

**COUNTY OF SAN JOAQUIN**

**AUDIT REPORT**

**JUNE 30, 2008**

**COUNTY OF SAN JOAQUIN  
AUDIT REPORT  
JUNE 30, 2008**

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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, 2008, 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 opinions 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 40 percent and 83 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, 2008 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 March 30, 2009 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

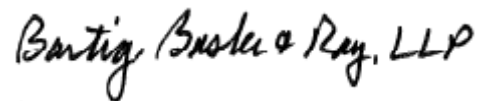
Honorable Grand Jury and Board of Supervisors  
County of San Joaquin, California

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  
March 30, 2009

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**MANAGEMENT'S DISCUSSION  
& ANALYSIS**

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**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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, 2008. 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 2007-2008 Fiscal Year by \$1,014.8 million, which is referred to as net assets. Of this amount, \$231.5 million is considered unrestricted net assets, which may be used to meet ongoing obligations to citizens and creditors. \$363.3 million is restricted net assets and limited to specific purposes and \$420.0 million, is invested in capital assets, net of related debt.
- The County's total net assets increased by \$49.3 million during the year. Governmental activities increased the County's net assets by \$47.3 million and business-type activities decreased the County's net assets by \$2.0 million.
- As of June 30, 2008, the County governmental funds reported combined fund balances of \$400.2 million, which is an decrease of \$78.7 million from last year's fund balance. Of the combined fund balances, \$168.7 million or 42.2% is available to meet the County's current and future needs (*unreserved fund balances*).
- As of June 30, 2008, the unreserved fund balance for the general fund was \$44.9 million, or approximately 7.1% of the total general fund operating expenditures. This entire amount is budgeted to be spent in the next fiscal year.
- The County's total long-term debt that is due beyond one year at June 30, 2008 was \$575.0 million, \$61.3 million higher than the prior year's, primarily due to the issuance of the Certificates of Participation for County Service Area No. 31's sewer system and the Utility Systems Revenue Bonds for Mountain House Community Services District and the inclusion of the County's unfunded portion of other post-employment benefits (OPEB) liability of \$13.6 million.

**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.



**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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 16-21 of this report.**

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
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*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 22-29 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 30-31 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 32-83 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 \$1,014.8 million at the close of the fiscal year 2007-08.

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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

	Governmental Activities		Business-Type Activities		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
<b>Assets:</b>						
Current and other assets	\$ 744,860	\$ 753,853	\$ 87,903	\$ 92,549	\$ 832,763	\$ 846,402
Capital assets	666,126	562,490	256,272	241,769	922,398	804,259
Total assets	<u>\$ 1,410,986</u>	<u>\$ 1,316,343</u>	<u>\$ 344,175</u>	<u>\$ 334,318</u>	<u>\$ 1,755,161</u>	<u>\$ 1,650,661</u>
<b>Liabilities:</b>						
Current and other liabilities	\$ 130,580	\$ 111,303	\$ 34,825	\$ 54,587	\$ 165,405	\$ 165,890
Long-term liabilities	311,419	283,373	263,567	236,002	574,986	519,375
Total liabilities	<u>441,999</u>	<u>394,676</u>	<u>298,392</u>	<u>290,589</u>	<u>740,391</u>	<u>685,265</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	402,092	430,608	17,825	33,307	419,917	463,915
Restricted	356,750	392,181	6,648	10,410	363,398	402,591
Unrestricted	210,145	98,878	21,310	12	231,455	98,890
Total net assets	<u>968,987</u>	<u>921,667</u>	<u>45,783</u>	<u>43,729</u>	<u>1,014,770</u>	<u>965,396</u>
Total liabilities and net assets	<u>\$ 1,410,986</u>	<u>\$ 1,316,343</u>	<u>\$ 344,175</u>	<u>\$ 334,318</u>	<u>\$ 1,755,161</u>	<u>\$ 1,650,661</u>

The largest portion of the County's net assets in the amount of \$420.0 million, approximately 41.4% 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 \$363.3 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 \$231.5 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 \$49.4 million during the current fiscal year.

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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

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

	Governmental Activities		Business-Type Activities		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 128,754	\$ 140,255	\$ 189,668	\$ 175,052	\$ 318,422	\$ 315,307
Operating grants and contr.	517,575	506,958	1,716	1,358	519,291	508,316
Capital grants and contr.	15,099	6,167	--	--	15,099	6,167
General Revenues:						
Property taxes	234,895	219,158	487	497	235,382	219,655
Property transfer taxes	3,236	4,017	--	--	3,236	4,017
Sales taxes	26,760	28,596	--	--	26,760	28,596
Motor vehicle and other in lieu taxes	4,804	4,953	--	--	4,804	4,953
Transient occupancy tax	442	346	--	--	442	346
Franchise and others	2,581	2,586	--	--	2,581	2,586
Tobacco settlement proceeds	6,230	5,936	--	--	6,230	5,936
Investment earnings	27,199	27,259	1,701	4,425	28,900	31,684
Miscellaneous	83	--	2,302	713	2,385	713
<b>Total Revenues</b>	<b>967,658</b>	<b>946,231</b>	<b>195,874</b>	<b>182,045</b>	<b>1,163,532</b>	<b>1,128,276</b>
Expenses:						
General government	32,880	20,374	--	--	32,880	20,374
Public protection	281,673	248,845	--	--	281,673	248,845
Public ways and facilities	50,211	37,532	--	--	50,211	37,532
Health and sanitation	135,982	124,328	--	--	135,982	124,328
Public assistance	334,827	324,549	--	--	334,827	324,549
Education	7,022	6,267	--	--	7,022	6,267
Culture and recreation	7,475	6,108	--	--	7,475	6,108
Interest on long-term debt	4,668	7,469	--	--	4,668	7,469
Solid waste	--	--	19,882	21,022	19,882	21,022
Hospital	--	--	206,744	194,541	206,744	194,541
Mountain House Utilities	17,794	16,625	11,063	12,490	28,857	29,115
Airport	--	--	3,937	4,593	3,937	4,593
<b>Total Expenses</b>	<b>872,532</b>	<b>792,097</b>	<b>241,626</b>	<b>232,646</b>	<b>1,114,158</b>	<b>1,024,743</b>
Excess (deficiency) before transfers	95,126	154,134	(45,752)	(50,601)	49,374	103,533
Transfers	(47,806)	(21,743)	47,806	21,743	--	--
<b>Change in net assets</b>	<b>47,320</b>	<b>132,391</b>	<b>2,054</b>	<b>(28,858)</b>	<b>49,374</b>	<b>103,533</b>
Net assets, beginning of year	921,667	768,131	43,729	136,661	965,396	904,792
Adjustment to beginning net assets	--	21,145	--	(64,074)	--	(42,929)
<b>Net assets, end of the year</b>	<b>\$ 968,987</b>	<b>\$ 921,667</b>	<b>\$ 45,783</b>	<b>\$ 43,729</b>	<b>\$ 1,014,770</b>	<b>\$ 965,396</b>

**Governmental activities.** Governmental activities increased the County's net assets by \$47.3 million, accounting for substantially all of the total growth in net assets of the County.

**COUNTY OF SAN JOAQUIN**  
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**June 30, 2008**

Revenues

Total revenue for the County's governmental activities increased by \$21.4 million, or 2.3%, over the previous year.

- Revenues from the general revenues, such as property taxes, sales taxes and investment earnings increased by \$13.4 million from the prior year. This increase reflects a continued increase in the real estate market in the county, however, the consumers' purchase activities and the investment environment both showed slight decreases which may evidence a future impact on these general revenues in the immediate future.
- Revenues from service fees and court fees and fines decreased by \$11.5 million and the operating and capital grants and contributions increased by \$19.5 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 grant revenue sources increased 3.8% 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 \$80.4 million, or 10.1%, over the previous year. Of the total increase, \$12.7 million comes from the public ways and facilities functional category, \$32.8 million from the public protection functional category, \$12.5 million comes from the general government functional category, \$11.6 million comes from the health and sanitation functional category and \$10.3 million comes from the public assistance functional category. The County's major cost component is salaries and benefits.

**Business-type activities.** Business-type activities increased the County's net assets by \$2.0 million. By excluding the operating grants and the statutory-required contribution transfers of \$47.8 million from the governmental-activities funds, the Business-type activities would have decreased the County net assets by \$47.5 million.

Key factors that contributed to this decrease from the operating activities were the loss of \$31.2 million in the Hospital operation, and \$4.1 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.

At June 30, 2008, the County's governmental funds reported total fund balances of \$400.2 million, a decrease of \$78.7 million in comparison with the prior year. Approximately 42.2%, or \$168.7 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, \$20.2 million; 2) to reflect inventories and interfund advances that are long-term in nature and thus do not represent available spendable resources, \$7.2 million and 3) to liquidate contractual commitments of the period – \$203.2 million. The County's management may also designate unreserved fund balance to a particular function or activity; however, designated fund balance is available for appropriations at any time.

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2008**

The general fund is the main operational fund of the County. At June 30, 2008, it had an unreserved fund balance of \$44.9 million while its total fund balance was \$68.9 million, a decrease of \$28.8 million from the prior year. 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 7.1% of total fund expenditures, while total fund balance represents 10.9% 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, 2008, of its \$8.8 million fund balance, \$2.6 million has been committed and the remaining balance of \$6.2 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, 2008, of its \$13.3 million fund balance, \$6.5 million has been committed and the remaining balance of \$6.8 million is available for the next year's appropriation.

The County Capital Outlay 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, 2008, it had a fund balance of \$138.0 million.

Revenues for governmental functions totaled \$929.9 million in fiscal year 2007-08, which represents a \$20.0 million or 2.2% increase from fiscal year 2006-07. The largest increases in revenues were tax revenues \$8.9 million and aid from other governmental agencies \$16.8 million. The largest decreases in revenues were charges for services (\$7.0 million).

Expenditures for government functions totaled \$974.1 million in fiscal year 2007-08, which represents an increase of \$139.3 million or 16.7% from the prior year. The largest increase occurred in functional categories of the public safety \$25.4 million, health and sanitation \$9.4 million, public assistance \$7.3 million, general government \$7.2 million, and capital outlay \$79.5 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 \$6.2 million in net assets at June 30, 2008, the Airport Enterprise had \$13.5 million, the Hospital Enterprise had \$49.6 million, and the Mountain House Enterprise had a negative net asset of \$23.6 million. The unrestricted net assets amounted to \$4.6 million, \$-2.9 million, \$25.8 million, and \$-6.2 million, respectively, of the total proprietary funds' net assets.

The internal service funds had \$79.5 million in net assets at June 30 2008 with \$69.4 million as unrestricted. Of the unrestricted net assets, \$37.2 million is designated for future claims under the County's self-insurance programs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the 2007-08 fiscal year's original budget and the final amended budget resulted in a \$32.0 million increase to appropriations. The increases in the final amended budget can be briefly summarized as follows:

- The general government budget increased by \$1.1 million to reflect the increase of supervisorial district-specific projects.

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2008**

- The reserve for contingency budget decreased by \$7.6 million to reflect the re-appropriation of the excess property tax revenues received in prior years.
- The public safety function budget increased by \$7.0 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 \$3.1 million to reflect the additional funding provided by the Federal and the State governments for public assistance programs.
- The transfers-out budget increased by \$24.8 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 \$107.6 million. The decrease reflects the combination of increases and decreases of various revenue sources. The major decreases are \$25.1 million in Aid from Other Governmental Agencies for the public assistance area, \$30.3 million in property tax and sales tax and \$50.7 million in transfers-in.

Actual expenditures were less than final amended budgetary estimates by \$163.3 million. A majority of the difference is attributable to below budget expenditures in public protection, health and human services, public assistance (\$62.8 million), general government (\$23.0 million) and transfers-out (\$38.3 million). The County also appropriated \$38.3 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 \$55.7 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, 2008, amounted to \$419.9 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 9.5%.

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

- Land increased by \$10.8 million due to approximately \$9.4 million for parks donated to the Mountain House Community Services District and the remaining \$1.4 million for a future Lockeford Community Center.
- Construction in progress increased by \$72.4 million due mainly to the new Agriculture building and the new County administration building.
- Infrastructure assets of \$54.8 million were added during the year for various road networks and County Service Area No. 31 sewer system.
- Structure and improvements of \$5.7 million were added during the year for various County projects.
- All depreciable assets, except infrastructure, were depreciated from the mid-month of the acquisition month to the end of the current fiscal year. Infrastructures acquired since 1985 were depreciated, using the composite method, over the life of 25 years.

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

**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2008**

(\$000's)	Governmental Activities		Business-Type Activities		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Infrastructure	\$ 339,699	\$ 324,309	\$ 127,188	\$ 108,666	\$ 466,887	\$ 432,975
Land and easements	29,757	28,259	4,663	4,663	34,420	32,922
Structure and improvements	174,285	167,644	57,740	106,567	232,025	274,211
Equipment	33,892	28,307	52,734	7,579	86,626	35,886
Construction in progress	86,620	10,849	13,947	14,294	100,567	25,143
Other capitaized assets	1,873	3,122	--	--	1,873	3,122
<b>Total</b>	<b>\$ 666,126</b>	<b>\$ 562,490</b>	<b>\$ 256,272</b>	<b>\$ 241,769</b>	<b>\$ 922,398</b>	<b>\$ 804,259</b>

For additional information related to capital assets, see note 5 on pages 60-61.

**Long-term debt**

At June 30, 2008, the County had total long-term outstanding debt of \$575.0 million, excluding the amount due within one year (\$84.9 million). This amount was comprised of \$249.9 million of certificates of participation, \$10.6 million in landfill closure/postclosure, \$3.7 million in capital lease obligations, \$240.0 million in notes payable, \$5.5 million in earned compensated absences, \$51.6 million for estimated self-insurance claims liability and \$13.6 million for the County's unfunded portion of OPEB.

On December 1, 2007, the County issued \$8.45 million of Certificates of Participation (COP) to finance the acquisition and construction of certain sanitary sewer improvements in County Service Area 31 (Flag City).

On December 1, 2007, the Mountain House Community Service District (CSD) issued \$24.365 million of Utility Systems Revenue Bonds to finance and refinance the cost of improvements to the water, wastewater, and storm drain systems of the CSD.

For additional information related to long-term debt, see notes 6, 7 and 8 on pages 62-70.

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

- The County's 2008-09 budget reflects a marginal decrease in many programs as a result of a continued decline in the real estate market.
- 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 2008, the State's budget revision (1) provides \$286 million from Proposition 1B-Transportation bond for local streets and roads, San Joaquin County's projected share is \$5.7 million; (2) proposes a 10% reduction, or \$3.9 million statewide, to the Williamson Act Subvention Program; the County received \$1.9 million annually from this program; and (3) proposes a 10% across-the-board cut to several public safety grants, including Citizens' Option for Public Safety, Juvenile Justice Crime Prevention Act, Juvenile Probation Camp Funding, Mentally Ill Offender Crime Reduction Grants, Local Detention Facility Funding, and California Multijurisdictional Methamphetamine Enforcement Team programs. In fiscal year 2007-08, the County received approximately \$8 million in these grants.



**COUNTY OF SAN JOAQUIN**  
**Management's Discussion and Analysis**  
**June 30, 2008**

- In Fiscal Year 2008-09, the Mountain House Community Services District became an independent community services district. Therefore, the County's financial statements will no longer include the Mountain House Community Services District information beginning in fiscal year 2008-09.

All of these factors were considered in preparing the County's budget for fiscal 2008-09, approximately \$1.28 billion (including the business-like activities).

During the current fiscal year, unreserved fund balance in the general fund decreased to \$68.9 million. The County has appropriated the full amount for spending in the 2008-09 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 to request additional financial information should be addressed to the Auditor-Controller's Office, 24 S. Hunter Street, Room 103, Stockton, CA 95202.

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

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# COUNTY OF SAN JOAQUIN

## Statement of Net Assets June 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 450,955,582	\$ 17,787,794	\$ 468,743,376	\$ 33,265,213
Other banks	--	3,944,365	3,944,365	2,512,595
Imprest cash	311,540	4,730	316,270	--
Accounts receivable	12,057,284	29,982,092	42,039,376	85,906
Taxes receivable	94,020,598	--	94,020,598	--
Interest receivable	3,688,067	137,892	3,825,959	296,980
Estimated cost settlements	--	6,030,572	6,030,572	--
Internal balances	6,258,791	(6,258,791)	--	--
Due from other agencies	110,080,571	10,586,848	120,667,419	1,378,039
Loans receivable	20,000	--	20,000	--
Prepaid expenses	632,892	462,301	1,095,193	--
Inventory	1,125,513	1,569,042	2,694,555	--
Other assets	25,500	2,143,967	2,169,467	1,302,489
Unamortized debt issuance cost	1,633,453	1,669,991	3,303,444	--
Restricted assets:				
Cash and investments	63,859,171	19,625,695	83,484,866	--
Interest receivable	190,549	216,328	406,877	--
Capital assets:				
No depreciable	116,377,867	18,610,515	134,988,382	--
Depreciable, net	549,748,376	237,661,267	787,409,643	14,379,751
<b>Total Assets</b>	<b>\$ 1,410,985,754</b>	<b>\$ 344,174,608</b>	<b>\$ 1,755,160,362</b>	<b>\$ 53,220,973</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 30,947,631	\$ 10,475,829	\$ 41,423,460	\$ 1,367,799
Accrued expenses	9,337,195	3,173,335	12,510,530	1,388,582
Estimated cost settlements	--	1,217,168	1,217,168	--
Unearned revenue	17,099,218	4,144,348	21,243,566	302,949
Long-term liabilities:				
Due within one year	71,218,395	13,716,894	84,935,289	11,822,656
Due beyond one year	311,419,005	263,567,100	574,986,105	2,631,578
Other liabilities	592,079	519,976	1,112,055	292,889
Payable from restricted assets:				
Accrued interest	1,384,822	1,577,163	2,961,985	--
<b>Total Liabilities</b>	<b>441,998,345</b>	<b>298,391,813</b>	<b>740,390,158</b>	<b>17,806,453</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	402,092,352	17,825,176	419,917,528	14,379,751
Restricted for:				
Capital projects	253,870,456	--	253,870,456	--
Debt service	10,256,266	6,604,960	16,861,226	--
Children and Families Act Program	13,202,512	--	13,202,512	--
Mountain House Community Service District funds	9,394,698	--	9,394,698	--
Public works and community infrastructure	58,068,195	--	58,068,195	--
Local law enforcement programs	1,835,375	--	1,835,375	--
Mental health and substance abuse programs	10,122,088	--	10,122,088	--
Other programs	--	42,176	42,176	--
Unrestricted	210,145,467	21,310,483	231,455,950	21,034,769
<b>Total Net Assets</b>	<b>968,987,409</b>	<b>45,782,795</b>	<b>1,014,770,204</b>	<b>35,414,520</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,410,985,754</b>	<b>\$ 344,174,608</b>	<b>\$ 1,755,160,362</b>	<b>\$ 53,220,973</b>

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

**COUNTY OF SAN JOAQUIN**

**Statement of Activities  
For the Year Ended June 30, 2008**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>					
Governmental Activities:					
General government	\$ 46,944,427	\$ (14,065,649)	\$ 20,878,702	\$ 3,202,517	\$ 1,970,078
Public protection	273,921,157	7,752,280	46,128,760	81,203,709	--
Public ways and facilities	48,779,050	894,645	10,970,609	8,157,259	13,128,475
Community infrastructure program	537,762	--	3,564,809	--	--
Mountain House Service District	17,794,338	--	10,535,401	--	--
Health and sanitation	114,420,149	1,863,712	33,600,035	78,450,426	--
Children and families act program	19,705,048	(7,217)	1,000	10,978,910	--
Public assistance	332,378,367	2,448,267	1,329,035	335,418,905	--
Education	6,997,040	25,419	157,664	163,255	--
Recreation and cultural services	6,386,314	1,088,543	1,588,227	--	--
Interest on long-term debt	4,667,933	--	--	--	--
<b>Total Governmental Activities</b>	<b>872,531,585</b>	<b>--</b>	<b>128,754,242</b>	<b>517,574,981</b>	<b>15,098,553</b>
Business-Type Activities:					
Hospital	206,744,293	--	166,796,464	--	--
Airport	3,937,352	--	1,664,750	1,547,842	--
Solid Waste	19,881,759	--	17,678,924	167,731	--
Mountain House Services District - Utility Services	11,062,677	--	3,528,038	--	--
<b>Total Business-Type Activities:</b>	<b>241,626,081</b>	<b>--</b>	<b>189,668,176</b>	<b>1,715,573</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 1,114,157,666</b>	<b>\$ --</b>	<b>\$ 318,422,418</b>	<b>\$ 519,290,554</b>	<b>\$ 15,098,553</b>
<b>Component Units</b>					
Headstart	\$ 33,231,629	\$ --	\$ 2,432,650	\$ 30,587,721	\$ --
Health Plan of San Joaquin	107,791,749	--	1,219,820	98,752,108	--
San Joaquin Economic Development	289,189	--	136,670	165,557	--
Local Agency Formation Commission	407,922	--	--	384,238	--
<b>Total Component Units</b>	<b>\$ 141,720,489</b>	<b>\$ --</b>	<b>\$ 3,789,140</b>	<b>\$ 129,889,624</b>	<b>\$ --</b>
General Revenues:					
Taxes:					
Property taxes					
Property transfer taxes					
Sales and use taxes					
Transient occupancy taxes					
Franchise and other					
Other 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					
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
\$ (6,827,481)	\$ --	\$ (6,827,481)	\$ --
(154,340,968)	--	(154,340,968)	--
(17,417,352)	--	(17,417,352)	--
3,027,047	--	3,027,047	--
(7,258,937)	--	(7,258,937)	--
(4,233,400)	--	(4,233,400)	--
(8,717,921)	--	(8,717,921)	--
1,921,306	--	1,921,306	--
(6,701,540)	--	(6,701,540)	--
(5,886,630)	--	(5,886,630)	--
(4,667,933)	--	(4,667,933)	--
<u>(211,103,809)</u>	<u>--</u>	<u>(211,103,809)</u>	<u>--</u>
--	(39,947,829)	(39,947,829)	--
--	(724,760)	(724,760)	--
--	(2,035,104)	(2,035,104)	--
--	<u>(7,534,639)</u>	<u>(7,534,639)</u>	--
--	<u>(50,242,332)</u>	<u>(50,242,332)</u>	--
<u>(211,103,809)</u>	<u>(50,242,332)</u>	<u>(261,346,141)</u>	<u>--</u>
--	--	--	(211,258)
--	--	--	(7,819,821)
--	--	--	13,038
--	--	--	<u>(23,684)</u>
--	--	--	<u>(8,041,725)</u>
234,895,057	486,589	235,381,646	--
3,235,852	--	3,235,852	--
26,759,854	--	26,759,854	--
441,771	--	441,771	--
2,581,097	--	2,581,097	--
4,804,452	--	4,804,452	--
27,198,618	1,701,493	28,900,111	1,477,667
6,230,445	--	6,230,445	--
83,414	2,301,957	2,385,371	--
(47,806,151)	47,806,151	--	--
<u>258,424,409</u>	<u>52,296,190</u>	<u>310,720,599</u>	<u>1,477,667</u>
47,320,600	2,053,858	49,374,458	(6,564,058)
<u>921,666,809</u>	<u>43,728,937</u>	<u>965,395,746</u>	<u>41,978,578</u>
<u>\$ 968,987,409</u>	<u>\$ 45,782,795</u>	<u>\$ 1,014,770,204</u>	<u>\$ 35,414,520</u>

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

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# COUNTY OF SAN JOAQUIN

## Balance Sheet Governmental Funds June 30, 2008

	General Fund	Mental Health Substance Abuse	First Five Program	County Capital Outlay Fund
<b>ASSETS</b>				
Cash and Investments:				
Pooled	\$ 57,383,912	\$ 2,473,474	\$ 16,425,738	\$ 92,119,974
Imprest cash	238,775	39,450	--	--
Accounts receivable	3,194,175	2,821,714	1,577	294,762
Taxes receivable	93,529,449	--	--	--
Interest receivable	818,186	47,076	127,663	747,073
Due from other agencies	94,027,456	8,949,883	1,581,979	--
Due from other funds	5,195,410	49,775	--	649,415
Advances to other funds	6,807,946	--	--	373,140
Loans receivable	20,000	--	--	--
Inventory	49,094	95,741	--	--
Other assets	25,500	--	--	--
Restricted assets:				
Restricted cash and investments	--	--	--	51,686,978
Interest receivable	--	--	--	111,945
Total Assets	<u>\$ 261,289,903</u>	<u>\$ 14,477,113</u>	<u>\$ 18,136,957</u>	<u>\$ 145,983,287</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,212,086	\$ 1,947,951	\$ 4,709,880	\$ 8,004,952
Due to other funds	1,634,088	132,615	117,528	1,381
Accrued salaries	7,333,578	978,292	22,806	--
Deferred revenues	134,405,894	2,621,147	--	--
Advances from other funds	--	--	--	--
Teeter note	41,000,000	--	--	--
Accrued interest	202,065	--	--	--
Other liabilities	592,079	--	--	--
Total Liabilities	<u>192,379,790</u>	<u>5,680,005</u>	<u>4,850,214</u>	<u>8,006,333</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	16,861,152	2,492,027	6,528,560	143,890,069
Inventory	49,094	95,741	--	--
Debt service	--	--	--	--
Advances	6,807,946	--	--	373,140
Other assets	258,775	39,450	--	--
Unreserved, reported in				
General fund	44,933,146	--	--	--
Special revenue funds	--	6,169,890	6,758,183	--
Capital projects funds	--	--	--	(6,286,255)
Total Fund Balances	<u>68,910,113</u>	<u>8,797,108</u>	<u>13,286,743</u>	<u>137,976,954</u>
Total Liabilities and Fund Balances	<u>\$ 261,289,903</u>	<u>\$ 14,477,113</u>	<u>\$ 18,136,957</u>	<u>\$ 145,983,287</u>

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

Other Governmental Funds		Total
\$ 159,616,444	\$ 328,019,542	
33,275	311,500	
5,475,199	11,787,427	
491,149	94,020,598	
1,038,685	2,778,683	
4,296,675	108,855,993	
31,294	5,925,894	
--	7,181,086	
--	20,000	
355,458	500,293	
--	25,500	
12,172,193	63,859,171	
78,604	190,549	
<u>\$ 183,588,976</u>	<u>\$ 623,476,236</u>	

\$ 5,100,773	\$ 26,975,642
1,781,803	3,667,415
925,384	9,260,060
634,601	137,661,642
3,959,763	3,959,763
--	41,000,000
--	202,065
--	592,079
<u>12,402,324</u>	<u>223,318,666</u>

33,471,839	203,243,647
355,458	500,293
20,203,536	20,203,536
--	7,181,086
33,275	331,500
--	44,933,146
96,529,722	109,457,795
<u>20,592,822</u>	<u>14,306,567</u>
<u>171,186,652</u>	<u>400,157,570</u>

<u>\$ 183,588,976</u>	<u>\$ 623,476,236</u>
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**COUNTY OF SAN JOAQUIN**

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets - Governmental Activities  
June 30, 2008

<b>Fund Balance - total governmental funds</b>	\$ 400,157,570
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.	653,366,356
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the governmental funds.	120,562,424
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:	79,478,275
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	\$ (141,983,075)
Capital leases	(94,280)
Notes payable	(1,760,131)
Pledged revenue debt	(102,439,150)
OPEB liability	(10,776,984)
Compensated absences	(28,066,744)
Accrued interest payable	(1,090,305)
Unamortized issuance costs	1,633,453
	<u>(284,577,216)</u>
<b>Net assets of governmental activities</b>	<u>\$ 968,987,409</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, 2008

	General Fund	Mental Health Substance Abuse	First Five Program	County Capital Outlay Fund
<b>Revenues:</b>				
Taxes	\$ 198,307,791	\$ --	\$ --	\$ --
Licenses and permits	6,241,173	--	--	--
Fines, forfeitures and penalties	14,615,681	345,580	--	--
Use of money and property	7,246,923	410,275	871,762	8,166,246
Aid from other governmental agencies	411,766,305	38,987,349	10,978,910	2,421,811
Charges for services	40,631,335	29,660,485	--	--
Other revenues	10,673,581	140,374	1,000	57,333
Total Revenues	<u>689,482,789</u>	<u>69,544,063</u>	<u>11,851,672</u>	<u>10,645,390</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	51,432,572	--	--	323,122
Public protection	234,061,344	--	--	1,736,306
Public ways and facilities	39,144	--	--	13,535
Health and sanitation	35,224,250	74,063,010	19,665,644	4,085
Public assistance	294,963,799	--	--	6,445
Education	387,824	--	--	--
Recreation and culture	5,041,157	--	--	98,620
Capital outlay	6,690,515	335,481	5,969	78,166,448
<b>Debt Service:</b>				
Principal retirement	674,976	--	--	--
Interest and debt issuance costs	1,572,156	--	--	--
Total Expenditures	<u>630,087,737</u>	<u>74,398,491</u>	<u>19,671,613</u>	<u>80,348,561</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>59,395,052</u>	<u>(4,854,428)</u>	<u>(7,819,941)</u>	<u>(69,703,171)</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	1,193,484	--	--	--
Discount on issuance of debt	--	--	--	--
Transfers in	2,542,220	10,315,512	7,217	22,150,237
Transfers out	<u>(91,923,804)</u>	<u>(1,941,826)</u>	<u>--</u>	<u>(13,000,000)</u>
Total Other Financing Sources (Uses)	<u>(88,188,100)</u>	<u>8,373,686</u>	<u>7,217</u>	<u>9,150,237</u>
Net change in fund balances	(28,793,048)	3,519,258	(7,812,724)	(60,552,934)
Fund balance - beginning	97,703,161	5,277,850	21,099,467	203,654,488
Prior period adjustment	--	--	--	(5,124,600)
Fund balance - ending	<u>\$ 68,910,113</u>	<u>\$ 8,797,108</u>	<u>\$ 13,286,743</u>	<u>\$ 137,976,954</u>

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

Other Governmental Funds	Total
\$ 28,768,626	\$ 227,076,417
418,713	6,659,886
2,387,652	17,348,913
5,935,900	22,631,106
76,286,603	540,440,978
30,968,707	101,260,527
3,635,837	14,508,125
<u>148,402,038</u>	<u>929,925,952</u>
--	51,755,694
27,617,614	263,415,264
42,172,657	42,225,336
2,081,133	131,038,122
33,343,456	328,313,700
6,539,689	6,927,513
328,837	5,468,614
41,835,572	127,033,985
9,072,566	9,747,542
6,569,255	8,141,411
<u>169,560,779</u>	<u>974,067,181</u>
<u>(21,158,741)</u>	<u>(44,141,229)</u>
17,688,106	18,881,590
(118,125)	(118,125)
31,729,010	66,744,196
(8,106,337)	(114,971,967)
<u>41,192,654</u>	<u>(29,464,306)</u>
20,033,913	(73,605,535)
151,152,739	478,887,705
--	(5,124,600)
<u>\$ 171,186,652</u>	<u>\$ 400,157,570</u>

**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, 2008

**Net change to fund balance - total governmental funds** \$ (73,605,535)

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	\$ 127,033,985	
Less current year depreciation	<u>(29,245,331)</u>	97,788,654

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	32,831,106	
Increase (decrease) in accrued grant revenues	<u>307,619</u>	33,138,725

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	5,685,000	
Notes payable	3,992,391	
Capital leases	70,150	
Less amortization of discount on Certificate of participation	<u>(324,721)</u>	9,422,820

Long-term debt proceeds is a financial resource in the governmental funds, but it has no impact on the statement of activities since it increases the long-term liabilities in the statement of net assets. 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.

