

COUNTY OF SAN JOAQUIN

AUDIT REPORT

JUNE 30, 2012

**COUNTY OF SAN JOAQUIN
AUDIT REPORT
JUNE 30, 2012**

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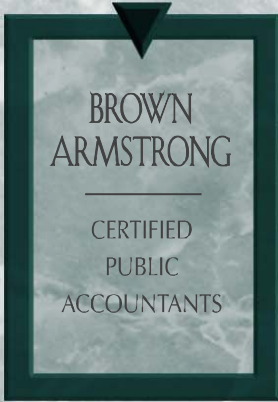
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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of San Joaquin, California (the County), as of and for the year ended June 30, 2012, 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, 2012, 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 December 31, 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 77, and budgetary comparison information on pages 78 through 83 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

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012. 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 2011-12 fiscal year by \$974.3 million, which is referred to as net assets. Of this amount, \$133.6 million is considered unrestricted net assets, which may be used to meet ongoing obligations to citizens and creditors. \$350.1 million is restricted net assets and limited to specific purposes and \$490.6 million, is invested in capital assets, net of related debt.
- The County's total net assets decreased by \$13.9 million during the year. Governmental activities decreased the County's net assets by \$12.2 million and business-type activities decreased the County's net assets by \$1.6 million.
- As of June 30, 2012, the County governmental funds reported combined fund balances of \$348.3 million, which is a decrease of \$24.5 million from last year's fund balance. Of the combined fund balances, \$230.8 million is nonspendable or restricted funds, while \$117.5 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, 2012, the unrestricted fund balance for the general fund was \$62.9 million, or approximately 10.3% of the total general fund operating expenditures.
- The County's total long-term debt that is due beyond one year at June 30, 2012, was \$325.0 million, \$0.8 million higher than the prior year, primarily due to regularly scheduled debt payments and offset by an increase of \$9.6 million in the County's Other Post Employment Benefits (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, 2012**

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 (Solid Waste).

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, 2012**

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 Solid Waste whose revenues are primarily 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 the Agency Funds. Agency funds are accounted for on the modified accrual basis of accounting.

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 \$974.3 million at the close of the fiscal year 2011-12.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Condensed Statement of Net Assets (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Assets:						
Current and other assets	\$ 646,070	\$ 662,700	\$ 100,058	\$ 100,548	\$ 746,128	\$ 763,248
Capital assets	574,168	569,640	109,668	113,726	683,836	683,366
Total assets	<u>\$ 1,220,238</u>	<u>\$ 1,232,340</u>	<u>\$ 209,726</u>	<u>\$ 214,274</u>	<u>\$ 1,429,964</u>	<u>\$ 1,446,614</u>
Liabilities:						
Current and other liabilities	\$ 66,060	\$ 57,329	\$ 21,948	\$ 19,114	\$ 88,008	\$ 76,443
Long-term liabilities	267,727	276,316	99,970	105,722	367,697	382,038
Total liabilities	<u>333,787</u>	<u>333,645</u>	<u>121,918</u>	<u>124,836</u>	<u>455,705</u>	<u>458,481</u>
Net Assets:						
Invested in capital assets, net of related debt	450,741	447,107	39,837	36,708	490,578	483,815
Restricted	348,192	354,891	9,676	1,914	357,868	356,805
Unrestricted	87,518	96,697	38,295	50,816	125,813	147,513
Total net assets	<u>886,451</u>	<u>898,695</u>	<u>87,808</u>	<u>89,438</u>	<u>974,259</u>	<u>988,133</u>
Total liabilities and net assets	<u>\$ 1,220,238</u>	<u>\$ 1,232,340</u>	<u>\$ 209,726</u>	<u>\$ 214,274</u>	<u>\$ 1,429,964</u>	<u>\$ 1,446,614</u>

The largest portion of the County's net assets in the amount of \$490.6 million, approximately 50.4% of the total, represents its investment in capital assets (e.g., land, land improvements, buildings, equipment, infrastructure, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens and to internal County departments. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A significant portion of the County's net assets of \$350.1 million, or 35.9%, 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 \$133.6 million, or 13.7%, which may be used to meet the County's ongoing 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 decreased by \$13.9 million during the current fiscal year. That decrease is comprised of a combination of a \$72.7 million decrease in revenues and a \$7.8 million increase in expenditures from the prior year.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenues:						
Program Revenues:						
Charges for services	\$ 108,433	\$ 112,253	\$ 219,250	\$ 239,951	\$ 327,683	\$ 352,204
Operating grants and contributions	504,564	531,236	1,455	5,476	506,019	536,712
Capital grants and contributions	6,030	11,549	-	-	6,030	11,549
General Revenues:						
Property taxes	181,692	195,484	440	412	182,132	195,896
Property transfer taxes	2,060	2,104	-	-	2,060	2,104
Sales taxes	25,234	21,922	-	-	25,234	21,922
Motor vehicle and other in-lieu taxes	3,086	4,209	-	-	3,086	4,209
Transient occupancy tax	323	280	-	-	323	280
Franchise and others	2,539	2,478	-	-	2,539	2,478
Tobacco settlement proceeds	6,091	5,973	-	-	6,091	5,973
Investment earnings	3,404	3,240	543	576	3,947	3,816
Miscellaneous	179	854	-	-	179	854
Total Revenues	<u>843,635</u>	<u>891,582</u>	<u>221,688</u>	<u>246,415</u>	<u>1,065,323</u>	<u>1,137,997</u>
Expenses:						
General government	45,089	45,812	-	-	45,089	45,812
Public protection	272,924	268,702	-	-	272,924	268,702
Public ways and facilities	41,278	39,440	-	-	41,278	39,440
Community infrastructure program	4,027	2,490	-	-	4,027	2,490
Health and sanitation	114,270	110,041	-	-	114,270	110,041
Children and families act program	8,285	8,257	-	-	8,285	8,257
Public assistance	329,056	349,337	-	-	329,056	349,337
Education	5,692	5,706	-	-	5,692	5,706
Culture and recreation	6,962	6,988	-	-	6,962	6,988
Interest on long-term debt	7,076	7,506	-	-	7,076	7,506
Solid waste	-	-	20,149	16,374	20,149	16,374
Hospital	-	-	220,561	206,416	220,561	206,416
Airport	-	-	3,828	4,304	3,828	4,304
Total Expenses	<u>834,659</u>	<u>844,280</u>	<u>244,538</u>	<u>227,094</u>	<u>1,079,197</u>	<u>1,071,373</u>
Excess (deficiency) before transfers	8,976	47,302	(22,850)	19,321	(13,874)	66,624
Transfers	(21,220)	(18,439)	21,220	18,439	-	-
Change in net assets	<u>(12,244)</u>	<u>28,863</u>	<u>(1,630)</u>	<u>37,760</u>	<u>(13,874)</u>	<u>66,624</u>
Net assets, beginning of year, restated	<u>898,695</u>	<u>869,832</u>	<u>89,438</u>	<u>51,678</u>	<u>988,133</u>	<u>921,510</u>
Net assets, end of the year	<u>\$ 886,451</u>	<u>\$ 898,695</u>	<u>\$ 87,808</u>	<u>\$ 89,438</u>	<u>\$ 974,259</u>	<u>\$ 988,134</u>

Governmental activities. Governmental activities decreased the County's net assets by \$12.2 million, accounting for 88.3% of the total decrease in net assets of the County.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Revenues

Total revenue for the County's governmental activities decreased by \$47.9 million, or 5.4%, over the previous year.

Expenses

Expenses for most functional categories funded by the County's general revenue reflected increases over the prior year. However, total expenses for governmental activities decreased by \$9.6 million, or 1.1%, over the previous year. Of the total decrease, \$20.1 million comes from public assistance, and \$1.9 million comes from culture and recreation offset with \$3.2 million increase in general government, \$2.7 million in public protection, \$2.8 million in public ways and facilities, and \$4.2 million in health and sanitation,

Business-type activities. Business-type activities decreased the County's net assets by \$1.6 million. By excluding the operating grants and the statutory-required contribution transfers of \$21.2 million from the governmental-activities funds, the Business-type activities would have increased the County net assets by \$19.6 million.

Key factors that contributed to this decrease from the operating activities were the gains of \$0.2 million by the Hospital, and the losses of \$1.3 million by Solid Waste, and \$0.6 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, 2012, the County's governmental funds reported total fund balances of \$348.3 million, a decrease of \$24.5 million, or 6.6%, in comparison with the prior year. Approximately \$117.5 million, or 33.7%, 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 \$230.8 million, or 66.3%, 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, \$9.4 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, \$221.4 million.

The general fund is the main operational fund of the County. At June 30, 2012, it had an unrestricted fund balance of \$62.9 million while its total fund balance was \$106.3 million, a decrease of \$21.3 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 10.5% of total fund expenditures, while total fund balance represents 17.7% of the same amount.

The Mental Health and Substance Abuse Fund, a major fund, was established to account for the mental health and substance abuse prevention and treatment services' activities. Therefore, the fund balance is restricted for these designated services. At June 30, 2012, of its \$48.7 million fund balance, \$0.2 million is nonspendable and the remaining balance of \$48.5 million is available for the next fiscal year's appropriation.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012, of its \$5.8 million fund balance, \$5.8 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, 2012, it had a fund balance of \$32.4 million.

Revenues for governmental functions totaled \$841.2 million in fiscal year 2011-12, which represents a \$55.5 million or 6.2% decrease from fiscal year 2010-11. The largest decreases in revenues were aid from other governmental agencies \$31.2 million, attributable to a decrease in federal and state grant monies, tax revenues \$16.1 million, which is attributable to reductions in the assessed value of real estate, charges for services \$6.3 million, due to a decrease in chargeable services provided, and miscellaneous revenue \$3.5 million. The largest increase in revenues was fines, forfeits, and penalties \$0.8 million due to increased collections.

Expenditures for government functions totaled \$844.0 million in fiscal year 2011-12, which represents a decrease of \$12.9 million or 1.5% from the prior year. The largest increase occurred in health and sanitation \$4.4 million, general government \$0.5 million; public safety \$2.1 million, and public ways and facilities \$1.5 million; while the largest decreases occurred in public assistance \$19.8 million.

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

The Solid Waste Enterprise had \$1.7 million in net assets at June 30, 2012, the Airport Enterprise had \$15.0 million, and the Hospital Enterprise had \$71.1 million. The unrestricted net assets amounted to \$4.3 million, \$0.8 million, and \$39.3 million, respectively, of the total proprietary funds' net assets.

The internal service funds had \$96.1 million in net assets at June 30 2012, with \$85.2 million as unrestricted. Of the unrestricted net assets, \$54.2 million is designated for future claims under the County's self-insurance programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the 2011-12 fiscal year's original budget and the final amended budget resulted in a \$12.4 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 \$1.0 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, 2012**

- The health and sanitation budget decreased by \$0.9 million to reflect a reduction in capital expenditures during the current year.
- The public assistance budget increased by \$2.5 million to reflect the additional funding provided by various Federal and the State government programs.
- The transfers-out budget increased by \$5.5 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 \$88.6 million. The net decrease reflects the combination of increases and decreases of various revenue sources. The major decreases are \$73.5 million in Aid from Other Governmental Agencies for the public assistance area, \$9.0 million in Charges for Services, and \$16.5 million in transfers-in; while the major increase was \$6.3 million in net property and sales tax.

Actual expenditures were less than final amended budgetary estimates by \$104.5 million. A majority of the difference is attributable to below budget expenditures in public protection (\$11.4 million), health and sanitation (\$6.9 million), public assistance (\$57.8 million) and general government (\$14.1 million). The County also appropriated \$14.8 million for contingencies as part of the County reserve policy. The net effect of under-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$15.9 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, 2012, amounted to \$490.6 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 1.4%.

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

- Infrastructure increased by \$21.7 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	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Infrastructure	\$ 226,288	\$ 214,505	\$ -	\$ -	\$ 226,288	\$ 214,505
Land	14,551	14,551	4,663	4,663	19,214	19,214
Structure and improvements	290,120	296,145	80,490	81,282	370,610	377,427
Furniture and equipment	28,180	29,628	22,731	18,403	50,911	48,031
Construction in progress	9,520	11,177	79	7,019	9,599	18,196
Capital leases	5,509	3,634	1,705	2,359	7,214	5,993
Total	\$ 574,168	\$ 569,640	\$ 109,668	\$ 113,726	\$ 683,836	\$ 683,366

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, 2012**

Long-term debt

At June 30, 2012, the County had a total long-term outstanding debt of \$325.0 million, excluding the amount due within one year (\$42.7 million). This amount was comprised of \$189.7 million of certificates of participation, \$11.3 million in landfill closure/postclosure, \$3.8 million in capital lease obligations, \$2.0 million in notes payable, \$5.8 million in earned compensated absences, \$54.2 million for estimated self-insurance claims liability and \$58.1 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

- Property and sales taxes are the two major local discretionary revenues for the County. Combined, they represent approximately 90% of the County's ongoing discretionary revenues. Economic recovery has been lagging in the valley. Local property taxes continue to decline, but at a much slower pace than three years ago. While the resale market has improved in the last 12 months, properties were generally sold at a lower amount than the value previously recorded on the tax roll. Revenues derived from sales tax at both the local and State levels continue to improve. The County's 2012-13 budget is the fourth consecutive austere budget. The budget includes significant savings in labor costs as a result of concessions reached with the majority of the employee groups. These concessions include employee cost share for pension and health insurance premiums, furloughs, and salary reductions.

The overall County budget increases by \$11.6 million, or 0.9%, from fiscal year 2011-12. The increase is primarily attributable to the State-funded 2011 Public Safety Realignment Program where the State shifts its prisoners and parolees to counties for incarceration and rehabilitation. Also, the Human Services Agency and San Joaquin General Hospital continue to experience caseload growth and program expansion. Costs of these programs are largely supported by federal and State funds. 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. The federal "fiscal cliff", if not addressed, will also negatively impact federal grants for technology, health, and transportation projects.
- In June of 2012, the Governor signed the 2012-13 State budget which continues the 2011 State-Local Realignment program shifting \$5.9 billion of existing State program responsibilities to local governments primarily in public safety, mental health, and social services programs. The State budget relies on voters' approval of two temporary taxes, totaling \$8.5 billion, in November 2012: 1) a five-year 0.25% increase in State sales tax through December 2016; and 2) a seven-year increase in personal income tax for those who earn \$250,000 and more through tax year 2018. Also included in the November 2012 ballot initiative is a constitutional guarantee of funding to support the 2011 Public Safety Realignment programs. The budget also includes "trigger cuts" totaling \$6.1 billion in the event voters reject the tax initiative. These cuts primarily affect funding for schools and higher education.

**COUNTY OF SAN JOAQUIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

All of these factors were considered in preparing the County's budget for fiscal 2012-13, approximately \$1.266 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, California 95202.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

**COUNTY OF SAN JOAQUIN
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments:				
Pooled	\$ 543,705,390	\$ 25,468,162	\$ 569,173,552	\$ 46,720,514
Other banks	-	554,044	554,044	2,446,090
Imprest cash	322,915	10,530	333,445	-
Accounts receivable, net	6,580,143	36,643,147	43,223,290	-
Taxes receivable	59,922,472	-	59,922,472	-
Interest receivable	316,438	6,728	323,166	30,236
Internal balances	2,611,445	(2,611,445)	-	-
Receivable external party	-	-	-	171,089
Due from other agencies	18,915,799	16,766,412	35,682,211	7,335,174
Loans receivable	20,000	-	20,000	-
Prepaid expenses	468,974	928,619	1,397,593	-
Inventory	1,304,218	3,308,554	4,612,772	-
Other assets	25,500	-	25,500	2,237,598
Unamortized debt issuance cost	-	-	-	-
Restricted assets:				
Cash and investments	10,526,084	17,935,255	28,461,339	-
Interest receivable	42,487	170,890	213,377	-
Other - unamortized debt insurance cost/refunding	1,307,851	876,113	2,183,964	-
Capital assets:				
Non-depreciable	24,071,487	4,742,989	28,814,476	1,469,010
Depreciable, net	550,096,845	104,925,561	655,022,406	19,962,459
Total Assets	<u>\$ 1,220,238,048</u>	<u>\$ 209,725,559</u>	<u>\$ 1,429,963,607</u>	<u>\$ 80,372,170</u>
LIABILITIES				
Accounts payable	\$ 27,518,156	\$ 10,787,166	\$ 38,305,322	\$ 5,358,573
Accrued expenses	15,702,454	4,935,196	20,637,650	-
Unearned revenue	21,196,210	4,575,727	25,771,937	-
Other liabilities	592,078	495,603	1,087,681	1,103,633
Payable from restricted assets: Accrued interest	1,050,903	1,154,312	2,205,215	-
Long-term liabilities:				
Due within one year	29,761,220	12,912,907	42,674,127	-
Due beyond one year	137,428,992	75,308,428	212,737,420	-
Claims liability: Due beyond one year	54,165,723	-	54,165,723	21,139,740
Other postemployment benefits: Due beyond one year	46,371,029	11,747,971	58,119,000	-
Total Liabilities	<u>333,786,765</u>	<u>121,917,310</u>	<u>455,704,075</u>	<u>27,601,946</u>
NET ASSETS				
Invested in capital assets, net of related debt	450,740,695	39,837,451	490,578,146	21,431,469
Restricted for:				
Capital projects	174,073,740	-	174,073,740	-
Debt service	18,624,053	795,095	19,419,148	-
Children and families act program	5,688,542	-	5,688,542	-
Public works and community infrastructure	74,122,145	-	74,122,145	-
Mental health and substance abuse programs	43,154,731	-	43,154,731	-
Other programs	32,529,017	8,880,790	41,409,807	-
Unrestricted	87,518,360	38,294,913	125,813,273	31,338,755
Total Net Assets	<u>886,451,283</u>	<u>87,808,249</u>	<u>974,259,532</u>	<u>52,770,224</u>
Total Liabilities and Net Assets	<u>\$ 1,220,238,048</u>	<u>\$ 209,725,559</u>	<u>\$ 1,429,963,607</u>	<u>\$ 80,372,170</u>

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

**COUNTY OF SAN JOAQUIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

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	\$ 45,089,244	\$ (14,577,988)	\$ 14,987,471	\$ 883,218	\$ 1,288,735
Public protection	272,923,594	9,340,649	33,921,623	106,767,772	-
Public ways and facilities	41,278,278	634,736	12,070,414	20,310,910	4,741,112
Community infrastructure program	4,027,472	-	2,880,231	-	-
Health and sanitation	114,269,758	1,915,093	40,191,296	77,511,117	-
Children and families act program	8,284,832	31,105	1,220	8,699,288	-
Public assistance	329,055,457	2,138,034	1,756,149	290,391,523	-
Education	5,692,268	334,722	165,905	-	-
Recreation and cultural services	6,961,881	183,649	2,459,005	500	-
Interest on long-term debt	7,076,149	-	-	-	-
Total Governmental Activities	834,658,933	-	108,433,314	504,564,328	6,029,847
Business-Type Activities:					
Hospital	220,561,110	-	199,321,051	-	-
Airport	3,827,559	-	1,717,973	855,895	-
Solid Waste	20,149,471	-	18,211,174	598,546	-
Total Business-Type Activities:	244,538,140	-	219,250,198	1,454,441	-
Total Primary Government	\$ 1,079,197,073	\$ -	\$ 327,683,512	\$ 506,018,769	\$ 6,029,847
Component Units:					
Head Start Child Development	\$ 36,435,049	\$ -	\$ 2,365,268	\$ 33,980,989	\$ -
Health Plan of San Joaquin	204,794,500	-	1,480,870	203,992,719	-
San Joaquin Economic Development	828,115	-	1,161,310	165,557	-
Local Agency Formation Commission	554,499	-	320	555,532	-
Total Component Units	\$ 242,612,163	\$ -	\$ 5,007,768	\$ 238,694,797	\$ -
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			Component Units	Functions/Programs
Governmental Activities	Business-Type Activities	Total		
\$ (13,351,832)	\$ -	\$ (13,351,832)	\$ -	Primary Government: Governmental Activities: General government Public protection Public ways and facilities Community infrastructure program Health and sanitation Children and families act program Public assistance Education Recreation and cultural services Interest on long-term debt Total Governmental Activities Business-Type Activities: Hospital Airport Solid Waste Total Business-Type Activities: Total Primary Government Component Units: Head Start Child Development Health Plan of San Joaquin San Joaquin Economic Development Local Agency Formation Commission Total Component Units 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
(141,574,848)	-	(141,574,848)	-	
(4,790,578)	-	(4,790,578)	-	
(1,147,241)	-	(1,147,241)	-	
1,517,562	-	1,517,562	-	
384,571	-	384,571	-	
(39,045,819)	-	(39,045,819)	-	
(5,861,085)	-	(5,861,085)	-	
(4,686,025)	-	(4,686,025)	-	
(7,076,149)	-	(7,076,149)	-	
<u>(215,631,444)</u>	<u>-</u>	<u>(215,631,444)</u>	<u>-</u>	
-	(21,240,059)	(21,240,059)	-	
-	(1,253,691)	(1,253,691)	-	
-	(1,339,751)	(1,339,751)	-	
<u>-</u>	<u>(23,833,501)</u>	<u>(23,833,501)</u>	<u>-</u>	
<u>(215,631,444)</u>	<u>(23,833,501)</u>	<u>(239,464,945)</u>	<u>-</u>	
-	-	-	(88,792)	
-	-	-	679,089	
-	-	-	498,752	
-	-	-	1,353	
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090,402</u>	
181,691,758	440,546	182,132,304	-	
2,059,987	-	2,059,987	-	
25,234,396	-	25,234,396	-	
322,712	-	322,712	-	
2,539,078	-	2,539,078	-	
3,085,571	-	3,085,571	-	
3,404,414	543,366	3,947,780	96,786	
6,090,538	-	6,090,538	-	
179,010	-	179,010	-	
<u>(21,219,699)</u>	<u>21,219,699</u>	<u>-</u>	<u>-</u>	
<u>203,387,765</u>	<u>22,203,611</u>	<u>225,591,376</u>	<u>96,786</u>	
(12,243,679)	(1,629,890)	(13,873,569)	1,187,188	
<u>898,694,962</u>	<u>89,438,139</u>	<u>988,133,101</u>	<u>51,583,036</u>	
<u>\$ 886,451,283</u>	<u>\$ 87,808,249</u>	<u>\$ 974,259,532</u>	<u>\$ 52,770,224</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, 2012**

	<u>General Fund</u>	<u>Mental Health and Substance Abuse Fund</u>	<u>First Five Program Fund</u>
ASSETS			
Cash and investments:			
Pooled	\$ 159,115,110	\$ 49,575,836	\$ 5,876,346
Imprest cash	249,775	39,450	-
Accounts receivable	1,988,718	656,146	-
Taxes receivable	57,959,332	-	-
Interest receivable	108,347	24,889	3,302
Due from other agencies	8,579,388	4,246,414	1,378,692
Due from other funds	3,045,373	11,725	-
Advances	7,852,738	-	-
Loans receivable	20,000	-	-
Inventory	-	195,047	-
Other assets	25,500	-	-
Restricted assets:			
Restricted cash and investments	-	-	-
Receivables	-	-	-
	<u>\$ 238,944,281</u>	<u>\$ 54,749,507</u>	<u>\$ 7,258,340</u>
LIABILITIES			
Accounts payable	\$ 10,213,418	\$ 2,347,855	\$ 1,340,259
Due to other funds	2,465,382	88,866	42,412
Accrued salaries	11,887,809	1,839,988	34,123
Deferred revenues	107,519,863	1,732,532	-
Advances from other funds	-	-	-
Accrued interest	12,291	-	-
Other liabilities	592,078	-	-
	<u>132,690,841</u>	<u>6,009,241</u>	<u>1,416,794</u>
FUND BALANCES			
Nonspendable	7,898,238	195,047	-
Restricted	35,416,191	48,545,219	5,841,546
Committed	10,003,085	-	-
Assigned	14,497,524	-	-
Unassigned	38,438,402	-	-
	<u>106,253,440</u>	<u>48,740,266</u>	<u>5,841,546</u>
Total Liabilities and Fund Balances	<u>\$ 238,944,281</u>	<u>\$ 54,749,507</u>	<u>\$ 7,258,340</u>

