

COUNTY OF SAN JOAQUIN

AUDIT REPORT

JUNE 30, 2011

**COUNTY OF SAN JOAQUIN
AUDIT REPORT
JUNE 30, 2011**

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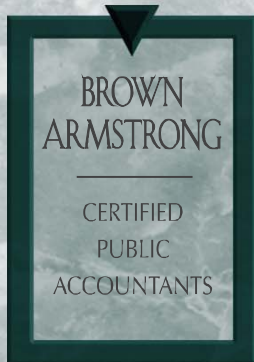
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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Grand Jury and
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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, 2011, 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 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. Our opinion, insofar as it relates to the amounts included for the discretely presented component units 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2011, 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 January 19, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, schedule of funding progress on pages 76 through 78, and budgetary comparison information on pages 79 through 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
January 19, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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, 2011. 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 2010-11 fiscal year by \$988.1 million, which is referred to as net assets. Of this amount, \$147.5 million is considered unrestricted net assets, which may be used to meet ongoing obligations to citizens and creditors. \$356.8 million is restricted net assets and limited to specific purposes and \$483.8 million, is invested in capital assets, net of related debt.
- The County's total net assets increased by \$66.6 million during the year. Governmental activities increased the County's net assets by \$28.9 million and business-type activities increased the County's net assets by \$37.7 million.
- As of June 30, 2011, the County governmental funds reported combined fund balances of \$372.7 million, which is an increase of \$30.6 million from last year's fund balance. Of the combined fund balances, \$222.5 million is nonspendable or restricted funds, while \$150.2 million is unrestricted funds that may be used to meet the County's current and future needs (*committed, assigned and unassigned fund balances*).
- As of June 30, 2011, the unrestricted fund balance for the general fund was \$84.2 million, or approximately 13.6% of the total general fund operating expenditures.
- The County's total long-term debt that is due beyond one year at June 30, 2011 was \$324.1 million, \$5.9 million lower than the prior year, primarily due to regularly scheduled debt payments and a \$14.0 million reduction in the current fiscal year's Teeter note offset by an increase of \$10.5 million in the County's OPEB liability.

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, 2011**

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 and sanitation; 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), and the San Joaquin County Solid Waste Enterprise (Landfill).

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
JUNE 30, 2011**

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, and the Landfill 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 of its 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 22-26 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 27-28 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 29-75 of this report.

Required Supplementary Information provides the comparison of the budgetary information with the actual budget results for 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 ten years and the combined financial statements for the 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 \$988.1 million at the close of the fiscal year 2010-11.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Condensed Statement of Net Assets (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Assets:						
Current and other assets	\$ 662,700	\$ 647,590	\$ 100,548	\$ 68,524	\$ 763,248	\$ 716,114
Capital assets	569,640	567,950	113,726	114,210	683,366	682,160
Total assets	<u>\$ 1,232,340</u>	<u>\$ 1,215,540</u>	<u>\$ 214,274</u>	<u>\$ 182,734</u>	<u>\$ 1,446,614</u>	<u>\$ 1,398,274</u>
Liabilities:						
Current and other liabilities	\$ 57,329	\$ 114,384	\$ 19,114	\$ 18,169	\$ 76,443	\$ 132,553
Long-term liabilities	276,316	231,324	105,722	112,887	382,038	344,211
Total liabilities	<u>333,645</u>	<u>345,708</u>	<u>124,836</u>	<u>131,056</u>	<u>458,481</u>	<u>476,764</u>
Net Assets:						
Invested in capital assets, net of related debt	447,107	442,095	36,708	40,322	483,815	482,417
Restricted	354,891	366,389	1,914	1,785	356,805	368,174
Unrestricted	96,697	61,348	50,816	9,571	147,513	70,919
Total net assets	<u>898,695</u>	<u>869,832</u>	<u>89,438</u>	<u>51,678</u>	<u>988,133</u>	<u>921,510</u>
Total liabilities and net assets	<u>\$ 1,232,340</u>	<u>\$ 1,215,540</u>	<u>\$ 214,274</u>	<u>\$ 182,734</u>	<u>\$ 1,446,614</u>	<u>\$ 1,398,274</u>

The largest portion of the County's net assets in the amount of \$483.8 million, approximately 49.0% 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 \$356.8 million, or 36.1%, 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 \$147.5 million, or 14.9%, 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 shown below, the County's net assets were increased by \$66.6 million during the current fiscal year. That increase is comprised of a combination of a \$53.5 million increase in revenues and a \$33.5 million decrease in expenditures from the prior year.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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

Changes in Net Assets (in \$000's)

	Governmental Activities		Business-Type Activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenues:						
Program Revenues:						
Charges for services	\$ 112,253	\$ 116,075	\$ 239,951	\$ 190,163	\$ 352,204	\$ 306,238
Operating grants and contributions	531,236	524,927	5,476	788	536,712	525,715
Capital grants and contributions	11,549	17,920	-	-	11,549	17,920
General Revenues:						
Property taxes	195,484	194,019	412	495	195,896	194,514
Property transfer taxes	2,104	2,190	-	-	2,104	2,190
Sales taxes	21,922	21,314	-	-	21,922	21,314
Motor vehicle and other in-lieu taxes	4,209	2,743	-	-	4,209	2,743
Transient occupancy tax	280	290	-	-	280	290
Franchise and others	2,478	2,470	-	-	2,478	2,470
Tobacco settlement proceeds	5,973	5,709	-	-	5,973	5,709
Investment earnings	3,240	4,632	576	590	3,816	5,222
Miscellaneous	854	81	-	-	854	81
Total Revenues	<u>891,582</u>	<u>892,370</u>	<u>246,415</u>	<u>192,036</u>	<u>1,137,997</u>	<u>1,084,406</u>
Expenses:						
General government	45,812	31,745	-	-	45,812	31,745
Public protection	268,702	297,253	-	-	268,702	297,253
Public ways and facilities	41,930	45,259	-	-	41,930	45,259
Community infrastructure program	118,299	123,196	-	-	118,299	123,196
Health and sanitation	349,337	355,702	-	-	349,337	355,702
Children and families act program	5,706	5,921	-	-	5,706	5,921
Public assistance	6,988	9,957	-	-	6,988	9,957
Education	7,506	7,312	-	-	7,506	7,312
Culture and recreation	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Solid waste	-	-	16,374	19,749	16,374	19,749
Hospital	-	-	206,416	204,731	206,416	204,731
Airport	-	-	4,304	4,025	4,304	4,025
Total Expenses	<u>844,280</u>	<u>876,345</u>	<u>227,094</u>	<u>228,505</u>	<u>1,071,374</u>	<u>1,104,850</u>
Excess (deficiency) before transfers	47,302	16,025	19,321	(36,469)	66,623	(20,444)
Transfers	(18,439)	(31,218)	18,439	31,218	-	-
Change in net assets	<u>28,863</u>	<u>(15,193)</u>	<u>37,760</u>	<u>(5,251)</u>	<u>66,623</u>	<u>(20,444)</u>
Net assets, beginning of year, restated	<u>869,832</u>	<u>885,025</u>	<u>51,678</u>	<u>56,926</u>	<u>921,510</u>	<u>941,951</u>
Net assets, end of the year	<u>\$ 898,695</u>	<u>\$ 869,832</u>	<u>\$ 89,438</u>	<u>\$ 51,675</u>	<u>\$ 988,133</u>	<u>\$ 921,507</u>

Governmental activities. Governmental activities increased the County's net assets by \$28.9 million, accounting for 43.3% of the total increase in net assets of the County.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Revenues

Total revenue for the County's governmental activities decreased by \$0.8 million, or 0.1%, over the previous year.

Expenses

Expenses for most functional categories funded by the County's general revenue reflected decreases which parallel the County's current economy and decrease in discretionary revenues from the prior year. Overall, expenses for governmental activities decreased by \$32.1 million, or 3.7%, over the previous year. Of the total decrease, \$28.6 million comes from public protection, \$3.3 million comes from public ways and facilities, \$4.9 million comes from health and sanitation, \$6.4 million comes from public assistance, and \$3.0 million comes from culture and recreation offset with \$14.1 million increase in general government.

Business-type activities. Business-type activities increased the County's net assets by \$37.7 million. By excluding the operating grants and the statutory-required contribution transfers of \$18.4 million from the governmental-activities funds, the Business-type activities would have increased the County net assets by \$19.3 million.

Key factors that contributed to this increase from the operating activities were the gains of \$31.9 million by the Hospital, \$3.1 million by the Landfill, and \$2.7 million by the Airport.

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, unrestricted 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, 2011, the County's governmental funds reported total fund balances of \$372.7 million, an increase of \$30.6 million, or 8.9%, in comparison with the prior year. Approximately \$150.3 million, or 40.3%, of the total fund balance constitutes unrestricted fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance \$222.5 million, or 59.7%, is restricted or nonspendable to indicate that it is not available for new spending because it: 1) reflects inventories, interfund advances, and loans receivable that are long-term in nature and thus do not represent available spendable resources, \$9.6 million and 2) reflects constraints placed on the use of resources by external creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation, \$212.9 million.

The general fund is the main operational fund of the County. At June 30, 2011, it had an unrestricted fund balance of \$84.2 million while its total fund balance was \$127.6 million, an increase of \$39.0 million from the prior year. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures less transfers. Unrestricted fund balance represents 13.6% of total fund expenditures, while total fund balance represents 20.5% 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 is restricted for these designated services. At June 30, 2011, of its \$43.9 million fund balance, \$0.1 million is nonspendable and the remaining balance of \$43.8 million is available for the next fiscal year's appropriation.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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, 2011, of its \$5.5 million fund balance, \$5.5 million is available for the next fiscal 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, 2011, it had a fund balance of \$42.8 million.

Revenues for governmental functions totaled \$891.6 million in fiscal year 2010-11, which represents a \$0.8 million or 0.1% decrease from fiscal year 2009-10. The largest decreases in revenues were tax revenues \$14.0 million, which is attributable to reductions in the assessed value of real estate and fines, forfeitures, and penalties \$3.9 million, due to a decrease in collections of fines, forfeitures and penalties. The largest increase in revenues was charges for services \$2.2 million, due to an increase in election services in an election year.

Expenditures for government functions totaled \$844.3 million in fiscal year 2010-11, which represents a decrease of \$32.1 million or 3.7% from the prior year. The largest increase occurred in general government \$14.1 million; while the largest decreases occurred in public safety \$28.6 million, public assistance \$6.4 million, health and sanitation \$4.9 million, culture and recreation \$3.0 million, and public ways and facilities \$3.3 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 \$3.0 million in net assets at June 30, 2011, the Airport Enterprise had \$15.6 million, and the Hospital Enterprise had \$70.8 million. The unrestricted net assets amounted to \$4.6 million, \$0.7 million, and \$51.4 million, respectively, of the total proprietary funds' net assets.

The internal service funds had \$83.4 million in net assets at June 30 2011 with \$72.5 million as unrestricted. Of the unrestricted net assets, \$55.2 million is designated for future claims under the County's self-insurance programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the 2010-11 fiscal year's original budget and the final amended budget resulted in a \$18.8 million net increase to appropriations. The major increases in the final amended budget can be briefly summarized as follows:

- The public protection budget increased by \$4.2 million due to additional funding provided by various Federal and State government grants.
- The reserve for contingency budget increased by \$8.5 million as a result of first quarter budget adjustments and excess prior year general fund balance.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

- The health and sanitation budget increased by \$2.4 million to reflect the additional funding provided by various Federal and the State government programs.
- The transfers-out budget increased by \$3.1 million as a result of mid-year budget adjustments for prior year fund balances and to provide an increased subsidy to governmental departments..

During the year, actual revenues were less than budgetary estimates by \$20.3 million. The net decrease reflects the combination of increases and decreases of various revenue sources. The major decreases are \$18.6 million in Aid from Other Governmental Agencies for the public assistance area, \$26.6 million in transfers-in; while the major increase was \$21.6 million in net property and sales tax.

Actual expenditures were less than final amended budgetary estimates by \$91.5 million. A majority of the difference is attributable to below budget expenditures in public protection (\$7.6 million), health and sanitation (\$4.1 million), public assistance (\$39.2 million) and general government (\$17.4 million). The County also appropriated \$19.1 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 \$71.3 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, 2011, amounted to \$483.8 million. This investment in capital assets includes infrastructure, infrastructure in progress, land, buildings and improvements, equipment and construction in progress. The total increase in the County's investment in capital assets for the current period was 0.3%.

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

- Infrastructure increased by \$18.0 million due to completion of various bridges and roads 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 (in \$000's):

	Governmental Activities		Business-Type Activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Infrastructure	\$ 214,505	\$ 208,994	\$ -	\$ -	\$ 214,505	\$ 208,994
Land	14,551	13,935	4,663	4,663	19,214	18,598
Structure and improvements	296,145	301,506	81,282	82,808	377,427	384,314
Furniture and equipment	29,628	33,778	18,403	19,778	48,031	53,556
Construction in progress	11,177	5,963	7,019	6,961	18,196	12,924
Capital leases	3,634	3,774	2,359	-	5,993	3,774
Total	\$ 569,640	\$ 567,950	\$ 113,726	\$ 114,210	\$ 683,366	\$ 682,160

For additional information related to capital assets, see note 5 on pages 56-57.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Long-term debt

At June 30, 2011, the County had total long-term outstanding debt of \$324.1 million, excluding the amount due within one year (\$57.9 million). This amount was comprised of \$198.2 million of certificates of participation, \$11.0 million in landfill closure/postclosure, \$3.0 million in capital lease obligations, \$2.0 million in notes payable, \$6.2 million in earned compensated absences, \$55.2 million for estimated self-insurance claims liability and \$48.5 million for the County's unfunded portion of OPEB.

For additional information related to long-term debt, see notes 6, 7 and 8 on pages 57-64.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Great Recession continues to have a negative impact on revenues at both the State and local levels; however, there have been mixed signs of gradual economic recovery. While local property taxes continue to decline, albeit at a more modest level as compared to two years ago, revenues derived from sales tax appear to be improving steadily. The County's 2011-12 budget represents a third consecutive cutback budget and contains funding reductions in most programs and services with two exceptions. These are:

1) increases in San Joaquin General Hospital primarily reflect the start-up costs for two new federal initiatives, which expand health care coverage for the underserved population, and 2) cost increases in the Human Services Agency to meet the workload demand and caseload growth of various public assistance programs.

The 2011-12 County budget also includes the deletion of an additional 200 full-time positions. Over the last four years, almost 900 positions have been eliminated in order to more closely align expenses with revenues. This represents a 14.5% reduction of the County's full-time workforce. The adopted budget continues to restrict acquisition of fixed assets and capital expenses; limits employee job-related travel/training to mandated requirement or critical to the department's operation; and maximizes/leverages non-County resources to preserve vital public services/programs.

- Approximately 50% of the County's budget is funded by State and Federal resources. As such, the State's economic condition and financial situation have a significant impact on the County's budget and programs. The constitutional amendment (Proposition 1A) approved by California voters in November 2004 protects, to some extent, local government revenues from reductions by the State. However, State funding for programs and services administered by the County on behalf of the State continues to be at risk. Programs that are most susceptible to State budget reductions include public safety grants, and health and human services programs.
- In August 2011, the Governor signed the 2011-12 State budget which (1) includes a major State-Local Realignment program shifting \$5.6 billion of existing State program responsibilities to local governments primarily in public safety, mental health, and social services programs; (2) incorporates 8% cuts in welfare assistance grants and reduces State-subsidized child care services for welfare recipients; (3) transitions children currently enrolled in the Healthy Families program into Medi-Cal; and (4) imposes an administration fee on the Medi-Cal Managed Care Intergovernmental Transfer Program. In addition, the State budget includes \$2.5 billion midyear "trigger cuts". These cuts are divided into two tiers. Tier 1, totaling \$601 million, will be triggered when the State General Fund revenues are below \$1 billion from the budget estimates. Tier 2, totaling \$1.8 billion, when the State General Fund revenues are below \$2 billion from the budget estimates. Trigger cuts that will have direct impacts on County programs/services are all under Tier 1.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

All of these factors were considered in preparing the County's budget for fiscal 2011-12, approximately \$1.214 billion (including the business-like activities).

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, 44 N. San Joaquin Street, Suite 550, Stockton, CA 95202.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

**COUNTY OF SAN JOAQUIN
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and investments:				
Pooled	\$ 518,583,031	\$ 19,969,201	\$ 538,552,232	\$ 45,580,062
Other banks	-	623,978	623,978	2,869,110
Imprest cash	322,915	10,530	333,445	-
Accounts receivable, net	7,734,708	40,507,393	48,242,101	-
Taxes receivable	59,088,877	-	59,088,877	-
Interest receivable	681,240	20,798	702,038	63,965
Internal balances	2,729,564	(2,729,564)	-	-
Receiveable external party	-	-	-	105,030
Due from other agencies	59,866,284	19,502,996	79,369,280	5,425,545
Loans receivable	20,000	-	20,000	-
Prepaid expenses	506,423	842,367	1,348,790	-
Inventory	1,220,467	2,833,422	4,053,889	-
Other assets	25,500	-	25,500	993,519
Unamortized debt issuance cost	-	-	-	-
Restricted assets:				
Cash and investments	10,468,084	17,807,554	28,275,638	-
Interest receivable	64,248	172,268	236,516	-
Other - unamortized debt insurance cost/refunding	1,389,252	987,081	2,376,333	-
Capital assets:				
Non-depreciable	25,727,966	11,682,843	37,410,809	7,272,946
Depreciable, net	543,911,631	102,043,288	645,954,919	13,611,763
Total Assets	\$ 1,232,340,190	\$ 214,274,155	\$ 1,446,614,345	\$ 75,921,940
LIABILITIES				
Accounts payable	\$ 22,059,350	\$ 8,435,857	\$ 30,495,207	\$ 5,999,697
Accrued expenses	13,285,860	4,261,340	17,547,200	-
Unearned revenue	20,287,915	4,626,729	24,914,644	-
Claims liability	-	-	-	17,100,164
Long-term liabilities:				
Due within one year	43,324,194	14,586,181	57,910,375	-
Due beyond one year	194,264,566	81,379,419	275,643,985	-
Other postemployment benefits	38,727,548	9,756,352	48,483,900	-
Other liabilities	592,078	520,988	1,113,066	1,239,043
Payable from restricted assets:				
Accrued interest	1,103,717	1,269,150	2,372,867	-
Total Liabilities	333,645,228	124,836,016	458,481,244	24,338,904
NET ASSETS				
Invested in capital assets, net of related debt	447,107,088	36,708,379	483,815,467	20,884,709
Restricted for:				
Capital projects	190,730,715	-	190,730,715	-
Debt service	18,582,108	918,096	19,500,204	-
Children and families act program	5,374,279	-	5,374,279	-
Public works and community infrastructure	73,622,416	-	73,622,416	-
Local law enforcement programs	775,297	-	775,297	-
Mental health and substance abuse programs	39,678,765	-	39,678,765	-
Other programs	26,127,297	995,997	27,123,294	-
Unrestricted	96,696,997	50,815,667	147,512,664	30,698,327
Total Net Assets	898,694,962	89,438,139	988,133,101	51,583,036
Total Liabilities and Net Assets	\$ 1,232,340,190	\$ 214,274,155	\$ 1,446,614,345	\$ 75,921,940

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

**COUNTY OF SAN JOAQUIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General government	\$ 45,812,067	\$ (18,512,186)	\$ 17,166,522	\$ 598,916	\$ 429,398
Public protection	268,702,066	10,896,047	42,841,343	84,676,957	-
Public ways and facilities	39,439,736	1,172,939	11,088,079	16,519,495	11,119,358
Community infrastructure program	2,490,210	-	1,194,635	-	-
Health and sanitation	110,041,331	2,003,088	36,338,946	91,301,773	-
Children and families act program	8,257,405	29,836	975	8,248,178	-
Public assistance	349,336,742	1,994,405	1,152,025	329,891,224	-
Education	5,706,505	348,889	250,865	-	-
Recreation and cultural services	6,987,870	2,066,982	2,219,648	-	-
Interest on long-term debt	7,506,293	-	-	-	-
Total Governmental Activities	844,280,225	-	112,253,038	531,236,543	11,548,756
Business-Type Activities:					
Hospital	206,416,196	-	219,637,752	-	-
Airport	4,304,072	-	1,853,720	4,946,752	-
Solid Waste	16,373,498	-	18,459,508	528,870	-
Total Business-Type Activities:	227,093,766	-	239,950,980	5,475,622	-
Total Primary Government	\$ 1,071,373,991	\$ -	\$ 352,204,018	\$ 536,712,165	\$ 11,548,756
Component Units:					
Head Start Child Development	\$ 36,654,407	\$ -	\$ 2,275,485	\$ 34,824,115	\$ -
Health Plan of San Joaquin	155,255,672	-	1,271,474	160,569,078	-
San Joaquin Economic Development	673,441	-	1,054,155	165,557	-
Local Agency Formation Commission	632,197	-	1,805	715,170	-
Total Component Units	\$ 193,215,717	\$ -	\$ 4,602,919	\$ 196,273,920	\$ -
General Revenues:					
Taxes:					
Property taxes					
Property transfer taxes					
Sales and use tax					
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		Total	Component Units
Governmental Activities	Business-Type Activities		
\$ (9,105,045)	\$ -	\$ (9,105,045)	\$ -
(152,079,813)	-	(152,079,813)	-
(1,885,743)	-	(1,885,743)	-
(1,295,575)	-	(1,295,575)	-
15,596,300	-	15,596,300	-
(38,088)	-	(38,088)	-
(20,287,898)	-	(20,287,898)	-
(5,804,529)	-	(5,804,529)	-
(6,835,204)	-	(6,835,204)	-
(7,506,293)	-	(7,506,293)	-
<u>(189,241,888)</u>	<u>-</u>	<u>(189,241,888)</u>	<u>-</u>
-	13,221,556	13,221,556	-
-	2,496,400	2,496,400	-
<u>-</u>	<u>2,614,880</u>	<u>2,614,880</u>	<u>-</u>
<u>-</u>	<u>18,332,836</u>	<u>18,332,836</u>	<u>-</u>
<u>(189,241,888)</u>	<u>18,332,836</u>	<u>(170,909,052)</u>	<u>-</u>
-	-	-	445,193
-	-	-	6,584,880
-	-	-	546,271
<u>-</u>	<u>-</u>	<u>-</u>	<u>84,778</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,661,122</u>
195,484,227	412,356	195,896,583	-
2,104,524	-	2,104,524	-
21,922,222	-	21,922,222	-
279,672	-	279,672	-
2,477,535	-	2,477,535	-
4,209,020	-	4,209,020	-
3,240,049	576,172	3,816,221	291,715
5,972,551	-	5,972,551	-
854,293	-	854,293	-
<u>(18,439,088)</u>	<u>18,439,088</u>	<u>-</u>	<u>-</u>
<u>218,105,005</u>	<u>19,427,616</u>	<u>237,532,621</u>	<u>291,715</u>
28,863,117	37,760,452	66,623,569	7,952,837
<u>869,831,845</u>	<u>51,677,687</u>	<u>921,509,532</u>	<u>43,630,199</u>
<u>\$ 898,694,962</u>	<u>\$ 89,438,139</u>	<u>\$ 988,133,101</u>	<u>\$ 51,583,036</u>

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

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

**COUNTY OF SAN JOAQUIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Mental Health and Substance Abuse Fund	First Five Program Fund
ASSETS			
Cash and investments:			
Pooled	\$ 140,162,090	\$ 45,198,522	\$ 5,470,449
Imprest cash	249,775	39,450	-
Accounts receivable	2,743,208	2,460,088	-
Taxes receivable	57,178,859	-	-
Interest receivable	94,479	60,767	8,540
Due from other agencies	53,220,784	2,231,108	1,354,165
Due from other funds	568,933	-	-
Advances	8,049,229	-	-
Loans receivable	20,000	-	-
Inventory	-	159,796	-
Other assets	25,500	-	-
Restricted assets:			
Restricted cash and investments	-	-	-
Receivables	-	-	-
Total Assets	<u>\$ 262,312,857</u>	<u>\$ 50,149,731</u>	<u>\$ 6,833,154</u>
LIABILITIES			
Accounts payable	\$ 4,346,689	\$ 2,554,610	\$ 1,268,937
Due to other funds	970,629	79,658	22,235
Accrued salaries	10,243,113	1,546,572	26,000
Deferred revenues	104,064,542	2,032,532	-
Advances from other funds	-	-	-
Teeter note	14,500,000	-	-
Accrued interest	44,054	-	-
Other liabilities	592,078	-	-
Total Liabilities	<u>134,761,105</u>	<u>6,213,372</u>	<u>1,317,172</u>
FUND BALANCES			
Non-spendable	8,094,729	159,796	-
Restricted	35,245,339	43,776,563	5,515,982
Committed	10,006,276	-	-
Assigned	29,889,700	-	-
Unassigned	44,315,708	-	-
Total Fund Balances	<u>127,551,752</u>	<u>43,936,359</u>	<u>5,515,982</u>
Total Liabilities and Fund Balances	<u>\$ 262,312,857</u>	<u>\$ 50,149,731</u>	<u>\$ 6,833,154</u>

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

County Capital Outlay Fund	Other Governmental Funds	Total
\$ 42,225,212	\$ 149,466,631	\$ 382,522,904
-	33,650	322,875
-	660,263	5,863,559
-	1,910,019	59,088,878
112,313	202,296	478,395
-	3,060,227	59,866,284
649,415	51,620	1,269,968
276,134	664,892	8,990,255
-	-	20,000
-	357,982	517,778
32,272	-	57,772
-	10,468,083	10,468,083
-	64,248	64,248
<u>\$ 43,295,346</u>	<u>\$ 166,939,911</u>	<u>\$ 529,530,999</u>
\$ 535,620	\$ 4,039,402	\$ 12,745,258
3,409	313,089	1,389,020
-	1,342,545	13,158,230
-	1,909,897	108,006,971
-	6,374,625	6,374,625
-	-	14,500,000
-	-	44,054
-	-	592,078
<u>539,029</u>	<u>13,979,558</u>	<u>156,810,236</u>
308,406	1,022,874	9,585,805
-	128,340,443	212,878,327
-	-	10,006,276
42,447,911	26,689,076	99,026,687
-	(3,092,040)	41,223,668
<u>42,756,317</u>	<u>152,960,353</u>	<u>372,720,763</u>
<u>\$ 43,295,346</u>	<u>\$ 166,939,911</u>	<u>\$ 529,530,999</u>

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

**COUNTY OF SAN JOAQUIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF
NET ASSETS – GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

Fund Balance - Total Governmental Funds	\$ 372,720,763
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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.	555,798,531
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Internal service funds are used by management to charge the costs to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	83,371,485
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	87,719,055
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Prepaid items

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	\$ (132,179,848)	
Capital leases	(181,040)	
Notes payable	(385,371)	
Other postemployment benefits liability	(38,334,388)	
Compensated absences	(30,244,515)	
Unamortized issuance costs	1,389,251	
Accrued interest payable	(978,961)	(200,914,872)

Net Assets of Governmental Activities	\$ 898,694,962
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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, 2011**

	General Fund	Mental Health and Substance Abuse Fund	First Five Program Fund
Revenues:			
Taxes	\$ 200,807,678	\$ -	\$ -
Licenses and permits	5,036,563	-	-
Fines, forfeitures, and penalties	9,191,361	360,421	-
Use of money and property	1,220,622	207,789	28,909
Aid from other governmental agencies	403,257,470	51,786,718	8,248,178
Charges for services	48,200,244	27,012,992	-
Other revenues	12,830,067	542,307	975
Total Revenues	<u>680,544,005</u>	<u>79,910,227</u>	<u>8,278,062</u>
Expenditures:			
Current:			
General government	41,583,865	-	-
Public protection	235,150,322	-	-
Public ways and facilities	4,813	-	-
Community infrastructure program	-	-	-
Health and sanitation	31,144,414	75,537,187	8,243,154
Public assistance	304,812,263	-	-
Education	274,431	-	-
Recreation and culture	5,636,071	-	-
Capital outlay	1,097,569	36,441	-
Debt service:			
Principal retirement	776,304	-	-
Interest and debt issuance costs	278,796	-	-
Total Expenditures	<u>620,758,848</u>	<u>75,573,628</u>	<u>8,243,154</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>59,785,157</u>	<u>4,336,599</u>	<u>34,908</u>
Other Financing Sources (Uses)			
Loan proceeds	180,026	-	-
Transfers in	18,323,030	8,480,181	1,010,750
Transfers out	(39,274,263)	(1,253,469)	(1,138,882)
Total Other Financing Sources (Uses)	<u>(20,771,207)</u>	<u>7,226,712</u>	<u>(128,132)</u>
Net Change in Fund Balances	39,013,950	11,563,311	(93,224)
Fund Balances - Beginning	<u>88,537,802</u>	<u>32,373,048</u>	<u>5,609,206</u>
Fund Balances - Ending	<u>\$ 127,551,752</u>	<u>\$ 43,936,359</u>	<u>\$ 5,515,982</u>

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

County Capital Outlay Fund	Other Governmental Funds	Total
\$ -	\$ 18,816,364	\$ 219,624,042
-	246,716	5,283,279
-	1,036,290	10,588,072
642,960	709,673	2,809,953
1,091,877	84,032,465	548,416,708
-	18,886,464	94,099,700
1,205,100	1,302,539	15,880,988
<u>2,939,937</u>	<u>125,030,511</u>	<u>896,702,742</u>
108,622	532	41,693,019
42,317	27,139,568	262,332,207
-	27,320,436	27,325,249
-	2,490,201	2,490,201
6,811	597,797	115,529,363
172,994	40,735,836	345,721,093
-	5,389,036	5,663,467
32,336	249,386	5,917,793
7,038,251	21,889,260	30,061,521
-	2,373,935	3,150,239
-	6,655,128	6,933,924
<u>7,401,331</u>	<u>134,841,115</u>	<u>846,818,076</u>
<u>(4,461,394)</u>	<u>(9,810,604)</u>	<u>49,884,666</u>
-	-	180,026
-	11,076,995	38,890,956
<u>(10,071,761)</u>	<u>(6,607,474)</u>	<u>(58,345,849)</u>
<u>(10,071,761)</u>	<u>4,469,521</u>	<u>(19,274,867)</u>
(14,533,155)	(5,341,083)	30,609,799
<u>57,289,472</u>	<u>158,301,436</u>	<u>342,110,964</u>
<u>\$ 42,756,317</u>	<u>\$ 152,960,353</u>	<u>\$ 372,720,763</u>

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

**COUNTY OF SAN JOAQUIN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF
ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balances - Total Governmental Funds **\$ 30,609,799**

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	\$ 30,061,521	
Less current year depreciation	<u>(26,654,204)</u>	3,407,317

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Decrease in accrued property tax revenues	(3,189,326)	
Decrease in accrued grant revenues	<u>449,214</u>	(2,740,112)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net assets.

