funds	--	--	1,115,230	1,245,517
Due from other agencies	--	--	64,030	4,474,082
Inventories	--	--	--	280,157
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 12,719</u>	<u>\$ 1,293,727</u>	<u>\$ 38,164,824</u>	<u>\$ 121,820,796</u>
LIABILITIES				
Accounts payable	\$ 104,827	\$ --	\$ 1,468,371	\$ 3,554,946
Accrued payroll	6,507	--	33,872	707,801
Advances from other funds	--	--	1,287,233	1,287,233
Due to other funds	10,813	22,198	390,875	824,508
Due to other agencies	84,362	--	1,330,367	1,414,729
Unearned revenues	--	--	147,964	1,194,048
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>206,509</u>	<u>22,198</u>	<u>4,658,682</u>	<u>8,983,265</u>
FUND BALANCES				
Reserved:				
Encumbrances	72,838	--	6,379,205	22,129,321
Inventory	--	--	--	280,157
Unreserved:				
Designated	--	--	18	33,163
Undesignated	(266,628)	1,271,529	27,126,919	90,394,890
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>(193,790)</u>	<u>1,271,529</u>	<u>33,506,142</u>	<u>112,837,531</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 12,719</u>	<u>\$ 1,293,727</u>	<u>\$ 38,164,824</u>	<u>\$ 121,820,796</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, 2007

	Road	Fish and Game	County Facilities Fee Program	Special Districts Settlement Fund
Revenues:				
Taxes	\$ 12,269,548	\$ --	\$ --	\$ --
Licenses and permits	164,987	--	--	--
Aid from other governmental agencies	12,034,304	14,464	--	--
Fines, forfeitures and penalties	--	37,415	--	--
Use of money and property	1,329,023	3,829	335,827	64,651
Charges for services	1,304,405	--	5,098,421	--
Miscellaneous	143,313	--	--	--
Total Revenues	<u>27,245,580</u>	<u>55,708</u>	<u>5,434,248</u>	<u>64,651</u>
Expenditures:				
Current:				
Public protection	--	29,441	--	--
Public ways and facilities	10,290,612	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	23,854,076	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>34,144,688</u>	<u>29,441</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,899,108)</u>	<u>26,267</u>	<u>5,434,248</u>	<u>64,651</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	1,826,331	--	--	--
Transfers in	2,915,543	--	--	--
Transfers out	(930,979)	(139,939)	--	(51,000)
Total Other Financing Sources (Uses)	<u>3,810,895</u>	<u>(139,939)</u>	<u>--</u>	<u>(51,000)</u>
Net Change in Fund Balances	<u>(3,088,213)</u>	<u>(113,672)</u>	<u>5,434,248</u>	<u>13,651</u>
Fund balance - beginning	28,396,558	394,879	4,644,392	1,224,814
Prior period adjustment	812,317	--	--	--
Fund balance - beginning, restated	<u>29,208,875</u>	<u>394,879</u>	<u>4,644,392</u>	<u>1,224,814</u>
Fund Balances, End of Year	<u>\$ 26,120,662</u>	<u>\$ 281,207</u>	<u>\$ 10,078,640</u>	<u>\$ 1,238,465</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, 2007

	Job Training Partnership Act	Rabies Treatment	County Headstart	Road District #1
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 683,918
Licenses and permits	--	79,416	--	--
Aid from other governmental agencies	12,806,684	--	23,929,751	64,881
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	33	42,449	5,691	54,588
Charges for services	250,859	14,945	--	15,000
Miscellaneous	32,995	4,244	5,706	(197)
Total Revenues	<u>13,090,571</u>	<u>141,054</u>	<u>23,941,148</u>	<u>818,190</u>
Expenditures:				
Current:				
Public protection	--	1,202,632	--	--
Public ways and facilities	--	--	--	924,554
Health and sanitation	--	--	--	--
Public assistance	11,920,119	--	24,090,010	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	66,755	5,998	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>11,986,874</u>	<u>1,208,630</u>	<u>24,090,010</u>	<u>924,554</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,103,697</u>	<u>(1,067,576)</u>	<u>(148,862)</u>	<u>(106,364)</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	--	--	--	(92,914)
Transfers in	--	1,073,639	--	--
Transfers out	(353,014)	(4,243)	(29,636)	--
Total Other Financing Sources (Uses)	<u>(353,014)</u>	<u>1,069,396</u>	<u>(29,636)</u>	<u>(92,914)</u>
Net Change in Fund Balances	<u>750,683</u>	<u>1,820</u>	<u>(178,498)</u>	<u>(199,278)</u>
Fund balance - beginning	344,679	259,533	166,145	1,376,957
Prior period adjustment	486,980	39,484	13,021	--
Fund balance - beginning, restated	<u>831,659</u>	<u>299,017</u>	<u>179,166</u>	<u>1,376,957</u>
Fund Balances, End of Year	<u>\$ 1,582,342</u>	<u>\$ 300,837</u>	<u>\$ 668</u>	<u>\$ 1,177,679</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, 2007

	Road District #2	Road District #3	Road District #4	Road District #5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Taxes	\$ 681,343	\$ 562,962	\$ 2,740,584	\$ 1,420,335
Licenses and permits	--	--	--	--
Aid from other governmental agencies	8,068	5,338	38,189	16,547
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	49,440	24,524	112,407	132,387
Charges for services	--	--	500	--
Miscellaneous	--	--	--	--
Total Revenues	<u>738,851</u>	<u>592,824</u>	<u>2,891,680</u>	<u>1,569,269</u>
Expenditures:				
Current:				
Public protection	--	--	--	--
Public ways and facilities	2,016,871	555,252	2,455,138	1,030,120
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>2,016,871</u>	<u>555,252</u>	<u>2,455,138</u>	<u>1,030,120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,278,020)</u>	<u>37,572</u>	<u>436,542</u>	<u>539,149</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	(154,965)	(170,975)	(333,608)	(253,347)
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	<u>(154,965)</u>	<u>(170,975)</u>	<u>(333,608)</u>	<u>(253,347)</u>
Net Change in Fund Balances	<u>(1,432,985)</u>	<u>(133,403)</u>	<u>102,934</u>	<u>285,802</u>
Fund balance - beginning	2,166,161	589,225	1,975,683	2,616,856
Prior period adjustment	--	--	--	--
Fund balance - beginning, restated	<u>2,166,161</u>	<u>589,225</u>	<u>1,975,683</u>	<u>2,616,856</u>
Fund Balances, End of Year	<u>\$ 733,176</u>	<u>\$ 455,822</u>	<u>\$ 2,078,617</u>	<u>\$ 2,902,658</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, 2007

	<u>County Library</u>	<u>District Attorney Narcotics Enforcement</u>	<u>Sheriff Narcotics Enforcement</u>	<u>Justice Assistance Grant</u>
Revenues:				
Taxes	\$ 5,483,300	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Aid from other governmental agencies	232,848	--	1,123	757,199
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	24,602	18,895	1,522	16,884
Charges for services	137,306	--	--	--
Miscellaneous	--	32,857	697	--
Total Revenues	<u>5,878,056</u>	<u>51,752</u>	<u>3,342</u>	<u>774,083</u>
Expenditures:				
Current:				
Public protection	--	8,300	5,091	477,759
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	5,840,543	--	--	--
Recreation	--	--	--	--
Capital Outlay	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>5,840,543</u>	<u>8,300</u>	<u>5,091</u>	<u>477,759</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>37,513</u>	<u>43,452</u>	<u>(1,749)</u>	<u>296,324</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	--	--	--	--
Transfers in	198,191	--	--	30,338
Transfers out	--	--	--	(8,097)
Total Other Financing Sources (Uses)	<u>198,191</u>	<u>--</u>	<u>--</u>	<u>22,241</u>
Net Change in Fund Balances	<u>235,704</u>	<u>43,452</u>	<u>(1,749)</u>	<u>318,565</u>
Fund balance - beginning	412,122	347,022	36,755	22,088
Prior period adjustment	--	--	--	2,612
Fund balance - beginning, restated	<u>412,122</u>	<u>347,022</u>	<u>36,755</u>	<u>24,700</u>
Fund Balances, End of Year	<u>\$ 647,826</u>	<u>\$ 390,474</u>	<u>\$ 35,006</u>	<u>\$ 343,265</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, 2007

	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	4,003,341	--	15,291,205	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	101,330	361,869	180,026	993,486
Charges for services	--	1,445,139	--	5,424,835
Miscellaneous	--	--	205,741	--
Total Revenues	<u>4,104,671</u>	<u>1,807,008</u>	<u>15,676,972</u>	<u>6,418,321</u>
Expenditures:				
Current:				
Public protection	3,744,056	1,321,902	14,675,093	--
Public ways and facilities	--	--	--	1,227,408
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	80,846	111,612	24,310	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>3,824,902</u>	<u>1,433,514</u>	<u>14,699,403</u>	<u>1,227,408</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>279,769</u>	<u>373,494</u>	<u>977,569</u>	<u>5,190,913</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	--	--	--	(793,650)
Transfers in	31,150	50,000	--	--
Transfers out	(2,356)	(490,091)	(1,012,293)	--
Total Other Financing Sources (Uses)	<u>28,794</u>	<u>(440,091)</u>	<u>(1,012,293)</u>	<u>(793,650)</u>
Net Change in Fund Balances	<u>308,563</u>	<u>(66,597)</u>	<u>(34,724)</u>	<u>4,397,263</u>
Fund balance - beginning	894,083	6,575,219	324,515	16,927,003
Prior period adjustment	58,027	13,970	488,984	--
Fund balance - beginning, restated	<u>952,110</u>	<u>6,589,189</u>	<u>813,499</u>	<u>16,927,003</u>
Fund Balances, End of Year	<u>\$ 1,260,673</u>	<u>\$ 6,522,592</u>	<u>\$ 778,775</u>	<u>\$ 21,324,266</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, 2007

	Substance Abuse and Crime Prevention	Public Works Special Accounts	Special Districts Under the Board	Total
Revenues:				
Taxes	\$ --	\$ --	\$ 4,841,923	\$ 28,683,913
Licenses and permits	--	--	541,973	786,376
Aid from other governmental agencies	2,046,481	--	329,157	71,579,580
Fines, forfeitures and penalties	--	--	--	37,415
Use of money and property	85,675	51,710	1,773,736	5,764,584
Charges for services	--	242,791	25,582,384	39,516,585
Miscellaneous	--	7,760	5,183,699	5,616,815
Total Revenues	<u>2,132,156</u>	<u>302,261</u>	<u>38,252,872</u>	<u>151,985,268</u>
Expenditures:				
Current:				
Public protection	--	--	4,997,032	26,461,306
Public ways and facilities	--	14,635	17,897,917	36,412,507
Health and sanitation	3,011,744	--	--	3,011,744
Public assistance	--	--	(140,710)	35,869,419
Education	--	--	--	5,840,543
Recreation	--	--	194,131	194,131
Capital Outlay	--	--	595,603	24,739,200
Debt service - principal	--	--	7,137,421	7,137,421
Debt service - interest	--	--	39,189	39,189
Total Expenditures	<u>3,011,744</u>	<u>14,635</u>	<u>30,720,583</u>	<u>139,705,460</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(879,588)</u>	<u>287,626</u>	<u>7,532,289</u>	<u>12,279,808</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	--	(26,872)	51,000	51,000
Transfers in	57,891	--	43,295	4,400,047
Transfers out	(13)	--	(1,023,560)	(4,045,221)
Total Other Financing Sources (Uses)	<u>57,878</u>	<u>(26,872)</u>	<u>(929,265)</u>	<u>405,826</u>
Net Change in Fund Balances	<u>(821,710)</u>	<u>260,754</u>	<u>6,603,024</u>	<u>12,685,634</u>
Fund balance - beginning	616,259	1,010,775	26,815,745	98,137,468
Prior period adjustment	11,661	--	87,373	2,014,429
Fund balance - beginning, restated	<u>627,920</u>	<u>1,010,775</u>	<u>26,903,118</u>	<u>100,151,897</u>
Fund Balances, End of Year	<u>\$ (193,790)</u>	<u>\$ 1,271,529</u>	<u>\$ 33,506,142</u>	<u>\$ 112,837,531</u>

COUNTY OF SAN JOAQUIN

Combining Balance Sheet
 Nonmajor Special Districts Governed by the Board of Supervisors - Special Revenue Funds
 As of June 30, 2007