New issuance of long-term debt	(18,881,560)	
Discount on issuance of debt	<u>118,095</u>	(18,763,465)

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	(589,170)	
Change in compensated absences	(1,213,408)	
Financing charges on notes payable	(2,487,285)	
Change in OPEB liability	<u>(10,776,984)</u>	(15,066,847)

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.

(1,214,217)

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.

15,620,465

**Change in net assets of governmental activities** **\$ 47,320,600**

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, 2008

	Business-Type Activities - Enterprise Funds					Governmental
	General	Stockton	Solid	Mountain	Total	Internal
	Hospital	Metropolitan Airport	Waste Disposal	House Utility Services		Service Funds
<u>Assets</u>						
Current Assets:						
Cash and investments	\$ --	\$ 1,191,366	\$ 16,340,590	\$ 255,838	\$ 17,787,794	\$ 122,936,040
Other banks	3,944,365	--	--	--	3,944,365	--
Imprest cash	2,580	250	1,900	--	4,730	40
Accounts receivable	28,802,530	188,632	988,183	2,747	29,982,092	269,857
Interest receivable	--	10,633	123,298	3,961	137,892	909,384
Due from other funds	89,543	--	12,234	--	101,777	1,854,488
Due from other agencies	10,501,148	3,167	82,533	--	10,586,848	1,224,578
Estimated cost settlements	6,030,572	--	--	--	6,030,572	--
Prepaid expenses	462,301	--	--	--	462,301	632,892
Inventories	1,527,019	--	42,023	--	1,569,042	618,517
Other current assets	2,143,967	--	--	--	2,143,967	--
<b>Total Current Assets</b>	<b>53,504,025</b>	<b>1,394,048</b>	<b>17,590,761</b>	<b>262,546</b>	<b>72,751,380</b>	<b>128,445,796</b>
Noncurrent Assets:						
Unamortized debt issuance cost	889,693	--	430,291	350,007	1,669,991	--
Restricted Assets:						
Cash and investments	8,165,084	--	4,855,651	6,604,960	19,625,695	--
Interest receivable	164,918	--	22,146	29,264	216,328	--
<b>Total Restricted Assets</b>	<b>8,330,002</b>	<b>--</b>	<b>4,877,797</b>	<b>6,634,224</b>	<b>19,842,023</b>	<b>--</b>
Capital Assets:						
Non-depreciable	7,899,701	1,673,694	9,037,120	--	18,610,515	17,481
Depreciable, net	78,920,738	14,883,957	16,332,767	127,523,805	237,661,267	12,749,109
<b>Total Capital Assets</b>	<b>86,820,439</b>	<b>16,557,651</b>	<b>25,369,887</b>	<b>127,523,805</b>	<b>256,271,782</b>	<b>12,766,590</b>
<b>Total Noncurrent Assets</b>	<b>96,040,134</b>	<b>16,557,651</b>	<b>30,677,975</b>	<b>134,508,036</b>	<b>277,783,796</b>	<b>12,766,590</b>
<b>Total Assets</b>	<b>\$ 149,544,159</b>	<b>\$ 17,951,699</b>	<b>\$ 48,268,736</b>	<b>\$ 134,770,582</b>	<b>\$ 350,535,176</b>	<b>\$ 141,212,386</b>

Continued

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

**COUNTY OF SAN JOAQUIN**

Statement of Fund Net Assets (continued)  
 Proprietary Funds  
 As of June 30, 2008

	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services	Total	Internal Service Funds
<u>Liabilities and Net Assets</u>						
Current Liabilities:						
Accounts payable	\$ 8,894,474	\$ 201,894	\$ 1,189,117	\$ 190,344	\$ 10,475,829	\$ 3,971,989
Accrued payroll	3,013,693	16,247	143,395	--	3,173,335	77,135
Due to other funds	3,493,668	5,001	13,716	--	3,512,385	702,359
Estimated cost settlements	1,217,168	--	--	--	1,217,168	--
Other current liabilities	--	66,607	453,369	--	519,976	--
Payable from restricted assets:						
Interest payable	1,248,163	--	329,000	--	1,577,163	92,452
Current portion:						
Certificates of participation	4,370,000	--	3,015,000	430,000	7,815,000	--
Notes payable	--	4,243	--	--	4,243	52,324
Capital leases	510,294	--	--	--	510,294	773,797
Compensated absences	4,921,205	45,239	420,913	--	5,387,357	215,351
<b>Total Current Liabilities</b>	<b>27,668,665</b>	<b>339,231</b>	<b>5,564,510</b>	<b>620,344</b>	<b>34,192,750</b>	<b>5,885,407</b>
Long-Term Liabilities						
Unearned revenue	3,008,300	1,136,048	--	--	4,144,348	--
Advances from other funds	--	2,848,183	--	--	2,848,183	373,140
Certificates of participation	64,498,401	--	25,620,819	23,797,703	113,916,923	--
Notes payable	--	75,820	--	133,927,613	134,003,433	1,803,296
Capital lease obligations	1,780,231	--	--	--	1,780,231	1,908,880
Compensated absences	416,286	(569)	77,558	--	493,275	10,501
Claims liability	--	--	--	--	--	51,646,088
Liability for closure/ postclosure costs	--	--	10,628,021	--	10,628,021	--
OPEB liability	2,524,338	21,845	199,034	--	2,745,217	106,799
<b>Total Liabilities</b>	<b>99,896,221</b>	<b>4,420,558</b>	<b>42,089,942</b>	<b>158,345,660</b>	<b>304,752,381</b>	<b>61,734,111</b>
Net Assets:						
Invested in capital assets, net of related debt	23,784,421	16,477,587	1,589,719	(24,026,551)	17,825,176	10,083,913
Restricted for:						
Debt service	--	--	--	6,604,960	6,604,960	--
Other	42,176	--	--	--	42,176	--
Unrestricted	25,821,341	(2,946,446)	4,589,075	(6,153,487)	21,310,483	69,394,362
<b>Total net assets</b>	<b>49,647,938</b>	<b>13,531,141</b>	<b>6,178,794</b>	<b>(23,575,078)</b>	<b>45,782,795</b>	<b>79,478,275</b>
<b>Total liabilities and net assets</b>	<b>\$ 149,544,159</b>	<b>\$ 17,951,699</b>	<b>\$ 48,268,736</b>	<b>\$ 134,770,582</b>	<b>\$ 350,535,176</b>	<b>\$ 141,212,386</b>

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

# COUNTY OF SAN JOAQUIN

## Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			
	General	Stockton	Solid	Mountain
	Hospital	Metropolitan Airport	Waste Disposal	House Utility Services
Operating Revenues:				
Charges for services	\$ 150,683,075	\$ 679,648	\$ 7,338,466	\$ 3,360,248
Concessions and rentals	--	1,433,721	9,075,023	--
Other income	16,113,389	37,970	1,265,435	150,413
Total Operating Revenues	<u>166,796,464</u>	<u>2,151,339</u>	<u>17,678,924</u>	<u>3,510,661</u>
Operating Expenses:				
Salaries and benefits	113,390,269	951,345	6,631,386	--
Services and supplies	79,826,345	1,191,618	8,308,032	3,104,501
Liability claims and loss adjustment	--	--	--	--
Insurance	--	--	--	--
Landfill closure and postclosure expense	--	--	937,985	--
Depreciation	7,141,728	1,577,747	2,596,798	4,480,703
Miscellaneous	--	2,478	7,440	--
Total Operating Expenses	<u>200,358,342</u>	<u>3,723,188</u>	<u>18,481,641</u>	<u>7,585,204</u>
Operating Income (Loss)	<u>(33,561,878)</u>	<u>(1,571,849)</u>	<u>(802,717)</u>	<u>(4,074,543)</u>
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of asset	--	--	547	--
Interest income	498,465	62,811	917,600	222,617
Aid from other governmental agencies	--	1,547,842	167,731	--
Insurance recovery	--	--	--	--
Other revenue	2,301,410	--	--	--
Interest expense	(6,385,951)	(214,164)	(1,400,118)	(3,477,473)
Total Non-Operating Revenues (Expenses)	<u>(3,586,076)</u>	<u>1,396,489</u>	<u>(314,240)</u>	<u>(3,254,856)</u>
Net Income (Loss) Before Contributions and Transfers	(37,147,954)	(175,360)	(1,116,957)	(7,329,399)
Transfers and Contributions/Capital Grants				
Contributions/capital grants	--	--	--	17,377
Transfers in	47,234,194	390,000	--	189,723
Transfers out	(4,587)	(969)	(2,210)	--
Change in Net Assets	10,081,653	213,671	(1,119,167)	(7,122,299)
Net Assets - Beginning of Year	<u>39,566,285</u>	<u>13,317,470</u>	<u>7,297,961</u>	<u>(16,452,779)</u>
Net Assets - End of Year	<u>\$ 49,647,938</u>	<u>\$ 13,531,141</u>	<u>\$ 6,178,794</u>	<u>\$ (23,575,078)</u>

The accompanying notes are an integral part of these financial statements

Total	Governmental Activities Internal Service Funds
\$ 162,061,437	\$ 104,588,202
10,508,744	--
17,567,207	477,313
190,137,388	105,065,515
120,973,000	3,683,942
92,430,496	23,912,280
--	62,379,920
--	3,457,186
937,985	--
15,796,976	2,186,672
9,918	13,494
230,148,375	95,633,494
(40,010,987)	9,432,021
547	(38,392)
1,701,493	4,673,414
1,715,573	--
--	88,788
2,301,410	--
(11,477,706)	(253,137)
(5,758,683)	4,470,673
(45,769,670)	13,902,694
17,377	1,867,458
47,813,917	34,532
(7,766)	(184,219)
2,053,858	15,620,465
43,728,937	63,857,810
\$ 45,782,795	\$ 79,478,275



**COUNTY OF SAN JOAQUIN**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services
Cash Flows from Operating Activities:				
Cash received from customers	\$ 157,532,447	\$ 2,227,009	\$ 17,951,159	\$ 3,740,741
Cash payments to suppliers for goods and services	(91,072,483)	(1,117,847)	(9,433,698)	(2,799,336)
Cash receipts from other departments for goods and services	--	--	1,136,197	--
Cash payments to other departments for goods and services	--	(33,548)	--	(707,327)
Cash payments to employees for services	(109,323,770)	(950,380)	(6,326,074)	--
Net Cash Provided (Used) by Operating Activities	(42,863,806)	125,234	3,327,584	234,078
Cash Flows from Noncapital Financing Activities:				
Transfers in (out)	34,950,760	389,031	(2,210)	189,723
State and federal grant receipts	--	--	167,731	--
Loan repayment or borrowing	3,363,846	(147,518)	--	--
Other non-operating receipts (payments)	2,175,769	(43,107)	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	40,490,375	198,406	165,521	189,723
Cash flows from capital and related financing activities:				
Capital contribution grants	--	1,547,842	--	--
Proceeds from issuance of debt	--	--	--	23,870,553
Acquisition and construction of capital assets	(2,836,775)	(1,837,643)	(1,678,712)	(340,181)
Insurance recovery	--	--	--	--
Proceeds from sale of property and equipment	--	13,654	547	--
Principal payment on debts	(4,708,836)	(3,765)	(2,571,363)	(18,208,523)
Interest payment on debts	(5,679,425)	(214,164)	(1,417,615)	(536,696)
Net Cash Provided (Used) by Capital Financing Activities	(13,225,036)	(494,076)	(5,667,143)	4,785,153
Cash flows from investing activities:				
Repayments on notes receivable	4,016,273	--	--	--
Interest on investment and note receivable	498,465	71,735	1,032,819	210,350
Net Cash Provided by Investing Activities	4,514,738	71,735	1,032,819	210,350
Increase (Decrease) in Cash and Cash Equivalents	(11,083,729)	(98,701)	(1,141,219)	5,419,304
Cash and Cash Equivalents, Beginning of Year	23,195,758	1,290,317	22,339,360	1,441,494
Cash and Cash Equivalents, End of Year	\$ 12,112,029	\$ 1,191,616	\$ 21,198,141	\$ 6,860,798

Continued

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

Totals	Governmental Activities Internal Service Funds
\$ 181,451,356	\$ --
(104,423,364)	(80,700,076)
1,136,197	107,788,873
(740,875)	(4,622,341)
(116,600,224)	(3,548,542)
(39,176,910)	18,917,914
35,527,304	510,952
167,731	--
3,216,328	--
2,132,662	--
41,044,025	510,952
1,547,842	--
23,870,553	--
(6,693,311)	(2,175,897)
--	88,788
14,201	51,498
(25,492,487)	(821,316)
(7,847,900)	(228,742)
(14,601,102)	(3,085,669)
4,016,273	--
1,813,369	5,107,123
5,829,642	5,107,123
(6,904,345)	21,450,320
48,266,929	101,485,760
\$ 41,362,584	\$ 122,936,080

**COUNTY OF SAN JOAQUIN**

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Mountain House Utility Services
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (33,561,878)	\$ (1,571,849)	\$ (802,717)	\$ (4,074,543)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	7,141,728	1,577,747	2,596,798	4,480,703
(Increase) decrease in receivables	(10,148,069)	78,587	263,151	230,080
(Increase) decrease in prepaid expenses	87,043	--	--	--
(Increase) decrease in inventories	165,426	--	(13,854)	--
Increase (decrease) in payables	(9,830,805)	21,821	383,866	(402,162)
Increase (decrease) in closure/postclosure liability	--	--	678,369	--
Increase (decrease) in claim liabilities	--	--	--	--
Increase (decrease) in OPEB liability	2,524,338	21,845	199,034	--
Increase (decrease) in unearned revenues	758,411	(2,917)	22,937	--
	<u>\$ (42,863,806)</u>	<u>\$ 125,234</u>	<u>\$ 3,327,584</u>	<u>\$ 234,078</u>
 Net Cash Provided (Used) by Operating Activities				
	<u>\$ (42,863,806)</u>	<u>\$ 125,234</u>	<u>\$ 3,327,584</u>	<u>\$ 234,078</u>
 Non-cash transactions:				
The County entered various purchase-lease agreements during the year to purchase equipment	\$ --	\$ --	\$ --	\$ --
Transfer of capital assets from other funds	--	--	--	17,378
Acquisition of capital assets with pledged notes payable	--	--	--	22,980,934
Issuance of pledged notes payable	--	--	--	(22,980,934)
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17,378</u>
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17,378</u>

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

Totals	Governmental Activities Internal Service Funds
\$ (40,010,987)	\$ 9,432,021
15,796,976	2,186,672
(9,576,251)	(524,722)
87,043	(16,039)
151,572	(64,481)
(9,827,280)	859,286
678,369	--
--	6,938,378
2,745,217	106,799
778,431	--
<u>\$ (39,176,910)</u>	<u>\$ 18,917,914</u>
\$ --	\$ 836,148
17,378	--
22,980,934	--
(22,980,934)	--
<u>\$ 17,378</u>	<u>\$ 836,148</u>

# COUNTY OF SAN JOAQUIN

## Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2008

	June 30, 2008				December 31, 2007
	Investment Trust Fund	Agency Funds	Private Purpose Trust Funds	Total	Pension Trust Fund
<u>Assets</u>					
Cash and investments - pooled	\$ 896,514,037	\$ 40,625,720	\$ 4,963,303	\$ 942,103,060	\$ 1,249,978
Cash and investments held by others	8,500	3,915,967	4,676,045	8,600,512	--
Pension trust investments	--	--	--	--	2,394,590,247
Post-employment healthcare fund investments	--	--	--	--	15,939,335
Investments sold, funds not received	--	--	--	--	7,555,872
Investment income receivables	7,072,019	--	51,209	7,123,228	9,261,249
Loans receivable	--	53,000,000	30,364,262	83,364,262	--
Other receivables	17,151,195	22,576,864	115,475	39,843,534	41,999
Pension fund contribution receivable	--	--	--	--	3,228,762
Other assets	--	387,422	--	387,422	72,692
Capital assets, net of depreciation	--	--	--	--	130,151
 Total Assets	 <u>\$ 920,745,751</u>	 <u>\$ 120,505,973</u>	 <u>\$ 40,170,294</u>	 <u>\$ 1,081,422,018</u>	 <u>\$ 2,432,070,285</u>
<u>Liabilities</u>					
Accounts payable	\$ 21,333,203	\$ 31,448,644	\$ 203,528	\$ 52,985,375	\$ --
Accrued liabilities	--	--	--	--	2,734,838
Securities lending-cash collateral	--	--	--	--	190,686,243
Securities purchased but not paid	--	--	--	--	10,558,576
Due to other agencies	--	89,037,329	--	89,037,329	--
Loan payable	--	20,000	--	20,000	--
 Total Liabilities	 <u>21,333,203</u>	 <u>120,505,973</u>	 <u>203,528</u>	 <u>142,042,704</u>	 <u>203,979,657</u>
<u>Net Assets</u>					
Held in trust for:					
Employee pension benefits	--	--	--	--	2,213,388,235
Employee post-employment health benefits	--	--	--	--	14,702,393
Revolving loans	--	--	39,039,000	39,039,000	--
External investment pool participants	899,412,548	--	--	899,412,548	--
Other purposes	--	--	927,766	927,766	--
Total Net Assets	<u>899,412,548</u>	<u>--</u>	<u>39,966,766</u>	<u>939,379,314</u>	<u>2,228,090,628</u>
 Total Liabilities and Net Assets	 <u>\$ 920,745,751</u>	 <u>\$ 120,505,973</u>	 <u>\$ 40,170,294</u>	 <u>\$ 1,081,422,018</u>	 <u>\$ 2,432,070,285</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, 2008

	June 30, 2008			December 31, 2007
	Investment Trust Fund	Private Purpose Trust Funds	Total	Pension Trust Fund
<b>Additions</b>				
Employer's contributions	\$ --	\$ --	\$ --	\$ 88,649,203
Employees' contributions	--	--	--	12,312,247
Contributions from investments pool participants	4,284,567,340	--	4,284,567,340	--
Contributions from other governments	--	1,657,474	1,657,474	--
Interest and investment income/(loss)	34,338,816	821,870	35,160,686	147,346,205
Miscellaneous income	--	227,577	227,577	8,596
<b>Total Additions</b>	<b>4,318,906,156</b>	<b>2,706,921</b>	<b>4,321,613,077</b>	<b>248,316,251</b>
<b>Deductions</b>				
Benefit payments	--	396,551	396,551	94,879,837
Contribution refund	--	--	--	1,042,459
Withdrawals from pooled investments	4,188,725,847	--	4,188,725,847	--
Allowance for loan writedowns	--	30,469	30,469	--
Administration expenses	--	791,185	791,185	3,555,503
<b>Total Deductions</b>	<b>4,188,725,847</b>	<b>1,218,205</b>	<b>4,189,944,052</b>	<b>99,477,799</b>
<b>Change in net assets</b>	<b>130,180,309</b>	<b>1,488,716</b>	<b>131,669,025</b>	<b>148,838,452</b>
Net assets - beginning	769,232,239	38,478,050	807,710,289	2,079,252,176
<b>Net assets - ending</b>	<b>\$ 899,412,548</b>	<b>\$ 39,966,766</b>	<b>\$ 939,379,314</b>	<b>\$ 2,228,090,628</b>

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

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

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# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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. 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, 30 lighting districts, 28 maintenance districts, 40 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 District

Ash  
Burkett Gardens  
Burkett Gardens Acres  
Eastview  
Elkhorn  
Farmington  
Mariposa Heights

Maintenance District

Acampo  
Ashley Drainage  
Bear Creek Terrace  
Bowling Green Estates  
Corral Hollow  
Country Club Vista  
Elkhorn Golf Course Estates

County Service Areas

Number 11  
Number 12  
Number 14  
Number 15  
Number 16  
Number 17  
Number 18



# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

A. **Reporting Entity**

*Blended Components* (continued)

Special Districts Governed by the Board of Supervisors (continued)

Mission Village	Lambert Village	Number 21
Morada Estates	Lockeford	Number 23
Morada Manor	Mokelumne Acres	Number 24
North Oaks	Morada Acres	Number 25
North Wilson Way	Morada Estates	Number 29
Northeast Stockton	Pacific Gardens	Number 30
Oro Street	Rancho San Joaquin	Number 31
Plymouth Village	Raymus Village	Number 35
Rancho Village	Riviera Cliffs	Number 36
Shasta Avenue	Shaded Terrace	Number 37
Shippee – French Camp Homesite	Spring Creek Estates	Number 41
Silva Gardens	Summer Home Estates	Number 42
South French Camp	Sunnyside	Number 43
Southwest Stockton	Walnut Acres	Number 44
Stockton No. 5	Wilkinson Manor	Number 45
Tuxedo – Country Club		Number 46
West Lane		Number 47
West Stockton		Number 48
		Number 49
		Number 50
		Number 51
		Number 52
		Number 53
		Number 54
		Number 55
		Number 56
		Mountain House*

Improvement Districts

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

\*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. As of December 5, 2008, CSD became an independent community service district.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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 capital assets constructed or acquired, other than infrastructure, are reported in the government-wide financial statements 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 \$819,000 as of June 30, 2008 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 a number of infrastructure facilities through Master Acquisition and Reimbursement Agreements in prior years. The total reimbursement amounts were recorded as long-term notes either in the business-type funds and the government-wide financial statements.

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 financial statements are available through the Auditor-Controller's office.

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 2007-08. The financial statements are available through the Auditor-Controller's office.

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

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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 fiduciary 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, 2007. 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 and the related capital projects are reported in the government-wide financial statements. 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, 2008

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 financial statements.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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. 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 starting with the 2007-08 fiscal year.

**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, 2008

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, 2008

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, 2008

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, 2008

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 receivables and payables as appropriate and 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, 2008

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, 2008

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 using 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 2007-08 net assessed valuation of the County real property was \$59.7 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, 2008

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 \$68.4 million as of June 30, 2008.

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 \$19.7 million at June 30, 2008. 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, 2008 is recorded as taxes receivable (approximate \$111.1 million) and is offset by a deferred revenue liability of \$104.7 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 \$91.4 million, net of the estimated uncollectible amount of \$19.7 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.

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

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

**K. Bond Issuance Costs and Discounts** (continued)

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 an 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 \$41.6 million with \$14.7 million of the actuarial value of the assets in the sick leave bank account at December 31, 2007. The County has committed to provide the annual required contribution (ARC) since fiscal year 2007-08.

At December 31, 2007, the total number of the eligible members was comprised of 3,491 active members and 889 retired members.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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 \$3.1 million toward this implicit subsidy for year 2007-08.

**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 2007-08 was \$327.4 million, the estimated adjustment was \$240.1 million for a net patient service revenue of \$87.3 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 \$1.025 billion and stabilization funding is estimated at \$452.61 million as of June 30, 2008. San Joaquin General Hospital's FY 2008 baseline amount is estimated at \$26.3 million with stabilization funds estimated at \$10.29 million at June 30, 2008.

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, 2008

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

As of June 30, 2008, the County's cash, deposits and investments were as follows:

(in \$000's)	Investment Pool	Special Funds and Investments	Pension Fund	Other	Totals
Deposits with financial institutions	\$ 67,697	\$ 8,321	\$ 128,904	\$ 10,667	\$ 215,589
Outstanding warrants	(154,313)	--	--	--	(154,313)
Investments	1,533,222	78,573	2,281,680	--	3,893,475
	<u>\$ 1,446,606</u>	<u>\$ 86,894</u>	<u>\$ 2,410,584</u>	<u>\$ 10,667</u>	<u>\$ 3,954,751</u>

Total cash and investments were presented on the County's financial statements as follows:

(in \$000's)	Unrestricted	Restricted	Total
Primary government	\$ 473,004	\$ 83,485	\$ 556,489
Investment trust fund	896,523	--	896,523
Private purpose trust funds	9,639	--	9,639
Agency fund	44,542	--	44,542
Pension fund	2,411,780	--	2,411,780
Discretely presented component units	35,778	--	35,778
	<u>\$ 3,871,266</u>	<u>\$ 83,485</u>	<u>\$ 3,954,751</u>

### **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, \$1.2 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 \$89.7 million. Of the total deposits, \$87.8 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.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

Deposits (continued)

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, 2008, the County had the following pool investments.

	<u>Fair Value</u>	<u>Weighted Average Maturities (in days)</u>	<u>Fair Value as % of the Pool Investments</u>	<u>Credit Rating S&amp;P/MIS</u>
(In \$000's)				
Commercial papers	\$ 339,097	21	22.1%	A-1/P-1
Bankers Acceptance	78,865	138	5.1%	A-1/P-1
Federal Home Loan Bank	487,992	276	31.8%	AAA/not rated
Federal National Mortgage Association	53,635	74	19.2%	AAA/Aaa
Federal Home Loan Mortgage Corporation	294,010	311	3.6%	AAA/Aaa
Certificate of Deposits	159,992	14	10.4%	Not applicable
Medium Term Notes	79,631	24	5.2%	A-1/P-1
State Local Agency Investment Fund (LAIF)	40,000	1	2.6%	Not rated
Total	<u>\$ 1,533,222</u>	<u>165 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, 2008, the weighted average maturity of the pool investments was 165 days.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. California statutes and the County's Investment Policy limit the County investments to obligations of the U.S. Treasury, certain Federal agencies, bankers' acceptances, "prime" commercial paper, certificates of deposit, swaps and trades, State Treasurer's Local Agency Investment Fund and repurchase agreements. Credit ratings as of June 30, 2008, 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 adhered to this policy with no exception. As of June 30, 2008, the County's investments by investment type as the percentage of the pool investments are shown above.



# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

**Investments** (continued)

Investments in the securities of any individual issuer, other than U.S. Treasury securities, mutual funds, and external investment funds that represent 5 percent or more of pooled investments are as follows at June 30, 2008 (in \$000's):

<u>Issuer</u>	<u>Amount</u>	<u>Percent of Investments</u>
Bank of America	\$ 159,463	10.37%
Federal Home Loan Bank	489,930	31.87%
Federal Home Loan Mortgage Corporation	295,223	19.20%
Rabobank	79,916	5.20%
Wells Fargo Bank	104,966	6.83%

*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. None of the County's pooled investments were exposed to custodial credit risk during the fiscal year because all securities were held by the County's safekeeping agent in the County's name.

*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, 2008, was \$40 million which approximates fair value and is the same as the value of the pool shares which is determined on an amortized cost basis.

This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The total amount invested by all public agencies in PMIA on that day was \$70 billion. Of that amount, 14.72% was invested in structured notes and asset-backed securities with the remaining 85.28% invested in other non-derivative financial products.

**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, 2008. The cash and investments of the Revolving Loan Funds and the deposits with other banks are not included in this statement, as they are managed and invested by a trustee bank. All dollars are in thousands.