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

County Capital Outlay Fund	Other Governmental Funds	Total	
\$ 31,185,864	\$ 152,128,263	\$ 397,881,419	ASSETS
-	33,650	322,875	Cash and investments:
24,917	870,292	3,540,073	Pooled
-	1,963,140	59,922,472	Imprest cash
28,519	73,821	238,878	Accounts receivable
661,708	3,835,801	18,702,003	Taxes receivable
649,415	55,833	3,762,346	Interest receivable
270,764	666,610	8,790,112	Due from other agencies
-	-	20,000	Due from other funds
-	366,534	561,581	Advances
-	-	25,500	Loans receivable
-	-	-	Inventory
-	-	-	Other assets
-	10,526,084	10,526,084	Restricted assets:
-	42,487	42,487	Restricted cash and investments
-	-	-	Receivables
<u>\$ 32,821,187</u>	<u>\$ 170,562,515</u>	<u>\$ 504,335,830</u>	Total Assets
\$ 408,416	\$ 5,001,487	\$ 19,311,435	LIABILITIES
23,795	719,841	3,340,296	Accounts payable
-	1,804,064	15,565,984	Due to other funds
-	1,633,341	110,885,736	Accrued salaries
-	6,374,139	6,374,139	Deferred revenues
-	-	12,291	Advances from other funds
-	-	592,078	Accrued interest
-	-	-	Other liabilities
<u>432,211</u>	<u>15,532,872</u>	<u>156,081,959</u>	Total Liabilities
270,764	1,033,144	9,397,193	FUND BALANCES
-	131,589,119	221,392,075	Nonspendable
-	-	10,003,085	Restricted
32,118,212	26,600,470	73,216,206	Committed
-	(4,193,090)	34,245,312	Assigned
<u>32,388,976</u>	<u>155,029,643</u>	<u>348,253,871</u>	Unassigned
<u>\$ 32,821,187</u>	<u>\$ 170,562,515</u>	<u>\$ 504,335,830</u>	Total Fund Balances
			Total Liabilities and Fund Balances

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, 2012**

Fund Balance - Total Governmental Funds \$ 348,253,871

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. 559,218,082

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. 96,143,927

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 89,689,527

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	\$ (129,912,106)	
Capital leases	(647,996)	
Notes payable	(379,971)	
Other postemployment benefits liability	(45,899,878)	
Compensated absences	(30,360,668)	
Unamortized issuance costs	1,307,851	
Accrued interest payable	(961,356)	(206,854,124)

Net Assets of Governmental Activities \$ 886,451,283

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, 2012**

	General Fund	Mental Health and Substance Abuse Fund	First Five Program Fund
Revenues:			
Taxes	\$ 183,727,517	\$ -	\$ -
Licenses and permits	5,472,687	-	-
Fines, forfeitures, and penalties	10,141,376	315,910	-
Use of money and property	1,980,846	174,727	19,614
Aid from other governmental agencies	351,500,043	52,822,680	8,699,288
Charges for services	36,144,913	29,981,284	-
Other revenues	10,664,061	747,055	1,219
Total Revenues	<u>599,631,443</u>	<u>84,041,656</u>	<u>8,720,121</u>
Expenditures:			
Current:			
General government	51,711,707	-	-
Public protection	233,779,380	-	-
Public ways and facilities	-	-	-
Health and sanitation	30,684,807	80,947,443	8,269,821
Public assistance	287,787,950	-	-
Education	281,372	-	-
Recreation and culture	5,653,825	-	-
Capital outlay	845,785	161,362	-
Debt service:			
Principal retirement	28,116	-	-
Interest and debt issuance costs	52,439	-	-
Total Expenditures	<u>610,825,381</u>	<u>81,108,805</u>	<u>8,269,821</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,193,938)</u>	<u>2,932,851</u>	<u>450,300</u>
Other Financing Sources (Uses)			
Loan proceeds	49,789	-	-
Transfers in	29,741,042	3,359,218	-
Transfers out	(39,895,205)	(1,488,162)	(124,736)
Total Other Financing Sources (Uses)	<u>(10,104,374)</u>	<u>1,871,056</u>	<u>(124,736)</u>
Net Change in Fund Balances	(21,298,312)	4,803,907	325,564
Fund Balances - Beginning	<u>127,551,752</u>	<u>43,936,359</u>	<u>5,515,982</u>
Fund Balances - Ending	<u>\$ 106,253,440</u>	<u>\$ 48,740,266</u>	<u>\$ 5,841,546</u>

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

County Capital Outlay Fund	Other Governmental Funds	Total	
\$ -	\$ 19,747,124	\$ 203,474,641	Revenues:
-	236,560	5,709,247	Taxes
-	967,755	11,425,041	Licenses and permits
462,468	512,675	3,150,330	Fines, forfeitures, and penalties
1,288,735	102,942,725	517,253,471	Use of money and property
-	21,688,550	87,814,747	Aid from other governmental agencies
19,694	941,106	12,373,135	Charges for services
			Other revenues
<u>1,770,897</u>	<u>147,036,495</u>	<u>841,200,612</u>	Total Revenues
			Expenditures:
			Current:
96,819	16,504	51,825,030	General government
13,890	30,635,649	264,428,919	Public protection
30,459	31,314,761	31,345,220	Public ways and facilities
9,159	-	119,911,230	Health and sanitation
920,679	37,658,011	326,366,640	Public assistance
-	5,360,577	5,641,949	Education
162,107	202,909	6,018,841	Recreation and culture
6,290,612	21,966,866	29,264,625	Capital outlay
-	2,630,075	2,658,191	Debt service:
-	6,490,571	6,543,010	Principal retirement
			Interest and debt issuance costs
<u>7,523,725</u>	<u>136,275,923</u>	<u>844,003,655</u>	Total Expenditures
<u>(5,752,828)</u>	<u>10,760,572</u>	<u>(2,803,043)</u>	Excess (Deficiency) of Revenues Over (Under) Expenditures
			Other Financing Sources (Uses)
-	-	49,789	Loan proceeds
6,306,679	12,407,841	51,814,780	Transfers in
(10,921,192)	(21,099,123)	(73,528,418)	Transfers out
<u>(4,614,513)</u>	<u>(8,691,282)</u>	<u>(21,663,849)</u>	Total Other Financing Sources (Uses)
(10,367,341)	2,069,290	(24,466,892)	Net Change in Fund Balances
<u>42,756,317</u>	<u>152,960,353</u>	<u>372,720,763</u>	Fund Balances - Beginning
<u>\$ 32,388,976</u>	<u>\$ 155,029,643</u>	<u>\$ 348,253,871</u>	Fund Balances - Ending

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, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ (24,466,892)

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	\$ 29,264,625	
Less current year depreciation	(26,604,064)	2,660,561

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	2,621,141	
Decrease in accrued grant revenues	(600,206)	2,020,935

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	2,520,400	
Notes payable	28,116	
Capital leases	109,575	
Less amortization of discount on certificates of participation	(328,658)	2,329,433

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

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities.

Other long-term notes	(49,789)	(49,789)
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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	17,604	
Change in other postemployment benefits liability	(7,681,643)	(7,664,039)

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.

153,671

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.

12,772,441

Change in Net Assets of Governmental Activities **\$ (12,243,679)**

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

**COUNTY OF SAN JOAQUIN
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste	Total	Internal Service Funds
<u>Assets</u>					
Current Assets:					
Cash and investments	\$ 17,684,433	\$ 1,026,049	\$ 7,311,724	\$ 26,022,206	\$ 145,823,973
Imprest cash	2,580	250	7,700	10,530	40
Prepaid expenses	928,619	-	-	928,619	468,974
Accounts receivable, net	35,317,245	76,548	1,249,260	36,643,053	248,745
Interest receivable	-	678	6,050	6,728	77,560
Due from other funds	43,383	-	10,725	54,108	1,080,466
Due from other agencies	16,763,245	3,167	-	16,766,412	3,005,119
Inventories	3,288,415	-	20,139	3,308,554	742,637
Total Current Assets	<u>74,027,920</u>	<u>1,106,692</u>	<u>8,605,598</u>	<u>83,740,210</u>	<u>151,447,514</u>
Noncurrent Assets:					
Restricted assets:					
Cash and investments	9,240,314	-	8,694,941	17,935,255	-
Interest receivable	170,890	-	-	170,890	-
Other	570,997	-	305,116	876,113	-
Total Restricted Assets	<u>9,982,201</u>	<u>-</u>	<u>9,000,057</u>	<u>18,982,258</u>	<u>-</u>
Capital Assets:					
Non-depreciable	45,000	1,352,204	3,345,785	4,742,989	17,481
Depreciable, net	75,205,619	16,405,103	13,314,839	104,925,561	14,932,768
Total Capital Assets	<u>75,250,619</u>	<u>17,757,307</u>	<u>16,660,624</u>	<u>109,668,550</u>	<u>14,950,249</u>
Total Noncurrent Assets	<u>85,232,820</u>	<u>17,757,307</u>	<u>25,660,681</u>	<u>128,650,808</u>	<u>14,950,249</u>
Total Assets	<u>\$ 159,260,740</u>	<u>\$ 18,863,999</u>	<u>\$ 34,266,279</u>	<u>\$ 212,391,018</u>	<u>\$ 166,397,763</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, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	General Hospital	Stockton Metropolitan Airport	Solid Waste	Total	Activities Internal Service Funds
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable	\$ 9,643,781	\$ 107,562	\$ 1,035,823	\$ 10,787,166	\$ 8,143,844
Accrued payroll	4,672,749	23,495	238,952	4,935,196	138,787
Due to other funds	83,492	400,494	36,264	520,250	1,036,374
Other current liabilities	-	44,673	450,930	495,603	-
Payable from restricted assets:					
Interest payable	951,025	-	203,287	1,154,312	77,256
Current portion:					
Certificates of participation (COP)	5,260,000	-	1,360,000	6,620,000	-
Notes payable	-	6,840	-	6,840	61,921
Capital leases	18,226	-	287,667	305,893	1,273,374
Compensated absences	5,383,510	39,080	557,584	5,980,174	252,846
Total Current Liabilities	26,012,783	622,144	4,170,507	30,805,434	10,984,402
Long-Term Liabilities:					
Unearned revenue	3,611,407	964,320	-	4,575,727	-
Advances from other funds	-	2,145,209	-	2,145,209	270,764
Certificates of participation, net	47,082,929	-	15,386,486	62,469,415	-
Notes payable	-	52,743	-	52,743	1,570,514
Capital leases	31,258	-	701,316	732,574	2,776,775
Compensated absences	616,522	-	114,758	731,280	14,511
Claims liability	-	-	-	-	54,165,723
Liability for closure/ postclosure costs	-	-	11,322,416	11,322,416	-
Other postemployment benefits liability	10,819,822	97,182	830,967	11,747,971	471,151
Total Long-Term Liabilities	62,161,938	3,259,454	28,355,943	93,777,335	59,269,438
Total Liabilities	88,174,721	3,881,598	32,526,450	124,582,769	70,253,840
Net Assets:					
Invested in capital assets, net of related debt	22,858,206	14,208,194	2,771,051	39,837,451	10,900,100
Restricted for:					
Debt service	-	-	795,095	795,095	-
Other	8,880,790	-	-	8,880,790	-
Unrestricted, net	39,347,023	774,207	(1,826,317)	38,294,913	85,243,823
Total Net Assets	71,086,019	14,982,401	1,739,829	87,808,249	96,143,923
Total Liabilities and Net Assets	\$ 159,260,740	\$ 18,863,999	\$ 34,266,279	\$ 212,391,018	\$ 166,397,763

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, 2012**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste	Total	Internal Service Funds
Operating Revenues:					
Charges for services	\$ 182,872,260	\$ 301,483	\$ 8,002,433	\$ 191,176,176	\$ 100,473,032
Concessions and rentals	-	1,381,636	9,374,471	10,756,107	-
Miscellaneous	14,887,393	34,854	829,077	15,751,324	1,114,121
Property tax	-	440,546	-	440,546	-
Aid from other agencies	-	-	-	-	-
Total Operating Revenues	197,759,653	2,158,519	18,205,981	218,124,153	101,587,153
Operating Expenses:					
Salaries and benefits	117,566,883	747,898	6,970,543	125,285,324	4,196,114
Services and supplies	93,329,102	1,061,737	8,736,579	103,127,418	22,596,061
Liability claims and loss adjustments	-	-	-	-	55,800,514
Insurance	-	204,560	422,896	627,456	3,456,542
Landfill closure and postclosure expense	-	-	325,366	325,366	-
Depreciation and amortization	6,706,150	1,644,325	2,736,529	11,087,004	3,514,169
Miscellaneous	-	934	9,268	10,202	13,467
Total Operating Expenses	217,602,135	3,659,454	19,201,181	240,462,770	89,576,867
Operating Income (Loss)	(19,842,482)	(1,500,935)	(995,200)	(22,338,617)	12,010,286
Non-Operating Revenues (Expenses):					
Gain (loss) on sale of asset	-	-	5,193	5,193	(57,587)
Interest income	498,888	2,445	42,033	543,366	483,241
Aid from other governmental agencies	-	855,895	598,546	1,454,441	-
Other	1,561,397	-	-	1,561,397	82,518
Interest expense	(2,958,974)	(168,105)	(948,290)	(4,075,369)	(239,961)
Total Non-Operating Revenues (Expenses)	(898,689)	690,235	(302,518)	(510,972)	268,211
Net Income (Loss) Before Transfers	(20,741,171)	(810,700)	(1,297,718)	(22,849,589)	12,278,497
Transfers:					
Transfers in	20,977,389	242,310	-	21,219,699	948,439
Transfers out	-	-	-	-	(454,500)
Total Transfers	20,977,389	242,310	-	21,219,699	493,939
Change in Net Assets	236,218	(568,390)	(1,297,718)	(1,629,890)	12,772,436
Net Assets - Beginning of Year	70,849,801	15,550,791	3,037,547	89,438,139	83,371,487
Net Assets - End of Year	\$ 71,086,019	\$ 14,982,401	\$ 1,739,829	\$ 87,808,249	\$ 96,143,923

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, 2012**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste	Total	Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers	\$ 207,337,543	\$ 2,247,172	\$ 18,235,215	\$ 227,819,930	\$ 105,353,113
Cash payments to suppliers for goods and services	(45,743,339)	(1,198,828)	(8,975,482)	(55,917,649)	(83,772,311)
Cash payments to other departments for goods and services	(14,937,837)	(74,401)	(117,892)	(15,130,130)	(5,134,714)
Cash payments to employees for services	(150,173,119)	(770,304)	(6,906,168)	(157,849,591)	(4,176,102)
Net Cash Provided (Used) by Operating Activities	<u>(3,516,752)</u>	<u>203,639</u>	<u>2,235,673</u>	<u>(1,077,440)</u>	<u>12,269,986</u>
Cash Flows from Noncapital Financing Activities:					
Transfers in (out)	20,977,389	242,310	-	21,219,699	493,939
State and Federal grant receipts	-	-	598,546	598,546	-
Loan repayment or borrowing	-	(213,077)	-	(213,077)	-
Other non-operating receipts (payments)	1,561,397	(42,407)	-	1,518,990	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>22,538,786</u>	<u>(13,174)</u>	<u>598,546</u>	<u>23,124,158</u>	<u>493,939</u>
Cash Flows from Capital and Related Financing Activities:					
Capital contribution grants	-	855,895	-	855,895	-
Acquisition and construction of capital assets	(7,961,593)	(770,797)	(179,179)	(8,911,569)	(2,402,563)
Insurance recovery	-	-	-	-	82,518
Proceeds from sale of property and equipment	1,882,149	-	5,193	1,887,342	263,570
Other postemployment benefits obligation	1,839,443	13,315	138,861	1,991,619	77,990
Principal payment on debts	(5,559,223)	(6,070)	(3,209,769)	(8,775,062)	(1,383,136)
Interest payments on debts	(2,958,974)	(168,105)	(999,866)	(4,126,945)	(243,406)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(12,758,198)</u>	<u>(75,762)</u>	<u>(4,244,760)</u>	<u>(17,078,720)</u>	<u>(3,605,027)</u>
Cash Flows from Investing Activities:					
Interest on investment and note receivable	498,888	3,844	85,998	588,730	604,949
Net Cash Provided by Investing Activities	<u>498,888</u>	<u>3,844</u>	<u>85,998</u>	<u>588,730</u>	<u>604,949</u>
Increase (Decrease) in Cash and Investments	6,762,724	118,547	(1,324,543)	5,556,728	9,763,847
Cash and Investments, Beginning of Year	<u>20,164,603</u>	<u>907,752</u>	<u>17,338,908</u>	<u>38,411,263</u>	<u>136,060,166</u>
Cash and Investments, End of Year	<u>\$ 26,927,327</u>	<u>\$ 1,026,299</u>	<u>\$ 16,014,365</u>	<u>\$ 43,967,991</u>	<u>\$ 145,824,013</u>

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, 2012**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	General Hospital	Stockton Metropolitan Airport	Solid Waste	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (19,842,482)	\$ (1,500,935)	\$ (995,200)	\$ (22,338,617)	\$ 12,010,286
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	6,706,150	1,644,325	2,736,529	11,087,004	3,514,169
(Increase) decrease in receivables	7,402,588	88,652	(77,344)	7,413,896	(1,264,172)
(Increase) decrease in prepaid expenses	(86,252)	-	-	(86,252)	41,911
(Increase) decrease in inventories	(477,517)	-	2,385	(475,132)	(39,948)
Increase (decrease) in payables	2,789,356	(28,403)	243,938	3,004,891	(970,713)
Increase (decrease) in closure/postclosure liability	-	-	325,365	325,365	(1,021,547)
Increase (decrease) in unearned revenues	(8,595)	-	-	(8,595)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (3,516,752)</u>	<u>\$ 203,639</u>	<u>\$ 2,235,673</u>	<u>\$ (1,077,440)</u>	<u>\$ 12,269,986</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, 2012**

	June 30, 2012			December 31, 2011	
	Investment Trust Fund	Agency Funds	Private Purpose Trust Funds	Total	Pension Trust Fund
Assets					
Cash and investments - pooled	\$ 710,625,255	\$ 31,833,304	\$ 8,915,423	\$ 751,373,982	\$ 668,215
Cash and investments held by others	2,600,217	3,308,879	-	5,909,096	-
Pension trust investments	-	-	-	-	2,046,191,679
Investments sold, funds not received	-	-	-	-	600,780
Investment income receivables	10,811,365	-	4,542	10,815,907	4,020,100
Loan program investment	-	-	-	-	-
Loans receivable	5,184,269	12,000,000	39,163,703	56,347,972	-
Other receivables	-	30,202,600	-	30,202,600	18,917
Pension fund contribution receivable	-	-	-	-	4,986,684
Due from other funds	-	-	2,490	2,490	-
Due from other agencies	-	-	74,067	74,067	-
Other assets	354,683	4,085	-	358,768	90,900
Capital assets, net of depreciation	-	-	-	-	572,057
Post employment healthcare fund investments	-	-	-	-	17,620,519
Total Assets	\$ 729,575,789	\$ 77,348,868	\$ 48,160,225	\$ 855,084,882	\$ 2,074,769,851
Liabilities					
Accounts payable	\$ 21,818,380	\$ 29,711,757	\$ 24,151	\$ 51,554,288	\$ -
Accrued liabilities	96,536	-	-	96,536	17,764,830
Securities lending - cash collateral	-	-	-	-	105,592,610
Securities purchased but not paid	-	-	-	-	1,467,037
Deferred Revenue	313,535	-	-	313,535	-
Loan Payable	23,544,436	20,000	-	23,564,436	-
Due to other funds	-	12,000,000	-	12,000,000	-
Due to other agencies	-	35,617,111	-	35,617,111	-
Total Liabilities	45,772,887	77,348,868	24,151	123,145,906	124,824,477
Net Assets					
Held in trust for:					
Employee pension benefits	-	-	-	-	1,933,207,947
Employee post employment health benefits	-	-	-	-	16,737,427
Revolving loans	-	-	47,423,838	47,423,838	-
External investment pool participants	683,802,902	-	-	683,802,902	-
Other purposes	-	-	626,936	626,936	-
Unrealized pool investments market appreciation	-	-	85,300	85,300	-
Total Net Assets	683,802,902	-	48,136,074	731,938,976	1,949,945,374
Total Liabilities and Net Assets	\$ 729,575,789	\$ 77,348,868	\$ 48,160,225	\$ 855,084,882	\$ 2,074,769,851

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, 2012**

	June 30, 2012			December 31, 2011
	Investment Trust Fund	Private Purpose Trust Funds	Total	Pension Trust Fund
Additions				
Employer's contributions	\$ -	\$ -	\$ -	\$ 112,891,701
Employees' contributions	-	-	-	14,040,773
Contributions from investment pool participants	3,521,434,257	-	3,521,434,257	-
Capital Contributions from other governments	-	1,767,431	1,767,431	-
Interest and investment income	1,972,139	443,247	2,415,386	29,262,231
Miscellaneous income	-	6,678,655	6,678,655	222,339
Total Additions	3,523,406,396	8,889,333	3,532,295,729	156,417,044
Deductions				
Benefit payments	-	126,406	126,406	131,641,539
Contribution refund	-	-	-	1,067,734
Withdrawals from pooled investments	3,610,601,414	-	3,610,601,414	-
Program expenditures	-	3,174,925	3,174,925	-
Allowance for loan adjustments	-	105,430	105,430	-
Administration and program expenses	-	779,509	779,509	3,748,948
Total Deductions	3,610,601,414	4,186,270	3,614,787,684	136,458,221
Change in Net Assets	(87,195,018)	4,703,063	(82,491,955)	19,958,823
Net Assets - Beginning, Restated	770,997,920	43,433,011	814,430,931	1,929,986,551
Net Assets - Ending	\$ 683,802,902	\$ 48,136,074	\$ 731,938,976	\$ 1,949,945,374

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, 2012**

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 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 Governmental Accounting Standards Board (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

<u>Lighting District</u>	<u>Maintenance District</u>	<u>County Service Areas</u>
Ash Street	Acampo	Number 1
Boggs Tract	Almond Park	Number 2
Burkett Gardens	Ashley Drainage	Number 3
Burkett Gardens Acres	Bear Creek Terrace	Number 3A
Eastview	Bowling Green Estates	Number 4
Elkhorn	Colonial Heights	Number 5
Farmington	Corral Hollow	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 and 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) 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 \$646,699 as of June 30, 2012, 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 reporting entity. The financial statements are available through the County 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 2011-12. The financial statements are available through the County Auditor-Controller's office.

The In-Home Supportive Services (IHSS) Public Authority maintains a registry and referral system to assist consumers in finding qualified IHSS personnel as well as training of, and support for, providers and recipients of IHSS. The IHSS Public 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 County 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 of Retirement 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. SJCERA uses the calendar year as its fiscal year; therefore, the financial information related to the Pension Fund represents the year ended December 31, 2011. The financial statements of the Pension Fund are available through SJCERA (see Note 14).

The San Joaquin County Public Facilities Financing Corporation (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 San Joaquin General Hospital Expansion 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 the 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 (Association), a nonprofit corporation, promotes, publicizes, encourages, and coordinates economic development of the County. The Association is governed by a five-member board appointed by the County 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 County Board 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 is also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments; therefore, these organizations are not included in these financial statements. These organizations are Tracy Public Cemetery District, Escalon Cemetery District, San Joaquin Regional Transit District, New Mariposa Drainage District, San Joaquin County Housing Authority, and Colledgeville Fire District.

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 ongoing 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 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

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.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for periods beginning after December 15, 2012. It improves financial reporting for state and local governments by reclassifying, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Financial Presentation (Continued)

GASB Statement No. 66, *Technical Corrections - 2012*, is effective for periods beginning after December 15, 2012. It improves financial reporting for state and local governments by resolving conflicting guidance that resulted from the issuance of GASB Statement Nos. 54 and 62.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, is effective for periods beginning after June 15, 2013. It improves financial reporting for state and local governments by improving the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for periods beginning after June 15, 2014. The principal objective of this statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees – both active employees and inactive employees – are provided with pensions. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

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 Mental Health Substance Abuse 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 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Financial Presentation (Continued)

Fund Financial Statements (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. 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.