Principal repayments:

Certificates of participation	2,355,400	
Notes payable	733,036	
Capital leases	61,803	
Less amortization of discount on certificates of participation	<u>(328,658)</u>	2,821,581

Long-term debt proceeds are a financial resource in the governmental funds, but they have no impact on the statement of activities since they increase the long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities.

Other long-term notes	(180,026)	(180,026)
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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 the governmental funds.

Change in accrued interest payable	12,820	
Change in other postemployment benefits liability	<u>(7,051,456)</u>	(7,038,636)

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.

91,229

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.

1,891,965

Change in Net Assets of Governmental Activities

\$ 28,863,117

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

**COUNTY OF SAN JOAQUIN
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Total	Internal Service Funds
<u>Assets</u>					
Current Assets:					
Cash and investments	\$ 3,308,985	\$ 907,502	\$ 8,639,777	\$ 12,856,264	\$ 136,060,126
Imprest cash	2,580	250	7,700	10,530	40
Prepaid expenses	842,367	-	-	842,367	506,423
Accounts receivable, net	39,291,110	114,278	1,245,015	40,650,403	193,007
Interest receivable	-	2,077	18,721	20,798	202,844
Due from other funds	75,163	50,924	6,065	132,152	1,203,473
Due from other agencies	19,461,691	3,167	38,138	19,502,996	1,678,141
Inventories	2,810,898	-	22,524	2,833,422	702,688
Total Current Assets	65,792,794	1,078,198	9,977,940	76,848,932	140,546,742
Noncurrent Assets:					
Restricted assets:					
Cash and investments	16,853,038	-	8,691,431	25,544,469	-
Interest receivable	172,268	-	-	172,268	-
Other	650,671	-	336,410	987,081	-
Total Restricted Assets	17,675,977	-	9,027,841	26,703,818	-
Capital Assets:					
Non-depreciable	6,984,854	1,352,204	3,345,785	11,682,843	17,481
Depreciable, net	68,892,471	17,278,629	15,872,188	102,043,288	13,823,586
Total Capital Assets	75,877,325	18,630,833	19,217,973	113,726,131	13,841,067
Total Noncurrent Assets	93,553,302	18,630,833	28,245,814	140,429,949	13,841,067
Total Assets	<u>\$ 159,346,096</u>	<u>\$ 19,709,031</u>	<u>\$ 38,223,754</u>	<u>\$ 217,278,881</u>	<u>\$ 154,387,809</u>

Continued

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

COUNTY OF SAN JOAQUIN
STATEMENT OF FUND NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Total	Internal Service Funds
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable	\$ 7,527,356	\$ 59,569	\$ 991,940	\$ 8,578,865	\$ 9,310,640
Accrued payroll	4,028,307	27,907	205,126	4,261,340	131,081
Due to other funds	60,578	454,483	7,161	522,222	694,351
Other current liabilities	-	63,463	457,525	520,988	-
Payable from restricted assets:					
Interest payable	1,036,613	-	232,537	1,269,150	80,702
Current portion:					
Certificates of participation (COP)	5,010,000	-	2,925,000	7,935,000	-
Notes payable	-	6,070	-	6,070	59,368
Capital leases	548,935	-	278,174	827,109	1,122,724
Compensated absences	5,226,614	57,644	533,744	5,818,002	238,072
Total Current Liabilities	23,438,403	669,136	5,631,207	29,738,746	11,636,938
Long-Term Liabilities:					
Unearned revenue	3,620,002	1,006,727	-	4,626,729	-
Advances from other funds	-	2,339,496	-	2,339,496	276,134
Certificates of participation, net	51,800,547	-	16,768,812	68,569,359	-
Notes payable	-	59,583	-	59,583	1,632,434
Capital leases	49,772	-	988,983	1,038,755	1,894,214
Compensated absences	607,192	(569)	108,049	714,672	16,980
Claims liability	-	-	-	-	55,166,463
Liability for closure/ postclosure costs	-	-	10,997,050	10,997,050	-
Other postemployment benefits liability	8,980,379	83,867	692,106	9,756,352	393,159
Total Long-Term Liabilities	65,057,892	3,489,104	29,555,000	98,101,996	59,379,384
Total Liabilities	88,496,295	4,158,240	35,186,207	127,840,742	71,016,322
Net Assets:					
Invested in capital assets, net of related debt	18,468,071	14,838,958	3,401,350	36,708,379	10,824,129
Restricted for:					
Debt service	-	-	918,096	918,096	-
Other	995,997	-	-	995,997	-
Landfill site closure and postclosure	-	-	(5,848,043)	(5,848,043)	-
Unrestricted, net	51,385,733	711,833	4,566,144	56,663,710	72,547,358
Total Net Assets	70,849,801	15,550,791	3,037,547	89,438,139	83,371,487
Total Liabilities and Net Assets	\$ 159,346,096	\$ 19,709,031	\$ 38,223,754	\$ 217,278,881	\$ 154,387,809

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, 2011**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Total	Internal Service Funds
Operating Revenues:					
Charges for services	\$ 184,522,170	\$ 272,873	\$ 8,343,853	\$ 193,138,896	\$ 94,818,895
Concessions and rentals	-	1,524,734	9,096,604	10,621,338	-
Miscellaneous	35,115,582	56,113	-	35,171,695	1,070,261
Property tax	-	412,356	-	412,356	-
Aid from other agencies	-	135	1,019,051	1,019,186	-
Total Operating Revenues	219,637,752	2,266,211	18,459,508	240,363,471	95,889,156
Operating Expenses:					
Salaries and benefits	113,166,391	961,936	6,954,871	121,083,198	4,087,332
Services and supplies	81,943,365	1,254,690	7,975,404	91,173,459	24,801,804
Liability claims and loss adjustments	-	230,040	-	230,040	63,063,366
Insurance	-	-	413,356	413,356	-
Landfill closure and postclosure expense	-	-	(3,189,491)	(3,189,491)	-
Depreciation and amortization	7,222,847	1,674,732	3,139,515	12,037,094	3,522,119
Miscellaneous	-	960	12,531	13,491	19,819
Total Operating Expenses	202,332,603	4,122,358	15,306,186	221,761,147	95,494,440
Operating Income (Loss)	17,305,149	(1,856,147)	3,153,322	18,602,324	394,716
Non-Operating Revenues (Expenses):					
Gain (loss) on sale of asset	-	-	(15,738)	(15,738)	16,370
Interest income	503,482	8,705	63,985	576,172	664,265
Aid from other governmental agencies	-	4,946,617	528,870	5,475,487	-
Other	(806,977)	-	-	(806,977)	71,812
Interest expense	(3,276,616)	(181,714)	(1,051,574)	(4,509,904)	(271,001)
Total Non-Operating Revenues (Expenses)	(3,580,111)	4,773,608	(474,457)	719,040	481,446
Net Income (Loss) Before Transfers	13,725,038	2,917,461	2,678,865	19,321,364	876,162
Transfers:					
Transfers in	18,196,778	242,310	-	18,439,088	1,015,805
Change in Net Assets	31,921,816	3,159,771	2,678,865	37,760,452	1,891,967
Net Assets - Beginning of Year	38,927,985	12,391,020	358,682	51,677,687	81,479,520
Net Assets - End of Year	\$ 70,849,801	\$ 15,550,791	\$ 3,037,547	\$ 89,438,139	\$ 83,371,487

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

**COUNTY OF SAN JOAQUIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Total	Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers	\$ 212,724,671	\$ 2,279,916	\$ 19,235,719	\$ 234,240,306	\$ 93,090,077
Cash payments to suppliers for goods and services	(36,782,713)	(1,517,401)	(8,042,902)	(46,343,016)	(83,053,679)
Cash payments to other departments for goods and services	(7,697,660)	(34,611)	(922,444)	(8,654,715)	(3,674,660)
Cash payments to employees for services	(143,235,723)	(963,751)	(6,887,322)	(151,086,796)	(4,050,773)
Net Cash Provided (Used) by Operating Activities	25,008,575	(235,847)	3,383,051	28,155,779	2,310,965
Cash Flows from Noncapital Financing Activities:					
Transfers in (out)	18,196,778	242,310	-	18,439,088	1,014,652
State and Federal grant receipts	-	-	528,870	528,870	-
Loan repayment or borrowing	-	(179,394)	-	(179,394)	-
Other non-operating receipts (payments)	(22,640,764)	(43,107)	-	(22,683,871)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(4,443,986)	19,809	528,870	(3,895,307)	1,014,652
Cash Flows from Capital and Related Financing Activities:					
Capital contribution grants	-	4,946,616	-	4,946,616	-
Acquisition and construction of capital assets	(3,741,846)	(5,331,584)	(402,592)	(9,476,022)	(2,728,274)
Insurance recovery	-	-	-	-	71,812
Proceeds from sale of property and equipment	-	-	(15,738)	(15,738)	16,370
Other postemployment benefits obligation	2,033,083	21,068	153,798	2,207,949	92,699
Principal payment on debts	(5,382,953)	(5,387)	(2,889,239)	(8,277,579)	(623,709)
Interest payments on debts	(3,276,616)	(181,714)	(1,100,950)	(4,559,280)	(279,393)
Net Cash Provided (Used) by Capital and Related Financing Activities	(10,368,332)	(551,001)	(4,254,721)	(15,174,054)	(3,450,495)
Cash Flows from Investing Activities:					
Interest on investment and note receivable	503,482	9,490	96,091	609,063	664,283
Net Cash Provided by Investing Activities	503,482	9,490	96,091	609,063	664,283
Increase (Decrease) in Cash and Cash Equivalents	10,699,739	(757,549)	(246,709)	9,695,481	539,405
Cash and Cash Equivalents, Beginning of Year	9,464,864	1,665,301	17,585,617	28,715,782	135,520,761
Cash and Cash Equivalents, End of Year	\$ 20,164,603	\$ 907,752	\$ 17,338,908	\$ 38,411,263	\$ 136,060,166

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

COUNTY OF SAN JOAQUIN
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste Disposal	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 17,305,149	\$ (1,856,147)	\$ 3,153,322	\$ 18,602,324	\$ 395,869
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	7,222,847	1,674,732	3,139,515	12,037,094	3,522,119
(Increase) decrease in receivables	(2,163,972)	10,538	1,053,322	(1,100,112)	(119,730)
(Increase) decrease in prepaid expenses	(158,754)	-	-	(158,754)	126,249
(Increase) decrease in inventories	(100,025)	-	9,846	(90,179)	73,747
Increase (decrease) in payables	2,929,281	(64,970)	(783,464)	2,080,847	992,061
Increase (decrease) in closure/postclosure liability	-	-	(3,189,490)	(3,189,490)	(2,679,350)
Increase (decrease) in unearned revenues	(25,951)	-	-	(25,951)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 25,008,575</u>	<u>\$ (235,847)</u>	<u>\$ 3,383,051</u>	<u>\$ 28,155,779</u>	<u>\$ 2,310,965</u>

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

COUNTY OF SAN JOAQUIN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	June 30, 2011				December 31, 2010
	Investment Trust Fund	Agency Funds	Private Purpose Trust Funds	Total	Pension Trust Fund
Assets					
Cash and investments - pooled	\$ 794,137,147	\$ 33,467,556	\$ 9,032,660	\$ 836,637,363	\$ 749,240
Cash and investments held by others	1,933,738	5,395,373	-	7,329,111	25
Pension trust investments	-	-	-	-	2,025,264,804
Investments sold, funds not received	-	-	-	-	26,222,538
Investment income receivables	27,376,135	-	10,239	27,386,374	3,789,779
Loan program investment	-	-	-	-	-
Loans receivable	-	26,500,000	34,329,077	60,829,077	-
Other receivables	-	26,702,980	-	26,702,980	7,898
Pension fund contribution receivable	-	-	-	-	4,821,974
Due from other agencies	-	-	211,131	211,131	-
Other assets	354,683	188,373	-	543,056	75,004
Capital assets, net of depreciation	-	-	-	-	635,415
Post-employment healthcare fund investments	-	-	-	-	17,763,477
Total Assets	\$ 823,801,703	\$ 92,254,282	\$ 43,583,107	\$ 959,639,092	\$ 2,079,330,154
Liabilities					
Accounts payable	\$ 28,882,323	\$ 31,039,981	\$ 150,096	\$ 60,072,400	\$ -
Accrued liabilities	98,957	-	-	98,957	1,300,639
Securities lending - cash collateral	-	-	-	-	114,163,721
Securities purchased but not paid	-	-	-	-	17,006,281
Deferred Revenue	315,229	-	-	315,229	-
Loan Payable	23,507,274	20,000	-	23,527,274	-
Due to other funds	-	26,500,000	-	26,500,000	-
Due to other agencies	-	34,694,301	-	34,694,301	-
Total Liabilities	52,803,783	92,254,282	150,096	145,208,161	132,470,641
Net Assets					
Held in trust for:					
Employee pension benefits	-	-	-	-	1,929,986,551
Employee postemployment health benefits	-	-	-	-	16,872,962
Revolving loans	-	-	42,624,409	42,624,409	-
External investment pool participants	770,997,920	-	-	770,997,920	-
Other purposes	-	-	751,566	751,566	-
Unrealized pool investments market appreciation	-	-	57,036	57,036	-
Total Net Assets	770,997,920	-	43,433,011	814,430,931	1,946,859,513
Total Liabilities and Net Assets	\$ 823,801,703	\$ 92,254,282	\$ 43,583,107	\$ 959,639,092	\$ 2,079,330,154

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, 2011**

	June 30, 2011			December 31, 2010
	Investment Trust Fund	Private Purpose Trust Funds	Total	Pension Trust Fund
Additions				
Employer's contributions	\$ -	\$ -	\$ -	\$ 108,813,588
Employees' contributions	-	-	-	13,098,043
Contributions from investment pool participants	3,930,311,777	-	3,930,311,777	-
Capital Contributions from other governments	-	3,281,221	3,281,221	-
Interest and investment income	3,042,862	489,283	3,532,145	218,382,622
Miscellaneous income	-	123,510	123,510	46,407
Total Additions	3,933,354,639	3,894,014	3,937,248,653	340,340,660
Deductions				
Benefit payments	-	119,009	119,009	125,113,983
Contribution refund	-	-	-	1,250,644
Withdrawals from pooled investments	3,976,521,569	-	3,976,521,569	-
Program expenditures	-	3,377,016	3,377,016	-
Allowance for loan adjustments	-	209,399	209,399	-
Administration and program expenses	-	782,841	782,841	3,681,545
Total Deductions	3,976,521,569	4,488,265	3,981,009,834	130,046,172
Change in Net Assets	(43,166,930)	(594,251)	(43,761,181)	210,294,488
Net Assets - Beginning, Restated	814,164,850	44,027,262	858,192,112	1,736,565,025
Net Assets - Ending	\$ 770,997,920	\$ 43,433,011	\$ 814,430,931	\$ 1,946,859,513

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

BASIC FINANCIAL STATEMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS

**COUNTY OF SAN JOAQUIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 44 N. San Joaquin Street, Suite 550, 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 Street
Boggs Tract
Burkett Gardens
Burkett Gardens Acres
Eastview
Elkhorn
Farmington

Maintenance District

Acampo
Almond Park
Ashley Drainage
Bear Creek Terrace
Bowling Green Estates
Colonial Heights
Corral Hollow

County Service Areas

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Components (Continued)

Special Districts Governed by the Board of Supervisors (Continued)

<u>Lighting District (Continued)</u>	<u>Maintenance District (Continued)</u>	<u>County Service Areas (Continued)</u>
Linden	Country Club Vista	Number 11
Lockeford	Elkhorn Golf Course Estates	Number 12
Mariposa Heights	Gala Manor	Number 14
Mission Village	Lambert Village	Number 15
Morada Estates	Lincoln Village	Number 16
Morada Manor	Lockeford	Number 17
North Oaks	Maurland Manor	Number 18
North Wilson Way	Mokelumne Acres	Number 21
Northeast Stockton	Morada Acres	Number 23
Oro Street	Morada Estates	Number 24
Plymouth Village	Morada Manor	Number 25
Rancho Village	Pacific Gardens	Number 29
Shasta Avenue	Rancho San Joaquin	Number 30
Shippee – French Camp Homesite	Raymus Village	Number 31
Silva Gardens	Riviera Cliffs	Number 35
South French Camp	Shaded Terrace	Number 36
Southwest Stockton	Spring Creek Estates	Number 37
Stockton No. 5	Summer Home Estates	Number 41
Tuxedo – Country Club	Sunnyside Estates	Number 42
Victor	Walnut Acres	Number 43
West Lane	Wilkinson Manor	Number 44
West Stockton		Number 45
Woodbridge		Number 46
		Number 47
		Number 48
		Number 49
		Number 50
		Number 51
		Number 52
		Number 53
		Number 54
		Number 55
		Number 56

Improvement Districts

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

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 and Sunnyside Estate Maintenance 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 \$677,243 as of June 30, 2011 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 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 2010-11. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Components (Continued)

Special Districts Governed by the Board of Supervisors (Continued)

The San Joaquin County Employees' Retirement Association (SJCERA) 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 SJCERA is reported as a fiduciary fund because the sole purpose of the SJCERA is to provide retirement benefits to the employees of the County and certain participating special districts. 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, 2010. The financial statements of the Pension Fund are available through SJCERA (see Note 14).

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.

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 17.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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 Colleagueville 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Joint Powers Agreement (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, therefore, only those entities using the services of either the County Treasurer or County Auditor-Controller are included in these financial statements as fiduciary funds.

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. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, is effective in financial statements for periods beginning after December 15, 2011. It establishes accounting and financial reporting requirements for service concession arrangements to reduce various inconsistencies that are currently applied by various governmental entities.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, is effective in financial statements for periods beginning after June 15, 2012. It improves financial reporting for a governmental financial reporting entity.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is effective in financial statements for periods beginning after December 15, 2011. It establishes accounting and financial reporting standards for the financial statements of state and local governments.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. It provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, is effective for periods beginning after June 15, 2011. It improves financial reporting for state and local governments by clarifying whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Financial Presentation (Continued)

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 General Fund, the General Hospital, and the Solid Waste Disposal 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, the Capital Outlay Fund 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.

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.

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's 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 fiduciary fund. The post-retirement health benefit plan is also included in the Pension Trust Fund, as it is managed by SJCERA.
- 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 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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.
- 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2010-11 net assessed valuation of the County real property was \$54.8 billion.

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

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

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

The County's Property taxes are accounted for in the property tax collection fund (tax resource fund) until apportionments are made and funds are disbursed to taxing jurisdictions. The fund carried a cash balance of approximately \$9.3 million as of June 30, 2011.

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 \$15.7 million at June 30, 2011. 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, 2011 is recorded as taxes receivable (approximate \$71.7 million) and is offset by a deferred revenue liability of \$68.1 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 \$56.0 million, net of the estimated uncollectible amount of \$15.7 million.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

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

The County accrues as current liabilities 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. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- *Assigned fund balance* – amounts that are constrained by the County's *intent* to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.
- *Unassigned fund balance* – the residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Supervisors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by the unrestricted resources (committed, assigned and unassigned) as they are needed.

L. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.

M. 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.

N. 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.

O. 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 SJCERA (see Note 14 – 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 \$41.8 million with \$14.9 million of the actuarial value of the assets in the sick leave bank account at December 31, 2009, the date of the most recent Sick Leave Bank actuarial valuation. The County has committed to provide the annual required contribution (ARC) since fiscal year 2008-09.

At December 31, 2009, the total number of the eligible members was comprised of 3,006 active members and 853 retired members.

P. Hospital and Other Program Revenues

Net patient service revenue is revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments for Medicare and Medi-Cal cost report settlements. Medicare and Medi-Cal cost report 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. Gross patient revenue for year 2010-11 was \$639.9 million, estimated adjustments for contractual allowances and bad debts were \$534.7 million, resulting in net patient revenue of \$105.2 million.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Hospital and Other Program Revenues (Continued)

- Medicare – Inpatient and outpatient acute care services and defined capital and indirect graduate medical education costs for services rendered to Medicare beneficiaries are paid at prospectively determined rates. These rates vary according to an inpatient and outpatient classification systems that are based on clinical, diagnostic, and other factors. Direct graduate medical education cost and bad debts are paid based on estimated periodic interim payments and are finalized after the audit of the annual cost report.
- Medi-Cal – Services rendered to Medi-Cal program beneficiaries are reimbursed based on a maximum allowance schedule for outpatients and on a cost basis for inpatients under California's Medi-Cal Hospital Waiver.
- SB1100 California's Medi-Cal Hospital Waiver – In September 2005, the California legislature passed SB100. It put in place a negotiated payment method between the State and the federal government. The Medi-Cal Waiver (Waiver) replaced a 15 year old system, SB855 and SB1255 that governed hospital fee-for-service and disproportionate share hospital payments. Under the Waiver, the non-federal share used to draw down the federal funds is a combination of certified public expenditures and intergovernmental transfers.

The initial Waiver covered the period from July 1, 2005 to June 30, 2010. The State requested and was granted an extension of this Waiver to October 31, 2010 by the federal government. The State and the federal government completed negotiations for a new Waiver on November 2, 2010 and is effective from November 1, 2010 to October 31, 2010. The new Waiver is titled "California's Bridge to Reform Demonstration" and will expand coverage and the Safety Net Care Pool (SNCP).

Within the SNCP, a Delivery System Reform Incentive Pool (DSRIP) was made available for the developing a program of activity that supports California's public hospitals efforts in meaningfully enhancing the quality of care and the health of the patients and families they serve. In 2011 San Joaquin General Hospital received \$16.7 million in DSRIP funds.

- For other Waiver funding for San Joaquin General Hospital in 2011 included \$27.7 million for Disproportionate Share Hospital payments, \$6.6 million for SNCP, \$3 million for Stabilization and \$0.7 million for the Physician SPA
- AB 1653 Hospital Fee Program – In 2009 the State created a hospital fee program under AB 1383 which imposed a fee on hospitals to be used to draw down federal matching dollars. These funds were used to increase Medi-Cal payments to hospitals and provide funding for children's health care coverage. AB 1653 is a follow-up piece of legislation that made changes to the hospital fee program required by the federal government. As a result, San Joaquin General Hospital received \$21.1 million in 2011 which covers the period from April 1, 2009 to December 31, 2010.

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.

NOTE 2 – CASH AND INVESTMENTS (Continued)

As of June 30, 2011, the County's cash, deposits and investments were as follows (in \$000's):

	Investment Pool	Special Funds and Investments	Pension Trust Fund	Other	Totals
Deposits with financial institutions	\$ 35,487	\$ 4,833	\$ 70,227	\$ 8,382	\$ 118,929
Outstanding warrants	(119,093)	-	-	-	(119,093)
Investments	1,508,673	22,668	1,972,801	-	3,504,142
	<u>\$ 1,425,067</u>	<u>\$ 27,501</u>	<u>\$ 2,043,028</u>	<u>\$ 8,382</u>	<u>\$ 3,503,978</u>

Total cash and investments were presented on the County's financial statements as follows (in \$000's):

	Unrestricted	Restricted	Total
Primary government	\$ 539,510	\$ 28,275	\$ 567,785
Investment trust fund	790,700	5,371	796,071
Private purpose trust funds	9,033	-	9,033
Agency fund	38,863	-	38,863
Pension trust fund	2,043,777	-	2,043,777
Discretely presented component units	48,449	-	48,449
	<u>\$ 3,470,332</u>	<u>\$ 33,646</u>	<u>\$ 3,503,978</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 annually reviews the County's investment policy and causes an audit of investments to occur.

Deposits

At year-end, the carrying amount of the County's cash on hand and authorized deposits at various financial institutions was \$23.1 million. Of the total deposits, \$22.8 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.

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.