<u>Statement of Net Assets (in \$000's)</u>	<u>Internal Investment Pool</u>	<u>External Investment Pool</u>	<u>Total</u>
<b>Assets:</b>			
Cash and investments**	\$ 550,092	\$ 896,514	\$ 1,446,606
Investment income receivable	92	7,072	7,164
Pool participants fund deposit receivable	297,913	17,151	315,064
	<u>848,097</u>	<u>920,737</u>	<u>1,768,834</u>
<b>Liabilities</b>	<u>286,546</u>	<u>21,333</u>	<u>307,879</u>
<b>Net Assets</b>	<u>\$ 561,551</u>	<u>\$ 899,404</u>	<u>\$ 1,460,955</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, 2008

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

Investments (continued)

Statement of Net Assets (continued)

<u>Statement of Changes in Net Assets (in \$000's)</u>	<u>Internal Investment Pool</u>	<u>External Investment Pool</u>	<u>Total</u>
<b>Additions:</b>			
Contributions	\$ 2,190,347	\$ 4,284,722	\$ 6,475,069
Investment income	23,649	34,176	57,825
Total Additions	<u>2,213,996</u>	<u>4,318,898</u>	<u>6,532,894</u>
<b>Deductions:</b>			
Distributions	<u>2,216,549</u>	<u>4,188,726</u>	<u>6,405,275</u>
Net Change	(2,553)	130,172	127,619
Net Assets - Beginning	<u>564,103</u>	<u>769,232</u>	<u>1,333,335</u>
Net Assets - Ending	<u><u>\$ 561,550</u></u>	<u><u>\$ 899,404</u></u>	<u><u>\$ 1,460,954</u></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 and include the Revolving Loan Fund and the restricted Certificates of Participation (COPs) and Revenue Bonds proceeds. The investments of COPs and revenue bonds 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 (\$30.5 million) and capital projects (\$51.7 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, 2008.

(in \$000's)	Fair Value				Weighted Average Maturities (yrs)	Credit Rating S&P/MIS
	Revolving Loan Fund	Certificates of Participation	Revenue Bonds	Total		
Cash and money market						
Fund Deposit	\$ 2,790	\$ 3,982	\$ 1,549	\$ 8,321	Not applicable	Not applicable
Mutual fund - fixed income fund	1,886	--	--	1,886	Not applicable	Aaa/AAA
Repurchase agreement	--	59,807	--	59,807	1.5	A/A
Federal Home Loan Bank	--	8,478	2,954	11,432	1.1	AAA/not rated
Federal Home Loan Mortgage Corporation	--	347	1,544	1,891	1.7	AAA/Aaa
Federal National Mortgage Association	--	2,999	558	3,557	2.7	AAA/Aaa
	<u>\$ 4,676</u>	<u>\$ 75,613</u>	<u>\$ 6,605</u>	<u>\$ 86,894</u>		

Total deposits of \$2.8 million were 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, 2008

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.

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, 2008, the repurchase agreements of \$59.8 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.

**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 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, 2008

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

**Pension Fund Investments** (continued)

(in \$000's)	<u>Fair Value</u>
<b><u>Investments:</u></b>	
Domestic equities	\$ 816,705
Domestic debt securities	577,654
International equities	470,532
Real estate	173,437
Alternative investments	41,625
Sub-Total	<u>2,079,953</u>
Investments Held by Broker-Dealers Under Securities Loans:	
Domestic equities	125,999
Domestic debt securities	58,374
International equities and debt securities	6,313
Total Investments Held by Broker-Dealers Under Securities Loans	<u>190,686</u>
Commingled funds	
Short-term investment pool	11,041
Sub-Total	<u>201,727</u>
Cash held by custodian (including cash collaterals)	<u>128,904</u>
Total	<u><u>\$ 2,410,584</u></u>

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, 2007, the Plan had \$128.9 million, \$11.0 million, and \$190.7 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, 2008

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, 2007 the out-on-loan securities, consisted of the following (9% of the total market value of securities, excluding the commingled funds owned by the San Joaquin County Employees' Retirement Association):

	Fair Value	Cash Collateral Value	Non-Cash Collateral Value
(in \$000's)			
Domestic equities	\$ 124,589	\$ 125,999	\$ 1,786
Domestic debt securities	58,289	58,374	1,246
International equities	19,287	6,313	13,864
Total	\$ 202,165	\$ 190,686	\$ 16,896

*Credit Risk* – The Plan's investments at December 31, 2007 that were exposed to credit risk and the corresponding credit ratings from Standard & Poor (S&P):

	Fair Value
(in \$000's)	
Pension S & P credit rating	
AAA	\$ 64,034
AA	9,491
A	55,721
BBB	71,099
BB	33,505
B	29,284
CCC	1,530
D	1,021
Not rated	81,510
U.S. government and agencies (implicit guarantee, includes FNMA, FHLB, FHLMC and others)	241,500
Total investments in fixed income securities	\$ 588,695

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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, 2007, 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. To manage interest rate risk, the effective duration of the total fixed income portfolio is restricted to 0.5 to 1.5 times certain aggregate bond indexes. At December 31, 2007, the Plan’s investments subject to the interest rate risk are presented below.

	Fair Value	Weighted Average Maturity (Years)
(in \$000's)		
Asset backed securities	\$ 12,236	13.7
Commercial mortgage-backed	4,726	38.8
U.S. government bonds	47,877	6.2
U.S. government mortgages	231,491	21.2
U.S. government agencies	14,963	12.2
Corporate and other credit	253,942	10.8
Non-government backed CMO's	22,205	31.0
Municipal/Revenue bonds	1,255	6.9
Total	\$ 588,695	15.6

*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, enhance yields and to participate in all market areas without increasing investment costs. At December 31, 2007, the Plan’s derivative financial instruments, with a fair value of \$280.5 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).

*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.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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>Current Type (in \$000's)</u>	<u>Fair Value</u>
Australian dollar	\$ 772
Brazilian real	7,318
British pound sterling	3,992
Canadian dollar	143
Egyptian pound	187
Euro Currency	6,883
Hong Kong dollar	3,205
Indonesian rupiah	748
Japanese yen	3,177
Malaysian ringgit	111
Mexican peso	597
Norwegian krone	862
Philippine peso	184
Singapore dollar	1,644
Swedish krona	579
Thailand baht	695
Totals	<u>\$ 31,097</u>

Note 3: **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:

<u>Receivables - Governmental Activities (\$000's)</u>	<u>General Fund</u>	<u>Mental Health Substance Abuse Fund</u>	<u>First Five Program</u>	<u>Capital Outlay Fund</u>	<u>Other Gov. Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Taxes - gross	\$ 111,099	\$ --	\$ --	\$ --	\$ 491	\$ --	\$ 111,590
Accounts	3,194	2,822	2	267	5,475	270	12,030
Sales tax	2,129	--	--	--	--	--	2,129
Interest	818	47	128	747	1,039	909	3,688
Loan receivable	20	--	--	--	--	--	20
Due from other governments	94,027	8,950	1,582	--	4,296	--	108,855
Gross receivables	211,287	11,819	1,712	1,014	11,301	1,179	238,312
Less: allowance for uncollectible	(19,699)	--	--	--	--	--	(19,699)
	<u>\$ 191,588</u>	<u>\$ 11,819</u>	<u>\$ 1,712</u>	<u>\$ 1,014</u>	<u>\$ 11,301</u>	<u>\$ 1,179</u>	<u>\$ 218,613</u>

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 3: **Receivables** (continued)

<b>Receivables - Business-type Activities (\$000's)</b>	Hospital	Airport	Solid Waste	Mountain House Utility Enterprise	Total Business-type Activities
Accounts	\$ 28,862	\$ 265	\$ 988	\$ 3	\$ 30,118
Interest	--	11	124	4	139
Due from other governments	--	3	83	--	86
Gross receivables	28,862	279	1,195	7	30,343
Less: allowance for uncollectible	(60)	(76)	--	--	(136)
	<u>\$ 28,802</u>	<u>\$ 203</u>	<u>\$ 1,195</u>	<u>\$ 7</u>	<u>\$ 30,207</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.

At June 30, 2008, the various components of deferred revenue and unearned revenue reported were as follows, in thousands:

<b>Governmental Activities:</b>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General fund:			
Property taxes receivable – secured	\$ 101,268	\$ --	\$ 101,268
Property taxes receivable – unsecured	3,409	--	3,409
Due from other governmental agencies	12,629	--	12,629
Grants received prior to meeting all eligible requirements	--	17,099	17,099
Others	1	--	1
Mental Health and Substance Abuse fund:			
Due from other governmental agencies	2,621	--	2,621
Other Gov. funds and Internal Service funds:			
Due from other governmental agencies	635	--	635
	<u>\$ 120,563</u>	<u>\$ 17,099</u>	<u>\$ 137,662</u>
<b>Business-Type Activities:</b>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Hospital	\$ --	\$ 3,008	\$ 3,008
Airport	--	1,136	1,136
	<u>\$ --</u>	<u>\$ 4,144</u>	<u>\$ 4,144</u>



**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 4: **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, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hospital	\$ 3,404,865
	Solid Waste	470
	Internal Service Funds	577
	General Fund	324,830
	Mental Health	498
	First 5 Program	116,871
	Capital Outlay Fund	1,127
	Other Governmental Funds	<u>1,346,172</u>
		<u>5,195,410</u>
Mental Health	General Fund	16,475
	Internal Service Funds	<u>33,300</u>
		<u>49,775</u>
Capital Outlay Fund	Internal Service Funds	<u>649,415</u>
Other Governmental Funds	Other Governmental Funds	<u>31,294</u>
		<u>31,294</u>
	<b>Governmental Funds</b>	<u>5,925,894</u>
Internal Service Funds	Hospital	88,803
	Airport	5,001
	Solid Waste	13,246
	Internal Service Funds	19,068
	General Fund	1,203,703
	Mental Health	131,605
	First 5 Program	657
	Capital Outlay Fund	254
	Other Governmental Funds	<u>392,151</u>
	<u>1,854,488</u>	

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 4: **Interfund Transactions and Balances** (continued)

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

Hospital	General Fund	\$ 89,032
	Mental Health	511
		89,543
Solid Waste	General Fund	48
	Other Governmental Funds	12,186
		12,234
	<b>Enterprise Funds</b>	101,777
		\$ 7,882,159

**Advances to/from other funds**

Receivable Fund	Payable Fund	Amount
General Fund	Airport	\$ 2,848,183
	Other Governmental Funds	3,959,763
		6,807,946
County Capital Outlay	Internal Service Funds	373,140
		\$ 7,181,086

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 4: **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:

Transfer from	Transfer to	Amount (in \$000's)
General Fund	Hospital	\$ 47,233
	Stockton Metropolitan Airport	390
	Mental Health and Substance	10,316
	County Capital Outlay	19,308
	Other Governmental Funds	14,677
		91,924
Mental Health and Substance Abuse	County Capital Outlay	798
	General Fund	1,117
	Internal Service Funds	26
		1,941
Other Governmental Funds	General Fund	2,114
	County Capital Outlay	2,044
	First Five Program	7
	Mountain House Utility	190
	Other Governmental Funds	3,751
		8,106
County Capital Outlay	Other Governmental Funds	13,000
Hospital	Internal Service Funds	5
Stockton Metropolitan Airport	Internal Service Funds	1
Solid Waste Disposal	Internal Service Funds	2
Internal Service Funds	General Fund	184
		\$ 115,163

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 5: **Capital Assets**

Capital asset activity for the year ended June 30, 2008, was as follows:

	Restated Balance June 30, 2007	Additions	Retirement	Transfers & Adjustments	Balance June 30, 2008
(in thousands)					
<b>Government Activities</b>					
Capital assets, not being depreciated					
Land	\$ 28,259	\$ 1,498	\$ --	\$ --	\$ 29,757
Construction in progress	15,974	70,646	--	--	86,620
Total capital assets, not being depreciated	<u>44,233</u>	<u>72,144</u>	<u>--</u>	<u>--</u>	<u>116,377</u>
Capital assets, being depreciated					
Structure and improvements	273,716	13,651	(1,328)	(1,961)	284,078
Furniture and equipment	68,542	11,329	(3,516)	354	76,709
Capitalized leases	6,298	850	--	--	7,148
Other capitalized assets	8,742	--	--	--	8,742
Infrastructure	422,095	31,759	--	1,961	455,815
Total capital assets, being depreciated	<u>779,393</u>	<u>57,589</u>	<u>(4,844)</u>	<u>354</u>	<u>832,492</u>
Less accumulated depreciation for:					
Structure and improvements	106,072	6,631	(1,328)	(1,582)	109,793
Furniture and equipment	42,893	6,004	(3,222)	(150)	45,525
Capitalized leases	3,640	800	--	--	4,440
Other capitalized assets	5,620	1,249	--	--	6,869
Infrastructure	97,786	16,748	--	1,582	116,116
Total depreciation	<u>256,011</u>	<u>31,432</u>	<u>(4,550)</u>	<u>(150)</u>	<u>282,743</u>
Total capital assets, being depreciated, net	<u>523,382</u>	<u>26,157</u>	<u>(294)</u>	<u>504</u>	<u>549,749</u>
Government activities capital assets, net	<u>\$ 567,615</u>	<u>\$ 98,301</u>	<u>\$ (294)</u>	<u>\$ 504</u>	<u>\$ 666,126</u>
<b>Business-type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 4,663	\$ --	\$ --	\$ --	\$ 4,663
Construction in progress	14,294	1,759	--	(2,106)	13,947
Total capital assets, not being depreciated	<u>18,957</u>	<u>1,759</u>	<u>--</u>	<u>(2,106)</u>	<u>18,610</u>
Capital assets, being depreciated					
Structure and improvements	206,671	1,322	(5)	(33,989)	173,999
Furniture and equipment	29,860	3,630	(44)	36,103	69,549
Infrastructure	118,465	22,981	--	(8)	141,438
Total capital assets, being depreciated	<u>354,996</u>	<u>27,933</u>	<u>(49)</u>	<u>2,106</u>	<u>384,986</u>
Less accumulated depreciation for:					
Structure and improvements	100,104	6,648	(6)	9,513	116,259
Furniture and equipment	22,281	4,073	(29)	(9,510)	16,815
Infrastructure	9,799	5,076	--	(625)	14,250
Total depreciation	<u>132,184</u>	<u>15,797</u>	<u>(35)</u>	<u>(622)</u>	<u>147,324</u>
Total capital assets, being depreciated, net	<u>222,812</u>	<u>12,136</u>	<u>(14)</u>	<u>2,728</u>	<u>237,662</u>
Business-type activities capital assets, net	<u>\$ 241,769</u>	<u>\$ 13,895</u>	<u>\$ (14)</u>	<u>\$ 622</u>	<u>\$ 256,272</u>

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 5: **Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

	<u>Amount (\$000)</u>
General government	\$ 3,265
Public protection	5,430
Public ways and facilities	17,217
Health and sanitation	899
Social services	1,571
Education	55
Culture and recreation	808
Depreciation on capital assets held by the County internal service funds is charged to the various functions based on their usage of the assets	<u>2,187</u>
Total depreciation expense - governmental activities	<u><u>\$ 31,432</u></u>

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

	<u>Amount (\$000)</u>
Airport enterprise	\$ 1,578
Solid Waste enterprise	2,597
General Hospital enterprise	7,142
Mountain House Community Service District-Utility	4,480
Total depreciation expense – business-type functions	<u><u>\$ 15,797</u></u>

The beginning balance of construction in progress of the governmental activities was restated to include \$5,124,600 of capital outlay incurred in a prior year.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 6: **Long-Term Debt**

The following is a schedule of long-term liabilities as of June 30, 2008:

**Governmental Activities:**

	Amount (in \$000's)				
	Balance	Additions	Deductions	Balance	Amounts
	June 30, 2007			June 30, 2008	Due Within One Year
Teeter note	\$ 27,000	\$ 41,000	\$ 27,000	\$ 41,000	\$ 41,000
Certificate of participation	138,255	8,450	5,685	141,020	5,995
Discount/gain on advance refunding (net)	837	(118)	(243)	962	--
Notes payable	4,276	--	660	3,616	57
Revenue pledged note	94,097	11,702	3,360	102,439	--
Capital leases	2,723	836	782	2,777	842
Compensated absences	27,070	28,293	27,070	28,293	23,324
Estimated claims	44,707	63,425	56,486	51,646	--
OPEB liability	--	10,884	--	10,884	--
	\$ 338,965	\$ 164,472	\$ 120,800	\$ 382,637	\$ 71,218

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	Additions	Deductions	Balance	Amounts
	June 30, 2007			June 30, 2008	Due Within One Year
Certificates of participation	\$ 109,955	\$ 24,365	\$ 6,695	\$ 127,625	\$ 7,815
Discount/gain on advance refunding (net)	(6,276)	(137)	(520)	(5,893)	--
Notes payable	84	--	4	80	4
Revenue pledged notes	126,221	25,915	18,209	133,927	--
Capital lease	2,732	88	529	2,291	510
Landfill closure and postclosure	9,950	678	--	10,628	--
Compensated absences	5,354	5,880	5,354	5,880	5,387
OPEB liability	--	2,745	--	2,745	--
	\$ 248,020	\$ 59,534	\$ 30,271	\$ 277,283	\$ 13,716

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 6: **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	\$ 7,148,263	\$ 2,891,586
Less: accumulated depreciation	4,440,205	513,832
Net Value	\$ 2,708,058	\$ 2,377,754

The related amortization on the capital leases is as follows:

Year Ended June 30,	Governmental Activities	Business-Type Activities
2008-09	\$ 969,908	\$ 595,079
2009-10	829,024	646,168
2010-11	667,475	646,168
2011-12	317,320	595,079
2012-13	207,885	16,549
2013 - 2018	77,970	--
Total Requirements	3,069,582	2,499,043
Less Interest	292,626	208,518
Present Value of Remaining Payments	\$ 2,776,956	\$ 2,290,525

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

**Certificates of Participation**

New Debt Issuances

On December 1, 2007, the County issued the 2007 Certificates of Participation (COP) of \$8,450,000 on behalf of County Service Area No. 31, Flag City, to finance the acquisition and construction of certain sanitary sewer improvements. The repayment of these moneys is secured by a pledge of the revenues received or receivable by the County from its ownership and operation of the County Service Area No. 31 sanitary sewer system.

On December 1, 2007, the Mountain House Public Financing Authority (Authority) issued the 2007 Utility Systems Revenue Bonds of \$24,365,000 to provide funds to finance and refinance the cost of improvements to the water, wastewater, and storm drain systems of the Mountain House Community Services District. The repayment of these moneys is secured by a pledge of the water, wastewater, and storm drain revenues received or receivable by the Authority pursuant to a master installment sale agreement between the Mountain House Community Services District and the Authority.

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 6: **Long-Term Debt** (continued)

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

**Certificates of Participation** (continued)

The County had the following Certificates of Participation issues outstanding at June 30, 2008:

<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
2003 Solid Waste System Facilities Project (Including refunding)	May 8, 2003	36,830,000
1999 San Joaquin General Hospital Refunding	May 1, 2000	108,420,000
2007 County Administration Building	May 23, 2007	114,635,000
2007 County Service Area No. 31	December 1, 2007	8,450,000
2007 Utility Systems Revenue Bonds (Mountain House)	December 1, 2007	<u>24,365,000</u>
Total		<u>\$ 403,440,000</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 Service Area No. 31 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 acquisition and construction of certain sanitary sewer improvements is recorded in the County's Capital Outlay Fund. All related capital assets are also included in the Governmental Activities on the Statement of Net Assets.

The 2007 COPs were issued on December 1, 2007 with an average interest rate from 4.10% to 5.8%. The proceeds, after the required deposit to the Reserve Fund and issuance costs and discounts, are deposited in the Improvement Fund to finance the acquisition and construction of certain sanitary sewer improvements. The certificates mature in 2037 with principal payments ranging from \$125,000 to \$590,000.

The 2007 Utility Systems Revenue Bonds of the Mountain House Community Services District (CSD) are recorded as the liabilities in both the Governmental Activities and Business-Type 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 and multiple utility enterprise funds. A large portion of the proceeds was used to refinance the cost of improvements to the water, wastewater, and storm drain systems of the CSD. The remaining portion of the proceeds will be used to finance additional costs associated with the above mentioned improvements.



# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 6: **Long-Term Debt** (continued)

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

**Certificates of Participation** (continued)

The 2007 Revenue Bonds were issued on December 1, 2007 with an interest rate of 4.00%. The remaining proceeds, after the required deposit to the Reserve Fund and issuance costs and discounts, are deposited in the Improvement Fund to finance or refinance the cost of improvements to water, wastewater and storm drain systems. The certificates mature in 2033 with principal payments ranging from \$430,000 to \$1,680,000.

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 September 2009. The certificates mature in 2036 with principal payments ranging from \$2,765,000 to \$7,985,000.

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 certificates mature in 2022 with principal payments ranging from \$1,360,000 to \$3,155,000.

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 1999 San Joaquin General Hospital Refunding COPs are recorded in the San Joaquin General Hospital enterprise fund. The COPs were issued on May 1, 1999 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 refunding COP matures in 2021 with principal payments ranging from \$4,370,000 to \$6,735,000.

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.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 6: **Long-Term Debt** (continued)

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

**Certificates of Participation** (continued)

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.

The unfunded portion of the 1993 COP matures in 2014 with principal payments ranging from \$2,075,000 to \$5,995,000.

**Prior Year Defeasance**

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 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. As of June 30, 2008, the certificates defeased had an outstanding balance of \$18,355,000.

**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, 2008 the loan carried a balance of \$1.4 million.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 6: **Long-Term Debt** (continued)

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

**Notes Payable** (continued)

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, 2008 the outstanding balances on the loans totaled \$369,200.

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 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, 2008, the outstanding note was \$1.85 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 \$80,063 as of June 30, 2008, and will be paid in full in 2018.

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-type 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 \$102.4 million and \$133.9 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. The 2007 Utility Systems Revenue Bonds are the first issuance by the CSD in accordance with this agreement.

**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.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 6: **Long-Term Debt** (continued)

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

**Teeter Plan Borrowing** (continued)

In order to convert to the Teeter Plan, the County had to buy out the existing unpaid property taxes, which was approximately \$58.2 million as of June 30, 2008. 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 2007-08, and extra amount set aside in the loss reserve fund, and the interfund borrowing of \$41 million to finance the buy-out and the cumulative interest cost on the borrowing.

The interfund borrowing of \$41 million is collateralized with the uncollected taxes and is recorded in the General Fund. The interfund borrowing note, dated June 24, 2008, 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 2007-08, the County recognized \$1,193,484 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, 2008, the County set aside 2.5%, instead of 1%. The reserve fund balance was \$19.7 million.

**Schedule of Future Payments**

The following is a schedule of the future long-term debts payments as of June 30, 2008:

**Governmental Activities:**

Year Ended June 30	Certificates of Participation		Notes Payable	
	Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)
2009	\$ 5,995	\$ 6,917	\$ 58	\$ 98
2010	2,220	6,661	384	161
2011	2,350	6,548	402	143
2012	2,515	6,423	420	125
2013	2,690	6,280	440	105
2014-2018	15,600	29,101	387	390
2019-2023	19,850	24,658	479	298
2024-2028	25,230	19,027	592	184
2029-2033	32,150	11,956	319	61
2034-2038	32,420	3,327	92	25
2039-2043	--	--	44	3
	141,020	120,898	3,617	1,593
Add gain on advance refunding	962	--	--	--
Total Debt	\$ 141,982	\$ 120,898	\$ 3,617	\$ 1,593

**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 6: **Long-Term Debt** (continued)

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

**Schedule of Future Payments** (continued)

**Business-Type Activities:**

Year Ended June 30	Certificates of Participation		Notes Payable	
	Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)
2009	\$ 7,815	\$ 6,145	\$ 4	\$ 9
2010	8,165	5,797	5	9
2011	7,935	5,412	5	8
2012	8,540	5,031	6	8
2013	7,250	4,621	7	7
2014-2018	42,150	17,132	50	18
2019-2023	32,230	5,596	3	--
2024-2028	5,925	2,696	--	--
2029-2033	7,615	999	--	--
	<u>127,625</u>	<u>53,429</u>	<u>80</u>	<u>59</u>
Less discount on advance refunding	(5,893)	--	--	--
<b>Total Debt</b>	<b><u>\$ 121,732</u></b>	<b><u>\$ 53,429</u></b>	<b><u>\$ 80</u></b>	<b><u>\$ 59</u></b>

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 7: **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 2007-08	<u>\$ 59,702,208,000</u>
Debt limit – 1 1/4% of total assessed value	<u>\$ 746,277,000</u>
Amount of debt applicable to debt limit:	

**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, 2008 and does not expect to incur a significant liability.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 7: **Legal Debt Margin** (continued)

**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, 2008, such special assessment debt outstanding totaled approximately \$819,000.

Note 8: **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.

At June 30, 2008, the landfill closure and postclosure care liability (\$10.6 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 \$74.4 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 2008. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Solid Waste Enterprise operating fund transferred \$126,857 to the Closure Fund in 2007-08 to bring the funds available for landfill closure and postclosure up to \$6.0 million, which leaves approximately \$4.6 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 2037 and 2059, respectively, with an estimated 25% and 12% of the available landfill capacity used to date.

Note 9: **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, \$25,000 for each property damage claim, \$10,000 for each public official performance claim, \$350,000 for health insurance coverage and \$3,000 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 \$25 million and \$10 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.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 9: **Risk Management Programs** (continued)

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 2008) the full value of the County's unpaid casualty (general liability and malpractice liability) liabilities and the workers compensation program liabilities at June 30, 2008 were estimated at a discounted value of \$14.9 million and \$29.7 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, 2008.

The insurance funds had the following net assets:

	<u>Net Assets</u> <u>(in \$000)</u>
Casualty Insurance	\$ 408
Workers' Compensation Insurance	11,581
Medical Insurance	31,111
Dental Insurance	1,390
Unemployment Insurance	3,804
Total	<u>\$ 48,294</u>

## COUNTY OF SAN JOAQUIN

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 9: **Risk Management Programs** (continued)

Changes in the insurance funds' claim liabilities for fiscal years 2006-07 and 2007-08 were:

(dollars in thousands)	<u>Casualty</u>	<u>Workers' Compensation</u>	<u>Medical Insurance</u>	<u>Dental Insurance</u>	<u>Unemployment</u>	<u>Total</u>
<b>Balance at June 30, 2006</b>	\$10,729	\$ 21,426	\$ 6,412	\$ 313	\$ 235	\$ 39,115
Claims and changes in estimates for FY 2006-07	5,579	13,785	42,026	4,718	697	66,805
Less: claim payments	(4,678)	(8,906)	(42,099)	(4,798)	(732)	(61,213)
<b>Balance at June 30, 2007</b>	11,630	26,305	6,339	233	200	44,707
Claims and changes in estimates for FY 2007-08	5,641	12,976	38,520	5,318	970	63,425
Less: claim payments	(2,402)	(9,544)	(38,407)	(5,207)	(926)	(56,486)
<b>Balance at June 30, 2008</b>	<u>\$14,869</u>	<u>\$ 29,737</u>	<u>\$ 6,452</u>	<u>\$ 344</u>	<u>\$ 244</u>	<u>\$ 51,646</u>

Note 10: **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 minimum rental payments required under the operating lease commitments at June 30, 2008 are:

Year Ended June 30,	Primary Government (000's)
2009	\$ 4,934
2010	3,968
2011	3,104
2012	2,829
2013	1,276
2014 - 2018	6,808
	<u>\$ 22,919</u>

Total rent expense under operating lease agreements during the year ended June 30, 2008 was approximately \$2.4 million.



# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 10: **Long-Term Operating Lease Agreements** (continued)

The County also has outstanding construction project commitments of approximately \$54.0 million as of June 30, 2008. These commitments involve the outstanding Agriculture Center and County Administration building.

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 2007-08 rent payment was \$1,099,456.

Note 11: **Rental Income Under Operating Leases**

The following is a schedule by years of minimum future rental income on noncancellable operating leases as of June 30, 2008. 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 (in \$000's)
2009	\$ 771
2010	596
2011	571
2012	582
2013	594
Thereafter	14,180
	<u>\$ 17,294</u>

Total rental income under operating lease agreements during the year ended June 30, 2008 is approximately \$800,032.

Note 12: **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.
- 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.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 12: **Net Assets/Fund Balances** (continued)

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, 2008, 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, 2008

Note 13: **Deficit Fund Balance/Net Assets**

The following funds had deficit fund balances at June 30, 2008:

County Headstart Fund (Nonmajor Special Revenue Fund) The deficit resulted from excess expenditures over revenues.	\$ 10,244
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.	318,026
Water and Power Authority (Nonmajor Special Revenue Fund) The deficit resulted from delay in collecting accounts receivable and the prior year's excess expenditures over revenues.	1,700
Northeastern San Joaquin Groundwater Banking Authority (Nonmajor Special Revenue Fund) The deficit resulted from excess expenditures over revenues.	608,296
Mountain House Utility Services (Enterprise Fund) The deficit resulted from excess expenditures over revenues.	23,575,078

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.

Note 14: **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.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 14: **Employee Retirement System** (continued)

### 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 was audited by Brown Armstrong Paulden, McCown Starbuck Thornburgh & Keeter Accountancy Corporation. 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 May 2, 2008.

#### *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 \$2.2 billion at December 31, 2007. 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.

#### *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, 2005.

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 2007, the employees' contributions were about \$12.3 million, an average of 5 % of the annual covered salary.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 14: **Employee Retirement System** (continued)

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

Funding Policy (continued)

The adopted employers' 2007 contribution rates, based on the actuarial determined requirements applicable to covered payroll were 41.37% for safety members and 22.74% 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, 2007, 2006, 2005, and were \$85.9, \$73.6 million, and \$62.5 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, 2006 actuary report, the County has made the annual required contribution of \$2,780,500 in year 2007. 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 2007-08, the County contributed \$511,688 to the plan.

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

The Health Plan has a money purchase pension plan, 401(a), for its employees. All full-time, permanent employees are eligible to participate. The Health Plan contributes 5.75% of each participant's gross pay to the plan. Employees do not make contributions to the plan. In FY 2007-08, the Health Plan contributed \$384,342 to the pension plan.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 14: **Employee Retirement System** (continued)

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

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, 2008 was \$768,988.