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 Stockton 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 of accounting, 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 Statement No. 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 financial statement 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 No. 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, Mental Health and 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 2011-12 net assessed valuation of the County real property was \$52.8 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 \$16.3 million as of June 30, 2012.

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 \$15.2 million at June 30, 2012. 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, 2012, are recorded as taxes receivable (approximate \$71.4 million) and are offset by a deferred revenue liability of \$70.9 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 \$56.2 million, net of the estimated uncollectible amount of \$15.2 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, dental, or vision 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 post employment 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.

In fiscal year 2011-12, SJCERA filed a request for a determination letter regarding the sick leave bank benefits in accordance with the IRS’ voluntary compliance program. As a result of this filing, the SJCERA Board decided to “freeze” prefunding of this program pending a response from the IRS. The County, as a participating employer, is now funding its sick leave bank benefits on a pay-as-you-go basis. SJCERA will continue its role as a third-party administrator of these benefits. Any further changes will depend upon the IRS’ response to the determination letter. The pay-as-you-go costs for fiscal year 2011-12 were \$5.3 million.

At December 31, 2011, the total number of the eligible members for the sick leave bank benefit was comprised of 3,006 active members and 853 retired members.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Hospital and Other Program Revenues

Net patient service revenue is revenue that 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 2011-12 was \$679.1 million, estimated adjustments for contractual allowances and bad debts were \$575.1 million, resulting in net patient revenue of \$104.0 million.

- 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, 2011. 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 development of 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 2012, the Hospital received \$9.7 million in DSRIP funds.

- For other Waiver funding for the Hospital in 2012 included \$29.7 million for Disproportionate Share Hospital payments, \$7.4 million for SNCP, and \$0.8 million for the Physician SPA.

NOTE 2 – CASH AND INVESTMENTS

With the exception of the Pension Fund, Revolving Loan Fund Trusts, and restricted Certificates of Participation proceeds, the 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.

As of June 30, 2012, 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	\$ 20,337	\$ 5,052	\$ 91,072	\$ 7,486	\$ 123,947
Outstanding warrants	(75,533)	-	-	-	(75,533)
Investments	1,428,097	20,201	1,972,740	-	3,421,038
	<u>\$ 1,372,901</u>	<u>\$ 25,253</u>	<u>\$ 2,063,812</u>	<u>\$ 7,486</u>	<u>\$ 3,469,452</u>

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

	Unrestricted	Restricted	Total
Primary government	\$ 570,061	\$ 28,461	\$ 598,522
Investment trust fund	713,226	-	713,226
Private purpose trust funds	8,915	-	8,915
Agency fund	35,142	-	35,142
Pension trust fund	2,064,480	-	2,064,480
Discretely presented component units	49,167	-	49,167
	<u>\$ 3,440,991</u>	<u>\$ 28,461</u>	<u>\$ 3,469,452</u>

Investment Pool

The County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code, and the 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 \$20.3 million. Of the total deposits, \$20.0 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, 2012, the County had the following pool investments (in \$000's):

	<u>Fair Value</u>	<u>Weighted Average Maturities (in days)</u>	<u>Fair Value as % of the Pool Investments</u>	<u>Credit Rating S&P/MIS</u>
Commercial Paper	\$ 110,208	19	7.7%	A-1/P-1
Money Market Account - Rabo Bank	10,000	-	0.7%	A-1+/P-1
Money Market Account - Bank of the West	24,990	-	1.7%	A-1/P-1
Bank of the West Sweep Account	27,726	-	1.9%	A-1/P-1
Wells Fargo Bank Sweep Account	176	-	0.0%	A-1+/P-1
Federal Farm Credit Bank	25,282	94	1.8%	A-1+/P-1
Federal Home Loan Bank	654,581	241	45.9%	A-1+/P-1
Federal Home Loan Mortgage Corporation	69,062	286	4.8%	A-1+/P-1
Federal National Mortgage Association	321,466	201	22.6%	A-1+/P-1
Medium-Term Note - General Electric Company	20,268	366	1.4%	A-1+/P-1
Medium-Term Note - GE Capital Corporation	10,138	549	0.7%	AA+/A1
General Obligation Bonds - California	104,200	549	7.3%	A-/A1
State Local Agency Investment Fund (LAIF)	<u>50,000</u>	-	<u>3.5%</u>	Not rated
Total	<u>\$ 1,428,097</u>	308	<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, 2012, the weighted average maturity of the pool investments was 308 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 (LAIF) and repurchase agreements. Credit ratings as of June 30, 2012, of the pool investments are 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, 2012, 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, 2012 (in \$000's):

<u>Issuer</u>	<u>Amount</u>	<u>Percent of Investments</u>
Federal National Mortgage Association	\$ 654,581	45.8%
Federal Home Loan Bank	321,466	22.5%
State of California	154,200	10.8%

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the County's pooled investments were exposed to custodial credit risk during the fiscal year because all securities were held by the County's safekeeping agent in the County's name.

Local Agency Investment Fund (LAIF) – It is an investment pool managed by the California Department of Treasury. The County's total investment in the LAIF at June 30, 2012, 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 (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by State Statute. The total amount invested by all public agencies in Pooled Money Investment Account (PMIA) on that day was \$60.5 billion. Of that amount, 3.47% was invested in structured notes and asset-backed securities with the remaining 96.53% 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, 2012. 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**	\$ 661,665	\$ 711,236	\$ 1,372,901
Investment income receivable	407	447	854
Pool participants fund deposit receivable	144,278	14,114	158,392
Other assets	50,311	2,292	52,603
	<u>856,661</u>	<u>728,089</u>	<u>1,584,750</u>
Liabilities	<u>248,492</u>	<u>46,294</u>	<u>294,786</u>
Net Assets	<u>\$ 608,169</u>	<u>\$ 681,795</u>	<u>\$ 1,289,964</u>

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

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	\$ 2,137,481	\$ 3,523,455	\$ 5,660,936
Investment income	1,543	2,391	3,934
Total Additions	<u>2,139,024</u>	<u>3,525,846</u>	<u>5,664,870</u>
Deductions:			
Distributions	<u>2,155,998</u>	<u>3,615,044</u>	<u>5,771,042</u>
Net Change	(16,974)	(89,198)	(106,172)
Net Assets - Beginning	<u>625,143</u>	<u>770,993</u>	<u>1,396,136</u>
Net Assets - Ending	<u>\$ 608,169</u>	<u>\$ 681,795</u>	<u>\$ 1,289,964</u>

Special Funds and Investments

In addition to the County Treasurer's investment pool, certain specific funds and investments are managed by contracted financial institutions and include the Revolving Loan Fund and the restricted Certificates of Participation (COPs) and Revenue Bonds proceeds. The investments of COPs and revenue bonds were reported as restricted cash and investments on the financial statements. The purpose of the restricted cash is to fund future long-term debt payments (\$22.2 million) and to restrict cash for patient gift funds (\$1,120,188). Presented below are those deposits and investments managed by the trustee banks at June 30, 2012 (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	\$ 3,065	\$ 4,130	\$ 7,195	Not applicable	Not applicable
Federal Home Loan Bank	-	2,842	2,842	0.5	A-1+/P-1
Federal Home Loan Mortgage Corporation	-	4,295	4,295	1.4	A-1+/P-1
Federal National Mortgage Association	-	1,685	1,685	1.2	A-1+/P-1
Repurchase Agreements	-	8,120	8,120	Not applicable	A/A
Federal Farm Credit Banks	-	1,115	1,115	0.8	A-1+/P-1
	<u>\$ 3,065</u>	<u>\$ 22,187</u>	<u>\$ 25,252</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 2011-12, the targeted allocations of the investment portfolio were: 17% in domestic equity investments, 17% in international equities, 24% in fixed income investments, 10% in real estate investments, and 32% 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	\$ 326,110
Domestic debt securities	358,346
International equities	318,969
Real estate	381,530
Alternative investments	<u>482,193</u>
Sub-Total	<u>1,867,148</u>
Investments Held by Broker-Dealers Under Securities Loans:	
Domestic equities	79,528
Domestic debt securities	25,174
International equities and debt securities	<u>890</u>
Total Investments Held by Broker-Dealers Under Securities Loans	105,592
Commingled Funds:	
Short-term investment pool	<u>91,740</u>
Sub-Total	<u>197,332</u>
Total	<u>\$ 2,064,480</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, 2011, the Plan had \$196.1 million, \$91.7 million, and \$105.6 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 Plan’s portion of the securities lending program has earned \$338,698 and \$266,263, in 2011 and 2010, respectively. The table below details the County’s out-on-loan securities, excluding the commingled funds owned by the SJCERA, as of December 31, 2011 (in \$000’s):

	<u>Fair Value</u>	<u>Cash Collateral Value</u>	<u>Non-Cash Collateral Value</u>
Domestic equities	\$ 77,859	\$ 79,528	\$ 345
Domestic debt securities	24,582	25,174	1
International equities	<u>11,393</u>	<u>891</u>	<u>11,003</u>
Total	<u>\$ 113,834</u>	<u>\$ 105,593</u>	<u>\$ 11,349</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

Pension Trust Fund Investments (Continued)

Credit Risk – The Plan's investments at December 31, 2011, that were exposed to credit risk (in \$000's) and the corresponding credit ratings from Standard & Poor (S&P):

	<u>Fair Value</u>
Pension S&P credit rating	
AAA	\$ 6,343
AA	11,974
A	64,852
BBB	58,851
BB	23,470
B	24,954
CCC	4,387
CC	295
C	-
D	463
Not rated	38,349
U.S. government and agencies (implicit guarantee, includes FNMA, FHLB, FHLMC, and others)	<u>124,408</u>
Total investments in fixed domestic income securities	<u><u>\$ 358,346</u></u>

Custodial Credit Risk – All cash deposits with the Plan'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, 2011, 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 (S&P) 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, 2011, 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	\$ 11,443	11.9
Bank loans	35,171	5.0
Commercial mortgage-backed	3,918	31.8
U.S. government bonds	12,718	0.6
U.S. government mortgages	111,026	21.8
U.S. government agencies	1,748	6.0
Corporate and other credit	154,374	10.1
Non-government backed CMO's	8,931	27.1
Municipal/Revenue bonds	19,017	19.3
Total	<u>\$ 358,346</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, 2011, the Plan's derivative financial instruments had a fair value of \$(0.2) 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, 2011, is as follows (in \$000's):

<u>Currency Type</u>	<u>Fair Value</u>
Australian dollar	\$ 170
Brazilian real	5,788
British pound sterling	1,953
Canadian dollar	(276)
Euro Currency	1,068
Hong Kong dollar	852
Indonesian rupiah	419
Japanese yen	125
Malaysian ringgit	84
Mexican peso	93
Norwegian krone	154
Philippine peso	166
Polish zloty	38
Singapore dollar	533
Swedish krona	279
Thailand baht	490
Turkish lira	350
Totals	<u>\$ 12,286</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	\$ 71,403	\$ -	\$ -	\$ -	\$ 531	\$ -	\$ 71,934
Accounts	1,989	656	-	25	870	249	3,789
Sales tax	1,750	-	-	-	1,432	-	3,182
Interest	108	25	3	29	74	78	317
Loan receivable	20	-	-	-	-	-	20
Due from other agencies	8,579	4,246	1,379	662	3,836	3,005	21,707
Gross receivables	83,849	4,927	1,382	716	6,743	3,332	100,949
Less: allowance for uncollectible	(15,194)	-	-	-	-	-	(15,194)
	<u>\$ 68,655</u>	<u>\$ 4,927</u>	<u>\$ 1,382</u>	<u>\$ 716</u>	<u>\$ 6,743</u>	<u>\$ 3,332</u>	<u>\$ 85,755</u>

Receivables - Business-Type Activities	Hospital	Airport	Solid Waste	Total Business-Type Activities
Accounts	\$ 35,317	\$ 77	\$ 1,249	\$ 36,643
Interest	-	1	6	7
Due from other agencies	16,763	3	-	16,766
Gross receivables	52,080	81	1,255	53,416
	<u>\$ 52,080</u>	<u>\$ 81</u>	<u>\$ 1,255</u>	<u>\$ 53,416</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, 2012, 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	\$ 66,477	\$ -	\$ 66,477
Property taxes receivable – unsecured	4,392	-	4,392
Due from other governmental agencies	15,455	-	15,455
Grants received prior to meeting all eligible requirements	-	21,196	21,196
Mental Health and Substance Abuse Fund:			
Due from other governmental agencies	1,733	-	1,733
Other Governmental Funds and Internal Service Funds:			
Due from other governmental agencies	1,102	-	1,102
Property taxes receivable - unsecured	531	-	531
	<u>\$ 89,690</u>	<u>\$ 21,196</u>	<u>\$ 110,886</u>

NOTE 3 – RECEIVABLES (Continued)

Business-Type Activities:	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Hospital	\$ -	\$ 3,611	\$ 3,611
Airport	-	964	964
	<u>\$ -</u>	<u>\$ 4,575</u>	<u>\$ 4,575</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, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hospital	\$ 14,980
	Airport	397,281
	Solid Waste	20,969
	Internal Service Funds	374,632
	General Fund	1,697,812
	Mental Health and Substance Abuse Fund	21,141
	First Five Program Fund	42,033
	County Capital Outlay Fund	1,580
	Other Governmental Funds	474,945
		<u>3,045,373</u>
Mental Health and Substance Abuse Fund	General Fund	11,675
	Hospital	50
	<u>11,725</u>	
County Capital Outlay Fund	Internal Service Funds	649,415
		<u>649,415</u>
Nonmajor Funds	County Capital Outlay Fund	22,215
	General Fund	12,359
	Other Governmental Funds	12,489
	Solid Waste	8,770
	<u>55,833</u>	
	Governmental Funds	<u>3,762,346</u>

NOTE 4 – INTERFUND TRANSACTIONS AND BALANCES (Continued)

Due to and due from other funds (Continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Funds	Hospital	68,462
	Airport	3,212
	Solid Waste	6,525
	Internal Service Funds	5,564
	General Fund	700,135
	Mental Health and Substance Abuse Fund	67,725
	First Five Program Fund	379
	Other Governmental Funds	228,464
		<u>1,080,466</u>
		Internal Service Funds
Hospital	General Fund	43,383
		<u>43,383</u>
Solid Waste	General Fund	18
	Internal Service Funds	6,764
	Other Governmental Funds	3,943
		<u>10,725</u>
Total	Enterprise Funds	<u>54,108</u>
		<u><u>\$ 4,896,920</u></u>

Advances to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 5,707,529
	Airport	2,145,209
		<u>7,852,738</u>
County Capital Outlay Fund	Internal Service Funds	270,764
		<u>270,764</u>
Other Governmental Funds	Other Governmental Funds	666,610
		<u>666,610</u>
		<u><u>\$ 8,790,112</u></u>

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):

Transfer from	Transfer to	Amount
General Fund	Hospital	\$ 20,977
	Stockton Metropolitan Airport	242
	Mental Health and Substance Abuse Fund	3,359
	County Capital Outlay Fund	5,852
	Internal Service Funds	948
	Other Governmental Funds	<u>8,516</u>
		39,894
Mental Health and Substance Abuse Fund	General Fund	<u>1,488</u>
		<u>1,488</u>
First Five Program	General Fund	<u>125</u>
		125
County Capital Outlay Fund	General Fund	<u>10,921</u>
		<u>10,921</u>
Other Governmental Funds	General Fund	17,207
	Other Governmental Funds	<u>3,892</u>
		<u>21,099</u>
Internal Service Funds	County Capital Outlay Fund	<u>455</u>
		<u>\$ 73,982</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows (in \$000's):

	Balance June 30, 2011	Additions	Retirement	Transfers and Adjustments	Balance June 30, 2012
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 14,551	\$ -	\$ -	\$ -	\$ 14,551
Construction in progress	11,177	1,376	-	(3,033)	9,520
Total capital assets, not being depreciated	25,728	1,376	-	(3,033)	24,071
Capital assets, being depreciated:					
Structure and improvements	427,730	2,982	-	-	430,712
Furniture and equipment	90,940	5,827	(3,280)	-	93,487
Capitalized leases	10,278	2,924	(3)	-	13,199
Other capitalized assets	8,742	-	-	-	8,742
Infrastructure	348,589	21,714	-	3,033	373,336
Total capital assets, being depreciated	886,279	33,447	(3,283)	3,033	919,476
Less accumulated depreciation for:					
Structure and improvements	131,586	9,007	-	-	140,593
Furniture and equipment	61,311	7,096	(3,102)	-	65,305
Capitalized leases	6,644	1,049	(3)	-	7,690
Other capitalized assets	8,742	-	-	-	8,742
Infrastructure	134,084	12,965	-	-	147,049
Total accumulated depreciation	342,367	30,117	(3,105)	-	369,379
Total capital assets, being depreciated, net	543,912	3,330	(178)	3,033	550,097
Governmental activities capital assets, net	\$ 569,640	\$ 4,706	\$ (178)	\$ -	\$ 574,168
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 4,663	\$ -	\$ -	\$ -	\$ 4,663
Construction in progress	7,019	2,721	(1,882)	(7,779)	79
Total capital assets, not being depreciated	11,682	2,721	(1,882)	(7,779)	4,742
Capital assets, being depreciated:					
Structure and improvements	188,762	800	-	4,964	194,526
Furniture and equipment	73,853	5,392	(228)	2,815	81,832
Capital leases	4,347	-	-	-	4,347
Total capital assets, being depreciated	266,962	6,192	(228)	7,779	280,705
Less accumulated depreciation for:					
Structure and improvements	107,480	6,556	-	-	114,036
Furniture and equipment	55,450	3,877	(226)	-	59,101
Capital leases	1,988	654	-	-	2,642
Total accumulated depreciation	164,918	11,087	(226)	-	175,779
Total capital assets, being depreciated, net	102,044	(4,895)	(2)	7,779	104,926
Business-type activities capital assets, net	\$ 113,726	\$ (2,174)	\$ (1,884)	\$ -	\$ 109,668

NOTE 5 – CAPITAL ASSETS (Continued)

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

	<u>Amount</u>
General government	\$ 4,034
Public protection	5,442
Public ways and facilities	13,485
Health and sanitation	1,024
Social services	1,569
Education	43
Culture and recreation	1,006
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>3,514</u>
Total depreciation expense - governmental activities	<u><u>\$ 30,117</u></u>

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

	<u>Amount</u>
Airport enterprise	\$ 1,644
Solid Waste enterprise	2,737
General Hospital enterprise	<u>6,706</u>
Total depreciation expense – business-type functions	<u><u>\$ 11,087</u></u>

NOTE 6 – LONG-TERM DEBT

The following is a schedule of long-term liabilities as of June 30, 2012 (in \$000's):

Governmental Activities:

	<u>Amount</u>				
	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Teeter note	\$ 14,500	\$ -	\$ 14,500	\$ -	\$ -
Certificates of participation	130,475	-	2,515	127,960	2,690
Discount/gain on advance refunding (net)	1,705	-	(247)	1,952	-
Notes payable	2,045	50	115	1,980	67
Capital leases	3,198	2,804	1,332	4,670	1,461
Other post employment benefits	38,727	7,644	-	46,371	-
Compensated absences	30,500	30,628	30,500	30,628	25,543
Estimated claims	55,166	-	1,000	54,166	-
	<u>\$ 276,316</u>	<u>\$ 41,126</u>	<u>\$ 49,715</u>	<u>\$ 267,727</u>	<u>\$ 29,761</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				Amounts Due Within One Year
	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012	
Certificates of participation	\$ 80,700	\$ -	\$ 7,935	\$ 72,765	\$ 6,620
Discount/gain on advance refunding (net)	(4,196)	-	(521)	(3,675)	-
Notes payable	66	-	6	60	7
Capital lease	1,866	-	828	1,038	306
Landfill closure and postclosure	10,997	325	-	11,322	-
Other post employment benefits	9,756	1,992	-	11,748	-
Compensated absences	6,533	6,711	6,533	6,711	5,980
	<u>\$ 105,722</u>	<u>\$ 9,028</u>	<u>\$ 14,781</u>	<u>\$ 99,969</u>	<u>\$ 12,913</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	\$ 13,198,503	\$ 4,346,813
Less: accumulated depreciation	<u>7,689,850</u>	<u>2,641,350</u>
Net Value	<u>\$ 5,508,653</u>	<u>\$ 1,705,463</u>

The related amortization on the capital leases is as follows:

Year Ended June 30	Governmental Activities	Business-Type Activities
2012-13	\$ 1,608,239	\$ 348,382
2013-14	1,277,246	336,912
2014-15	940,664	316,596
2015-16	488,832	97,190
2016-17	301,604	-
2017 - 2021	<u>304,118</u>	<u>-</u>
Total Requirements	4,920,703	1,099,080
Less Interest	<u>250,703</u>	<u>60,613</u>
Present Value of Remaining Payments	<u>\$ 4,670,000</u>	<u>\$ 1,038,467</u>

NOTE 6 – LONG-TERM DEBT (Continued)

B. Certificates of Participation and Notes Payable

Certificates of Participation

The County had the following COPs issues outstanding at June 30, 2012:

<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	\$ 5,265,000
Solid Waste System Facilities Project (including refunding)	May 8, 2003	36,830,000	16,535,000
1999 San Joaquin General Hospital Refunding	May 1, 1999	108,420,000	56,230,000
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>8,060,000</u>
Total		<u>\$ 379,075,000</u>	<u>\$ 200,725,000</u>

According to the official statements of the COPs, 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 COPs 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 COPs issued in 1994, current refund the outstanding COPs issued in 1991, and provide approximately \$17 million to fund various Solid Waste System Facilities projects. These COPs 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 COPs were paid off in May 2003, and the 1994 COPs 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 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 COPs 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 COPs 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 COPs to and including September 4, 2007, and to prepay on September 4, 2007, the refunded 1993 COPs maturing November 15, 2019, at a prepayment price equal to 100% of the principal represented by the Refunded 1993 COPs plus accrued interest. The refunded portion of the outstanding 1993 COPs, along with the related original deferred amount on the 1993 COPs, are considered to be defeased and the liability for those debts have been removed from the financial statement. As of June 30, 2012, the COPs 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 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 the COP. The funds are used for the payment of interest and principal evidenced by the COPs.

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

Notes Payable

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, 2012, the outstanding balances on the loans totaled \$352,900.

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, 2012, the outstanding note was approximately \$1,632,000.

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 \$59,583 as of June 30, 2012, 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, SB 742 (1993) allowed counties converting to the Teeter Plan a one-time property shift reduction for the excess property tax revenues that schools received in 1993-94 due to the conversion.

In order to convert to the Teeter Plan, the County had to buy out the existing unpaid property taxes, which was approximately \$66.7 million as of June 30, 2012. The County has been choosing the interfund borrowing method to partially finance the buy-out every year since 1993-94. No borrowing was needed as of June 30, 2012.

The County utilizes the delinquent tax penalty collections in 2011-12, and extra amount set aside in the loss reserve fund, and the interfund borrowing to finance the buy-out and the cumulative interest cost on the borrowing.

NOTE 6 – LONG-TERM DEBT (Continued)

B. Certificates of Participation and Notes Payable (Continued)

Teeter Plan Borrowing (Continued)

The interfund borrowing is collateralized with the uncollected taxes and is recorded in the General Fund. The interfund borrowing note is to be repaid in full by July 1, of the following year. 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 2011-12, the County recognized \$49,789 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, 2012, the County set aside 2.5%, instead of 1%. The reserve fund balance was \$15.2 million.