NOTE 2 – CASH AND INVESTMENTS (Continued)Investments

As of June 30, 2011, the County had the following pool investments (in \$000's):

	Fair Value	Weighted Average Maturities (in days)	Fair Value as % of the Pool Investments	Credit Rating S&P/MIS
Commercial Papers	\$ 159,976	19	10.6%	A-1+/P-1
Money Market Account	50,000	-	3.3%	A-1+/P-1
Wells Fargo Bank Sweep Account	51,279	-	3.4%	A-1+/P-1
Federal Farm Credit Bank	64,963	94	4.3%	A-1+/P-1
Federal Home Loan Bank	327,304	241	21.7%	A-1+/P-1
Federal Home Loan Mortgage Corporation	408,076	286	27.1%	A-1+/P-1
Federal National Mortgage Association	397,075	201	26.3%	A-1+/P-1
State Local Agency Investment Fund (LAIF)	50,000	-	3.3%	Not rated
Total	<u>\$ 1,508,673</u>	189	<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, 2011, the weighted average maturity of the pool investments was 189 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, 2011, 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, 2011, the County's investments by investment type as the percentage of the pool investments are shown above.

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, 2011 (in \$000's):

Issuer	Amount	Percent of Investments
Federal National Mortgage Association	\$ 397,075	26.3%
Federal Home Loan Bank	327,304	21.7%
Federal Home Loan Mortgage Corporation	408,076	27.1%

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.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (Continued)

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, 2011, was \$50 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 \$66.4 billion. Of that amount, 5.01% was invested in structured notes and asset-backed securities with the remaining 94.99% 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, 2011. 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.

Statement of Net Assets (in \$000's)

	Internal Investment Pool	External Investment Pool	Total
Assets:			
Cash and investments**	\$ 630,930	\$ 794,137	\$ 1,425,067
Investment income receivable	898	1,370	2,268
Pool participants fund deposit receivable	183,532	25,998	209,530
Other assets	44,903	2,292	47,195
	860,263	823,797	1,684,060
Liabilities	235,120	52,804	287,924
Net Assets	\$ 625,143	\$ 770,993	\$ 1,396,136

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

NOTE 2 – CASH AND INVESTMENTS (Continued)Statement of Net Assets (Continued)

Statement of Changes in Net Assets (in \$000's)

	Internal Investment Pool	External Investment Pool	Total
Additions:			
Contributions	\$ 2,207,707	\$ 3,934,317	\$ 6,142,024
Investment income	2,372	4,364	6,736
Total Additions	2,210,079	3,938,681	6,148,760
Deductions:			
Distributions	2,136,623	3,981,848	6,118,471
Net Change	73,456	(43,167)	30,289
Net Assets - Beginning	551,687	845,273	1,396,960
Prior Period Adjustment	-	(31,113)	(31,113)
Net Assets - Ending	\$ 625,143	\$ 770,993	\$ 1,396,136

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 (\$23.9 million) and capital projects (\$0.1 million) and to restrict cash for patient gift funds (\$995,997). Presented below are those deposits and investments managed by the trustee banks at June 30, 2011 (in \$000's):

	Fair Value			Weighted Average Maturities (yrs)	Credit Rating S&P/MIS
	Revolving Loan Fund	Certificates of Participation	Total		
Cash and money market fund deposits	\$ 3,510	\$ 3,680	\$ 7,190	Not applicable	Not applicable
Federal Home Loan Bank	-	6,545	6,545	1.1	A-1+/P-1
Federal Home Loan Mortgage Corporation	-	2,055	2,055	1.7	A-1+/P-1
Federal National Mortgage Association	-	2,269	2,269	0.5	A-1+/P-1
Repurchase Agreements	-	8,120	8,120	Not applicable	A/A
Federal Farm Credit Banks	-	1,322	1,322	1.5	A-1+/P-1
	<u>\$ 3,510</u>	<u>\$ 23,991</u>	<u>\$ 27,501</u>		

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.

NOTE 2 – CASH AND INVESTMENTS (Continued)**Pension Trust Fund Investments**

The Pension Trust Fund's investment activity is governed by the Board of Retirement's policy. In fiscal year 2010-11, the targeted allocations of the investment portfolio were: 18% in domestic equity investments, 18% in international equities, 34% in fixed income investments, 10% in real estate investments, and 20% in alternative investments. The Pension Fund's investments, are presented below at fair value in accordance with GASB Statement No. 25, consist of both short term and long term investments (in \$000's):

	<u>Fair Value</u>
Investments:	
Domestic equities	\$ 356,425
Domestic debt securities	344,740
International equities	371,823
Real estate	318,911
Alternative investments	<u>466,738</u>
Sub-Total	<u>1,858,637</u>
Investments Held by Broker-Dealers Under Securities Loans:	
Domestic equities	92,190
Domestic debt securities	19,852
International equities and debt securities	<u>2,122</u>
Total Investments Held by Broker-Dealers Under Securities Loans	114,164
Commingled Funds:	
Short-term investment pool	<u>70,227</u>
Sub-Total	<u>184,391</u>
Total	<u><u>\$ 2,043,028</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, 2010, the Plan had \$116.0 million, \$71.0 million, and \$114.1 million in the STIF, the STEP, and the security lending STIF account, respectively.

NOTE 2 – CASH AND INVESTMENTS (Continued)**Pension Trust Fund Investments** (Continued)

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 include: borrower bankruptcy, collateral deficiencies, and problems with settlements, corporate actions, dividends and interest.

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 collateral is reported neither as an asset or liability in accordance with GASB Statement No. 28. The pension trust fund's portion of the securities lending program has earned \$267,807 and \$449,142, in 2010 and 2009 respectively. The table below details the County's out-on-loan securities, excluding the commingled funds owned by the SJCERA, as of December 31, 2010 (in \$000's):

	Fair Value	Cash Collateral Value	Non-Cash Collateral Value
Domestic equities	\$ 90,873	\$ 92,190	\$ 1,012
Domestic debt securities	21,752	19,852	2,344
International equities	2,635	499	2,283
International debt securities	1,560	1,623	-
Total	<u>\$ 116,820</u>	<u>\$ 114,164</u>	<u>\$ 5,639</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)**Pension Trust Fund Investments** (Continued)

Credit Risk – The Plan's investments at December 31, 2010 that were exposed to credit risk (in \$000's) and the corresponding credit ratings from Standard & Poor (S&P):

	Fair Value
Pension S&P credit rating	
AAA	\$ 25,190
AA	13,269
A	47,907
BBB	51,184
BB	18,353
B	28,087
CCC	5,600
CC	243
C	-
D	280
Not rated	45,427
U.S. government and agencies (implicit guarantee, includes FNMA, FHLB, FHLMC, and others)	109,200
	<hr/>
Total investments in fixed domestic income securities	\$ 344,740
	<hr/>

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, 2010, 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, 2010, the Plan's investments subject to the interest rate risk are presented below (in \$000's):

NOTE 2 – CASH AND INVESTMENTS (Continued)**Pension Trust Fund Investments** (Continued)

	Fair Value	Weighted Average Maturity (Years)
Asset backed securities	\$ 10,576	9.8
Bank loans	40,351	4.5
Commercial mortgage-backed	4,089	33.9
U.S. government bonds	24,257	3.4
U.S. government mortgages	108,791	20.1
U.S. government agencies	2,270	7.2
Corporate and other credit	131,208	4.8
Non-government backed CMO's	11,284	28.7
Municipal/Revenue bonds	11,914	23.2
Total	<u>\$ 344,740</u>	

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, 2010, the Plan's derivative financial instruments had a fair value of \$8.1 million.

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.

SJCERA's exposure to Foreign Currency Risk in U.S. dollars as of December 31, 2010 is as follows (in \$000's):

Currency Type	Fair Value
Argentine peso	\$ 9
Australian dollar	422
Brazilian real	8,645
British pound sterling	2,231
Canadian dollar	(229)
Chinese yuan renminbi	884
Columbian peso	677
Euro Currency	1,057
Hong Kong dollar	1,220
Indonesian rupiah	1,380
Japanese yen	1,028
Malaysian ringgit	2,052
Mexican peso	1,298
Norwegian krone	353
Philippine peso	192
Polish zloty	130
Russian ruble	160
Singapore dollar	781
Swedish krona	411
Thailand baht	491
Turkish lira	447
Totals	<u>\$ 23,639</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 (in \$000's):

Receivables - Governmental Activities	General Fund	Mental Health and Substance Abuse Fund	First Five Program Fund	County Capital Outlay Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Taxes - gross	\$ 71,189	\$ -	\$ -	\$ -	\$ 509	\$ -	\$ 71,698
Accounts	2,743	2,460	-	-	660	193	6,056
Sales tax	1,650	-	-	-	1,401	-	3,051
Interest	94	61	9	112	202	203	681
Loan receivable	20	-	-	-	-	-	20
Due from other agencies	53,221	2,231	1,354	-	3,060	1,678	61,544
Gross receivables	128,917	4,752	1,363	112	5,832	2,074	143,050
Less: allowance for uncollectible	(15,659)	-	-	-	-	-	(15,659)
	<u>\$ 113,258</u>	<u>\$ 4,752</u>	<u>\$ 1,363</u>	<u>\$ 112</u>	<u>\$ 5,832</u>	<u>\$ 2,074</u>	<u>\$ 127,391</u>

Receivables - Business-Type Activities	Hospital	Airport	Solid Waste	Total Business-Type Activities
Accounts	\$ 39,291	\$ 114	\$ 1,245	\$ 40,650
Interest	-	2	19	21
Due from other agencies	19,462	3	38	19,503
Gross receivables	58,753	119	1,302	60,174
	<u>\$ 58,753</u>	<u>\$ 119</u>	<u>\$ 1,302</u>	<u>\$ 60,174</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, 2011, the various components of deferred revenue and unearned revenue reported were as follows (in \$000's):

Governmental Activities:	Unavailable	Unearned	Total
General Fund:			
Property taxes receivable – secured	\$ 63,901	\$ -	\$ 63,901
Property taxes receivable – unsecured	4,243	-	4,243
Due from other governmental agencies	14,872	-	14,872
Grants received prior to meeting all eligible requirements	-	20,288	20,288
Others	761	-	761
Mental Health and Substance Abuse Fund:			
Due from other governmental agencies	2,033	-	2,033
Other Governmental Funds and Internal Service Funds:			
Due from other governmental agencies	21	-	21
Others	1,379	-	1,379
Property taxes receivable - unsecured	509	-	509
	<u>\$ 87,719</u>	<u>\$ 20,288</u>	<u>\$ 108,007</u>

NOTE 3 – RECEIVABLES (Continued)

Business-Type Activities:	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Hospital	\$ -	\$ 3,620	\$ 3,620
Airport	3	1,007	1,010
Solid Waste	-	-	-
	<u>\$ 3</u>	<u>\$ 4,627</u>	<u>\$ 4,630</u>

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, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hospital	\$ 6,527
	Airport	400,203
	Solid Waste	462
	Internal Service Funds	28,891
	General Fund	56,494
	Mental Health and Substance Abuse Fund	16,075
	First Five Program Fund	21,638
	County Capital Outlay Fund	1,988
	Nonmajor Funds	36,655
		<u>568,933</u>
County Capital Outlay Fund	Internal Service Funds	649,415
		<u>649,415</u>
Nonmajor Funds	Capital Outlay Fund	183
	Nonmajor Funds	51,437
		<u>51,620</u>
	Governmental Funds	<u>1,269,968</u>

NOTE 4 – INTERFUND TRANSACTIONS AND BALANCES (Continued)**Due to and due from other funds** (Continued)

Receivable Fund	Payable Fund	Amount
Internal Service Funds	Hospital	54,051
	Airport	3,356
	Solid Waste	6,699
	Internal Service Funds	13,806
	General Fund	841,190
	Mental Health and Substance Abuse Fund	63,583
	First Five Program Fund	597
	Capital Outlay Fund	1,238
	Nonmajor Funds	218,953
	Internal Service Funds	1,203,473
Hospital	General Fund	72,922
	Internal Service Funds	2,241
		75,163
Solid Waste	General Fund	23
	Nonmajor Funds	6,042
		6,065
Airport	Airport PFC	50,924
Total	Enterprise Funds	132,152
		\$ 2,605,593

Advances to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 5,709,733
	Airport	2,339,496
		8,049,229
County Capital Outlay Fund	Internal Service Funds	276,134
		276,134
Other Governmental Funds	Other Governmental Funds	664,892
		664,892
		\$ 8,990,255

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 (in \$000's):

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Hospital	\$ 18,197
	General Fund	2,266
	First 5	1,011
	Stockton Metropolitan Airport	242
	Mental Health and Substance Abuse Fund	8,480
	Internal Service Funds	1,015
	Other Governmental Funds	8,063
		<u>39,274</u>
Mental Health and Substance Abuse Fund	General Fund	1,253
		<u>1,253</u>
First Five Program	General Fund	1,139
		<u>1,139</u>
County Capital Outlay Fund	General Fund	10,072
		<u>10,072</u>
Other Governmental Funds	General Fund	3,593
	Other Governmental Funds	3,014
		<u>6,607</u>
		<u>\$ 58,345</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows (in \$000's):

	Restated Balance June 30, 2010	Additions	Retirement	Transfers and Adjustments	Balance June 30, 2011
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 13,935	\$ 716	\$ (100)	\$ -	\$ 14,551
Construction in progress	5,963	5,214	-	-	11,177
Total capital assets, not being depreciated	19,898	5,930	(100)	-	25,728
Capital assets, being depreciated:					
Structure and improvements	424,617	4,013	(900)	-	427,730
Furniture and equipment	90,049	3,625	(2,734)	-	90,940
Capitalized leases	9,280	1,013	(15)	-	10,278
Other capitalized assets	8,742	-	-	-	8,742
Infrastructure	330,599	17,990	-	-	348,589
Total capital assets, being depreciated	863,287	26,641	(3,649)	-	886,279
Less accumulated depreciation for:					
Structure and improvements	123,111	8,833	(358)	-	131,586
Furniture and equipment	56,271	7,721	(2,681)	-	61,311
Capitalized leases	5,506	1,141	(3)	-	6,644
Other capitalized assets	8,742	-	-	-	8,742
Infrastructure	121,605	12,479	-	-	134,084
Total accumulated depreciation	315,235	30,174	(3,042)	-	342,367
Total capital assets, being depreciated, net	548,052	(3,533)	(607)	-	543,912
Governmental activities capital assets, net	<u>\$ 567,950</u>	<u>\$ 2,397</u>	<u>\$ (707)</u>	<u>\$ -</u>	<u>\$ 569,640</u>
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 4,663	\$ -	\$ -	\$ -	\$ 4,663
Construction in progress	6,961	516	-	(458)	7,019
Total capital assets, not being depreciated	11,624	516	-	(458)	11,682
Capital assets, being depreciated:					
Structure and improvements	183,147	5,594	-	21	188,762
Furniture and equipment	73,804	3,382	(878)	(2,455)	73,853
Capital leases	-	1,455	-	2,892	4,347
Total capital assets, being depreciated	256,951	10,431	(878)	458	266,962
Less accumulated depreciation for:					
Structure and improvements	100,339	7,141	-	-	107,480
Furniture and equipment	54,026	3,784	(862)	(1,498)	55,450
Capital leases	-	490	-	1,498	1,988
Total accumulated depreciation	154,365	11,415	(862)	-	164,918
Total capital assets, being depreciated, net	102,586	(984)	(16)	458	102,044
Business-type activities capital assets, net	<u>\$ 114,210</u>	<u>\$ (468)</u>	<u>\$ (16)</u>	<u>\$ -</u>	<u>\$ 113,726</u>

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows (in \$000's):

	Amount
General government	\$ 4,241
Public protection	5,680
Public ways and facilities	13,010
Health and sanitation	1,080
Social services	1,591
Education	42
Culture and recreation	1,008
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>3,522</u>
Total depreciation expense - governmental activities	<u><u>\$ 30,174</u></u>

Depreciation expense was charged to business-type functions as follows (in \$000's):

	Amount
Airport enterprise	\$ 1,675
Solid Waste enterprise	3,139
General Hospital enterprise	<u>6,601</u>
Total depreciation expense – business-type functions	<u><u>\$ 11,415</u></u>

NOTE 6 – LONG-TERM DEBT

The following is a schedule of long-term liabilities as of June 30, 2011 (in \$000's):

Governmental Activities:

	Amount				
	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011	Amounts Due Within One Year
Teeter note	\$ 28,500	\$ -	\$ 14,000	\$ 14,500	\$ 14,500
Certificates of participation	132,825	-	2,350	130,475	2,515
Discount/gain on advance refunding (net)	1,458	-	(247)	1,705	-
Notes payable	2,835	-	790	2,045	65
Capital leases	3,628	1,003	1,433	3,198	1,186
Other postemployment benefits	30,682	9,663	1,618	38,727	-
Compensated absences	31,396	30,500	31,396	30,500	25,058
Estimated claims	57,846	-	2,680	55,166	-
	<u>\$ 289,170</u>	<u>\$ 41,166</u>	<u>\$ 54,020</u>	<u>\$ 276,316</u>	<u>\$ 43,324</u>

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

NOTE 6 – LONG-TERM DEBT (Continued)**Business-Type Activities:**

	Amount				
	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011	Amounts Due Within One Year
Certificates of participation	\$ 88,165	\$ -	\$ 7,465	\$ 80,700	\$ 7,935
Discount/gain on advance refunding (net)	(4,716)	-	(520)	(4,196)	-
Notes payable	71	-	5	66	6
Capital lease	1,222	1,455	811	1,866	827
Landfill closure and postclosure	14,187	-	3,190	10,997	-
Other postemployment benefits	7,548	2,612	404	9,756	-
Compensated absences	6,410	6,533	6,410	6,533	5,818
	<u>\$ 112,887</u>	<u>\$ 10,600</u>	<u>\$ 17,765</u>	<u>\$ 105,722</u>	<u>\$ 14,586</u>

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	\$ 10,277,422	\$ 4,346,813
Less: accumulated depreciation	<u>6,643,674</u>	<u>1,987,552</u>
Net Value	<u>\$ 3,633,748</u>	<u>\$ 2,359,261</u>

The related amortization on the capital leases is as follows:

Year Ended June 30	Governmental Activities	Business-Type Activities
2011-12	\$ 1,318,121	\$ 880,902
2012-13	976,669	353,461
2013-14	645,676	331,833
2014-15	319,540	316,596
2015-16	101,057	97,190
2016 - 2020	<u>108,588</u>	<u>-</u>
Total Requirements	3,469,651	1,979,982
Less Interest	<u>271,673</u>	<u>114,118</u>
Present Value of Remaining Payments	<u>\$ 3,197,978</u>	<u>\$ 1,865,864</u>

NOTE 6 – LONG-TERM DEBT (Continued)**B. Certificates of Participation and Notes Payable****Certificates of Participation**

The County had the following Certificates of Participation (COPs) issues outstanding at June 30, 2011:

<u>Project Name</u>	<u>Issuance Date</u>	<u>Face Value of the COP</u>	<u>Year-End Balance</u>
1993 Capital Facilities Project (partially refunded by 2007 COP)	October 1, 1993	\$ 110,740,000	\$ 7,645,000
Solid Waste System Facilities Project (including refunding)	May 8, 2003	36,830,000	19,460,000
2000 San Joaquin General Hospital Refunding	May 1, 2000	108,420,000	61,240,000
2007 County Administration Building	May 23, 2007	114,635,000	114,635,000
2007 County Service Area No. 31	December 1, 2007	<u>8,450,000</u>	<u>8,195,000</u>
Total		<u>\$ 379,075,000</u>	<u>\$ 211,175,000</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 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.

NOTE 6 – LONG-TERM DEBT (Continued)

B. Certificates of Participation and Notes Payable (Continued)

Certificates of Participation (Continued)

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 occurred in August 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.

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. As of June 30, 2011, the certificates defeased had an outstanding balance of \$18,355,000.

NOTE 6 – LONG-TERM DEBT (Continued)

B. Certificates of Participation and Notes Payable (Continued)

Certificates of Participation (Continued)

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

The unfunded portion of the 1993 COP matures in 2014 with principal payments ranging from \$2,220,000 to \$2,720,000.

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%. This note payable was paid in full as of June 30, 2011.

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 2000-01. 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, 2011 the outstanding balances on the loans totaled \$339,063.

In fiscal year 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, 2011, the outstanding note was approximately \$1.7 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 \$65,653 as of June 30, 2011, and will be paid in full in 2018.

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.

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 \$14.5 million as of June 30, 2011. 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 2010-11, and extra amount set aside in the loss reserve fund, and the interfund borrowing of \$14.5 million to finance the buy-out and the cumulative interest cost on the borrowing.

The interfund borrowing of \$14.5 million is collateralized with the uncollected taxes and is recorded in the General Fund. The interfund borrowing note, dated June 28, 2011, is to be repaid in full by July 1, 2012. 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 fiscal year 2010-11, the County recognized \$180,026 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, 2011, the County set aside 2.5%, instead of 1%. The reserve fund balance was \$15.7 million.

Schedule of Future Payments

The following is a schedule of the future long-term debts payments as of June 30, 2011 (in \$000's):

Governmental Activities:

Year Ended June 30	Certificates of Participation		Notes Payable	
	Principal	Interest	Principal	Interest
2012	\$ 2,515	\$ 6,423	\$ 65	\$ 91
2013	2,690	6,281	67	88
2014	2,870	6,128	70	85
2015	2,925	5,977	74	82
2016	3,070	5,827	77	79
2017-2021	18,110	26,564	437	339
2022-2026	22,855	21,444	542	235
2027-2031	29,195	14,980	537	107
2032-2036	37,115	6,889	79	37
2037-2041	9,130	259	97	16
	130,475	100,772	2,045	1,159
Add gain on advance refunding	1,705	-	-	-
Total Debt	<u>\$ 132,180</u>	<u>\$ 100,772</u>	<u>\$ 2,045</u>	<u>\$ 1,159</u>

NOTE 6 – LONG-TERM DEBT (Continued)**B. 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	Interest	Principal	Interest
2012	\$ 7,935	\$ 3,912	\$ 6	\$ 8
2013	6,620	3,528	7	7
2014	6,950	3,190	8	6
2015	7,310	2,821	9	5
2016	7,695	2,441	10	4
2017-2021	42,240	6,023	26	3
2022-2026	1,950	98	-	-
	80,700	22,013	66	33
Less discount on advance refunding	(4,196)	-	-	-
Total Debt	<u>\$ 76,504</u>	<u>\$ 22,013</u>	<u>\$ 66</u>	<u>\$ 33</u>

NOTE 7 – LEGAL DEBT MARGIN

California Government Code Section 29909, together with Revenue and Taxation Code section 135, 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 2010-11	<u>\$ 54,830,715,039</u>
Legal Debt Limit – 1 1/4% of total assessed value	<u>\$ 685,383,938</u>
Amount of debt applicable to debt limit:	<u>\$ -</u>

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings and at June 30, 2011 does not expect to incur a significant liability.

Special Assessment Debt

Special assessment district transactions are recorded in the Agency Fund as the County acts as an agent for the property owners in collecting assessments bonds and forwarding the collections to the bondholders. However, the County is not obligated in any manner for repayment of these special assessments. As of June 30, 2011, such special assessment debt outstanding totaled approximately \$677,243.

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, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, 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, 2011, the landfill closure and postclosure care liability (\$11.0 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 \$91.5 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 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Prior year deposits and interest earned exceeds the minimum closure fund balance required by the State, therefore no transfers into the closure fund were made in fiscal year 2010-11. The funds available for landfill closure and post-closure remain at \$5.2 million, which leaves approximately \$5.8 million to be funded in future years. Two of the county's four landfills have been closed. The remaining two landfills are Foothill and North County. Foothill received a permit revision which increased the height and capacity of the landfill, thereby extending its operation until 2081. Foothill is at 5.3% of the new capacity. North County will be operative until 2048 and is at 11.6% capacity.

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 insurance coverage in excess of the County covered portion. Settled claims have not exceeded the CSAC coverage or the commercial insurance coverage in any of the past three fiscal years.

The County, prior to fiscal year 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.

NOTE 9 – RISK MANAGEMENT PROGRAMS (Continued)

Based on the most recent actuarial studies (December of 2010) the full value of the County's unpaid casualty (general liability and malpractice liability) liabilities and the workers compensation program liabilities at June 30, 2011 were estimated at a discounted value of \$18.1 million and \$30.2 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, 2011, except for the casualty insurance fund.

The insurance funds had the following net assets at June 30, 2011 (in \$000's):

	<u>Net Assets</u>
Casualty Insurance	\$ 3,730
Workers' Compensation Insurance	24,435
Medical Insurance	16,718
Dental Insurance	1,954
Unemployment Insurance	<u>1,719</u>
Total	<u>\$ 48,556</u>

Changes in the insurance funds' claim liabilities for fiscal years 2009-10 and 2010-11 were (in \$000's):

	<u>Casualty</u>	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Insurance</u>	<u>Dental</u> <u>Insurance</u>	<u>Unemployment</u>	<u>Total</u>
Balance at June 30, 2009	\$ 19,525	\$ 33,098	\$ 6,586	\$ 321	\$ 294	\$ 59,824
Claims and changes in estimates for fiscal year 2009-10	2,882	4,770	49,798	4,495	2,260	64,205
Less: claim payments	<u>(4,052)</u>	<u>(6,654)</u>	<u>(48,973)</u>	<u>(4,501)</u>	<u>(2,003)</u>	<u>(66,183)</u>
Balance at June 30, 2010	18,355	31,214	7,411	315	551	57,846
Claims and changes in estimates for fiscal year 2010-11	6,060	5,973	44,056	4,835	2,139	63,063
Less: claim payments	<u>(6,281)</u>	<u>(7,762)</u>	<u>(44,473)</u>	<u>(4,903)</u>	<u>(2,324)</u>	<u>(65,743)</u>
Balance at June 30, 2011	<u>\$ 18,134</u>	<u>\$ 29,425</u>	<u>\$ 6,994</u>	<u>\$ 247</u>	<u>\$ 366</u>	<u>\$ 55,166</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, 2011 are (in \$000's):

<u>Year Ended June 30</u>	<u>Primary Government</u>
2012	\$ 3,366
2013	1,711
2014	1,595
2015	1,514
2016	1,349
Thereafter	<u>5,581</u>
	<u>\$ 15,116</u>

Total rent expense under operating lease agreements during the year ended June 30, 2011 was approximately \$3.9 million.

A new lease agreement was entered in October 2003 for the County to lease for the Workforce Investment Act Program an office building, located at 56 South Lincoln Street, Stockton, California, 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 2010-11 rent payment was \$718,351.

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, 2011 (in \$000's). These operating leases, for various real property, contain no material restrictions. All are to be paid to the Airport Enterprise Fund.

<u>Year Ended June 30</u>	<u>Amount</u>
2012	\$ 721
2013	567
2014	538
2015	519
2016	540
Thereafter	<u>12,627</u>
	<u>\$ 15,512</u>

Total rental income under operating lease agreements during the year ended June 30, 2011 was approximately \$834,828.

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.

NOTE 12 – NET ASSETS/FUND BALANCES (Continued)

- 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.