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, 2008, the Council contributed \$414,803 to the plan.

The Local Agency Formation Commission participates in the County's Pension Plan and it contributed \$28,190 to the plan for the period ended June 30, 2008.

Note 15: **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 14. The sick leave bank program is administered by the County's Retirement System (see Note 14 – 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.

**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 2007-08, the County's actual contribution amounted to \$3.1 million for current 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, 2008

Note 15: **Postemployment Health Benefits-Implicit Subsidy** (continued)

Annual required contribution	\$16,768
Interest on net OPEB-Implicit Subsidy obligation	--
Adjustment to annual required contribution	--
Annual OPEB-Implicit Subsidy cost	16,768
Contribution made	(3,139)
Increase in obligation	13,629
Net OPEB-Implicit Subsidy obligation-beginning of year	--
Net OPEB-Implicit Subsidy obligation-end of year	\$13,629

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for FY 2007-08 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>
2007	\$ 16,768	\$ 3,139	18.72%	\$ 13,629

**Funded Status and Funding Progress.** As of December 31, 2007, 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 \$157.3 million. The covered payroll was \$367.1 million, and the ratio of the UAAL to the covered payroll was 43%.

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 2007-08 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, 2008

Note 15: **Postemployment Health Benefits-Implicit Subsidy** (continued)

In the December 31, 2007 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 10% 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, 2007, was 29 years.

Note 16: **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	\$ 109,603	\$ --	\$ 10,871	\$ 33,144,739	\$ 33,265,213
Cash and investments – other	2,078,312	434,283	--	--	2,512,595
Due from other governments	354,932	--	498	1,023,107	1,378,537
Interest receivable	--	--	8,925	296,482	305,407
Accounts receivable	76,981	--	--	--	76,981
Depreciable assets, net	823,317	2,061	--	13,554,373	14,379,751
Other Assets	221,231	--	--	1,081,258	1,302,489
Total Assets	<u>\$ 3,664,376</u>	<u>\$ 436,344</u>	<u>\$ 20,294</u>	<u>\$ 49,099,959</u>	<u>\$ 53,220,973</u>
 <b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 1,367,799	\$ 52,909	\$ 8,471	\$ 1,327,202	\$ 2,756,381
Accrued claims payable	--	--	--	10,605,165	10,605,165
Provider risk sharing payable	--	--	--	2,631,578	2,631,578
Unpaid compensated absences	1,217,491	--	--	--	1,217,491
Unearned revenues	302,949	--	--	--	302,949
Other liabilities	--	--	--	292,889	292,889
Total Liabilities	<u>2,888,239</u>	<u>52,909</u>	<u>8,471</u>	<u>14,856,834</u>	<u>17,806,453</u>
 <b>NET ASSETS</b>					
Investment in general fixed assets	823,317	2,061	--	13,554,373	\$ 14,379,751
Unrestricted net assets	(47,180)	381,374	11,823	20,688,752	21,034,769
Total Net Assets	<u>776,137</u>	<u>383,435</u>	<u>11,823</u>	<u>34,243,125</u>	<u>35,414,520</u>
Total Liabilities and Net Assets	<u>\$ 3,664,376</u>	<u>\$ 436,344</u>	<u>\$ 20,294</u>	<u>\$ 49,099,959</u>	<u>\$ 53,220,973</u>



**COUNTY OF SAN JOAQUIN**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 16: **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
<b>Program Revenues:</b>					
Operating grants and contributions	\$ 30,587,721	\$ 165,557	\$ 384,238	\$ 98,752,108	\$ 129,889,624
Charges for services	2,432,650	--	--	1,219,820	3,652,470
Interest income	--	2,120	9,534	1,466,013	1,477,667
Miscellaneous	--	136,670	--	--	136,670
Total Revenues	<u>33,020,371</u>	<u>304,347</u>	<u>393,772</u>	<u>101,437,941</u>	<u>135,156,431</u>
<b>Program Expenses:</b>					
General government	--	--	407,922	--	407,922
Public assistance	33,231,629	289,189	--	--	33,520,818
Health	--	--	--	107,791,749	107,791,749
Total Expenses	<u>33,231,629</u>	<u>289,189</u>	<u>407,922</u>	<u>107,791,749</u>	<u>141,720,489</u>
Change in net assets	(211,258)	15,158	(14,150)	(6,353,808)	(6,564,058)
Net assets, beginning	<u>987,395</u>	<u>368,277</u>	<u>25,973</u>	<u>40,596,933</u>	<u>41,978,578</u>
Net assets, ending	<u>\$ 776,137</u>	<u>\$ 383,435</u>	<u>\$ 11,823</u>	<u>\$ 34,243,125</u>	<u>\$ 35,414,520</u>

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

### Note 17: 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 2008, the County's actuarially determined ultimate loss liability of these lawsuits under the casualty insurance and workers compensation programs were approximately \$14.5 million and \$28.8 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, 2008 (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 \$2.6 million and \$2.7 million in net patient service revenue in 2008 and 2007 for changes in estimated cost report settlements for cost reports finalized during the year ended June 30, 2008 and 2007, respectively.

# COUNTY OF SAN JOAQUIN

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 18: **Subsequent Events**

In December 2008, Mountain House Community Services District (CSD) became an independent community services district. Therefore, the CSD will no longer be reported in the County's financial statements beginning in fiscal year 2008-09, but rather will be responsible for issuing their own independent financial statements.

Note 19: **Prior Period Adjustment**

Adjustments resulting from errors or changes to comply with provisions of accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning fund balance/net assets.

The impact of the restatements on the fund balance/net assets, as previously reported, is presented below:

	<u>Fund Financial Statements</u> <u>County Capital Outlay Fund</u>
Fund Balance, June 30, 2007, as previously reported	\$ 203,654,488
Restatements:	
Include effect of prior year capital outlay expenditures	<u>(5,124,600)</u>
Fund Balance, June 30, 2007, as restated	<u><u>\$ 198,529,888</u></u>

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**COUNTY OF SAN JOAQUIN**

Required Supplementary Information  
For the Year Ended June 30, 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>
01/01/02	\$ 1,357,409	\$ 1,266,747	\$ (90,662)	107.2%	\$ 243,327	0%
01/01/03	1,448,905	1,418,209	(30,696)	102.2%	259,812	0%
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%
01/01/07	1,869,717	2,149,938	280,221	87.0%	340,828	82%

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>
2005	\$ 62,509	\$ 62,509	100.0%	\$ --
2006	73,612	73,612	100.0%	--
2007	85,869	85,869	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, 2008  
**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%
12/31/07	14,702	41,583	26,881	35.4%	221,626	12%

(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%	\$ --
2007	2,780,500	2,780,500	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, 2008  
**Post-employment Healthcare – Implicit Subsidy**  
Schedule of Funding Progress  
(amounts in thousands)

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued 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>
12/31/07	\$ --	\$ 157,337	\$ 157,337	0.0%	\$ 367,062	43%

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>
12/31/07	\$ 16,768	\$ 3,139	18.72%	\$ 13,629

Multi-year trend information is not yet available as calendar year ending 2007 was the first year of implementation of GASB Statement 45. Information will be presented in future years as it becomes available.

**COUNTY OF SAN JOAQUIN**

Required Supplementary Information  
For the Year Ended June 30, 2008

Budgetary Comparison Schedule  
General Fund

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 57,933,448	\$ 57,933,448	\$ 57,933,448	\$ --
Resources (inflows):				
Taxes	228,611,278	228,611,278	198,307,791	(30,303,487)
Licenses and permits	7,434,241	7,434,241	6,036,295	(1,397,946)
Fines, forfeitures and penalties	12,226,776	12,226,776	11,378,505	(848,271)
Use of money and property	6,043,033	6,043,033	5,685,844	(357,189)
Aid from other governmental agencies	427,483,691	434,496,181	409,427,691	(25,068,490)
Charges for services	43,206,029	43,781,215	38,940,950	(4,840,265)
Other revenues	1,805,733	1,808,233	7,665,969	5,857,736
Other financing sources	41,720,226	59,165,079	8,490,819	(50,674,260)
Amounts available for appropriation	<u>768,531,007</u>	<u>793,566,036</u>	<u>685,933,864</u>	<u>(107,632,172)</u>
Charges to appropriations (outflows):				
Current:				
General government	74,505,502	75,637,512	52,639,388	22,998,124
Public protection	244,768,723	251,792,886	235,314,115	16,478,771
Public ways and facilities	--	--	54,144	(54,144)
Health and sanitation	43,778,972	45,121,488	35,394,251	9,727,237
Public assistance	328,354,929	331,470,382	294,840,370	36,630,012
Education	425,615	425,615	391,065	34,550
Recreation and culture	5,937,332	5,937,332	5,299,574	637,758
Reserve for contingency	45,928,561	38,307,053	--	38,307,053
Debt service:				
Principal	--	--	674,976	(674,976)
Interest	270,574	2,482,423	1,572,156	910,267
Other financing uses	105,370,345	130,142,442	91,862,478	38,279,964
Total charges to appropriations	<u>849,340,553</u>	<u>881,317,133</u>	<u>718,042,517</u>	<u>163,274,616</u>
Fund balance, end of year	<u>\$ (22,876,098)</u>	<u>\$ (29,817,649)</u>	<u>\$ 25,824,795</u>	<u>\$ 55,642,444</u>

Continued



COUNTY OF SAN JOAQUIN

Required Supplementary Information  
For the Year Ended June 30, 2008

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 \$ 685,933,864

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes (8,490,819)

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 12,039,744

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 689,482,789

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 718,042,517

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (91,862,478)

Disbursements from General Fund special accounts were not budgeted but were reported as expenditures for financial reporting purposes 6,409,965

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes. (2,502,267)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 630,087,737

**COUNTY OF SAN JOAQUIN**

Required Supplementary Information  
For the Year Ended June 30, 2008

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	\$ 5,277,850	\$ 5,277,850	\$ 5,277,850	\$ --
Resources (inflows):				
Fines, forfeitures and penalties	210,000	210,000	345,580	135,580
Use of money and property	65,000	65,000	410,275	345,275
Aid from other governmental agencies	41,064,898	42,297,938	38,987,349	(3,310,589)
Charges for services	30,441,046	30,441,046	29,660,485	(780,561)
Other revenues	145,310	145,310	140,374	(4,936)
Other financing sources	11,658,269	11,658,269	10,315,512	(1,342,757)
Amounts available for appropriation	<u>83,584,523</u>	<u>84,817,563</u>	<u>79,859,575</u>	<u>(4,957,988)</u>
Charges to appropriations (outflows):				
Current:				
Health and sanitation	82,176,936	81,518,636	76,382,302	5,136,334
Capital outlay	1,735,981	3,627,321	335,481	3,291,840
Other financing uses	--	--	1,941,826	(1,941,826)
Total charges to appropriations	<u>83,912,917</u>	<u>85,145,957</u>	<u>78,659,609</u>	<u>6,486,348</u>
Fund balance, end of year	<u>\$ 4,949,456</u>	<u>\$ 4,949,456</u>	<u>\$ 6,477,816</u>	<u>\$ 1,528,360</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 \$ 79,859,575

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes (10,315,512)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 69,544,063

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 78,659,609

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (1,941,826)

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes. (2,319,292)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 74,398,491

**COUNTY OF SAN JOAQUIN**

Required Supplementary Information  
For the Year Ended June 30, 2008

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	\$ 21,099,467	\$ 21,099,467	\$ 21,099,467	\$ --
Resources (inflows):				
Use of money and property	1,080,000	1,080,000	871,762	(208,238)
Aid from other governmental agencies	10,652,264	10,652,264	10,978,910	326,646
Other revenues	--	--	1,000	1,000
Operating transfers in	1,178,401	7,928	7,217	(711)
Amounts available for appropriation	<u>12,910,665</u>	<u>11,740,192</u>	<u>11,858,889</u>	<u>118,697</u>
Charges to appropriations (outflows):				
Current:				
Health and sanitation	34,594,104	34,510,773	16,384,192	18,126,581
Capital outlay	--	10,000	5,969	4,031
Other financing uses	1,170,473	--	--	--
Total charges to appropriations	<u>35,764,577</u>	<u>34,520,773</u>	<u>16,390,161</u>	<u>18,130,612</u>
Fund balance, end of year	<u>\$ (1,754,445)</u>	<u>\$ (1,681,114)</u>	<u>\$ 16,568,195</u>	<u>\$ 18,249,309</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 \$ 16,390,161

Differences - budget to GAAP:

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. 3,281,452

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 19,671,613

# 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).

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## **SUPPLEMENTARY INFORMATION**

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# **GENERAL FUND ACCOUNTS**

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General Fund Accounts, representing the general operating fund of the County, include General Account (General Fund) and certain special accounts that are under the control of various General Fund departments. 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, 2008

	<u>General Accounts</u>	<u>Contingency</u>	<u>General Reserve</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 14,464,568	\$ 32,951,150	\$ 9,968,194	\$ 57,383,912
Imprest cash	238,775	--	--	238,775
Interest receivable	818,186	--	--	818,186
Accounts receivable	3,194,175	--	--	3,194,175
Taxes receivable	93,529,449	--	--	93,529,449
Due from other agencies	94,027,456	--	--	94,027,456
Due from other funds	499,879	4,695,531	--	5,195,410
Advances to other funds	2,736,385	4,071,561	--	6,807,946
Loans receivable	--	20,000	--	20,000
Inventory	49,094	--	--	49,094
Other assets	25,500	--	--	25,500
Total Assets	<u>\$ 209,583,467</u>	<u>\$ 41,738,242</u>	<u>\$ 9,968,194</u>	<u>\$ 261,289,903</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 7,212,086	\$ --	\$ --	\$ 7,212,086
Accrued payroll	7,333,578	--	--	7,333,578
Accrued interest	202,065	--	--	202,065
Due to other funds	1,634,088	--	--	1,634,088
Teeter note	41,000,000	--	--	41,000,000
Deferred revenues	134,405,894	--	--	134,405,894
Other liabilities	592,079	--	--	592,079
Total Liabilities	<u>192,379,790</u>	<u>--</u>	<u>--</u>	<u>192,379,790</u>
 <b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	16,861,152	--	--	16,861,152
Loans and advances	2,736,385	4,071,561	--	6,807,946
Inventory	49,094	--	--	49,094
Other assets	238,775	20,000	--	258,775
Unreserved	(2,681,729)	37,646,681	9,968,194	44,933,146
Total Fund Balances	<u>17,203,677</u>	<u>41,738,242</u>	<u>9,968,194</u>	<u>68,910,113</u>
 Total Liabilities and Fund Balances	<u>\$ 209,583,467</u>	<u>\$ 41,738,242</u>	<u>\$ 9,968,194</u>	<u>\$ 261,289,903</u>



## COUNTY OF SAN JOAQUIN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### All General Funds

For the Year Ended June 30, 2008

	General Accounts	Contingency	General Reserve	Total
<b>Revenues:</b>				
Taxes	\$ 198,307,791	\$ --	\$ --	\$ 198,307,791
Licenses, permits and franchises	6,241,173	--	--	6,241,173
Fines, forfeitures and penalties	14,615,681	--	--	14,615,681
Revenue from use of money and property	6,880,560	(25,526)	391,889	7,246,923
Aid from other governmental agencies	411,766,305	--	--	411,766,305
Charges for services	40,631,335	--	--	40,631,335
Other revenue	10,673,581	--	--	10,673,581
<b>Total Revenues</b>	<b>689,116,426</b>	<b>(25,526)</b>	<b>391,889</b>	<b>689,482,789</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	51,432,572	--	--	51,432,572
Public protection	234,061,344	--	--	234,061,344
Public ways and facilities	39,144	--	--	39,144
Health and sanitation	35,224,250	--	--	35,224,250
Public assistance	294,963,799	--	--	294,963,799
Education	387,824	--	--	387,824
Recreation and cultural services	5,041,157	--	--	5,041,157
Capital Outlay	6,690,515	--	--	6,690,515
<b>Debt Service:</b>				
Principal	674,976	--	--	674,976
Interest	1,572,156	--	--	1,572,156
<b>Total Expenditures</b>	<b>630,087,737</b>	<b>--</b>	<b>--</b>	<b>630,087,737</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,028,689	(25,526)	391,889	59,395,052
<b>Other Financing Sources (Uses):</b>				
Proceeds from long term debt	1,193,484	--	--	1,193,484
Intrafund transfers	(9,807,178)	9,807,178	--	--
Transfers in	2,542,220	--	--	2,542,220
Transfers out	(91,497,074)	--	(426,730)	(91,923,804)
<b>Total Other Financing Sources (Uses)</b>	<b>(97,568,548)</b>	<b>9,807,178</b>	<b>(426,730)</b>	<b>(88,188,100)</b>
Net Change in Fund Balances	(38,539,859)	9,781,652	(34,841)	(28,793,048)
Fund Balance, Beginning of Year	55,743,536	31,956,590	10,003,035	97,703,161
Fund Balances, End of Year	<u>\$ 17,203,677</u>	<u>\$ 41,738,242</u>	<u>\$ 9,968,194</u>	<u>\$ 68,910,113</u>

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
All General Fund Special Accounts  
June 30, 2008

	<u>General Account</u>	<u>Recorder's Account</u>	<u>Sheriff's Special Accounts</u>	<u>Prisoner Welfare Accounts</u>
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ (43,877,598)	\$ 321,203	\$ 1,207,798	\$ 205,742
Imprest cash	86,175	--	--	--
Accounts receivable	2,624,133	247	74,538	349,550
Taxes receivable	93,529,449	--	--	--
Interest receivable	563,551	--	8,572	707
Due from other agencies	93,375,478	--	161,913	--
Due from other funds	487,225	2	4,402	8,250
Advances to other funds	2,736,385	--	--	--
Inventory	--	--	--	49,094
Other assets	25,500	--	--	--
Total Assets	<u>\$ 149,550,298</u>	<u>\$ 321,452</u>	<u>\$ 1,457,223</u>	<u>\$ 613,343</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,767,990	\$ --	\$ 248	\$ 26,950
Due to other funds	1,386,001	--	5,476	143,009
Accrued payroll	7,324,722	--	--	--
Unearned revenues	117,277,438	--	56,257	24,668
Teeter note	41,000,000	--	--	--
Accrued interest	202,065	--	--	--
Other liabilities	592,079	--	--	--
Total Liabilities	<u>174,550,295</u>	<u>--</u>	<u>61,981</u>	<u>194,627</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	16,852,172	--	--	861
Loans and advances	2,736,385	--	--	--
Inventory	--	--	--	49,094
Other	86,175	--	--	--
Unreserved	(44,674,729)	321,452	1,395,242	368,761
Total Fund Balances	<u>(24,999,997)</u>	<u>321,452</u>	<u>1,395,242</u>	<u>418,716</u>
Total Liabilities and Fund Balances	<u>\$ 149,550,298</u>	<u>\$ 321,452</u>	<u>\$ 1,457,223</u>	<u>\$ 613,343</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
All General Fund Special Accounts  
June 30, 2008

	Emergency Medical Services Special Accounts	Court Fees & Assessments	Agriculture Special Accounts	Public Health Special Accounts
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 2,284,309	\$ 1,808,309	\$ 1,050,599	\$ 6,484,967
Imprest cash	--	--	--	--
Accounts receivable	62,375	35,839	29,297	3,152
Taxes receivable	--	--	--	--
Interest receivable	16,514	14,220	359	19,953
Due from other agencies	--	144,304	--	--
Due from other funds	--	--	--	--
Advances to other funds	--	--	--	--
Inventory	--	--	--	--
Other assets	--	--	--	--
Total Assets	<u>\$ 2,363,198</u>	<u>\$ 2,002,672</u>	<u>\$ 1,080,255</u>	<u>\$ 6,508,072</u>
<b>LIABILITIES</b>				
Accounts payable	\$ --	\$ --	\$ 16,011	\$ 248,212
Due to other funds	--	--	--	--
Accrued payroll	--	--	--	--
Unearned revenues	--	--	23,247	--
Teeter note	--	--	--	--
Accrued interest	--	--	--	--
Other liabilities	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>39,258</u>	<u>248,212</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	--	--	--	--
Loans and advances	--	--	--	--
Inventory	--	--	--	--
Other	--	--	--	--
Unreserved	2,363,198	2,002,672	1,040,997	6,259,860
Total Fund Balances	<u>2,363,198</u>	<u>2,002,672</u>	<u>1,040,997</u>	<u>6,259,860</u>
Total Liabilities and Fund Balances	<u>\$ 2,363,198</u>	<u>\$ 2,002,672</u>	<u>\$ 1,080,255</u>	<u>\$ 6,508,072</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
All General Fund Special Accounts  
June 30, 2008

	Community Service Special Accounts	Parks' Special Accounts	Assessor Special Accounts	Probation Juvenile Welfare
	<u>Accounts</u>	<u>Accounts</u>	<u>Accounts</u>	<u>Welfare</u>
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 1,908,928	\$ 3,700,659	\$ 359,782	\$ 371,893
Imprest cash	2,600	--	--	--
Accounts receivable	13,446	--	898	--
Taxes receivable	--	--	--	--
Interest receivable	10,469	22,705	3,206	3,712
Due from other agencies	345,761	--	--	--
Due from other funds	--	--	--	--
Advances to other funds	--	--	--	--
Inventory	--	--	--	--
Other assets	--	--	--	--
Total Assets	<u>\$ 2,281,204</u>	<u>\$ 3,723,364</u>	<u>\$ 363,886</u>	<u>\$ 375,605</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 140,567	\$ --	\$ --	\$ 10,102
Due to other funds	337	--	--	--
Accrued payroll	8,856	--	--	--
Unearned revenues	64,347	--	--	--
Teeter note	--	--	--	--
Accrued interest	--	--	--	--
Other liabilities	--	--	--	--
Total Liabilities	<u>214,107</u>	<u>--</u>	<u>--</u>	<u>10,102</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	3,021	--	--	5,098
Loans and advances	--	--	--	--
Inventory	--	--	--	--
Other	2,600	--	--	--
Unreserved	2,061,476	3,723,364	363,886	360,405
Total Fund Balances	<u>2,067,097</u>	<u>3,723,364</u>	<u>363,886</u>	<u>365,503</u>
 Total Liabilities and Fund Balances	 <u>\$ 2,281,204</u>	 <u>\$ 3,723,364</u>	 <u>\$ 363,886</u>	 <u>\$ 375,605</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
All General Fund Special Accounts  
June 30, 2008

	Comm Dev Accounts	District Attorney Accounts	HSA Grant Accounts	Other Accounts	Total
<b>ASSETS</b>					
Cash and investments:					
Pooled	\$ 2,412,158	\$ 3,926,408	\$ 16,892,506	\$ 15,406,905	\$ 14,464,568
Imprest cash	--	--	150,000	--	238,775
Accounts receivable	--	630	--	70	3,194,175
Taxes receivable	--	--	--	--	93,529,449
Interest receivable	17,319	42,485	--	94,414	818,186
Due from other agencies	--	--	--	--	94,027,456
Due from other funds	--	--	--	--	499,879
Advances to other funds	--	--	--	--	2,736,385
Inventory	--	--	--	--	49,094
Other assets	--	--	--	--	25,500
Total Assets	<u>\$ 2,429,477</u>	<u>\$ 3,969,523</u>	<u>\$ 17,042,506</u>	<u>\$ 15,501,389</u>	<u>\$ 209,583,467</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,006	\$ --	\$ --	\$ --	\$ 7,212,086
Due to other funds	99,265	--	--	--	1,634,088
Accrued payroll	--	--	--	--	7,333,578
Unearned revenues	--	--	16,959,937	--	134,405,894
Teeter note	--	--	--	--	41,000,000
Accrued interest	--	--	--	--	202,065
Other liabilities	--	--	--	--	592,079
Total Liabilities	<u>101,271</u>	<u>--</u>	<u>16,959,937</u>	<u>--</u>	<u>192,379,790</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	--	--	--	--	16,861,152
Loans and advances	--	--	--	--	2,736,385
Inventory	--	--	--	--	49,094
Other	--	--	150,000	--	238,775
Unreserved	2,328,206	3,969,523	(67,431)	15,501,389	(2,681,729)
Total Fund Balances	<u>2,328,206</u>	<u>3,969,523</u>	<u>82,569</u>	<u>15,501,389</u>	<u>17,203,677</u>
Total Liabilities and Fund Balances	<u>\$ 2,429,477</u>	<u>\$ 3,969,523</u>	<u>\$ 17,042,506</u>	<u>\$ 15,501,389</u>	<u>\$ 209,583,467</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, 2008

	General Account	Recorder's Account	Sheriff's Special Accounts	Prisoner Welfare Accounts
<b>Revenues:</b>				
Taxes	\$ 198,307,791	\$ --	\$ --	\$ --
Licenses, permits and franchises	6,036,295	--	--	--
Fines, forfeitures and penalties	11,378,505	--	293,598	--
Revenue from use of money and property	5,319,481	(1,122)	36,497	12,734
Aid from other governmental agencies	409,427,692	--	589,450	--
Charges for services	38,940,948	62,420	125,681	--
Other revenue	7,665,970	--	15,227	3,022,284
Total Revenues	<u>677,076,682</u>	<u>61,298</u>	<u>1,060,453</u>	<u>3,035,018</u>
<b>Expenditures:</b>				
Current:				
General government	51,400,431	--	--	--
Public protection	231,829,114	--	208,125	1,508,265
Public ways and facilities	39,144	--	--	--
Health and sanitation	34,591,808	--	--	--
Public assistance	293,333,989	--	--	--
Education	387,824	--	--	--
Recreation and cultural services	5,041,157	--	--	--
Capital Outlay	6,427,797	--	--	262,718
Debt Service:				
Principal	674,976	--	--	--
Interest	1,572,156	--	--	--
Total Expenditures	<u>625,298,396</u>	<u>--</u>	<u>208,125</u>	<u>1,770,983</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>51,778,286</u>	<u>61,298</u>	<u>852,328</u>	<u>1,264,035</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	1,193,484	--	--	--
Transfers between General Fund accounts	(4,784,090)	(25,000)	(405,902)	(1,849,804)
Transfers in	2,309,758	--	--	230,500
Transfers out	(91,471,258)	(25,000)	--	(422)
Total Other Financing Sources (Uses)	<u>(92,752,106)</u>	<u>(50,000)</u>	<u>(405,902)</u>	<u>(1,619,726)</u>
Net Change in Fund Balances	(40,973,820)	11,298	446,426	(355,691)
Fund Balances, Beginning of Year	<u>15,973,823</u>	<u>310,154</u>	<u>948,816</u>	<u>774,407</u>
Fund Balances, End of Year	<u>\$ (24,999,997)</u>	<u>\$ 321,452</u>	<u>\$ 1,395,242</u>	<u>\$ 418,716</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, 2008

	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	610,733	322,861	--	252,783
Revenue from use of money and property	85,261	88,420	(1,587)	(97,157)
Aid from other governmental agencies	95,777	549,198	--	108,868
Charges for services	--	--	428,422	345,540
Other revenue	--	--	84,719	(237,969)
Total Revenues	<u>791,771</u>	<u>960,479</u>	<u>511,554</u>	<u>372,065</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	81,947	--
Public ways and facilities	--	--	--	--
Health and sanitation	450,017	--	--	182,425
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and cultural services	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>450,017</u>	<u>--</u>	<u>81,947</u>	<u>182,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>341,754</u>	<u>960,479</u>	<u>429,607</u>	<u>189,640</u>
Other Financing Sources (Uses):				
Issuance of debt	--	--	--	--
Transfers between General Fund accounts	--	(1,147,380)	(287,555)	(620,984)
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>(1,147,380)</u>	<u>(287,555)</u>	<u>(620,984)</u>
Net Change in Fund Balances	341,754	(186,901)	142,052	(431,344)
Fund Balances, Beginning of Year	<u>2,021,444</u>	<u>2,189,573</u>	<u>898,945</u>	<u>6,691,204</u>
Fund Balances, End of Year	<u>\$ 2,363,198</u>	<u>\$ 2,002,672</u>	<u>\$ 1,040,997</u>	<u>\$ 6,259,860</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, 2008

	Community Service Special Accounts	Parks' Special Accounts	Assessor Special Accounts	Probation Juvenile Welfare
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, permits and franchises	--	--	--	--
Fines, forfeitures and penalties	73,526	--	--	--
Revenue from use of money and property	50,238	116,778	14,382	38,960
Aid from other governmental agencies	584,867	--	--	602,322
Charges for services	189,587	174,229	171,578	--
Other revenue	(796)	69,095	--	--
Total Revenues	<u>897,422</u>	<u>360,102</u>	<u>185,960</u>	<u>641,282</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	324,865
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	1,629,810	--	--	--
Education	--	--	--	--
Recreation and cultural services	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>1,629,810</u>	<u>--</u>	<u>--</u>	<u>324,865</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(732,388)</u>	<u>360,102</u>	<u>185,960</u>	<u>316,417</u>
Other Financing Sources (Uses):				
Issuance of debt	--	--	--	--
Transfers between General Fund accounts	(166,373)	--	(121,000)	--
Transfers in	1,962	--	--	--
Transfers out	--	--	--	(394)
Total Other Financing Sources (Uses)	<u>(164,411)</u>	<u>--</u>	<u>(121,000)</u>	<u>(394)</u>
Net Change in Fund Balances	(896,799)	360,102	64,960	316,023
Fund Balances, Beginning of Year	<u>2,963,896</u>	<u>3,363,262</u>	<u>298,926</u>	<u>49,480</u>
Fund Balances, End of Year	<u>\$ 2,067,097</u>	<u>\$ 3,723,364</u>	<u>\$ 363,886</u>	<u>\$ 365,503</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, 2008