	<u>Lighting Districts</u>	<u>Service Areas</u>	<u>Mountain House CSD</u>	<u>Maintenance Districts</u>
ASSETS				
Cash and investments	\$ 352,068	\$ 5,511,147	\$ 5,639,331	\$ 6,034,409
Accounts receivable	5,966	93,151	5,024,991	50,052
Due from other funds	--	4,371	--	--
Due from other agencies	--	--	--	--
Interest receivable	6,443	82,604	143,325	98,150
	<u>6,443</u>	<u>82,604</u>	<u>143,325</u>	<u>98,150</u>
Total Assets	<u>\$ 364,477</u>	<u>\$ 5,691,273</u>	<u>\$ 10,807,647</u>	<u>\$ 6,182,611</u>
 LIABILITIES				
Accounts payable	\$ 25,383	\$ 490,946	\$ 466,786	\$ 346,840
Accrued salaries and benefits	--	--	28,619	--
Advances from other funds	--	55,000	--	--
Due to other funds	263	123,187	11,457	7,103
Due to other agencies	--	--	--	--
Unearned revenues	5,944	5,502	60,118	11,284
	<u>5,944</u>	<u>5,502</u>	<u>60,118</u>	<u>11,284</u>
Total Liabilities	<u>31,590</u>	<u>674,635</u>	<u>566,980</u>	<u>365,227</u>
 FUND BALANCES				
Reserved:				
Encumbrances	--	342,730	5,012,520	34,211
Unreserved:				
Designated	--	--	11	--
Undesignated	332,887	4,673,908	5,228,136	5,783,173
	<u>332,887</u>	<u>4,673,908</u>	<u>5,228,136</u>	<u>5,783,173</u>
Total Fund Balances	<u>332,887</u>	<u>5,016,638</u>	<u>10,240,667</u>	<u>5,817,384</u>
Total Liabilities and Fund Balances	<u>\$ 364,477</u>	<u>\$ 5,691,273</u>	<u>\$ 10,807,647</u>	<u>\$ 6,182,611</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, 2007

	Flood Control District	Water District	San Joaquin Parties Water Authority
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 11,601,372	\$ --	\$ 429,554
Accounts receivable	127,282	10,615	--
Due from other funds	12,919	--	--
Due from other agencies	22,391	--	41,639
Interest receivable	<u>175,171</u>	<u>63</u>	<u>5,970</u>
 Total Assets	 <u><u>\$ 11,939,135</u></u>	 <u><u>\$ 10,678</u></u>	 <u><u>\$ 477,163</u></u>
 LIABILITIES			
Accounts payable	\$ 110,385	\$ 3,272	\$ 56
Accrued salaries and benefits	32	--	--
Advances from other funds	--	--	462,087
Due to other funds	244,375	194	581
Due to other agencies	--	10,413	--
Unearned revenues	<u>65,055</u>	<u>61</u>	<u>--</u>
 Total Liabilities	 <u>419,847</u>	 <u>13,940</u>	 <u>462,724</u>
 FUND BALANCES			
Reserved:			
Encumbrances	757,190	--	3
Unreserved:			
Designated	--	--	--
Undesignated	<u>10,762,098</u>	<u>(3,262)</u>	<u>14,436</u>
 Total Fund Balances	 <u>11,519,288</u>	 <u>(3,262)</u>	 <u>14,439</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 11,939,135</u></u>	 <u><u>\$ 10,678</u></u>	 <u><u>\$ 477,163</u></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, 2007

	<u>Water & Power Authority</u>	<u>Improvement Districts</u>	<u>IHSS Public Authority</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 1,452,859	\$ 119,602	\$ 7	\$ 31,140,349
Accounts receivable	--	--	--	5,312,057
Due from other funds	--	--	1,097,940	1,115,230
Due from other agencies	--	--	--	64,030
Interest receivable	19,870	1,562	--	533,158
	<u>19,870</u>	<u>1,562</u>	<u>--</u>	<u>533,158</u>
 Total Assets	 <u>\$ 1,472,729</u>	 <u>\$ 121,164</u>	 <u>\$ 1,097,947</u>	 <u>\$ 38,164,824</u>
 LIABILITIES				
Accounts payable	\$ 11,563	\$ --	\$ 13,140	\$ 1,468,371
Accrued salaries and benefits	32	--	5,189	33,872
Advances from other funds	770,146	--	--	1,287,233
Due to other funds	2,083	--	1,632	390,875
Due to other agencies	--	--	1,319,954	1,330,367
Unearned revenues	--	--	--	147,964
	<u>--</u>	<u>--</u>	<u>--</u>	<u>147,964</u>
 Total Liabilities	 <u>783,824</u>	 <u>--</u>	 <u>1,339,915</u>	 <u>4,658,682</u>
 FUND BALANCES				
Reserved:				
Encumbrances	56,175	--	176,376	6,379,205
Unreserved:				
Designated	--	--	7	18
Undesignated	632,730	121,164	(418,351)	27,126,919
	<u>632,730</u>	<u>121,164</u>	<u>(418,351)</u>	<u>27,126,919</u>
 Total Fund Balances	 <u>688,905</u>	 <u>121,164</u>	 <u>(241,968)</u>	 <u>33,506,142</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,472,729</u>	 <u>\$ 121,164</u>	 <u>\$ 1,097,947</u>	 <u>\$ 38,164,824</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, 2007

	<u>Lighting Districts</u>	<u>Service Areas</u>	<u>Mountain House CSD</u>	<u>Maintenance Districts</u>
Revenues:				
Taxes	\$ 231,954	\$ 221,688	\$ 2,265,656	\$ 450,495
Licenses and permits	--	--	541,973	--
Aid from other governmental agencies	2,733	113,272	26,973	5,227
Use of money and property	17,962	277,337	455,610	279,546
Charges for services	248,710	4,014,700	13,521,117	4,491,672
Miscellaneous	--	21,847	4,986,378	40,365
	<u>501,359</u>	<u>4,648,844</u>	<u>21,797,707</u>	<u>5,267,305</u>
Expenditures:				
Current:				
Public protection	--	--	--	--
Public ways and facilities	345,257	3,320,538	9,658,446	3,746,587
Public assistance				
Recreation	--	194,131	--	--
Capital Outlay	--	83,704	91,579	--
Debt service - principal	--	--	7,137,421	--
Debt service - interest	--	6,894	--	--
	<u>345,257</u>	<u>3,605,267</u>	<u>16,887,446</u>	<u>3,746,587</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>156,102</u>	<u>1,043,577</u>	<u>4,910,261</u>	<u>1,520,718</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	--	--	--	51,000
Transfers in	--	34,295	--	9,000
Transfers out	<u>(91,698)</u>	<u>(85,305)</u>	<u>(377,908)</u>	<u>(361,790)</u>
Total Other Financing Sources (Uses)	<u>(91,698)</u>	<u>(51,010)</u>	<u>(377,908)</u>	<u>(301,790)</u>
Net Change in Fund Balances	64,404	992,567	4,532,353	1,218,928
Fund Balances, Beginning of Year	268,483	4,024,071	5,620,941	4,598,456
Prior Period Adjustment	--	--	87,373	--
Fund balance - beginning, restated	<u>268,483</u>	<u>4,024,071</u>	<u>5,708,314</u>	<u>4,598,456</u>
Fund Balances, End of Year	<u>\$ 332,887</u>	<u>\$ 5,016,638</u>	<u>\$ 10,240,667</u>	<u>\$ 5,817,384</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, 2007

	Flood Control District	Water District	East San Joaquin Parties Water Authority
Revenues:			
Taxes	\$ 1,669,719	\$ 2,411	\$ --
Licenses and permits	--	--	--
Aid from other governmental agencies	67,954	28	110,000
Use of money and property	656,435	220	19,556
Charges for services	3,237,163	69,022	--
Miscellaneous	18,769	--	--
	<hr/>	<hr/>	<hr/>
Total Revenues	5,650,040	71,681	129,556
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Public protection	4,997,032	--	--
Public ways and facilities	--	64,249	455,770
Public assistance			
Recreation	--	--	--
Capital Outlay	410,487	--	--
Debt service - principal	--	--	--
Debt service - interest	--	--	12,087
	<hr/>	<hr/>	<hr/>
Total Expenditures	5,407,519	64,249	467,857
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	242,521	7,432	(338,301)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfers between special revenue accounts	(500,000)	--	200,000
Transfers in	--	--	--
Transfers out	(106,859)	--	--
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(606,859)	--	200,000
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(364,338)	7,432	(138,301)
Fund Balances, Beginning of Year	11,883,626	(10,694)	152,740
Prior Period Adjustment	--	--	--
Fund balance - beginning, restated	11,883,626	(10,694)	152,740
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 11,519,288	\$ (3,262)	\$ 14,439
	<hr/>	<hr/>	<hr/>

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, 2007

	Mokelumne Water & Power Authority	Improvement Districts	IHSS Public Authority	Total
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 4,841,923
Licenses and permits	--	--	--	541,973
Aid from other governmental agencies	--	--	2,970	329,157
Use of money and property	60,965	6,105	--	1,773,736
Charges for services	--	--	--	25,582,384
Miscellaneous	--	--	116,340	5,183,699
Total Revenues	60,965	6,105	119,310	38,252,872
Expenditures:				
Current:				
Public protection	--	--	--	4,997,032
Public ways and facilities	307,070	--	--	17,897,917
Public assistance	--	--	(140,710)	(140,710)
Recreation	--	--	--	194,131
Capital Outlay	--	--	9,833	595,603
Debt service - principal	--	--	--	7,137,421
Debt service - interest	20,146	--	62	39,189
Total Expenditures	327,216	--	(130,815)	30,720,583
Excess (Deficiency) of Revenues Over (Under) Expenditures	(266,251)	6,105	250,125	7,532,289
Other Financing Sources (Uses):				
Transfers between special revenue accounts	300,000	--	--	51,000
Transfers in	--	--	--	43,295
Transfers out	--	--	--	(1,023,560)
Total Other Financing Sources (Uses)	300,000	--	--	(929,265)
Net Change in Fund Balances	33,749	6,105	250,125	6,603,024
Fund Balances, Beginning of Year	655,156	115,059	(492,093)	26,815,745
Prior Period Adjustment	--	--	--	87,373
Fund balance - beginning, restated	655,156	115,059	(492,093)	26,903,118
Fund Balances, End of Year	\$ 688,905	\$ 121,164	\$ (241,968)	\$ 33,506,142

Debt Service Funds

Debt service funds are used to account for financial resources: a) that are restricted or legally limited to expenditure for, or b) that a government has publicly expressed its intention to use for principal and interest payments. Debt service funds are therefore used to report the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

COUNTY OF SAN JOAQUIN

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2007

	1993 Capital Facility Project	Special Districts Governed By Board		Total
		Maintenance District Shaded Terrace	Maintenance District Sunnyside	
ASSETS				
Cash and investments	\$ --	\$ 33,779	\$ 9,744	\$ 43,523
Interest receivable	--	511	151	662
Due from other funds	8,000,000	--	--	8,000,000
Restricted Assets:				
Cash and investments	10,882,325	--	--	10,882,325
Receivables	22,678	--	--	22,678
Total Assets	<u>\$ 18,905,003</u>	<u>\$ 34,290</u>	<u>\$ 9,895</u>	<u>\$ 18,949,188</u>
FUND BALANCES				
Reserved:				
Debt service	<u>18,905,003</u>	<u>34,290</u>	<u>9,895</u>	<u>18,949,188</u>
Total Fund Balances	<u>18,905,003</u>	<u>34,290</u>	<u>9,895</u>	<u>18,949,188</u>
Total Liabilities and Fund Balances	<u>\$ 18,905,003</u>	<u>\$ 34,290</u>	<u>\$ 9,895</u>	<u>\$ 18,949,188</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, 2007

	1993 Capital Facility Project	Special Districts Governed By Board		Total
		Maintenance District Shaded Terrace	Maintenance District Sunnyside	
Revenues:				
Use of money and property	\$ 312,857	\$ 1,843	\$ 546	\$ 315,246
Charges for services	--	18,144	5,439	23,583
Total Revenues	<u>312,857</u>	<u>19,987</u>	<u>5,985</u>	<u>338,829</u>
Expenditures:				
Debt service:				
Principal retirement	5,385,000	3,000	1,300	5,389,300
Interest and debt issuance costs	3,810,304	14,707	4,267	3,829,278
Total Expenditures	<u>9,195,304</u>	<u>17,707</u>	<u>5,567</u>	<u>9,218,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,882,447)</u>	<u>2,280</u>	<u>418</u>	<u>(8,879,749)</u>
Other Financing Sources (Uses):				
Issuance of debt:				
Certificates of participation proceeds	114,635,000	--	--	114,635,000
Certificates of participation premium	4,658,738	--	--	4,658,738
Payment to refunded certificates of participation escrow	(18,398,858)	--	--	(18,398,858)
Transfers in	15,247,112	--	--	15,247,112
Transfers out	(94,233,398)	--	--	(94,233,398)
Total Other Financing Sources (Uses)	<u>21,908,594</u>	<u>--</u>	<u>--</u>	<u>21,908,594</u>
Net Change in Fund Balances	<u>13,026,147</u>	<u>2,280</u>	<u>418</u>	<u>13,028,845</u>
Fund balance - beginning	5,878,856	32,010	9,477	5,920,343
Fund Balances, End of Year	<u>\$ 18,905,003</u>	<u>\$ 34,290</u>	<u>\$ 9,895</u>	<u>\$ 18,949,188</u>

Capital Projects Funds

Capital Projects Funds are used to account for financial resources a) that are restricted or legally limited to expenditure for, or b) that a government has publicly expressed its intention to use for the acquisition construction of major capital facilities. Capital projects funds exclude major capital facilities financed by proprietary funds or in trust funds for individual, private organizations, or other governments.