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2011 is as follows:

	General Fund	Major Special Revenue Funds Mental Health Substance Abuse Fund	First Five Program Fund	Major County Capital Outlay Fund	Other Funds	Total
Fund balances:						
Nonspendable:						
Inventory	\$ -	\$ 159,796	\$ -	\$ -	\$ 357,982	\$ 517,778
Advances	8,049,229	-	-	308,406	664,892	9,022,527
Loans receivable	45,500	-	-	-	-	45,500
Total Nonspendable	8,094,729	159,796	-	308,406	1,022,874	9,585,805
Restricted for:						
General government services	470,351	-	-	-	667,358	1,137,709
Public protection services	13,134,678	-	-	-	889,975	14,024,653
Emergency medical services	3,143,339	-	-	-	-	3,143,339
Agricultural services	1,359,633	-	-	-	-	1,359,633
Community services	4,185,051	-	-	-	2,975,921	7,160,972
Health and sanitation services	8,856,691	43,776,563	5,515,982	-	-	58,149,236
Parks and recreation services	4,095,596	-	-	-	-	4,095,596
Road projects and maintenance	-	-	-	-	46,332,731	46,332,731
Fish and game programs	-	-	-	-	296,695	296,695
County facilities	-	-	-	-	14,225,593	14,225,593
Job Training Partnership Act	-	-	-	-	986,596	986,596
Rabies treatment	-	-	-	-	48,757	48,757
Library programs	-	-	-	-	928,116	928,116
Narcotics enforcement	-	-	-	-	52,678	52,678
Recorder's Equipment Automation	-	-	-	-	5,439,161	5,439,161
Community Infrastructure	-	-	-	-	25,122,300	25,122,300
Lighting district maintenance	-	-	-	-	777,747	777,747
Service areas maintenance	-	-	-	-	4,721,128	4,721,128
Maintenance district services	-	-	-	-	9,253,023	9,253,023
Flood control districts	-	-	-	-	6,698,169	6,698,169
Improvement district services	-	-	-	-	1,121,648	1,121,648
In-home support services	-	-	-	-	307,421	307,421
Courthouse construction	-	-	-	-	252,629	252,629
Criminal justice construction	-	-	-	-	7,242,797	7,242,797
Total Restricted	35,245,339	43,776,563	5,515,982	-	128,340,443	212,878,327
Committed to:						
General reserve - emergencies	10,006,276	-	-	-	-	10,006,276
Total Committed	10,006,276	-	-	-	-	10,006,276
Assigned to:						
Budgetary deficit - subsequent year	29,889,700	-	-	-	-	29,889,700
Capital projects	-	-	-	42,447,911	-	42,447,911
Debt service	-	-	-	-	17,890,024	17,890,024
Airport projects	-	-	-	-	7,685,753	7,685,753
Health and sanitation projects	-	-	-	-	1,113,299	1,113,299
Total Assigned	29,889,700	-	-	42,447,911	26,689,076	99,026,687
Unassigned:	44,315,708	-	-	-	(3,092,040)	41,223,668
Total Fund Balances	\$ 127,551,752	\$ 43,936,359	\$ 5,515,982	\$ 42,756,317	\$ 152,960,353	\$ 372,720,763

NOTE 13 – DEFICIT FUND BALANCE/NET ASSETS

The following funds had deficit fund balances at June 30, 2011:

Substance Abuse and Crime Prevention (Nonmajor Special Revenue Fund)	\$ (83,405)
---	-------------

The deficit resulted from a reduction in Proposition 36 funding.

County Head Start (Nonmajor Special Revenue Fund)	(34,316)
--	----------

The deficit resulted from prior year's delay in obtaining
Federal and State reimbursements for costs incurred.

Justice Assistance Grant (Nonmajor Special Revenue Fund)	(17,743)
---	----------

The deficit resulted from prior year's delay in obtaining
Federal and State reimbursements for costs incurred.

Family Support and Incentive Earnings (Nonmajor Special Revenue Fund)	(309,298)
--	-----------

The deficit resulted from prior year's delay in obtaining
Federal and State reimbursements for costs incurred.

Water District (Nonmajor Special Revenue Fund)	(24,236)
---	----------

The deficit resulted from an increase in professional services
related to water issues.

Northeastern San Joaquin Groundwater Banking Authority (Nonmajor Special Revenue Fund)	(353,122)
---	-----------

The deficit resulted from prior year's excess expenditures over revenues.

Mokelumne River Water and Power Authority (Nonmajor Special Revenue Fund)	(1,707,918)
--	-------------

The deficit resulted from an increase in studies and consulting services
related to Delta issues.

County Service Areas (Nonmajor Capital Projects Fund)	(562,002)
--	-----------

The deficit resulted from an increase in wastewater infrastructure
expenditures for CSA #44, zones E and G.

\$ (3,092,040)

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

NOTE 14 – EMPLOYEE RETIREMENT SYSTEM

The County's pension fund is governed by the Board of Retirement of the San Joaquin County Employees' Retirement Association (SJCERA). 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, SJCERA. The Public Health employees are covered by SJCERA 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 SJCERA. 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 SJCERA.

The San Joaquin County Employees' Retirement Association (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 Accountancy Corporation. The report is available by writing to San Joaquin County Employees' Retirement Association, 6 South El Dorado Street, Suite 400, 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 31, 2011.

General

The Plan is a cost sharing multiple employer defined benefit pension plan (covering the County and certain other special 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 \$1.9 billion at December 31, 2010. 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. 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 as of January 1, 2010.

NOTE 14 – EMPLOYEE RETIREMENT SYSTEM (Continued)

The San Joaquin County Employees' Retirement Association (Plan) (Continued)

Funding Policy (Continued)

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 2010, the employees' contributions were about \$13.1 million, an average of 3.4% of the annual covered payroll.

The adopted employers' 2010 contribution rates, based on the actuarial determined requirements applicable to covered payroll were 49.92% for safety members and 27.79% 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, 2010, 2009, 2008, and were \$104.5 million, \$97.8 million and \$94.2 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 actuarial valuation of the benefit plan. Based on the December 31, 2010 actuary report, the County has made the annual required contribution of \$4,361,915 in calendar year 2010. 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 SJCERA through reciprocity.

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

The County has an agreement with Hartford 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 fiscal year 2010-11, the County contributed \$213,845 to the plan.

Pension Plans 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 fiscal year 2010-11, the Health Plan contributed \$468,556 to the pension plan.

NOTE 14 – EMPLOYEE RETIREMENT SYSTEM (Continued)Pension Plans for the Health Plan of San Joaquin and Headstart Child Development Council, Inc.
(Continued)

The Health Plan approved a defined benefit 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, 2011 was \$871,317.

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, 2011, the Council contributed \$594,551 to the plan.

The Local Agency Formation Commission participates in the County's Pension Plan and it contributed \$34,983 to the plan for the period ended June 30, 2011.

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 Association (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 2010-11, the County's actual contribution amounted to \$2.0 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 (in \$000's):

Annual Required Contribution	\$ 10,929
Interest on net OPEB-Implicit Subsidy obligation	1,625
Adjustment to annual required contribution	<u>(278)</u>
Annual OPEB-Implicit Subsidy cost	12,276
Contribution made	<u>2,022</u>
Increase in obligation	10,254
Net OPEB-Implicit Subsidy obligation - beginning of year	<u>38,230</u>
Net OPEB-Implicit Subsidy obligation - end of year	<u><u>\$ 48,484</u></u>

NOTE 15 – POSTEMPLOYMENT HEALTH BENEFITS – IMPLICIT SUBSIDY (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010-11 were as follows (\$000's):

<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>
2008	\$ 17,650	\$ 3,582	20.29%	\$ 27,697
2009	\$ 13,707	\$ 3,174	23.16%	\$ 38,230
2010	\$ 12,276	\$ 2,022	16.47%	\$ 48,484

Funded Status and Funding Progress. As of December 31, 2010, 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 \$108.6 million. The covered payroll was \$367.7 million, and the ratio of the UAAL to the covered payroll was 29.5%.

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 all fiscal year information since inception in fiscal year 2007-08 to indicate 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.

In the December 31, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25% 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 9.0% initially, reduced by decrements to an ultimate rate of 4.75% after 6 years. Both rates include a 3.5% 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, 2010, was 27 years.

NOTE 16 – RETIREE HEALTH REIMBURSEMENT PLAN AND TRUST**Purpose**

The purpose of the retiree health reimbursement plan and trust is to provide qualifying employees with an opportunity to receive reimbursement for certain health care expenses eligible under the plan. It is the intention of the County that the benefits payable under this plan be eligible for exclusion from the gross income of participants as provided by Sections 105(b) and 106 of the Internal Revenue Code (Code). It is also the intention of the County that the plan qualify as a Health Reimbursement Arrangement ("HRA") under IRS Revenue Ruling 2002-41 (June 26, 2002) and IRS Notice 2002-45 (June 26, 2002).

The purposes of the trust are (1) to provide a source of funds to pay benefits under the Plan, and (2) to permit Trust assets to be invested and such earnings be non taxable under Section 501(c)(9) of the Code.

NOTE 16 – RETIREE HEALTH REIMBURSEMENT PLAN AND TRUST (Continued)Funding

The County shall make a fixed contribution per participant as set forth in the appropriate adoption agreement. The amount of employer contribution, and any restrictions on the use thereof, shall be identified in the adoption agreement and communicated to the participants. The amount of the employer contribution may change from year to year as announced by the adopting employer prior to the plan year start and reflected in the adoption agreement. Unless otherwise stated in the adoption agreement, the employer contribution shall be available for reimbursement as soon as received by the Trustee and placed in the Trust. The total employer contribution for fiscal year 2010-11 was \$389,583..

NOTE 17 – COMPONENT UNIT CONDENSED FINANCIAL INFORMATION

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

Statement of Net Assets

	Head Start Child Development Council, Inc.	San Joaquin Economic Development Association	Local Agency Formation Commission	Health Plan of San Joaquin	Total
ASSETS					
Cash and investment – pool	\$ -	\$ -	\$ 307,426	\$ 45,272,636	\$ 45,580,062
Cash and investments – other	1,682,380	1,186,730	-	-	2,869,110
Due from other governments	313,588	-	-	5,111,957	5,425,545
Interest receivable	-	-	511	63,454	63,965
Accounts receivable	105,030	-	-	-	105,030
Depreciable assets, net	1,267,554	3,333	-	19,613,822	20,884,709
Other assets	146,483	-	-	847,036	993,519
Total Assets	\$ 3,515,035	\$ 1,190,063	\$ 307,937	\$ 70,908,905	\$ 75,921,940
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 2,825,770	\$ 123,765	\$ 19,584	\$ 3,030,578	\$ 5,999,697
Accrued claims payable	-	-	-	11,885,922	11,885,922
Provider risk sharing payable	-	-	-	5,214,242	5,214,242
Unpaid compensated absences	-	-	-	-	-
Unearned revenues	61,438	-	-	-	61,438
Other liabilities	-	-	-	1,177,605	1,177,605
Total Liabilities	2,887,208	123,765	19,584	21,308,347	24,338,904
NET ASSETS					
Investment in capital assets, net of related debt	1,267,554	3,333	-	19,613,822	20,884,709
Unrestricted net assets	(639,727)	1,062,965	288,353	29,986,736	30,698,327
Total Net Assets	627,827	1,066,298	288,353	49,600,558	51,583,036
Total Liabilities and Net Assets	\$ 3,515,035	\$ 1,190,063	\$ 307,937	\$ 70,908,905	\$ 75,921,940

NOTE 17 – 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	Total
Program Revenues:					
Operating grants and contributions	\$ 34,824,115	\$ 165,557	\$ 715,170	\$ 160,569,078	\$ 196,273,920
Charges for services	2,275,485	-	-	1,271,474	3,546,959
Interest income	-	1,222	2,634	287,859	291,715
Miscellaneous	-	1,054,155	1,805	-	1,055,960
Total Program Revenues	37,099,600	1,220,934	719,609	162,128,411	201,168,554
Program Expenses:					
General government	-	-	632,197	-	632,197
Public assistance	36,654,407	673,441	-	-	37,327,848
Health	-	-	-	155,255,672	155,255,672
Total Program Expenses	36,654,407	673,441	632,197	155,255,672	193,215,717
Change in net assets	445,193	547,493	87,412	6,872,739	7,952,837
Net assets, beginning	182,634	518,805	200,941	42,727,819	43,630,199
Net assets, ending	\$ 627,827	\$ 1,066,298	\$ 288,353	\$ 49,600,558	\$ 51,583,036

NOTE 18 – COMMITMENTS AND CONTINGENCIESPending Litigations

The County is a defendant in various casualty and workers compensation lawsuits. Based on the most recent actuary report issued in December 2010, the County's actuarially determined ultimate loss liability of these lawsuits under the casualty insurance and workers compensation programs were approximately \$18.1 million and \$30.2 million, respectively. The assets of these two insurance funds totaling \$80.2 million were sufficient to cover these actuarially determined losses as of June 30, 2011 (See Note 9).

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, 2010 and June 30, 2009, respectively. The Hospital recorded a cost report liability of \$0.8 million in 2011 and recognized approximately \$1.9 million in net patient service revenue in 2010 for changes in estimated cost report settlements.

NOTE 18 – COMMITMENTS AND CONTINGENCIES (Continued)**Proposition 1A Borrowing by the State of California**

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The State is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the County was \$16,901,488.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the securitization program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The County participated in the Securitization Program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

NOTE 19 – PRIOR PERIOD ADJUSTMENTS

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.

	<u>Fiduciary Fund Statements</u>
	<u>Investment Trust Fund</u>
Net Assets/Fund Balance, June 30, 2010, as previously reported after adjustment for change in reporting entity	\$ 845,941,739
Restatements:	
Correct reporting of prior year revenues and expenditures	<u>(31,776,889)</u>
Fund Balance, June 30, 2010, as restated	<u><u>\$ 814,164,850</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule of Funding Progress and Funding Status – Pension Trust Fund

The tables below show a) a multi-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 and b) a multi-year history of the funding status of the Pension Trust Fund:

Required Supplementary Information
For the Year Ended June 30, 2011
Pension Benefit Plan
Schedule of Funding Progress
(amounts in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL	Funded Ratio	Covered Payroll	Unfunded (Overfunded) AAL Percentage of Covered Payroll
1/1/2002	\$ 1,357,409	\$ 1,266,747	\$ (90,662)	107.2%	\$ 243,327	0%
1/1/2003	1,448,905	1,418,209	(30,696)	102.2%	259,812	0%
1/1/2004	1,531,288	1,621,060	89,772	94.5%	286,429	31%
1/1/2005	1,614,979	1,769,507	154,528	91.3%	296,473	52%
1/1/2006	1,727,033	1,935,818	208,785	89.2%	309,692	67%
1/1/2007	1,869,717	2,149,938	280,221	87.0%	340,828	82%
1/1/2008	2,029,949	2,334,521	304,572	87.0%	367,361	83%
1/1/2009	1,821,357	2,510,925	689,568	72.5%	377,559	183%
1/1/2010	1,949,011	2,769,612	820,601	70.4%	385,442	213%

Schedule of Employer Contributions
(amount in thousands)

Actuarial Valuation	Actual Annual Contribution	Annual Required Contribution	Percentage Contribution	Net Pension Obligation
2005	\$ 62,509	\$ 62,509	100.0%	\$ -
2006	73,612	73,612	100.0%	-
2007	85,869	85,869	100.0%	-
2008	94,163	94,163	100.0%	-
2009	97,806	97,806	100.0%	-
2010	104,452	104,452	100.0%	-

(Employer contributions for fiscal years 2002, 2003, and 2004 are not available.)

**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

Required Supplementary Information
For the Year Ended June 30, 2011
Postemployment Healthcare – Sick Leave Bank Program
Schedule of Funding Progress
(amounts in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL	Funded Ratio	Covered Payroll	Unfunded (Overfunded) AAL Percentage of Covered Payroll
1/1/2005	\$ 16,636	\$ 30,465	\$ 13,829	54.6%	\$224,753	6%
1/1/2006	14,660	37,475	22,815	39.1%	229,726	10%
1/1/2007	14,702	41,583	26,881	35.4%	221,626	12%
1/1/2008	13,120	41,203	28,083	31.8%	212,675	13%
1/1/2009	14,890	41,760	26,870	35.7%	203,064	13%

(Schedule of Funding Progress information for fiscal year ended December 31, 2004, is not available.)

Schedule of Employer Contributions
(amounts in thousands)

Actuarial Valuation	Actual Annual Contribution	Annual Required Contribution	Percentage Contribution	Net Pension Obligation
2006	\$ 650,000	\$ 650,000	100.0%	\$ -
2007	2,780,500	2,780,500	100.0%	-
2008	4,083,235	4,083,235	100.0%	-
2009	4,202,490	4,202,490	100.0%	-
2010	4,361,915	4,361,915	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, 2011**

Required Supplementary Information
For the Year Ended June 30, 2011
Postemployment 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>
12/31/2007	\$ -	\$ 157,337	\$ 157,337	0.0%	\$367,062	43%
12/31/2008	-	163,596	163,596	0.0%	377,213	43%
12/31/2009	-	123,763	123,763	0.0%	385,394	32%
12/31/2010	-	108,631	108,631	0.0%	367,671	30%

(Schedule of Funding Progress information begins with fiscal year ended June 30, 2008, per GASB Statement No. 45.)

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>
2007	\$ 3,139	\$ 16,768	18.7%	\$ 13,629
2008	3,582	17,650	20.3%	27,697
2009	3,174	13,707	23.2%	38,230
2010	2,022	12,554	16.1%	48,762

(Employer contributions begin with fiscal year 2007 per GASB Statement No. 45.)

**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

	Budgeted Amounts		Actual Amount Budgetary	Variance with
	Original	Final	Basis	Final Budget
Budgetary fund balance, July 1	\$ 35,191,213	\$ 35,191,213	\$ 35,191,213	\$ -
Resources (inflows):				
Taxes	179,187,757	179,187,757	200,807,678	21,619,921
Licenses and permits	4,378,898	4,378,898	4,924,424	545,526
Fines, forfeitures, and penalties	9,802,905	9,802,905	7,799,828	(2,003,077)
Use of money and property	1,096,115	1,096,115	711,091	(385,024)
Aid from other governmental agencies	412,291,827	416,022,571	397,338,447	(18,684,124)
Charges for services	43,330,730	45,045,687	44,602,814	(442,873)
Other revenues	2,102,284	2,337,284	8,069,033	5,731,749
Other financing sources	40,766,518	51,655,560	25,004,064	(26,651,496)
Total resources	<u>692,957,034</u>	<u>709,526,777</u>	<u>689,257,379</u>	<u>(20,269,398)</u>
Charges to appropriations (outflows):				
Current:				
General government	57,705,032	57,705,032	40,283,476	(17,421,556)
Public protection	235,057,785	239,285,443	231,656,822	(7,628,621)
Public ways and facilities	91,036	91,036	(53,005)	(144,041)
Health and sanitation	33,439,199	35,833,952	31,768,982	(4,064,970)
Public assistance	344,084,092	344,634,052	305,445,885	(39,188,167)
Education	286,772	286,772	275,911	(10,861)
Recreation and culture	6,001,072	6,001,072	5,630,122	(370,950)
Reserve for contingency	10,600,000	19,064,705	-	(19,064,705)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	776,304	776,304
Interest	-	49,042	278,796	229,754
Other financing uses-transfers out	<u>36,579,986</u>	<u>39,678,692</u>	<u>35,039,381</u>	<u>(4,639,311)</u>
Total charges to appropriations	<u>723,844,974</u>	<u>742,629,798</u>	<u>651,102,674</u>	<u>(91,527,124)</u>
Fund balance, end of year	<u>\$ 4,303,273</u>	<u>\$ 2,088,192</u>	<u>\$ 73,345,918</u>	<u>\$ 71,257,726</u>

**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND**

Explanation of differences between budgetary inflows and outflows and accounting principals generally accepted in the United States of America (GAAP) revenues and expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule, not including fund balance	\$ 689,257,379
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Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(21,361,958)
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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.	12,648,584
--	------------

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 680,544,005
--	----------------

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 651,102,674
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Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(33,499,692)
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Disbursements from General Fund special accounts were not budgeted but were reported as expenditures for financial reporting purposes.	2,972,665
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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.	183,201
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 620,758,848
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**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011
BUDGETARY COMPARISON SCHEDULE
MENTAL HEALTH AND SUBSTANCE ABUSE FUND**

	Budgeted Amounts		Actual Amount Budgetary	Variance with
	Original	Final	Basis	Final Budget
Budgetary fund balance, July 1	\$ 32,373,047	\$ 32,373,047	\$ 32,373,047	\$ -
Resources (inflows):				
Taxes	-	-	-	-
Fines, forfeitures, and penalties	205,000	205,000	360,422	155,422
Use of money and property	25,000	25,000	207,789	182,789
Aid from other governmental agencies	45,572,097	45,622,097	51,786,718	6,164,621
Charges for services	32,388,304	32,388,304	27,012,992	(5,375,312)
Other revenues	445,536	445,536	542,307	96,771
Other financing sources	9,242,274	9,242,274	8,480,181	(762,093)
Total resources	87,878,211	87,928,211	88,390,409	462,198
Charges to appropriations (outflows):				
Current:				
Health and sanitation	90,225,888	90,275,888	77,565,629	(12,710,259)
Total charges to appropriations	90,225,888	90,275,888	77,565,629	(12,710,259)
Fund balance, end of year	\$ 30,025,370	\$ 30,025,370	\$ 43,197,827	\$ 13,172,457

**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011
BUDGETARY COMPARISON SCHEDULE (Continued)
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 schedule, not including fund balance	\$ 88,390,409
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Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(8,480,182)
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 79,910,227
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Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule, not including fund balance	\$ 77,565,629
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Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(1,253,469)
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Changes in outstanding encumbrances - 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.	(738,532)
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 75,573,628
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**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011
BUDGETARY COMPARISON SCHEDULE
FIRST FIVE PROGRAM FUND**

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget
	Original	Final		
Budgetary fund balances, July 1	\$ 5,609,205	\$ 5,609,205	\$ 5,609,205	\$ -
Resources (inflows):				
Use of money and property	49,465	49,465	28,909	(20,556)
Aid from other governmental agencies	8,826,847	8,826,847	8,248,177	(578,670)
Other revenues	-	-	976	976
Total resources	<u>8,876,312</u>	<u>8,876,312</u>	<u>8,278,062</u>	<u>(598,250)</u>
Charges to appropriations (outflows):				
Current:				
Health and sanitation	14,793,327	14,793,327	12,359,424	(2,433,903)
Other financing uses	-	-	-	-
Total charges to appropriations	<u>14,793,327</u>	<u>14,793,327</u>	<u>12,359,424</u>	<u>(2,433,903)</u>
Fund balance, end of year	<u>\$ (307,810)</u>	<u>\$ (307,810)</u>	<u>\$ 1,527,843</u>	<u>\$ 1,835,653</u>

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

Uses/outflows of resources

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule, not including fund balance \$ 8,278,062

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 12,359,424

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (128,132)

Changes in outstanding encumbrances - 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. (3,988,138)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 8,243,154

**COUNTY OF SAN JOAQUIN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

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 June 30, of each year. Public hearings are conducted to review all proposed appropriations and the sources of financing before the adoption.

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.

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

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

SUPPLEMENTARY INFORMATION

GENERAL FUND ACCOUNTS

General Fund Accounts, representing the general operating fund of the County, include General Account (General Fund) and certain special accounts that are under the control of various General Fund departments. They are used to account for all financial resources not accounted for in another fund.

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
ALL GENERAL FUNDS
JUNE 30, 2011**

	General Accounts	Contingency	General Reserve	Total
ASSETS				
Cash and investments:				
Pooled	\$ 116,790,897	\$ 13,364,917	\$ 10,006,276	\$ 140,162,090
Imprest cash	249,775	-	-	249,775
Interest receivable	94,479	-	-	94,479
Accounts receivable	2,743,208	-	-	2,743,208
Taxes receivable	57,178,859	-	-	57,178,859
Due from other agencies	53,220,784	-	-	53,220,784
Due from other funds	177,809	391,124	-	568,933
Advances to other funds	3,402,801	4,646,428	-	8,049,229
Loans receivable	-	20,000	-	20,000
Other assets	25,500	-	-	25,500
	<u>\$ 233,884,112</u>	<u>\$ 18,422,469</u>	<u>\$ 10,006,276</u>	<u>\$ 262,312,857</u>
Total Assets				
	<u>\$ 233,884,112</u>	<u>\$ 18,422,469</u>	<u>\$ 10,006,276</u>	<u>\$ 262,312,857</u>
LIABILITIES				
Accounts payable	\$ 4,346,689	\$ -	\$ -	\$ 4,346,689
Accrued payroll	10,243,113	-	-	10,243,113
Due to other funds	970,629	-	-	970,629
Teeter note	14,500,000	-	-	14,500,000
Deferred revenues	104,064,542	-	-	104,064,542
Other liabilities	592,078	-	-	592,078
Interest payable	44,054	-	-	44,054
	<u>134,761,105</u>	<u>-</u>	<u>-</u>	<u>134,761,105</u>
Total Liabilities				
	<u>134,761,105</u>	<u>-</u>	<u>-</u>	<u>134,761,105</u>
FUND BALANCES				
Non-spendable	3,428,301	4,666,428	-	8,094,729
Restricted	35,245,339	-	-	35,245,339
Committed	-	-	10,006,276	10,006,276
Assigned	16,529,045	13,360,655	-	29,889,700
Unassigned	43,920,322	395,386	-	44,315,708
	<u>99,123,007</u>	<u>18,422,469</u>	<u>10,006,276</u>	<u>127,551,752</u>
Total Fund Balances				
	<u>99,123,007</u>	<u>18,422,469</u>	<u>10,006,276</u>	<u>127,551,752</u>
Total Liabilities and Fund Balances	<u>\$ 233,884,112</u>	<u>\$ 18,422,469</u>	<u>\$ 10,006,276</u>	<u>\$ 262,312,857</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	General Accounts	Contingency	General Reserve	Total
Revenues:				
Taxes	\$ 200,807,678	\$ -	\$ -	\$ 200,807,678
Licenses, permits, and franchises	5,036,563	-	-	5,036,563
Fines, forfeitures, and penalties	9,191,361	-	-	9,191,361
Revenue from use of money and property	994,891	237,925	(12,194)	1,220,622
Aid from other governmental agencies	403,257,470	-	-	403,257,470
Charges for services	48,200,244	-	-	48,200,244
Other revenue	13,649,067	(819,000)	-	12,830,067
Total Revenues	681,137,274	(581,075)	(12,194)	680,544,005
Expenditures:				
Current:				
General government	41,583,865	-	-	41,583,865
Public protection	235,150,322	-	-	235,150,322
Public ways and facilities	4,813	-	-	4,813
Health and sanitation	31,144,414	-	-	31,144,414
Public assistance	304,812,263	-	-	304,812,263
Education	274,431	-	-	274,431
Recreation and cultural services	5,636,071	-	-	5,636,071
Capital outlay	1,097,569	-	-	1,097,569
Debt service:				
Principal	776,304	-	-	776,304
Interest	278,796	-	-	278,796
Total Expenditures	620,758,848	-	-	620,758,848
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,378,426	(581,075)	(12,194)	59,785,157
Other Financing Sources (Uses):				
Proceeds from long-term debt	180,026	-	-	180,026
Operating Transfers between	(3,870,376)	3,870,376	-	-
Transfers in	15,850,593	2,472,437	-	18,323,030
Transfers out	(37,620,826)	(1,653,437)	-	(39,274,263)
Total Other Financing Sources (Uses)	(25,460,583)	4,689,376	-	(20,771,207)
Net Change in Fund Balances	34,917,843	4,108,301	(12,194)	39,013,950
Fund Balances, Beginning of Year	64,205,164	14,314,168	10,018,470	88,537,802
Fund Balances, End of Year	\$ 99,123,007	\$ 18,422,469	\$ 10,006,276	\$ 127,551,752