	Comm Dev Accounts	District Attorney Accounts	HSA Grant Accounts	Other Accounts	Total
<b>Revenues:</b>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 198,307,791
Licenses, permits and franchises	204,878	--	--	--	6,241,173
Fines, forfeitures and penalties	--	1,683,675	--	--	14,615,681
Revenue from use of money and property	88,300	266,200	(59,027)	922,202	6,880,560
Aid from other governmental agencies	--	(191,869)	--	--	411,766,305
Charges for services	5,003	179,548	--	8,379	40,631,335
Other revenue	--	8,809	--	46,242	10,673,581
<b>Total Revenues</b>	<b>298,181</b>	<b>1,946,363</b>	<b>(59,027)</b>	<b>976,823</b>	<b>689,116,426</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	--	--	--	32,141	51,432,572
Public protection	107,028	2,000	--	--	234,061,344
Public ways and facilities	--	--	--	--	39,144
Health and sanitation	--	--	--	--	35,224,250
Public assistance	--	--	--	--	294,963,799
Education	--	--	--	--	387,824
Recreation and cultural services	--	--	--	--	5,041,157
Capital Outlay	--	--	--	--	6,690,515
<b>Debt Service:</b>					
Principal	--	--	--	--	674,976
Interest	--	--	--	--	1,572,156
<b>Total Expenditures</b>	<b>107,028</b>	<b>2,000</b>	<b>--</b>	<b>32,141</b>	<b>630,087,737</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>191,153</b>	<b>1,944,363</b>	<b>(59,027)</b>	<b>944,682</b>	<b>59,028,689</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of debt	--	--	--	--	1,193,484
Transfers between General Fund accounts	--	(869,090)	--	470,000	(9,807,178)
Transfers in	--	--	--	--	2,542,220
Transfers out	--	--	--	--	(91,497,074)
<b>Total Other Financing Sources (Uses)</b>	<b>--</b>	<b>(869,090)</b>	<b>--</b>	<b>470,000</b>	<b>(97,568,548)</b>
<b>Net Change in Fund Balances</b>	<b>191,153</b>	<b>1,075,273</b>	<b>(59,027)</b>	<b>1,414,682</b>	<b>(38,539,859)</b>
<b>Fund Balances, Beginning of Year</b>	<b>2,137,053</b>	<b>2,894,250</b>	<b>141,596</b>	<b>14,086,707</b>	<b>55,743,536</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,328,206</b>	<b>\$ 3,969,523</b>	<b>\$ 82,569</b>	<b>\$ 15,501,389</b>	<b>\$ 17,203,677</b>

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# **NONMAJOR GOVERNMENTAL FUNDS**

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

# COUNTY OF SAN JOAQUIN

## Combining Balance Sheet Non-Major Governmental Funds June 30, 2008

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 118,403,671	\$ 8,018,197	\$ 33,194,576	\$ 159,616,444
Imprest cash	33,275	--	--	33,275
Interest receivable	887,506	383	150,796	1,038,685
Accounts receivable	5,718,898	--	247,450	5,966,348
Due from other agencies	4,296,675	--	--	4,296,675
Due from other funds	31,294	--	--	31,294
Inventory	355,458	--	--	355,458
Restricted assets:				
Restricted cash and investments	65,841	12,106,352	--	12,172,193
Receivables	--	78,604	--	78,604
Total Assets	<u>\$ 129,792,618</u>	<u>\$ 20,203,536</u>	<u>\$ 33,592,822</u>	<u>\$ 183,588,976</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 5,100,773	\$ --	\$ --	\$ 5,100,773
Accrued payroll	925,384	--	--	925,384
Due to other funds	1,781,803	--	--	1,781,803
Advances from other funds	3,959,763	--	--	3,959,763
Deferred revenues	634,601	--	--	634,601
Total Liabilities	<u>12,402,324</u>	<u>--</u>	<u>--</u>	<u>12,402,324</u>
 <b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	20,471,839	--	13,000,000	33,471,839
Debt service	--	20,203,536	--	20,203,536
Inventory	355,458	--	--	355,458
Other	33,275	--	--	33,275
Unreserved				
Undesignated	96,529,722	--	20,592,822	117,122,544
Total Fund Balances	<u>117,390,294</u>	<u>20,203,536</u>	<u>33,592,822</u>	<u>171,186,652</u>
 Total Liabilities and Fund Balances	 <u>\$ 129,792,618</u>	 <u>\$ 20,203,536</u>	 <u>\$ 33,592,822</u>	 <u>\$ 183,588,976</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, 2008

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 28,768,626	\$ --	\$ --	\$ 28,768,626
Licenses, permits and franchises	418,713	--	--	418,713
Fines, forfeitures and penalties	29,947	--	2,357,705	2,387,652
Revenue from use of money and property	4,527,321	675,669	732,910	5,935,900
Aid from other governmental agencies	76,286,603	--	--	76,286,603
Charges for services	30,939,435	23,583	5,689	30,968,707
Other revenue	3,635,837	--	--	3,635,837
<b>Total Revenues</b>	<b>144,606,482</b>	<b>699,252</b>	<b>3,096,304</b>	<b>148,402,038</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public protection	27,439,189	--	178,425	27,617,614
Public ways and facilities	42,172,657	--	--	42,172,657
Health and sanitation	2,081,133	--	--	2,081,133
Public assistance	33,343,456	--	--	33,343,456
Education	6,539,689	--	--	6,539,689
Recreation and cultural services	328,837	--	--	328,837
Capital Outlay	41,835,572	--	--	41,835,572
<b>Debt Service:</b>				
Principal	3,383,266	5,689,300	--	9,072,566
Interest and debt issuance costs	56,531	6,512,724	--	6,569,255
<b>Total Expenditures</b>	<b>157,180,330</b>	<b>12,202,024</b>	<b>178,425</b>	<b>169,560,779</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,573,848)	(11,502,772)	2,917,879	(21,158,741)
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	16,795,931	892,175	--	17,688,106
Discount on debt issued	--	(118,125)	--	(118,125)
Transfers in	6,387,137	11,988,883	13,352,990	31,729,010
Transfers out	(6,056,457)	(5,813)	(2,044,067)	(8,106,337)
<b>Total Other Financing Sources (Uses)</b>	<b>17,126,611</b>	<b>12,757,120</b>	<b>11,308,923</b>	<b>41,192,654</b>
Net Change in Fund Balances	4,552,763	1,254,348	14,226,802	20,033,913
Fund Balance, Beginning of Year	112,837,531	18,949,188	19,366,020	151,152,739
Fund Balances, End of Year	<u>\$ 117,390,294</u>	<u>\$ 20,203,536</u>	<u>\$ 33,592,822</u>	<u>\$ 171,186,652</u>

## **Special Revenue Funds**

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

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**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2008

	Road	Fish and Game	County Facilities Fee Program	Special Districts Settlement Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 24,916,879	\$ 260,233	\$ 12,166,300	\$ 1,278,417
Imprest cash	125	--	--	--
Interest receivable	170,125	507	95,592	9,249
Accounts receivable	27,169	15,429	834,398	--
Due from other agencies	2,336,883	--	--	--
Due from other funds	--	--	--	--
Inventories	355,458	--	--	--
Restricted Assets:				
Cash and investments	<u>          --</u>	<u>          --</u>	<u>          --</u>	<u>          --</u>
 Total Assets	<u><u>\$ 27,806,639</u></u>	<u><u>\$ 276,169</u></u>	<u><u>\$ 13,096,290</u></u>	<u><u>\$ 1,287,666</u></u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 2,904,891	\$ --	\$ 5,517	\$ --
Accrued payroll	363,181	--	--	--
Due to other funds	262,545	--	--	--
Advances from other funds	--	--	--	--
Deferred revenues	<u>          9,325</u>	<u>          --</u>	<u>          --</u>	<u>          --</u>
 Total Liabilities	<u>          3,539,942</u>	<u>          --</u>	<u>          5,517</u>	<u>          --</u>
 <b>FUND BALANCES</b>				
Reserved:				
Encumbrances	8,945,078	--	--	--
Inventory	355,458	--	--	--
Other	125	--	--	--
Unreserved:				
Undesignated	<u>14,966,036</u>	<u>276,169</u>	<u>13,090,773</u>	<u>1,287,666</u>
 Total Fund Balances	<u>24,266,697</u>	<u>276,169</u>	<u>13,090,773</u>	<u>1,287,666</u>
 Total Liabilities and Fund Balance	<u><u>\$ 27,806,639</u></u>	<u><u>\$ 276,169</u></u>	<u><u>\$ 13,096,290</u></u>	<u><u>\$ 1,287,666</u></u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2008

	Job Training Partnership Act	Rabies Treatment	County Headstart	Road District #1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 1,038,602	\$ 299,666	\$ 10	\$ 1,448,478
Imprest cash	250	--	--	--
Interest receivable	--	3,596	(95)	10,532
Accounts receivable	970	240	--	19,545
Due from other agencies	797,012	--	4,737	--
Due from other funds	--	--	--	--
Inventories	--	--	--	--
Restricted Assets:				
Cash and investments	--	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 1,836,834</u>	<u>\$ 303,502</u>	<u>\$ 4,652</u>	<u>\$ 1,478,555</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 269,040	\$ 2,299	\$ 4,736	\$ --
Accrued payroll	195,016	15,388	7,427	--
Due to other funds	15,034	8,627	2,733	--
Advances from other funds	--	--	--	--
Deferred revenues	--	216	--	19,545
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>479,090</u>	<u>26,530</u>	<u>14,896</u>	<u>19,545</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	468,379	159,318	1,001	--
Inventory	--	--	--	--
Other	250	--	--	--
Unreserved:				
Undesignated	<u>889,115</u>	<u>117,654</u>	<u>(11,245)</u>	<u>1,459,010</u>
Total Fund Balances	<u>1,357,744</u>	<u>276,972</u>	<u>(10,244)</u>	<u>1,459,010</u>
Total Liabilities and Fund Balance	<u>\$ 1,836,834</u>	<u>\$ 303,502</u>	<u>\$ 4,652</u>	<u>\$ 1,478,555</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2008

	Road District #2	Road District #3	Road District #4	Road District #5
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 1,108,175	\$ 635,081	\$ 1,834,252	\$ 3,430,624
Imprest cash	--	--	--	--
Interest receivable	7,845	4,943	19,444	25,248
Accounts receivable	19,601	14,468	78,063	39,777
Due from other agencies	--	--	--	--
Due from other funds	--	--	--	--
Inventories	--	--	--	--
Restricted Assets:				
Cash and investments	--	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 1,135,621</u>	<u>\$ 654,492</u>	<u>\$ 1,931,759</u>	<u>\$ 3,495,649</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 318,100	\$ 1,698	\$ 23,061	\$ 225
Accrued payroll	--	--	--	--
Due to other funds	--	--	--	--
Advances from other funds	--	--	--	--
Deferred revenues	19,601	14,469	78,063	39,777
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>337,701</u>	<u>16,167</u>	<u>101,124</u>	<u>40,002</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	128,900	30,208	279,500	8,835
Inventory	--	--	--	--
Other	--	--	--	--
Unreserved:				
Undesignated	669,020	608,117	1,551,135	3,446,812
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>797,920</u>	<u>638,325</u>	<u>1,830,635</u>	<u>3,455,647</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$ 1,135,621</u>	<u>\$ 654,492</u>	<u>\$ 1,931,759</u>	<u>\$ 3,495,649</u>

Continued



**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2008

	County Library	District Attorney Narcotics Enforcement	Sheriff Narcotics Enforcement	Justice Assistance Grant
<b>ASSETS</b>				
Cash and investments	\$ 823,616	\$ 409,632	\$ 26,522	\$ 34,769
Imprest cash	--	--	7,500	--
Interest receivable	7,077	3,119	214	285
Accounts receivable	158,397	--	--	--
Due from other agencies	--	--	--	--
Due from other funds	--	--	--	--
Inventories	--	--	--	--
Restricted Assets:				
Cash and investments	--	--	--	--
 Total Assets	<u>\$ 989,090</u>	<u>\$ 412,751</u>	<u>\$ 34,236</u>	<u>\$ 35,054</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 100,000	\$ --	\$ --	\$ 5,777
Accrued payroll	--	--	--	2,522
Due to other funds	--	--	--	453
Advances from other funds	--	--	--	--
Deferred revenues	158,397	--	--	--
 Total Liabilities	<u>258,397</u>	<u>--</u>	<u>--</u>	<u>8,752</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	100,000	--	--	164
Inventory	--	--	--	--
Other	--	--	7,500	--
Unreserved:				
Undesignated	630,693	412,751	26,736	26,138
 Total Fund Balances	<u>730,693</u>	<u>412,751</u>	<u>34,236</u>	<u>26,302</u>
 Total Liabilities and Fund Balance	<u>\$ 989,090</u>	<u>\$ 412,751</u>	<u>\$ 34,236</u>	<u>\$ 35,054</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2008

	Supplemental Local Law Enforcement Block Grant	Recorder's Equipment Automation	Family Support and Incentive Earnings	Community Infra- Structure
<b>ASSETS</b>				
Cash and investments	\$ 1,415,447	\$ 6,581,891	\$ 1,125,569	\$ 24,263,020
Imprest cash	--	--	25,400	--
Interest receivable	13,130	49,860	19,140	176,723
Accounts receivable	--	4,094	220	456,986
Due from other agencies	--	--	--	--
Due from other funds	--	--	--	--
Inventories	--	--	--	--
Restricted Assets:				
Cash and investments	--	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 1,428,577</u>	<u>\$ 6,635,845</u>	<u>\$ 1,170,329</u>	<u>\$ 24,896,729</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 52,916	\$ 7,256	\$ 65,091	\$ 69,891
Accrued payroll	29,871	9,918	275,658	--
Due to other funds	5,688	--	18,761	--
Advances from other funds	--	--	--	--
Deferred revenues	--	--	83,024	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>88,475</u>	<u>17,174</u>	<u>442,534</u>	<u>69,891</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	236,687	583,812	151,223	--
Inventory	--	--	--	--
Other	--	--	25,400	--
Unreserved:				
Undesignated	<u>1,103,415</u>	<u>6,034,859</u>	<u>551,172</u>	<u>24,826,838</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>1,340,102</u>	<u>6,618,671</u>	<u>727,795</u>	<u>24,826,838</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$ 1,428,577</u>	<u>\$ 6,635,845</u>	<u>\$ 1,170,329</u>	<u>\$ 24,896,729</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2008

	Substance Abuse and Crime Prevention	Public Works Special Accounts	Special Districts Under the Board	Total
<b>ASSETS</b>				
Cash and investments	\$ 386,919	\$ 1,538,375	\$ 33,381,194	\$ 118,403,671
Imprest cash	--	--	--	33,275
Interest receivable	4,978	10,408	255,586	887,506
Accounts receivable	--	30,992	4,018,549	5,718,898
Due from other agencies	73,788	--	1,084,255	4,296,675
Due from other funds	--	--	31,294	31,294
Inventories	--	--	--	355,458
Restricted Assets:				
Cash and investments	--	--	65,841	65,841
 Total Assets	<u>\$ 465,685</u>	<u>\$ 1,579,775</u>	<u>\$ 38,836,719</u>	<u>\$ 129,792,618</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 48	\$ --	\$ 1,270,227	\$ 5,100,773
Accrued payroll	5,447	--	20,956	925,384
Due to other funds	427	--	1,467,535	1,781,803
Advances from other funds	--	--	3,959,763	3,959,763
Deferred revenues	--	--	212,184	634,601
 Total Liabilities	<u>5,922</u>	<u>--</u>	<u>6,930,665</u>	<u>12,402,324</u>
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	363,834	--	9,014,900	20,471,839
Inventory	--	--	--	355,458
Other	--	--	--	33,275
Unreserved:				
Undesignated	<u>95,929</u>	<u>1,579,775</u>	<u>22,891,154</u>	<u>96,529,722</u>
 Total Fund Balances	<u>459,763</u>	<u>1,579,775</u>	<u>31,906,054</u>	<u>117,390,294</u>
 Total Liabilities and Fund Balance	<u>\$ 465,685</u>	<u>\$ 1,579,775</u>	<u>\$ 38,836,719</u>	<u>\$ 129,792,618</u>

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2008

	Road	Fish and Game	County Facilities Fee Program	Special Districts Settlement Fund
<b>Revenues:</b>				
Taxes	\$ 11,049,547	\$ --	\$ --	\$ --
Licenses and permits	162,801	--	--	--
Aid from other governmental agencies	21,801,752	21,314	--	--
Fines, forfeitures and penalties	--	29,947	--	--
Use of money and property	752,372	2,167	443,309	49,201
Charges for services	1,212,349	--	3,891,499	--
Miscellaneous	515,039	--	--	--
Total Revenues	<u>35,493,860</u>	<u>53,428</u>	<u>4,334,808</u>	<u>49,201</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public protection	--	20,831	--	--
Public ways and facilities	16,478,316	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	24,258,967	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>40,737,283</u>	<u>20,831</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,243,423)</u>	<u>32,597</u>	<u>4,334,808</u>	<u>49,201</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	--	--	--	--
Transfers in	4,441,379	--	--	--
Transfers out	(1,051,921)	(37,635)	(1,322,675)	--
Total Other Financing Sources (Uses)	<u>3,389,458</u>	<u>(37,635)</u>	<u>(1,322,675)</u>	<u>--</u>
Net Change in Fund Balances	(1,853,965)	(5,038)	3,012,133	49,201
Fund Balances, Beginning of Year	<u>26,120,662</u>	<u>281,207</u>	<u>10,078,640</u>	<u>1,238,465</u>
Fund Balances, End of Year	<u>\$ 24,266,697</u>	<u>\$ 276,169</u>	<u>\$ 13,090,773</u>	<u>\$ 1,287,666</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2008

	Job Training Partnership Act	Rabies Treatment	County Headstart	Road District #1
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 714,151
Licenses and permits	--	77,740	--	--
Aid from other governmental agencies	9,444,493	--	23,259,797	9,282
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	(3,630)	38,129	(77)	48,068
Charges for services	362,424	7,711	--	(15,000)
Miscellaneous	134,851	532	81	--
Total Revenues	9,938,138	124,112	23,259,801	756,501
Expenditures:				
Current:				
Public protection	--	1,269,707	--	--
Public ways and facilities	--	--	--	381,867
Health and sanitation	--	--	--	--
Public assistance	9,674,915	--	23,228,450	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	26,095	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	9,701,010	1,269,707	23,228,450	381,867
Excess (Deficiency) of Revenues Over (Under) Expenditures	237,128	(1,145,595)	31,351	374,634
Other Financing Sources (Uses):				
Issuance of debt	--	--	--	--
Transfers in	--	1,128,776	--	--
Transfers out	(461,726)	(7,046)	(42,263)	(93,303)
Total Other Financing Sources (Uses)	(461,726)	1,121,730	(42,263)	(93,303)
Net Change in Fund Balances	(224,598)	(23,865)	(10,912)	281,331
Fund Balances, Beginning of Year	1,582,342	300,837	668	1,177,679
Fund Balances, End of Year	\$ 1,357,744	\$ 276,972	\$ (10,244)	\$ 1,459,010

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2008

	Road District #2	Road District #3	Road District #4	Road District #5
Revenues:				
Taxes	\$ 709,653	\$ 654,696	\$ 2,862,774	\$ 1,474,556
Licenses and permits	--	--	--	--
Aid from other governmental agencies	7,802	6,167	31,063	16,061
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	30,619	18,796	85,330	113,590
Charges for services	--	--	500	--
Miscellaneous	--	--	29,393	--
Total Revenues	748,074	679,659	3,009,060	1,604,207
Expenditures:				
Current:				
Public protection	--	--	--	--
Public ways and facilities	619,888	329,659	2,927,425	785,166
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	619,888	329,659	2,927,425	785,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	128,186	350,000	81,635	819,041
Other Financing Sources (Uses):				
Issuance of debt	--	--	--	--
Transfers in	--	--	--	--
Transfers out	(63,442)	(167,497)	(329,617)	(266,052)
Total Other Financing Sources (Uses)	(63,442)	(167,497)	(329,617)	(266,052)
Net Change in Fund Balances	64,744	182,503	(247,982)	552,989
Fund Balances, Beginning of Year	733,176	455,822	2,078,617	2,902,658
Fund Balances, End of Year	\$ 797,920	\$ 638,325	\$ 1,830,635	\$ 3,455,647

Continued

## COUNTY OF SAN JOAQUIN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2008

	County Library	District Attorney Narcotics Enforcement	Sheriff Narcotics Enforcement	Justice Assistance Grant
<b>Revenues:</b>				
Taxes	\$ 5,845,271	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Aid from other governmental agencies	397,930	--	--	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	17,084	15,992	1,177	7,091
Charges for services	157,664	--	--	--
Miscellaneous	--	30,747	6,707	--
Total Revenues	<u>6,417,949</u>	<u>46,739</u>	<u>7,884</u>	<u>7,091</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public protection	--	7,581	8,654	323,057
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	6,539,689	--	--	--
Recreation	--	--	--	--
Capital Outlay	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>6,539,689</u>	<u>7,581</u>	<u>8,654</u>	<u>323,057</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(121,740)</u>	<u>39,158</u>	<u>(770)</u>	<u>(315,966)</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	--	--	--	--
Transfers in	204,607	--	--	--
Transfers out	--	(16,881)	--	(997)
Total Other Financing Sources (Uses)	<u>204,607</u>	<u>(16,881)</u>	<u>--</u>	<u>(997)</u>
Net Change in Fund Balances	82,867	22,277	(770)	(316,963)
Fund Balances, Beginning of Year	<u>647,826</u>	<u>390,474</u>	<u>35,006</u>	<u>343,265</u>
Fund Balances, End of Year	<u>\$ 730,693</u>	<u>\$ 412,751</u>	<u>\$ 34,236</u>	<u>\$ 26,302</u>

Continued

## COUNTY OF SAN JOAQUIN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2008

	Supplemental Local Law Enforcement Block Grant	Recorder's Equipment Automation	Family Support and Incentive Earnings	Community Infra- Structure
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Aid from other governmental agencies	4,118,627	--	14,301,813	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	70,175	264,979	116,006	891,314
Charges for services	--	846,268	--	3,564,809
Miscellaneous	700	--	636,547	--
Total Revenues	<u>4,189,502</u>	<u>1,111,247</u>	<u>15,054,366</u>	<u>4,456,123</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public protection	4,029,832	624,422	14,660,853	--
Public ways and facilities	--	--	--	537,762
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation	--	--	--	--
Capital Outlay	75,419	53,346	30,773	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Total Expenditures	<u>4,105,251</u>	<u>677,768</u>	<u>14,691,626</u>	<u>537,762</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>84,251</u>	<u>433,479</u>	<u>362,740</u>	<u>3,918,361</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	--	--	--	--
Transfers in	--	25,000	292,613	--
Transfers out	(4,822)	(362,400)	(706,333)	(415,789)
Total Other Financing Sources (Uses)	<u>(4,822)</u>	<u>(337,400)</u>	<u>(413,720)</u>	<u>(415,789)</u>
Net Change in Fund Balances	79,429	96,079	(50,980)	3,502,572
Fund Balances, Beginning of Year	<u>1,260,673</u>	<u>6,522,592</u>	<u>778,775</u>	<u>21,324,266</u>
Fund Balances, End of Year	<u>\$ 1,340,102</u>	<u>\$ 6,618,671</u>	<u>\$ 727,795</u>	<u>\$ 24,826,838</u>

Continued



## COUNTY OF SAN JOAQUIN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2008

	Substance Abuse and Crime Prevention	Public Works Special Accounts	Special Districts Under the Board	Total
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ 5,457,978	\$ 28,768,626
Licenses and permits	--	--	178,172	418,713
Aid from other governmental agencies	2,591,971	--	278,531	76,286,603
Fines, forfeitures and penalties	--	--	--	29,947
Use of money and property	5,715	50,568	1,509,346	4,527,321
Charges for services	--	122,834	20,788,377	30,939,435
Miscellaneous	--	134,980	2,146,260	3,635,837
Total Revenues	<u>2,597,686</u>	<u>308,382</u>	<u>30,358,664</u>	<u>144,606,482</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public protection	--	--	6,494,252	27,439,189
Public ways and facilities	--	--	20,112,574	42,172,657
Health and sanitation	2,081,133	--	--	2,081,133
Public assistance	--	--	440,091	33,343,456
Education	--	--	--	6,539,689
Recreation	--	--	328,837	328,837
Capital Outlay	--	--	17,390,972	41,835,572
Debt service - principal	--	--	3,383,266	3,383,266
Debt service - interest	--	--	56,531	56,531
Total Expenditures	<u>2,081,133</u>	<u>--</u>	<u>48,206,523</u>	<u>157,180,330</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>516,553</u>	<u>308,382</u>	<u>(17,847,859)</u>	<u>(12,573,848)</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	--	--	16,795,931	16,795,931
Transfers in	137,000	--	157,762	6,387,137
Transfers out	--	(136)	(705,922)	(6,056,457)
Total Other Financing Sources (Uses)	<u>137,000</u>	<u>(136)</u>	<u>16,247,771</u>	<u>17,126,611</u>
Net Change in Fund Balances	653,553	308,246	(1,600,088)	4,552,763
Fund Balances, Beginning of Year	<u>(193,790)</u>	<u>1,271,529</u>	<u>33,506,142</u>	<u>112,837,531</u>
Fund Balances, End of Year	<u>\$ 459,763</u>	<u>\$ 1,579,775</u>	<u>\$ 31,906,054</u>	<u>\$ 117,390,294</u>

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet

Nonmajor Special Districts Governed by the Board of Supervisors - Special Revenue Funds  
As of June 30, 2008

	<u>Lighting Districts</u>	<u>Service Areas</u>	<u>Mountain House CSD</u>	<u>Maintenance Districts</u>
<b>ASSETS</b>				
Cash and investments	\$ 505,386	\$ 6,821,868	\$ 6,071,448	\$ 6,837,494
Interest receivable	3,769	10,602	79,256	55,279
Accounts receivable	52	63,511	3,750,406	31,221
Taxes receivable	7,310	6,796	82,663	13,251
Due from other agencies	--	12,535	--	--
Due from other funds	--	58	--	--
Restricted Assets:				
Cash and investments	--	65,841	--	--
 Total Assets	 <u>\$ 516,517</u>	 <u>\$ 6,981,211</u>	 <u>\$ 9,983,773</u>	 <u>\$ 6,937,245</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 22,563	\$ 112,770	\$ 468,289	\$ 146,065
Accrued salaries and benefits	--	12,170	--	--
Advances from other funds	--	1,223,383	--	--
Due to other funds	--	33,647	5,820	3,429
Deferred revenues	6,871	9,346	77,849	12,446
 Total Liabilities	 <u>29,434</u>	 <u>1,391,316</u>	 <u>551,958</u>	 <u>161,940</u>
 <b>FUND BALANCES</b>				
Reserved:				
Encumbrances	--	666,533	4,326,675	378,428
Unreserved:				
Undesignated	487,083	4,923,362	5,105,140	6,396,877
 Total Fund Balances	 <u>487,083</u>	 <u>5,589,895</u>	 <u>9,431,815</u>	 <u>6,775,305</u>
 Total Liabilities and Fund Balances	 <u>\$ 516,517</u>	 <u>\$ 6,981,211</u>	 <u>\$ 9,983,773</u>	 <u>\$ 6,937,245</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, 2008

	Flood Control District	Water District	San Joaquin Parties Water Authority
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and investments	\$ 10,484,615	\$ --	\$ (73,013)
Interest receivable	95,783	85	--
Accounts receivable	2,287	9,774	--
Taxes receivable	51,219	59	--
Due from other agencies	22,391	--	31,639
Due from other funds	31,236	--	--
Restricted Assets:			
Cash and investments	--	--	--
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 10,687,531</u>	<u>\$ 9,918</u>	<u>\$ (41,374)</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 375,811	\$ 788	\$ 53,171
Accrued salaries and benefits	42	--	--
Advances from other funds	--	--	482,112
Due to other funds	104,359	7,312	--
Unearned revenues	70,515	3,518	31,639
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>550,727</u>	<u>11,618</u>	<u>566,922</u>
<b>FUND BALANCES</b>			
Reserved:			
Encumbrances	2,938,511	1,800	252,244
Unreserved:			
Undesignated	7,198,293	(3,500)	(860,540)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>10,136,804</u>	<u>(1,700)</u>	<u>(608,296)</u>
Total Liabilities and Fund Balances	<u>\$ 10,687,531</u>	<u>\$ 9,918</u>	<u>\$ (41,374)</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, 2008

	Water & Power Authority	Improvement Districts	IHSS Public Authority	Total
<b>ASSETS</b>				
Cash and investments	\$ 2,608,332	\$ 125,064	\$ --	\$ 33,381,194
Interest receivable	9,909	903	--	255,586
Accounts receivable	--	--	--	3,857,251
Taxes receivable	--	--	--	161,298
Due from other agencies	--	--	1,017,690	1,084,255
Due from other funds	--	--	--	31,294
Restricted Assets:				
Cash and investments	--	--	--	65,841
 Total Assets	<u>\$ 2,618,241</u>	<u>\$ 125,967</u>	<u>\$ 1,017,690</u>	<u>\$ 38,836,719</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 3,396	\$ --	\$ 87,374	\$ 1,270,227
Accrued salaries and benefits	42	--	8,702	20,956
Advances from other funds	2,254,268	--	--	3,959,763
Due to other funds	73,328	--	1,239,640	1,467,535
Unearned revenues	--	--	--	212,184
 Total Liabilities	<u>2,331,034</u>	<u>--</u>	<u>1,335,716</u>	<u>6,930,665</u>
 <b>FUND BALANCES</b>				
Reserved:				
Encumbrances	415,691	--	35,018	9,014,900
Unreserved:				
Undesignated	<u>(128,484)</u>	<u>125,967</u>	<u>(353,044)</u>	<u>22,891,154</u>
 Total Fund Balances	<u>287,207</u>	<u>125,967</u>	<u>(318,026)</u>	<u>31,906,054</u>
 Total Liabilities and Fund Balances	<u>\$ 2,618,241</u>	<u>\$ 125,967</u>	<u>\$ 1,017,690</u>	<u>\$ 38,836,719</u>