COUNTY OF SAN JOAQUIN

Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2007

	<u>Courthouse Construction</u>	<u>Criminal Justice Construction</u>	<u>Public Health Construction</u>
ASSETS			
Cash and investments	\$ 5,751,209	\$ 8,918,357	\$ 1,021,398
Accounts receivable	121,217	85,290	--
Due from other funds	--	--	--
Due from other agencies	84	84	--
Interest receivable	86,111	114,135	13,356
	<u>5,958,621</u>	<u>9,117,866</u>	<u>1,034,754</u>
Total Assets	<u>\$ 5,958,621</u>	<u>\$ 9,117,866</u>	<u>\$ 1,034,754</u>
LIABILITIES			
Accounts payable	\$ 16,184	\$ --	\$ --
Due to other funds	652,325	--	--
	<u>668,509</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>668,509</u>	<u>--</u>	<u>--</u>
FUND BALANCES			
Reserved:			
Unreserved:			
Undesignated	5,290,112	9,117,866	1,034,754
	<u>5,290,112</u>	<u>9,117,866</u>	<u>1,034,754</u>
Total Fund Balances	<u>5,290,112</u>	<u>9,117,866</u>	<u>1,034,754</u>
	<u>\$ 5,958,621</u>	<u>\$ 9,117,866</u>	<u>\$ 1,034,754</u>
Total Liabilities and Fund Balances	<u>\$ 5,958,621</u>	<u>\$ 9,117,866</u>	<u>\$ 1,034,754</u>

continued

COUNTY OF SAN JOAQUIN

Combining Balance Sheet (continued)
Nonmajor Capital Project Funds
June 30, 2007

	Special Districts Governed by the Board	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 3,884,728	\$ 19,575,692
Accounts receivable	--	206,507
Due from other funds	10,415	10,415
Due from other agencies	--	168
Interest receivable	38,560	252,162
	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,933,703</u>	<u>\$ 20,044,944</u>
LIABILITIES		
Accounts payable	\$ --	\$ 16,184
Due to other funds	10,415	662,740
	<u> </u>	<u> </u>
Total Liabilities	<u>10,415</u>	<u>678,924</u>
FUND BALANCES		
Reserved:		
Unreserved:		
Undesignated	3,923,288	19,366,020
	<u> </u>	<u> </u>
Total Fund Balances	<u>3,923,288</u>	<u>19,366,020</u>
Total Liabilities and Fund Balances	<u>\$ 3,933,703</u>	<u>\$ 20,044,944</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, 2007

	<u>Courthouse Construction</u>	<u>Criminal Justice Construction</u>	<u>Public Health Construction</u>
Revenues:			
Fines, forfeitures and penalties	\$ 1,461,522	\$ 1,020,910	\$ --
Use of money and property	318,410	426,840	52,203
Charges for services	<u>--</u>	<u>--</u>	<u>--</u>
Total Revenues	<u>1,779,932</u>	<u>1,447,750</u>	<u>52,203</u>
Expenditures:			
Public protection	32,368	--	--
Public ways and facilities	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>32,368</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,747,564</u>	<u>1,447,750</u>	<u>52,203</u>
Other Financing Sources (Uses):			
Transfers in	--	--	--
Transfers out	--	--	--
Transfers between capital outlay funds	<u>(1,981,853)</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(1,981,853)</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(234,289)	1,447,750	52,203
Fund Balances, Beginning of Year	<u>5,524,401</u>	<u>7,670,116</u>	<u>982,551</u>
Fund Balances, End of Year	<u>\$ 5,290,112</u>	<u>\$ 9,117,866</u>	<u>\$ 1,034,754</u>

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, 2007

	<u>Special Districts Governed by the Board</u>	<u>Total</u>
Revenues:		
Fines, forfeitures and penalties	\$ --	\$ 2,482,432
Use of money and property	149,029	946,482
Charges for services	<u>70,865</u>	<u>70,865</u>
Total Revenues	<u>219,894</u>	<u>3,499,779</u>
Expenditures:		
Public protection	--	32,368
Public ways and facilities	<u>1,075</u>	<u>1,075</u>
Total Expenditures	<u>1,075</u>	<u>33,443</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>218,819</u>	<u>3,466,336</u>
Other Financing Sources (Uses):		
Transfers in	638,578	638,578
Transfers out	(43,295)	(43,295)
Transfers between capital outlay funds	<u>--</u>	<u>(1,981,853)</u>
Total Other Financing Sources (Uses)	<u>595,283</u>	<u>(1,386,570)</u>
Net Change in Fund Balances	814,102	2,079,766
Fund Balances, Beginning of Year	<u>3,109,186</u>	<u>17,286,254</u>
Fund Balances, End of Year	<u>\$ 3,923,288</u>	<u>\$ 19,366,020</u>

COUNTY OF SAN JOAQUIN

Combining Balance Sheet
Nonmajor Special Districts Governed by the Board of Supervisors - Capital Project Funds
As of June 30, 2007

	<u>Improvement Districts</u>	<u>Lighting Districts</u>	<u>Maintenance Districts</u>
ASSETS			
Cash and investments	\$ 892,370	\$ 91,698	\$ 1,655,241
Interest receivable	<u>10,955</u>	<u>19</u>	<u>16,966</u>
Total Assets	<u>\$ 903,325</u>	<u>\$ 91,717</u>	<u>\$ 1,672,207</u>
FUND BALANCES			
Unreserved:			
Undesignated	<u>903,325</u>	<u>91,717</u>	<u>1,672,207</u>
Total Fund Balances	<u>\$ 903,325</u>	<u>\$ 91,717</u>	<u>\$ 1,672,207</u>

continued

COUNTY OF SAN JOAQUIN

Combining Balance Sheet Nonmajor Special Districts Governed by the Board of Supervisors - Capital Project Funds As of June 30, 2007

	<u>County Service Areas</u>	<u>Flood Control</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 827,602	\$ 417,817	\$ 3,884,728
Interest receivable	<u>10,620</u>	<u>--</u>	<u>38,560</u>
Total Assets	<u>\$ 838,222</u>	<u>\$ 417,817</u>	<u>\$ 3,923,288</u>
FUND BALANCES			
Unreserved:			
Undesignated	<u>838,222</u>	<u>417,817</u>	<u>3,923,288</u>
Total Fund Balances	<u>\$ 838,222</u>	<u>\$ 417,817</u>	<u>\$ 3,923,288</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, 2007

	Improvement Districts	Lighting Districts	Maintenance Districts
Revenues:			
Use of money and property	\$ 42,326	\$ 19	\$ 66,120
Charges for services	70,865	--	--
Total Revenues	113,191	19	66,120
Excess (Deficiency) of Revenues Over (Under) Expenditures	113,191	19	66,120
Other Financing Sources (Uses):			
Transfers in	--	91,698	361,790
Transfers out	--	--	(9,000)
Total Other Financing Sources (Uses)	--	91,698	352,790
Net Change in Fund Balances	113,191	91,717	418,910
Fund Balance, Beginning of Year	790,134	--	1,253,297
Fund Balance, End of Year	\$ 903,325	\$ 91,717	\$ 1,672,207

continued

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, 2007

	County Service Areas	Flood Control	Total
Revenues:			
Use of money and property	\$ 40,549	\$ 15	\$ 149,029
Charges for services	--	--	70,865
	40,549	15	219,894
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,474	15	218,819
Other Financing Sources (Uses):			
Transfers in	85,090	100,000	638,578
Transfers out	(34,295)	--	(43,295)
	50,795	100,000	595,283
Net Change in Fund Balances	90,269	100,015	814,102
Fund Balance, Beginning of Year	747,953	317,802	3,109,186
Fund Balance, End of Year	\$ 838,222	\$ 417,817	\$ 3,923,288

Internal Service Funds

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.

COUNTY OF SAN JOAQUIN

Combining Statement of Fund Net Assets
Internal Service Funds
As of June 30, 2007

	<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	\$ 11,206,474	\$ 401,505	\$ 3,220,103	\$ 247,634
Imprest cash	40	--	--	--
Interest receivable	149,500	5,114	39,243	3,847
Due from other funds	892,360	44,073	388,455	--
Due from external parties	11,661	--	40,885	114,000
Due from other governments	216,258	--	--	--
Prepaid expenses	--	26,128	--	--
Inventories	458,786	--	95,250	--
Total Current Assets	<u>12,935,079</u>	<u>476,820</u>	<u>3,783,936</u>	<u>365,481</u>
Non-current Assets:				
Capital Assets:				
Non-depreciable	--	--	--	17,481
Depreciable, net	4,928,745	1,476,018	198,629	379,542
Total Noncurrent Assets	<u>4,928,745</u>	<u>1,476,018</u>	<u>198,629</u>	<u>397,023</u>
Total Assets	<u>\$ 17,863,824</u>	<u>\$ 1,952,838</u>	<u>\$ 3,982,565</u>	<u>\$ 762,504</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 267,047	\$ 250,721	\$ 453,223	\$ --
Accrued expenses	--	23,709	--	--
Accrued payroll	39,335	--	16,230	--
Due to other funds	18,195	7,180	13,151	--
Compensated absences	155,363	--	52,502	--
Current portion of capital leases	--	412,059	--	--
Current portion of notes payable	--	--	--	--
Total Current Liabilities	<u>479,940</u>	<u>693,669</u>	<u>535,106</u>	<u>--</u>
Long-Term Liabilities:				
Advances from other funds	--	--	--	400,807
Compensated absences	4,027	--	4,727	--
Capital lease obligations	--	919,133	--	--
Claims liability	--	--	--	--
Notes payable	--	--	--	--
Total Liabilities	<u>483,967</u>	<u>1,612,802</u>	<u>539,833</u>	<u>400,807</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	4,928,745	289,653	198,629	397,023
Unrestricted	12,451,112	50,383	3,244,103	(35,326)
Total Net Assets	<u>17,379,857</u>	<u>340,036</u>	<u>3,442,732</u>	<u>361,697</u>
Total Liabilities and Net Assets	<u>\$ 17,863,824</u>	<u>\$ 1,952,838</u>	<u>\$ 3,982,565</u>	<u>\$ 762,504</u>

continued

COUNTY OF SAN JOAQUIN

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
As of June 30, 2007

	Radio Communi- cations	Purchasing ISF	Casualty Insurance	Workers' Compensation Insurance
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 1,642,874	\$ 864,505	\$ 15,214,552	\$ 32,797,802
Imprest cash	--	--	--	--
Interest receivable	17,383	9,444	195,763	458,225
Due from other funds	184	172,131	--	--
Due from external parties	--	27,675	--	22,068
Due from other governments	--	--	--	--
Prepaid expenses	--	--	340,726	250,000
Inventories	--	--	--	--
Total Current Assets	<u>1,660,441</u>	<u>1,073,755</u>	<u>15,751,041</u>	<u>33,528,095</u>
Non-current Assets:				
Capital Assets:				
Non-depreciable	--	--	--	--
Depreciable, net	3,816,276	--	--	7,595
Total Noncurrent Assets	<u>3,816,276</u>	<u>--</u>	<u>--</u>	<u>7,595</u>
Total Assets	<u>\$ 5,476,717</u>	<u>\$ 1,073,755</u>	<u>\$ 15,751,041</u>	<u>\$ 33,535,690</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 7,050	\$ 609,635	\$ 234,348	\$ 388,900
Accrued expenses	1,012	--	75,120	--
Accrued payroll	--	--	--	--
Due to other funds	--	--	649,491	687
Compensated absences	--	--	--	--
Current portion of capital leases	176,938	--	--	--
Current portion of notes payable	--	--	50,166	--
Total Current Liabilities	<u>185,000</u>	<u>609,635</u>	<u>1,009,125</u>	<u>389,587</u>
Long-Term Liabilities:				
Advances from other funds	--	--	--	--
Compensated absences	--	--	--	--
Capital lease obligations	1,050,096	--	--	--
Claims liability	--	--	11,630,000	26,305,000
Notes payable	--	--	1,855,620	--
Total Liabilities	<u>1,235,096</u>	<u>609,635</u>	<u>14,494,745</u>	<u>26,694,587</u>
Net Assets				
Invested in capital assets, net of related debt	2,589,241	--	--	7,595
Unrestricted	1,652,380	464,120	1,256,296	6,833,508
Total Net Assets	<u>4,241,621</u>	<u>464,120</u>	<u>1,256,296</u>	<u>6,841,103</u>
Total Liabilities and Net Assets	<u>\$ 5,476,717</u>	<u>\$ 1,073,755</u>	<u>\$ 15,751,041</u>	<u>\$ 33,535,690</u>