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
ALL GENERAL FUND SPECIAL ACCOUNTS
JUNE 30, 2011**

	General Accounts	Sheriff's Special Accounts	Prisoner Welfare Accounts	Sheriff Commissary Jail Industries
ASSETS				
Cash and investments:				
Pooled	\$ 42,977,596	\$ 2,582,011	\$ 11,563	\$ 171,083
Imprest cash	97,175	-	-	-
Accounts receivable	2,263,088	77,435	180,550	40,500
Taxes receivable	57,171,854	-	-	-
Interest receivable	27,845	3,832	-	-
Due from other agencies	52,544,220	148,517	4,300	-
Due from other funds	149,877	-	-	-
Advances to other funds	3,402,801	-	-	-
Other assets	25,500	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 158,659,956</u></u>	<u><u>\$ 2,811,795</u></u>	<u><u>\$ 196,413</u></u>	<u><u>\$ 211,583</u></u>
LIABILITIES				
Accounts payable	\$ 3,923,879	\$ 1,290	\$ 22,229	\$ -
Due to other funds	930,493	2,503	4,885	-
Accrued payroll	10,237,519	-	-	-
Deferred revenues	83,697,962	47,208	60,056	-
Teeter note	14,500,000	-	-	-
Accrued interest	44,054	-	-	-
Other liabilities	592,078	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>113,925,985</u>	<u>51,001</u>	<u>87,170</u>	<u>-</u>
FUND BALANCES				
Non-spendable	3,428,301	-	-	-
Restricted	-	2,760,794	109,243	211,583
Committed	-	-	-	-
Assigned	16,529,045	-	-	-
Unassigned	24,776,625	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>44,733,971</u>	<u>2,760,794</u>	<u>109,243</u>	<u>211,583</u>
	<u><u>\$ 158,659,956</u></u>	<u><u>\$ 2,811,795</u></u>	<u><u>\$ 196,413</u></u>	<u><u>\$ 211,583</u></u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
ALL GENERAL FUND SPECIAL ACCOUNTS
JUNE 30, 2011

	<u>Court Fees and Assessments</u>	<u>Emergency Medical Services</u>	<u>Agriculture Special Accounts</u>	<u>Public Health Special Accounts</u>
ASSETS				
Cash and investments:				
Pooled	\$ 2,458,645	\$ 3,196,901	\$ 1,329,493	\$ 8,891,269
Imprest cash	-	-	-	-
Accounts receivable	23,112	58,950	72,059	715
Taxes receivable	-	-	-	-
Interest receivable	3,876	4,445	157	6,764
Due from other agencies	119,613	-	-	-
Due from other funds	-	-	2,305	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,605,246</u>	<u>\$ 3,260,296</u>	<u>\$ 1,404,014</u>	<u>\$ 8,898,748</u>
LIABILITIES				
Accounts payable	\$ -	\$ 108,207	\$ 26,142	\$ 167,145
Due to other funds	-	8,750	-	23,063
Accrued payroll	-	-	-	-
Deferred revenues	-	-	18,239	-
Teeter note	-	-	-	-
Accrued interest	-	-	-	-
Other liabilities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>116,957</u>	<u>44,381</u>	<u>190,208</u>
FUND BALANCES				
Non-spendable	-	-	-	-
Restricted	2,605,246	3,143,339	1,359,633	8,708,540
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,605,246</u>	<u>3,143,339</u>	<u>1,359,633</u>	<u>8,708,540</u>
Total Liabilities and Fund Balances	<u>\$ 2,605,246</u>	<u>\$ 3,260,296</u>	<u>\$ 1,404,014</u>	<u>\$ 8,898,748</u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
ALL GENERAL FUND SPECIAL ACCOUNTS
JUNE 30, 2011

	Community Service Special Accounts	Parks' Special Accounts	Recorder's Accounts	Assessor Special Accounts	Probation Juvenile Welfare
ASSETS					
Cash and investments:					
Pooled	\$ 1,319,900	\$ 4,090,319	\$ 470,160	\$ 755,048	\$ 1,313,605
Imprest cash	2,600	-	-	-	-
Accounts receivable	5,268	-	191	1,362	-
Taxes receivable	-	-	-	-	-
Interest receivable	2,516	5,277	-	594	1,698
Due from other agencies	408,434	-	-	-	-
Due from other funds	21,327	-	-	-	-
Advances to other funds	-	-	-	-	-
Other assets	-	-	-	-	-
Total Assets	<u>\$ 1,760,045</u>	<u>\$ 4,095,596</u>	<u>\$ 470,351</u>	<u>\$ 757,004</u>	<u>\$ 1,315,303</u>
LIABILITIES					
Accounts payable	\$ 97,790	\$ -	\$ -	\$ 4	\$ -
Due to other funds	-	-	-	-	-
Accrued payroll	5,594	-	-	-	-
Deferred revenues	-	-	-	-	-
Teeter note	-	-	-	-	-
Accrued interest	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total Liabilities	<u>103,384</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>
FUND BALANCES					
Non-spendable	-	-	-	-	-
Restricted	1,656,661	4,095,596	470,351	-	1,315,303
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	757,000	-
Total Fund Balances	<u>1,656,661</u>	<u>4,095,596</u>	<u>470,351</u>	<u>757,000</u>	<u>1,315,303</u>
Total Liabilities and Fund Balances	<u>\$ 1,760,045</u>	<u>\$ 4,095,596</u>	<u>\$ 470,351</u>	<u>\$ 757,004</u>	<u>\$ 1,315,303</u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
ALL GENERAL FUND SPECIAL ACCOUNTS
JUNE 30, 2011

	Community Development Accounts	District Attorney Accounts	HSA Grant Accounts	Other Accounts	Total
ASSETS					
Cash and investments:					
Pooled	\$ 2,517,167	\$ 6,102,816	\$ 20,239,228	\$ 18,364,093	\$ 116,790,897
Imprest cash	-	-	150,000	-	249,775
Accounts receivable	8,577	11,242	-	159	2,743,208
Taxes receivable	-	7,005	-	-	57,178,859
Interest receivable	3,581	11,449	-	22,445	94,479
Due from other agencies	-	-	-	-	53,225,084
Due from other funds	-	-	-	-	173,509
Advances to other funds	-	-	-	-	3,402,801
Other assets	-	-	-	-	25,500
Total Assets	<u>\$ 2,529,325</u>	<u>\$ 6,132,512</u>	<u>\$ 20,389,228</u>	<u>\$ 18,386,697</u>	<u>\$ 233,884,112</u>
LIABILITIES					
Accounts payable	\$ -	\$ 3	\$ -	\$ -	\$ 4,346,689
Due to other funds	935	-	-	-	970,629
Accrued payroll	-	-	-	-	10,243,113
Deferred revenues	-	-	20,241,077	-	104,064,542
Teeter note	-	-	-	-	14,500,000
Accrued interest	-	-	-	-	44,054
Other liabilities	-	-	-	-	592,078
Total Liabilities	<u>935</u>	<u>3</u>	<u>20,241,077</u>	<u>-</u>	<u>134,761,105</u>
FUND BALANCES					
Non-spendable	-	-	-	-	3,428,301
Restricted	2,528,390	6,132,509	148,151	-	35,245,339
Committed	-	-	-	-	-
Assigned	-	-	-	-	16,529,045
Unassigned	-	-	-	18,386,697	43,920,322
Total Fund Balances	<u>2,528,390</u>	<u>6,132,509</u>	<u>148,151</u>	<u>18,386,697</u>	<u>99,123,007</u>
Total Liabilities and Fund Balances	<u>\$ 2,529,325</u>	<u>\$ 6,132,512</u>	<u>\$ 20,389,228</u>	<u>\$ 18,386,697</u>	<u>\$ 233,884,112</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, 2011**

	General Accounts	Sheriff's Special Accounts	Prisoner Welfare Accounts	Sheriff Commissary Jail Industries
Revenues:				
Taxes	\$ 200,807,678	\$ -	\$ -	\$ -
Licenses, permits, and franchises	4,924,424	-	-	-
Fines, forfeitures, and penalties	7,799,828	336,891	-	-
Revenue from use of money and property	485,359	10,916	(9)	202,209
Aid from other governmental agencies	397,338,447	660,708	-	-
Charges for services	44,602,815	171,419	2,100	-
Other revenue	10,990,451	5,720	1,512,353	667,421
Total Revenues	<u>666,949,002</u>	<u>1,185,654</u>	<u>1,514,444</u>	<u>869,630</u>
Expenditures:				
Current:				
General government	41,577,942	-	-	-
Public protection	231,580,184	318,886	477,309	488,848
Public ways and facilities	4,813	-	-	-
Health and sanitation	30,503,534	-	-	-
Public assistance	304,535,296	-	-	-
Education	274,431	-	-	-
Recreation and cultural services	5,633,571	-	-	-
Capital outlay	1,081,623	15,946	-	-
Debt service:				
Principal	776,304	-	-	-
Interest	278,796	-	-	-
Total Expenditures	<u>616,246,494</u>	<u>334,832</u>	<u>477,309</u>	<u>488,848</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>50,702,508</u>	<u>850,822</u>	<u>1,037,135</u>	<u>380,782</u>
Other Financing Sources (Uses):				
General long-term debt proceeds	180,026	-	-	-
Transfers between General Fund accounts	4,763,095	(402,089)	(1,087,935)	(519,631)
Transfers in	15,850,593	-	-	-
Transfers out	(37,620,826)	-	-	-
Total Other Financing Sources (Uses)	<u>(16,827,112)</u>	<u>(402,089)</u>	<u>(1,087,935)</u>	<u>(519,631)</u>
Net Change in Fund Balances	33,875,396	448,733	(50,800)	(138,849)
Fund Balances, Beginning of Year	<u>10,858,575</u>	<u>2,312,061</u>	<u>160,043</u>	<u>350,432</u>
Fund Balances, End of Year	<u>\$ 44,733,971</u>	<u>\$ 2,760,794</u>	<u>\$ 109,243</u>	<u>\$ 211,583</u>

**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, 2011**

	Court Fees and Assessments	Emergency Medical Services	Agriculture Special Accounts	Public Health Special Accounts
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	310,445	567,940	-	371,657
Revenue from use of money and property	11,681	13,586	22,148	2,642
Aid from other governmental agencies	526,128	96,388	-	1,091,893
Charges for services	-	-	587,295	(150,610)
Other revenue	-	62,352	123,407	(307,903)
Total Revenues	<u>848,254</u>	<u>740,266</u>	<u>732,850</u>	<u>1,007,679</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public protection	-	-	118,288	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	537,140	-	103,740
Public assistance	-	-	-	-
Education	-	-	-	-
Recreation and cultural services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>537,140</u>	<u>118,288</u>	<u>103,740</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>848,254</u>	<u>203,126</u>	<u>614,562</u>	<u>903,939</u>
Other Financing Sources (Uses):				
General long-term debt proceeds	-	-	-	-
Transfers between General Fund accounts	(590,259)	-	(660,529)	(737,702)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>(590,259)</u>	<u>-</u>	<u>(660,529)</u>	<u>(737,702)</u>
Net Change in Fund Balances	257,995	203,126	(45,967)	166,237
Fund Balances, Beginning of Year	<u>2,347,251</u>	<u>2,940,213</u>	<u>1,405,600</u>	<u>8,542,303</u>
Fund Balances, End of Year	<u>\$ 2,605,246</u>	<u>\$ 3,143,339</u>	<u>\$ 1,359,633</u>	<u>\$ 8,708,540</u>

**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, 2011**

	Community Service Special Accounts	Parks' Special Accounts	Recorder's Accounts	Assessor Special Accounts	Probation Juvenile Welfare
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-	-
Fines, forfeitures, and penalties	61,332	-	-	-	-
Revenue from use of money and property	5,918	14,406	(514)	12,870	31,830
Aid from other governmental agencies	1,304,790	-	-	-	2,283,566
Charges for services	167,949	188,330	51,008	314,328	-
Other revenue	50,690	494,590	-	-	2,172
Total Revenues	1,590,679	697,326	50,494	327,198	2,317,568
Expenditures:					
Current:					
General government	-	-	-	-	-
Public protection	-	-	-	-	2,164,341
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	276,967	-	-	-	-
Education	-	-	-	-	-
Recreation and cultural services	-	2,500	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	276,967	2,500	-	-	2,164,341
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,313,712	694,826	50,494	327,198	153,227
Other Financing Sources (Uses):					
General long-term debt proceeds	-	-	-	-	-
Transfers between General Fund accounts	(1,738,513)	(1,422,965)	(12,900)	219,975	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,738,513)	(1,422,965)	(12,900)	219,975	-
Net Change in Fund Balances	(424,801)	(728,139)	37,594	547,173	153,227
Fund Balances, Beginning of Year	2,081,462	4,823,735	432,757	209,827	1,162,076
Fund Balances, End of Year	\$ 1,656,661	\$ 4,095,596	\$ 470,351	\$ 757,000	\$ 1,315,303

**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, 2011**

	Community Development Accounts	District Attorney Accounts	HSA Grant Accounts	Other Accounts	Total
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 200,807,678
Licenses, permits, and franchises	112,139	-	-	-	5,036,563
Fines, forfeitures, and penalties	-	(256,732)	-	-	9,191,361
Revenue from use of money and property	11,018	33,794	(27,199)	164,236	994,891
Aid from other governmental agencies	-	(44,450)	-	-	403,257,470
Charges for services	5,000	2,105,811	-	154,799	48,200,244
Other revenue	-	-	-	47,814	13,649,067
Total Revenues	128,157	1,838,423	(27,199)	366,849	681,137,274
Expenditures:					
Current:					
General government	-	-	-	5,923	41,583,865
Public protection	2,466	-	-	-	235,150,322
Public ways and facilities	-	-	-	-	4,813
Health and sanitation	-	-	-	-	31,144,414
Public assistance	-	-	-	-	304,812,263
Education	-	-	-	-	274,431
Recreation and cultural services	-	-	-	-	5,636,071
Capital outlay	-	-	-	-	1,097,569
Debt service:					
Principal	-	-	-	-	776,304
Interest	-	-	-	-	278,796
Total Expenditures	2,466	-	-	5,923	620,758,848
Excess (Deficiency) of Revenues Over (Under) Expenditures	125,691	1,838,423	(27,199)	360,926	60,378,426
Other Financing Sources (Uses):					
General long-term debt proceeds	-	-	-	-	180,026
Transfers between General Fund accounts	-	(2,050,923)	-	370,000	(3,870,376)
Transfers in	-	-	-	-	15,850,593
Transfers out	-	-	-	-	(37,620,826)
Total Other Financing Sources (Uses)	-	(2,050,923)	-	370,000	(25,460,583)
Net Change in Fund Balances	125,691	(212,500)	(27,199)	730,926	34,917,843
Fund Balances, Beginning of Year	2,402,699	6,345,009	175,350	17,655,771	64,205,164
Fund Balances, End of Year	\$ 2,528,390	\$ 6,132,509	\$ 148,151	\$ 18,386,697	\$ 99,123,007

NONMAJOR GOVERNMENTAL FUNDS

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

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments:				
Pooled	\$ 120,121,548	\$ 8,049,700	\$ 21,295,383	\$ 149,466,631
Imprest cash	33,650	-	-	33,650
Interest receivable	180,577	77	21,642	202,296
Accounts receivable	572,721	-	87,542	660,263
Taxes receivable	1,910,019	-	-	1,910,019
Due from other agencies	3,040,700	-	19,527	3,060,227
Due from other funds	51,620	-	-	51,620
Inventory	357,982	-	-	357,982
Advances to other funds	664,892	-	-	664,892
Restricted assets:				
Restricted cash and investments	-	10,468,083	-	10,468,083
Others	-	64,248	-	64,248
 Total Assets	 <u>\$ 126,933,709</u>	 <u>\$ 18,582,108</u>	 <u>\$ 21,424,094</u>	 <u>\$ 166,939,911</u>
 LIABILITIES				
Accounts payable	\$ 3,974,142	\$ -	\$ 65,260	\$ 4,039,402
Accrued payroll	1,342,545	-	-	1,342,545
Due to other funds	313,089	-	-	313,089
Advances from other funds	4,593,179	-	1,781,446	6,374,625
Deferred revenues	1,895,551	-	14,346	1,909,897
 Total Liabilities	 <u>12,118,506</u>	 <u>-</u>	 <u>1,861,052</u>	 <u>13,979,558</u>
 FUND BALANCES				
Non-spendable	1,022,874	-	-	1,022,874
Restricted	116,322,367	692,084	11,325,992	128,340,443
Assigned	-	17,890,024	8,799,052	26,689,076
Unassigned	(2,530,038)	-	(562,002)	(3,092,040)
 Total Fund Balances	 <u>114,815,203</u>	 <u>18,582,108</u>	 <u>19,563,042</u>	 <u>152,960,353</u>
 Total Liabilities and Fund Balances	 <u>\$ 126,933,709</u>	 <u>\$ 18,582,108</u>	 <u>\$ 21,424,094</u>	 <u>\$ 166,939,911</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 18,816,364	\$ -	\$ -	\$ 18,816,364
Licenses, permits, and franchises	246,716	-	-	246,716
Fines, forfeitures, and penalties	14,267	-	1,022,023	1,036,290
Revenue from use of money and property	554,198	105,777	49,698	709,673
Aid from other governmental agencies	83,076,325	-	956,140	84,032,465
Charges for services	18,860,089	23,659	2,716	18,886,464
Other revenue	1,302,539	-	-	1,302,539
Total Revenues	122,870,498	129,436	2,030,577	125,030,511
Expenditures:				
Current:				
General government	-	532	-	532
Public protection	26,929,995	-	209,573	27,139,568
Public ways and facilities	27,095,722	-	224,714	27,320,436
Community infrastructure program	2,490,201	-	-	2,490,201
Health and sanitation	597,797	-	-	597,797
Public assistance	40,735,836	-	-	40,735,836
Education	5,389,036	-	-	5,389,036
Recreation and cultural services	249,386	-	-	249,386
Capital outlay	18,590,549	-	3,298,711	21,889,260
Debt service:				
Principal	18,535	2,355,400	-	2,373,935
Interest and debt issuance costs	89,067	6,566,061	-	6,655,128
Total Expenditures	122,186,124	8,921,993	3,732,998	134,841,115
Excess (Deficiency) of Revenues Over (Under) Expenditures	684,374	(8,792,557)	(1,702,421)	(9,810,604)
Other Financing Sources (Uses):				
Transfers in	1,901,281	8,898,240	277,474	11,076,995
Transfers out	(3,163,772)	(12,513)	(3,431,189)	(6,607,474)
Total Other Financing Sources (Uses)	(1,262,491)	8,885,727	(3,153,715)	4,469,521
Net Change in Fund Balances	(578,117)	93,170	(4,856,136)	(5,341,083)
Fund Balances, Beginning of the Year	115,393,320	18,488,938	24,419,178	158,301,436
Fund Balances, End of Year	\$ 114,815,203	\$ 18,582,108	\$ 19,563,042	\$ 152,960,353

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	Road	Fish and Game	County Facilities Fee Program	Special Districts Settlement Fund
ASSETS				
Cash and investments	\$ 31,154,729	\$ 283,990	\$ 13,918,222	\$ 666,366
Imprest cash	500	-	-	-
Interest receivable	43,993	151	21,089	992
Accounts receivable	35,862	12,554	287,789	-
Taxes receivable	1,400,870	-	-	-
Due from other agencies	1,312,920	-	-	-
Due from other funds	48,169	-	-	-
Inventories	357,982	-	-	-
Advances to other funds	-	-	-	664,892
Total Assets	<u>\$ 34,355,025</u>	<u>\$ 296,695</u>	<u>\$ 14,227,100</u>	<u>\$ 1,332,250</u>
LIABILITIES				
Accounts payable	\$ 1,987,017	\$ -	\$ 1,507	\$ -
Accrued payroll	496,630	-	-	-
Due to other funds	156,474	-	-	-
Advances from other funds	-	-	-	-
Deferred revenues	1,325,332	-	-	-
Total Liabilities	<u>3,965,453</u>	<u>-</u>	<u>1,507</u>	<u>-</u>
FUND BALANCES				
Non-spendable	357,982	-	-	664,892
Restricted	30,031,590	296,695	14,225,593	667,358
Unassigned	-	-	-	-
Total Fund Balances	<u>30,389,572</u>	<u>296,695</u>	<u>14,225,593</u>	<u>1,332,250</u>
Total Liabilities and Fund Balances	<u>\$ 34,355,025</u>	<u>\$ 296,695</u>	<u>\$ 14,227,100</u>	<u>\$ 1,332,250</u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Job Training Partnership Act	Rabies Treatment	County Head Start	Road District #1
ASSETS				
Cash and investments	\$ 970,673	\$ 48,757	\$ (21,924)	\$ 2,929,221
Imprest cash	250	-	-	-
Interest receivable	-	-	836	4,243
Accounts receivable	2,333	-	-	-
Taxes receivable	-	-	-	20,434
Due from other agencies	557,742	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Advances to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,530,998</u>	<u>\$ 48,757</u>	<u>\$ (21,088)</u>	<u>\$ 2,953,898</u>
LIABILITIES				
Accounts payable	\$ 221,814	\$ -	\$ 25	\$ 1,490
Accrued payroll	314,338	-	13,203	-
Due to other funds	8,250	-	-	3,879
Advances from other funds	-	-	-	-
Deferred revenues	-	-	-	20,472
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>544,402</u>	<u>-</u>	<u>13,228</u>	<u>25,841</u>
FUND BALANCES				
Non-spendable	-	-	-	-
Restricted	986,596	48,757	-	2,928,057
Unassigned	-	-	(34,316)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>986,596</u>	<u>48,757</u>	<u>(34,316)</u>	<u>2,928,057</u>
Total Liabilities and Fund Balances	<u>\$ 1,530,998</u>	<u>\$ 48,757</u>	<u>\$ (21,088)</u>	<u>\$ 2,953,898</u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Road District #2	Road District #3	Road District #4	Road District #5
ASSETS				
Cash and investments	\$ 2,190,984	\$ 901,488	\$ 5,355,552	\$ 5,773,627
Imprest cash	-	-	-	-
Interest receivable	3,161	1,469	7,888	8,411
Accounts receivable	-	-	-	-
Taxes receivable	25,070	15,761	111,329	52,364
Due from other agencies	-	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Advances to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 2,219,215</u></u>	<u><u>\$ 918,718</u></u>	<u><u>\$ 5,474,769</u></u>	<u><u>\$ 5,834,402</u></u>
LIABILITIES				
Accounts payable	\$ 159,092	\$ 96,024	\$ 460,153	\$ 123,802
Accrued payroll	-	-	-	-
Due to other funds	960	1,425	11,066	16,736
Advances from other funds	-	-	-	-
Deferred revenues	25,137	15,596	111,577	52,452
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>185,189</u>	<u>113,045</u>	<u>582,796</u>	<u>192,990</u>
FUND BALANCES				
Non-spendable	-	-	-	-
Restricted	2,034,026	805,673	4,891,973	5,641,412
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>2,034,026</u>	<u>805,673</u>	<u>4,891,973</u>	<u>5,641,412</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,219,215</u></u>	<u><u>\$ 918,718</u></u>	<u><u>\$ 5,474,769</u></u>	<u><u>\$ 5,834,402</u></u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	County Library	District Attorney Narcotics Enforcement	Sheriff Narcotics Enforcement	Justice Assistance Grant
ASSETS				
Cash and investments	\$ 927,197	\$ 1,625	\$ 41,916	\$ 12,630
Imprest cash	-	-	7,500	-
Interest receivable	1,249	52	53	110
Accounts receivable	-	1,532	-	-
Taxes receivable	194,626	-	-	-
Due from other agencies	-	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Advances to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,123,072</u>	<u>\$ 3,209</u>	<u>\$ 49,469</u>	<u>\$ 12,740</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,201
Accrued payroll	-	-	-	20,996
Due to other funds	-	-	-	1,286
Advances from other funds	-	-	-	-
Deferred revenues	194,956	-	-	-
	<u>194,956</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>194,956</u>	<u>-</u>	<u>-</u>	<u>30,483</u>
FUND BALANCES				
Non-spendable	-	-	-	-
Restricted	928,116	3,209	49,469	-
Unassigned	-	-	-	(17,743)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,743)</u>
Total Fund Balances	<u>928,116</u>	<u>3,209</u>	<u>49,469</u>	<u>(17,743)</u>
Total Liabilities and Fund Balances	<u>\$ 1,123,072</u>	<u>\$ 3,209</u>	<u>\$ 49,469</u>	<u>\$ 12,740</u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Supplemental Local Law Enforcement Block Grant	Recorder's Equipment Automation	Family Support and Incentive Earnings	Community Infra- Structure
ASSETS				
Cash and investments	\$ 33,942	\$ 5,443,295	\$ 182,400	\$ 25,015,720
Imprest cash	-	-	25,400	-
Interest receivable	418	8,440	1,598	36,442
Accounts receivable	-	4,332	-	87,205
Taxes receivable	-	-	-	-
Due from other agencies	1,148,871	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Advances to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,183,231</u>	<u>\$ 5,456,067</u>	<u>\$ 209,398</u>	<u>\$ 25,139,367</u>
LIABILITIES				
Accounts payable	\$ 255,934	\$ 2,506	\$ 63,272	\$ 5,124
Accrued payroll	34,154	14,400	435,553	-
Due to other funds	3,168	-	20,241	11,943
Advances from other funds	-	-	-	-
Deferred revenues	-	-	(370)	-
	<u>-</u>	<u>-</u>	<u>(370)</u>	<u>-</u>
Total Liabilities	<u>293,256</u>	<u>16,906</u>	<u>518,696</u>	<u>17,067</u>
FUND BALANCES				
Non-spendable	-	-	-	-
Restricted	889,975	5,439,161	-	25,122,300
Unassigned	-	-	(309,298)	-
	<u>-</u>	<u>-</u>	<u>(309,298)</u>	<u>-</u>
Total Fund Balances	<u>889,975</u>	<u>5,439,161</u>	<u>(309,298)</u>	<u>25,122,300</u>
Total Liabilities and Fund Balances	<u>\$ 1,183,231</u>	<u>\$ 5,456,067</u>	<u>\$ 209,398</u>	<u>\$ 25,139,367</u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Substance Abuse and Crime Prevention	Public Works Special Accounts	Special Districts Under the Board	Total
ASSETS				
Cash and investments	\$ (83,304)	\$ 2,948,807	\$ 21,425,635	\$ 120,121,548
Imprest cash	-	-	-	33,650
Interest receivable	(8)	4,440	35,550	180,577
Accounts receivable	-	24,354	116,760	572,721
Taxes receivable	-	-	89,565	1,910,019
Due from other agencies	-	-	21,167	3,040,700
Due from other funds	-	-	3,451	51,620
Inventories	-	-	-	357,982
Advances to other funds	-	-	-	664,892
	<u>-</u>	<u>-</u>	<u>-</u>	<u>664,892</u>
Total Assets	<u>\$ (83,312)</u>	<u>\$ 2,977,601</u>	<u>\$ 21,692,128</u>	<u>\$ 126,933,709</u>
LIABILITIES				
Accounts payable	\$ 93	\$ -	\$ 588,088	\$ 3,974,142
Accrued payroll	-	-	13,271	1,342,545
Due to other funds	-	1,680	75,981	313,089
Advances from other funds	-	-	4,593,179	4,593,179
Deferred revenues	-	-	150,399	1,895,551
	<u>-</u>	<u>-</u>	<u>150,399</u>	<u>1,895,551</u>
Total Liabilities	<u>93</u>	<u>1,680</u>	<u>5,420,918</u>	<u>12,118,506</u>
FUND BALANCES				
Non-spendable	-	-	-	1,022,874
Restricted	-	2,975,921	18,356,486	116,322,367
Unassigned	(83,405)	-	(2,085,276)	(2,530,038)
	<u>(83,405)</u>	<u>2,975,921</u>	<u>16,271,210</u>	<u>114,815,203</u>
Total Fund Balances	<u>(83,405)</u>	<u>2,975,921</u>	<u>16,271,210</u>	<u>114,815,203</u>
Total Liabilities and Fund Balances	<u>\$ (83,312)</u>	<u>\$ 2,977,601</u>	<u>\$ 21,692,128</u>	<u>\$ 126,933,709</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, 2011**