Schedule of Future Payments

The following is a schedule of the future long-term debts payments as of June 30, 2012 (in \$000’s):

Governmental Activities:

Year Ended June 30	Certificates of Participation		Notes Payable	
	Principal	Interest	Principal	Interest
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	3,260	5,669	80	75
2018-2022	18,985	25,633	457	320
2023-2027	24,010	20,263	565	212
2028-2032	30,645	13,501	430	83
2033-2037	38,915	5,054	83	33
2038-2042	590	18	77	10
	127,960	94,351	1,980	1,067
Add gain on advance refunding	1,944	-	-	-
Total Debt	\$ 129,904	\$ 94,351	\$ 1,980	\$ 1,067

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
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	8,085	2,048	11	3
2018-2022	36,105	4,072	15	-
2023-2027	-	-	-	-
	72,765	18,100	60	25
Less discount on advance refunding	(3,675)	-	-	-
Total Debt	<u>\$ 69,090</u>	<u>\$ 18,100</u>	<u>\$ 60</u>	<u>\$ 25</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 2011-12	<u>\$ 52,784,184,872</u>
Legal Debt Limit – 1 1/4% of total assessed value	<u>\$ 659,802,311</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, 2012, 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, 2012, such special assessment debt outstanding totaled approximately \$646,699.

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 Statement No. 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, 2012, the landfill closure and postclosure care liability (\$11.3 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 \$93.9 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 2012. 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 2011-12. The funds available for landfill closure and postclosure remain at \$5.1 million, which leaves approximately \$6.2 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 5.6% of the new capacity. North County will be operative until 2048 and is at 12.1% 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 fiscal year 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, 2012, were estimated at a discounted value of \$18.2 million and \$30.0 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, 2012, except for the casualty insurance fund.

The insurance funds had the following net assets at June 30, 2012 (in \$000's):

	<u>Net Assets</u>
Casualty Insurance	\$ 8,913
Workers' Compensation Insurance	23,704
Medical Insurance	25,866
Dental Insurance	2,339
Unemployment Insurance	<u>1,669</u>
Total	<u>\$ 62,491</u>

Changes in the insurance funds' claim liabilities for fiscal years 2010-11 and 2011-12 were (in \$000's):

	<u>Casualty</u>	<u>Workers' Compensation</u>	<u>Medical Insurance</u>	<u>Dental Insurance</u>	<u>Unemployment</u>	<u>Total</u>
Balance at June 30, 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	18,134	29,425	6,994	247	366	55,166
Claims and changes in estimates for fiscal year 2011-12	2,352	8,318	37,936	4,975	2,219	55,800
Less: claim payments	<u>(2,305)</u>	<u>(8,694)</u>	<u>(38,589)</u>	<u>(4,951)</u>	<u>(2,261)</u>	<u>(56,800)</u>
Balance at June 30, 2012	<u>\$ 18,181</u>	<u>\$ 29,049</u>	<u>\$ 6,341</u>	<u>\$ 271</u>	<u>\$ 324</u>	<u>\$ 54,166</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, 2012, are (in \$000's):

<u>Year Ended June 30</u>	<u>Primary Government</u>
2013	\$ 3,013
2014	2,672
2015	2,383
2016	1,387
2017	1,285
Thereafter	<u>4,148</u>
	<u>\$ 14,888</u>

Total rent expense under operating lease agreements during the year ended June 30, 2012, was approximately \$3.6 million.

A 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 building in September 2005. The fiscal year 2011-12 rent payment was \$766,606.

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, 2012 (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>
2013	\$ 892
2014	622
2015	604
2016	611
2017	581
Thereafter	<u>11,788</u>
	<u>\$ 15,098</u>

Total rental income under operating lease agreements during the year ended June 30, 2012, was approximately \$856,000.

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, 2012, is as follows:

	General Fund	Major Special Revenue Funds		Major	Other Funds	Total
		Mental Health Substance Abuse Fund	First Five Program Fund	County Capital Outlay Fund		
Fund balances:						
Nonspendable:						
Inventory	\$ -	\$ 195,047	\$ -	\$ -	\$ 366,534	\$ 561,581
Advances	7,852,738	-	-	270,764	666,610	8,790,112
Loans receivable	45,500	-	-	-	-	45,500
Total Nonspendable	7,898,238	195,047	-	270,764	1,033,144	9,397,193
Restricted for:						
General government services	478,537	-	-	-	669,522	1,148,059
Public protection services	14,453,773	-	-	-	4,562,510	19,016,283
Emergency medical services	3,305,490	-	-	-	-	3,305,490
Agricultural services	1,210,813	-	-	-	-	1,210,813
Community services	5,365,236	-	-	-	3,227,815	8,593,051
Health and sanitation services	7,298,987	48,545,219	5,841,546	-	-	61,685,752
Parks and recreation services	3,303,355	-	-	-	-	3,303,355
Road projects and maintenance	-	-	-	-	48,537,720	48,537,720
Fish and game programs	-	-	-	-	290,246	290,246
County facilities	-	-	-	-	14,513,847	14,513,847
Job Training Partnership Act	-	-	-	-	2,281,050	2,281,050
Rabies treatment	-	-	-	-	2,892	2,892
Library programs	-	-	-	-	673,468	673,468
Narcotics enforcement	-	-	-	-	64,794	64,794
Recorder's Equipment Automation	-	-	-	-	4,843,869	4,843,869
Community Infrastructure	-	-	-	-	24,057,012	24,057,012
Lighting district maintenance	-	-	-	-	842,642	842,642
Service areas maintenance	-	-	-	-	5,152,370	5,152,370
Maintenance district services	-	-	-	-	9,186,773	9,186,773
Flood control districts	-	-	-	-	6,028,441	6,028,441
Water district services	-	-	-	-	2,537	2,537
Improvement district services	-	-	-	-	1,127,721	1,127,721
In-home support services	-	-	-	-	617,429	617,429
Courthouse construction	-	-	-	-	217,430	217,430
Criminal justice construction	-	-	-	-	4,689,031	4,689,031
Total Restricted	35,416,191	48,545,219	5,841,546	-	131,589,119	221,392,075
Committed to:						
General reserve - emergencies	10,003,085	-	-	-	-	10,003,085
Total Committed	10,003,085	-	-	-	-	10,003,085
Assigned to:						
Budgetary deficit - subsequent year	14,497,524	-	-	-	-	14,497,524
Capital projects	-	-	-	32,118,212	38,235	32,156,447
Debt service	-	-	-	-	17,945,711	17,945,711
Airport projects	-	-	-	-	7,499,615	7,499,615
Health and sanitation projects	-	-	-	-	1,116,909	1,116,909
Total Assigned	14,497,524	-	-	32,118,212	26,600,470	73,216,206
Unassigned:	38,438,402	-	-	-	(4,193,090)	34,245,312
Total Fund Balances	\$ 106,253,440	\$ 48,740,266	\$ 5,841,546	\$ 32,388,976	\$ 155,029,643	\$ 348,253,871

NOTE 13 – DEFICIT FUND BALANCE/NET ASSETS

The following funds had deficit fund balances at June 30, 2012:

Substance Abuse and Crime Prevention (Nonmajor Special Revenue Fund) The deficit resulted from a reduction in Proposition 36 funding.	\$ (11)
County Head Start (Nonmajor Special Revenue Fund) The deficit resulted from prior year's delay in obtaining Federal and State reimbursements for costs incurred.	(13,780)
Family Support and Incentive Earnings (Nonmajor Special Revenue Fund) The deficit resulted from prior year's delay in obtaining Federal and State reimbursements for costs incurred.	(1,521)
Northeastern San Joaquin Groundwater Banking Authority (Nonmajor Special Revenue Fund) The deficit resulted from prior year's excess expenditures over revenues.	(278,085)
Mokelumne River Water and Power Authority (Nonmajor Special Revenue Fund) The deficit resulted from an increase in studies and consulting services related to Delta issues.	(2,408,089)
Maintenance Districts (Nonmajor Special Revenue Fund) The deficit resulted from an increase in maintenance projects.	(144,001)
County Service Areas (Nonmajor Capital Projects Fund) The deficit resulted from an increase in wastewater infrastructure expenditures for CSA #44, zones E and G.	(1,347,603)
	<hr/> <u>\$ (4,193,090)</u>

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 Trust 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 (CalPERS) 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 CalPERS will remain with CalPERS.

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 (SJCERA or the 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 the 1937 Act 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, California 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 June 8, 2012.

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 post employment healthcare program-sick leave bank benefit, totaled approximately \$1.9 billion at December 31, 2011. 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, 2011.

NOTE 14 – EMPLOYEE RETIREMENT SYSTEM (Continued)

The San Joaquin County Employees' Retirement Association (SJCERA or the 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 2011, the employees' contributions were about \$14.0 million, an average of 3.8% of the annual covered payroll.

The adopted employers' 2011 contribution rates, based on the actuarial determined requirements applicable to covered payroll were 50.49% for safety members and 28.14% 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, 2011, 2010, and 2009, and were \$112.9 million, \$104.5 million, and \$97.8 million, respectively, equal to the required contributions for each year.

Post Employment 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. The employees are not required to contribute to the plan.

In fiscal year 2011-12, SJCERA filed a request for a determination letter regarding the sick leave bank benefits in accordance with the IRS' voluntary compliance program. As a result of this filing, the SJCERA Board decided to "freeze" prefunding of this program pending a response from the IRS. The County, as a participating employer, is now funding its sick leave bank benefits on a pay-as-you-go basis. SJCERA will continue its role as a third-party administrator of these benefits. Any further changes will depend upon the IRS' response to the determination letter. The pay-as-you-go costs for fiscal year 2011-12 were \$5.3 million.

California Public Employees' Retirement System (CalPERS)

General Description

Certain employees of the Health Care Services Department (Public Health) were members of 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 2011-12, the County contributed \$20,615 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 2011-12, the Health Plan contributed \$554,110 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, 2012, was \$1,160,512.

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, 2012, the Council contributed \$894,048 to the plan.

The Local Agency Formation Commission participates in the County's Pension Plan and it contributed \$34,770 to the plan for the period ended June 30, 2012.

NOTE 15 – POST EMPLOYMENT 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 post employment 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 program. The "annual required contribution" presented below is based on projected pay-as-you-go financing requirements. For fiscal year 2011-12, the County's actual contribution amounted to \$1.8 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	\$	9,104
Interest on net OPEB-Implicit Subsidy obligation		2,072
Adjustment to annual required contribution		278
		<hr/>
Annual OPEB-Implicit Subsidy cost		11,454
		<hr/>
Contribution made		1,819
		<hr/>
Increase in obligation		9,635
Net OPEB-Implicit Subsidy obligation - beginning of year		48,484
		<hr/>
Net OPEB-Implicit Subsidy obligation - end of year	\$	58,119
		<hr/> <hr/>

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 2011-12 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>
2009	\$ 13,707	\$ 3,174	23.16%	\$ 38,230
2010	\$ 12,276	\$ 2,022	16.47%	\$ 48,484
2011	\$ 11,454	\$ 1,819	15.88%	\$ 58,119

Funded Status and Funding Progress. As of December 31, 2011, 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 \$88.9 million. The covered payroll was \$356.7 million, and the ratio of the UAAL to the covered payroll was 24.9%.

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, 2011 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 between 5.0% and 9.0%. 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, 2011, was 26 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 2011-12 was \$214,000.

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	\$ -	\$ -	\$ 300,533	\$ 46,419,981	\$ 46,720,514
Cash and investments – other	819,617	1,626,473	-	-	2,446,090
Due from other governments	221,268	-	-	7,113,906	7,335,174
Interest receivable	-	-	193	30,043	30,236
Accounts receivable	160,169	-	10,920	-	171,089
Depreciable assets, net	1,067,026	4,582	-	20,359,861	21,431,469
Other assets	943,999	-	-	1,293,599	2,237,598
Total Assets	\$ 3,212,079	\$ 1,631,055	\$ 311,646	\$ 75,217,390	\$ 80,372,170
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 2,650,262	\$ 65,224	\$ 20,457	\$ 2,622,630	\$ 5,358,573
Accrued claims payable	-	-	-	19,092,908	19,092,908
Provider risk sharing payable	-	-	-	2,046,832	2,046,832
Unpaid compensated absences	-	-	-	-	-
Unearned revenues	22,782	-	-	-	22,782
Other liabilities	-	-	-	1,080,851	1,080,851
Total Liabilities	2,673,044	65,224	20,457	24,843,221	27,601,946
NET ASSETS					
Investment in capital assets, net of related debt	1,067,026	4,582	-	20,359,861	21,431,469
Unrestricted net assets	(527,991)	1,561,249	291,189	30,014,308	31,338,755
Total Net Assets	539,035	1,565,831	291,189	50,374,169	52,770,224
Total Liabilities and Net Assets	\$ 3,212,079	\$ 1,631,055	\$ 311,646	\$ 75,217,390	\$ 80,372,170

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	\$ 33,980,989	\$ 165,557	\$ 555,532	\$ 203,992,719	\$ 238,694,797
Charges for services	2,365,268	-	-	1,480,870	3,846,138
Interest income	-	781	1,483	94,522	96,786
Miscellaneous	-	1,161,310	320	-	1,161,630
Total Program Revenues	36,346,257	1,327,648	557,335	205,568,111	243,799,351
Program Expenses:					
General government	-	-	554,499	-	554,499
Public assistance	36,435,049	828,115	-	-	37,263,164
Health	-	-	-	204,794,500	204,794,500
Total Program Expenses	36,435,049	828,115	554,499	204,794,500	242,612,163
Change in net assets	(88,792)	499,533	2,836	773,611	1,187,188
Net assets, beginning	627,827	1,066,298	288,353	49,600,558	51,583,036
Net assets, ending	<u>\$ 539,035</u>	<u>\$ 1,565,831</u>	<u>\$ 291,189</u>	<u>\$ 50,374,169</u>	<u>\$ 52,770,224</u>

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 2011, the County's actuarially determined ultimate loss liability of these lawsuits under the casualty insurance and workers compensation programs were approximately \$18.2 million and \$30.0 million, respectively. The assets of these two insurance funds totaling \$83.5 million were sufficient to cover these actuarially determined losses as of June 30, 2012 (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 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 31, 2012, which is the date the basic financial statements were available to be issued. No events have occurred that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012
Pension Benefit Plan
Schedule of Funding Progress
(amounts in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL	Funded Ratio	Covered Payroll	Unfunded (Overfunded) AAL Percentage of Covered Payroll
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%
1/1/2011	2,120,384	2,917,688	797,304	72.7%	367,344	217%

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%	-
2011	112,892	112,892	100.0%	-

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

**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

Required Supplementary Information
For the Year Ended June 30, 2012
Post Employment Healthcare – Implicit Subsidy
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
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%
12/31/2011	-	88,887	88,887	0.0%	356,736	25%

(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)

Actuarial Valuation	Actual Annual Contribution	Annual Required Contribution	Percentage Contribution	Net Pension Obligation
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
2011	1,819	11,454	15.9%	58,397

(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, 2012
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ 73,162,717	\$ 73,162,717	\$ 73,162,717	\$ -
Resources (inflows):				
Taxes	177,468,679	177,468,679	183,727,517	6,258,838
Licenses and permits	5,063,581	5,063,581	5,301,940	238,359
Fines, forfeitures, and penalties	8,941,905	8,941,905	6,818,017	(2,123,888)
Use of money and property	1,058,617	1,058,617	1,202,705	144,088
Aid from other governmental agencies	417,183,889	421,757,868	348,225,243	(73,532,625)
Charges for services	42,574,574	42,764,060	33,819,899	(8,944,161)
Other revenues	2,206,206	2,200,508	8,102,993	5,902,485
Other financing sources	46,360,710	51,866,632	35,342,906	(16,523,726)
Total resources	<u>700,858,161</u>	<u>711,121,850</u>	<u>622,541,220</u>	<u>(88,580,630)</u>
Charges to appropriations (outflows):				
Current:				
General government	58,318,819	58,318,819	44,186,981	14,131,838
Public protection	239,462,001	243,655,517	232,287,368	11,368,149
Public ways and facilities	32,218	32,218	31,075	1,143
Health and sanitation	37,024,462	36,169,502	29,230,486	6,939,016
Public assistance	341,972,119	344,431,383	286,666,956	57,764,427
Education	284,980	284,980	281,372	3,608
Recreation and culture	5,840,471	5,898,471	5,672,098	226,373
Reserve for contingency	13,795,071	14,814,438	-	14,814,438
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	28,116	(28,116)
Interest	-	4,014	52,439	(48,425)
Other financing uses-transfers out	41,516,186	47,048,655	47,715,442	(666,787)
Total charges to appropriations	<u>738,246,327</u>	<u>750,657,997</u>	<u>646,152,333</u>	<u>104,505,664</u>
Fund balance, end of year	<u>\$ 35,774,551</u>	<u>\$ 33,626,570</u>	<u>\$ 49,551,604</u>	<u>\$ 15,925,034</u>

**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012
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	\$ 622,541,220
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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.	(35,342,906)
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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.	<u>12,433,129</u>
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 599,631,443</u>
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Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 646,152,333
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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.	(38,091,365)
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Disbursements from General Fund special accounts were not budgeted but were reported as expenditures for financial reporting purposes.	4,267,013
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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.	<u>(1,502,600)</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 610,825,381</u>
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**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012
BUDGETARY COMPARISON SCHEDULE
MENTAL HEALTH AND SUBSTANCE ABUSE FUND**

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1	\$ 43,936,359	\$ 43,936,359	\$ 43,936,359	\$ -
Resources (inflows):				
Taxes	-	-	-	-
Fines, forfeitures, and penalties	210,000	210,000	315,911	105,911
Use of money and property	28,000	28,000	174,727	146,727
Aid from other governmental agencies	44,991,115	54,010,597	52,822,680	(1,187,917)
Charges for services	33,518,643	38,943,259	29,981,285	(8,961,974)
Other revenues	652,708	652,708	747,055	94,347
Other financing sources	<u>9,338,704</u>	<u>9,096,831</u>	<u>3,359,218</u>	<u>(5,737,613)</u>
Total resources	<u>88,739,170</u>	<u>102,941,395</u>	<u>87,400,876</u>	<u>(15,540,519)</u>
Charges to appropriations (outflows):				
Current:				
Health and sanitation	<u>92,144,564</u>	<u>106,346,789</u>	<u>82,225,303</u>	<u>24,121,486</u>
Total charges to appropriations (outflows)	<u>92,144,564</u>	<u>106,346,789</u>	<u>82,225,303</u>	<u>24,121,486</u>
Fund balance, end of year	<u>\$ 40,530,965</u>	<u>\$ 40,530,965</u>	<u>\$ 49,111,932</u>	<u>\$ 8,580,967</u>

**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012
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 \$ 87,400,876

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes. (3,359,220)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 84,041,656

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule, not including fund balance \$ 82,225,303

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (1,488,163)

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. 371,665

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 81,108,805

**COUNTY OF SAN JOAQUIN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012
BUDGETARY COMPARISON SCHEDULE
FIRST FIVE PROGRAM FUND**

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget
	Original	Final		
Budgetary fund balances, July 1	\$ 5,515,982	\$ 5,515,982	\$ 5,515,982	\$ -
Resources (inflows):				
Use of money and property	35,000	35,000	19,614	(15,386)
Aid from other governmental agencies	8,490,283	8,337,506	8,699,288	361,782
Other revenues	-	-	1,219	1,219
Total resources	<u>8,525,283</u>	<u>8,372,506</u>	<u>8,720,121</u>	<u>347,615</u>
Charges to appropriations (outflows):				
Current:				
Health and sanitation	11,624,802	11,183,972	11,785,926	(601,954)
Other financing uses	-	-	-	-
Total charges to appropriations	<u>11,624,802</u>	<u>11,183,972</u>	<u>11,785,926</u>	<u>(601,954)</u>
Fund balance, end of year	<u>\$ 2,416,463</u>	<u>\$ 2,704,516</u>	<u>\$ 2,450,177</u>	<u>\$ (254,339)</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	<u>\$ 8,720,121</u>
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,785,926
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(124,736)
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.	<u>(3,391,369)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,269,821</u>

**COUNTY OF SAN JOAQUIN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

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 of accounting 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 of Supervisors 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 of San Joaquin 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, 2012**

	General Accounts	Contingency	General Reserve	Total
ASSETS				
Cash and investments:				
Pooled	\$ 134,589,981	\$ 14,512,033	\$ 10,013,096	\$ 159,115,110
Imprest cash	249,775	-	-	249,775
Interest receivable	108,347	-	-	108,347
Accounts receivable	1,988,718	-	-	1,988,718
Taxes receivable	57,959,332	-	-	57,959,332
Due from other agencies	8,579,388	-	-	8,579,388
Due from other funds	2,654,345	391,028	-	3,045,373
Advances to other funds	3,411,596	4,441,142	-	7,852,738
Loans receivable	-	20,000	-	20,000
Other assets	25,500	-	-	25,500
	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>25,500</u>
Total Assets	<u>\$ 209,566,982</u>	<u>\$ 19,364,203</u>	<u>\$ 10,013,096</u>	<u>\$ 238,944,281</u>
LIABILITIES				
Accounts payable	\$ 10,213,418	\$ -	\$ -	\$ 10,213,418
Accrued payroll	11,887,809	-	-	11,887,809
Due to other funds	2,465,382	-	-	2,465,382
Deferred revenues	107,519,863	-	-	107,519,863
Other liabilities	592,078	-	-	592,078
Interest payable	12,291	-	-	12,291
	<u>12,291</u>	<u>-</u>	<u>-</u>	<u>12,291</u>
Total Liabilities	<u>132,690,841</u>	<u>-</u>	<u>-</u>	<u>132,690,841</u>
FUND BALANCES				
Nonspendable	3,437,096	4,461,142	-	7,898,238
Restricted	35,416,191	-	-	35,416,191
Committed	-	-	10,003,085	10,003,085
Assigned	-	14,497,524	-	14,497,524
Unassigned	38,022,854	405,537	10,011	38,438,402
	<u>38,022,854</u>	<u>405,537</u>	<u>10,011</u>	<u>38,438,402</u>
Total Fund Balances	<u>76,876,141</u>	<u>19,364,203</u>	<u>10,013,096</u>	<u>106,253,440</u>
Total Liabilities and Fund Balances	<u>\$ 209,566,982</u>	<u>\$ 19,364,203</u>	<u>\$ 10,013,096</u>	<u>\$ 238,944,281</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	General Accounts	Contingency	General Reserve	Total
Revenues:				
Taxes	\$ 183,727,517	\$ -	\$ -	\$ 183,727,517
Licenses, permits, and franchises	5,472,687	-	-	5,472,687
Fines, forfeitures, and penalties	10,141,376	-	-	10,141,376
Revenue from use of money and property	1,734,621	239,405	6,820	1,980,846
Aid from other governmental agencies	351,500,043	-	-	351,500,043
Charges for services	36,144,913	-	-	36,144,913
Other revenue	10,664,061	-	-	10,664,061
Total Revenues	599,385,218	239,405	6,820	599,631,443
Expenditures:				
Current:				
General government	51,711,707	-	-	51,711,707
Public protection	233,779,380	-	-	233,779,380
Health and sanitation	30,684,807	-	-	30,684,807
Public assistance	287,787,950	-	-	287,787,950
Education	281,372	-	-	281,372
Recreation and cultural services	5,653,825	-	-	5,653,825
Capital outlay	845,785	-	-	845,785
Debt service:				
Principal	28,116	-	-	28,116
Interest	52,439	-	-	52,439
Total Expenditures	610,825,381	-	-	610,825,381
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,440,163)	239,405	6,820	(11,193,938)
Other Financing Sources (Uses):				
Proceeds from long-term debt	49,789	-	-	49,789
Transfers in	29,741,042	-	-	29,741,042
Transfers out	(40,597,534)	702,329	-	(39,895,205)
Total Other Financing Sources (Uses)	(10,806,703)	702,329	-	(10,104,374)
Net Change in Fund Balances	(22,246,866)	941,734	6,820	(21,298,312)
Fund Balances, Beginning of Year	99,123,007	18,422,469	10,006,276	127,551,752
Fund Balances, End of Year	\$ 76,876,141	\$ 19,364,203	\$ 10,013,096	\$ 106,253,440

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
ALL GENERAL FUND SPECIAL ACCOUNTS
JUNE 30, 2012**