continued

COUNTY OF SAN JOAQUIN

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
As of June 30, 2007

	Medical Insurance	Dental Insurance	Unemployment Insurance	Total
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 29,886,500	\$ 2,318,921	\$ 3,684,850	\$ 101,485,720
Imprest cash	--	--	--	40
Interest receivable	388,579	30,117	45,875	1,343,090
Due from other funds	--	--	--	1,497,203
Due from external parties	62,267	--	--	278,556
Due from other governments	727,672	87,803	16,709	1,048,442
Prepaid expenses	--	--	--	616,854
Inventories	--	--	--	554,036
Total Current Assets	<u>31,065,018</u>	<u>2,436,841</u>	<u>3,747,434</u>	<u>106,823,941</u>
Non-current Assets:				
Capital Assets:				
Non-depreciable	--	--	--	17,481
Depreciable, net	--	--	--	10,806,805
Total Noncurrent Assets	--	--	--	<u>10,824,286</u>
Total Assets	<u>\$ 31,065,018</u>	<u>\$ 2,436,841</u>	<u>\$ 3,747,434</u>	<u>\$ 117,648,227</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 157,638	\$ 754,597	\$ --	\$ 3,123,159
Accrued expenses	--	--	--	99,841
Accrued payroll	--	--	--	55,565
Due to other funds	34,000	--	--	722,704
Compensated absences	--	--	--	207,865
Current portion of capital leases	--	--	--	588,997
Current portion of notes payable	--	--	--	50,166
Total Current Liabilities	<u>191,638</u>	<u>754,597</u>	<u>--</u>	<u>4,848,297</u>
Long-Term Liabilities:				
Advances from other funds	--	--	--	400,807
Compensated absences	--	--	--	8,754
Capital lease obligations	--	--	--	1,969,229
Claims liability	6,339,388	233,322	200,000	44,707,710
Notes payable	--	--	--	1,855,620
Total Liabilities	<u>6,531,026</u>	<u>987,919</u>	<u>200,000</u>	<u>53,790,417</u>
Net Assets				
Invested in capital assets, net of related debt	--	--	--	8,410,886
Unrestricted	<u>24,533,992</u>	<u>1,448,922</u>	<u>3,547,434</u>	<u>55,446,924</u>
Total Net Assets	<u>24,533,992</u>	<u>1,448,922</u>	<u>3,547,434</u>	<u>63,857,810</u>
Total Liabilities and Net Assets	<u>\$ 31,065,018</u>	<u>\$ 2,436,841</u>	<u>\$ 3,747,434</u>	<u>\$ 117,648,227</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, 2007

	Fleet Services	Office Automation	Central Telephone	Southern Water System	Radio Communi- cations
Operating Revenues:					
Charges for services	\$ --	\$ --	\$ --	\$ --	\$ --
Equipment rental	6,496,330	245,708	206,403	76,000	321,175
User fees	3,200,579	85,384	5,552,085	--	1,033,205
Interest charges to users	--	30,177	--	--	--
Other	11,070	2,228	--	--	--
Total Operating Revenues	9,707,979	363,497	5,758,488	76,000	1,354,380
Operating Expenses:					
Liability claims and loss adjustment	--	--	--	--	--
Salaries and benefits	2,323,190	--	1,014,099	--	--
Professional services	26,868	--	386,470	--	34,480
Cost of services	4,621,623	261,818	3,881,243	--	653,887
Supplies	120,598	14,497	73,109	--	--
Depreciation and amortization	1,983,770	613,141	49,458	78,458	366,311
Miscellaneous	11,469	--	--	--	--
Total Operating Expenses	9,087,518	889,456	5,404,379	78,458	1,054,678
Operating Income (Loss)	620,461	(525,959)	354,109	(2,458)	299,702
Non-Operating Revenues (Expenses):					
Gain (loss) on sale of equipment	(319,149)	--	--	--	--
Aid from other governmental agencies	216,258	--	--	--	--
Interest income	597,576	21,931	142,499	15,445	60,983
Interest expense	--	(56,107)	--	(31,717)	(35,606)
Insurance recovery	69,731	--	--	--	--
Total Non-Operating Revenues (Expenses)	564,416	(34,176)	142,499	(16,272)	25,377
Net Income (Loss) Before Contributions	1,184,877	(560,135)	496,608	(18,730)	325,079
Contributions/capital grants	46,584	--	--	--	--
Transfers in	301,857	250,836	443,434	--	20,938
Transfers out	(38)	--	(1,751)	--	--
Change in Net Assets	1,533,280	(309,299)	938,291	(18,730)	346,017
Net Assets - Beginning of Year	15,846,577	649,335	2,504,441	380,427	3,895,604
Net Assets - End of Year	\$ 17,379,857	\$ 340,036	\$ 3,442,732	\$ 361,697	\$ 4,241,621

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, 2007

	Purchasing ISF	Casualty Insurance	Workers' Compensation Insurance	Medical Insurance
Operating Revenues:				
Charges for services	\$ --	\$ 9,057,110	\$ 16,000,000	\$ 50,994,754
Equipment rental	--	--	--	--
User fees	5,643,659	--	--	384,715
Interest charges to users	--	--	--	--
Other	26,689	--	--	--
Total Operating Revenues	5,670,348	9,057,110	16,000,000	51,379,469
Operating Expenses:				
Liability claims and loss adjustment	--	5,707,031	11,250,650	42,025,901
Salaries and benefits	--	--	--	--
Professional services	83,745	951,674	107,112	104,933
Cost of services	5,626,634	2,626,953	1,490,725	1,546,354
Supplies	--	4,268	8,115	--
Depreciation and amortization	--	--	822	--
Miscellaneous	--	--	500	--
Total Operating Expenses	5,710,379	9,289,926	12,857,924	43,677,188
Operating Income (Loss)	(40,031)	(232,816)	3,142,076	7,702,281
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of equipment	--	--	--	--
Aid from other governmental agencies	--	--	--	--
Interest income	40,031	700,939	1,878,197	1,384,463
Interest expense	--	(82,122)	--	--
Insurance recovery	--	--	--	--
Total Non-Operating Revenues (Expenses)	40,031	618,817	1,878,197	1,384,463
Net Income (Loss) Before Contributions	--	386,001	5,020,273	9,086,744
Contributions/capital grants	--	--	--	--
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Change in Net Assets	--	386,001	5,020,273	9,086,744
Net Assets - Beginning of Year	464,120	870,295	1,820,830	15,447,248
Net Assets - End of Year	\$ 464,120	\$ 1,256,296	\$ 6,841,103	\$ 24,533,992

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, 2007

	Dental Insurance	Unemployment Insurance	Total
Operating Revenues:			
Charges for services	\$ 5,349,048	\$ 2,032,392	\$ 83,433,304
Equipment rental	--	--	7,345,616
User fees	--	--	15,899,627
Interest charges to users	--	--	30,177
Other	--	--	39,987
	<u>5,349,048</u>	<u>2,032,392</u>	<u>106,748,711</u>
Total Operating Revenues			
Operating Expenses:			
Liability claims and loss adjustment	4,717,629	696,640	64,397,851
Salaries and benefits	--	--	3,337,289
Professional services	363	--	1,695,645
Cost of services	64,310	2,143	20,775,690
Supplies	--	--	220,587
Depreciation and amortization	--	--	3,091,960
Miscellaneous	--	--	11,969
	<u>4,782,302</u>	<u>698,783</u>	<u>93,530,991</u>
Total Operating Expenses			
Operating Income (Loss)	<u>566,746</u>	<u>1,333,609</u>	<u>13,217,720</u>
Non-Operating Revenues (Expenses):			
Gain (loss) on sale of equipment	--	--	(319,149)
Aid from other governmental agencies	--	--	216,258
Interest income	107,934	156,391	5,106,389
Interest expense	--	--	(205,552)
Insurance recovery	--	--	69,731
	<u>107,934</u>	<u>156,391</u>	<u>4,867,677</u>
Total Non-Operating Revenues (Expenses)			
Net Income (Loss) Before Contributions	674,680	1,490,000	18,085,397
Contributions/capital grants	--	--	46,584
Transfers in	--	--	1,017,065
Transfers out	--	--	(1,789)
	<u>674,680</u>	<u>1,490,000</u>	<u>19,147,257</u>
Change in Net Assets			
Net Assets - Beginning of Year	<u>774,242</u>	<u>2,057,434</u>	<u>44,710,553</u>
Net Assets - End of Year	<u>\$ 1,448,922</u>	<u>\$ 3,547,434</u>	<u>\$ 63,857,810</u>

COUNTY OF SAN JOAQUIN

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2007

	Fleet Services	Office Automation	Central Telephone	Southern Water System
Cash Flows from Operating Activities:				
Cash received from customers	\$ 9,807,246	\$ 308,435	\$ 5,794,042	\$ --
Cash payments to suppliers for goods and services	(4,238,849)	(40,538)	(3,863,308)	--
Cash payments to employees for services	(2,315,205)		(1,034,862)	--
Cash paid to County departments for services	(538,394)	(1,240)	(321,559)	--
Other operating revenues	11,070	30,177	--	--
	<u>2,725,868</u>	<u>296,834</u>	<u>574,313</u>	<u>--</u>
Net Cash Provided (Used) by Operating Activities				
Cash flows from noncapital financing activities:				
Transfers in (out)	169,562	250,836	441,683	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>169,562</u>	<u>250,836</u>	<u>441,683</u>	<u>--</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(3,056,180)	(92,053)	(8,400)	--
Debt interest payments	--	(44,428)	--	(31,717)
Debt principal payments	--	(276,160)	--	(25,618)
Proceeds from sale of capital assets	118,216	--	--	--
Receipts from insurance recovery	69,731	--	--	--
Net Cash Provided (Used) by Capital Financing Activities	<u>(2,868,233)</u>	<u>(412,641)</u>	<u>(8,400)</u>	<u>(57,335)</u>
Cash flows from investing activities:				
Interest received	577,571	21,282	128,094	15,577
Net Cash Provided by Investing Activities	<u>577,571</u>	<u>21,282</u>	<u>128,094</u>	<u>15,577</u>
Increase (Decrease) in Cash and Cash Equivalents	604,768	156,311	1,135,690	(41,758)
Cash and Cash Equivalents, Beginning of Year	<u>10,601,746</u>	<u>245,194</u>	<u>2,084,413</u>	<u>289,392</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,206,514</u>	<u>\$ 401,505</u>	<u>\$ 3,220,103</u>	<u>\$ 247,634</u>

continued

COUNTY OF SAN JOAQUIN

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2007

	Radio Communi- cations	Purchasing ISF	Casualty Insurance	Workers' Compensation Insurance
Cash Flows from Operating Activities:				
Cash received from customers	\$ 1,758,365	\$ 6,214,693	\$ 9,057,110	\$ 16,000,000
Cash payments to suppliers for goods and services	(697,872)	(6,246,562)	(7,311,074)	(7,974,830)
Cash payments to employees for services	--	--	--	--
Cash paid to County departments for services	(40,561)	(177,288)	(870,516)	(1,376,993)
Other operating revenues	--	--	14,174	124,326
Net Cash Provided (Used) by Operating Activities	<u>1,019,932</u>	<u>(209,157)</u>	<u>889,694</u>	<u>6,772,503</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	<u>20,938</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>20,938</u>	<u>--</u>	<u>--</u>	<u>--</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(39,181)	--	--	--
Debt interest payments	(44,776)	--	(48,098)	--
Debt principal payments	(122,749)	--	(84,017)	--
Proceeds from sale of capital assets	--	--	--	--
Receipts from insurance recovery	--	--	--	--
Net Cash Provided (Used) by Capital Financing Activities	<u>(206,706)</u>	<u>--</u>	<u>(132,115)</u>	<u>--</u>
Cash flows from investing activities:				
Interest received	<u>54,067</u>	<u>39,146</u>	<u>686,199</u>	<u>1,733,246</u>
Net Cash Provided by Investing Activities	<u>54,067</u>	<u>39,146</u>	<u>686,199</u>	<u>1,733,246</u>
Increase (Decrease) in Cash and Cash Equivalents	888,231	(170,011)	1,443,778	8,505,749
Cash and Cash Equivalents, Beginning of Year	<u>754,643</u>	<u>1,034,516</u>	<u>13,770,774</u>	<u>24,292,053</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,642,874</u>	<u>\$ 864,505</u>	<u>\$ 15,214,552</u>	<u>\$ 32,797,802</u>

continued

COUNTY OF SAN JOAQUIN

Combining Statement of Cash Flows (continued) Internal Service Funds For the Year Ended June 30, 2007