**COUNTY OF SAN JOAQUIN**

Combining Statement 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, 2008

	<u>Lighting Districts</u>	<u>Service Areas</u>	<u>Mountain House CSD</u>	<u>Maintenance Districts</u>
<b>Revenues:</b>				
Taxes	\$ 248,678	\$ 237,546	\$ 2,758,681	\$ 461,267
Licenses and permits	--	--	178,172	--
Aid from other governmental agencies	2,732	86,541	30,863	5,063
Use of money and property	14,853	286,765	389,704	250,209
Charges for services	245,816	3,894,477	8,720,161	4,632,805
Miscellaneous	--	16,081	1,705,741	7,627
<b>Total Revenues</b>	<u>512,079</u>	<u>4,521,410</u>	<u>13,783,322</u>	<u>5,356,971</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public protection	--	--	--	--
Public ways and facilities	347,383	3,491,700	10,726,443	4,237,133
Public assistance	--	--	--	--
Recreation	--	328,837	--	--
Capital Outlay	--	7,507,941	9,530,821	--
Debt service - principal	--	--	3,383,266	--
Debt service - interest	--	2,383	--	--
<b>Total Expenditures</b>	<u>347,383</u>	<u>11,330,861</u>	<u>23,640,530</u>	<u>4,237,133</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>164,696</u>	<u>(6,809,451)</u>	<u>(9,857,208)</u>	<u>1,119,838</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	--	7,557,825	9,238,106	--
Transfers in	--	7,762	--	--
Transfers out	<u>(10,500)</u>	<u>(182,879)</u>	<u>(189,750)</u>	<u>(161,917)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(10,500)</u>	<u>7,382,708</u>	<u>9,048,356</u>	<u>(161,917)</u>
<b>Net Change in Fund Balances</b>	154,196	573,257	(808,852)	957,921
<b>Fund Balances, Beginning of Year</b>	<u>332,887</u>	<u>5,016,638</u>	<u>10,240,667</u>	<u>5,817,384</u>
<b>Fund Balances, End of Year</b>	<u>\$ 487,083</u>	<u>\$ 5,589,895</u>	<u>\$ 9,431,815</u>	<u>\$ 6,775,305</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement 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, 2008

	Flood Control District	Water District	East San Joaquin Parties Water Authority
Revenues:			
Taxes	\$ 1,749,723	\$ 2,083	\$ --
Licenses and permits	--	--	--
Aid from other governmental agencies	84,949	22	68,361
Use of money and property	497,574	316	9,797
Charges for services	3,235,509	59,609	--
Miscellaneous	55,020	--	--
	<u>5,622,775</u>	<u>62,030</u>	<u>78,158</u>
Total Revenues			
Expenditures:			
Current:			
Public protection	6,494,252	--	--
Public ways and facilities	--	60,468	830,868
Public assistance	--	--	--
Recreation	--	--	--
Capital Outlay	350,131	--	--
Debt service - principal	--	--	--
Debt service - interest	--	--	20,025
	<u>6,844,383</u>	<u>60,468</u>	<u>850,893</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,221,608)</u>	<u>1,562</u>	<u>(772,735)</u>
Other Financing Sources (Uses):			
Issuance of debt	--	--	--
Transfers in	--	--	150,000
Transfers out	(160,876)	--	--
	<u>(160,876)</u>	<u>--</u>	<u>150,000</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(1,382,484)	1,562	(622,735)
Fund Balances, Beginning of Year	<u>11,519,288</u>	<u>(3,262)</u>	<u>14,439</u>
Fund Balances, End of Year	<u>\$ 10,136,804</u>	<u>\$ (1,700)</u>	<u>\$ (608,296)</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement 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, 2008

	Mokelumne Water & Power Authority	Improvement Districts	IHSS Public Authority	Total
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ --	\$ 5,457,978
Licenses and permits	--	--	--	178,172
Aid from other governmental agencies	--	--	--	278,531
Use of money and property	51,004	4,803	4,321	1,509,346
Charges for services	--	--	--	20,788,377
Miscellaneous	--	--	361,791	2,146,260
	<u>51,004</u>	<u>4,803</u>	<u>366,112</u>	<u>30,358,664</u>
<b>Total Revenues</b>				
<b>Expenditures:</b>				
<b>Current:</b>				
Public protection	--	--	--	6,494,252
Public ways and facilities	418,579	--	--	20,112,574
Public assistance	--	--	440,091	440,091
Recreation	--	--	--	328,837
Capital Outlay	--	--	2,079	17,390,972
Debt service - principal	--	--	--	3,383,266
Debt service - interest	34,123	--	--	56,531
	<u>452,702</u>	<u>--</u>	<u>442,170</u>	<u>48,206,523</u>
<b>Total Expenditures</b>				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(401,698)</u>	<u>4,803</u>	<u>(76,058)</u>	<u>(17,847,859)</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	--	--	--	16,795,931
Transfers in	--	--	--	157,762
Transfers out	--	--	--	(705,922)
	<u>--</u>	<u>--</u>	<u>--</u>	<u>16,247,771</u>
<b>Total Other Financing Sources (Uses)</b>				
Net Change in Fund Balances	(401,698)	4,803	(76,058)	(1,600,088)
Fund Balances, Beginning of Year	<u>688,905</u>	<u>121,164</u>	<u>(241,968)</u>	<u>33,506,142</u>
Fund Balances, End of Year	<u>\$ 287,207</u>	<u>\$ 125,967</u>	<u>\$ (318,026)</u>	<u>\$ 31,906,054</u>

## **Debt Service Funds**

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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.

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**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
 Nonmajor Debt Service Funds  
 June 30, 2008

		Special Districts Governed By Board			
	1993 Capital Facility Project	Maintenance District Shaded Terrace	Maintenance District Sunnyside	Flag City	Total
<b>ASSETS</b>					
Cash and investments	\$ 7,972,096	\$ 36,041	\$ 10,060	\$ --	\$ 8,018,197
Interest receivable	--	298	85	--	383
Restricted Assets:					
Cash and investments	11,496,643	--	--	609,709	12,106,352
Receivables	64,528	--	--	14,076	78,604
	<u>\$ 19,533,267</u>	<u>\$ 36,339</u>	<u>\$ 10,145</u>	<u>\$ 623,785</u>	<u>\$ 20,203,536</u>
Total Assets					
	<u>\$ 19,533,267</u>	<u>\$ 36,339</u>	<u>\$ 10,145</u>	<u>\$ 623,785</u>	<u>\$ 20,203,536</u>
<b>FUND BALANCES</b>					
Reserved:					
Debt service	<u>\$ 19,533,267</u>	<u>\$ 36,339</u>	<u>\$ 10,145</u>	<u>\$ 623,785</u>	<u>\$ 20,203,536</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, 2008

	1993 Capital Facility Project	Special Districts Governed By Board			Total
		Maintenance District Shaded Terrace	Maintenance District Sunnyside	Flag City	
<b>Revenues:</b>					
Use of money and property	\$ 658,001	\$ 1,451	\$ 419	\$ 15,798	\$ 675,669
Charges for services	--	18,144	5,439	--	23,583
Total Revenues	<u>658,001</u>	<u>19,595</u>	<u>5,858</u>	<u>15,798</u>	<u>699,252</u>
<b>Expenditures:</b>					
Debt service:					
Principal retirement	5,685,000	3,000	1,300	--	5,689,300
Interest and debt issuance costs	6,333,620	14,546	4,308	160,250	6,512,724
Total Expenditures	<u>12,018,620</u>	<u>17,546</u>	<u>5,608</u>	<u>160,250</u>	<u>12,202,024</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,360,619)</u>	<u>2,049</u>	<u>250</u>	<u>(144,452)</u>	<u>(11,502,772)</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of debt	--	--	--	892,175	892,175
Discount on debt issued	--	--	--	(118,125)	(118,125)
Transfers in	11,988,883	--	--	--	11,988,883
Transfers out	--	--	--	(5,813)	(5,813)
Total Other Financing Sources	<u>11,988,883</u>	<u>--</u>	<u>--</u>	<u>768,237</u>	<u>12,757,120</u>
Net Change in Fund Balances	628,264	2,049	250	623,785	1,254,348
Fund balance - beginning	<u>18,905,003</u>	<u>34,290</u>	<u>9,895</u>	<u>--</u>	<u>18,949,188</u>
Fund Balances, End of Year	<u>\$ 19,533,267</u>	<u>\$ 36,339</u>	<u>\$ 10,145</u>	<u>\$ 623,785</u>	<u>\$ 20,203,536</u>

## **Capital Projects Funds**

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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.

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**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
Nonmajor Capital Project Funds  
June 30, 2008

	<u>Courthouse Construction</u>	<u>Criminal Justice Construction</u>	<u>Public Health Construction</u>
<b>ASSETS</b>			
Cash and investments	\$ 4,480,310	\$ 10,299,917	\$ 1,068,134
Interest receivable	42,279	73,309	7,727
Accounts receivable	145,173	102,277	--
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 4,667,762</u>	<u>\$ 10,475,503</u>	<u>\$ 1,075,861</u>
<b>FUND BALANCES</b>			
Reserved:			
Encumbrances	\$ --	\$ --	\$ --
Unreserved:			
Undesignated	<u>4,667,762</u>	<u>10,475,503</u>	<u>1,075,861</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>\$ 4,667,762</u>	<u>\$ 10,475,503</u>	<u>\$ 1,075,861</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet (continued)  
 Nonmajor Capital Project Funds  
 June 30, 2008

	Airport East Construction	Special Districts Governed by the Board	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and investments	\$ 12,954,656	\$ 4,391,559	\$ 33,194,576
Interest receivable	--	27,481	150,796
Accounts receivable	--	--	247,450
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 12,954,656</u>	<u>\$ 4,419,040</u>	<u>\$ 33,592,822</u>
<b>FUND BALANCES</b>			
Reserved:			
Encumbrances	\$ 13,000,000	\$ --	\$ 13,000,000
Unreserved:			
Undesignated	(45,344)	4,419,040	20,592,822
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>\$ 12,954,656</u>	<u>\$ 4,419,040</u>	<u>\$ 33,592,822</u>

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Capital Project Funds  
For the Year Ended June 30, 2008

	<u>Courthouse Construction</u>	<u>Criminal Justice Construction</u>	<u>Public Health Construction</u>
Revenues:			
Fines, forfeitures and penalties	\$ 1,371,977	\$ 985,728	\$ --
Use of money and property	228,165	371,909	41,107
Charges for services	<u>--</u>	<u>--</u>	<u>--</u>
Total Revenues	<u>1,600,142</u>	<u>1,357,637</u>	<u>41,107</u>
Expenditures:			
Public protection	<u>178,425</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>178,425</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,421,717</u>	<u>1,357,637</u>	<u>41,107</u>
Other Financing Sources (Uses):			
Transfers in	--	--	--
Transfers out	<u>(2,044,067)</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(2,044,067)</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(622,350)	1,357,637	41,107
Fund Balances, Beginning of Year	<u>5,290,112</u>	<u>9,117,866</u>	<u>1,034,754</u>
Fund Balances, End of Year	<u>\$ 4,667,762</u>	<u>\$ 10,475,503</u>	<u>\$ 1,075,861</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Capital Project Funds  
For the Year Ended June 30, 2008

	Airport East Construction	Special Districts Governed by the Board	Total
Revenues:			
Fines, forfeitures and penalties	\$ --	\$ --	\$ 2,357,705
Use of money and property	(45,344)	137,073	732,910
Charges for services	--	5,689	5,689
<b>Total Revenues</b>	<b>(45,344)</b>	<b>142,762</b>	<b>3,096,304</b>
Expenditures:			
Public protection	--	--	178,425
<b>Total Expenditures</b>	<b>--</b>	<b>--</b>	<b>178,425</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,344)	142,762	2,917,879
Other Financing Sources (Uses):			
Transfers in	13,000,000	352,990	13,352,990
Transfers out	--	--	(2,044,067)
<b>Total Other Financing Sources (Uses)</b>	<b>13,000,000</b>	<b>352,990</b>	<b>11,308,923</b>
Net Change in Fund Balances	12,954,656	495,752	14,226,802
Fund Balances, Beginning of Year	--	3,923,288	19,366,020
Fund Balances, End of Year	<u>\$ 12,954,656</u>	<u>\$ 4,419,040</u>	<u>\$ 33,592,822</u>

# COUNTY OF SAN JOAQUIN

## Combining Balance Sheet

Nonmajor Special Districts Governed by the Board of Supervisors - Capital Project Funds

As of June 30, 2008

	<u>Improvement Districts</u>	<u>Lighting Districts</u>	<u>Maintenance Districts</u>
<b>ASSETS</b>			
Cash and investments	\$ 938,174	\$ 105,113	\$ 1,886,740
Interest receivable	<u>6,789</u>	<u>718</u>	<u>12,968</u>
Total Assets	<u><u>\$ 944,963</u></u>	<u><u>\$ 105,831</u></u>	<u><u>\$ 1,899,708</u></u>
<b>FUND BALANCES</b>			
Unreserved:			
Undesignated	<u><u>\$ 944,963</u></u>	<u><u>\$ 105,831</u></u>	<u><u>\$ 1,899,708</u></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, 2008

	<u>County Service Areas</u>	<u>Flood Control</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,045,170	\$ 416,362	\$ 4,391,559
Interest receivable	<u>7,006</u>	<u>--</u>	<u>27,481</u>
Total Assets	<u>\$ 1,052,176</u>	<u>\$ 416,362</u>	<u>\$ 4,419,040</u>
<b>FUND BALANCES</b>			
Unreserved:			
Undesignated	<u>\$ 1,052,176</u>	<u>\$ 416,362</u>	<u>\$ 4,419,040</u>

**COUNTY OF SAN JOAQUIN**

Combining Statement 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, 2008

	Improvement Districts	Lighting Districts	Maintenance Districts
Revenues:			
Use of money and property	\$ 35,949	\$ 3,614	\$ 65,584
Charges for services	5,689	--	--
Total Revenues	41,638	3,614	65,584
Expenditures:			
Public ways and facilities	--	--	--
Total Expenditures	--	--	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,638	3,614	65,584
Other Financing Sources (Uses):			
Transfers in	--	10,500	161,917
Total Other Financing Sources (Uses)	--	10,500	161,917
Net Change in Fund Balances	41,638	14,114	227,501
Fund Balance, Beginning of Year	903,325	91,717	1,672,207
Fund Balance, End of Year	\$ 944,963	\$ 105,831	\$ 1,899,708

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, 2008

	<u>County Service Areas</u>	<u>Flood Control</u>	<u>Total</u>
Revenues:			
Use of money and property	\$ 33,381	\$ (1,455)	\$ 137,073
Charges for services	<u>          --</u>	<u>          --</u>	<u>          5,689</u>
Total Revenues	<u>          33,381</u>	<u>          (1,455)</u>	<u>          142,762</u>
Expenditures:			
Public ways and facilities	<u>          --</u>	<u>          --</u>	<u>          --</u>
Total Expenditures	<u>          --</u>	<u>          --</u>	<u>          --</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>          33,381</u>	<u>          (1,455)</u>	<u>          142,762</u>
Other Financing Sources (Uses):			
Transfers in	<u>         180,573</u>	<u>                  --</u>	<u>          352,990</u>
Total Other Financing Sources (Uses)	<u>         180,573</u>	<u>                  --</u>	<u>          352,990</u>
Net Change in Fund Balances	213,954	(1,455)	495,752
Fund Balance, Beginning of Year	<u>         838,222</u>	<u>         417,817</u>	<u>         3,923,288</u>
Fund Balance, End of Year	<u><u>         1,052,176</u></u>	<u><u>         416,362</u></u>	<u><u>         4,419,040</u></u>

## **Internal Service Funds**

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

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**COUNTY OF SAN JOAQUIN**

Combining Statement of Fund Net Assets  
Internal Service Funds  
As of June 30, 2008

	Fleet Services	Office Automation	Central Telephone	Southern Water System
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 13,935,727	\$ 561,190	\$ 2,962,317	\$ 202,458
Imprest cash	40	--	--	--
Interest receivable	99,950	2,553	23,276	1,750
Due from other funds	1,114,374	--	403,583	--
Due from external parties	20,583	--	41,244	172,005
Due from other governments	--	--	--	--
Prepaid expenses	--	26,555	--	--
Inventories	507,204	--	111,313	--
Total Current Assets	<u>15,677,878</u>	<u>590,298</u>	<u>3,541,733</u>	<u>376,213</u>
Non-current Assets:				
Capital Assets:				
Non-depreciable	--	--	--	17,481
Depreciable, net	6,310,580	1,678,804	536,487	301,085
Total Noncurrent Assets	<u>6,310,580</u>	<u>1,678,804</u>	<u>536,487</u>	<u>318,566</u>
Total Assets	<u>\$ 21,988,458</u>	<u>\$ 2,269,102</u>	<u>\$ 4,078,220</u>	<u>\$ 694,779</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 299,720	\$ 199,095	\$ 282,243	\$ --
Accrued expenses	--	13,653	--	--
Accrued payroll	57,441	--	19,694	--
Due to other funds	11,348	--	8,229	--
Compensated absences	163,519	--	51,832	--
Current portion of capital leases	--	580,059	--	--
Current portion of notes payable	--	--	--	--
Total Current Liabilities	<u>532,028</u>	<u>792,807</u>	<u>361,998</u>	<u>--</u>
Long-Term Liabilities:				
Advances from other funds	--	--	--	373,140
Compensated absences	6,368	--	4,133	--
Capital lease obligations	--	993,438	--	--
Claims liability	--	--	--	--
Notes payable	--	--	--	--
OPEB liability	84,954	--	21,845	--
Total Liabilities	<u>623,350</u>	<u>1,786,245</u>	<u>387,976</u>	<u>373,140</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	6,310,580	105,307	536,487	318,566
Unrestricted	<u>15,054,528</u>	<u>377,550</u>	<u>3,153,757</u>	<u>3,073</u>
Total Net Assets	<u>21,365,108</u>	<u>482,857</u>	<u>3,690,244</u>	<u>321,639</u>
Total Liabilities and Net Assets	<u>\$ 21,988,458</u>	<u>\$ 2,269,102</u>	<u>\$ 4,078,220</u>	<u>\$ 694,779</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Fund Net Assets (continued)  
Internal Service Funds  
As of June 30, 2008

	<u>Radio Communi- cations</u>	<u>Purchasing ISF</u>	<u>Casualty Insurance</u>	<u>Workers' Compensation Insurance</u>
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 2,249,541	\$ 1,086,989	\$ 17,658,963	\$ 41,221,721
Imprest cash	--	--	--	--
Interest receivable	11,956	5,942	140,511	315,056
Due from other funds	97	336,434	--	--
Due from external parties	--	--	2,875	3,471
Due from other governments	--	--	223,518	--
Prepaid expenses	--	--	356,337	250,000
Inventories	--	--	--	--
Total Current Assets	<u>2,261,594</u>	<u>1,429,365</u>	<u>18,382,204</u>	<u>41,790,248</u>
Non-current Assets:				
Capital Assets:				
Non-depreciable	--	--	--	--
Depreciable, net	3,916,700	--	--	5,453
Total Noncurrent Assets	<u>3,916,700</u>	<u>--</u>	<u>--</u>	<u>5,453</u>
Total Assets	<u>\$ 6,178,294</u>	<u>\$ 1,429,365</u>	<u>\$ 18,382,204</u>	<u>\$ 41,795,701</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 202,845	\$ 965,245	\$ 527,242	\$ 478,050
Accrued expenses	5,657	--	73,142	--
Accrued payroll	--	--	--	--
Due to other funds	--	--	649,415	67
Compensated absences	--	--	--	--
Current portion of capital leases	193,738	--	--	--
Current portion of notes payable	--	--	52,324	--
Total Current Liabilities	<u>402,240</u>	<u>965,245</u>	<u>1,302,123</u>	<u>478,117</u>
Long-Term Liabilities:				
Advances from other funds	--	--	--	--
Compensated absences	--	--	--	--
Capital lease obligations	915,442	--	--	--
Claims liability	--	--	14,869,000	29,737,000
Notes payable	--	--	1,803,296	--
OPEB liability	--	--	--	--
Total Liabilities	<u>1,317,682</u>	<u>965,245</u>	<u>17,974,419</u>	<u>30,215,117</u>
Net Assets				
Invested in capital assets, net of related debt	2,807,520	--	--	5,453
Unrestricted	2,053,092	464,120	407,785	11,575,131
Total Net Assets	<u>4,860,612</u>	<u>464,120</u>	<u>407,785</u>	<u>11,580,584</u>
Total Liabilities and Net Assets	<u>\$ 6,178,294</u>	<u>\$ 1,429,365</u>	<u>\$ 18,382,204</u>	<u>\$ 41,795,701</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Fund Net Assets (continued)  
Internal Service Funds  
As of June 30, 2008

	Medical Insurance	Dental Insurance	Unemployment Insurance	Total
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 36,533,124	\$ 2,526,472	\$ 3,997,538	\$ 122,936,040
Imprest cash	--	--	--	40
Interest receivable	260,154	19,138	29,098	909,384
Due from other funds	--	--	--	1,854,488
Due from external parties	29,679	--	--	269,857
Due from other governments	865,869	111,032	24,159	1,224,578
Prepaid expenses	--	--	--	632,892
Inventories	--	--	--	618,517
Total Current Assets	<u>37,688,826</u>	<u>2,656,642</u>	<u>4,050,795</u>	<u>128,445,796</u>
Non-current Assets:				
Capital Assets:				
Non-depreciable	--	--	--	17,481
Depreciable, net	--	--	--	12,749,109
Total Noncurrent Assets	--	--	--	12,766,590
Total Assets	<u>\$ 37,688,826</u>	<u>\$ 2,656,642</u>	<u>\$ 4,050,795</u>	<u>\$ 141,212,386</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 92,365	\$ 922,953	\$ 2,231	\$ 3,971,989
Accrued expenses	--	--	--	92,452
Accrued payroll	--	--	--	77,135
Due to other funds	33,300	--	--	702,359
Compensated absences	--	--	--	215,351
Current portion of capital leases	--	--	--	773,797
Current portion of notes payable	--	--	--	52,324
Total Current Liabilities	<u>125,665</u>	<u>922,953</u>	<u>2,231</u>	<u>5,885,407</u>
Long-Term Liabilities:				
Advances from other funds	--	--	--	373,140
Compensated absences	--	--	--	10,501
Capital lease obligations	--	--	--	1,908,880
Claims liability	6,452,023	343,380	244,685	51,646,088
Notes payable	--	--	--	1,803,296
OPEB liability	--	--	--	106,799
Total Liabilities	<u>6,577,688</u>	<u>1,266,333</u>	<u>246,916</u>	<u>61,734,111</u>
Net Assets				
Invested in capital assets, net of related debt	--	--	--	10,083,913
Unrestricted	<u>31,111,138</u>	<u>1,390,309</u>	<u>3,803,879</u>	<u>69,394,362</u>
Total Net Assets	<u>31,111,138</u>	<u>1,390,309</u>	<u>3,803,879</u>	<u>79,478,275</u>
Total Liabilities and Net Assets	<u>\$ 37,688,826</u>	<u>\$ 2,656,642</u>	<u>\$ 4,050,795</u>	<u>\$ 141,212,386</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, 2008

	Fleet Services	Office Automation	Central Telephone	Southern Water System	Radio Communi- cations
Operating Revenues:					
Charges for services	\$ --	\$ --	\$ --	\$ --	\$ --
Equipment rental	7,639,584	703,349	34,095	58,005	338,156
User fees	3,579,167	118,450	5,903,156	--	1,079,640
Other	263,696	212,950	--	--	--
<b>Total Operating Revenues</b>	<b>11,482,447</b>	<b>1,034,749</b>	<b>5,937,251</b>	<b>58,005</b>	<b>1,417,796</b>
Operating Expenses:					
Liability claims and loss adjustment	--	--	--	--	--
Salaries and benefits	2,696,061	--	987,881	--	--
Insurance	--	--	--	--	--
Services and supplies	5,692,402	205,271	4,721,945	--	798,496
Depreciation and amortization	1,028,481	476,478	106,853	78,458	494,260
Miscellaneous	12,744	--	--	--	--
<b>Total Operating Expenses</b>	<b>9,429,688</b>	<b>681,749</b>	<b>5,816,679</b>	<b>78,458</b>	<b>1,292,756</b>
<b>Operating Income (Loss)</b>	<b>2,052,759</b>	<b>353,000</b>	<b>120,572</b>	<b>(20,453)</b>	<b>125,040</b>
Non-Operating Revenues (Expenses):					
Gain (loss) on sale of equipment	(38,392)	--	--	--	--
Interest income	524,073	11,050	128,921	10,062	54,492
Interest expense	--	(79,503)	--	(29,667)	(63,996)
Insurance recovery	88,788	--	--	--	--
<b>Total Non-Operating Revenues (Expenses)</b>	<b>574,469</b>	<b>(68,453)</b>	<b>128,921</b>	<b>(19,605)</b>	<b>(9,504)</b>
<b>Net Income (Loss) Before Transfers and Contributions</b>	<b>2,627,228</b>	<b>284,547</b>	<b>249,493</b>	<b>(40,058)</b>	<b>115,536</b>
Contributions/capital grants	1,363,229	--	774	--	503,455
Transfers in	34,532	--	--	--	--
Transfers out	(39,738)	(141,726)	(2,755)	--	--
<b>Change in Net Assets</b>	<b>3,985,251</b>	<b>142,821</b>	<b>247,512</b>	<b>(40,058)</b>	<b>618,991</b>
<b>Net Assets - Beginning of Year</b>	<b>17,379,857</b>	<b>340,036</b>	<b>3,442,732</b>	<b>361,697</b>	<b>4,241,621</b>
<b>Net Assets - End of Year</b>	<b>\$ 21,365,108</b>	<b>\$ 482,857</b>	<b>\$ 3,690,244</b>	<b>\$ 321,639</b>	<b>\$ 4,860,612</b>

Continued



**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets (continued)  
Internal Service Funds  
For the Year Ended June 30, 2008

	Purchasing ISF	Casualty Insurance	Workers' Compensation Insurance	Medical Insurance
Operating Revenues:				
Charges for services	\$ --	\$ 10,587,138	\$ 15,664,246	\$ 45,800,220
Equipment rental	--	--	--	--
User fees	6,772,105	--	--	--
Other	--	--	667	--
<b>Total Operating Revenues</b>	<b>6,772,105</b>	<b>10,587,138</b>	<b>15,664,913</b>	<b>45,800,220</b>
Operating Expenses:				
Liability claims and loss adjustment	--	7,977,652	9,593,844	38,520,357
Salaries and benefits	--	--	--	--
Insurance	--	1,980,211	--	1,476,975
Services and supplies	6,803,384	2,044,863	2,993,302	575,756
Depreciation and amortization	--	--	2,142	--
Miscellaneous	--	750	--	--
<b>Total Operating Expenses</b>	<b>6,803,384</b>	<b>12,003,476</b>	<b>12,589,288</b>	<b>40,573,088</b>
<b>Operating Income (Loss)</b>	<b>(31,279)</b>	<b>(1,416,338)</b>	<b>3,075,625</b>	<b>5,227,132</b>
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of equipment	--	--	--	--
Interest income	31,279	647,798	1,663,856	1,350,014
Interest expense	--	(79,971)	--	--
Insurance recovery	--	--	--	--
<b>Total Non-Operating Revenues (Expenses)</b>	<b>31,279</b>	<b>567,827</b>	<b>1,663,856</b>	<b>1,350,014</b>
<b>Net Income (Loss) Before Transfers and Contributions</b>	<b>--</b>	<b>(848,511)</b>	<b>4,739,481</b>	<b>6,577,146</b>
Contributions/capital grants	--	--	--	--
Transfers in	--	--	--	--
Transfers out	--	--	--	--
<b>Change in Net Assets</b>	<b>--</b>	<b>(848,511)</b>	<b>4,739,481</b>	<b>6,577,146</b>
<b>Net Assets - Beginning of Year</b>	<b>464,120</b>	<b>1,256,296</b>	<b>6,841,103</b>	<b>24,533,992</b>
<b>Net Assets - End of Year</b>	<b>\$ 464,120</b>	<b>\$ 407,785</b>	<b>\$ 11,580,584</b>	<b>\$ 31,111,138</b>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets (continued)  
Internal Service Funds  
For the Year Ended June 30, 2008