	General Accounts	Sheriff's Special Accounts	Prisoner Welfare Accounts	Sheriff Commissary Jail Industries
ASSETS				
Cash and investments:				
Pooled	\$ 57,970,266	\$ 3,311,909	\$ (1,716)	\$ 308,366
Imprest cash	97,175	-	-	-
Accounts receivable	1,363,254	56,819	212,066	49,052
Taxes receivable	57,959,332	-	-	-
Interest receivable	84,543	1,671	-	-
Due from other agencies	8,374,699	-	-	-
Due from other funds	2,269,404	-	41,242	-
Advances to other funds	3,411,596	-	-	-
Other assets	25,500	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 131,555,769</u>	<u>\$ 3,370,399</u>	<u>\$ 251,592</u>	<u>\$ 357,418</u>
LIABILITIES				
Accounts payable	\$ 10,046,567	\$ 77,423	\$ 7,737	\$ 32
Due to other funds	772,846	5,877	7,770	49
Accrued payroll	11,882,323	-	-	-
Deferred revenues	86,575,261	39,205	79,877	-
Accrued interest	12,291	-	-	-
Other liabilities	592,078	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>109,881,366</u>	<u>122,505</u>	<u>95,384</u>	<u>81</u>
FUND BALANCES				
Nonspendable	3,437,096	-	-	-
Restricted	-	3,247,894	156,208	357,337
Unassigned	18,237,307	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>21,674,403</u>	<u>3,247,894</u>	<u>156,208</u>	<u>357,337</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 131,555,769</u>	<u>\$ 3,370,399</u>	<u>\$ 251,592</u>	<u>\$ 357,418</u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
ALL GENERAL FUND SPECIAL ACCOUNTS
JUNE 30, 2012**

	<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	\$ 2,622,542	\$ 3,294,058	\$ 1,137,597	\$ 7,020,710
Imprest cash	-	-	-	-
Accounts receivable	22,284	53,105	75,064	148,646
Taxes receivable	-	-	-	-
Interest receivable	1,426	1,710	72	1,792
Due from other agencies	-	-	-	-
Due from other funds	-	-	1,456	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,646,252</u>	<u>\$ 3,348,873</u>	<u>\$ 1,214,189</u>	<u>\$ 7,171,148</u>
LIABILITIES				
Accounts payable	\$ -	\$ 43,383	\$ 906	\$ 30,791
Due to other funds	-	-	-	-
Accrued payroll	-	-	-	-
Deferred revenues	-	-	2,470	-
Accrued interest	-	-	-	-
Other liabilities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>43,383</u>	<u>3,376</u>	<u>30,791</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	2,646,252	3,305,490	1,210,813	7,140,357
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,646,252</u>	<u>3,305,490</u>	<u>1,210,813</u>	<u>7,140,357</u>
Total Liabilities and Fund Balances	<u>\$ 2,646,252</u>	<u>\$ 3,348,873</u>	<u>\$ 1,214,189</u>	<u>\$ 7,171,148</u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
ALL GENERAL FUND SPECIAL ACCOUNTS
JUNE 30, 2012**

	Community Service Special Accounts	Parks' Special Accounts	Recorder's Accounts	Assessor Special Accounts	Probation Juvenile Welfare
ASSETS					
Cash and investments:					
Pooled	\$ 6,543,874	\$ 4,928,985	\$ 478,267	\$ 842,527	\$ 792,150
Imprest cash	2,600	-	-	-	-
Accounts receivable	4,120	330	171	2,200	-
Taxes receivable	-	-	-	-	-
Interest receivable	953	1,725	-	458	437
Due from other agencies	-	-	-	-	-
Due from other funds	7,594	-	99	94	334,456
Advances to other funds	-	-	-	-	-
Other assets	-	-	-	-	-
Total Assets	<u>\$ 6,559,141</u>	<u>\$ 4,931,040</u>	<u>\$ 478,537</u>	<u>\$ 845,279</u>	<u>\$ 1,127,043</u>
LIABILITIES					
Accounts payable	\$ 6,449	\$ -	\$ -	\$ -	\$ 130
Due to other funds	2	1,627,685	-	-	-
Accrued payroll	5,486	-	-	-	-
Deferred revenues	3,893,631	-	-	-	-
Accrued interest	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total Liabilities	<u>3,905,568</u>	<u>1,627,685</u>	<u>-</u>	<u>-</u>	<u>130</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	2,653,573	3,303,355	478,537	-	1,126,913
Unassigned	-	-	-	845,279	-
Total Fund Balances	<u>2,653,573</u>	<u>3,303,355</u>	<u>478,537</u>	<u>845,279</u>	<u>1,126,913</u>
Total Liabilities and Fund Balances	<u>\$ 6,559,141</u>	<u>\$ 4,931,040</u>	<u>\$ 478,537</u>	<u>\$ 845,279</u>	<u>\$ 1,127,043</u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
ALL GENERAL FUND SPECIAL ACCOUNTS
JUNE 30, 2012**

	Community Development Accounts	District Attorney Accounts	HSA Grant Accounts	Other Accounts	Total
ASSETS					
Cash and investments:					
Pooled	\$ 2,710,279	\$ 6,759,972	\$ 16,938,049	\$ 18,932,146	\$ 134,589,981
Imprest cash	-	-	150,000	-	249,775
Accounts receivable	-	1,537	-	70	1,988,718
Taxes receivable	-	-	-	-	57,959,332
Interest receivable	1,384	3,752	-	8,424	108,347
Due from other agencies	-	204,689	-	-	8,579,388
Due from other funds	-	-	-	-	2,654,345
Advances to other funds	-	-	-	-	3,411,596
Other assets	-	-	-	-	25,500
Total Assets	<u>\$ 2,711,663</u>	<u>\$ 6,969,950</u>	<u>\$ 17,088,049</u>	<u>\$ 18,940,640</u>	<u>\$ 209,566,982</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 10,213,418
Due to other funds	-	50,781	-	372	2,465,382
Accrued payroll	-	-	-	-	11,887,809
Deferred revenues	-	-	16,929,419	-	107,519,863
Accrued interest	-	-	-	-	12,291
Other liabilities	-	-	-	-	592,078
Total Liabilities	<u>-</u>	<u>50,781</u>	<u>16,929,419</u>	<u>372</u>	<u>132,690,841</u>
FUND BALANCES					
Nonspendable	-	-	-	-	3,437,096
Restricted	2,711,663	6,919,169	158,630	-	35,416,191
Unassigned	-	-	-	18,940,268	38,022,854
Total Fund Balances	<u>2,711,663</u>	<u>6,919,169</u>	<u>158,630</u>	<u>18,940,268</u>	<u>76,876,141</u>
Total Liabilities and Fund Balances	<u>\$ 2,711,663</u>	<u>\$ 6,969,950</u>	<u>\$ 17,088,049</u>	<u>\$ 18,940,640</u>	<u>\$ 209,566,982</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, 2012**

	General Accounts	Sheriff's Special Accounts	Prisoner Welfare Accounts	Sheriff Commissary Jail Industries
Revenues:				
Taxes	\$ 183,727,517	\$ -	\$ -	\$ -
Licenses, permits, and franchises	5,301,940	-	-	-
Fines, forfeitures, and penalties	6,818,017	292,677	-	-
Revenue from use of money and property	956,480	9,972	-	514,095
Aid from other governmental agencies	348,225,243	512,682	-	-
Charges for services	33,819,900	309,851	2,786	-
Other revenue	8,385,935	9,015	1,445,018	100,000
Total Revenues	587,235,032	1,134,197	1,447,804	614,095
Expenditures:				
Current:				
General government	42,293,841	437,319	914,112	464,026
Public protection	230,657,516	193,202	486,727	4,315
Public ways and facilities	-	-	-	-
Health and sanitation	29,797,405	-	-	-
Public assistance	287,824,414	-	-	-
Education	281,372	-	-	-
Recreation and cultural services	5,653,825	-	-	-
Capital outlay	829,209	16,576	-	-
Debt service:				
Principal	28,116	-	-	-
Interest	52,439	-	-	-
Total Expenditures	597,418,137	647,097	1,400,839	468,341
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,183,105)	487,100	46,965	145,754
Other Financing Sources (Uses):				
General long-term debt proceeds	49,789	-	-	-
Transfers in	27,671,281	-	-	-
Transfers out	(40,597,533)	-	-	-
Total Other Financing Sources (Uses)	(12,876,463)	-	-	-
Net Change in Fund Balances	(23,059,568)	487,100	46,965	145,754
Fund Balances, Beginning of Year	44,733,971	2,760,794	109,243	211,583
Fund Balances, End of Year	<u>\$ 21,674,403</u>	<u>\$ 3,247,894</u>	<u>\$ 156,208</u>	<u>\$ 357,337</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, 2012**

	<u>Court Fees and Assessments</u>	<u>Emergency Medical Services</u>	<u>Agriculture Special Accounts</u>	<u>Public Health Special Accounts</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	271,323	474,284	-	758,311
Revenue from use of money and property	8,851	10,585	22,627	14,557
Aid from other governmental agencies	425,144	312,126	-	3,965
Charges for services	-	-	679,096	(7,206)
Other revenue	-	170,320	132,914	(288,976)
	<u>705,318</u>	<u>967,315</u>	<u>834,637</u>	<u>480,651</u>
Total Revenues				
Expenditures:				
Current:				
General government	664,312	58,233	918,240	1,908,363
Public protection	-	-	65,217	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	746,931	-	140,471
Public assistance	-	-	-	-
Education	-	-	-	-
Recreation and cultural services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>664,312</u>	<u>805,164</u>	<u>983,457</u>	<u>2,048,834</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41,006</u>	<u>162,151</u>	<u>(148,820)</u>	<u>(1,568,183)</u>
Other Financing Sources (Uses):				
General long-term debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	41,006	162,151	(148,820)	(1,568,183)
Fund Balances, Beginning of Year	<u>2,605,246</u>	<u>3,143,339</u>	<u>1,359,633</u>	<u>8,708,540</u>
Fund Balances, End of Year	<u>\$ 2,646,252</u>	<u>\$ 3,305,490</u>	<u>\$ 1,210,813</u>	<u>\$ 7,140,357</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, 2012**

	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	45,364	-	-	-	-
Revenue from use of money and property	9,865	11,694	328	13,866	24,550
Aid from other governmental agencies	893,925	500	-	-	37,890
Charges for services	161,366	335,145	48,858	361,934	-
Other revenue	35,288	488,105	-	-	-
Total Revenues	1,145,808	835,444	49,186	375,800	62,440
Expenditures:					
Current:					
General government	185,360	1,627,685	41,000	287,521	-
Public protection	-	-	-	-	2,320,591
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	(36,464)	-	-	-	-
Education	-	-	-	-	-
Recreation and cultural services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	148,896	1,627,685	41,000	287,521	2,320,591
Excess (Deficiency) of Revenues Over (Under) Expenditures	996,912	(792,241)	8,186	88,279	(2,258,151)
Other Financing Sources (Uses):					
General long-term debt proceeds	-	-	-	-	-
Transfers in	-	-	-	-	2,069,761
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	2,069,761
Net Change in Fund Balances	996,912	(792,241)	8,186	88,279	(188,390)
Fund Balances, Beginning of Year	1,656,661	4,095,596	470,351	757,000	1,315,303
Fund Balances, End of Year	<u>\$ 2,653,573</u>	<u>\$ 3,303,355</u>	<u>\$ 478,537</u>	<u>\$ 845,279</u>	<u>\$ 1,126,913</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, 2012**

	Community Development Accounts	District Attorney Accounts	HSA Grant Accounts	Other Accounts	Total
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 183,727,517
Licenses, permits, and franchises	170,747	-	-	-	5,472,687
Fines, forfeitures, and penalties	-	1,481,400	-	-	10,141,376
Revenue from use of money and property	8,557	21,495	10,479	96,620	1,734,621
Aid from other governmental agencies	-	1,088,568	-	-	351,500,043
Charges for services	5,000	412,063	-	16,120	36,144,913
Other revenue	-	110,000	-	76,442	10,664,061
Total Revenues	184,304	3,113,526	10,479	189,182	599,385,218
Expenditures:					
Current:					
General government	-	2,276,085	-	(364,389)	51,711,708
Public protection	1,031	50,781	-	-	233,779,380
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	30,684,807
Public assistance	-	-	-	-	287,787,950
Education	-	-	-	-	281,372
Recreation and cultural services	-	-	-	-	5,653,825
Capital outlay	-	-	-	-	845,785
Debt service:					
Principal	-	-	-	-	28,116
Interest	-	-	-	-	52,439
Total Expenditures	1,031	2,326,866	-	(364,389)	610,825,382
Excess (Deficiency) of Revenues Over (Under) Expenditures	183,273	786,660	10,479	553,571	(11,440,164)
Other Financing Sources (Uses):					
General long-term debt proceeds	-	-	-	-	49,789
Transfers in	-	-	-	-	29,741,042
Transfers out	-	-	-	-	(40,597,533)
Total Other Financing Sources (Uses)	-	-	-	-	(10,806,702)
Net Change in Fund Balances	183,273	786,660	10,479	553,571	(22,246,866)
Fund Balances, Beginning of Year	2,528,390	6,132,509	148,151	18,386,697	99,123,007
Fund Balances, End of Year	\$ 2,711,663	\$ 6,919,169	\$ 158,630	\$ 18,940,268	\$ 76,876,141

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, 2012**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments:				
Pooled	\$ 128,926,557	\$ 8,055,456	\$ 15,146,250	\$ 152,128,263
Imprest cash	33,650	-	-	33,650
Interest receivable	68,043	26	5,752	73,821
Accounts receivable	797,546	-	72,746	870,292
Taxes receivable	1,963,140	-	-	1,963,140
Due from other agencies	3,835,801	-	-	3,835,801
Due from other funds	55,833	-	-	55,833
Inventory	366,534	-	-	366,534
Advances to other funds	666,610	-	-	666,610
Restricted assets:				
Restricted cash and investments	-	10,526,084	-	10,526,084
Others	-	42,487	-	42,487
 Total Assets	 <u>\$ 136,713,714</u>	 <u>\$ 18,624,053</u>	 <u>\$ 15,224,748</u>	 <u>\$ 170,562,515</u>
 LIABILITIES				
Accounts payable	\$ 4,984,051	\$ -	\$ 17,436	\$ 5,001,487
Accrued payroll	1,804,064	-	-	1,804,064
Due to other funds	719,841	-	-	719,841
Advances from other funds	4,590,974	-	1,783,165	6,374,139
Deferred revenues	1,633,341	-	-	1,633,341
 Total Liabilities	 <u>13,732,271</u>	 <u>-</u>	 <u>1,800,601</u>	 <u>15,532,872</u>
 FUND BALANCES				
Nonspendable	1,033,144	-	-	1,033,144
Restricted	124,649,785	678,342	6,260,992	131,589,119
Assigned	-	17,945,711	8,654,759	26,600,470
Unassigned	(2,701,486)	-	(1,491,604)	(4,193,090)
 Total Fund Balances	 <u>122,981,443</u>	 <u>18,624,053</u>	 <u>13,424,147</u>	 <u>155,029,643</u>
 Total Liabilities and Fund Balances	 <u>\$ 136,713,714</u>	 <u>\$ 18,624,053</u>	 <u>\$ 15,224,748</u>	 <u>\$ 170,562,515</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 19,747,124	\$ -	\$ -	\$ 19,747,124
Licenses, permits, and franchises	236,560	-	-	236,560
Fines, forfeitures, and penalties	13,795	-	953,960	967,755
Revenue from use of money and property	416,400	57,842	38,433	512,675
Aid from other governmental agencies	102,799,301	-	143,424	102,942,725
Charges for services	21,624,276	23,659	40,615	21,688,550
Other revenue	941,106	-	-	941,106
Total Revenues	145,778,562	81,501	1,176,432	147,036,495
Expenditures:				
Current:				
General government	-	16,504	-	16,504
Public protection	30,635,649	-	-	30,635,649
Public ways and facilities	31,281,357	-	33,404	31,314,761
Public assistance	37,658,011	-	-	37,658,011
Education	5,360,577	-	-	5,360,577
Recreation and cultural services	202,909	-	-	202,909
Capital outlay	21,498,800	-	468,066	21,966,866
Debt service:				
Principal	109,575	2,520,500	-	2,630,075
Interest and debt issuance costs	51,461	6,439,110	-	6,490,571
Total Expenditures	126,798,339	8,976,114	501,470	136,275,923
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,980,223	(8,894,613)	674,962	10,760,572
Other Financing Sources (Uses):				
Transfers in	3,471,283	8,936,558	-	12,407,841
Transfers out	(14,285,266)	-	(6,813,857)	(21,099,123)
Total Other Financing Sources (Uses)	(10,813,983)	8,936,558	(6,813,857)	(8,691,282)
Net Change in Fund Balances	8,166,240	41,945	(6,138,895)	2,069,290
Fund Balances, Beginning of the Year	114,815,203	18,582,108	19,563,042	152,960,353
Fund Balances, End of Year	\$ 122,981,443	\$ 18,624,053	\$ 13,424,147	\$ 155,029,643

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, 2012**

	Road	Fish and Game	County Facilities Fee Program	Special Districts Settlement Fund
ASSETS				
Cash and investments	\$ 34,939,703	\$ 277,371	\$ 14,213,753	\$ 669,176
Imprest cash	500	-	-	-
Interest receivable	16,524	57	7,997	346
Accounts receivable	122,641	12,818	292,097	-
Taxes receivable	1,431,875	-	-	-
Due from other agencies	1,092,676	-	-	-
Due from other funds	43,474	-	-	-
Inventories	366,534	-	-	-
Advances to other funds	-	-	-	666,610
	<u>38,013,927</u>	<u>290,246</u>	<u>14,513,847</u>	<u>1,336,132</u>
Total Assets	<u>\$ 38,013,927</u>	<u>\$ 290,246</u>	<u>\$ 14,513,847</u>	<u>\$ 1,336,132</u>
LIABILITIES				
Accounts payable	\$ 1,327,103	\$ -	\$ -	\$ -
Accrued payroll	570,188	-	-	-
Due to other funds	151,971	-	-	-
Advances from other funds	-	-	-	-
Deferred revenues	737,990	-	-	-
	<u>2,787,252</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,787,252</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	366,534	-	-	666,610
Restricted	34,860,141	290,246	14,513,847	669,522
Unassigned	-	-	-	-
	<u>35,226,675</u>	<u>290,246</u>	<u>14,513,847</u>	<u>1,336,132</u>
Total Fund Balances	<u>35,226,675</u>	<u>290,246</u>	<u>14,513,847</u>	<u>1,336,132</u>
Total Liabilities and Fund Balances	<u>\$ 38,013,927</u>	<u>\$ 290,246</u>	<u>\$ 14,513,847</u>	<u>\$ 1,336,132</u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	Job Training Partnership Act	Rabies Treatment	County Head Start	Road District #1
ASSETS				
Cash and investments	\$ 2,727,708	\$ -	\$ (4,353)	\$ 2,554,748
Imprest cash	250	-	-	-
Interest receivable	-	-	34	1,349
Accounts receivable	2,429	2,892	-	-
Taxes receivable	-	-	-	21,184
Due from other agencies	607,171	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Advances to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 3,337,558</u></u>	<u><u>\$ 2,892</u></u>	<u><u>\$ (4,319)</u></u>	<u><u>\$ 2,577,281</u></u>
LIABILITIES				
Accounts payable	\$ 460,367	\$ -	\$ -	\$ 76,033
Accrued payroll	586,265	-	9,461	-
Due to other funds	9,876	-	-	-
Advances from other funds	-	-	-	-
Deferred revenues	-	-	-	21,184
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,056,508</u>	<u>-</u>	<u>9,461</u>	<u>97,217</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	2,281,050	2,892	-	2,480,064
Unassigned	-	-	(13,780)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>2,281,050</u>	<u>2,892</u>	<u>(13,780)</u>	<u>2,480,064</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u><u>\$ 3,337,558</u></u>	<u><u>\$ 2,892</u></u>	<u><u>\$ (4,319)</u></u>	<u><u>\$ 2,577,281</u></u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	Road District #2	Road District #3	Road District #4	Road District #5
ASSETS				
Cash and investments	\$ 1,659,379	\$ 1,059,929	\$ 5,941,189	\$ 4,666,485
Imprest cash	-	-	-	-
Interest receivable	880	586	3,253	2,455
Accounts receivable	-	-	-	-
Taxes receivable	25,946	16,362	119,299	53,661
Due from other agencies	-	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Advances to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,686,205</u>	<u>\$ 1,076,877</u>	<u>\$ 6,063,741</u>	<u>\$ 4,722,601</u>
LIABILITIES				
Accounts payable	\$ 374,937	\$ 110,941	\$ 1,245,371	\$ 405,392
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenues	25,946	16,362	119,299	53,661
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>400,883</u>	<u>127,303</u>	<u>1,364,670</u>	<u>459,053</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	1,285,322	949,574	4,699,071	4,263,548
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,285,322</u>	<u>949,574</u>	<u>4,699,071</u>	<u>4,263,548</u>
Total Liabilities and Fund Balances	<u>\$ 1,686,205</u>	<u>\$ 1,076,877</u>	<u>\$ 6,063,741</u>	<u>\$ 4,722,601</u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	County Library	District Attorney Narcotics Enforcement	Sheriff Narcotics Enforcement	Justice Assistance Grant
ASSETS				
Cash and investments	\$ 526,299	\$ -	\$ 41,838	\$ 198,139
Imprest cash	-	-	7,500	-
Interest receivable	236	12	20	8
Accounts receivable	146,933	5,077	10,581	-
Taxes receivable	202,799	-	-	-
Due from other agencies	-	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Advances to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 876,267</u>	<u>\$ 5,089</u>	<u>\$ 59,939</u>	<u>\$ 198,147</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 234	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	3,561
Advances from other funds	-	-	-	-
Deferred revenues	202,799	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>202,799</u>	<u>-</u>	<u>234</u>	<u>3,561</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	673,468	5,089	59,705	194,586
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>673,468</u>	<u>5,089</u>	<u>59,705</u>	<u>194,586</u>
Total Liabilities and Fund Balances	<u>\$ 876,267</u>	<u>\$ 5,089</u>	<u>\$ 59,939</u>	<u>\$ 198,147</u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	Supplemental Local Law Enforcement Block Grant	Recorder's Equipment Automation	Family Support and Incentive Earnings	Community Infra- Structure
ASSETS				
Cash and investments	\$ 7,886	\$ 4,855,343	\$ 788,039	\$ 24,006,629
Imprest cash	-	-	25,400	-
Interest receivable	22	2,782	638	13,434
Accounts receivable	15,528	6,089	-	51,130
Taxes receivable	-	-	-	-
Due from other agencies	11,348	-	-	-
Due from other funds	-	144	-	-
Inventories	-	-	-	-
Advances to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 34,784</u></u>	<u><u>\$ 4,864,358</u></u>	<u><u>\$ 814,077</u></u>	<u><u>\$ 24,071,193</u></u>
LIABILITIES				
Accounts payable	\$ 26,898	\$ 3,324	\$ 43,309	\$ 13,186
Accrued payroll	3,808	17,165	420,903	-
Due to other funds	-	-	17,432	995
Advances from other funds	-	-	-	-
Deferred revenues	-	-	333,954	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>30,706</u>	<u>20,489</u>	<u>815,598</u>	<u>14,181</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	4,078	4,843,869	-	24,057,012
Unassigned	-	-	(1,521)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>4,078</u>	<u>4,843,869</u>	<u>(1,521)</u>	<u>24,057,012</u>
Total Liabilities and Fund Balances	<u><u>\$ 34,784</u></u>	<u><u>\$ 4,864,358</u></u>	<u><u>\$ 814,077</u></u>	<u><u>\$ 24,071,193</u></u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	Substance Abuse and Crime Prevention	Public Works Special Accounts	AB 109 Trial Court Security	AB 109 District Attorney - Public Defender
ASSETS				
Cash and investments	\$ -	\$ 3,203,883	\$ 1,038,801	\$ 198,219
Imprest cash	-	-	-	-
Interest receivable	(11)	1,628	929	109
Accounts receivable	-	22,877	-	-
Taxes receivable	-	-	-	-
Due from other agencies	-	-	639,395	364,536
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Advances to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ (11)</u>	<u>\$ 3,228,388</u>	<u>\$ 1,679,125</u>	<u>\$ 562,864</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ (2,815)	\$ -
Accrued payroll	-	-	40,136	-
Due to other funds	-	573	2,572	334,456
Advances from other funds	-	-	-	-
Deferred revenues	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>573</u>	<u>39,893</u>	<u>334,456</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	3,227,815	1,639,232	228,408
Unassigned	(11)	-	-	-
	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(11)</u>	<u>3,227,815</u>	<u>1,639,232</u>	<u>228,408</u>
Total Liabilities and Fund Balances	<u>\$ (11)</u>	<u>\$ 3,228,388</u>	<u>\$ 1,679,125</u>	<u>\$ 562,864</u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	AB 118 Local Community Corrections Fund	Special Districts Under the Board	Total
ASSETS			
Cash and investments	\$ 1,669,022	\$ 23,687,371	\$ 128,926,557
Imprest cash	-	-	33,650
Interest receivable	1,210	13,545	68,043
Accounts receivable	-	106,454	797,546
Taxes receivable	-	92,014	1,963,140
Due from other agencies	1,099,657	21,018	3,835,801
Due from other funds	9,898	2,317	55,833
Inventories	-	-	366,534
Advances to other funds	-	-	666,610
	<u>\$ 2,779,787</u>	<u>\$ 23,922,719</u>	<u>\$ 136,713,714</u>
LIABILITIES			
Accounts payable	\$ 143,205	\$ 756,566	\$ 4,984,051
Accrued payroll	140,173	15,965	1,804,064
Due to other funds	203	198,202	719,841
Advances from other funds	-	4,590,974	4,590,974
Deferred revenues	-	122,146	1,633,341
	<u>283,581</u>	<u>5,683,853</u>	<u>13,732,271</u>
FUND BALANCES			
Non-spendable	-	-	1,033,144
Restricted	2,496,206	20,925,040	124,649,785
Unassigned	-	(2,686,174)	(2,701,486)
	<u>2,496,206</u>	<u>18,238,866</u>	<u>122,981,443</u>
Total Liabilities and Fund Balances	<u>\$ 2,779,787</u>	<u>\$ 23,922,719</u>	<u>\$ 136,713,714</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, 2012**