	Medical Insurance	Dental Insurance	Unemployment Insurance	Totals
Cash Flows from Operating Activities:				
Cash received from customers	\$ 51,301,906	\$ 5,333,508	\$ 2,043,091	107,618,396
Cash payments to suppliers for goods and services	(44,873,642)	(4,886,749)	(738,333)	(80,871,757)
Cash payments to employees for services	--	--	--	(3,350,067)
Cash paid to County departments for services	(490,085)	(64,673)	(2,143)	(3,883,452)
Other operating revenues	1,707,121	--	--	1,886,868
Net Cash Provided (Used) by Operating Activities	7,645,300	382,086	1,302,615	21,399,988
Cash flows from noncapital financing activities:				
Transfers in (out)	--	--	--	883,019
Net Cash Provided (Used) by Noncapital Financing Activities	--	--	--	883,019
Cash flows from capital and related financing activities:				
Acquisition of capital assets	--	--	--	(3,195,814)
Debt interest payments	--	--	--	(169,019)
Debt principal payments	--	--	--	(508,544)
Proceeds from sale of capital assets	--	--	--	118,216
Receipts from insurance recovery	--	--	--	69,731
Net Cash Provided (Used) by Capital Financing Activities	--	--	--	(3,685,430)
Cash flows from investing activities:				
Interest received	1,245,234	97,617	135,599	4,733,632
Net Cash Provided by Investing Activities	1,245,234	97,617	135,599	4,733,632
Increase (Decrease) in Cash and Cash Equivalents	8,890,534	479,703	1,438,214	23,331,209
Cash and Cash Equivalents, Beginning of Year	20,995,966	1,839,218	2,246,636	78,154,551
Cash and Cash Equivalents, End of Year	\$ 29,886,500	\$ 2,318,921	\$ 3,684,850	\$ 101,485,760

COUNTY OF SAN JOAQUIN

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2007

	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)	\$ 620,461	\$ (525,959)	\$ 354,109	\$ (2,458)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	1,983,770	613,141	49,458	78,458
(Increase) decrease in accounts receivable	110,337	(24,884)	35,555	(76,000)
(Increase) decrease in inventories	(98,944)	--	(5,778)	--
Increase (decrease) in accounts payable	110,244	260,663	139,835	--
(Increase) decrease in prepaid expenses	--	(26,127)	1,134	--
Increase (decrease) in claims liability	--	--	--	--
 Net Cash Provided (Used) by Operating Activities	 \$ 2,725,868	 \$ 296,834	 \$ 574,313	 \$ --

Non-cash transactions:

There was a transfer of capital assets in the amount of \$219,987 from internal service funds to the nonmajor special revenue funds during the year which is reported as a loss on sale of asset on the Statement of Revenues, Expenses and Changes in Fund Net Assets.

continued

COUNTY OF SAN JOAQUIN

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2007

	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)	\$ 299,702	\$ (40,031)	\$ (232,816)	\$ 3,142,076
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	366,311	--	--	822
(Increase) decrease in accounts receivable	403,985	(29,741)	4,462	(17,055)
(Increase) decrease in inventories	--	--	--	--
Increase (decrease) in accounts payable	(50,066)	(221,731)	(44,291)	(1,232,340)
(Increase) decrease in prepaid expenses	--	82,346	261,339	--
Increase (decrease) in claims liability	--	--	901,000	4,879,000
	<u>\$ 1,019,932</u>	<u>\$ (209,157)</u>	<u>\$ 889,694</u>	<u>\$ 6,772,503</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,019,932</u>	<u>\$ (209,157)</u>	<u>\$ 889,694</u>	<u>\$ 6,772,503</u>

continued

COUNTY OF SAN JOAQUIN

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2007

	Medical Insurance	Dental Insurance	Unemployment Insurance	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 7,702,281	\$ 566,746	\$ 1,333,609	\$ 13,217,720
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	--	--	--	3,091,960
(Increase) decrease in accounts receivable	(44,018)	(15,540)	10,699	357,800
(Increase) decrease in inventories	--	--	--	(104,722)
Increase (decrease) in accounts payable	60,525	(88,959)	(6,693)	(1,072,813)
(Increase) decrease in prepaid expenses	--	--	--	318,692
Increase (decrease) in claims liability	(73,488)	(80,161)	(35,000)	5,591,351
Net Cash Provided (Used) by Operating Activities	\$ 7,645,300	\$ 382,086	\$ 1,302,615	\$ 21,399,988

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 governmental programs.

COUNTY OF SAN JOAQUIN

Combining Statement of Fiduciary Net Assets Private Purpose Trust Funds June 30, 2007

	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	\$ 927,280	\$ --	\$ 1,531,512	\$ 3,290,450	\$ 104,399	\$ 5,853,641
Cash and investments held by others	--	4,822,667	--	--	--	4,822,667
Investment income receivables	12,249	17,710	479,713	51,252	6,821	567,745
Loans receivable	--	4,148,499	14,085,073	9,048,406	116,637	27,398,615
 Total Assets	 <u>\$ 939,529</u>	 <u>\$ 8,988,876</u>	 <u>\$ 16,096,298</u>	 <u>12,390,108</u>	 <u>\$ 227,857</u>	 <u>\$ 38,642,668</u>
<u>Liabilities</u>						
Accounts payable	\$ 939	\$ 1,000	\$ 112,126	\$ 50,553	\$ --	\$ 164,618
 Total Liabilities	 <u>939</u>	 <u>1,000</u>	 <u>112,126</u>	 <u>50,553</u>	 <u>--</u>	 <u>164,618</u>
<u>Net Assets</u>						
Held in trust for:						
Revolving loans	--	8,987,876	15,984,172	12,339,555	227,857	37,539,460
Other purposes	938,590	--	--	--	--	938,590
 Total Net Assets	 <u>938,590</u>	 <u>8,987,876</u>	 <u>15,984,172</u>	 <u>12,339,555</u>	 <u>227,857</u>	 <u>38,478,050</u>
 Total Liabilities and Net Assets	 <u>\$ 939,529</u>	 <u>\$ 8,988,876</u>	 <u>\$ 16,096,298</u>	 <u>\$ 12,390,108</u>	 <u>\$ 227,857</u>	 <u>\$ 38,642,668</u>

COUNTY OF SAN JOAQUIN

Combining Statement of Changes in Fiduciary Net Assets Private Purpose Trust Funds For the Year Ended June 30, 2007

	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	\$ --	\$ --	\$ --	\$ 707,431	\$ --	\$ 707,431
Investment income	49,561	204,338	479,957	199,370	6,824	940,050
Loan income	--	416,243	55,397	88,933	--	560,573
Miscellaneous income	--	41,010	1,028	15,135	50	57,223
Total additions	49,561	661,591	536,382	1,010,869	6,874	2,265,277
Deductions:						
Benefit payments	78,753	--	--	--	--	78,753
Program expenses	--	29,047	253,900	(127,755)	--	155,192
Allowance for loan adjustments	--	17,383	--	--	--	17,383
Loan servicing fees	--	17,278	274	--	--	17,552
Administrative expenses	--	487,187	203,165	146,348	18	836,718
Total deductions	78,753	550,895	457,339	18,593	18	1,105,598
Change in net assets	(29,192)	110,696	79,043	992,276	6,856	1,159,679
Net assets, beginning	967,782	8,877,180	15,905,129	11,347,279	221,001	37,318,371
Net assets, ending	<u>\$ 938,590</u>	<u>\$ 8,987,876</u>	<u>\$ 15,984,172</u>	<u>\$ 12,339,555</u>	<u>\$ 227,857</u>	<u>\$ 38,478,050</u>

Agency Funds

Agency Funds are used to account for the assets and 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, 2007

	June 30, 2006	Additions	Deductions	June 30, 2007
<u>Assets</u>				
Cash and investments - pooled	\$ 39,396,817	\$ 645,502,873	\$ 656,866,535	\$ 28,033,155
Cash and investments held by others	5,268,718	18,963,335	18,234,387	5,997,666
Receivables	25,099,737	30,305,594	10,143,308	45,262,023
Loans receivable	33,000,000	27,000,000	33,000,000	27,000,000
Other assets	529,964	--	68,742	461,222
	<u>\$ 103,295,236</u>	<u>\$ 721,771,802</u>	<u>\$ 718,312,972</u>	<u>\$ 106,754,066</u>
 <u>Liabilities</u>				
Accounts payable	\$ (756,168)	\$ 36,961,170	\$ --	\$ 36,205,002
Due to other agencies	104,031,404	746,246,595	779,748,935	70,529,064
Loan payable	20,000	--	--	20,000
	<u>\$ 103,295,236</u>	<u>\$ 783,207,765</u>	<u>\$ 779,748,935</u>	<u>\$ 106,754,066</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, 2007

	Fund-based Special Revenue Funds			Total Special Revenue Funds
	Operating Fund	Builders Fee Funds	Developers Fund	
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 5,350,569	\$ 2,537,783	\$ (2,249,021)	\$ 5,639,331
Interest receivable	98,310	31,373	13,642	143,325
Taxes receivable	75,047	--	--	75,047
Accounts receivable	112,508	16,899	4,820,537	4,949,944
Due from other funds	11,191	--	9,261	20,452
Total Current Assets	<u>5,647,625</u>	<u>2,586,055</u>	<u>2,594,419</u>	<u>10,828,099</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>\$ 5,647,625</u>	<u>\$ 2,586,055</u>	<u>\$ 2,594,419</u>	<u>\$ 10,828,099</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 164,370	\$ 1,683	\$ 300,733	\$ 466,786
Accrued expenses	--	--	--	--
Accrued payroll	28,619	--	--	28,619
Due to other funds	11,457	9,261	11,191	31,909
Compensated absences-current	--	--	--	--
Compensated absences-noncurrent	--	--	--	--
Deferred tax revenues	60,118	--	--	60,118
Noncurrent portion of notes payable	--	--	--	--
Total Liabilities	<u>264,564</u>	<u>10,944</u>	<u>311,924</u>	<u>587,432</u>
<u>Fund Balances/Net Assets</u>				
Invested in capital assets, net of related debt	--	--	--	--
Reserve for encumbrances	246,549	465,855	4,300,116	5,012,520
Undesignated	5,136,512	2,109,256	(2,017,621)	5,228,147
Total Fund Balances/Net Assets	<u>5,383,061</u>	<u>2,575,111</u>	<u>2,282,495</u>	<u>10,240,667</u>
Total Liabilities and Net Assets	<u>\$ 5,647,625</u>	<u>\$ 2,586,055</u>	<u>\$ 2,594,419</u>	<u>\$ 10,828,099</u>

continued

COUNTY OF SAN JOAQUIN

Combining Statement of Fund Net Assets (continued)
 Mountain House Community Services District
 As of June 30, 2007

	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	\$ --	\$ 5,639,331	\$ 1,441,494	\$ 7,080,825
Interest receivable	--	143,325	20,958	164,283
Taxes receivable	--	75,047	--	75,047
Accounts receivable	--	4,949,944	232,827	5,182,771
Due from other funds	(20,452)	--	--	--
Total Current Assets	(20,452)	10,807,647	1,695,279	12,502,926
Non-current Assets:				
Capital Assets:				
Non-depreciable	16,016,555	16,016,555	--	16,016,555
Depreciable, net				
Public infrastructure	(1) 152,181,960	152,181,960	108,660,754	260,842,714
General assets	100,951	100,951	5,260	106,211
Total Noncurrent Assets	168,299,466	168,299,466	108,666,014	276,965,480
Total Assets	\$ 168,279,014	\$ 179,107,113	\$ 110,361,293	\$ 289,468,406
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ --	\$ 466,786	\$ 220,680	\$ 687,466
Accrued expenses	--	--	371,826	371,826
Accrued payroll	--	28,619	--	28,619
Due to other funds	(20,452)	11,457	--	11,457
Compensated absences-current	82,797	82,797	--	82,797
Compensated absences-noncurrent	(2) 3,447	3,447	--	3,447
Deferred tax revenues	(3) (60,118)	--	--	--
Noncurrent portion of notes payable	(4) 94,097,026	94,097,026	126,221,566	220,318,592
Total Liabilities	94,102,700	94,690,132	126,814,072	221,504,204
<u>Fund Balances/Net Assets</u>				
Invested in capital assets, net of related debt	74,202,440	74,202,440	(8,171,182)	66,031,258
Reserve for encumbrances	(5,012,520)	--	--	--
Undesignated	4,986,394	10,214,541	(8,281,597)	1,932,944
Total Fund Balances/Net Assets	74,176,314	84,416,981	(16,452,779)	67,964,202
Total Liabilities and Net Assets	\$ 168,279,014	\$ 179,107,113	\$ 110,361,293	\$ 289,468,406