	Dental Insurance	Unemployment Insurance	Total
Operating Revenues:			
Charges for services	\$ --	\$ --	\$ 72,051,604
Equipment rental	--	--	8,773,189
User fees	5,226,695	1,084,196	23,763,409
Other	--	--	477,313
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	5,226,695	1,084,196	105,065,515
Operating Expenses:			
Liability claims and loss adjustment	5,317,760	970,307	62,379,920
Salaries and benefits	--	--	3,683,942
Insurance	--	--	3,457,186
Services and supplies	65,584	11,277	23,912,280
Depreciation and amortization	--	--	2,186,672
Miscellaneous	--	--	13,494
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	5,383,344	981,584	95,633,494
Operating Income (Loss)	<hr/>	<hr/>	<hr/>
	(156,649)	102,612	9,432,021
Non-Operating Revenues (Expenses):			
Gain (loss) on sale of equipment	--	--	(38,392)
Interest income	98,036	153,833	4,673,414
Interest expense	--	--	(253,137)
Insurance recovery	--	--	88,788
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	98,036	153,833	4,470,673
Net Income (Loss) Before Transfers and Contributions	<hr/>	<hr/>	<hr/>
	(58,613)	256,445	13,902,694
Contributions/capital grants	--	--	1,867,458
Transfers in	--	--	34,532
Transfers out	--	--	(184,219)
	<hr/>	<hr/>	<hr/>
Change in Net Assets	(58,613)	256,445	15,620,465
Net Assets - Beginning of Year	<hr/>	<hr/>	<hr/>
	1,448,922	3,547,434	63,857,810
Net Assets - End of Year	<hr/>	<hr/>	<hr/>
	\$ 1,390,309	\$ 3,803,879	\$ 79,478,275

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2008

	<u>Fleet Services</u>	<u>Office Automation</u>	<u>Central Telephone</u>	<u>Southern Water System</u>
Cash Flows from Operating Activities:				
Cash received from customers	\$ 11,204,073	\$ 806,799	\$ 5,905,701	\$ --
Cash payments to suppliers for goods and services	(5,198,861)	(225,782)	(4,744,934)	--
Cash payments to employees for services	(2,582,506)	--	(966,036)	--
Cash paid to County departments for services	(528,875)	(38,295)	(150,712)	--
Other operating revenues	<u>263,695</u>	<u>271,595</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Operating Activities	<u>3,157,526</u>	<u>814,317</u>	<u>44,019</u>	<u>--</u>
Cash Flows from Noncapital Financing Activities:				
Transfers in (out)	<u>537,870</u>	<u>(24,937)</u>	<u>(1,981)</u>	<u>--</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>537,870</u>	<u>(24,937)</u>	<u>(1,981)</u>	<u>--</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(1,680,052)	(25,903)	(444,712)	--
Debt interest payments		(89,558)	--	(29,667)
Debt principal payments		(527,845)	--	(27,668)
Proceeds from sale of capital assets	51,498	--	--	--
Receipts from insurance recovery	<u>88,788</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Capital Financing Activities	<u>(1,539,766)</u>	<u>(643,306)</u>	<u>(444,712)</u>	<u>(57,335)</u>
Cash Flows from Investing Activities:				
Interest received	<u>573,623</u>	<u>13,611</u>	<u>144,888</u>	<u>12,159</u>
Net Cash Provided by Investing Activities	<u>573,623</u>	<u>13,611</u>	<u>144,888</u>	<u>12,159</u>
Increase (Decrease) in Cash and Cash Equivalents	2,729,253	159,685	(257,786)	(45,176)
Cash and Cash Equivalents, Beginning of Year	<u>11,206,514</u>	<u>401,505</u>	<u>3,220,103</u>	<u>247,634</u>
Cash and Cash Equivalents, End of Year	<u>\$ 13,935,767</u>	<u>\$ 561,190</u>	<u>\$ 2,962,317</u>	<u>\$ 202,458</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)

Internal Service Funds

For the Year Ended June 30, 2008

	Radio Communi- cations	Purchasing ISF	Casualty Insurance	Workers' Compensation Insurance
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 1,417,883	\$ 6,635,477	\$ 10,360,745	\$ 15,683,509
Cash payments to suppliers for goods and services	(586,228)	(6,152,908)	(6,918,440)	(7,741,060)
Cash payments to employees for services	--	--	--	--
Cash paid to County departments for services	(16,473)	(294,866)	(1,593,990)	(1,444,479)
Other operating revenues	--	--	25,161	118,924
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>815,182</b>	<b>187,703</b>	<b>1,873,476</b>	<b>6,616,894</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers in (out)	--	--	--	--
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition of capital assets	(25,230)	--	--	--
Debt interest payments	(59,351)	--	(50,166)	--
Debt principal payments	(183,854)	--	(81,949)	--
Proceeds from sale of capital assets	--	--	--	--
Receipts from insurance recovery	--	--	--	--
<b>Net Cash Provided (Used) by Capital Financing Activities</b>	<b>(268,435)</b>	<b>--</b>	<b>(132,115)</b>	<b>--</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	59,920	34,781	703,050	1,807,025
<b>Net Cash Provided by Investing Activities</b>	<b>59,920</b>	<b>34,781</b>	<b>703,050</b>	<b>1,807,025</b>
Increase (Decrease) in Cash and Cash Equivalents	606,667	222,484	2,444,411	8,423,919
Cash and Cash Equivalents, Beginning of Year	1,642,874	864,505	15,214,552	32,797,802
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,249,541</b>	<b>\$ 1,086,989</b>	<b>\$ 17,658,963</b>	<b>\$ 41,221,721</b>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)

Internal Service Funds

For the Year Ended June 30, 2008

	Medical Insurance	Dental Insurance	Unemployment Insurance	Totals
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 45,694,611	\$ 5,203,466	\$ 1,076,745	103,989,009
Cash payments to suppliers for goods and services	(43,159,718)	(5,039,768)	(932,377)	(80,700,076)
Cash payments to employees for services	--	--	--	(3,548,542)
Cash paid to County departments for services	(487,199)	(65,162)	(2,290)	(4,622,341)
Other operating revenues	3,120,489	--	--	3,799,864
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>5,168,183</b>	<b>98,536</b>	<b>142,078</b>	<b>18,917,914</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers in (out)	--	--	--	510,952
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>510,952</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition of capital assets	--	--	--	(2,175,897)
Debt interest payments	--	--	--	(228,742)
Debt principal payments	--	--	--	(821,316)
Proceeds from sale of capital assets	--	--	--	51,498
Receipts from insurance recovery	--	--	--	88,788
<b>Net Cash Provided (Used) by Capital Financing Activities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(3,085,669)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	1,478,441	109,015	170,610	5,107,123
<b>Net Cash Provided by Investing Activities</b>	<b>1,478,441</b>	<b>109,015</b>	<b>170,610</b>	<b>5,107,123</b>
Increase (Decrease) in Cash and Cash Equivalents	6,646,624	207,551	312,688	21,450,320
Cash and Cash Equivalents, Beginning of Year	29,886,500	2,318,921	3,684,850	101,485,760
Cash and Cash Equivalents, End of Year	<u>\$ 36,533,124</u>	<u>\$ 2,526,472</u>	<u>\$ 3,997,538</u>	<u>\$ 122,936,080</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)

Internal Service Funds

For the Year Ended June 30, 2008

	<u>Fleet Services</u>	<u>Office Automation</u>	<u>Central Telephone</u>	<u>Southern Water System</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 2,052,759	\$ 353,000	\$ 120,572	\$ (20,453)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	1,028,481	476,478	106,853	78,458
(Increase) decrease in accounts receivable	(14,678)	44,073	(15,487)	(58,005)
(Increase) decrease in inventories	(48,418)	--	(16,063)	--
(Increase) decrease in prepaid expenses	--	(428)	--	--
Increase (decrease) in accounts payable	54,428	(58,806)	(173,701)	--
Increase (decrease) in claims liability	--	--	--	--
Increase (decrease) in OPEB liability	84,954	--	21,845	--
	<u>\$ 3,157,526</u>	<u>\$ 814,317</u>	<u>\$ 44,019</u>	<u>\$ --</u>
Net Cash Provided (Used) by Operating Activities				
Non-cash transactions:				
The County's Internal Service Funds entered various purchase-lease agreements during the year to purchase equipment	<u>\$ --</u>	<u>\$ 770,149</u>	<u>\$ --</u>	<u>\$ --</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)

Internal Service Funds

For the Year Ended June 30, 2008

	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)	\$ 125,040	\$ (31,279)	\$ (1,416,338)	\$ 3,075,625
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	494,260	--	--	2,142
(Increase) decrease in accounts receivable	87	(136,628)	(226,393)	18,597
(Increase) decrease in inventories	--	--	--	--
(Increase) decrease in prepaid expenses	--	--	(15,611)	--
Increase (decrease) in accounts payable	195,795	355,610	292,818	88,530
Increase (decrease) in claims liability	--	--	3,239,000	3,432,000
Increase (decrease) in OPEB liability	--	--	--	--
	<u>\$ 815,182</u>	<u>\$ 187,703</u>	<u>\$ 1,873,476</u>	<u>\$ 6,616,894</u>
Net Cash Provided (Used) by Operating Activities				
	<u>\$ 815,182</u>	<u>\$ 187,703</u>	<u>\$ 1,873,476</u>	<u>\$ 6,616,894</u>
Non-cash transactions:				
The County's Internal Service Funds entered various purchase-lease agreements during the year to purchase equipment	\$ 65,999	\$ --	\$ --	\$ --
	<u>\$ 65,999</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)

Internal Service Funds

For the Year Ended June 30, 2008

	Medical Insurance	Dental Insurance	Unemployment Insurance	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 5,227,132	\$ (156,649)	\$ 102,612	\$ 9,432,021
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	--	--	--	2,186,672
(Increase) decrease in accounts receivable	(105,609)	(23,229)	(7,450)	(524,722)
(Increase) decrease in inventories	--	--	--	(64,481)
(Increase) decrease in prepaid expenses	--	--	--	(16,039)
Increase (decrease) in accounts payable	(65,975)	168,356	2,231	859,286
Increase (decrease) in claims liability	112,635	110,058	44,685	6,938,378
Increase (decrease) in OPEB liability	--	--	--	106,799
	<u>\$ 5,168,183</u>	<u>\$ 98,536</u>	<u>\$ 142,078</u>	<u>\$ 18,917,914</u>
Net Cash Provided (Used) by Operating Activities				
	<u>\$ 5,168,183</u>	<u>\$ 98,536</u>	<u>\$ 142,078</u>	<u>\$ 18,917,914</u>
Non-cash transactions:				
The County's Internal Service Funds entered various purchase-lease agreements during the year to purchase equipment	\$ --	\$ --	\$ --	\$ 836,148
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 836,148</u>



## **Private Purpose Trust Funds**

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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.

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## COUNTY OF SAN JOAQUIN

### Combining Statement of Fiduciary Net Assets Private Purpose Trust Funds June 30, 2008

	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	\$ 921,028	\$ --	\$ 345,321	\$ 3,590,221	\$ 106,733	\$ 4,963,303
Cash and investments held by others	--	4,676,045	--	--	--	4,676,045
Investment income receivables	6,738	10,453	5,677	27,508	833	51,209
Due from other governments	--	--	--	115,475	--	115,475
Loans receivable	--	4,383,876	16,631,952	9,233,819	114,615	30,364,262
 Total Assets	 <u>\$ 927,766</u>	 <u>\$ 9,070,374</u>	 <u>\$ 16,982,950</u>	 <u>12,967,023</u>	 <u>\$ 222,181</u>	 <u>\$ 40,170,294</u>
<u>Liabilities</u>						
Accounts payable	\$ --	\$ 1,043	\$ 158,215	\$ --	\$ 44,270	\$ 203,528
 Total Liabilities	 <u>--</u>	 <u>1,043</u>	 <u>158,215</u>	 <u>--</u>	 <u>44,270</u>	 <u>203,528</u>
<u>Net Assets</u>						
Held in trust for:						
Revolving loans	--	9,069,331	16,824,735	12,967,023	177,911	39,039,000
Other purposes	927,766	--	--	--	--	927,766
 Total Net Assets	 <u>927,766</u>	 <u>9,069,331</u>	 <u>16,824,735</u>	 <u>12,967,023</u>	 <u>177,911</u>	 <u>39,966,766</u>
 Total Liabilities and Net Assets	 <u>\$ 927,766</u>	 <u>\$ 9,070,374</u>	 <u>\$ 16,982,950</u>	 <u>\$ 12,967,023</u>	 <u>\$ 222,181</u>	 <u>\$ 40,170,294</u>

**COUNTY OF SAN JOAQUIN**

Combining Statement of Changes in Fiduciary Net Assets  
Private Purpose Trust Funds  
For the Year Ended June 30, 2008

	Sammie Hay	Industrial Revolving Loan Fund	Home Investment Trust Local Account	Rehabilitation Loan Program	Disaster Recovery Initiative Loan Program	Total
Additions:						
Contributions from other governments	\$ --	\$ --	\$ 1,151,487	\$ 505,987	\$ --	\$ 1,657,474
Investment income	36,761	480,664	91,888	208,097	4,460	821,870
Miscellaneous income	--	34,083	506	192,933	55	227,577
<b>Total additions</b>	<b>36,761</b>	<b>514,747</b>	<b>1,243,881</b>	<b>907,017</b>	<b>4,515</b>	<b>2,706,921</b>
Deductions:						
Benefit payments	47,585	--	--	--	--	47,585
Program expenses	--	16,860	148,342	129,303	--	294,505
Allowance for loan adjustments	--	30,469	--	--	--	30,469
Loan servicing fees	--	13,970	1,042	--	--	15,012
Administrative expenses	--	371,993	253,934	150,246	54,461	830,634
<b>Total deductions</b>	<b>47,585</b>	<b>433,292</b>	<b>403,318</b>	<b>279,549</b>	<b>54,461</b>	<b>1,218,205</b>
Change in net assets	(10,824)	81,455	840,563	627,468	(49,946)	1,488,716
Net assets, beginning	938,590	8,987,876	15,984,172	12,339,555	227,857	38,478,050
Net assets, ending	<u>\$ 927,766</u>	<u>\$ 9,069,331</u>	<u>\$ 16,824,735</u>	<u>\$ 12,967,023</u>	<u>\$ 177,911</u>	<u>\$ 39,966,766</u>

## **Agency Funds**

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

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## COUNTY OF SAN JOAQUIN

### Statement of Changes in Assets and Liabilities Arising From Cash Transactions All Agency Funds For the Year Ended June 30, 2008

	<u>June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>
<u>Assets</u>				
Cash and investments - pooled	\$ 28,033,155	\$ 684,424,858	\$ 671,832,293	\$ 40,625,720
Cash and investments held by others	5,997,666	15,722,908	17,804,607	3,915,967
Receivables	45,262,023	9,340,092	32,025,251	22,576,864
Loans receivable	27,000,000	53,000,000	27,000,000	53,000,000
Other assets	461,222	--	73,800	387,422
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 106,754,066</u>	<u>\$ 762,487,858</u>	<u>\$ 748,735,951</u>	<u>\$ 120,505,973</u>
<u>Liabilities</u>				
Accounts payable	\$ 36,205,002	\$ 31,448,644	\$ 36,205,002	\$ 31,448,644
Due to other agencies	70,529,064	731,039,214	712,530,949	89,037,329
Loan payable	20,000			20,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>\$ 106,754,066</u>	<u>\$ 762,487,858</u>	<u>\$ 748,735,951</u>	<u>\$ 120,505,973</u>

# **COMPONENT UNIT FINANCIAL STATEMENTS**

## **Mountain House Community Services District Funds**

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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.

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**COUNTY OF SAN JOAQUIN**

Statement of Net Assets  
Mountain House Community Services District  
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Pooled cash and investments	\$ 6,071,448	\$ 255,838	\$ 6,327,286
Accounts receivable	3,750,406	2,747	3,753,153
Taxes receivable	82,663	--	82,663
Interest receivable	79,256	3,961	83,217
Unamortized debt issuance cost	--	350,007	350,007
Restricted assets:			
Cash and investments	--	6,604,960	6,604,960
Interest receivable	--	29,264	29,264
Capital assets:			
Nondepreciable	16,016,557	--	16,016,557
Depreciable, net	<u>155,279,429</u>	<u>127,523,805</u>	<u>282,803,234</u>
 Total Assets	 <u><u>\$ 181,279,759</u></u>	 <u><u>\$ 134,770,582</u></u>	 <u><u>\$ 316,050,341</u></u>
 <b>LIABILITIES</b>			
Accounts payable	\$ 468,289	\$ 190,344	\$ 658,633
Due to other County funds	5,820	--	5,820
Long-term liabilities:			
Certificates of participation:			
Due within one year	--	430,000	430,000
Due beyond one year	--	23,797,703	23,797,703
Pledged notes payable:			
Due beyond one year	102,439,150	133,927,613	236,366,763
Compensated absences			
Due within one year	110,612	--	110,612
Due beyond one year	4,354	--	4,354
Total Liabilities	<u>103,028,225</u>	<u>158,345,660</u>	<u>261,373,885</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	68,856,836	(24,026,551)	44,830,285
Restricted for debt service	--	6,604,960	6,604,960
Unrestricted	<u>9,394,698</u>	<u>(6,153,487)</u>	<u>3,241,211</u>
Total Net Assets	<u><u>78,251,534</u></u>	<u><u>(23,575,078)</u></u>	<u><u>54,676,456</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 181,279,759</u></u>	 <u><u>\$ 134,770,582</u></u>	 <u><u>\$ 316,050,341</u></u>

**COUNTY OF SAN JOAQUIN**

Statement of Activities  
 Mountain House Community Services District  
 For the Year Ended June 30, 2008

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<i>Governmental Activities:</i>				
Public ways and facilities	\$ 17,350,417	\$ 10,604,074	\$ 30,863	\$ --
Interest	2,487,285	--	--	--
Total Governmental Activities	<u>19,837,702</u>	<u>10,604,074</u>	<u>30,863</u>	<u>--</u>
 <i>Business-Type Activities:</i>				
Water	4,335,882	1,691,474	--	17,377
Wastewater	4,178,771	1,292,323	--	--
Storm	2,548,024	526,864	--	--
Total Business-Type Activities	<u>11,062,677</u>	<u>3,510,661</u>	<u>--</u>	<u>17,377</u>
 Total Mountain House Community Services District	 <u>\$ 30,900,379</u>	 <u>\$ 14,114,735</u>	 <u>\$ 30,863</u>	 <u>\$ 17,377</u>

General Revenues:

Property taxes

Unrestricted interest and investment earnings

Transfers to other County funds

Transfers between governmental activities  
and business-type activities

Total General Revenues and Transfers

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year



Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (6,715,480)	\$ --	\$ (6,715,480)
(2,487,285)	--	(2,487,285)
<u>(9,202,765)</u>	<u>--</u>	<u>(9,202,765)</u>
--	(2,627,031)	(2,627,031)
--	(2,886,448)	(2,886,448)
--	(2,021,160)	(2,021,160)
<u>--</u>	<u>(7,534,639)</u>	<u>(7,534,639)</u>
<u>(9,202,765)</u>	<u>(7,534,639)</u>	<u>(16,737,404)</u>
2,776,412	--	2,776,412
389,704	222,617	612,321
60,925	--	60,925
<u>(189,723)</u>	<u>189,723</u>	<u>--</u>
<u>3,037,318</u>	<u>412,340</u>	<u>3,449,658</u>
(6,165,447)	(7,122,299)	(13,287,746)
<u>84,416,981</u>	<u>(16,452,779)</u>	<u>67,964,202</u>
<u>\$ 78,251,534</u>	<u>\$ (23,575,078)</u>	<u>\$ 54,676,456</u>

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
 Mountain House Community Services District  
 All Governmental Funds  
 As of June 30, 2008

	Operating Fund	Builders Fee Fund	Developers Fund	Totals
<b>ASSETS</b>				
Cash and investments	\$ 7,607,717	\$ 2,520,822	\$ (4,057,091)	\$ 6,071,448
Accounts receivable	144	8,989	3,741,273	3,750,406
Taxes receivable	82,663	--	--	82,663
Interest receivable	55,223	18,251	5,782	79,256
	<u>55,223</u>	<u>18,251</u>	<u>5,782</u>	<u>79,256</u>
 Total Assets	 <u>\$ 7,745,747</u>	 <u>\$ 2,548,062</u>	 <u>\$ (310,036)</u>	 <u>\$ 9,983,773</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 263,916	\$ 14,293	\$ 190,080	\$ 468,289
Due to other County funds	5,820	--	--	5,820
Deferred revenues	77,849	--	--	77,849
Total Liabilities	<u>347,585</u>	<u>14,293</u>	<u>190,080</u>	<u>551,958</u>
<b>FUND BALANCES</b>				
Reserve for encumbrances	441,624	133,177	3,751,874	4,326,675
Unreserved	6,956,538	2,400,592	(4,251,990)	5,105,140
Total Fund Balances	<u>7,398,162</u>	<u>2,533,769</u>	<u>(500,116)</u>	<u>9,431,815</u>
 Total Liabilities and Fund Balances	 <u>\$ 7,745,747</u>	 <u>\$ 2,548,062</u>	 <u>\$ (310,036)</u>	 <u>\$ 9,983,773</u>

**RECONCILIATION OF THE BALANCE SHEET -  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS:**

Fund Balances from above	\$ 9,431,815
Amounts reported for governmental activities in the statement of net assets are difference because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	171,295,986
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the governmental funds.	77,849
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds:	
Pledged notes payable	(102,439,150)
Compensated absences	<u>(114,966)</u>
Net assets of governmental activities	<u>\$ 78,251,534</u>

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Net Assets  
Mountain House Community Services District  
All Governmental Funds  
For the Year Ended June 30, 2007

	Operating Fund	Builders Fee Fund	Developers Fund	Totals
Revenues:				
Taxes	\$ 2,758,681	\$ --	\$ --	\$ 2,758,681
Licenses and permits	71,724	106,448	--	178,172
Use of money and property	267,929	93,862	27,913	389,704
Aid from other governmental agencies	30,863	--	--	30,863
Charges for services	7,387,312	749,541	583,308	8,720,161
Other revenues	65,137	50,000	1,590,604	1,705,741
Total Revenues	<u>10,581,646</u>	<u>999,851</u>	<u>2,201,825</u>	<u>13,783,322</u>
Expenditures:				
Current:				
Public ways and facilities:	5,001,981	750,657	4,973,805	10,726,443
Debt service:				
Principal	3,383,266	--	--	3,383,266
Capital outlay	9,296,158	234,663	--	9,530,821
Total Expenditures	<u>17,681,405</u>	<u>985,320</u>	<u>4,973,805</u>	<u>23,640,530</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,099,759)</u>	<u>14,531</u>	<u>(2,771,980)</u>	<u>(9,857,208)</u>
Other Financing Sources and Uses:				
Issuance of long-term debt	9,238,106	--	--	9,238,106
Transfers out	(189,750)	--	--	(189,750)
Intrafund transfers	66,504	(55,873)	(10,631)	--
Total other Financing Sources and Uses	<u>9,114,860</u>	<u>(55,873)</u>	<u>(10,631)</u>	<u>9,048,356</u>
Change in Fund Balance	2,015,101	(41,342)	(2,782,611)	(808,852)
Fund Balance, Beginning of Year	<u>5,383,061</u>	<u>2,575,111</u>	<u>2,282,495</u>	<u>10,240,667</u>
Fund Balance, End of Year	<u>\$ 7,398,162</u>	<u>\$ 2,533,769</u>	<u>\$ (500,116)</u>	<u>\$ 9,431,815</u>

## 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 Mountain House Community Services District For the Fiscal Year Ended June 30, 2008

Net change to fund balance - total governmental funds		\$ (808,852)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 9,530,821	
Less current year depreciation	<u>(6,595,253)</u>	2,935,568
<p>Capital assets received from external funds are recorded as increases in net assets, but they do not provide any addition to current financial resources and therefore are not reported as revenues in the governmental funds.</p>		
		60,952
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund:</p>		
Increase (decrease) in accrued property tax revenues		17,731
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		(28,721)
Financing charges on notes payable		(2,487,285)
<p>Long-term debt proceeds is a financial resource in the governmental funds, but it has no impact on the statement of activities since it increases the long-term liabilities in the statement of net assets. 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.</p>		
New issuance of long-term debt		(9,238,106)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
<p>Principal repayments:</p>		
Pledged notes payable		<u>3,383,266</u>
Change in net assets of governmental activities		<u><u>\$ (6,165,447)</u></u>

**COUNTY OF SAN JOAQUIN**

Statement of Fund Net Assets  
 Mountain House Community Services District  
 All Enterprise Funds  
 June 30, 2008

	Water Fund	Water Pledged Fund	Wastewater Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments:			
Pooled	\$ 92,704	\$ 8,508	\$ (24,300)
Accounts receivable	247	--	--
Interest receivable	1,119	61	--
Unamortized debt issuance cost	--	170,473	--
Restricted assets:			
Cash and investments	--	2,735,593	--
Interest receivable	--	12,201	--
Capital assets:			
Depreciable, net	<u>40,759,402</u>	<u>          --</u>	<u>61,321,700</u>
 Total Assets	<u><u>\$ 40,853,472</u></u>	<u><u>\$ 2,926,836</u></u>	<u><u>\$ 61,297,400</u></u>
 <b>LIABILITIES</b>			
Accounts payable	\$ 80,438	\$ --	\$ 77,426
Long-term liabilities:			
Certificates of participation:			
Due within one year	--	210,000	--
Due beyond one year	--	11,133,129	--
Notes payable			
Due beyond one year	--	30,637,321	--
Total Liabilities	<u>80,438</u>	<u>41,980,450</u>	<u>77,426</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	40,759,402	(39,244,857)	61,321,700
Restricted for debt service	--	2,735,593	--
Unrestricted	<u>13,632</u>	<u>(2,544,350)</u>	<u>(101,726)</u>
Total Net Assets	<u><u>40,773,034</u></u>	<u><u>(39,053,614)</u></u>	<u><u>61,219,974</u></u>
 Total Liabilities and Net Assets	<u><u>\$ 40,853,472</u></u>	<u><u>\$ 2,926,836</u></u>	<u><u>\$ 61,297,400</u></u>

Continued

**COUNTY OF SAN JOAQUIN**

Statement of Fund Net Assets (Continued)  
 Mountain House Community Services District  
 All Enterprise Funds  
 June 30, 2008

	Wastewater Pledged Fund	Storm Fund	Storm Pledged Fund	Totals
<b>ASSETS</b>				
Cash and investments:				
Pooled	\$ 2,867	\$ 174,380	\$ 1,679	\$ 255,838
Accounts receivable	--	2,500	--	2,747
Interest receivable	20	2,749	12	3,961
Unamortized debt issuance cost	138,670	--	40,864	350,007
Restricted assets:				
Cash and investments	2,827,880	--	1,041,487	6,604,960
Interest receivable	12,429	--	4,634	29,264
Capital assets:				
Depreciable	--	25,442,703	--	127,523,805
 Total Assets	 <u>\$ 2,981,866</u>	 <u>\$ 25,622,332</u>	 <u>\$ 1,088,676</u>	 <u>\$ 134,770,582</u>
<b>LIABILITIES</b>				
Accounts payable	\$ --	\$ 32,480	\$ --	\$ 190,344
Long-term liabilities:				
Certificates of participation:				
Due within one year	170,000	--	50,000	430,000
Due beyond one year	9,630,604	--	3,033,970	23,797,703
Notes payable				
Due beyond one year	79,018,865	--	24,271,427	133,927,613
Total Liabilities	<u>88,819,469</u>	<u>32,480</u>	<u>27,355,397</u>	<u>158,345,660</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	(85,991,589)	25,442,703	(26,313,910)	(24,026,551)
Debt service	2,827,880	--	1,041,487	6,604,960
Unrestricted	(2,673,894)	147,149	(994,298)	(6,153,487)
Total Net Assets	<u>(85,837,603)</u>	<u>25,589,852</u>	<u>(26,266,721)</u>	<u>(23,575,078)</u>
 Total Liabilities and Net Assets	 <u>\$ 2,981,866</u>	 <u>\$ 25,622,332</u>	 <u>\$ 1,088,676</u>	 <u>\$ 134,770,582</u>

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Mountain House Community Services District  
All Enterprise Funds  
For the Year Ended June 30, 2008

	Water Fund	Water Pledged Fund	Wastewater Fund
Operating Revenues:			
User fees	\$ 895,925	\$ 645,136	\$ 770,398
Other	150,413	--	--
Total Operating Revenues	<u>1,046,338</u>	<u>645,136</u>	<u>770,398</u>
Operating Expenses:			
Services and supplies	1,380,023	--	1,164,409
Depreciation and amortization	1,891,572	--	1,312,429
Total Operating Expenses	<u>3,271,595</u>	<u>--</u>	<u>2,476,838</u>
Operating Income (Loss)	<u>(2,225,257)</u>	<u>645,136</u>	<u>(1,706,440)</u>
Non-Operating Revenues (Expenses):			
Interest income	13,134	78,100	2,604
Interest expense	--	(1,064,287)	--
Total Non-Operating Revenues (Expenses)	<u>13,134</u>	<u>(986,187)</u>	<u>2,604</u>
Net Income (Loss) Before Transfers and Contributions	<u>(2,212,123)</u>	<u>(341,051)</u>	<u>(1,703,836)</u>
Contributions	17,377	--	--
Transfers in	--	--	189,723
Intrafund transfers	--	(61,514)	22,980,934
Change in Net Assets	<u>(2,194,746)</u>	<u>(402,565)</u>	<u>21,466,821</u>
Net Assets - Beginning of Year	<u>42,967,780</u>	<u>(38,651,049)</u>	<u>39,753,153</u>
Net Assets - End of Year	<u>\$ 40,773,034</u>	<u>\$ (39,053,614)</u>	<u>\$ 61,219,974</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets (continued)  
Mountain House Community Services District  
All Enterprise Funds  
For the Year Ended June 30, 2008