	Road	Fish and Game	County Facilities Fee Program	Special Districts Settlement Fund
Revenues:				
Taxes	\$ 7,544,945	\$ -	\$ -	\$ -
Licenses and permits	156,044	-	-	-
Aid from other governmental agencies	24,517,368	19,814	-	-
Fines, forfeitures, and penalties	-	13,795	-	-
Use of money and property	100,637	455	47,739	3,882
Charges for services	1,036,012	-	1,675,320	-
Miscellaneous	632,247	-	-	-
Total Revenues	33,987,253	34,064	1,723,059	3,882
Expenditures:				
Current:				
Public protection	-	33,513	-	-
Public ways and facilities	7,839,419	-	21,706	-
Community infrastructure	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	-	-	-
Recreation	-	-	-	-
Capital outlay	21,220,943	-	-	-
Debt service - interest	-	-	-	-
Debt service - principal payment	-	-	-	-
Total Expenditures	29,060,362	33,513	21,706	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,926,891	551	1,701,353	3,882
Other Financing Sources (Uses):				
Transfers in	37,635	-	-	-
Transfers out	(737,631)	(7,000)	(1,413,099)	-
Transfers between special revenue funds	610,208	-	-	-
Total Other Financing Sources (Uses)	(89,788)	(7,000)	(1,413,099)	-
Net Change in Fund Balances	4,837,103	(6,449)	288,254	3,882
Fund Balances, Beginning of Year	30,389,572	296,695	14,225,593	1,332,250
Fund Balances, End of Year	<u>\$ 35,226,675</u>	<u>\$ 290,246</u>	<u>\$ 14,513,847</u>	<u>\$ 1,336,132</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, 2012**

	Job Training Partnership Act	Rabies Treatment	County Head Start	Road District #1
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 481,892
Licenses and permits	-	80,516	-	-
Aid from other governmental agencies	11,801,409	-	26,743,610	6,151
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	2,417	(4)	170	8,450
Charges for services	820,174	-	-	-
Miscellaneous	28,484	-	26	-
	<u>12,652,484</u>	<u>80,512</u>	<u>26,743,806</u>	<u>496,493</u>
Total Revenues				
Expenditures:				
Current:				
Public protection	-	6,520	-	-
Public ways and facilities	-	-	-	898,959
Community infrastructure	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	11,290,545	-	26,678,597	-
Education	-	-	-	-
Recreation	-	-	-	-
Capital outlay	10,839	-	-	-
Debt service - interest	-	-	-	-
Debt service - principal payment	-	-	-	-
	<u>11,301,384</u>	<u>6,520</u>	<u>26,678,597</u>	<u>898,959</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,351,100</u>	<u>73,992</u>	<u>65,209</u>	<u>(402,466)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(56,646)	(119,857)	(44,673)	-
Transfers between special revenue funds	-	-	-	(45,527)
	<u>(56,646)</u>	<u>(119,857)</u>	<u>(44,673)</u>	<u>(45,527)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	1,294,454	(45,865)	20,536	(447,993)
Fund Balances, Beginning of Year	<u>986,596</u>	<u>48,757</u>	<u>(34,316)</u>	<u>2,928,057</u>
Fund Balances, End of Year	<u>\$ 2,281,050</u>	<u>\$ 2,892</u>	<u>\$ (13,780)</u>	<u>\$ 2,480,064</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, 2012**

	Road District #2	Road District #3	Road District #4	Road District #5
Revenues:				
Taxes	\$ 578,018	\$ 504,390	\$ 2,686,496	\$ 1,229,950
Licenses and permits	-	-	-	-
Aid from other governmental agencies	7,530	206,452	534,587	15,587
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	5,533	2,963	17,260	14,756
Charges for services	-	-	500	-
Miscellaneous	2,400	-	-	-
	<u>593,481</u>	<u>713,805</u>	<u>3,238,843</u>	<u>1,260,293</u>
Total Revenues				
Expenditures:				
Current:				
Public protection	-	-	-	-
Public ways and facilities	1,308,831	423,328	3,191,782	2,493,369
Community infrastructure	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	-	-	-
Recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - interest	-	-	-	-
Debt service - principal payment	-	-	-	-
	<u>1,308,831</u>	<u>423,328</u>	<u>3,191,782</u>	<u>2,493,369</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(715,350)</u>	<u>290,477</u>	<u>47,061</u>	<u>(1,233,076)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfers between special revenue funds	<u>(33,354)</u>	<u>(146,576)</u>	<u>(239,963)</u>	<u>(144,788)</u>
Total Other Financing Sources (Uses)	<u>(33,354)</u>	<u>(146,576)</u>	<u>(239,963)</u>	<u>(144,788)</u>
Net Change in Fund Balances	(748,704)	143,901	(192,902)	(1,377,864)
Fund Balances, Beginning of Year	<u>2,034,026</u>	<u>805,673</u>	<u>4,891,973</u>	<u>5,641,412</u>
Fund Balances, End of Year	<u><u>\$ 1,285,322</u></u>	<u><u>\$ 949,574</u></u>	<u><u>\$ 4,699,071</u></u>	<u><u>\$ 4,263,548</u></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, 2012**

	County Library	District Attorney Narcotics Enforcement	Sheriff Narcotics Enforcement	Justice Assistance Grant
Revenues:				
Taxes	\$ 4,640,937	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Aid from other governmental agencies	178,793	-	8,003	544,748
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	948	26	132	(79)
Charges for services	165,905	-	-	-
Miscellaneous	-	33,705	13,408	-
Total Revenues	4,986,583	33,731	21,543	544,669
Expenditures:				
Current:				
Public protection	-	1,851	3,304	334,944
Public ways and facilities	-	-	-	-
Community infrastructure	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	5,360,577	-	-	-
Recreation	-	-	-	-
Capital outlay	-	-	8,003	-
Debt service - interest	-	-	-	-
Debt service - principal payment	-	-	-	-
Total Expenditures	5,360,577	1,851	11,307	334,944
Excess (Deficiency) of Revenues Over (Under) Expenditures	(373,994)	31,880	10,236	209,725
Other Financing Sources (Uses):				
Transfers in	119,346	-	-	2,604
Transfers out	-	(30,000)	-	-
Transfers between special revenue funds	-	-	-	-
Total Other Financing Sources (Uses)	119,346	(30,000)	-	2,604
Net Change in Fund Balances	(254,648)	1,880	10,236	212,329
Fund Balances, Beginning of Year	928,116	3,209	49,469	(17,743)
Fund Balances, End of Year	\$ 673,468	\$ 5,089	\$ 59,705	\$ 194,586

**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, 2012**

	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	811,808	-	15,558,047	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	325	17,053	3,574	81,954
Charges for services	-	729,265	-	2,880,230
Miscellaneous	33	-	887	-
	<u>812,166</u>	<u>746,318</u>	<u>15,562,508</u>	<u>2,962,184</u>
Total Revenues				
Expenditures:				
Current:				
Public protection	1,688,295	777,751	14,798,319	-
Public ways and facilities	-	-	-	-
Community infrastructure	-	-	-	4,027,472
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	-	-	-
Recreation	-	-	-	-
Capital outlay	9,768	24,419	-	-
Debt service - interest	-	-	-	-
Debt service - principal payment	-	-	-	-
	<u>1,698,063</u>	<u>802,170</u>	<u>14,798,319</u>	<u>4,027,472</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(885,897)</u>	<u>(55,852)</u>	<u>764,189</u>	<u>(1,065,288)</u>
Other Financing Sources (Uses):				
Transfers in	-	63,060	-	-
Transfers out	-	(602,500)	(456,412)	-
Transfers between special revenue funds	-	-	-	-
	<u>-</u>	<u>(539,440)</u>	<u>(456,412)</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(885,897)	(595,292)	307,777	(1,065,288)
Fund Balances, Beginning of Year	<u>889,975</u>	<u>5,439,161</u>	<u>(309,298)</u>	<u>25,122,300</u>
Fund Balances, End of Year	<u>\$ 4,078</u>	<u>\$ 4,843,869</u>	<u>\$ (1,521)</u>	<u>\$ 24,057,012</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, 2012**

	Substance Abuse and Crime Prevention	Public Works Special Accounts	AB 109 Trial Court Security	AB 109 District Attorney - Public Defender
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Aid from other governmental agencies	83,370	-	10,811,099	2,297,731
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	24	7,366	5,963	438
Charges for services	-	109,963	-	-
Miscellaneous	-	187,213	-	-
Total Revenues	83,394	304,542	10,817,062	2,298,169
Expenditures:				
Current:				
Public protection	-	-	1,074,246	-
Public ways and facilities	-	52,648	-	-
Community infrastructure	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	-	-	-
Recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - interest	-	-	-	-
Debt service -principal payment	-	-	-	-
Total Expenditures	-	52,648	1,074,246	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	83,394	251,894	9,742,816	2,298,169
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(8,103,584)	(2,069,761)
Transfers between special revenue funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(8,103,584)	(2,069,761)
Net Change in Fund Balances	83,394	251,894	1,639,232	228,408
Fund Balances, Beginning of Year	(83,405)	2,975,921	-	-
Fund Balances, End of Year	\$ (11)	\$ 3,227,815	\$ 1,639,232	\$ 228,408

**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, 2012**

	AB 118 Local Community Corrections Fund	Special Districts Under the Board	Total
Revenues:			
Taxes	\$ -	\$ 2,080,496	\$ 19,747,124
Licenses and permits	-	-	236,560
Aid from other governmental agencies	8,491,826	161,368	102,799,301
Fines, forfeitures, and penalties	-	-	13,795
Use of money and property	5,823	88,595	416,400
Charges for services	-	14,206,907	21,624,276
Miscellaneous	-	42,703	941,106
	<u>8,497,649</u>	<u>16,580,069</u>	<u>145,778,562</u>
Total Revenues			
Expenditures:			
Current:			
Public protection	5,943,084	5,973,822	30,635,649
Public ways and facilities	-	11,023,843	27,253,885
Community infrastructure	-	-	4,027,472
Health and sanitation	-	-	-
Public assistance	-	(311,131)	37,658,011
Education	-	-	5,360,577
Recreation	-	202,909	202,909
Capital outlay	58,359	166,469	21,498,800
Debt service - interest	-	51,461	51,461
Debt service -Principal payment	-	109,575	109,575
	<u>6,001,443</u>	<u>17,216,948</u>	<u>126,798,339</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,496,206</u>	<u>(636,879)</u>	<u>18,980,223</u>
Other Financing Sources (Uses):			
Transfers in	-	3,248,638	3,471,283
Transfers out	-	(644,103)	(14,285,266)
Transfers between special revenue funds	-	-	-
	<u>-</u>	<u>2,604,535</u>	<u>(10,813,983)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	2,496,206	1,967,656	8,166,240
Fund Balances, Beginning of Year	<u>-</u>	<u>16,271,210</u>	<u>114,815,203</u>
Fund Balances, End of Year	<u>\$ 2,496,206</u>	<u>\$ 18,238,866</u>	<u>\$ 122,981,443</u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL DISTRICTS GOVERNED BY
THE BOARD OF SUPERVISORS – SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	Lighting Districts	Service Areas	Maintenance Districts
ASSETS			
Cash and investments	\$ 688,135	\$ 5,868,149	\$ 9,359,870
Interest receivable	376	3,564	5,331
Accounts receivable	70	63,540	34,989
Taxes receivable	7,452	6,409	15,186
Due from other funds/agencies	-	-	-
Total Assets	\$ 696,033	\$ 5,941,662	\$ 9,415,376
LIABILITIES			
Accounts payable	\$ -	\$ 200,184	\$ 260,115
Accrued salaries and benefits	-	-	-
Advances from other funds	-	1,179,378	-
Due to other funds	-	25,890	31
Deferred revenues	7,522	14,706	15,933
Total Liabilities	7,522	1,420,158	276,079
FUND BALANCES			
Nonspendable	-	-	-
Restricted	688,511	4,521,504	9,139,297
Unassigned	-	-	-
Total Fund Balances	688,511	4,521,504	9,139,297
Total Liabilities and Fund Balances	\$ 696,033	\$ 5,941,662	\$ 9,415,376

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL DISTRICTS GOVERNED BY
THE BOARD OF SUPERVISORS – SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	Flood Control District	Water District	North Eastern San Joaquin Ground Water Banking Authority
ASSETS			
Cash and investments	\$ 6,073,957	\$ (3,728)	\$ 284,855
Interest receivable	3,705	2	153
Accounts receivable	1,334	6,521	-
Taxes receivable	62,884	83	-
Due from other funds/agencies	21,018	-	-
	<u>\$ 6,162,898</u>	<u>\$ 2,878</u>	<u>\$ 285,008</u>
LIABILITIES			
Accounts payable	\$ 78,913	\$ 218	\$ 64,704
Accrued salaries and benefits	43	-	-
Advances from other funds	-	-	498,296
Due to other funds	171,799	40	93
Deferred revenues	83,902	83	-
	<u>334,657</u>	<u>341</u>	<u>563,093</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	5,828,241	2,537	-
Unassigned	-	-	(278,085)
	<u>5,828,241</u>	<u>2,537</u>	<u>(278,085)</u>
Total Fund Balances	<u>\$ 5,828,241</u>	<u>\$ 2,537</u>	<u>\$ (278,085)</u>
Total Liabilities and Fund Balances	<u>\$ 6,162,898</u>	<u>\$ 2,878</u>	<u>\$ 285,008</u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL DISTRICTS GOVERNED BY
THE BOARD OF SUPERVISORS – SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	Mokelumne Water and Power Authority	Improvement Districts	IHSS Public Authority	Total
ASSETS				
Cash and investments	\$ 649,547	\$ 127,457	\$ 639,129	\$ 23,687,371
Interest receivable	350	64	-	13,545
Accounts receivable	-	-	-	106,454
Taxes receivable	-	-	-	92,014
Due from other funds/agencies	-	-	2,317	23,335
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 649,897</u>	<u>\$ 127,521</u>	<u>\$ 641,446</u>	<u>\$ 23,922,719</u>
LIABILITIES				
Accounts payable	\$ 144,643	\$ -	\$ 7,789	\$ 756,566
Accrued salaries and benefits	43	-	15,879	15,965
Advances from other funds	2,913,300	-	-	4,590,974
Due to other funds	-	-	349	198,202
Deferred revenues	-	-	-	122,146
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>3,057,986</u>	<u>-</u>	<u>24,017</u>	<u>5,683,853</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	127,521	617,429	20,925,040
Unassigned	(2,408,089)	-	-	(2,686,174)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>(2,408,089)</u>	<u>127,521</u>	<u>617,429</u>	<u>18,238,866</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 649,897</u>	<u>\$ 127,521</u>	<u>\$ 641,446</u>	<u>\$ 23,922,719</u>

**COUNTY OF SAN JOAQUIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL DISTRICTS GOVERNED BY
 THE BOARD OF SUPERVISORS – SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012**

	Lighting Districts	Service Areas	Maintenance Districts
Revenues:			
Taxes	\$ 167,261	\$ 150,967	\$ 350,354
Aid from other governmental agencies	2,165	1,944	4,407
Use of money and property	2,093	34,535	26,600
Charges for services	264,741	4,319,775	5,389,172
Miscellaneous	1,834	14,060	8,362
	<u>438,094</u>	<u>4,521,281</u>	<u>5,778,895</u>
Total Revenues			
Expenditures:			
Current:			
Public protection	-	-	-
Public ways and facilities	373,656	3,776,857	5,888,096
Public assistance	-	-	-
Recreation	-	202,909	-
Capital outlay	-	136,441	10,778
Debt service - interest	-	28,613	-
Debt service - principal	-	-	-
	<u>373,656</u>	<u>4,144,820</u>	<u>5,898,874</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>64,438</u>	<u>376,461</u>	<u>(119,979)</u>
Other Financing Sources (Uses):			
Transfers in	-	712,877	2,497,761
Transfers out	-	(644,103)	-
Transfers between Special Revenue Funds	-	-	-
	<u>-</u>	<u>68,774</u>	<u>2,497,761</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	64,438	445,235	2,377,782
Fund Balances, Beginning of Year	<u>624,073</u>	<u>4,076,269</u>	<u>6,761,515</u>
Fund Balances, End of Year	<u>\$ 688,511</u>	<u>\$ 4,521,504</u>	<u>\$ 9,139,297</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, 2012**

	Flood Control District	Water District	North Eastern San Joaquin Ground Water Banking Authority
Revenues:			
Taxes	\$ 1,409,980	\$ 1,934	\$ -
Aid from other governmental agencies	45,974	24	106,854
Use of money and property	21,009	13	910
Charges for services	4,149,777	83,442	-
Miscellaneous	18,447	-	-
Total Revenues	<u>5,645,187</u>	<u>85,413</u>	<u>107,764</u>
Expenditures:			
Current:			
Public protection	5,973,822	-	-
Public ways and facilities	-	58,640	231,442
Public assistance	-	-	-
Recreation	-	-	-
Capital outlay	17,590	-	-
Debt service - interest	14,052	-	1,285
Debt service - principal payment	109,575	-	-
Total Expenditures	<u>6,115,039</u>	<u>58,640</u>	<u>232,727</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(469,852)</u>	<u>26,773</u>	<u>(124,963)</u>
Other Financing Sources (Uses):			
Transfers in	38,000	-	-
Transfers out	(200,000)	-	200,000
Transfers between Special Revenue Funds	-	-	-
Total Other Financing Sources (Uses)	<u>(162,000)</u>	<u>-</u>	<u>200,000</u>
Net Change in Fund Balances	(631,852)	26,773	75,037
Fund Balances, Beginning of Year	<u>6,460,093</u>	<u>(24,236)</u>	<u>(353,122)</u>
Fund Balances, End of Year	<u>\$ 5,828,241</u>	<u>\$ 2,537</u>	<u>\$ (278,085)</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, 2012**

	Mokelumne Water and Power Authority	Improvement Districts	IHSS Public Authority	Total
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 2,080,496
Aid from other governmental agencies	-	-	-	161,368
Use of money and property	2,492	406	537	88,595
Charges for services	-	-	-	14,206,907
Miscellaneous	-	-	-	42,703
Total Revenues	2,492	406	537	16,580,069
Expenditures:				
Current:				
Public protection	-	-	-	5,973,822
Public ways and facilities	695,152	-	-	11,023,843
Public assistance	-	-	(311,131)	(311,131)
Recreation	-	-	-	202,909
Capital outlay	-	-	1,660	166,469
Debt service - interest	7,511	-	-	51,461
Debt service - principal payment	-	-	-	109,575
Total Expenditures	702,663	-	(309,471)	17,216,948
Excess (Deficiency) of Revenues Over (Under) Expenditures	(700,171)	406	310,008	(636,879)
Other Financing Sources (Uses):				
Transfers in	-	-	-	3,248,638
Transfers out	-	-	-	(644,103)
Transfers between Special Revenue Funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	2,604,535
Net Change in Fund Balances	(700,171)	406	310,008	1,967,656
Fund Balances, Beginning of Year	(1,707,918)	127,115	307,421	16,271,210
Fund Balances, End of Year	\$ (2,408,089)	\$ 127,521	\$ 617,429	\$ 18,238,866

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, 2012**

	Special Districts Governed by the Board of Supervisors				Total
	1993 Capital Facility Project	Maintenance District Shaded Terrace	Maintenance District Sunnyside	Flag City	
ASSETS					
Cash and investments	\$ 8,008,006	\$ 37,583	\$ 9,867	\$ -	\$ 8,055,456
Interest receivable	-	21	5	-	26
Restricted assets:					
Cash and investments	9,902,587	-	-	623,497	10,526,084
Receivables	35,118	-	-	7,369	42,487
Total Assets	\$ 17,945,711	\$ 37,604	\$ 9,872	\$ 630,866	\$ 18,624,053
FUND BALANCES					
Restricted	\$ -	\$ 37,604	\$ 9,872	\$ 630,866	\$ 678,342
Assigned	17,945,711	-	-	-	17,945,711
Total Fund Balances	\$ 17,945,711	\$ 37,604	\$ 9,872	\$ 630,866	\$ 18,624,053

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2012**

	1993 Capital Facility Project	Special Districts Governed by the Board of Supervisors			Total
		Maintenance District Shaded Terrace	Maintenance District Sunnyside	Flag City	
Revenues:					
Use of money and property	\$ 55,687	\$ 125	\$ 32	\$ 1,998	\$ 57,842
Charges for services	-	18,220	5,439	-	23,659
Total Revenues	<u>55,687</u>	<u>18,345</u>	<u>5,471</u>	<u>1,998</u>	<u>81,501</u>
Expenditures:					
Debt service:					
General government	-	320	192	15,992	16,504
Principal retirement	2,380,000	4,000	1,500	135,000	2,520,500
Interest and debt issuance costs	5,953,025	13,633	3,920	468,532	6,439,110
Total Expenditures	<u>8,333,025</u>	<u>17,953</u>	<u>5,612</u>	<u>619,524</u>	<u>8,976,114</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,277,338)</u>	<u>392</u>	<u>(141)</u>	<u>(617,526)</u>	<u>(8,894,613)</u>
Other Financing Sources (Uses):					
Transfers in	8,333,025	-	-	603,533	8,936,558
Total Other Financing Sources	<u>8,333,025</u>	<u>-</u>	<u>-</u>	<u>603,533</u>	<u>8,936,558</u>
Net Change in Fund Balances	55,687	392	(141)	(13,993)	41,945
Fund Balances, Beginning of Year	17,890,024	37,212	10,013	644,859	18,582,108
Fund Balances, End of Year	<u>\$ 17,945,711</u>	<u>\$ 37,604</u>	<u>\$ 9,872</u>	<u>\$ 630,866</u>	<u>\$ 18,624,053</u>