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, 2007

	Fund-based Special Revenue Funds			
	Operating Fund	Builders Fee Funds	Developers Fund	Total Special Revenue Funds
Revenues:				
Taxes	\$ 2,265,656	\$ --	\$ --	\$ 2,265,656
Licenses and permits	74,482	323,775	143,716	541,973
Aid from other governmental agencies	26,973	--	--	26,973
Use of money and property	300,968	104,550	50,092	455,610
Charges for services	10,373,470	1,067,352	2,080,295	13,521,117
Miscellaneous	196,083	--	4,790,295	4,986,378
Total Operating Revenues	<u>13,237,632</u>	<u>1,495,677</u>	<u>7,064,398</u>	<u>21,797,707</u>
Operating Expenses:				
Current:				
Public ways and facilities	3,297,482	379,114	5,981,850	9,658,446
Debt service - principal	7,137,421	--	--	7,137,421
Debt service - interest				
Capital Outlay	13,643	11,937	65,999	91,579
Depreciation	--	--	--	--
Total Operating Expenses	<u>10,448,546</u>	<u>391,051</u>	<u>6,047,849</u>	<u>16,887,446</u>
Operating Income (Loss)	<u>2,789,086</u>	<u>1,104,626</u>	<u>1,016,549</u>	<u>4,910,261</u>
Other Financing Sources (Uses):				
Transfers between special revenue accounts	163,840	(152,616)	(11,224)	--
Transfers in	--	--	--	--
Transfers out	(377,908)	--	--	(377,908)
Total Other Financing Sources (Uses)	<u>(214,068)</u>	<u>(152,616)</u>	<u>(11,224)</u>	<u>(377,908)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	<u>2,575,018</u>	<u>952,010</u>	<u>1,005,325</u>	<u>4,532,353</u>
Net Assets - Beginning of Year	2,720,670	1,623,101	1,277,170	5,620,941
Prior period adjustment	87,373	--	--	87,373
Net Assets - Beginning of Year, restated	<u>2,808,043</u>	<u>1,623,101</u>	<u>1,277,170</u>	<u>5,708,314</u>
Net Assets - End of Year	<u>\$ 5,383,061</u>	<u>\$ 2,575,111</u>	<u>\$ 2,282,495</u>	<u>\$ 10,240,667</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, 2007

	Adjustments from Fund based to Districtwide	Total - District Wide		
		Government Funds Special Revenue	Business- Type Funds Utility Services	Total
Revenues:				
Taxes	(1) \$ 30,491	\$ 2,296,147	\$ --	\$ 2,296,147
Licenses and permits	--	541,973	--	541,973
Aid from other governmental agencies	--	26,973	--	26,973
Use of money and property	--	455,610	60,272	515,882
Charges for services	--	13,521,117	3,346,631	16,867,748
Miscellaneous	--	4,986,378	116,303	5,102,681
Total Operating Revenues	30,491	21,828,198	3,523,206	25,351,404
Operating Expenses:				
Current:				
Public ways and facilities	(2) (16,005)	9,642,441	2,156,307	11,798,748
Debt service - principal	(7,137,421)	--	--	--
Debt service - interest	(7) 2,280,717	2,280,717	3,059,349	5,340,066
Capital Outlay	(3) (91,579)	--	--	--
Depreciation	(4) 6,982,575	6,982,575	7,274,709	14,257,284
Total Operating Expenses	2,018,287	18,905,733	12,490,365	31,396,098
Operating Income (Loss)	(1,987,796)	2,922,465	(8,967,159)	(6,044,694)
Other Financing Sources (Uses):				
Transfers between special revenue accounts	--	--	--	--
Transfers in	--	--	377,609	377,609
Transfers out	(5) (377,908)	(377,908)	--	(377,908)
Total Other Financing Sources (Uses)	--	(377,908)	377,609	(299)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(1,987,796)	2,544,557	(8,589,550)	(6,044,993)
Net Assets - Beginning of Year	55,105,943	60,726,884	56,210,951	116,937,835
Prior period adjustment	(6) 21,058,167	21,145,540	(64,074,180)	(42,928,640)
Net Assets - Beginning of Year, restated	76,164,110	81,872,424	(7,863,229)	74,009,195
Net Assets - End of Year	\$ 74,176,314	\$ 84,416,981	\$ (16,452,779)	\$ 67,964,202

Notes:

- (1) Recognize the property tax revenues not received within 60 days.
- (2) Recognize the unpaid compensated balances.
- (3) Capital expenditures were capitalized at District-wide statement, with the uncapitalized exp being classified as maintenance expenditures.
- (4) Record the depreciation expense on district-wide statements.
- (5) Record the transfer of the capitalized items to the District's enterprise Fund.
- (6) Prior period adjustment-Fund Based:
 - (a) Unpaid Compensated Absence-Current Portion was recorded on the Fund based statements previously and is now recorded on the entity-wide statement.
 - (b) The 8-14-07 final dedication of the community infrastructure received from developers is about \$64.6 million less than what had been recorded as donation and capital assets.
 - (c) The pledged revenue liability was reduced by \$30.9 million to reflect the development fees that were collected by the developers without being recorded in the pledged funds.
 - (d) To record financing charges on notes payable for fiscal year 05-06; \$5.0 million for governmental funds and \$6.3 million for business-type funds.
- (7) To record financing charges on notes payable for fiscal year 06-07.

COUNTY OF SAN JOAQUIN

Combining Statement of Fund Net Assets
 Mountain House Community Services District
 Utility Enterprise Funds
 As of June 30, 2007

	<u>Water Fund</u>	<u>Water Pledged Fund</u>	<u>Wastewater</u>	<u>Wastewater Pledged Fund</u>
<u>Assets</u>				
Cash and investments	\$ 256,595	\$ 308,941	\$ --	\$ 202,930
Interest receivable	6,694	3,396	--	2,236
Due from other funds	144,889	(144,889)	118,339	(118,339)
Receivables	65,628	50,816	46,439	41,125
Capital Asset:				
Depreciable, net of accumulated depreciation:				
Public infrastructure	42,628,336	--	39,653,195	--
General assets	5,260	--	--	--
Total Assets	<u>\$ 43,107,402</u>	<u>\$ 218,264</u>	<u>\$ 39,817,973</u>	<u>\$ 127,952</u>
 <u>Liabilities and Net Assets</u>				
Liabilities:				
Accounts payable	\$ 139,622	\$ 146,229	\$ 64,820	\$ 181,257
Notes payable - noncurrent	--	38,723,084	--	61,761,415
Total Liabilities	<u>139,622</u>	<u>38,869,313</u>	<u>64,820</u>	<u>61,942,672</u>
 <u>Net Assets</u>				
Invested in capital assets, net of related debt	42,633,596	(35,836,026)	39,653,195	(57,172,166)
Unrestricted	334,184	(2,815,023)	99,958	(4,642,554)
Total Fund Balances/Net Assets	<u>42,967,780</u>	<u>(38,651,049)</u>	<u>39,753,153</u>	<u>(61,814,720)</u>
 Total Liabilities and Net Assets	 <u>\$ 43,107,402</u>	 <u>\$ 218,264</u>	 <u>\$ 39,817,973</u>	 <u>\$ 127,952</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, 2007

	Storm Fund	Storm Pledged Fund	Total Utility Enterprise Fund
<u>Assets</u>			
Cash and investments	\$ 606,309	\$ 66,719	\$ 1,441,494
Interest receivable	7,907	725	20,958
Due from other funds	33,465	(33,465)	--
Receivables	16,522	12,297	232,827
Capital Asset:			
Depreciable, net of accumulated depreciation:			
Public infrastructure	26,379,223	--	108,660,754
General assets	--	--	5,260
Total Assets	\$ 27,043,426	\$ 46,276	\$ 110,361,293
<u>Liabilities and Net Assets</u>			
Liabilities:			
Accounts payable	\$ 16,238	\$ 44,340	\$ 592,506
Notes payable - noncurrent	--	25,737,067	126,221,566
Total Liabilities	16,238	25,781,407	126,814,072
<u>Net Assets</u>			
Invested in capital assets, net of related debt	26,379,223	(23,829,004)	(8,171,182)
Unrestricted	647,965	(1,906,127)	(8,281,597)
Total Fund Balances/Net Assets	27,027,188	(25,735,131)	(16,452,779)
 Total Liabilities and Net Assets	 \$ 27,043,426	 \$ 46,276	 \$ 110,361,293

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, 2007

	<u>Water Fund</u>	<u>Water Pledged Fund</u>	<u>Wastewater</u>	<u>Wastewater Pledged Fund</u>
Revenues:				
Charges for services	\$ 980,370	\$ 591,498	\$ 690,899	\$ 479,644
Miscellaneous	<u>116,303</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Operating Revenues	<u>1,096,673</u>	<u>591,498</u>	<u>690,899</u>	<u>479,644</u>
Operating Expenses:				
Current:				
Professional services	211,885	151	397,221	1
Enterprise services costs	102,459	--	1,805	--
Utilities	387,650	--	122,484	--
Maintenance-equipment and buildings	134,353	--	13,917	--
Insurance	3,873	--	4,052	--
County services	--	--	5,840	--
Indirect cost charges	210,321	--	372,569	--
Miscellaneous	777	--	--	--
Depreciation	<u>4,098,696</u>	<u>--</u>	<u>2,214,079</u>	<u>--</u>
Total Operating Expenses	<u>5,150,014</u>	<u>151</u>	<u>3,131,967</u>	<u>1</u>
Operating Income (Loss)	<u>(4,053,341)</u>	<u>591,347</u>	<u>(2,441,068)</u>	<u>479,643</u>
Non-Operating Revenues (Expenses):				
Interest income	21,465	7,911	--	5,897
Interest expense	<u>--</u>	<u>(938,567)</u>	<u>--</u>	<u>(1,496,969)</u>
Total Non-Operating Revenues (Expenses):	<u>21,465</u>	<u>(930,656)</u>	<u>--</u>	<u>(1,491,072)</u>
Transfers and Contributions/Capital Grants				
Transfers in	<u>94,764,482</u>	<u>(94,764,482)</u>	<u>56,166,174</u>	<u>(55,788,565)</u>
Change in Net Assets	<u>90,732,606</u>	<u>(95,103,791)</u>	<u>53,725,106</u>	<u>(56,799,994)</u>
Net Assets - Beginning of Year	273,825	58,401,233	(50,663)	(1,922,446)
Prior period adjustment	<u>(48,038,651)</u>	<u>(1,948,491)</u>	<u>(13,921,290)</u>	<u>(3,092,280)</u>
Net Assets - Beginning of Year, restated	<u>(47,764,826)</u>	<u>56,452,742</u>	<u>(13,971,953)</u>	<u>(5,014,726)</u>
Net Assets - End of Year	<u>\$ 42,967,780</u>	<u>\$ (38,651,049)</u>	<u>\$ 39,753,153</u>	<u>\$ (61,814,720)</u>

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, 2007

	Storm Fund	Storm Pledged Fund	Total Utility Enterprise Fund
Revenues:			
Charges for services	\$ 464,406	\$ 139,814	\$ 3,346,631
Miscellaneous	--	--	116,303
	464,406	139,814	3,462,934
Total Operating Revenues			
Operating Expenses:			
Current:			
Professional services	54,015	1	663,274
Enterprise services costs	101,919	--	206,183
Utilities	--	--	510,134
Maintenance-equipment and buildings	12,987	--	161,257
Insurance	--	--	7,925
County services	--	--	5,840
Indirect cost charges	18,027	--	600,917
	--	--	777
Depreciation	961,934	--	7,274,709
	1,148,882	1	9,431,016
Total Operating Expenses			
Operating Income (Loss)	(684,476)	139,813	(5,968,082)
Non-Operating Revenues (Expenses):			
Interest income	23,250	1,749	60,272
Interest expense	--	(623,813)	(3,059,349)
Total Non-Operating Revenues (Expenses):	23,250	(622,064)	(2,999,077)
Transfers and Contributions/Capital Grants			
Transfers in	23,130,377	(23,130,377)	377,609
Change in Net Assets	22,469,151	(23,612,628)	(8,589,550)
Net Assets - Beginning of Year	347,256	(838,254)	56,210,951
Prior period adjustment	4,210,781	(1,284,249)	(64,074,180)
Net Assets - Beginning of Year, restated	4,558,037	(2,122,503)	(7,863,229)
Net Assets - End of Year	\$ 27,027,188	\$ (25,735,131)	\$ (16,452,779)