	Wastewater Pledged Fund	Storm Fund	Storm Pledged Fund	Total
Operating Revenues:				
User fees	\$ 521,925	\$ 375,668	\$ 151,196	\$ 3,360,248
Other	--	--	--	150,413
Total Operating Revenues	<u>521,925</u>	<u>375,668</u>	<u>151,196</u>	<u>3,510,661</u>
Operating Expenses:				
Services and supplies	--	560,069	--	3,104,501
Depreciation and amortization	--	1,276,702	--	4,480,703
Total Operating Expenses	<u>--</u>	<u>1,836,771</u>	<u>--</u>	<u>7,585,204</u>
Operating Income (Loss)	<u>521,925</u>	<u>(1,461,103)</u>	<u>151,196</u>	<u>(4,074,543)</u>
Non-Operating Revenues (Expenses):				
Interest income	76,545	23,767	28,467	222,617
Interest expense	(1,701,933)	--	(711,253)	(3,477,473)
Total Non-Operating Revenues (Expenses)	<u>(1,625,388)</u>	<u>23,767</u>	<u>(682,786)</u>	<u>(3,254,856)</u>
Net Income (Loss) Before Transfers and Contributions	(1,103,463)	(1,437,336)	(531,590)	(7,329,399)
Contributions	--	--	--	17,377
Transfers in	--	--	--	189,723
Intrafund transfers	<u>(22,919,420)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Change in Net Assets	(24,022,883)	(1,437,336)	(531,590)	(7,122,299)
Net Assets - Beginning of Year	<u>(61,814,720)</u>	<u>27,027,188</u>	<u>(25,735,131)</u>	<u>(16,452,779)</u>
Net Assets - End of Year	<u>\$ (85,837,603)</u>	<u>\$ 25,589,852</u>	<u>\$ (26,266,721)</u>	<u>\$ (23,575,078)</u>



**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows  
 Mountain House Community Services District  
 All Enterprise Funds  
 For the Year Ended June 30, 2008

	<u>Water Fund</u>	<u>Water Pledged Fund</u>	<u>Wastewater Fund</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,111,719	\$ 695,952	\$ 816,837
Cash payments to suppliers for goods and services	<u>(1,439,207)</u>	<u>(146,229)</u>	<u>(1,151,803)</u>
Net Cash Provided (Used) by Operating Activities	<u>(327,488)</u>	<u>549,723</u>	<u>(334,966)</u>
Cash Flows from Noncapital Financing Activities:			
Repayment of interfund loans	144,889	(144,889)	118,339
Transfers in (out)	<u>--</u>	<u>(61,514)</u>	<u>189,723</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>144,889</u>	<u>(206,403)</u>	<u>308,062</u>
Cash Flows from Capital and Related Financing Activities:			
Issuance of certificates of participation	--	11,169,177	--
Acquisition of capital assets	--	--	--
Debt interest payments	--	(250,701)	--
Debt principal payments	<u>--</u>	<u>(8,895,871)</u>	<u>--</u>
Net Cash Provided (Used) by Capital Financing Activities	<u>--</u>	<u>2,022,605</u>	<u>--</u>
Cash Flows from Investing Activities:			
Interest received	<u>18,708</u>	<u>69,235</u>	<u>2,604</u>
Net Cash Provided by Investing Activities	<u>18,708</u>	<u>69,235</u>	<u>2,604</u>
Increase (Decrease) in Cash and Cash Equivalents	(163,891)	2,435,160	(24,300)
Cash and Cash Equivalents, Beginning of Year	<u>256,595</u>	<u>308,941</u>	<u>--</u>
Cash and Cash Equivalents, End of Year	<u>\$ 92,704</u>	<u>\$ 2,744,101</u>	<u>\$ (24,300)</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)  
 Mountain House Community Services District  
 All Enterprise Funds  
 For the Year Ended June 30, 2008

	Wastewater Pledged Fund	Storm Fund	Storm Pledged Fund	Totals
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash Flows from Operating Activities:				
Cash received from customers	\$ 563,050	\$ 389,690	\$ 163,493	\$ 3,740,741
Cash payments to suppliers for goods and services	<u>(181,257)</u>	<u>(543,827)</u>	<u>(44,340)</u>	<u>(3,506,663)</u>
Net Cash Provided (Used) by Operating Activities	<u>381,793</u>	<u>(154,137)</u>	<u>119,153</u>	<u>234,078</u>
Cash Flows from Noncapital Financing Activities:				
Repayment of interfund loans	(118,339)	33,465	(33,465)	--
Transfers in (out)	<u>61,514</u>	<u>--</u>	<u>--</u>	<u>189,723</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(56,825)</u>	<u>33,465</u>	<u>(33,465)</u>	<u>189,723</u>
Cash Flows from Capital and Related Financing Activities:				
Issuance of certificates of participation	9,659,104	--	3,042,272	23,870,553
Acquisition of capital assets	--	(340,181)	--	(340,181)
Debt interest payments	(217,357)	--	(68,638)	(536,696)
Debt principal payments	<u>(7,205,230)</u>	<u>--</u>	<u>(2,107,422)</u>	<u>(18,208,523)</u>
Net Cash Provided (Used) by Capital Financing Activities	<u>2,236,517</u>	<u>(340,181)</u>	<u>866,212</u>	<u>4,785,153</u>
Cash Flows from Investing Activities:				
Interest received	<u>66,332</u>	<u>28,924</u>	<u>24,547</u>	<u>210,350</u>
Net Cash Provided by Investing Activities	<u>66,332</u>	<u>28,924</u>	<u>24,547</u>	<u>210,350</u>
Increase (Decrease) in Cash and Cash Equivalents	2,627,817	(431,929)	976,447	5,419,304
Cash and Cash Equivalents, Beginning of Year	<u>202,930</u>	<u>606,309</u>	<u>66,719</u>	<u>1,441,494</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,830,747</u>	<u>\$ 174,380</u>	<u>\$ 1,043,166</u>	<u>\$ 6,860,798</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)  
 Mountain House Community Services District  
 All Enterprise Funds  
 For the Year Ended June 30, 2008

	<u>Water Fund</u>	<u>Water Pledged Fund</u>	<u>Wastewater Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (2,225,257)	\$ 645,136	\$ (1,706,440)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,891,572	--	1,312,429
Change in:			
Accounts receivable	65,381	50,816	46,439
Accounts payable	(59,184)	(146,229)	12,606
Net Cash Provided (Used) by Operating Activities	<u>\$ (327,488)</u>	<u>\$ 549,723</u>	<u>\$ (334,966)</u>
Non-cash transactions:			
Transfer of capital assets (to) from other funds	\$ 17,378	\$ --	\$ 22,980,934
Acquisition of capital assets with pledged notes payable	--	--	--
Issuance of pledged note payable	--	--	--
	<u>\$ 17,378</u>	<u>\$ --</u>	<u>\$ 22,980,934</u>

Continued

**COUNTY OF SAN JOAQUIN**

Combining Statement of Cash Flows (continued)  
 Mountain House Community Services District  
 All Enterprise Funds  
 For the Year Ended June 30, 2008

	Wastewater Pledged Fund	Storm Fund	Storm Pledged Fund	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 521,925	\$ (1,461,103)	\$ 151,196	\$ (4,074,543)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	--	1,276,702	--	4,480,703
Change in:				
Accounts receivable	41,125	14,022	12,297	230,080
Accounts payable	(181,257)	16,242	(44,340)	(402,162)
Net Cash Provided (Used) by Operating Activities	\$ 381,793	\$ (154,137)	\$ 119,153	\$ 234,078
Non-cash transactions:				
Transfer of capital assets (to) from other funds	\$ (22,980,934)	\$ --	\$ --	\$ 17,378
Acquisition of capital assets with pledged notes payable	22,980,934	--	--	22,980,934
Issuance of pledged note payable	(22,980,934)	--	--	(22,980,934)
	\$ (22,980,934)	\$ --	\$ --	\$ 17,378

# **COMPONENT UNIT FINANCIAL STATEMENTS**

## **County Service Area No 31 Flag City**

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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.

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**COUNTY OF SAN JOAQUIN**

Statement of Net Assets  
County Service Area #31 - Flag City  
June 30, 2008

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Pooled cash and investments	\$ 1,047,740
Accounts receivable	12,514
Interest receivable	(37,371)
Restricted assets:	
Cash and investments	675,550
Interest receivable	14,076
Capital assets:	
Depreciable, net	<u>7,649,325</u>
 Total Assets	 <u><u>\$ 9,361,834</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 4,564
Advances from other County funds	1,179,383
Long-term liabilities:	
Certificates of participation:	
Due beyond one year	8,331,875
Payable from restricted assets:	
Accrued interest	<u>271,322</u>
Total Liabilities	<u>9,787,144</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	(7,000)
Restricted for debt service	609,709
Unrestricted	<u>(1,028,019)</u>
Total Net Assets	<u>(425,310)</u>
 Total Liabilities and Net Assets	 <u><u>\$ 9,361,834</u></u>

**COUNTY OF SAN JOAQUIN**

Statement of Activities  
County Service Area #31 - Flag City  
For the Year Ended June 30, 2008

	<u>Governmental Activities</u>
<b>Program Expenses:</b>	
Public Ways and Facilities:	
Professional services	\$ 475,267
Utilities	248,849
Communication	175
Office expenses	140
Special expenses	30,723
Maintenance	24,761
Insurance	22,970
Miscellaneous	1,279
Depreciation	6,379
Interest	<u>431,573</u>
 Total Program Expenses	 1,242,116
 <b>Program Revenues:</b>	
Charges for services	<u>862,290</u>
 <b>Net Program Revenues (Expenses)</b>	 (379,826)
 General Revenues:	
Unrestricted interest and investment earnings	<u>57,690</u>
 <b>Change in Net Assets</b>	 (322,136)
 Net Assets, Beginning of Year	<u>(103,174)</u>
 <b>Net Assets, End of Year</b>	 <u><u>\$ (425,310)</u></u>

**COUNTY OF SAN JOAQUIN**

Combining Balance Sheet  
 County Service Area #31 - Flag City  
 All Governmental Funds  
 As of June 30, 2008

	Special Revenue Funds			Debt Service	Capital Projects	Totals
	Operating Fund	Sewer Service Fund	All Special Revenue Funds	Debt Service	Capital Outlay	
<b>ASSETS</b>						
Cash and investments	\$ 220,191	\$ 826,196	\$ 1,046,387	\$ --	\$ 1,353	\$ 1,047,740
Interest receivable	2,201	(39,581)	(37,380)	--	9	(37,371)
Accounts receivable	12,514	--	12,514	--	--	12,514
Restricted assets:						
Cash and investments	--	65,841	65,841	609,709	--	675,550
Interest receivable	--	--	--	14,076	--	14,076
Total Assets	<u>\$ 234,906</u>	<u>\$ 852,456</u>	<u>\$ 1,087,362</u>	<u>\$ 623,785</u>	<u>\$ 1,362</u>	<u>\$ 1,712,509</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,600	\$ 1,964	\$ 4,564	\$ --	\$ --	\$ 4,564
Advances from other funds	--	1,179,383	1,179,383	--	--	1,179,383
Total Liabilities	<u>2,600</u>	<u>1,181,347</u>	<u>1,183,947</u>	<u>--</u>	<u>--</u>	<u>1,183,947</u>
<b>FUND BALANCES</b>						
Reserve for encumbrances	--	343,922	343,922	--	--	343,922
Unreserved	232,306	(672,813)	(440,507)	623,785	1,362	184,640
Total Fund Balances	<u>232,306</u>	<u>(328,891)</u>	<u>(96,585)</u>	<u>623,785</u>	<u>1,362</u>	<u>528,562</u>
Total Liabilities and Fund Balances	<u>\$ 234,906</u>	<u>\$ 852,456</u>	<u>\$ 1,087,362</u>	<u>\$ 623,785</u>	<u>\$ 1,362</u>	<u>\$ 1,712,509</u>

**RECONCILIATION OF THE BALANCE SHEET -  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS:**

Fund Balances from above	\$ 528,562
Amounts reported for governmental activities in the statement of net assets are difference because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	7,649,325
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	(8,331,875)
Accrued interest payable	<u>(271,322)</u>
Net assets of governmental activities	<u>\$ (425,310)</u>



## COUNTY OF SAN JOAQUIN

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

	Special Revenue Funds			Debt Service	Capital Projects	Totals
	Operating Fund	Sewer Service Fund	All Special Revenue Funds	Debt Service	Capital Outlay	
Revenues:						
Use of money and property	3,764	38,078	\$ 41,842	15,798	50	\$ 57,690
Charges for services	216,097	646,193	862,290	--	--	862,290
<b>Total Revenues</b>	<b>219,861</b>	<b>684,271</b>	<b>904,132</b>	<b>15,798</b>	<b>50</b>	<b>919,980</b>
Expenditures:						
Current:						
Public ways and facilities:						
Professional services	158,450	316,817	475,267	--	--	475,267
Utilities	40,731	208,118	248,849	--	--	248,849
Communication	65	110	175	--	--	175
Office expenses	136	4	140	--	--	140
Special expenses	30,145	578	30,723	--	--	30,723
Maintenance	12,272	12,489	24,761	--	--	24,761
Insurance	22,970	--	22,970	--	--	22,970
Miscellaneous	1,279	--	1,279	--	--	1,279
Capital outlay	--	7,504,269	7,504,269	--	--	7,504,269
Interest	--	--	--	160,250	--	160,250
<b>Total Expenditures</b>	<b>266,048</b>	<b>8,042,385</b>	<b>8,308,433</b>	<b>160,250</b>	<b>--</b>	<b>8,468,683</b>
Excess of Revenues Over (Under) Expenditures	(46,187)	(7,358,114)	(7,404,301)	(144,452)	50	(7,548,703)
Other Financing Sources and Uses:						
Issuance of debt	--	7,557,825	7,557,825	892,175	--	8,450,000
Discount on issuance of debt	--	--	--	(118,125)	--	(118,125)
Transfers in	--	5,813	5,813	--	--	5,813
Transfers out	--	--	--	(5,813)	--	(5,813)
<b>Total other Financing Sources and Uses</b>	<b>--</b>	<b>7,563,638</b>	<b>7,563,638</b>	<b>768,237</b>	<b>--</b>	<b>8,331,875</b>
Change in Fund Balance	(46,187)	205,524	159,337	623,785	50	783,172
Fund Balance, Beginning of Year	278,493	(534,415)	(255,922)	--	1,312	(254,610)
Fund Balance, End of Year	<u>\$ 232,306</u>	<u>\$ (328,891)</u>	<u>\$ (96,585)</u>	<u>\$ 623,785</u>	<u>\$ 1,362</u>	<u>\$ 528,562</u>

## 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 County Service Area #31 - Flag City For the Fiscal Year Ended June 30, 2008

Net change to fund balance - total governmental funds	\$	783,172
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 7,504,269	
Less current year depreciation	<u>(6,379)</u>	7,497,890
<p>Long-term debt proceeds is a financial resource in the governmental funds, but it has no impact on the statement of activities since it increases the long-term liabilities in the statement of net assets. 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.</p>		
New issuance of certificates of participation	(8,450,000)	
Discount on issuance of certificates of participation	<u>118,125</u>	(8,331,875)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in accrued interest payable		<u>(271,323)</u>
Change in net assets of governmental activities		<u><u>\$ (322,136)</u></u>

**STATISTICAL SECTION –  
FINANCIAL ONLY**

**COUNTY OF SAN JOAQUIN**

**Changes in Net Assets, Last Seven Fiscal Years  
For the Year Ended June 30, 2008**

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Expenses:</b>							
<b>Governmental activities:</b>							
General government	\$ 32,878,778	\$ 20,374,318	\$ 25,732,859	\$ 27,912,118	\$ 30,779,313	\$ 38,795,621	\$ 34,228,773
Public protection	281,673,437	248,844,996	230,090,340	209,655,788	202,926,413	190,662,044	188,040,521
Public ways and facilities	50,211,457	37,531,443	37,605,714	33,381,324	39,656,503	34,232,728	32,655,358
Mountain House community district services	17,794,338	16,625,018	12,835,337	8,565,410	--	--	--
Health and sanitation	116,283,861	124,328,143	119,566,506	113,805,931	114,164,687	108,020,461	95,671,637
Public assistance	354,524,465	324,549,286	307,459,822	286,344,969	262,306,099	259,868,711	250,800,994
Education	7,022,459	6,266,998	5,865,222	5,670,639	4,141,557	4,224,248	4,075,421
Culture and recreation	7,474,857	6,108,149	5,580,859	5,151,479	4,851,047	4,892,440	4,516,643
Interest on long-term debt	4,667,933	7,468,897	4,040,221	3,301,400	3,602,597	3,767,117	3,687,949
Total governmental activities expenses	<u>872,531,585</u>	<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>
<b>Business-type activities:</b>							
Solid Waste	19,881,759	21,022,270	17,685,787	19,128,619	18,258,876	14,761,783	14,819,128
Hospital	206,744,293	194,540,564	189,776,046	171,184,362	158,342,874	160,106,702	152,420,720
Airport	3,937,352	4,592,686	3,663,416	3,492,808	2,877,679	2,567,318	2,741,807
Mountain House Distroct-Water/wasterwtr	11,062,677	12,490,364	8,586,976	--	--	--	--
Total business-type activities expenses	<u>241,626,081</u>	<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>1,114,157,666</u>	<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>
<b>Program Revenues:</b>							
<b>Governmental activities:</b>							
<b>Charges for services</b>							
General government	20,878,702	25,644,079	20,161,576	13,147,165	12,902,374	8,038,035	12,303,088
Public protection	46,128,760	43,895,054	50,135,663	47,004,966	45,568,340	40,848,887	32,451,657
Public ways and facilities	10,970,609	10,750,679	9,713,552	8,084,373	14,917,746	11,129,767	19,852,028
Community infrastructure pro	3,564,809	5,424,835	3,922,438	2,744,572	--	--	3,082,241
Mountain House service district	10,535,401	18,980,629	6,816,337	7,617,175	--	--	--
Health & sanitation	33,600,035	32,909,784	29,049,369	32,172,418	33,432,777	35,571,727	31,870,685
Children & families act program	1,000	3,507	--	--	--	--	965,243
Public assistance	1,329,035	1,004,460	1,162,124	882,179	770,841	458,498	28,284
Education	157,664	137,306	146,925	165,664	146,494	123,384	177,849
Recreation	1,588,227	1,504,986	1,580,398	1,429,929	1,468,930	1,448,001	1,294,571
Operating grants and contribution	517,574,981	506,957,550	476,195,426	445,160,436	401,581,907	411,746,972	407,032,211
Capital grants and contribution (3)	15,098,553	6,167,215	14,389,355	6,523,968	10,343,663	75,199,646	9,601,105
Total governmental activities revenues	<u>661,427,776</u>	<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>
<b>Business-type activities:</b>							
<b>Charges for services</b>							
Solid Waste	17,678,924	19,171,854	19,699,066	16,397,404	14,421,249	14,189,244	12,363,704
Hospital	166,796,464	151,052,423	158,935,264	151,749,835	139,106,939	126,726,781	130,241,517
Airport	1,664,750	1,364,367	1,456,000	2,505,795	1,764,248	1,337,875	1,051,249
Mountain House Distroct-Water/wasterwtr	3,528,038	3,462,934	2,328,332	--	--	--	--
Operating grants and contribution	1,715,573	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>191,383,749</u>	<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>852,811,525</u>	<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>
<b>Net(expense)/revenue</b>							
Governmental activities	(211,103,809)	(138,717,164)	(135,503,717)	(128,856,213)	(141,295,144)	(59,898,453)	(95,018,334)
Business-type activities	(50,242,332)	(56,236,361)	20,298,921	(22,709,285)	(17,585,415)	(32,666,987)	(25,202,370)
Total primary government net expense	<u>\$ (261,346,141)</u>	<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 Seven Fiscal Years (continued) For the Year Ended June 30, 2008

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>General revenues and other changes in net assets</b>							
Governmental activities:							
Property taxes	\$234,895,057	\$219,157,813	\$ 185,372,303	\$151,882,750	\$ 86,669,108	\$ 85,827,506	\$ 77,334,414
Sales taxes	26,759,854	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	4,804,452	4,952,713	5,159,327	17,446,086	37,340,881	50,010,443	42,733,916
Tobacco settlement proceeds	6,230,445	5,936,350	5,591,287	6,025,258	6,067,708	7,099,275	7,429,440
Other	6,258,720	6,948,456	8,938,958	9,140,545	7,144,766	5,722,455	4,844,335
Investment earnings	27,198,618	27,259,242	17,501,863	7,916,246	3,535,745	4,899,391	7,803,258
Miscellaneous	83,414	--	--	--	151,610	--	11,742
Transfers	(47,806,151)	(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>258,424,409</u>	<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	486,589	497,427	447,221	--	--	--	650604
Investment earnings	1,701,493	4,425,054	1,474,136	2,097,150	1,352,743	2,579,915	1951500
Other	2,301,957	712,180	--	--	--	--	--
Transfers	47,806,151	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>52,296,190</u>	<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>\$310,720,599</u>	<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>
<b>Changes in net assets</b>							
Governmental activities	\$ 47,320,600	\$153,536,038	\$ 79,213,875	\$ 76,924,819	\$ 5,564,826	\$ 90,473,963	\$ 34,948,566
Business-type activities	2,053,858	(92,932,554)	62,191,770	3,512,416	3,947,452	(9,384,995)	507,151
Total primary government	<u>\$ 49,374,458</u>	<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 Seven Fiscal Years As of June 30, 2008

	<u>2007-08</u>	<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	\$ 23,976,967	\$ 14,536,379	\$ 15,070,347	\$ 15,059,550	\$ 16,282,303	\$ 18,071,737	\$ 12,977,323
Unreserved	44,933,146	83,166,782	102,807,800	54,302,437	14,809,035	26,612,224	25,299,737
Total general fund	<u>68,910,113</u>	<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	207,483,095	251,338,071	82,359,538	67,074,862	85,343,195	89,295,726	110,548,916
Unreserved, reported in:							
Special Revenue Funds	109,457,795	110,480,453	84,887,806	86,357,996	58,703,829	70,284,471	85,597,972
Capital Project Funds	<u>14,306,567</u>	<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>331,247,457</u>	<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><u>\$ 400,157,570</u></u>	<u><u>\$ 478,887,705</u></u>	<u><u>\$ 300,444,664</u></u>	<u><u>\$ 230,411,122</u></u>	<u><u>\$ 176,257,046</u></u>	<u><u>\$ 193,923,385</u></u>	<u><u>\$ 212,445,294</u></u>

# COUNTY OF SAN JOAQUIN

## Legal Debt Margin Information Last Seven Years

	Fiscal year ended June 30						
	<u>2007-08</u>	<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	\$ 746,277,000	\$ 681,583,871	\$ 576,919,493	\$ 497,461,589	\$ 440,925,627	\$ 398,527,288	\$ 398,527,000
Total net debt applicable to limit	--	--	--	--	--	--	--
Legal debt margin	746,277,000	681,583,871	576,919,493	497,461,589	440,925,627	398,527,288	398,527,000
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**COUNTY OF SAN JOAQUIN**

County of San Joaquin  
Ratios of Outstanding Debt by Type,  
Last Seven Years  
As of June 30, 2008

<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>	
2008	\$ 141,983,074	\$ 2,776,957	\$ 106,054,903	\$ 28,292,606
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 Seven Years (continued)  
 As of June 30, 2008

Fiscal Year	Business-Type Activities				Unpaid Compensated Absence	Landfill Closure and Postclosure
	Certificates of Participation	Capital Leases	Loans			
2008	\$ 121,731,924	\$ 2,290,523	\$ 134,007,676	\$ 5,880,632	\$ 10,628,017	
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	10,021,598	
2004	118,788,998	311,742	92,792	5,133,855	6,908,034	
2003	122,798,940	394,191	95,151	5,165,988	4,765,986	
2002	107,614,109	14,194	97,244	4,422,669	4,740,172	

Continued

# COUNTY OF SAN JOAQUIN

County of San Joaquin  
Ratios of Outstanding Debt by Type,  
Last Seven Years (continued)  
As of June 30, 2008

<u>Fiscal Year</u>	<u>Total Primary Government</u>	<u>Per Capita</u>	<u>Population</u>
2007	\$ 553,646,312	\$ 814	680,183
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

# COUNTY OF SAN JOAQUIN

## Changes in Fund Balances, Governmental Funds - SJC Last 7 years June 30, 2008

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>REVENUES</b>							
Taxes	\$ 227,076,417	\$ 218,146,216	\$ 216,269,438	\$ 169,201,969	\$ 112,347,258	\$ 106,749,269	\$ 95,800,789
Licenses and permits	6,659,886	8,486,276	9,844,592	7,407,564	7,430,313	5,388,267	4,825,994
Fines, forfeits and penalties	17,348,913	13,722,623	18,067,404	14,080,149	11,656,083	10,752,441	10,864,649
Use of money and property	22,631,106	22,192,340	14,275,552	6,611,373	3,133,097	4,668,323	12,122,232
Aid from other governmental agencies	540,440,978	523,657,229	498,014,555	475,119,794	448,488,147	454,815,250	461,871,684
Charges for services	101,260,527	108,213,886	91,903,011	85,555,433	83,232,358	78,970,076	71,208,354
Miscellaneous	14,508,125	15,516,109	15,186,059	15,277,219	14,665,287	14,016,900	16,515,994
<b>TOTAL REVENUES</b>	<b>929,925,952</b>	<b>909,934,679</b>	<b>863,560,611</b>	<b>773,253,501</b>	<b>680,952,543</b>	<b>675,360,526</b>	<b>673,209,696</b>
<b>EXPENDITURES</b>							
<b>Current:</b>							
General government	51,755,694	44,561,448	38,369,942	31,018,117	31,296,316	36,277,964	37,055,410
Public safety	263,415,264	237,999,875	215,520,350	199,948,767	194,602,048	181,895,446	179,413,886
Public ways and facilities	42,225,336	36,445,618	34,935,720	31,528,734	29,781,894	27,254,974	26,151,100
Health & sanitation	131,038,122	121,594,955	116,869,120	112,053,011	112,618,258	106,415,747	94,778,227
Public assistance	328,313,700	320,973,887	304,048,779	285,095,525	260,876,919	258,408,303	250,652,919
Education	6,927,513	6,182,337	5,803,595	5,586,424	4,018,930	4,125,295	3,989,708
Recreation	5,468,614	4,706,578	4,131,171	3,554,593	3,368,867	3,622,470	3,435,111
Capital outlay	127,033,985	43,451,406	31,683,615	25,711,923	35,030,831	46,987,741	34,141,151
<b>Debt service:</b>							
Principal	9,747,542	12,879,337	5,486,955	5,216,438	5,484,743	4,825,020	5,402,261
Interest	8,141,411	5,915,163	3,208,775	3,266,278	3,237,657	3,542,306	3,377,075
Refunding escrow	--	18,398,858	--	--	--	--	--
<b>Total expenditures</b>	<b>974,067,181</b>	<b>853,109,462</b>	<b>760,058,022</b>	<b>702,979,810</b>	<b>680,316,463</b>	<b>673,355,266</b>	<b>638,396,848</b>
Excess (deficiency) of revenues over (under) expenditures	(44,141,229)	56,825,217	103,502,589	70,273,691	636,080	2,005,260	34,812,848
<b>OTHER FINANCING SOURCES(USES)</b>							
Transfers in	66,744,196	229,413,622	47,101,771	35,711,734	24,458,294	33,598,997	35,085,473
Transfers out	(114,971,967)	(252,215,639)	(82,599,029)	(52,034,944)	(45,047,748)	(55,389,327)	(59,375,019)
Interfund interest	--	--	33,615	--	--	--	--
Loan proceeds	18,763,465	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)	--	--
<b>TOTAL OTHER FINANCING</b>	<b>(29,464,306)</b>	<b>98,239,969</b>	<b>(33,469,047)</b>	<b>(16,119,613)</b>	<b>(18,302,419)</b>	<b>(20,527,169)</b>	<b>(22,666,714)</b>
<b>Net change in fund balances</b>	<b>\$ (73,605,535)</b>	<b>\$ 155,065,186</b>	<b>\$ 70,033,542</b>	<b>\$ 54,154,078</b>	<b>\$ (17,666,339)</b>	<b>\$ (18,521,909)</b>	<b>\$ 12,146,134</b>

# COUNTY OF SAN JOAQUIN

## Net Assets by Component, Last 7 Fiscal Years As of June 30, 2008

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 402,092,352	\$ 430,608,245	\$ 351,981,529	\$ 374,392,279	\$ 368,137,777	\$ 293,067,118	\$ 248,502,581
Restricted net assets	356,749,590	392,180,625	250,392,162	213,625,664	152,047,237	157,613,542	151,307,681
Unrestricted net assets	<u>210,145,467</u>	<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>968,987,409</u>	<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>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	17,825,176	33,306,890	28,558,534	26,284,166	13,900,024	15,719,581	7,684,095
Restricted net assets	6,647,136	10,410,082	14,403,192	6,131,099	12,797,787	19,035,786	852,809
Unrestricted net assets	<u>21,310,483</u>	<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>45,782,795</u>	<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>
<b>Primary government</b>							
Invested in capital assets, net of related debt	419,917,528	463,915,135	380,540,063	400,676,445	382,037,801	308,786,699	256,186,676
Restricted net assets	363,396,726	402,590,707	264,795,354	219,756,763	164,845,024	176,649,328	152,160,490
Unrestricted net assets	<u>231,455,950</u>	<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>\$ 1,014,770,204</u>	<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>