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, 2012**

	<u>Courthouse Construction</u>	<u>Criminal Justice Construction</u>	<u>Airport East Construction</u>
ASSETS			
Cash and investments	\$ 206,227	\$ 4,623,337	\$ 7,517,051
Interest receivable	117	4,034	-
Accounts receivable	<u>11,086</u>	<u>61,660</u>	<u>-</u>
Total Assets	<u><u>\$ 217,430</u></u>	<u><u>\$ 4,689,031</u></u>	<u><u>\$ 7,517,051</u></u>
LIABILITIES			
Current liabilities:			
Accounts payables	\$ -	\$ -	\$ 17,436
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>17,436</u>
FUND BALANCES			
Restricted	217,430	4,689,031	-
Assigned	-	-	7,499,615
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>217,430</u>	<u>4,689,031</u>	<u>7,499,615</u>
Total Liabilities and Fund Balances	<u><u>\$ 217,430</u></u>	<u><u>\$ 4,689,031</u></u>	<u><u>\$ 7,517,051</u></u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012**

	MG Golf Course Capital Improvement Trust	Public Health Construction	Special Districts Governed by the Board of Supervisors	Total
ASSETS				
Cash and investments	\$ 38,216	\$ 1,116,332	\$ 1,645,087	\$ 15,146,250
Interest receivable	19	577	1,005	5,752
Accounts receivable	-	-	-	72,746
	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,746</u>
Total Assets	<u>\$ 38,235</u>	<u>\$ 1,116,909</u>	<u>\$ 1,646,092</u>	<u>\$ 15,224,748</u>
LIABILITIES				
Current liabilities:				
Accounts payables	\$ -	\$ -	\$ -	\$ 17,436
Advances from other funds	-	-	1,783,165	1,783,165
	<u>-</u>	<u>-</u>	<u>1,783,165</u>	<u>1,783,165</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,783,165</u>	<u>1,800,601</u>
FUND BALANCES				
Restricted	-	-	1,354,531	6,260,992
Assigned	38,235	1,116,909	-	8,654,759
Unassigned	-	-	(1,491,604)	(1,491,604)
	<u>-</u>	<u>-</u>	<u>(1,491,604)</u>	<u>(1,491,604)</u>
Total Fund Balances	<u>38,235</u>	<u>1,116,909</u>	<u>(137,073)</u>	<u>13,424,147</u>
Total Liabilities and Fund Balances	<u>\$ 38,235</u>	<u>\$ 1,116,909</u>	<u>\$ 1,646,092</u>	<u>\$ 15,224,748</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, 2012**

	Courthouse Construction	Criminal Justice Construction	Airport East Construction
Revenues:			
Fines, forfeitures, and penalties	\$ 174,877	\$ 779,083	\$ -
Use of money and property	728	21,566	5,064
Aid from other governmental agencies	-	-	-
Charges for services	-	-	-
Total Revenues	175,605	800,649	5,064
Expenditures:			
Public ways and facilities	-	-	-
Capital outlay	-	-	191,202
Total Expenditures	-	-	191,202
Excess (Deficiency) of Revenues Over (Under) Expenditures	175,605	800,649	(186,138)
Other Financing Sources (Uses):			
Transfers out	(210,804)	(3,354,415)	-
Total Other Financing Sources (Uses)	(210,804)	(3,354,415)	-
Net Change in Fund Balances	(35,199)	(2,553,766)	(186,138)
Fund Balances, Beginning of Year	252,629	7,242,797	7,685,753
Fund Balances, End of Year	\$ 217,430	\$ 4,689,031	\$ 7,499,615

**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, 2012**

	MG Golf Course Capital Improvement Trust	Public Health Construction	Special Districts Governed by the Board of Supervisors	Total
Revenues:				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ -	\$ 953,960
Use of money and property	60	3,610	7,405	38,433
Aid from other governmental agencies	-	-	143,424	143,424
Charges for services	38,175	-	2,440	40,615
Total Revenues	<u>38,235</u>	<u>3,610</u>	<u>153,269</u>	<u>1,176,432</u>
Expenditures:				
Public ways and facilities	-	-	33,404	33,404
Capital outlay	-	-	276,864	468,066
Total Expenditures	<u>-</u>	<u>-</u>	<u>310,268</u>	<u>501,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>38,235</u>	<u>3,610</u>	<u>(156,999)</u>	<u>674,962</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(3,248,638)	(6,813,857)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(3,248,638)</u>	<u>(6,813,857)</u>
Net Change in Fund Balances	38,235	3,610	(3,405,637)	(6,138,895)
Fund Balances, Beginning of Year	<u>-</u>	<u>1,113,299</u>	<u>3,268,564</u>	<u>19,563,042</u>
Fund Balances, End of Year	<u>\$ 38,235</u>	<u>\$ 1,116,909</u>	<u>\$ (137,073)</u>	<u>\$ 13,424,147</u>

**COUNTY OF SAN JOAQUIN
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL DISTRICTS GOVERNED BY
 THE BOARD OF SUPERVISORS – CAPITAL PROJECTS FUNDS
 JUNE 30, 2012**

	Improvement Districts	Lighting Districts	Maintenance Districts
ASSETS			
Cash and investment	\$ 999,684	\$ 154,061	\$ (144,194)
Interest receivable	516	70	193
	\$ 1,000,200	\$ 154,131	\$ (144,001)
LIABILITIES			
Current liabilities			
Advances from other funds	\$ -	\$ -	\$ -
	-	-	-
FUND BALANCES			
Restricted	1,000,200	154,131	-
Unassigned	-	-	(144,001)
	1,000,200	154,131	(144,001)
Total Liabilities and Fund Balances	\$ 1,000,200	\$ 154,131	\$ (144,001)

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL DISTRICTS GOVERNED BY
THE BOARD OF SUPERVISORS – CAPITAL PROJECTS FUNDS
JUNE 30, 2012**

	County Service Areas	Flood Control	Total
ASSETS			
Cash and investment	\$ 435,336	\$ 200,200	\$ 1,645,087
Interest receivable	226	-	1,005
	<u>\$ 435,562</u>	<u>\$ 200,200</u>	<u>\$ 1,646,092</u>
LIABILITIES			
Current liabilities			
Advances from other funds	\$ 1,783,165	\$ -	\$ 1,783,165
	<u>1,783,165</u>	<u>-</u>	<u>1,783,165</u>
FUND BALANCES			
Restricted	-	200,200	1,354,531
Unassigned	(1,347,603)	-	(1,491,604)
	<u>(1,347,603)</u>	<u>200,200</u>	<u>(137,073)</u>
Total Liabilities and Fund Balances	<u>\$ 435,562</u>	<u>\$ 200,200</u>	<u>\$ 1,646,092</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, 2012**

	Improvement Districts	Lighting Districts	Maintenance Districts
Revenues:			
Use of money and property	\$ 3,227	\$ 457	\$ 1,890
Aid from other agencies	-	-	143,424
Charges for services	2,440	-	-
Total Revenues	<u>5,667</u>	<u>457</u>	<u>145,314</u>
Expenditures:			
Public ways and facilities	-	-	27,714
Capital outlay	-	-	200,103
Total Expenditures	<u>-</u>	<u>-</u>	<u>227,817</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,667</u>	<u>457</u>	<u>(82,503)</u>
Other Financing Sources (Uses):			
Transfers out	-	-	(2,505,781)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,505,781)</u>
Net Change in Fund Balances	5,667	457	(2,588,284)
Fund Balances, Beginning of Year	<u>994,533</u>	<u>153,674</u>	<u>2,444,283</u>
Fund Balances, End of Year	<u>\$ 1,000,200</u>	<u>\$ 154,131</u>	<u>\$ (144,001)</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 – CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012**

	County Service Areas	Flood Control	Total
Revenues:			
Use of money and property	\$ 1,707	\$ 124	\$ 7,405
Aid from other agencies	-	-	143,424
Charges for services	-	-	2,440
Total Revenues	1,707	124	153,269
Expenditures:			
Public ways and facilities	5,690	-	33,404
Capital outlay	76,761	-	276,864
Total Expenditures	82,451	-	310,268
Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,744)	124	(156,999)
Other Financing Sources (Uses):			
Transfers out	(704,857)	(38,000)	(3,248,638)
Total Other Financing Sources (Uses)	(704,857)	(38,000)	(3,248,638)
Net Change in Fund Balances	(785,601)	(37,876)	(3,405,637)
Fund Balances, Beginning of Year	(562,002)	238,076	3,268,564
Fund Balances, End of Year	\$ (1,347,603)	\$ 200,200	\$ (137,073)

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
JUNE 30, 2012**

	Fleet Services	Office Automation	Central Telephone	Radio Communi- cations
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 18,783,799	\$ 491,016	\$ 837,664	\$ 2,543,442
Imprest cash	40	-	-	-
Receivables	2,500	-	16,890	30
Interest receivable	9,670	208	34	1,204
Due from Enterprise funds	15,996	-	53,673	-
Due from governmental funds	695,307	-	225,864	14,642
Due from other governments	-	-	-	213,797
Prepaid expense	-	-	-	-
Inventories	620,567	-	122,070	-
Total Current Assets	<u>20,127,879</u>	<u>491,224</u>	<u>1,256,195</u>	<u>2,773,115</u>
Noncurrent Assets:				
Capital assets:				
Non-depreciable	-	-	-	-
Depreciable	5,536,191	2,344,187	998,641	6,042,819
Total Noncurrent Assets	<u>5,536,191</u>	<u>2,344,187</u>	<u>998,641</u>	<u>6,042,819</u>
Total Assets	<u>\$ 25,664,070</u>	<u>\$ 2,835,411</u>	<u>\$ 2,254,836</u>	<u>\$ 8,815,934</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 363,568	\$ 308,426	\$ 517,067	\$ 32,157
AP- Due to other Funds	-	-	-	-
AP- Due to Govt Funds	-	-	-	-
Accrued payroll	89,581	-	49,206	-
Interest expense	31	6,593	-	6,287
Due to other funds	9,378	-	377,560	21
Compensated absences	165,515	-	87,331	-
Current portion of capital leases	44,218	619,879	-	609,277
Current portion of notes payable	-	-	-	-
Total Current Liabilities	<u>672,291</u>	<u>934,898</u>	<u>1,031,164</u>	<u>647,742</u>
Long-Term Liabilities:				
Advances from other funds	-	-	-	-
Compensated absences	14,511	-	-	-
Capital lease obligations	223,459	1,087,489	-	1,465,827
Claims liability	-	-	-	-
Notes payable	-	-	-	-
OPEB liability	362,146	-	109,005	-
Total Liabilities	<u>1,272,407</u>	<u>2,022,387</u>	<u>1,140,169</u>	<u>2,113,569</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	5,268,514	636,819	998,641	3,967,715
Unrestricted	19,123,149	176,205	116,026	2,734,650
Total Net Assets	<u>24,391,663</u>	<u>813,024</u>	<u>1,114,667</u>	<u>6,702,365</u>
Total Liabilities and Net Assets	<u>\$ 25,664,070</u>	<u>\$ 2,835,411</u>	<u>\$ 2,254,836</u>	<u>\$ 8,815,934</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF FUND NET ASSETS (Continued)
INTERNAL SERVICE FUNDS
JUNE 30, 2012**

	Southern Water System	Purchasing ISF	Medical Insurance	Dental Insurance
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 150,412	\$ 1,028,788	\$ 34,691,179	\$ 2,817,317
Imprest cash	-	-	-	-
Receivables	229,290	35	-	-
Interest receivable	149	552	18,477	1,564
Due from Enterprise funds	-	14,094	-	-
Due from governmental funds	-	60,890	-	-
Due from other governments	-	-	2,092,280	195,739
Prepaid expense	-	-	-	-
Inventories	-	-	-	-
Total Current Assets	<u>379,851</u>	<u>1,104,359</u>	<u>36,801,936</u>	<u>3,014,620</u>
Noncurrent Assets:				
Capital assets:				
Non-depreciable	17,481	-	-	-
Depreciable	7,560	-	-	-
Total Noncurrent Assets	<u>25,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 404,892</u>	<u>\$ 1,104,359</u>	<u>\$ 36,801,936</u>	<u>\$ 3,014,620</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ (32,271)	\$ 640,239	\$ 4,595,106	\$ 403,982
AP- Due to other Funds	-	-	-	-
AP- Due to Govt Funds	-	-	-	-
Accrued payroll	-	-	-	-
Interest expense	-	-	-	-
Due to other funds	-	-	-	-
Compensated absences	-	-	-	-
Current portion of capital leases	-	-	-	-
Current portion of notes payable	-	-	-	-
Total Current Liabilities	<u>(32,271)</u>	<u>640,239</u>	<u>4,595,106</u>	<u>403,982</u>
Long-Term Liabilities:				
Advances from other funds	270,764	-	-	-
Compensated absences	-	-	-	-
Capital lease obligations	-	-	-	-
Claims liability	-	-	6,341,308	271,378
Notes payable	-	-	-	-
OPEB liability	-	-	-	-
Total Liabilities	<u>238,493</u>	<u>640,239</u>	<u>10,936,414</u>	<u>675,360</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	25,041	-	-	-
Unrestricted	141,358	464,120	25,865,522	2,339,260
Total Net Assets	<u>166,399</u>	<u>464,120</u>	<u>25,865,522</u>	<u>2,339,260</u>
Total Liabilities and Net Assets	<u>\$ 404,892</u>	<u>\$ 1,104,359</u>	<u>\$ 36,801,936</u>	<u>\$ 3,014,620</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF FUND NET ASSETS (Continued)
INTERNAL SERVICE FUNDS
JUNE 30, 2012**

	Casualty Insurance	Workers Comp Insurance	Unemployment Insurance	Total
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 29,710,554	\$ 52,853,168	\$ 1,916,634	\$ 145,823,973
Imprest cash	-	-	-	40
Receivables	-	-	-	248,745
Interest receivable	15,742	28,939	1,021	77,560
Due from Enterprise funds	-	-	-	83,763
Due from governmental funds	-	-	-	996,703
Due from other governments	424,107	3,500	75,696	3,005,119
Prepaid expense	218,974	250,000	-	468,974
Inventories	-	-	-	742,637
Total Current Assets	<u>30,369,377</u>	<u>53,135,607</u>	<u>1,993,351</u>	<u>151,447,514</u>
Noncurrent Assets:				
Capital assets:				
Non-depreciable	-	-	-	17,481
Depreciable	3,370	-	-	14,932,768
Total Noncurrent Assets	<u>3,370</u>	<u>-</u>	<u>-</u>	<u>14,950,249</u>
Total Assets	<u>\$ 30,372,747</u>	<u>\$ 53,135,607</u>	<u>\$ 1,993,351</u>	<u>\$ 166,397,763</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 933,301	\$ 382,269	\$ -	\$ 8,143,844
Accrued payroll	-	-	-	138,787
Interest expense	64,345	-	-	77,256
Due to other funds	649,415	-	-	1,036,374
Compensated absences	-	-	-	252,846
Current portion of capital leases	-	-	-	1,273,374
Current portion of notes payable	61,921	-	-	61,921
Total Current Liabilities	<u>1,708,982</u>	<u>382,269</u>	<u>-</u>	<u>10,984,402</u>
Long-Term Liabilities:				
Advances from other funds	-	-	-	270,764
Compensated absences	-	-	-	14,511
Capital lease obligations	-	-	-	2,776,775
Claims liability	18,180,000	29,049,000	324,037	54,165,723
Notes payable	1,570,514	-	-	1,570,514
OPEB liability	-	-	-	471,151
Total Liabilities	<u>21,459,496</u>	<u>29,431,269</u>	<u>324,037</u>	<u>70,253,840</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	3,370	-	-	10,900,100
Unrestricted	8,909,881	23,704,338	1,669,314	85,243,823
Total Net Assets	<u>8,913,251</u>	<u>23,704,338</u>	<u>1,669,314</u>	<u>96,143,923</u>
Total Liabilities and Net Assets	<u>\$ 30,372,747</u>	<u>\$ 53,135,607</u>	<u>\$ 1,993,351</u>	<u>\$ 166,397,763</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2012**

	Fleet Services	Office Automation	Central Telephone	Radio Communi- cations
Operating Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Equipment rental	5,830,700	843,150	357,709	223,513
User fees	2,768,631	52,015	4,761,972	1,608,704
Interest charges to users	-	71,575	-	-
Other	446,813	-	2,907	213,797
Total Operating Revenues	9,046,144	966,740	5,122,588	2,046,014
Operating Expenses:				
Liability claims and loss adjustment	-	-	-	-
Salaries and benefits	2,680,594	-	1,515,520	-
Insurance	352,817	23	1,524	416
Services and supplies	5,083,781	317,170	3,812,468	1,531,556
Depreciation and amortization	1,548,680	554,936	456,630	895,434
Miscellaneous	13,467	-	-	-
Total Operating Expenses	9,679,339	872,129	5,786,142	2,427,406
Operating Income (Loss)	(633,195)	94,611	(663,554)	(381,392)
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of equipment	(57,587)	-	-	-
Investment income (loss)	61,134	1,094	593	8,274
Interest expense	(6,969)	(60,506)	-	(82,384)
Insurance recovery	82,518	-	-	-
Total Non-Operating Revenues (Expenses)	79,096	(59,412)	593	(74,110)
Net Income (Loss) Before Transfers and Contributions	(554,099)	35,199	(662,961)	(455,502)
Transfers and Contributions				
Transfers in	-	-	-	948,439
Transfers out	(434,500)	-	-	(20,000)
Total Transfers and Contributions	(434,500)	-	-	928,439
Change in Net Assets	(988,599)	35,199	(662,961)	472,937
Net Assets - Beginning of Year	25,380,262	777,825	1,777,628	6,229,428
Net Assets - End of Year	<u>\$ 24,391,663</u>	<u>\$ 813,024</u>	<u>\$ 1,114,667</u>	<u>\$ 6,702,365</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2012**

	Southern Water System	Purchasing ISF	Medical Insurance	Dental Insurance
Operating Revenues:				
Charges for services	\$ 57,335	\$ -	\$ 49,337,767	\$ 5,432,448
Equipment rental	-	-	-	-
User fees	-	5,565,996	281,903	-
Interest charges to users	-	-	-	-
Other	-	26,247	-	-
Total Operating Revenues	57,335	5,592,243	49,619,670	5,432,448
Operating Expenses:				
Liability claims and loss adjustment	-	-	37,935,948	4,975,454
Salaries and benefits	-	-	-	-
Insurance	-	-	-	-
Services and supplies	-	5,594,620	2,659,125	80,258
Depreciation and amortization	58,152	-	-	-
Miscellaneous	-	-	-	-
Total Operating Expenses	58,152	5,594,620	40,595,073	5,055,712
Operating Income (Loss)	(817)	(2,377)	9,024,597	376,736
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of equipment	-	-	-	-
Investment income (loss)	605	2,377	123,261	8,644
Interest expense	(19,694)	-	-	-
Insurance recovery	-	-	-	-
Total Non-Operating Revenues (Expenses)	(19,089)	2,377	123,261	8,644
Net Income (Loss) Before Transfers and Contributions	(19,906)	-	9,147,858	385,380
Transfers and Contributions				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Transfers and Contributions	-	-	-	-
Change in Net Assets	(19,906)	-	9,147,858	385,380
Net Assets - Beginning of Year	186,305	464,120	16,717,664	1,953,880
Net Assets - End of Year	<u>\$ 166,399</u>	<u>\$ 464,120</u>	<u>\$ 25,865,522</u>	<u>\$ 2,339,260</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2012**

	Casualty Insurance	Workers Comp Insurance	Unemployment Insurance	Total
Operating Revenues:				
Charges for services	\$ 11,425,028	\$ 9,678,000	\$ 2,176,586	\$ 78,107,164
Equipment rental	-	-	-	7,255,072
User fees	-	-	-	15,039,221
Interest charges to users	-	-	-	71,575
Other	424,101	256	-	1,114,121
Total Operating Revenues	11,849,129	9,678,256	2,176,586	101,587,153
Operating Expenses:				
Liability claims and loss adjustment	2,351,663	8,318,174	2,219,275	55,800,514
Salaries and benefits	-	-	-	4,196,114
Insurance	2,345,045	756,717	-	3,456,542
Services and supplies	1,986,823	1,516,699	13,561	22,596,061
Depreciation and amortization	337	-	-	3,514,169
Miscellaneous	-	-	-	13,467
Total Operating Expenses	6,683,868	10,591,590	2,232,836	89,576,867
Operating Income (Loss)	5,165,261	(913,334)	(56,250)	12,010,286
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of equipment	-	-	-	(57,587)
Investment income (loss)	88,130	182,593	6,536	483,241
Interest expense	(70,408)	-	-	(239,961)
Insurance recovery	-	-	-	82,518
Total Non-Operating Revenues (Expenses)	17,722	182,593	6,536	268,211
Net Income (Loss) Before Transfers and Contributions	5,182,983	(730,741)	(49,714)	12,278,497
Transfers and Contributions	-	-	-	-
Transfers in	-	-	-	948,439
Transfers out	-	-	-	(454,500)
Total Transfers and Contributions	-	-	-	493,939
Change in Net Assets	5,182,983	(730,741)	(49,714)	12,772,436
Net Assets - Beginning of Year	3,730,268	24,435,079	1,719,028	83,371,487
Net Assets - End of Year	\$ 8,913,251	\$ 23,704,338	\$ 1,669,314	\$ 96,143,923

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2012**

	Fleet Services	Office Automation	Central Telephone	Radio Communi- cations
Cash Flows from Operating Activities:				
Cash received from user departments	\$ 8,673,777	\$ 966,553	\$ 5,119,396	\$ 1,875,547
Cash payments to suppliers for goods and services	(4,992,274)	(218,069)	(2,712,844)	(1,295,610)
Cash payments to employees for services	(2,672,126)	-	(1,503,976)	-
Cash paid to County departments for services	(754,369)	(4,739)	(379,170)	(248,452)
Other operating revenues	225,767	71,575	-	-
Net Cash Provided (Used) by Operating Activities	480,775	815,320	523,406	331,485
Cash Flows from Noncapital Financing Activities:				
Transfers in (out)	(434,500)	-	-	928,439
Net Cash Provided (Used) by Noncapital Financing Activities	(434,500)	-	-	928,439
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(1,039,469)	(82,185)	(98,958)	(1,178,244)
Debt interest payments	(7,027)	(60,278)	-	(83,660)
Debt principal payments	(38,678)	(706,509)	-	(540,940)
OPEB obligation	57,066	-	20,924	-
Proceeds from sale of capital assets	263,570	-	-	-
Receipts from insurance recovery	82,518	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(682,020)	(848,972)	(78,034)	(1,802,844)
Cash Flows from Investing Activities:				
Interest on Investments-Pooled Cash	78,824	1,557	724	9,435
Net Cash Provided by Investing Activities	78,824	1,557	724	9,435
Increase (Decrease) in Cash and Investments	(556,921)	(32,095)	446,096	(533,485)
Cash and Investments, Beginning of Year	19,340,760	523,111	391,568	3,076,927
Cash and Investments, End of Year	\$ 18,783,839	\$ 491,016	\$ 837,664	\$ 2,543,442

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2012**

	Southern Water System	Purchasing ISF	Medical Insurance	Dental Insurance
Cash Flows from Operating Activities:				
Cash received from user departments	\$ -	\$ 5,528,565	\$ 54,155,689	\$ 5,404,160
Cash payments to suppliers for goods and services	-	(5,309,983)	(46,614,895)	(5,036,767)
Cash payments to employees for services	-	-	-	-
Cash paid to County departments for services	-	(115,468)	(484,954)	(80,281)
Other operating revenues	-	-	-	-
Net Cash Provided (Used) by Operating Activities	-	103,114	7,055,840	287,112
Cash Flows from Noncapital Financing Activities:				
Transfers in (out)	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	-	-	-	-
Debt interest payments	(19,694)	-	-	-
Debt principal payments	(37,641)	-	-	-
OPEB obligation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Receipts from insurance recovery	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(57,335)	-	-	-
Cash Flows from Investing Activities:				
Interest on Investments-Pooled Cash	861	2,884	147,971	8,709
Net Cash Provided by Investing Activities	861	2,884	147,971	8,709
Increase (Decrease) in Cash and Investments	(56,474)	105,998	7,203,811	295,821
Cash and Investments, Beginning of Year	206,886	922,790	27,487,368	2,521,496
Cash and Investments, End of Year	<u>\$ 150,412</u>	<u>\$ 1,028,788</u>	<u>\$ 34,691,179</u>	<u>\$ 2,817,317</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2012**