COUNTY OF SAN JOAQUIN

Combining Statement of Cash Flows
 Mountain House Community Services District
 Utility Enterprise Funds
 For the Year Ended June 30, 2007

	<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	\$ 1,032,547	\$ 540,681	\$ 644,459	\$ 438,519
Cash payments to suppliers for goods and services	(1,001,496)	(151)	(531,161)	(1)
Cash payments to other departments for goods and services	(3,873)	--	(372,568)	--
Net Cash Provided (Used) by Operating Activities	<u>27,178</u>	<u>540,530</u>	<u>(259,270)</u>	<u>438,518</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	--	--	377,609	--
Cash Flows from Noncapital Financing Activities	<u>--</u>	<u>--</u>	<u>377,609</u>	<u>--</u>
Cash flows from capital financing activities:				
Principal payment on debts	(144,889)	(347,066)	(118,339)	(328,786)
Cash Flows from Capital Financing Activities	<u>(144,889)</u>	<u>(347,066)</u>	<u>(118,339)</u>	<u>(328,786)</u>
Cash flows from investing activities:				
Earnings on investment	18,154	5,332	--	4,320
Net Cash Flows from Investing Activities	<u>18,154</u>	<u>5,332</u>	<u>--</u>	<u>4,320</u>
Increase (Decrease) in Cash and Cash Equivalents	(99,557)	198,796	--	114,052
Cash and Cash Equivalents, Beginning of Year	<u>356,152</u>	<u>110,145</u>	<u>--</u>	<u>88,878</u>
Cash and Cash Equivalents, End of Year	<u>\$ 256,595</u>	<u>\$ 308,941</u>	<u>\$ --</u>	<u>\$ 202,930</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating Income (Loss)	\$ (4,053,341)	\$ 591,347	\$ (2,441,068)	\$ 479,643
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,098,696	--	2,214,079	--
Changes in assets and liabilities:				
(Increase)/decrease in receivables	(65,627)	(50,817)	(46,439)	(41,125)
Increase/(decrease) in payables	47,450	--	14,158	--
Total Adjustments	<u>4,080,519</u>	<u>(50,817)</u>	<u>2,181,798</u>	<u>(41,125)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 27,178</u>	<u>\$ 540,530</u>	<u>\$ (259,270)</u>	<u>\$ 438,518</u>

COUNTY OF SAN JOAQUIN

Combining Statement of Cash Flows (continued) Mountain House Community Services District Utility Enterprise Funds For the Year Ended June 30, 2007

	Storm Fund	Storm Pledged Fund	Total Utility Enterprise Fund
Cash Flows from Operating Activities:			
Cash received from customers	\$ 447,885	\$ 127,517	3,231,608
Cash payments to suppliers for goods and services	(158,252)	(1)	(1,691,062)
Cash payments to other departments for goods and services	(18,027)	--	(394,468)
Net Cash Provided (Used) by Operating Activities	271,606	127,516	1,146,078
Cash flows from noncapital financing activities:			
Transfers in (out)	--	--	377,609
Cash Flows from Noncapital Financing Activities	--	--	377,609
Cash flows from capital financing activities:			
Principal payment on debts	(33,465)	(86,137)	(1,058,682)
Cash Flows from Capital Financing Activities	(33,465)	(86,137)	(1,058,682)
Cash flows from investing activities:			
Earnings on investment	18,982	1,201	47,989
Net Cash Flows from Investing Activities	18,982	1,201	47,989
Increase (Decrease) in Cash and Cash Equivalents	257,123	42,580	512,994
Cash and Cash Equivalents, Beginning of Year	349,186	24,139	928,500
Cash and Cash Equivalents, End of Year	\$ 606,309	\$ 66,719	\$ 1,441,494
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating Income (Loss)	\$ (684,476)	\$ 139,813	(5,968,082)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	961,934	--	(1,010,693)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(16,522)	(12,297)	(497,699)
Increase/(decrease) in payables	10,670	--	(5,920,093)
Total Adjustments	956,082	(12,297)	7,114,160
Net Cash Provided (Used) by Operating Activities	\$ 271,606	\$ 127,516	\$ 1,146,078

County Service Area No 31 Flag City

County Service Area No. 31 – Flag City financial statements (part of the governmental funds) provide an overall financial picture of the Service Area as a whole. It presents the general operational fund, the sewer service fund, and the capital outlay fund at the basic fund level and the district-wide level. The general operational fund and the sewer service fund are reported as special revenue funds and the capital outlay fund is reported as a capital outlay fund. Both the special revenue fund and the capital outlay fund are part of the nonmajor governmental funds. The reconciliation from the governmental funds on the basic fund level to the district-wide level is presented in the face of the following financial statements.

COUNTY OF SAN JOAQUIN

Combining Statement of Fund Net Assets
 County Service Area #31 - Flag City
 As of June 30, 2007

	Fund-based			Capital
	Special Revenue Funds			Projects
	Operating Fund	Sewer Service Fund	Total Special Revenue Funds	Capital Outlay
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ --	\$ --	\$ --	\$ 1,296
Interest receivable	2,875	--	2,875	16
Due from other funds	8	--	8	--
Accounts receivable	30,080	--	30,080	--
Total Current Assets	32,963	--	32,963	1,312
Non-current Assets:				
Capital Assets:				
Depreciable, net				
Infrastructure	--	--	--	--
Total Noncurrent Assets	--	--	--	--
Total Assets	<u>\$ 32,963</u>	<u>\$ --</u>	<u>\$ 32,963</u>	<u>\$ 1,312</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ (388,382)	\$ 467,255	\$ 78,873	\$ --
Due to other funds - cash deficit	142,852	--	142,852	--
Due to other funds	--	67,160	67,160	--
Total Liabilities	(245,530)	534,415	288,885	--
<u>Fund Balances/Net Assets</u>				
Invested in capital assets, net of related debt	--	--	--	--
Reserve for encumbrances	41	--	41	--
Undesignated	278,452	(534,415)	(255,963)	1,312
Total Fund Balances/Net Assets	278,493	(534,415)	(255,922)	1,312
Total Liabilities and Net Assets	<u>\$ 32,963</u>	<u>\$ --</u>	<u>\$ 32,963</u>	<u>\$ 1,312</u>

COUNTY OF SAN JOAQUIN

Combining Statement of Fund Net Assets (continued)
 County Service Area #31 - Flag City
 As of June 30, 2007

	<u>Adjustments from Fund based to Districtwide</u>	<u>Total - District Wide Government Funds</u>
<u>Assets</u>		
Current Assets:		
Cash and investments	\$ --	\$ 1,296
Interest receivable	--	2,891
Due from other funds	--	8
Accounts receivable	--	30,080
Total Current Assets	--	34,275
Non-current Assets:		
Capital Assets:		
Depreciable, net		
Infrastructure	(1) 151,436	151,436
Total Noncurrent Assets	151,436	151,436
Total Assets	\$ 151,436	\$ 185,711
<u>Liabilities</u>		
Current Liabilities:		
Accounts payable	\$ --	\$ 78,873
Due to other funds - cash deficit	--	142,852
Due to other funds	--	67,160
Total Liabilities	--	288,885
<u>Fund Balances/Net Assets</u>		
Invested in capital assets, net of related debt	151,436	151,436
Reserve for encumbrances	--	41
Undesignated	--	(254,651)
Total Fund Balances/Net Assets	151,436	(103,174)
Total Liabilities and Net Assets	\$ 151,436	\$ 185,711

Notes:

The adjustments from fund based statement to district wide statement:
 (1) Record the capital assets and the related accumulated depreciation.

COUNTY OF SAN JOAQUIN

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
County Service Area #31 - Flag City
For the Year Ended June 30, 2007

	Fund-based			Capital
	Special Revenue Funds			Projects
	Operating Fund	Sewer Service Fund	Total Special Revenue Funds	Capital Outlay
Revenues:				
Use of money and property	\$ 5,078	\$ --	\$ 5,078	\$ 64
Charges for services	201,978	689,865	891,843	--
Total Operating Revenues	<u>207,056</u>	<u>689,865</u>	<u>896,921</u>	<u>64</u>
Expenditures/Expenses:				
Current:				
Public ways and facilities:				
Professional services	60,501	753,325	813,826	--
Utilities	14,034	36,712	50,746	--
Communication	200	--	200	--
Office expenses	2,237	6,806	9,043	--
Special expenses	1,707	45,450	47,157	--
Maintenance - equipment and bldg	1,342	34,567	35,909	--
Insurances	579	9,948	10,527	--
Misc	--	2,284	2,284	--
Depreciation	--	--	--	--
Interest	3,388	--	3,388	--
Total Expenditures/Expenses:	<u>83,988</u>	<u>889,092</u>	<u>973,080</u>	<u>--</u>
Excess of Revenues				
Over(Under) Expenditures	<u>123,068</u>	<u>(199,227)</u>	<u>(76,159)</u>	<u>64</u>
Net Assets - Beginning of Year	<u>155,425</u>	<u>(335,188)</u>	<u>(179,763)</u>	<u>1,248</u>
Net Assets - End of Year	<u>\$ 278,493</u>	<u>\$ (534,415)</u>	<u>\$ (255,922)</u>	<u>\$ 1,312</u>

COUNTY OF SAN JOAQUIN

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets (continued)
County Service Area #31 - Flag City
For the Year Ended June 30, 2007

	Adjustments from Fund based to Districtwide	<u>Total - District Wide</u> Government Funds
Revenues:		
Use of money and property	\$ --	\$ 5,142
Charges for services	--	891,843
	<hr/>	<hr/>
Total Operating Revenues	--	896,985
	<hr/>	<hr/>
Expenditures/Expenses:		
Current:		
Public ways and facilities:		
Professional services	--	813,826
Utilities	--	50,746
Communication	--	200
Office expenses	--	9,043
Special expenses	--	47,157
Maintenance - equipment and bldg	--	35,909
Insurances	--	10,527
Misc	--	2,284
Depreciation	(1) 6,319	6,319
Interest	--	3,388
	<hr/>	<hr/>
Total Expenditures/Expenses:	6,319	979,399
	<hr/>	<hr/>
Excess of Revenues		
Over(Under) Expenditures	<hr/> (6,319)	<hr/> (82,414)
Net Assets - Beginning of Year	<hr/> 157,755	<hr/> (20,760)
Net Assets - End of Year	<hr/> <u>\$ 151,436</u>	<hr/> <u>\$ (103,174)</u>

Notes:

The adjustments from fund based statement to district wide statement:

(1) Record the depreciation expense.