	Road	Fish and Game	County Facilities Fee Program	Special Districts Settlement Fund
Revenues:				
Taxes	\$ 6,177,327	\$ -	\$ -	\$ -
Licenses and permits	141,380	-	-	-
Aid from other governmental agencies	23,485,716	20,286	-	-
Fines, forfeitures, and penalties	-	14,267	-	-
Use of money and property	124,984	236	64,884	5,642
Charges for services	1,028,228	-	1,727,252	-
Miscellaneous	77,697	-	-	-
Total Revenues	31,035,332	34,789	1,792,136	5,642
Expenditures:				
Current:				
Public protection	-	23,450	-	-
Public ways and facilities	13,000,816	-	-	-
Community infrastructure	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	-	-	-
Recreation	-	-	-	-
Capital outlay	18,137,707	-	-	-
Debt service - interest	-	-	-	-
Debt service - principal payment	-	-	-	-
Total Expenditures	31,138,523	23,450	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103,191)	11,339	1,792,136	5,642
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(7,000)	(1,413,099)	-
Transfers between special revenue funds	636,733	-	-	-
Total Other Financing Sources (Uses)	636,733	(7,000)	(1,413,099)	-
Net Change in Fund Balances	533,542	4,339	379,037	5,642
Fund Balances, Beginning of Year	29,856,030	292,356	13,846,556	1,326,608
Fund Balances, End of Year	\$ 30,389,572	\$ 296,695	\$ 14,225,593	\$ 1,332,250

**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, 2011**

	Job Training Partnership Act	Rabies Treatment	County Head Start	Road District #1
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 502,368
Licenses and permits	-	105,336	-	-
Aid from other governmental agencies	13,372,874	-	25,489,274	6,154
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	(461)	2,046	1,146	12,581
Charges for services	617,714	14,802	-	-
Miscellaneous	27,781	382	51	-
Total Revenues	<u>14,017,908</u>	<u>122,566</u>	<u>25,490,471</u>	<u>521,103</u>
Expenditures:				
Current:				
Public protection	-	1,086,699	-	-
Public ways and facilities	-	-	-	58,199
Community infrastructure	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	14,912,286	-	25,506,174	-
Education	-	-	-	-
Recreation	-	-	-	-
Capital outlay	135,862	-	5,283	-
Debt service - interest	-	-	-	-
Debt service - principal payment	-	-	-	-
Total Expenditures	<u>15,048,148</u>	<u>1,086,699</u>	<u>25,511,457</u>	<u>58,199</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,030,240)</u>	<u>(964,133)</u>	<u>(20,986)</u>	<u>462,904</u>
Other Financing Sources (Uses):				
Transfers in	-	799,798	-	-
Transfers out	-	-	-	-
Transfers between special revenue funds	-	-	-	(50,731)
Total Other Financing Sources (Uses)	<u>-</u>	<u>799,798</u>	<u>-</u>	<u>(50,731)</u>
Net Change in Fund Balances	(1,030,240)	(164,335)	(20,986)	412,173
Fund Balances, Beginning of Year	<u>2,016,836</u>	<u>213,092</u>	<u>(13,330)</u>	<u>2,515,884</u>
Fund Balances, End of Year	<u>\$ 986,596</u>	<u>\$ 48,757</u>	<u>\$ (34,316)</u>	<u>\$ 2,928,057</u>

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, 2011

	Road District #2	Road District #3	Road District #4	Road District #5
Revenues:				
Taxes	\$ 604,623	\$ 513,664	\$ 2,716,560	\$ 1,295,799
Licenses and permits	-	-	-	-
Aid from other governmental agencies	7,556	8,188	33,537	15,766
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	9,122	4,023	21,155	24,588
Charges for services	-	-	500	-
Miscellaneous	-	-	9,418	-
Total Revenues	<u>621,301</u>	<u>525,875</u>	<u>2,781,170</u>	<u>1,336,153</u>
Expenditures:				
Current:				
Public protection	-	-	-	-
Public ways and facilities	416,819	168,392	1,524,960	302,090
Community infrastructure	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	-	-	-
Recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - interest	-	-	-	-
Debt service - principal payment	-	-	-	-
Total Expenditures	<u>416,819</u>	<u>168,392</u>	<u>1,524,960</u>	<u>302,090</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>204,482</u>	<u>357,483</u>	<u>1,256,210</u>	<u>1,034,063</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfers between special revenue funds	<u>(37,337)</u>	<u>(147,633)</u>	<u>(245,517)</u>	<u>(155,515)</u>
Total Other Financing Sources (Uses)	<u>(37,337)</u>	<u>(147,633)</u>	<u>(245,517)</u>	<u>(155,515)</u>
Net Change in Fund Balances	167,145	209,850	1,010,693	878,548
Fund Balances, Beginning of Year	<u>1,866,881</u>	<u>595,823</u>	<u>3,881,280</u>	<u>4,762,864</u>
Fund Balances, End of Year	<u>\$ 2,034,026</u>	<u>\$ 805,673</u>	<u>\$ 4,891,973</u>	<u>\$ 5,641,412</u>

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, 2011

	County Library	District Attorney Narcotics Enforcement	Sheriff Narcotics Enforcement	Justice Assistance Grant
Revenues:				
Taxes	\$ 4,815,616	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Aid from other governmental agencies	187,510	-	3,058	876,453
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	2,010	134	162	204
Charges for services	250,865	-	-	-
Miscellaneous	-	29,346	9,005	1
	<u>-</u>	<u>29,346</u>	<u>9,005</u>	<u>1</u>
Total Revenues	<u>5,256,001</u>	<u>29,480</u>	<u>12,225</u>	<u>876,658</u>
Expenditures:				
Current:				
Public protection	-	7,254	7,847	1,026,017
Public ways and facilities	-	-	-	-
Community infrastructure	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	5,389,036	-	-	-
Recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - interest	-	-	-	-
Debt service - principal payment	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,389,036</u>	<u>7,254</u>	<u>7,847</u>	<u>1,026,017</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(133,035)</u>	<u>22,226</u>	<u>4,378</u>	<u>(149,359)</u>
Other Financing Sources (Uses):				
Transfers in	186,355	-	-	98,000
Transfers out	-	(32,000)	-	(98,000)
Transfers between special revenue funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>186,355</u>	<u>(32,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	53,320	(9,774)	4,378	(149,359)
Fund Balances, Beginning of Year	<u>874,796</u>	<u>12,983</u>	<u>45,091</u>	<u>131,616</u>
Fund Balances, End of Year	<u>\$ 928,116</u>	<u>\$ 3,209</u>	<u>\$ 49,469</u>	<u>\$ (17,743)</u>

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, 2011

	Supplemental Local Law Enforcement Block Grant	Recorder's Equipment Automation	Family Support and Incentive Earnings	Community Infra- Structure
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Aid from other governmental agencies	2,912,696	-	15,260,768	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	2,148	26,285	6,340	112,323
Charges for services	-	667,814	-	1,194,634
Miscellaneous	-	-	12	-
Total Revenues	<u>2,914,844</u>	<u>694,099</u>	<u>15,267,120</u>	<u>1,306,957</u>
Expenditures:				
Current:				
Public protection	2,793,766	769,411	15,344,486	-
Public ways and facilities	-	-	-	-
Community infrastructure	-	-	-	2,490,201
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	-	-	-
Recreation	-	-	-	-
Capital outlay	79,847	2,017	-	-
Debt service - interest	-	-	-	-
Debt service - principal payment	-	-	-	-
Total Expenditures	<u>2,873,613</u>	<u>771,428</u>	<u>15,344,486</u>	<u>2,490,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41,231</u>	<u>(77,329)</u>	<u>(77,366)</u>	<u>(1,183,244)</u>
Other Financing Sources (Uses):				
Transfers in	-	30,025	-	-
Transfers out	-	(487,700)	(243,286)	-
Transfers between special revenue funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(457,675)</u>	<u>(243,286)</u>	<u>-</u>
Net Change in Fund Balances	41,231	(535,004)	(320,652)	(1,183,244)
Fund Balances, Beginning of Year	<u>848,744</u>	<u>5,974,165</u>	<u>11,354</u>	<u>26,305,544</u>
Fund Balances, End of Year	<u>\$ 889,975</u>	<u>\$ 5,439,161</u>	<u>\$ (309,298)</u>	<u>\$ 25,122,300</u>

**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, 2011**

	Substance Abuse and Crime Prevention	Public Works Special Accounts	Special Districts Under the Board	Total
Revenues:				
Taxes	\$ -	\$ -	\$ 2,190,407	\$ 18,816,364
Licenses and permits	-	-	-	246,716
Aid from other governmental agencies	924,670	-	471,819	83,076,325
Fines, forfeitures, and penalties	-	-	-	14,267
Use of money and property	552	11,483	122,611	554,198
Charges for services	-	5,367	13,352,913	18,860,089
Miscellaneous	-	582,070	566,776	1,302,539
Total Revenues	925,222	598,920	16,704,526	122,870,498
Expenditures:				
Current:				
Public protection	-	-	5,871,065	26,929,995
Public ways and facilities	-	591,936	11,032,510	27,095,722
Community infrastructure	-	-	-	2,490,201
Health and sanitation	597,797	-	-	597,797
Public assistance	-	-	317,376	40,735,836
Education	-	-	-	5,389,036
Recreation	-	-	249,386	249,386
Capital outlay	-	-	229,833	18,590,549
Debt service - interest	-	-	18,535	18,535
Debt service -Principal payment	-	-	89,067	89,067
Total Expenditures	597,797	591,936	17,807,772	122,186,124
Excess (Deficiency) of Revenues Over (Under) Expenditures	327,425	6,984	(1,103,246)	684,374
Other Financing Sources (Uses):				
Transfers in	-	-	787,103	1,901,281
Transfers out	-	-	(882,687)	(3,163,772)
Transfers between special revenue funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(95,584)	(1,262,491)
Net Change in Fund Balances	327,425	6,984	(1,198,830)	(578,117)
Fund Balances, Beginning of Year	(410,830)	2,968,937	17,470,040	115,393,320
Fund Balances, End of Year	\$ (83,405)	\$ 2,975,921	\$ 16,271,210	\$ 114,815,203

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL DISTRICTS GOVERNED BY
THE BOARD OF SUPERVISORS – SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	Lighting Districts	Service Areas	Maintenance Districts
ASSETS			
Cash and investments	\$ 646,751	\$ 5,474,578	\$ 6,936,966
Interest receivable	878	9,123	12,132
Accounts receivable	98	25,586	19,536
Taxes receivable	7,209	7,001	14,893
Due from other funds/agencies	-	149	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 654,936</u>	<u>\$ 5,516,437</u>	<u>\$ 6,983,527</u>
LIABILITIES			
Accounts payable	\$ 23,012	\$ 210,909	\$ 194,515
Accrued salaries and benefits	-	-	-
Advances from other funds	-	1,190,378	-
Due to other funds	626	20,040	2,132
Deferred revenues	7,225	18,841	25,365
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>30,863</u>	<u>1,440,168</u>	<u>222,012</u>
FUND BALANCES			
Non-spendable	-	-	-
Restricted	624,073	4,076,269	6,761,515
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>624,073</u>	<u>4,076,269</u>	<u>6,761,515</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u><u>\$ 654,936</u></u>	<u><u>\$ 5,516,437</u></u>	<u><u>\$ 6,983,527</u></u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL DISTRICTS GOVERNED BY
THE BOARD OF SUPERVISORS – SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Flood Control District	Water District	North Eastern San Joaquin Ground Water Banking Authority
ASSETS			
Cash and investments	\$ 6,508,624	\$ (25,695)	\$ 145,571
Interest receivable	10,742	3	220
Accounts receivable	69,263	2,277	-
Taxes receivable	60,374	88	-
Due from other funds/agencies	21,018	-	-
	<u>6,670,021</u>	<u>(23,327)</u>	<u>145,791</u>
Total Assets	<u>\$ 6,670,021</u>	<u>\$ (23,327)</u>	<u>\$ 145,791</u>
LIABILITIES			
Accounts payable	\$ 61,336	\$ 766	\$ 1,901
Accrued salaries and benefits	37	-	-
Advances from other funds	-	-	497,012
Due to other funds	49,675	55	-
Deferred revenues	98,880	88	-
	<u>209,928</u>	<u>909</u>	<u>498,913</u>
Total Liabilities	<u>209,928</u>	<u>909</u>	<u>498,913</u>
FUND BALANCES			
Non-spendable	-	-	-
Restricted	6,460,093	-	-
Unassigned	-	(24,236)	(353,122)
	<u>6,460,093</u>	<u>(24,236)</u>	<u>(353,122)</u>
Total Fund Balances	<u>6,460,093</u>	<u>(24,236)</u>	<u>(353,122)</u>
Total Liabilities and Fund Balances	<u>\$ 6,670,021</u>	<u>\$ (23,327)</u>	<u>\$ 145,791</u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL DISTRICTS GOVERNED BY
THE BOARD OF SUPERVISORS – SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Mokelumne Water and Power Authority	Improvement Districts	IHSS Public Authority	Total
ASSETS				
Cash and investments	\$ 1,292,317	\$ 126,936	\$ 319,587	\$ 21,425,635
Interest receivable	2,273	179	-	35,550
Accounts receivable	-	-	-	116,760
Taxes receivable	-	-	-	89,565
Due from other funds/agencies	-	-	3,451	24,618
Total Assets	<u>\$ 1,294,590</u>	<u>\$ 127,115</u>	<u>\$ 323,038</u>	<u>\$ 21,692,128</u>
LIABILITIES				
Accounts payable	\$ 96,682	\$ -	\$ 2,420	\$ 591,541
Accrued salaries and benefits	37	-	13,197	13,271
Advances from other funds	2,905,789	-	-	4,593,179
Due to other funds	-	-	-	72,528
Deferred revenues	-	-	-	150,399
Total Liabilities	<u>3,002,508</u>	<u>-</u>	<u>15,617</u>	<u>5,420,918</u>
FUND BALANCES				
Non-spendable	-	-	-	-
Restricted	-	127,115	307,421	18,356,486
Unassigned	(1,707,918)	-	-	(2,085,276)
Total Fund Balances	<u>(1,707,918)</u>	<u>127,115</u>	<u>307,421</u>	<u>16,271,210</u>
Total Liabilities and Fund Balances	<u>\$ 1,294,590</u>	<u>\$ 127,115</u>	<u>\$ 323,038</u>	<u>\$ 21,692,128</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, 2011**

	Lighting Districts	Service Areas	Maintenance Districts
Revenues:			
Taxes	\$ 174,947	\$ 176,193	\$ 370,736
Aid from other governmental agencies	2,170	301,755	4,523
Use of money and property	2,549	39,152	36,893
Charges for services	257,655	4,265,113	4,705,362
Miscellaneous	-	50,723	11,087
	<hr/>	<hr/>	<hr/>
Total Revenues	437,321	4,832,936	5,128,601
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Public protection	-	-	-
Public ways and facilities	258,659	4,357,515	4,885,528
Public assistance	-	-	-
Recreation	-	249,386	-
Capital outlay	-	29,614	-
Debt service - interest	-	68,728	-
Debt service - principal	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	258,659	4,705,243	4,885,528
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	178,662	127,693	243,073
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfers in	500	39,530	25,931
Transfers out	(23,000)	(688,616)	(171,071)
Transfers between Special Revenue Funds			
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(22,500)	(649,086)	(145,140)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	156,162	(521,393)	97,933
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	467,911	4,597,662	6,663,582
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 624,073	\$ 4,076,269	\$ 6,761,515
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**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, 2011**

	Flood Control District	Water District	North Eastern San Joaquin Ground Water Banking Authority
Revenues:			
Taxes	\$ 1,466,346	\$ 2,185	\$ -
Aid from other governmental agencies	48,345	26	115,000
Use of money and property	34,976	61	775
Charges for services	4,053,574	74,415	-
Miscellaneous	504,041	-	-
Total Revenues	<u>6,107,282</u>	<u>76,687</u>	<u>115,775</u>
Expenditures:			
Current:			
Public protection	5,871,065	-	-
Public ways and facilities	-	65,081	178,701
Public assistance	-	-	-
Recreation	-	-	-
Capital outlay	198,221	-	-
Debt service - interest	1,212	-	2,793
Debt service - principal payment	18,535	-	-
Total Expenditures	<u>6,089,033</u>	<u>65,081</u>	<u>181,494</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,249</u>	<u>11,606</u>	<u>(65,719)</u>
Other Financing Sources (Uses):			
Transfers in	62,000	-	-
Transfers out	-	-	-
Transfers between Special Revenue Funds	<u>(200,000)</u>	<u>-</u>	<u>100,000</u>
Total Other Financing Sources (Uses)	<u>(138,000)</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balances	(119,751)	11,606	34,281
Fund Balances, Beginning of Year	<u>6,579,844</u>	<u>(35,842)</u>	<u>(387,403)</u>
Fund Balances, End of Year	<u><u>\$ 6,460,093</u></u>	<u><u>\$ (24,236)</u></u>	<u><u>\$ (353,122)</u></u>

**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, 2011**

	Mokelumne Water and Power Authority	Improvement Districts	IHSS Public Authority	Total
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 2,190,407
Aid from other governmental agencies	-	-	-	471,819
Use of money and property	6,551	560	1,094	122,611
Charges for services	-	(3,206)	-	13,352,913
Miscellaneous	925	-	-	566,776
Total Revenues	7,476	(2,646)	1,094	16,704,526
Expenditures:				
Current:				
Public protection	-	-	-	5,871,065
Public ways and facilities	1,287,026	-	-	11,032,510
Public assistance	-	-	317,376	317,376
Recreation	-	-	-	249,386
Capital outlay	-	-	1,998	229,833
Debt service - interest	16,334	-	-	89,067
Debt service - principal payment	-	-	-	18,535
Total Expenditures	1,303,360	-	319,374	17,807,772
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,295,884)	(2,646)	(318,280)	(1,103,246)
Other Financing Sources (Uses):				
Transfers in	659,142	-	-	787,103
Transfers out	-	-	-	(882,687)
Transfers between Special Revenue Funds	100,000	-	-	-
Total Other Financing Sources (Uses)	759,142	-	-	(95,584)
Net Change in Fund Balances	(536,742)	(2,646)	(318,280)	(1,198,830)
Fund Balances, Beginning of Year	(1,171,176)	129,761	625,701	17,470,040
Fund Balances, End of Year	\$ (1,707,918)	\$ 127,115	\$ 307,421	\$ 16,271,210

Debt Service Funds

Debt service funds are used to account for and to report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are therefore used to report the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2011**

	1993 Capital Facility Project	Special Districts Governed by Board			Total
		Maintenance District Shaded Terrace	Maintenance District Sunnyside	Flag City	
ASSETS					
Cash and investments	\$ 8,002,552	\$ 37,151	\$ 9,997	\$ -	\$ 8,049,700
Interest receivable	-	61	16	-	77
Restricted assets:					
Cash and investments	9,830,075	-	-	638,008	10,468,083
Receivables	57,397	-	-	6,851	64,248
Total Assets	<u>\$ 17,890,024</u>	<u>\$ 37,212</u>	<u>\$ 10,013</u>	<u>\$ 644,859</u>	<u>\$ 18,582,108</u>
FUND BALANCES					
Restricted	\$ -	\$ 37,212	\$ 10,013	\$ 644,859	\$ 692,084
Assigned	17,890,024	-	-	-	17,890,024
Total Fund Balances	<u>\$ 17,890,024</u>	<u>\$ 37,212</u>	<u>\$ 10,013</u>	<u>\$ 644,859</u>	<u>\$ 18,582,108</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2011**

		Special Districts Governed by Board			
	1993 Capital Facility Project	Maintenance District Shaded Terrace	Maintenance District Sunnyside	Flag City	Total
Revenues:					
Use of money and property	\$ 101,478	\$ 188	\$ 50	\$ 4,061	\$ 105,777
Charges for services	-	18,220	5,439	-	23,659
Total Revenues	101,478	18,408	5,489	4,061	129,436
Expenditures:					
Debt service:					
General government	-	330	202	-	532
Principal retirement	2,220,000	4,000	1,400	130,000	2,355,400
Interest and debt issuance costs	6,073,975	13,838	3,983	474,265	6,566,061
Total Expenditures	8,293,975	18,168	5,585	604,265	8,921,993
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,192,497)	240	(96)	(600,204)	(8,792,557)
Other Financing Sources (Uses):					
Transfers in	8,293,975	-	-	604,265	8,898,240
Transfers out	-	-	-	(12,513)	(12,513)
Total Other Financing Sources	8,293,975	-	-	591,752	8,885,727
Net Change in Fund Balances	101,478	240	(96)	(8,452)	93,170
Fund Balances, Beginning of Year	17,788,546	36,972	10,109	653,311	18,488,938
Fund Balances, End of Year	\$ 17,890,024	\$ 37,212	\$ 10,013	\$ 644,859	\$ 18,582,108

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude major capital facilities financed by proprietary funds or in trust funds for individual, private organizations, or other governments.

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011**

	Courthouse Construction	Criminal Justice Construction	Airport East Construction
ASSETS			
Cash and investments	\$ 234,694	\$ 7,159,313	\$ 7,685,753
Interest receivable	337	13,540	-
Due from other agencies	-	-	-
Accounts receivable	17,598	69,944	-
	<u>17,598</u>	<u>69,944</u>	<u>-</u>
Total Assets	<u>\$ 252,629</u>	<u>\$ 7,242,797</u>	<u>\$ 7,685,753</u>
LIABILITIES			
Current liabilities:			
Accounts payables	\$ -	\$ -	\$ -
Advances from other funds	-	-	-
Deferred revenues	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-spendable	-	-	-
Restricted	252,629	7,242,797	-
Committed	-	-	-
Assigned	-	-	7,685,753
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>252,629</u>	<u>7,242,797</u>	<u>7,685,753</u>
Total Liabilities and Fund Balances	<u>\$ 252,629</u>	<u>\$ 7,242,797</u>	<u>\$ 7,685,753</u>

COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011

	Public Health Construction	Special Districts Governed by the Board	Total
ASSETS			
Cash and investments	\$ 1,111,714	\$ 5,103,909	\$ 21,295,383
Interest receivable	1,585	6,180	21,642
Due from other agencies	-	19,527	19,527
Accounts receivable	-	-	87,542
Total Assets	<u>\$ 1,113,299</u>	<u>\$ 5,129,616</u>	<u>\$ 21,424,094</u>
LIABILITIES			
Current liabilities:			
Accounts payables	\$ -	\$ 65,260	\$ 65,260
Advances from other funds	-	1,781,446	1,781,446
Deferred revenues	-	14,346	14,346
Total Liabilities	<u>-</u>	<u>1,861,052</u>	<u>1,861,052</u>
FUND BALANCES			
Non-spendable	-	-	-
Restricted	-	3,830,566	11,325,992
Committed	-	-	-
Assigned	1,113,299	-	8,799,052
Unassigned	-	(562,002)	(562,002)
Total Fund Balances	<u>1,113,299</u>	<u>3,268,564</u>	<u>19,563,042</u>
Total Liabilities and Fund Balances	<u>\$ 1,113,299</u>	<u>\$ 5,129,616</u>	<u>\$ 21,424,094</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Courthouse Construction	Criminal Justice Construction	Airport East Construction
Revenues:			
Fines, forfeitures, and penalties	\$ 161,393	\$ 860,630	\$ -
Use of money and property	1,106	42,781	(10,788)
Aid from other governmental agencies	-	-	-
Charges for services	-	-	-
Total Revenues	<u>162,499</u>	<u>903,411</u>	<u>(10,788)</u>
Expenditures:			
Public protection	209,573	-	-
Public ways and facilities	-	-	-
Capital outlay	-	-	924,740
Total Expenditures	<u>209,573</u>	<u>-</u>	<u>924,740</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(47,074)</u>	<u>903,411</u>	<u>(935,528)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	(3,316,689)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,316,689)</u>	<u>-</u>
Net Change in Fund Balances	(47,074)	(2,413,278)	(935,528)
Fund Balances, Beginning of Year	<u>299,703</u>	<u>9,656,075</u>	<u>8,621,281</u>
Fund Balances, End of Year	<u>\$ 252,629</u>	<u>\$ 7,242,797</u>	<u>\$ 7,685,753</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Public Health Construction	Special Districts Governed by the Board	Total
Revenues:			
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 1,022,023
Use of money and property	4,902	11,697	49,698
Aid from other governmental agencies	-	956,140	956,140
Charges for services	-	2,716	2,716
Total Revenues	4,902	970,553	2,030,577
Expenditures:			
Public protection	-	-	209,573
Public ways and facilities	-	224,714	224,714
Capital outlay	-	2,373,971	3,298,711
Total Expenditures	-	2,598,685	3,732,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,902	(1,628,132)	(1,702,421)
Other Financing Sources (Uses):			
Transfers in	-	277,474	277,474
Transfers out	-	(114,500)	(3,431,189)
Total Other Financing Sources (Uses)	-	162,974	(3,153,715)
Net Change in Fund Balances	4,902	(1,465,158)	(4,856,136)
Fund Balances, Beginning of Year	1,108,397	4,733,722	24,419,178
Fund Balances, End of Year	\$ 1,113,299	\$ 3,268,564	\$ 19,563,042