**STATISTICAL SECTION –
FINANCIAL ONLY**

COUNTY OF SAN JOAQUIN

Changes in Net Assets, Last Five Fiscal Years For the Year Ended June 30, 2007

	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Expenses:						
Governmental activities:						
General government	\$ 20,374,318	\$ 25,732,859	\$ 27,912,118	\$ 30,779,313	\$ 38,795,621	\$ 34,228,773
Public protection	248,844,996	230,090,340	209,655,788	202,926,413	190,662,044	188,040,521
Public ways and facilities	37,531,443	37,605,714	33,381,324	39,656,503	34,232,728	32,655,358
Mountain House community district services	16,625,018	12,835,337	8,565,410	--	--	--
Health and sanitation	124,328,143	119,566,506	113,805,931	114,164,687	108,020,461	95,671,637
Public assistance	324,549,286	307,459,822	286,344,969	262,306,099	259,868,711	250,800,994
Education	6,266,998	5,865,222	5,670,639	4,141,557	4,224,248	4,075,421
Culture and recreation	6,108,149	5,580,859	5,151,479	4,851,047	4,892,440	4,516,643
Interest on long-term debt	7,468,897	4,040,221	3,301,400	3,602,597	3,767,117	3,687,949
Total governmental activities expenses	<u>792,097,248</u>	<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	21,022,270	17,685,787	19,128,619	18,258,876	14,761,783	14,819,128
Hospital	194,540,564	189,776,046	171,184,362	158,342,874	160,106,702	152,420,720
Airport	4,592,686	3,663,416	3,492,808	2,877,679	2,567,318	2,741,807
Mountain House District-Water/wasterwtr	12,490,364	8,586,976	--	--	--	--
Total business-type activities expenses	<u>232,645,884</u>	<u>219,712,225</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>1,024,743,132</u>	<u>968,489,105</u>	<u>887,594,847</u>	<u>841,907,645</u>	<u>821,899,173</u>	<u>783,658,951</u>
Program Revenues:						
Governmental activities:						
Charges for services						
General government	25,644,079	20,161,576	13,147,165	12,902,374	8,038,035	12,303,088
Public protection	43,895,054	50,135,663	47,004,966	45,568,340	40,848,887	32,451,657
Public ways and facilities	10,750,679	9,713,552	8,084,373	14,917,746	11,129,767	19,852,028
Community infrastructure pro	5,424,835	3,922,438	2,744,572	--	--	3,082,241
Mountain House service district	18,980,629	6,816,337	7,617,175	--	--	--
Health & sanitation	32,909,784	29,049,369	32,172,418	33,432,777	35,571,727	31,870,685
Children & families act program	3,507	--	--	--	--	965,243
Public assistance	1,004,460	1,162,124	882,179	770,841	458,498	28,284
Education	137,306	146,925	165,664	146,494	123,384	177,849
Recreation	1,504,986	1,580,398	1,429,929	1,468,930	1,448,001	1,294,571
Operating grants and contribution	506,957,550	476,195,426	445,160,436	401,581,907	411,746,972	407,032,211
Capital grants and contribution (3)	6,167,215	14,389,355	6,523,968	10,343,663	75,199,646	9,601,105
Total governmental activities revenues	<u>653,380,084</u>	<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	19,171,854	19,699,066	16,397,404	14,421,249	14,189,244	12,363,704
Hospital	151,052,423	158,935,264	151,749,835	139,106,939	126,726,781	130,241,517
Airport	1,364,367	1,456,000	2,505,795	1,764,248	1,337,875	1,051,249
Mountain House District-Water/wasterwtr	3,462,934	2,328,332	--	--	--	--
Operating grants and contribution	1,357,945	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>176,409,523</u>	<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>829,789,607</u>	<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>
Net(expense)/revenue						
Governmental activities	(138,717,164)	(135,503,717)	(128,856,213)	(141,295,144)	(59,898,453)	(95,018,334)
Business-type activities	(56,236,361)	20,298,921	(22,709,285)	(17,585,415)	(32,666,987)	(25,202,370)
Total primary government net expense	<u>\$ (194,953,525)</u>	<u>\$ (115,204,796)</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, 2007

	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
General revenues and other changes in net assets						
Governmental activities:						
Property taxes	\$ 219,157,813	\$ 185,372,303	\$ 151,882,750	\$ 86,669,108	\$ 85,827,506	\$ 77,334,414
Sales taxes	28,596,414	32,125,346	28,403,230	27,140,610	13,462,083	11,302,600
Motor vehicle and other in lieu taxes	4,952,713	5,159,327	17,446,086	37,340,881	50,010,443	42,733,916
Tobacco settlement proceeds	5,936,350	5,591,287	6,025,258	6,067,708	7,099,275	7,429,440
Other	6,948,456	8,938,958	9,140,545	7,144,766	5,722,455	4,844,335
Investment earnings	27,259,242	17,501,863	7,916,246	3,535,745	4,899,391	7,803,258
Miscellaneous	--	--	--	151,610	--	11,742
Transfers	(21,743,326)	(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)	21,145,540	--	9,091,468	--	4,053,340	649,415
Total governmental activities	<u>292,253,202</u>	<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	497,427	447,221	--	--	--	650604
Investment earnings	4,425,054	1,474,136	2,097,150	1,352,743	2,579,915	1951500
Other	712,180	--	--	--	--	--
Transfers	21,743,326	39,971,492	24,124,551	20,180,124	20,702,077	22142220
Prior period adjustments	(64,074,180)	--	--	--	--	965197
Total business-type activities	<u>(36,696,193)</u>	<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>\$ 255,557,009</u>	<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>
Changes in net assets						
Governmental activities	\$ 153,536,038	\$ 79,213,875	\$ 76,924,819	\$ 5,564,826	\$ 90,473,963	\$ 34,948,566
Business-type activities	(92,932,554)	62,191,770	3,512,416	3,947,452	(9,384,995)	507,151
Total primary government	<u>\$ 60,603,484</u>	<u>\$ 141,405,645</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 share of the State of California's penalty assessment by the federal government for its 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 reclassified as an integral part of the County's governmental fund group.

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

(3) = 2005-06 and 2002-03 - Reflect the developer's capital contribution for the Mountain House Service District.

(4) = 2006-07 - Reflect deduction of the infrastructure transferred by the developers to the Mountain House Service District in prior years as a result of the Final Deduction accepted in August 2007. it also reflects the reduction of the revenue liability as the development fees were collected by the developers without being recorded in the pledged utility funds.

COUNTY OF SAN JOAQUIN

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

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
General fund:						
Reserved	\$ 14,536,379	\$ 15,070,347	\$ 15,059,550	\$ 16,282,303	\$ 18,071,737	\$ 12,977,323
Unreserved	<u>83,166,782</u>	<u>102,807,800</u>	<u>54,302,437</u>	<u>14,809,035</u>	<u>26,612,224</u>	<u>25,299,737</u>
Total general fund	<u>97,703,161</u>	<u>117,878,147</u>	<u>69,361,987</u>	<u>31,091,338</u>	<u>44,683,961</u>	<u>38,277,060</u>
All Other Governmental Funds						
Reserved	251,338,071	82,359,538	67,074,862	85,343,195	89,295,726	110,548,916
Unreserved, reported in:						
Special Revenue Funds	110,480,453	84,887,806	86,357,996	58,703,829	70,284,471	85,597,972
Capital Project Funds	<u>19,366,020</u>	<u>15,319,173</u>	<u>7,616,277</u>	<u>1,118,684</u>	<u>(10,340,773)</u>	<u>(21,978,654)</u>
Total all other governmental funds	<u>381,184,544</u>	<u>182,566,517</u>	<u>161,049,135</u>	<u>145,165,708</u>	<u>149,239,424</u>	<u>174,168,234</u>
 Total, all governmental funds	 <u>\$ 478,887,705</u>	 <u>\$ 300,444,664</u>	 <u>\$ 230,411,122</u>	 <u>\$ 176,257,046</u>	 <u>\$ 193,923,385</u>	 <u>\$ 212,445,294</u>

COUNTY OF SAN JOAQUIN

Legal Debt Margin Information Last Five Years

	Fiscal year ended June 30					
	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Debt Limit	\$ 681,583,871	\$ 576,919,493	\$ 497,461,589	\$ 440,925,627	\$ 398,527,288	\$ 398,527,000
Total net debt applicable to limit	170,287,295	29,711,144	33,342,132	33,274,766	31,623,103	32,050,536
Legal debt margin	511,296,576	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	24.98%	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

The increase in 2007's net debt applicable to limit represents the new Certificates of Participation issued for the new County administration building project.

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>Unpaid Compensated Absence</u>
	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Loans</u>	
2007	\$ 139,092,879	\$ 2,722,657	\$ 91,355,772	\$ 27,069,951
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				Unpaid Compensated Absence	Landfill Closure and Postclosure
	Certificates of Participation	Capital Leases	Loans			
2007	\$ 103,679,165	\$ 2,731,896	\$ 116,921,026	\$ 5,353,769	\$ 9,949,652	
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>
2007	\$ 498,876,767	\$ 734	679,687
2006	437,570,669	655	668,265
2005	205,549,558	317	648,422
2004	210,142,447	333	630,577
2003	214,957,996	350	613,490
2002	201,938,052	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.

[2] = FY 2006-07, General Hospital acquired hospital lab equipment through lease-purchase agreement.

COUNTY OF SAN JOAQUIN

Changes in Fund Balances, Governmental Funds - SJC Last 5 years June 30, 2007

	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
REVENUES						
Taxes	\$ 218,146,216	\$ 216,269,438	\$ 169,201,969	\$ 112,347,258	\$ 106,749,269	\$ 95,800,789
Licenses and permits	8,486,276	9,844,592	7,407,564	7,430,313	5,388,267	4,825,994
Fines, forfeits and penalties	13,722,623	18,067,404	14,080,149	11,656,083	10,752,441	10,864,649
Use of money and property	22,192,340	14,275,552	6,611,373	3,133,097	4,668,323	12,122,232
Aid from other governmental agencies	523,657,229	498,014,555	475,119,794	448,488,147	454,815,250	461,871,684
Charges for services	108,213,886	91,903,011	85,555,433	83,232,358	78,970,076	71,208,354
Miscellaneous	15,516,109	15,186,059	15,277,219	14,665,287	14,016,900	16,515,994
TOTAL REVENUES	909,934,679	863,560,611	773,253,501	680,952,543	675,360,526	673,209,696
EXPENDITURES						
Current:						
General government	44,561,448	38,369,942	31,018,117	31,296,316	36,277,964	37,055,410
Public safety	237,999,875	215,520,350	199,948,767	194,602,048	181,895,446	179,413,886
Public ways and facilities	36,445,618	34,935,720	31,528,734	29,781,894	27,254,974	26,151,100
Health & sanitation	121,594,955	116,869,120	112,053,011	112,618,258	106,415,747	94,778,227
Public assistance	320,973,887	304,048,779	285,095,525	260,876,919	258,408,303	250,652,919
Education	6,182,337	5,803,595	5,586,424	4,018,930	4,125,295	3,989,708
Recreation	4,706,578	4,131,171	3,554,593	3,368,867	3,622,470	3,435,111
Capital outlay	43,451,406	31,683,615	25,711,923	35,030,831	46,987,741	34,141,151
Debt service:						
Principal	12,879,337	5,486,955	5,216,438	5,484,743	4,825,020	5,402,261
Interest	5,915,163	3,208,775	3,266,278	3,237,657	3,542,306	3,377,075
Refunding escrow	18,398,858	--	--	--	--	--
Total expenditures	853,109,462	760,058,022	702,979,810	680,316,463	673,355,266	638,396,848
Excess (deficiency) of revenues over (under) expenditures	56,825,217	103,502,589	70,273,691	636,080	2,005,260	34,812,848
OTHER FINANCING SOURCES(USES)						
Transfers in	229,413,622	47,101,771	35,711,734	24,458,294	33,598,997	35,085,473
Transfers out	(252,215,639)	(82,599,029)	(52,034,944)	(45,047,748)	(55,389,327)	(59,375,019)
Interfund interest	--	33,615	--	--	--	--
Loan proceeds	121,041,986	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)	--	--
TOTAL OTHER FINANCING	98,239,969	(33,469,047)	(16,119,613)	(18,302,419)	(20,527,169)	(22,666,714)
Net change in fund balances	\$ 155,065,186	\$ 70,033,542	\$ 54,154,078	\$ (17,666,339)	\$ (18,521,909)	\$ 12,146,134

COUNTY OF SAN JOAQUIN

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

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 430,608,245	\$ 351,981,529	\$ 374,392,279	\$ 368,137,777	\$ 293,067,118	\$ 248,502,581
Restricted net assets	392,180,625	250,392,162	213,625,664	152,047,237	157,613,542	151,307,681
Unrestricted net assets	<u>98,877,939</u>	<u>139,875,959</u>	<u>100,898,953</u>	<u>91,807,063</u>	<u>155,746,621</u>	<u>116,143,053</u>
Total governmental activities net assets	<u>921,666,809</u>	<u>742,249,650</u>	<u>688,916,896</u>	<u>611,992,077</u>	<u>606,427,281</u>	<u>515,953,315</u>
Business-type activities						
Invested in capital assets, net of related debt	33,306,890	28,558,534	26,284,166	13,900,024	15,719,581	7,684,095
Restricted net assets	10,410,082	14,403,192	6,131,099	12,797,787	19,035,786	852,809
Unrestricted net assets	<u>11,965</u>	<u>35,221,568</u>	<u>42,054,455</u>	<u>44,259,493</u>	<u>32,254,485</u>	<u>67,857,943</u>
Total business-type activities net assets	<u>43,728,937</u>	<u>78,183,294</u>	<u>74,469,720</u>	<u>70,957,304</u>	<u>67,009,852</u>	<u>76,394,847</u>
Primary government						
Invested in capital assets, net of related debt	463,915,135	380,540,063	400,676,445	382,037,801	308,786,699	256,186,676
Restricted net assets	402,590,707	264,795,354	219,756,763	164,845,024	176,649,328	152,160,490
Unrestricted net assets	<u>98,889,904</u>	<u>175,097,527</u>	<u>142,953,408</u>	<u>136,066,556</u>	<u>188,001,106</u>	<u>184,000,996</u>
Total primary government net assets	<u>\$ 965,395,746</u>	<u>\$ 820,432,944</u>	<u>\$ 763,386,616</u>	<u>\$ 682,949,381</u>	<u>\$ 673,437,133</u>	<u>\$ 592,348,162</u>