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL DISTRICTS GOVERNED BY
THE BOARD OF SUPERVISORS – CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Improvement Districts	Lighting Districts	Maintenance Districts
ASSETS			
Cash and investment	\$ 993,118	\$ 153,502	\$ 2,501,554
Interest receivable	1,415	172	2,808
Due from other agencies	<u>-</u>	<u>-</u>	<u>19,527</u>
Total Assets	<u><u>\$ 994,533</u></u>	<u><u>\$ 153,674</u></u>	<u><u>\$ 2,523,889</u></u>
LIABILITIES			
Current liabilities			
Payables	\$ -	\$ -	\$ 65,260
Advances from other funds	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>14,346</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>79,606</u>
FUND BALANCES			
Restricted	994,533	153,674	2,444,283
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>994,533</u>	<u>153,674</u>	<u>2,444,283</u>
Total Liabilities and Fund Balances	<u><u>\$ 994,533</u></u>	<u><u>\$ 153,674</u></u>	<u><u>\$ 2,523,889</u></u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL DISTRICTS GOVERNED BY
THE BOARD OF SUPERVISORS – CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	County Service Areas	Flood Control	Total
ASSETS			
Cash and investment	\$ 1,217,659	\$ 238,076	\$ 5,103,909
Interest receivable	1,785	-	6,180
Due from other agencies	-	-	19,527
	<u>-</u>	<u>-</u>	<u>19,527</u>
Total Assets	<u>\$ 1,219,444</u>	<u>\$ 238,076</u>	<u>\$ 5,129,616</u>
LIABILITIES			
Current liabilities			
Payables	\$ -	\$ -	\$ 65,260
Advances from other funds	1,781,446	-	1,781,446
Deferred revenue	-	-	14,346
	<u>-</u>	<u>-</u>	<u>14,346</u>
Total Liabilities	<u>1,781,446</u>	<u>-</u>	<u>1,861,052</u>
FUND BALANCES			
Restricted	-	238,076	3,830,566
Unassigned	(562,002)	-	(562,002)
	<u>(562,002)</u>	<u>-</u>	<u>(562,002)</u>
Total Fund Balances	<u>(562,002)</u>	<u>238,076</u>	<u>3,268,564</u>
Total Liabilities and Fund Balances	<u>\$ 1,219,444</u>	<u>\$ 238,076</u>	<u>\$ 5,129,616</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 PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Improvement Districts	Lighting Districts	Maintenance Districts
Revenues:			
Use of money and property	\$ 4,376	\$ 538	\$ 9,346
Aid from other agencies	-	-	956,140
Charges for services	2,716	-	-
Total Revenues	7,092	538	965,486
Expenditures:			
Public ways and facilities	-	-	224,714
Capital outlay	-	-	967,341
Total Expenditures	-	-	1,192,055
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,092	538	(226,569)
Other Financing Sources (Uses):			
Transfers in	-	23,000	170,140
Transfers out	-	(500)	(25,000)
Total Other Financing Sources (Uses)	-	22,500	145,140
Net Change in Fund Balances	7,092	23,038	(81,429)
Fund Balances, Beginning of Year	987,441	130,636	2,525,712
Fund Balances, End of Year	\$ 994,533	\$ 153,674	\$ 2,444,283

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL DISTRICTS GOVERNED BY
THE BOARD OF SUPERVISORS – CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	County Service Areas	Flood Control	Total
Revenues:			
Use of money and property	\$ (2,178)	\$ (385)	\$ 11,697
Aid from other agencies	-	-	956,140
Charges for services	-	-	2,716
	<u>(2,178)</u>	<u>(385)</u>	<u>970,553</u>
Total Revenues	<u>(2,178)</u>	<u>(385)</u>	<u>970,553</u>
Expenditures:			
Public ways and facilities	-	-	224,714
Capital outlay	1,406,630	-	2,373,971
	<u>1,406,630</u>	<u>-</u>	<u>2,598,685</u>
Total Expenditures	<u>1,406,630</u>	<u>-</u>	<u>2,598,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,408,808)</u>	<u>(385)</u>	<u>(1,628,132)</u>
Other Financing Sources (Uses):			
Transfers in	84,334	-	277,474
Transfers out	(27,000)	(62,000)	(114,500)
	<u>57,334</u>	<u>(62,000)</u>	<u>162,974</u>
Total Other Financing Sources (Uses)	<u>57,334</u>	<u>(62,000)</u>	<u>162,974</u>
Net Change in Fund Balances	(1,351,474)	(62,385)	(1,465,158)
Fund Balances, Beginning of Year	<u>789,472</u>	<u>300,461</u>	<u>4,733,722</u>
Fund Balances, End of Year	<u>\$ (562,002)</u>	<u>\$ 238,076</u>	<u>\$ 3,268,564</u>

Internal Service Funds

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

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011**

	Fleet Services	Office Automation	Central Telephone	Radio Communi- cations
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 19,340,720	\$ 523,111	\$ 391,568	\$ 3,076,927
Imprest cash	40	-	-	-
Receivables	3,481	586	16,914	-
Interest receivable	27,410	671	165	3,928
Due from Enterprise funds	14,929	937	46,909	-
Due from govt funds	768,257	63,046	223,957	58,001
Due from other governments	-	-	-	-
Prepaid expense	-	36,536	-	-
Receivable-ISFS	1,532	6,818	5,455	-
Inventories	581,643	-	121,045	-
Total Current Assets	20,738,012	631,705	806,013	3,138,856
Noncurrent Assets:				
Capital assets:	-	-	-	-
Non-depreciable	-	-	-	-
Depreciable	5,854,907	1,545,600	1,356,313	5,001,054
Total Noncurrent Assets	5,854,907	1,545,600	1,356,313	5,001,054
Total Assets	\$ 26,592,919	\$ 2,177,305	\$ 2,162,326	\$ 8,139,910
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 628,593	\$ 247,122	\$ 141,333	\$ 37,518
AP- Due to other Funds	1,999	-	11,572	100
AP- Due to Govt Funds	8	3,455	18,720	6,650
Accrued payroll	86,877	-	44,204	-
Interest expense	89	6,365	-	7,563
Due to other funds	-	-	-	-
Compensated absences	161,428	-	76,644	-
Current portion of capital leases	10,323	591,268	-	521,133
Current portion of notes payable	-	-	-	-
Total Current Liabilities	889,317	848,210	292,473	572,964
Long-Term Liabilities:				
Advances from other funds	-	-	-	-
Compensated absences	12,835	-	4,145	-
Capital lease obligations	5,426	551,270	-	1,337,518
Claims liability	-	-	-	-
Notes payable	-	-	-	-
OPEB liability	305,079	-	88,080	-
Total Liabilities	1,212,657	1,399,480	384,698	1,910,482
<u>Net Assets</u>				
Invested in capital assets, net of related debt	5,839,158	403,062	1,356,313	3,142,403
Unrestricted	19,541,104	374,763	421,315	3,087,025
Total Net Assets	25,380,262	777,825	1,777,628	6,229,428
Total Liabilities and Net Assets	\$ 26,592,919	\$ 2,177,305	\$ 2,162,326	\$ 8,139,910

COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF FUND NET ASSETS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011

	Southern Water System	Purchasing ISF	Medical Insurance	Dental Insurance
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 206,886	\$ 922,790	\$ 27,487,368	\$ 2,521,496
Imprest cash	-	-	-	-
Receivables	172,005	21	-	-
Interest receivable	355	1,059	43,187	3,642
Due from Enterprise funds	-	1,330	-	-
Due from govt funds	-	12,302	-	-
Due from other governments	-	-	1,436,694	167,452
Prepaid expense	-	-	-	-
Receivable-ISFS	-	-	-	-
Inventories	-	-	-	-
Total Current Assets	<u>379,246</u>	<u>937,502</u>	<u>28,967,249</u>	<u>2,692,590</u>
Noncurrent Assets:				
Capital assets:				
Non-depreciable	17,481	-	-	-
Depreciable	<u>65,712</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>83,193</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 462,439</u></u>	<u><u>\$ 937,502</u></u>	<u><u>\$ 28,967,249</u></u>	<u><u>\$ 2,692,590</u></u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ -	\$ 471,083	\$ 5,255,445	\$ 491,354
AP- Due to other Funds	-	2,241	-	-
AP- Due to Govt Funds	-	58	-	-
Accrued payroll	-	-	-	-
Interest expense	-	-	-	-
Due to other funds	-	-	-	-
Compensated absences	-	-	-	-
Current portion of capital leases	-	-	-	-
Current portion of notes payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	-	473,382	5,255,445	491,354
Long-Term Liabilities:				
Advances from other funds	276,134	-	-	-
Compensated absences	-	-	-	-
Capital lease obligations	-	-	-	-
Claims liability	-	-	6,994,140	247,356
Notes payable	-	-	-	-
OPEB liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>276,134</u>	<u>473,382</u>	<u>12,249,585</u>	<u>738,710</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	83,193	-	-	-
Unrestricted	<u>103,112</u>	<u>464,120</u>	<u>16,717,664</u>	<u>1,953,880</u>
Total Net Assets	<u>186,305</u>	<u>464,120</u>	<u>16,717,664</u>	<u>1,953,880</u>
Total Liabilities and Net Assets	<u><u>\$ 462,439</u></u>	<u><u>\$ 937,502</u></u>	<u><u>\$ 28,967,249</u></u>	<u><u>\$ 2,692,590</u></u>

COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF FUND NET ASSETS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011

	Casualty Insurance	Workers Comp Insurance	Unemployment Insurance	Total
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 25,628,799	\$ 53,939,304	\$ 2,021,157	\$ 136,060,126
Imprest cash	-	-	-	40
Receivables	-	-	-	193,007
Interest receivable	37,798	81,365	3,264	202,844
Due from Enterprise funds	-	-	-	64,105
Due from govt funds	-	-	-	1,125,563
Due from other governments	3,959	5,000	65,036	1,678,141
Prepaid expense	224,349	250,000	(4,462)	506,423
Receivable-ISFS	-	-	-	13,805
Inventories	-	-	-	702,688
Total Current Assets	25,894,905	54,275,669	2,084,995	140,546,742
Noncurrent Assets:				
Capital assets:				
Non-depreciable	-	-	-	17,481
Depreciable	-	-	-	13,823,586
Total Noncurrent Assets	-	-	-	13,841,067
Total Assets	\$ 25,894,905	\$ 54,275,669	\$ 2,084,995	\$ 154,387,809
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 1,622,735	\$ 415,457	\$ -	\$ 9,310,640
AP- Due to other Funds	-	133	-	16,045
AP- Due to Govt Funds	-	-	-	28,891
Accrued payroll	-	-	-	131,081
Interest expense	66,685	-	-	80,702
Due to other funds	649,415	-	-	649,415
Compensated absences	-	-	-	238,072
Current portion of capital leases	-	-	-	1,122,724
Current portion of notes payable	59,368	-	-	59,368
Total Current Liabilities	2,398,203	415,590	-	11,636,938
Long-Term Liabilities:				
Advances from other funds	-	-	-	276,134
Compensated absences	-	-	-	16,980
Capital lease obligations	-	-	-	1,894,214
Claims liability	18,134,000	29,425,000	365,967	55,166,463
Notes payable	1,632,434	-	-	1,632,434
OPEB liability	-	-	-	393,159
Total Liabilities	22,164,637	29,840,590	365,967	71,016,322
<u>Net Assets</u>				
Invested in capital assets, net of related debt	-	-	-	10,824,129
Unrestricted	3,730,268	24,435,079	1,719,028	72,547,358
Total Net Assets	3,730,268	24,435,079	1,719,028	83,371,487
Total Liabilities and Net Assets	\$ 25,894,905	\$ 54,275,669	\$ 2,084,995	\$ 154,387,809

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011**

	Fleet Services	Office Automation	Central Telephone	Radio Communi- cations
Operating Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Equipment rental	6,167,343	1,093,846	362,244	225,842
User fees	2,653,818	76,200	4,344,879	1,635,187
Interest charges to users	-	109,717	-	-
Other	265,528	-	-	-
Total Operating Revenues	9,086,689	1,279,763	4,707,123	1,861,029
Operating Expenses:				
Liability claims and loss adjustment	-	-	-	-
Salaries and benefits	2,876,887	-	1,210,445	-
Insurance	-	-	-	-
Services and supplies	5,499,421	238,976	4,039,139	1,236,826
Depreciation and amortization	1,573,414	689,117	419,560	760,402
Miscellaneous	19,819	-	-	-
Total Operating Expenses	9,969,541	928,093	5,669,144	1,997,228
Operating Income (Loss)	(882,852)	351,670	(962,021)	(136,199)
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of equipment	16,370	-	-	-
Investment income	86,310	1,792	592	10,659
Interest expense	(1,419)	(82,211)	-	(91,938)
Insurance recovery	71,812	-	-	-
Total Non-Operating Revenues (Expenses)	173,073	(80,419)	592	(81,279)
Net Income (Loss) Before Transfers and Contributions	(709,779)	271,251	(961,429)	(217,478)
Transfers in	-	-	-	1,015,805
	-	-	-	1,015,805
Change in Net Assets	(709,779)	271,251	(961,429)	798,327
Net Assets - Beginning of Year	26,090,041	506,574	2,739,057	5,431,101
Net Assets - End of Year	\$ 25,380,262	\$ 777,825	\$ 1,777,628	\$ 6,229,428

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011**

	Southern Water System	Purchasing ISF	Medical Insurance	Dental Insurance
Operating Revenues:				
Charges for services	\$ 57,335	\$ -	\$ 43,827,913	\$ 5,249,157
Equipment rental	-	-	-	-
User fees	-	5,454,089	239,420	-
Interest charges to users	-	-	-	-
Other	-	33,347	3,362	-
Total Operating Revenues	<u>57,335</u>	<u>5,487,436</u>	<u>44,070,695</u>	<u>5,249,157</u>
Operating Expenses:				
Liability claims and loss adjustment	-	-	44,055,639	4,835,357
Salaries and benefits	-	-	-	-
Insurance	-	-	-	-
Services and supplies	-	5,491,673	1,978,467	64,284
Depreciation and amortization	78,457	-	-	-
Miscellaneous	-	-	-	-
Total Operating Expenses	<u>78,457</u>	<u>5,491,673</u>	<u>46,034,106</u>	<u>4,899,641</u>
Operating Income (Loss)	<u>(21,122)</u>	<u>(4,237)</u>	<u>(1,963,411)</u>	<u>349,516</u>
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of equipment	-	-	-	-
Investment income	1,124	4,237	167,801	11,957
Interest expense	(22,482)	-	-	-
Insurance recovery	-	-	-	-
Total Non-Operating Revenues (Expenses)	<u>(21,358)</u>	<u>4,237</u>	<u>167,801</u>	<u>11,957</u>
Net Income (Loss) Before Transfers and Contributions	<u>(42,480)</u>	<u>-</u>	<u>(1,795,610)</u>	<u>361,473</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(42,480)</u>	<u>-</u>	<u>(1,795,610)</u>	<u>361,473</u>
Net Assets - Beginning of Year	<u>228,785</u>	<u>464,120</u>	<u>18,513,274</u>	<u>1,592,407</u>
Net Assets - End of Year	<u>\$ 186,305</u>	<u>\$ 464,120</u>	<u>\$ 16,717,664</u>	<u>\$ 1,953,880</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011**

	Casualty Insurance	Workers Comp Insurance	Unemployment Insurance	Total
Operating Revenues:				
Charges for services	\$ 9,903,171	\$ 12,286,044	\$ 1,132,690	\$ 72,456,310
Equipment rental	-	-	-	7,849,275
User fees	-	-	-	14,403,593
Interest charges to users	-	-	-	109,717
Other	768,024	-	-	1,070,261
Total Operating Revenues	10,671,195	12,286,044	1,132,690	95,889,156
Operating Expenses:				
Liability claims and loss adjustment	6,060,011	5,972,921	2,139,438	63,063,366
Salaries and benefits	-	-	-	4,087,332
Insurance	1,456,336	899,998	-	2,356,334
Services and supplies	2,011,705	1,863,085	21,894	22,445,470
Depreciation and amortization	-	1,169	-	3,522,119
Miscellaneous	-	-	-	19,819
Total Operating Expenses	9,528,052	8,737,173	2,161,332	95,494,440
Operating Income (Loss)	1,143,143	3,548,871	(1,028,642)	394,716
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of equipment	-	-	-	16,370
Investment income	105,048	262,996	11,749	664,265
Interest expense	(72,951)	-	-	(271,001)
Insurance recovery	-	-	-	71,812
Total Non-Operating Revenues (Expenses)	32,097	262,996	11,749	481,446
Net Income (Loss) Before Transfers and Contributions	1,175,240	3,811,867	(1,016,893)	876,162
Transfers in	-	-	-	1,015,805
	-	-	-	1,015,805
Change in Net Assets	1,175,240	3,811,867	(1,016,893)	1,891,967
Net Assets - Beginning of Year	2,555,028	20,623,212	2,735,921	81,479,520
Net Assets - End of Year	\$ 3,730,268	\$ 24,435,079	\$ 1,719,028	\$ 83,371,487

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011**

	Fleet Services	Office Automation	Central Telephone	Radio Communi- cations
Cash Flows from Operating Activities:				
Cash received from user departments	\$ 8,910,747	\$ 1,098,659	\$ 4,735,567	\$ 1,866,595
Cash payments to suppliers for goods and services	(4,129,990)	(179,728)	(4,060,476)	(1,231,943)
Cash payments to employees for services	(2,870,652)	-	(1,180,121)	-
Cash paid to County departments for services	(766,289)	(46,791)	(286,280)	(23,226)
Other operating revenues	265,528	109,717	-	-
Net Cash Provided (Used) by Operating Activities	1,409,344	981,857	(791,310)	611,426
Cash Flows from Noncapital Financing Activities:				
Transfers in (out)	-	-	-	1,014,652
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	1,014,652
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(592,257)	(607,954)	(267,036)	(1,261,027)
Debt interest payments	(1,474)	(85,608)	-	(94,635)
Debt principal payments	(9,657)	(304,753)	-	(217,526)
OPEB obligation	67,418	-	25,281	-
Proceeds from sale of capital assets	16,370	-	-	-
Receipts from insurance recovery	71,812	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(447,788)	(998,315)	(241,755)	(1,573,188)
Cash Flows from Investing Activities:				
Interest on Investments-Pooled Cash	85,805	1,762	1,767	10,563
Net Cash Provided by Investing Activities	85,805	1,762	1,767	10,563
Increase (Decrease) in Cash and Cash Equivalents	1,047,361	(14,696)	(1,031,298)	63,453
Cash and Cash Equivalents, Beginning of Year	18,293,399	537,807	1,422,866	3,013,474
Cash and Cash Equivalents, End of Year	\$ 19,340,760	\$ 523,111	\$ 391,568	\$ 3,076,927

COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011

	Southern Water System	Purchasing ISF	Medical Insurance	Dental Insurance
Cash Flows from Operating Activities:				
Cash received from user departments	\$ (1)	\$ 5,533,136	\$ 43,936,510	\$ 5,229,494
Cash payments to suppliers for goods and services	-	(5,368,183)	(45,896,912)	(4,726,200)
Cash payments to employees for services	-	-	-	-
Cash paid to County departments for services	-	(224,363)	(509,490)	(63,787)
Other operating revenues	-	33,347	(413,612)	(67,777)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>(1)</u>	<u>(26,063)</u>	<u>(2,883,504)</u>	<u>371,730</u>
Cash Flows from Noncapital Financing Activities:				
Transfers in (out)	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	-	-	-	-
Debt interest payments	(22,481)	-	-	-
Debt principal payments	(34,853)	-	-	-
OPEB obligation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Receipts from insurance recovery	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(57,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on Investments-Pooled Cash	1,209	4,371	169,590	11,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided by Investing Activities	<u>1,209</u>	<u>4,371</u>	<u>169,590</u>	<u>11,500</u>
Increase (Decrease) in Cash and Cash Equivalents	(56,126)	(21,692)	(2,713,914)	383,230
Cash and Cash Equivalents, Beginning of Year	263,012	944,482	30,201,282	2,138,266
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and Cash Equivalents, End of Year	<u>\$ 206,886</u>	<u>\$ 922,790</u>	<u>\$ 27,487,368</u>	<u>\$ 2,521,496</u>

COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011

	Casualty Insurance	Workers Comp Insurance	Unemployment Insurance	Total
Cash Flows from Operating Activities:				
Cash received from user departments	\$ 9,899,707	\$ 12,281,044	\$ 1,097,990	\$ 94,589,448
Cash payments to suppliers for goods and services	(8,145,864)	(7,165,427)	(2,148,956)	(83,053,679)
Cash payments to employees for services	-	-	-	(4,050,773)
Cash paid to County departments for services	(291,068)	(1,450,990)	(12,376)	(3,674,660)
Other operating revenues	547,025	(1,789,000)	(184,599)	(1,499,371)
Net Cash Provided (Used) by Operating Activities	2,009,800	1,875,627	(1,247,941)	2,310,965
Cash Flows from Noncapital Financing Activities:				
Transfers in (out)	-	-	-	1,014,652
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	1,014,652
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	-	-	-	(2,728,274)
Debt interest payments	(75,195)	-	-	(279,393)
Debt principal payments	(56,920)	-	-	(623,709)
OPEB obligation	-	-	-	92,699
Proceeds from sale of capital assets	-	-	-	16,370
Receipts from insurance recovery	-	-	-	71,812
Net Cash Provided (Used) by Capital and Related Financing Activities	(132,115)	-	-	(3,450,495)
Cash Flows from Investing Activities:				
Interest on Investments-Pooled Cash	103,422	260,773	13,521	664,283
Net Cash Provided by Investing Activities	103,422	260,773	13,521	664,283
Increase (Decrease) in Cash and Cash Equivalents	1,981,107	2,136,400	(1,234,420)	539,405
Cash and Cash Equivalents, Beginning of Year	23,647,692	51,802,904	3,255,577	135,520,761
Cash and Cash Equivalents, End of Year	\$ 25,628,799	\$ 53,939,304	\$ 2,021,157	\$ 136,060,166

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011**

	<u>Fleet Services</u>	<u>Office Automation</u>	<u>Central Telephone</u>	<u>Radio Communi- cations</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (882,852)	\$ 351,670	\$ (962,021)	\$ (135,046)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation & Amortization	1,573,414	689,117	419,560	760,402
(Increase) decrease in accounts receivable	89,586	(71,387)	28,443	5,566
(Increase) decrease in inventories	78,202	-	(4,455)	-
(Increase) decrease in prepaid expenses	-	(17,032)	-	-
Increase (decrease) in accounts payable	550,994	29,489	(272,837)	(19,496)
Increase (decrease) in OPEB liability	-	-	-	-
Increase (decrease) in claims liability	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,409,344</u>	<u>\$ 981,857</u>	<u>\$ (791,310)</u>	<u>\$ 611,426</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011**

	<u>Southern Water System</u>	<u>Purchasing ISF</u>	<u>Medical Insurance</u>	<u>Dental Insurance</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (21,122)	\$ (4,237)	\$ (1,963,411)	\$ 349,516
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation & Amortization	78,457	-	-	-
(Increase) decrease in accounts receivable	(57,336)	79,047	(130,823)	(19,663)
(Increase) decrease in inventories	-	-	-	-
(Increase) decrease in prepaid expenses	-	52,741	-	-
Increase (decrease) in accounts payable	-	(153,614)	(372,296)	109,654
Increase (decrease) in OPEB liability	-	-	(416,974)	(67,777)
Increase (decrease) in claims liability	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (1)</u>	<u>\$ (26,063)</u>	<u>\$ (2,883,504)</u>	<u>\$ 371,730</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011**

	<u>Casualty Insurance</u>	<u>Workers Comp Insurance</u>	<u>Unemployment Insurance</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,143,143	\$ 3,548,871	\$ (1,028,642)	\$ 395,869
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation & Amortization	-	1,169	-	3,522,119
(Increase) decrease in accounts receivable	(3,463)	(5,000)	(34,700)	(119,730)
(Increase) decrease in inventories	-	-	-	73,747
(Increase) decrease in prepaid expenses	90,540	-	-	126,249
Increase (decrease) in accounts payable	1,000,580	119,587	-	992,061
Increase (decrease) in OPEB liability	(221,000)	(1,789,000)	(184,599)	(2,679,350)
Increase (decrease) in claims liability	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,009,800</u>	<u>\$ 1,875,627</u>	<u>\$ (1,247,941)</u>	<u>\$ 2,310,965</u>

Private Purpose Trust Funds

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

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2011**

	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	\$ 750,723	\$ -	\$ 381,225	\$ 4,270,965	\$ 119,802	\$ 5,522,715
Cash and Investments held by others	-	3,509,945	-	-	-	3,509,945
Investment income receivables	1,082	1,745	606	6,636	170	10,239
Due from other governments	-	-	211,131	-	-	211,131
Loans receivable	-	4,970,531	18,702,220	9,705,869	950,457	34,329,077
	<u>-</u>	<u>4,970,531</u>	<u>18,702,220</u>	<u>9,705,869</u>	<u>950,457</u>	<u>34,329,077</u>
Total Assets	<u>\$ 751,805</u>	<u>\$ 8,482,221</u>	<u>\$ 19,295,182</u>	<u>\$ 13,983,470</u>	<u>\$ 1,070,429</u>	<u>\$ 43,583,107</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ 753	\$ 149,043	\$ 300	\$ -	\$ 150,096
	<u>-</u>	<u>753</u>	<u>149,043</u>	<u>300</u>	<u>-</u>	<u>150,096</u>
Total Liabilities	<u>-</u>	<u>753</u>	<u>149,043</u>	<u>300</u>	<u>-</u>	<u>150,096</u>
<u>Net Assets</u>						
Held in trust for:						
Revolving loans	-	8,426,193	19,146,017	13,981,808	1,070,391	42,624,409
Unrealized market value appreciation	239	55,275	122	1,362	38	57,036
Other purposes	751,566	-	-	-	-	751,566
	<u>751,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>751,566</u>
Total Net Assets	<u>751,805</u>	<u>8,481,468</u>	<u>19,146,139</u>	<u>13,983,170</u>	<u>1,070,429</u>	<u>43,433,011</u>
Total Liabilities and Net Assets	<u>\$ 751,805</u>	<u>\$ 8,482,221</u>	<u>\$ 19,295,182</u>	<u>\$ 13,983,470</u>	<u>\$ 1,070,429</u>	<u>\$ 43,583,107</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Sammie Hay	Industrial Revolving Loan Fund	Home Investment Trust Local Account	Rehabilitation Loan Program	Disaster Recovery Initiative Program	Total
Additions:						
Contributions from other governments	\$ -	\$ -	\$ 2,885,817	\$ 395,404	\$ -	\$ 3,281,221
Investment income	3,587	56,321	2,233	20,026	525	82,692
Loan income	-	266,091	54,497	85,998	5	406,591
Miscellaneous income	-	15,006	5,897	102,607	-	123,510
Total Additions	3,587	337,418	2,948,444	604,035	530	3,894,014
Deductions:						
Benefit payments	119,009	-	-	-	-	119,009
Program expenses	-	1,101	3,055,744	215,317	104,854	3,377,016
Allowance for loan adjustments	-	209,399	-	-	-	209,399
Loan servicing fees	-	12,466	1,364	-	-	13,830
Administrative expenses	-	491,518	129,320	148,173	-	769,011
Total Deductions	119,009	714,484	3,186,428	363,490	104,854	4,488,265
Change in Net Assets	(115,422)	(377,066)	(237,984)	240,545	(104,324)	(594,251)
Net Assets, Beginning	867,227	8,858,534	19,384,123	13,742,625	1,174,753	44,027,262
Net Assets, Ending	\$ 751,805	\$ 8,481,468	\$ 19,146,139	\$ 13,983,170	\$ 1,070,429	\$ 43,433,011

Agency Funds

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

**COUNTY OF SAN JOAQUIN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
ALL AGENCY FUNDS
JUNE 30, 2011**

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
<u>Assets</u>				
Cash and investments - pooled	\$ 33,307,268	\$ 594,931,065	\$ 594,770,777	\$ 33,467,556
Cash and investments held by others	5,419,650	24,559,790	24,584,067	5,395,373
Receivables	25,559,539	26,702,980	25,559,539	26,702,980
Loans receivable	40,500,000	26,500,000	40,500,000	26,500,000
Other assets	256,836	-	68,463	188,373
	<u>256,836</u>	<u>-</u>	<u>68,463</u>	<u>188,373</u>
Total Assets	<u>\$ 105,043,293</u>	<u>\$ 672,693,835</u>	<u>\$ 685,482,846</u>	<u>\$ 92,254,282</u>
<u>Liabilities</u>				
Accounts payable	\$ 31,537,932	\$ -	\$ 497,951	\$ 31,039,981
Due to other agencies	73,485,361	696,177,604	708,468,664	61,194,301
Loan payable	20,000	-	-	20,000
	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total Liabilities	<u>\$ 105,043,293</u>	<u>\$ 696,177,604</u>	<u>\$ 708,966,615</u>	<u>\$ 92,254,282</u>

COMPONENT UNIT FINANCIAL STATEMENTS

County Service Area No. 31 Flag City

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

**COUNTY OF SAN JOAQUIN
STATEMENT OF NET ASSETS
COUNTY SERVICE AREA NO. 31 – FLAG CITY
JUNE 30, 2011**

	Governmental Activities
ASSETS	
Pooled cash and investments	\$ 654,316
Accounts receivable	7,483
Interest receivable	1,017
Restricted assets:	
Cash and investments	638,008
Receivable	6,851
Capital assets:	
Depreciable, net	<u>6,862,655</u>
 Total Assets	 <u><u>\$ 8,170,330</u></u>
 LIABILITIES	
Accounts payable	\$ 2,075
Interest payable	225,044
Advances from other County funds	1,179,378
Long-term liabilities:	
Certificates of participation:	8,195,000
Discounts on COP's	<u>(106,312)</u>
 Total Liabilities	 <u><u>9,495,185</u></u>
 NET ASSETS	
Net assets invested in capital assets, net of related debts	(581,174)
F Reserved for Encumbrances	860
F Reserved for Debt Service	(202,375)
Designated	209
Undesignated	<u>(542,375)</u>
 Total Net Assets	 <u><u>(1,324,855)</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 8,170,330</u></u>

**COUNTY OF SAN JOAQUIN
STATEMENT OF ACTIVITIES
COUNTY SERVICE AREA NO. 31 – FLAG CITY
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Activities
Program Expenses:	
Public Ways and Facilities:	
Professional services	\$ 350,610
Utilities	186,275
Communication	367
Office expenses	1,752
Special expenses	8,953
Maintenance	4,983
Insurance	31,460
Miscellaneous	16,767
Depreciation	311,679
Interest	544,505
	<hr/>
Total Program Expenses	1,457,351
Program Revenues:	
Use of Money and Property	6,599
Charges for Services	1,022,421
	<hr/>
Total Program Revenue	1,029,020
Change in Net Assets	(428,331)
Net Assets, Beginning of Year	<hr/> (896,524)
Net Assets, End of Year	<hr/> <hr/> \$ (1,324,855)

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
COUNTY SERVICE AREA NO. 31 – FLAG CITY
ALL GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue Funds					
	Operating Fund	Sewer Service Fund	All Special Revenue Funds	Debt Service	Capital Projects	Totals
ASSETS						
Cash and investments	\$ 281,695	\$ 363,416	\$ 645,111	\$ -	\$ 9,205	\$ 654,316
Interest receivable	465	550	1,015	-	2	1,017
Accounts receivable	7,483	-	7,483	-	-	7,483
Restricted assets:						
Cash and investments	-	-	-	638,008	-	638,008
Interest receivable	-	-	-	6,851	-	6,851
Total Assets	\$ 289,643	\$ 363,966	\$ 653,609	\$ 644,859	\$ 9,207	\$ 1,307,675
LIABILITIES						
Accounts payable	\$ 1,770	\$ 305	\$ 2,075	\$ -	\$ -	\$ 2,075
Advances from other funds	-	1,179,378	1,179,378	-	-	1,179,378
Total Liabilities	1,770	1,179,683	1,181,453	-	-	1,181,453
FUND BALANCES						
Restricted	860	-	860	653,311	-	654,171
Assigned	287,013	116	287,129		9,207	296,336
Unassigned	-	(815,833)	(815,833)	(8,452)	-	(824,285)
Total Fund Balances	287,873	(815,717)	(527,844)	644,859	9,207	126,222
Total Liabilities and Fund Balances	\$ 289,643	\$ 363,966	\$ 653,609	\$ 644,859	\$ 9,207	\$ 1,307,675

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

Fund Balances from above	\$ 126,222
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	6,862,655
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	(8,088,688)
Accrued interest payable	(225,044)
Net assets of governmental activities	\$ (1,324,855)

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
COUNTY SERVICE AREA NO. 31 – FLAG CITY
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds					
	Operating Fund	Sewer Service Fund	All Special Revenue Funds	Debt Service	Capital Projects	Totals
Revenues:						
Use of money and property	\$ 1,441	\$ 1,090	\$ 2,531	\$ 4,061	\$ 7	\$ 6,599
Charges for services	239,082	783,339	1,022,421	-	-	1,022,421
Total Revenues	240,523	784,429	1,024,952	4,061	7	1,029,020
Expenditures:						
Current:						
Public ways and facilities:						
Professional services	180,468	170,142	350,610	-	-	350,610
Utilities	19,270	167,005	186,275	-	-	186,275
Communication		367	367	-	-	367
Office expenses	1,524	228	1,752	-	-	1,752
Special expenses	8,713	240	8,953	-	-	8,953
Maintenance	2,531	2,452	4,983	-	-	4,983
Insurance	11,434	20,026	31,460	-	-	31,460
Miscellaneous	13,767	3,000	16,767	-	-	16,767
Capital outlay	-	-	-	-	-	-
Interest	-	68,604	68,604	604,265	-	672,869
Total Expenditures	237,707	432,064	669,771	604,265	-	1,274,036
Excess of Revenues Over (Under) Expenditures	2,816	352,365	355,181	(600,204)	7	(245,016)
Other Financing Sources and Uses:						
Transfers in	-	12,513	12,513	604,265	7,800	624,578
Transfers out	(7,800)	(604,265)	(612,065)	(12,513)	-	(624,578)
Total Other Financing Sources and Uses	(7,800)	(591,752)	(599,552)	591,752	7,800	-
Change in Fund Balances	(4,984)	(239,387)	(244,371)	(8,452)	7,807	(245,016)
Fund Balances, Beginning of Year	292,857	(576,330)	(283,473)	653,311	1,400	371,238
Fund Balances, End of Year	\$ 287,873	\$ (815,717)	\$ (527,844)	\$ 644,859	\$ 9,207	\$ 126,222

**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 NO. 31 – FLAG CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds \$ (245,016)

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	\$ 128,364	
Less current year depreciation	<u>(311,679)</u>	<u>(183,315)</u>
Change in net assets of governmental activities		<u><u>\$ (428,331)</u></u>

**STATISTICAL SECTION –
FINANCIAL ONLY**

**COUNTY OF SAN JOAQUIN
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2011**

	2010-11	2009-10	2008-09
Expenses:			
Governmental activities:			
General government	\$ 27,299,881	\$ 26,098,049	\$ 38,743,985
Public protection	279,598,113	297,597,268	303,010,545
Public ways and facilities	43,102,885	46,579,136	41,407,882
Health and sanitation	120,331,660	127,103,901	135,808,377
Public assistance	351,331,147	355,777,105	344,216,452
Education	6,055,394	5,921,627	6,724,552
Culture and recreation	9,054,852	9,956,704	9,069,181
Interest on long-term debt	7,506,293	7,311,782	8,424,991
Total governmental activities expenses	<u>844,280,225</u>	<u>876,345,572</u>	<u>887,405,965</u>
Business-type activities:			
Solid Waste	16,373,498	19,748,649	20,980,240
Hospital	206,416,196	204,730,696	203,675,658
Airport	4,304,072	4,024,516	3,813,218
Total business-type activities expenses	<u>227,093,766</u>	<u>228,503,861</u>	<u>228,469,116</u>
Total primary governmental expenses	<u>1,071,373,991</u>	<u>1,104,849,433</u>	<u>1,115,875,081</u>
Program Revenues:			
Governmental activities:			
Charges for services:			
General government	17,166,522	16,002,101	20,891,343
Public protection	42,841,343	44,575,946	46,309,079
Public ways and facilities	11,088,079	10,876,151	10,333,240
Community infrastructure program	1,194,635	933,701	1,344,892
Health and sanitation	36,338,946	38,321,000	34,934,714
Children and families act program	975	750	574
Public assistance	1,152,025	2,775,286	2,166,674
Education	250,865	297,122	274,717
Recreation	2,219,648	2,293,085	1,885,727
Operating grants and contribution	531,236,543	524,926,700	481,756,701
Capital grants and contribution (3)	11,548,756	17,920,366	21,311,899
Total governmental activities revenues	<u>655,038,337</u>	<u>658,922,208</u>	<u>621,209,560</u>
Business-type activities:			
Charges for services:			
Solid Waste	18,459,508	17,316,220	16,274,245
Hospital	219,637,752	171,131,971	169,748,603
Airport	1,853,720	1,715,024	1,576,065
Operating grants and contribution	5,475,622	791,175	974,955
Capital grants and contribution (3)	-	-	-
Total business-type activities revenues	<u>245,426,602</u>	<u>190,954,390</u>	<u>188,573,868</u>
Total primary government revenues	<u>900,464,939</u>	<u>849,876,598</u>	<u>809,783,428</u>
Net (expense)/revenue			
Governmental activities	(189,241,888)	(217,423,364)	(266,196,405)
Business-type activities	18,332,836	(37,549,471)	(39,895,248)
Total primary government net expense	<u>\$ (170,909,052)</u>	<u>\$ (254,972,835)</u>	<u>\$ (306,091,653)</u>

2007-08	2006-07	2005-06	2004-05	2003-04
\$ 31,655,441	\$ 20,374,318	\$ 25,732,859	\$ 27,912,118	\$ 30,779,313
277,183,027	248,844,996	230,090,340	209,655,788	202,926,413
49,711,444	37,531,443	37,605,714	33,381,324	39,656,503
133,879,694	124,328,143	119,566,506	113,805,931	114,164,687
332,367,831	324,549,286	307,459,822	286,344,969	262,306,099
7,010,323	6,266,998	5,865,222	5,670,639	4,141,557
7,377,767	6,108,149	5,580,859	5,151,479	4,851,047
11,684,229	5,188,180	4,040,221	3,301,400	3,602,597
<u>850,869,756</u>	<u>773,191,513</u>	<u>735,941,543</u>	<u>685,223,648</u>	<u>662,428,216</u>
19,682,725	21,022,270	17,685,787	19,128,619	18,258,876
204,207,568	194,540,564	189,776,046	171,184,362	158,342,874
3,915,507	4,592,686	3,663,416	3,492,808	2,877,679
<u>227,805,800</u>	<u>220,155,520</u>	<u>211,125,249</u>	<u>193,805,789</u>	<u>179,479,429</u>
<u>1,078,675,556</u>	<u>993,347,033</u>	<u>947,066,792</u>	<u>879,029,437</u>	<u>841,907,645</u>
20,878,702	25,644,079	20,161,576	13,147,165	12,902,374
46,128,760	43,895,054	50,135,663	47,004,966	45,568,340
10,970,609	10,750,679	9,713,552	8,084,373	14,917,746
3,564,809	5,424,835	3,922,438	2,744,572	-
33,600,035	32,909,784	29,049,369	32,172,418	33,432,777
1,000	3,507	-	-	-
1,329,035	1,004,460	1,162,124	882,179	770,841
157,664	137,306	146,925	165,664	146,494
1,588,227	1,504,986	1,580,398	1,429,929	1,468,930
517,574,981	506,957,550	476,195,426	445,160,436	401,581,907
15,098,553	6,167,215	14,389,355	6,523,968	10,343,663
<u>650,892,375</u>	<u>634,399,455</u>	<u>606,456,826</u>	<u>557,315,670</u>	<u>521,133,072</u>
17,678,924	19,171,854	19,699,066	16,397,404	14,421,249
166,670,823	151,052,423	158,935,264	151,749,835	139,106,939
1,664,750	1,364,367	1,456,000	2,505,795	1,764,248
1,715,573	1,357,945	219,750	443,470	402,321
-	-	57,372,734	-	6,199,257
<u>187,730,070</u>	<u>172,946,589</u>	<u>237,682,814</u>	<u>171,096,504</u>	<u>161,894,014</u>
<u>838,622,445</u>	<u>807,346,044</u>	<u>844,139,640</u>	<u>728,412,174</u>	<u>683,027,086</u>
(199,977,381)	(138,792,058)	(129,484,717)	(127,907,978)	(141,295,144)
(40,075,730)	(47,208,931)	26,557,565	(22,709,285)	(17,585,415)
<u>\$ (240,053,111)</u>	<u>\$ (186,000,989)</u>	<u>\$ (102,927,152)</u>	<u>\$ (150,617,263)</u>	<u>\$ (158,880,559)</u>

**COUNTY OF SAN JOAQUIN
CHANGES IN NET ASSETS (Continued)
LAST EIGHT FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2011**

	2010-11	2009-10	2008-09
General revenues and other changes in net assets			
Governmental activities:			
Property taxes	\$ 197,588,751	\$ 194,019,051	\$ 228,875,556
Sales taxes	22,201,894	21,314,504	22,034,677
Motor vehicle and other in-lieu taxes	4,209,020	2,742,578	4,383,463
Tobacco settlement proceeds	5,972,551	5,708,772	6,849,537
Other	2,477,535	4,950,211	5,440,246
Investment earnings	3,240,049	4,632,198	15,167,101
Miscellaneous	854,293	78,437	(116,862)
Transfers	(18,439,088)	(31,215,630)	(26,006,773)
Extraordinary item (1)	-	-	-
Prior period adjustments (2)	-	3,615,017	(78,007,878)
Total governmental activities	<u>218,105,005</u>	<u>205,845,138</u>	<u>178,619,067</u>
Business-type activities			
Property taxes	412,356	495,249	624,866
Investment earnings	576,172	590,015	1,407,937
Other	-	-	-
Transfers	18,439,088	31,215,630	26,006,773
Prior period adjustment (3)	-	(575,937)	23,575,078
Total business-type activities	<u>19,427,616</u>	<u>31,724,957</u>	<u>51,614,654</u>
Total primary government	<u>\$ 237,532,621</u>	<u>\$ 237,570,095</u>	<u>\$ 230,233,721</u>
Changes in net assets			
Governmental activities	\$ 28,863,117	\$ (15,193,243)	\$ (87,577,338)
Business-type activities	37,760,452	(5,248,577)	11,719,406
Total primary government	<u>\$ 66,623,569</u>	<u>\$ (20,441,820)</u>	<u>\$ (75,857,932)</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) = 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.

(2) & (3) = 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.

(2) & (3) = 2008-09 - Reflect the removal of Mountain House Services District as an independent district from the County.

(2) & (3) = 2009-10 - See prior period adjustments at Note 19.

2007-08	2006-07	2005-06	2004-05	2003-04
\$ 234,895,057	\$ 219,157,813	\$ 185,372,303	\$ 151,882,750	\$ 86,669,108
26,759,854	28,596,414	32,125,346	28,403,230	27,140,610
4,804,452	4,952,713	5,159,327	17,446,086	37,340,881
6,230,445	5,936,350	5,591,287	6,025,258	6,067,708
6,258,720	6,948,456	8,938,958	9,140,545	7,144,766
27,198,618	27,259,242	17,501,863	7,916,246	3,535,745
83,414	-	-	-	151,610
(47,806,151)	(21,743,326)	(39,971,492)	(24,124,551)	(20,180,124)
-	-	-	-	(1,010,334)
-	25,881,120	-	9,091,468	-
258,424,409	296,988,782	214,717,592	205,781,032	146,859,970
486,589	497,427	447,221	-	-
1,701,493	1,922,346	1,474,136	2,097,150	1,352,743
2,444,975	3,214,888	-	-	-
47,806,151	21,743,326	39,971,492	24,124,551	20,180,124
-	(57,749,160)	-	-	-
52,439,208	(30,371,173)	41,892,849	26,221,701	21,532,867
\$ 310,863,617	\$ 266,617,609	\$ 256,610,441	\$ 232,002,733	\$ 168,392,837
\$ 58,447,028	\$ 158,196,724	\$ 85,232,875	\$ 77,873,054	\$ 5,564,826
12,363,478	(77,580,104)	68,450,414	3,512,416	3,947,452
\$ 70,810,506	\$ 80,616,620	\$ 153,683,289	\$ 81,385,470	\$ 9,512,278

**COUNTY OF SAN JOAQUIN
FUND BALANCES – GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2011**

	<u>2009-10</u>	<u>2008-09</u>
General Fund:		
Reserved	\$ 17,422,015	\$ 21,134,010
Unreserved	71,115,787	71,447,235
Total general fund	<u>88,537,802</u>	<u>92,581,245</u>
All Other Governmental Funds		
Reserved	93,677,487	121,178,489
Unreserved, reported in:		
Special Revenue Funds	136,683,212	103,502,191
Capital Projects Funds	<u>23,212,463</u>	<u>12,060,452</u>
Total all other governmental funds	<u>253,573,162</u>	<u>236,741,132</u>
Total - all governmental funds	<u><u>\$ 342,110,964</u></u>	<u><u>\$ 329,322,377</u></u>

	<u>2010-11 (1)</u>
General Fund:	
Nonspendable	\$ 8,094,729
Restricted	35,245,339
Committed	10,006,276
Assigned	29,889,700
Unassigned	<u>44,315,708</u>
Total general fund	<u>127,551,752</u>
All Other Governmental Funds	
Nonspendable	1,491,076
Restricted	177,632,988
Committed	-
Assigned	69,136,987
Unassigned	<u>(3,092,040)</u>
Total all other governmental funds	<u>245,169,011</u>
Total - all governmental funds	<u><u>\$ 372,720,763</u></u>

(1) In fiscal year 2010-11, the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned.

2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
\$ 21,001,803	\$ 14,546,165	\$ 15,070,347	\$ 15,059,550	\$ 16,282,303	\$ 18,071,737
47,908,310	83,156,996	102,807,800	54,302,437	14,809,035	26,612,224
68,910,113	97,703,161	117,878,147	69,361,987	31,091,338	44,683,961
207,438,037	251,338,071	82,359,538	67,074,862	85,343,195	89,295,726
106,034,209	107,507,012	84,887,806	86,357,996	58,703,829	70,284,471
14,278,900	18,843,149	15,319,173	7,616,277	1,118,684	(10,340,773)
327,751,146	377,688,232	182,566,517	161,049,135	145,165,708	149,239,424
\$ 396,661,259	\$ 475,391,393	\$ 300,444,664	\$ 230,411,122	\$ 176,257,046	\$ 193,923,385

**COUNTY OF SAN JOAQUIN
LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2011**

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Debt limit	\$ 685,383,938	\$ 647,943,721	\$ 730,992,679
Total net debt applicable to limit	-	-	-
Legal debt margin	685,383,938	647,943,721	730,992,679
Total net debt applicable to the limit as a percentage of debt limit	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.

<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
\$ 746,277,606	\$ 681,583,871	\$ 576,919,493	\$ 497,461,589	\$ 440,925,627
-	-	-	-	-
746,277,606	681,583,871	576,919,493	497,461,589	440,925,627
0.00%	0.00%	0.00%	0.00%	0.00%

**COUNTY OF SAN JOAQUIN
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2011**

Fiscal Year	Governmental Activities			
	Certificates of Participation	Capital Leases	Loans	Unpaid Compensated Absence
2011	\$ 132,179,848	\$ 3,197,979	\$ 110,438,913	\$ 30,499,567
2010	134,282,591	3,628,394	119,862,270	31,396,212
2009	136,235,333	3,664,009	127,256,167	29,887,868
2008	141,983,075	2,776,957	106,054,901	28,292,596
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

COUNTY OF SAN JOAQUIN
RATIOS OF OUTSTANDING DEBT BY TYPE (Continued)
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2011

Fiscal Year	Business-Type Activities				
	Certificates of Participation	Capital Leases	Loans	Unpaid Compensated Absence	Landfill Closure and Postclosure
2011	\$ 76,504,359	\$ 1,865,864	\$ 9,822,005	\$ 6,532,674	\$ 10,997,051
2010	83,449,303	1,221,660	7,619,442	6,409,974	14,186,541
2009	90,639,277	1,735,271	5,954,580	5,985,578	12,971,673
2008	121,731,924	2,290,525	134,007,676	5,880,632	10,628,021
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

**COUNTY OF SAN JOAQUIN
RATIOS OF OUTSTANDING DEBT BY TYPE (Continued)
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2011**

<u>Fiscal Year</u>	<u>Total Primary Government</u>	<u>Per Capita</u>	<u>Population</u>
2011	382,038,260	551	693,589
2010	402,056,387	579	694,293
2009	414,329,756	601	689,480
2008	553,646,307	807	685,660
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

COUNTY OF SAN JOAQUIN
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST EIGHT YEARS
AS OF JUNE 30, 2011

	2010-11	2009-10	2008-09	2007-08
REVENUES				
Taxes	\$ 219,624,042	\$ 233,592,658	\$ 262,120,999	\$ 227,076,417
Licenses and permits	5,283,279	4,521,601	4,909,610	6,659,886
Fines, forfeits, and penalties	10,588,072	14,505,266	17,169,243	17,348,913
Use of money and property	2,809,953	4,078,513	12,190,863	22,631,106
Aid from other governmental agencies	548,416,708	548,283,284	511,206,416	540,440,978
Charges for services	94,099,700	91,896,037	91,461,555	101,260,527
Miscellaneous	15,880,988	14,084,177	13,211,719	14,508,125
Total Revenues	<u>896,702,742</u>	<u>910,961,536</u>	<u>912,270,405</u>	<u>929,925,952</u>
EXPENDITURES				
Current:				
General government	41,693,019	41,684,459	48,006,592	51,768,284
Public safety	262,332,207	273,972,542	276,607,702	263,415,264
Public ways and facilities	29,815,450	32,346,727	28,236,546	35,818,333
Health and sanitation	115,529,363	122,569,723	130,599,944	131,038,122
Public assistance	345,721,093	349,552,643	337,562,155	328,313,700
Education	5,663,467	5,848,898	6,646,636	6,927,513
Recreation	5,917,793	6,222,469	6,369,288	5,468,614
Capital outlay	30,061,521	27,521,442	99,541,241	122,920,479
Debt service:				
Principal	3,150,239	2,593,667	6,397,785	13,690,137
Interest	6,933,924	7,152,094	7,936,181	10,593,228
Refunding escrow	-	-	-	-
Total expenditures	<u>846,818,076</u>	<u>869,464,664</u>	<u>947,904,070</u>	<u>969,953,674</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,884,666</u>	<u>41,496,872</u>	<u>(35,633,665)</u>	<u>(40,027,722)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	38,890,956	27,517,174	57,611,137	61,170,226
Transfers out	(58,345,849)	(59,329,240)	(84,143,865)	(109,397,997)
Interfund interest	-	-	-	-
Loan proceeds	180,026	317,604	790,682	9,525,359
Capital grants	-	-	-	-
Extraordinary and special item - Fed Govt Penalty	-	-	-	-
Prior period adjustments	-	-	-	-
Total Other Financing Sources (Uses)	<u>(19,274,867)</u>	<u>(31,494,462)</u>	<u>(25,742,046)</u>	<u>(38,702,412)</u>
Net change in fund balances	<u>\$ 30,609,799</u>	<u>\$ 10,002,410</u>	<u>\$ (61,375,711)</u>	<u>\$ (78,730,134)</u>

2006-07	2005-06	2004-05	2003-04
\$ 218,146,216	\$ 216,269,438	\$ 169,201,969	\$ 112,347,258
8,486,276	9,844,592	7,407,564	7,430,313
13,722,623	18,067,404	14,080,149	11,656,083
22,192,339	14,275,552	6,611,373	3,133,097
523,657,229	498,014,555	475,119,794	448,488,147
108,213,886	91,903,011	85,555,433	83,232,358
12,019,797	15,186,059	15,277,219	14,665,287
906,438,366	863,560,611	773,253,501	680,952,543
44,561,751	38,369,942	31,018,117	31,296,316
237,999,875	215,520,350	199,948,767	194,602,048
36,445,617	34,935,720	31,528,734	29,781,894
121,594,955	116,869,120	112,053,011	112,618,258
320,973,887	304,048,779	285,095,525	260,876,919
6,182,337	5,803,595	5,586,424	4,018,930
4,706,578	4,131,171	3,554,593	3,368,867
43,451,406	31,683,615	25,711,923	35,030,831
12,879,337	5,486,955	5,216,438	5,484,743
4,304,826	3,208,775	3,266,278	3,237,657
18,398,858	-	-	-
851,499,427	760,058,022	702,979,810	680,316,463
54,938,939	103,502,589	70,273,691	636,080
224,284,684	47,101,771	35,711,734	24,458,294
(247,086,701)	(82,599,029)	(52,034,944)	(45,047,748)
-	33,615	-	-
119,431,952	425,981	203,597	3,297,369
-	1,568,615	-	-
-	-	-	(1,010,334)
-	-	-	-
96,629,935	(33,469,047)	(16,119,613)	(18,302,419)
\$ 151,568,874	\$ 70,033,542	\$ 54,154,078	\$ (17,666,339)

**COUNTY OF SAN JOAQUIN
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2011**

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 447,107,088	\$ 442,095,234	\$ 441,546,314	\$ 485,015,056
Restricted net assets	354,890,877	366,388,735	357,928,522	373,275,682
Unrestricted net assets	<u>96,696,997</u>	<u>61,347,876</u>	<u>81,935,235</u>	<u>118,084,147</u>
Total governmental activities net assets	<u>898,694,962</u>	<u>869,831,845</u>	<u>881,410,071</u>	<u>976,374,885</u>
Business-type activities				
Invested in capital assets, net of related debt	36,708,379	40,321,738	40,581,470	18,627,614
Restricted net assets	1,914,093	1,785,070	2,133,763	11,528,014
Unrestricted net assets	<u>50,815,667</u>	<u>9,570,879</u>	<u>14,786,968</u>	<u>18,372,385</u>
Total business-type activities net assets	<u>89,438,139</u>	<u>51,677,687</u>	<u>57,502,201</u>	<u>48,528,013</u>
Primary government				
Invested in capital assets, net of related debt	483,815,467	482,416,972	482,127,784	503,642,670
Restricted net assets	356,804,970	368,173,805	360,062,285	384,803,696
Unrestricted net assets	<u>147,512,664</u>	<u>70,918,755</u>	<u>96,722,203</u>	<u>136,456,532</u>
Total primary government net assets	<u>\$ 988,133,101</u>	<u>\$ 921,509,532</u>	<u>\$ 938,912,272</u>	<u>\$ 1,024,902,898</u>

2006-07	2005-06	2004-05	2003-04
\$ 430,608,245	\$ 351,981,529	\$ 374,392,279	\$ 368,137,777
392,180,625	250,392,162	213,625,664	152,047,237
102,397,924	139,875,959	100,898,953	91,807,063
925,186,794	742,249,650	688,916,896	611,992,077
33,306,890	28,558,534	26,284,166	13,900,024
6,420,931	14,403,192	6,131,099	12,797,787
13,385,486	35,221,568	42,054,455	44,259,493
53,113,307	78,183,294	74,469,720	70,957,304
463,915,135	380,540,063	400,676,445	382,037,801
398,601,556	264,795,354	219,756,763	164,845,024
115,783,410	175,097,527	142,953,408	136,066,556
\$ 978,300,101	\$ 820,432,944	\$ 763,386,616	\$ 682,949,381