	Casualty Insurance	Workers Comp Insurance	Unemployment Insurance	Total
Cash Flows from Operating Activities:				
Cash received from user departments	\$ 11,428,981	\$ 9,737,176	\$ 2,165,927	\$ 105,055,771
Cash payments to suppliers for goods and services	(5,548,929)	(9,781,734)	(2,261,206)	(83,772,311)
Cash payments to employees for services	-	-	-	(4,176,102)
Cash paid to County departments for services	(1,772,661)	(1,276,597)	(18,023)	(5,134,714)
Other operating revenues	-	-	-	297,342
Net Cash Provided (Used) by Operating Activities	4,107,391	(1,321,155)	(113,302)	12,269,986
Cash Flows from Noncapital Financing Activities:				
Transfers in (out)	-	-	-	493,939
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	493,939
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(3,707)	-	-	(2,402,563)
Debt interest payments	(72,747)	-	-	(243,406)
Debt principal payments	(59,368)	-	-	(1,383,136)
OPEB obligation	-	-	-	77,990
Proceeds from sale of capital assets	-	-	-	263,570
Receipts from insurance recovery	-	-	-	82,518
Net Cash Provided (Used) by Capital and Related Financing Activities	(135,822)	-	-	(3,605,027)
Cash Flows from Investing Activities:				
Interest on Investments-Pooled Cash	110,186	235,019	8,779	604,949
Net Cash Provided by Investing Activities	110,186	235,019	8,779	604,949
Increase (Decrease) in Cash and Investments	4,081,755	(1,086,136)	(104,523)	9,763,847
Cash and Investments, Beginning of Year	25,628,799	53,939,304	2,021,157	136,060,166
Cash and Investments, End of Year	\$ 29,710,554	\$ 52,853,168	\$ 1,916,634	\$ 145,824,013

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2012**

	<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)	\$ (633,195)	\$ 94,611	\$ (663,554)	\$ (381,392)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,548,680	554,936	456,630	895,434
(Increase) decrease in accounts receivable	74,446	71,387	(3,193)	(170,468)
(Increase) decrease in inventories	(38,924)	-	(1,024)	-
(Increase) decrease in prepaid expenses	-	36,536	-	-
Increase (decrease) in accounts payable	(470,232)	57,850	734,547	(12,089)
Increase (decrease) in OPEB liability	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 480,775</u>	<u>\$ 815,320</u>	<u>\$ 523,406</u>	<u>\$ 331,485</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2012**

	<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)	\$ (817)	\$ (2,377)	\$ 9,024,597	\$ 376,736
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	58,152	-	-	-
(Increase) decrease in accounts receivable	(57,335)	(61,365)	(655,586)	(28,288)
(Increase) decrease in inventories	-	-	-	-
(Increase) decrease in prepaid expenses	-	-	-	-
Increase (decrease) in accounts payable	-	166,856	(660,339)	(64,551)
Increase (decrease) in OPEB liability	-	-	(652,832)	3,215
	<u>-</u>	<u>-</u>	<u>(652,832)</u>	<u>3,215</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ 103,114</u>	<u>\$ 7,055,840</u>	<u>\$ 287,112</u>

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2012**

	<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)	\$ 5,165,261	\$ (913,334)	\$ (56,250)	\$ 12,010,286
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	337	-	-	3,514,169
(Increase) decrease in accounts receivable	(420,148)	1,500	(15,122)	(1,264,172)
(Increase) decrease in inventories	-	-	-	(39,948)
(Increase) decrease in prepaid expenses	5,375	-	-	41,911
Increase (decrease) in accounts payable	(689,434)	(33,321)	-	(970,713)
Increase (decrease) in OPEB liability	46,000	(376,000)	(41,930)	(1,021,547)
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 4,107,391</u>	 <u>\$ (1,321,155)</u>	 <u>\$ (113,302)</u>	 <u>\$ 12,269,986</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, 2012**

	Sammie Hay	Industrial Revolving Loan Fund	Home Investment Trust Local Account	Rehabilitation Loan Program	Disaster Recovery Initiative Program	Total
Assets						
Cash and investments	\$ 632,962	\$ -	\$ 540,356	\$ 4,533,556	\$ 143,459	\$ 5,850,333
Cash and Investments held by others	-	3,065,090	-	-	-	3,065,090
Investment income receivables	337	1,544	302	2,295	64	4,542
Due from other funds	-	-	2,490	-	-	2,490
Due from other governments	-	-	57,979	16,088	-	74,067
Loans receivable	-	5,044,212	21,203,208	12,093,712	822,571	39,163,703
Total Assets	\$ 633,299	\$ 8,110,846	\$ 21,804,335	\$ 16,645,651	\$ 966,094	\$ 48,160,225
Liabilities						
Accounts payable	\$ 5,730	\$ 656	\$ 17,685	\$ 80	\$ -	\$ 24,151
Total Liabilities	5,730	656	17,685	80	-	24,151
Net Assets						
Held in trust for:						
Revolving loans	-	8,030,739	21,786,110	16,641,038	965,951	47,423,838
Unrealized market value appreciation	633	79,451	540	4,533	143	85,300
Other purposes	626,936	-	-	-	-	626,936
Total Net Assets	627,569	8,110,190	21,786,650	16,645,571	966,094	48,136,074
Total Liabilities and Net Assets	\$ 633,299	\$ 8,110,846	\$ 21,804,335	\$ 16,645,651	\$ 966,094	\$ 48,160,225

**COUNTY OF SAN JOAQUIN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Sammie Hay	Industrial Revolving Loan Fund	Home Investment Trust Local Account	Rehabilitation Loan Program	Disaster Recovery Initiative Program	Total
Additions:						
Contributions from other governments	\$ -	\$ -	\$ 1,083,817	\$ 683,614	\$ -	\$ 1,767,431
Investment income	2,170	68,436	1,651	14,207	413	86,877
Loan income	-	222,984	59,063	74,323	-	356,370
Miscellaneous income	-	14,080	3,925,714	2,738,755	106	6,678,655
Total Additions	2,170	305,500	5,070,245	3,510,899	519	8,889,333
Deductions:						
Benefit payments	126,406	-	-	-	-	126,406
Program expenses	-	16,022	2,305,302	748,747	104,854	3,174,925
Allowance for loan adjustments	-	105,430	-	-	-	105,430
Loan servicing fees	-	13,217	4,201	-	-	17,418
Administrative expenses	-	542,109	120,231	99,751	-	762,091
Total Deductions	126,406	676,778	2,429,734	848,498	104,854	4,186,270
Change in Net Assets	(124,236)	(371,278)	2,640,511	2,662,401	(104,335)	4,703,063
Net Assets, Beginning	751,805	8,481,468	19,146,139	13,983,170	1,070,429	43,433,011
Net Assets, Ending	\$ 627,569	\$ 8,110,190	\$ 21,786,650	\$ 16,645,571	\$ 966,094	\$ 48,136,074

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, 2012**

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
<u>Assets</u>				
Cash and investments - pooled	\$ 33,467,556	\$ 577,692,553	\$ 579,326,805	\$ 31,833,304
Cash and investments held by others	5,395,373	22,850,234	24,936,728	3,308,879
Receivables	26,702,980	30,202,600	26,702,980	30,202,600
Loans receivable	26,500,000	12,000,000	26,500,000	12,000,000
Other assets	188,373	-	184,288	4,085
	<u>\$ 92,254,282</u>	<u>\$ 642,745,387</u>	<u>\$ 657,650,801</u>	<u>\$ 77,348,868</u>
<u>Liabilities</u>				
Accounts payable	\$ 31,039,981	\$ -	\$ 1,328,224	\$ 29,711,757
Due to other agencies	61,194,301	660,947,298	674,524,488	47,617,111
Loan payable	20,000	-	-	20,000
	<u>\$ 92,254,282</u>	<u>\$ 660,947,298</u>	<u>\$ 675,852,712</u>	<u>\$ 77,348,868</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, 2012**

	Governmental Activities
ASSETS	
Pooled cash and investments	\$ 457,630
Accounts receivable	14,129
Interest receivable	296
Restricted assets:	
Cash and investments	623,497
Receivable	7,369
Capital assets:	
Depreciable, net	6,550,975
Total Assets	\$ 7,653,896
LIABILITIES	
Accounts payable	\$ 2,630
Interest payable	222,569
Advances from other County funds	1,179,378
Long-term liabilities:	
Certificates of participation:	8,060,000
Discounts on certificates of participation	(102,375)
Total Liabilities	9,362,202
NET ASSETS	
Net assets invested in capital assets, net of related debts	(775,784)
Reserved for Encumbrances	625
Reserved for Debt Service	(82,463)
Designated	457
Undesignated	(851,141)
Total Net Assets	(1,708,306)
Total Liabilities and Net Assets	\$ 7,653,896

**COUNTY OF SAN JOAQUIN
STATEMENT OF ACTIVITIES
COUNTY SERVICE AREA NO. 31 – FLAG CITY
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Governmental Activities</u>
Program Expenses:	
Public Ways and Facilities:	
Professional services	\$ 253,138
Utilities	189,968
Communication	368
Office expenses	578
Special expenses	2,727
Maintenance	7,304
Insurance	24,291
Miscellaneous	15,019
Depreciation	311,679
Interest	<u>498,580</u>
Total Program Expenses	1,303,652
Program Revenues:	
Use of Money and Property	3,461
Charges for Services	<u>972,751</u>
Total Program Revenue	976,212
Net Program Revenues (Expenses)	(327,440)
Other Financing Sources (Uses)	
Transfers In	612,736
Transfers Out	<u>(668,747)</u>
Total Other Financing Sources (Uses)	(56,011)
Change in Net Assets	(383,451)
Net Assets, Beginning of Year	<u>(1,324,855)</u>
Net Assets, End of Year	<u><u>\$ (1,708,306)</u></u>

**COUNTY OF SAN JOAQUIN
COMBINING BALANCE SHEET
COUNTY SERVICE AREA NO. 31 – FLAG CITY
ALL GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Special Revenue Funds					Totals
	Operating Fund	Sewer Service Fund	All Special Revenue Funds	Debt Service	Capital Projects	
ASSETS						
Cash and investments	\$ 334,315	\$ 123,306	\$ 457,621	\$ -	\$ 9	\$ 457,630
Interest receivable	177	119	296	-	-	296
Accounts receivable	14,129	-	14,129	-	-	14,129
Restricted assets:						
Cash and investments	-	-	-	623,497	-	623,497
Interest receivable	-	-	-	7,369	-	7,369
Total Assets	\$ 348,621	\$ 123,425	\$ 472,046	\$ 630,866	\$ 9	\$ 1,102,921
LIABILITIES						
Accounts payable	\$ 2,630	\$ -	\$ 2,630	\$ -	\$ -	\$ 2,630
Advances from other funds	-	1,179,378	1,179,378	-	-	1,179,378
Total Liabilities	2,630	1,179,378	1,182,008	-	-	1,182,008
FUND BALANCES						
Restricted	625	-	625	644,859	-	645,484
Assigned	345,366	123	345,489	-	9	345,498
Unassigned	-	(1,056,076)	(1,056,076)	(13,993)	-	(1,070,069)
Total Fund Balances	345,991	(1,055,953)	(709,962)	630,866	9	(79,087)
Total Liabilities and Fund Balances	\$ 348,621	\$ 123,425	\$ 472,046	\$ 630,866	\$ 9	\$ 1,102,921

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

Fund Balances from above	\$ (79,087)
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	6,550,975
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	(7,957,625)
Accrued interest payable	(222,569)
Net assets of governmental activities	\$ (1,708,306)

**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, 2012**

	Special Revenue Funds					Totals
	Operating Fund	Sewer Service Fund	All Special Revenue Funds	Debt Service	Capital Projects	
Revenues:						
Use of money and property	\$ 1,063	\$ 394	\$ 1,457	\$ 1,998	\$ 6	\$ 3,461
Charges for services	222,247	750,504	972,751	-	-	972,751
Total Revenues	<u>223,310</u>	<u>750,898</u>	<u>974,208</u>	<u>1,998</u>	<u>6</u>	<u>976,212</u>
Expenditures:						
Current:						
Public ways and facilities:						
Professional services	141,412	111,726	253,138	-	-	253,138
Utilities	18,786	171,182	189,968	-	-	189,968
Communication	-	368	368	-	-	368
Office expenses	503	75	578	-	-	578
Special expenses	726	2,001	2,727	-	-	2,727
Maintenance	4,538	2,766	7,304	-	-	7,304
Insurance	8,427	15,864	24,291	-	-	24,291
Miscellaneous	4	71,026	71,030	-	-	71,030
Capital outlay	-	-	-	-	-	-
Interest	-	28,585	28,585	603,532	-	632,117
Total Expenditures	<u>174,396</u>	<u>403,593</u>	<u>577,989</u>	<u>603,532</u>	<u>-</u>	<u>1,181,521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>48,914</u>	<u>347,305</u>	<u>396,219</u>	<u>(601,534)</u>	<u>6</u>	<u>(205,309)</u>
Other Financing Sources (Uses):						
Transfers in	9,204	-	9,204	603,532	-	612,736
Transfers out	-	(587,541)	(587,541)	(15,991)	(9,204)	(612,736)
Total Other Financing Sources (Uses)	<u>9,204</u>	<u>(587,541)</u>	<u>(578,337)</u>	<u>587,541</u>	<u>(9,204)</u>	<u>-</u>
Change in Fund Balances	58,118	(240,236)	(182,118)	(13,993)	(9,198)	(205,309)
Fund Balances, Beginning of Year	<u>287,873</u>	<u>(815,717)</u>	<u>(527,844)</u>	<u>644,859</u>	<u>9,207</u>	<u>126,222</u>
Fund Balances, End of Year	<u>\$ 345,991</u>	<u>\$ (1,055,953)</u>	<u>\$ (709,962)</u>	<u>\$ 630,866</u>	<u>\$ 9</u>	<u>\$ (79,087)</u>

**COUNTY OF SAN JOAQUIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES –
GOVERNMENTAL ACTIVITIES
COUNTY SERVICE AREA NO. 31 – FLAG CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Net change in fund balances - total governmental funds \$ (205,309)

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	\$ -	
Less current year depreciation	<u>(311,679)</u>	(311,679)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces 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. 131,062

Change in accrued interest payable		<u>2,475</u>
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Change in net assets of governmental activities		<u><u>\$ (383,451)</u></u>
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**STATISTICAL SECTION –
FINANCIAL ONLY**

**COUNTY OF SAN JOAQUIN
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2012**

	2011-12	2010-11	2009-10
Expenses:			
Governmental activities:			
General government	\$ 30,511,256	\$ 27,299,881	\$ 26,098,049
Public protection	282,264,243	279,598,113	297,597,268
Public ways and facilities	45,940,486	43,102,885	46,579,136
Health and sanitation	124,500,788	120,331,660	127,103,901
Public assistance	331,193,491	351,331,147	355,777,105
Education	6,026,990	6,055,394	5,921,627
Culture and recreation	7,145,530	9,054,852	9,956,704
Interest on long-term debt	7,076,149	7,506,293	7,311,782
Total governmental activities expenses	<u>834,658,933</u>	<u>844,280,225</u>	<u>876,345,572</u>
Business-type activities:			
Solid Waste	20,149,471	16,373,498	19,748,649
Hospital	220,561,110	206,416,196	204,730,696
Airport	3,827,559	4,304,072	4,024,516
Total business-type activities expenses	<u>244,538,140</u>	<u>227,093,766</u>	<u>228,503,861</u>
Total primary governmental expenses	<u>1,079,197,073</u>	<u>1,071,373,991</u>	<u>1,104,849,433</u>
Program Revenues:			
Governmental activities:			
Charges for services:			
General government	14,987,471	17,166,522	16,002,101
Public protection	33,921,623	42,841,343	44,575,946
Public ways and facilities	12,070,414	11,088,079	10,876,151
Community infrastructure program	2,880,231	1,194,635	933,701
Health and sanitation	40,191,296	36,338,946	38,321,000
Children and families act program	1,220	975	750
Public assistance	1,756,149	1,152,025	2,775,286
Education	165,905	250,865	297,122
Recreation	2,459,005	2,219,648	2,293,085
Operating grants and contribution	504,564,328	531,236,543	524,926,700
Capital grants and contribution (3)	6,029,847	11,548,756	17,920,366
Total governmental activities revenues	<u>619,027,489</u>	<u>655,038,337</u>	<u>658,922,208</u>
Business-type activities:			
Charges for services:			
Solid Waste	18,211,174	18,459,508	17,316,220
Hospital	199,321,051	219,637,752	171,131,971
Airport	1,717,973	1,853,720	1,715,024
Operating grants and contribution	1,454,441	5,475,622	791,175
Capital grants and contribution (3)	-	-	-
Total business-type activities revenues	<u>220,704,639</u>	<u>245,426,602</u>	<u>190,954,390</u>
Total primary government revenues	<u>839,732,128</u>	<u>900,464,939</u>	<u>849,876,598</u>
Net (expense)/revenue			
Governmental activities	(215,631,444)	(189,241,888)	(217,423,364)
Business-type activities	(23,833,501)	18,332,836	(37,549,471)
Total primary government net expense	<u>\$ (239,464,945)</u>	<u>\$ (170,909,052)</u>	<u>\$ (254,972,835)</u>

2008-09	2007-08	2006-07	2005-06	2004-05
\$ 38,743,985	\$ 31,655,441	\$ 20,374,318	\$ 25,732,859	\$ 27,912,118
303,010,545	277,183,027	248,844,996	230,090,340	209,655,788
41,407,882	49,711,444	37,531,443	37,605,714	33,381,324
135,808,377	133,879,694	124,328,143	119,566,506	113,805,931
344,216,452	332,367,831	324,549,286	307,459,822	286,344,969
6,724,552	7,010,323	6,266,998	5,865,222	5,670,639
9,069,181	7,377,767	6,108,149	5,580,859	5,151,479
8,424,991	11,684,229	5,188,180	4,040,221	3,301,400
<u>887,405,965</u>	<u>850,869,756</u>	<u>773,191,513</u>	<u>735,941,543</u>	<u>685,223,648</u>
20,980,240	19,682,725	21,022,270	17,685,787	19,128,619
203,675,658	204,207,568	194,540,564	189,776,046	171,184,362
3,813,218	3,915,507	4,592,686	3,663,416	3,492,808
<u>228,469,116</u>	<u>227,805,800</u>	<u>220,155,520</u>	<u>211,125,249</u>	<u>193,805,789</u>
<u>1,115,875,081</u>	<u>1,078,675,556</u>	<u>993,347,033</u>	<u>947,066,792</u>	<u>879,029,437</u>
20,891,343	20,878,702	25,644,079	20,161,576	13,147,165
46,309,079	46,128,760	43,895,054	50,135,663	47,004,966
10,333,240	10,970,609	10,750,679	9,713,552	8,084,373
1,344,892	3,564,809	5,424,835	3,922,438	2,744,572
34,934,714	33,600,035	32,909,784	29,049,369	32,172,418
574	1,000	3,507	-	-
2,166,674	1,329,035	1,004,460	1,162,124	882,179
274,717	157,664	137,306	146,925	165,664
1,885,727	1,588,227	1,504,986	1,580,398	1,429,929
481,756,701	517,574,981	506,957,550	476,195,426	445,160,436
21,311,899	15,098,553	6,167,215	14,389,355	6,523,968
<u>621,209,560</u>	<u>650,892,375</u>	<u>634,399,455</u>	<u>606,456,826</u>	<u>557,315,670</u>
16,274,245	17,678,924	19,171,854	19,699,066	16,397,404
169,748,603	166,670,823	151,052,423	158,935,264	151,749,835
1,576,065	1,664,750	1,364,367	1,456,000	2,505,795
974,955	1,715,573	1,357,945	219,750	443,470
-	-	-	57,372,734	-
<u>188,573,868</u>	<u>187,730,070</u>	<u>172,946,589</u>	<u>237,682,814</u>	<u>171,096,504</u>
<u>809,783,428</u>	<u>838,622,445</u>	<u>807,346,044</u>	<u>844,139,640</u>	<u>728,412,174</u>
(266,196,405)	(199,977,381)	(138,792,058)	(129,484,717)	(127,907,978)
(39,895,248)	(40,075,730)	(47,208,931)	26,557,565	(22,709,285)
<u>\$ (306,091,653)</u>	<u>\$ (240,053,111)</u>	<u>\$ (186,000,989)</u>	<u>\$ (102,927,152)</u>	<u>\$ (150,617,263)</u>

**COUNTY OF SAN JOAQUIN
CHANGES IN NET ASSETS (Continued)
LAST EIGHT FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2012**

	2011-12	2010-11	2009-10
General revenues and other changes in net assets			
Governmental activities:			
Property taxes	\$ 181,691,758	\$ 197,588,751	\$ 194,019,051
Sales taxes	25,234,396	22,201,894	21,314,504
Motor vehicle and other in-lieu taxes	3,085,571	4,209,020	2,742,578
Tobacco settlement proceeds	6,090,538	5,972,551	5,708,772
Other	4,921,777	2,477,535	4,950,211
Investment earnings	3,404,414	3,240,049	4,632,198
Miscellaneous	179,010	854,293	78,437
Transfers	(21,219,699)	(18,439,088)	(31,215,630)
Extraordinary item (1)	-	-	-
Prior period adjustments (2)	-	-	3,615,017
Total governmental activities	<u>203,387,765</u>	<u>218,105,005</u>	<u>205,845,138</u>
Business-type activities			
Property taxes	440,546	412,356	495,249
Investment earnings	543,366	576,172	590,015
Other	-	-	-
Transfers	21,219,699	18,439,088	31,215,630
Prior period adjustment (3)	-	-	(575,937)
Total business-type activities	<u>22,203,611</u>	<u>19,427,616</u>	<u>31,724,957</u>
Total primary government	<u>\$ 225,591,376</u>	<u>\$ 237,532,621</u>	<u>\$ 237,570,095</u>
Changes in net assets			
Governmental activities	\$ (12,243,679)	\$ 28,863,117	\$ (15,193,243)
Business-type activities	(1,629,890)	37,760,452	(5,248,577)
Total primary government	<u>\$ (13,873,569)</u>	<u>\$ 66,623,569</u>	<u>\$ (20,441,820)</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.

2008-09	2007-08	2006-07	2005-06	2004-05
\$ 228,875,556	\$ 234,895,057	\$ 219,157,813	\$ 185,372,303	\$ 151,882,750
22,034,677	26,759,854	28,596,414	32,125,346	28,403,230
4,383,463	4,804,452	4,952,713	5,159,327	17,446,086
6,849,537	6,230,445	5,936,350	5,591,287	6,025,258
5,440,246	6,258,720	6,948,456	8,938,958	9,140,545
15,167,101	27,198,618	27,259,242	17,501,863	7,916,246
(116,862)	83,414	-	-	-
(26,006,773)	(47,806,151)	(21,743,326)	(39,971,492)	(24,124,551)
-	-	-	-	-
(78,007,878)	-	25,881,120	-	9,091,468
<u>178,619,067</u>	<u>258,424,409</u>	<u>296,988,782</u>	<u>214,717,592</u>	<u>205,781,032</u>
624,866	486,589	497,427	447,221	-
1,407,937	1,701,493	1,922,346	1,474,136	2,097,150
-	2,444,975	3,214,888	-	-
26,006,773	47,806,151	21,743,326	39,971,492	24,124,551
23,575,078	-	(57,749,160)	-	-
<u>51,614,654</u>	<u>52,439,208</u>	<u>(30,371,173)</u>	<u>41,892,849</u>	<u>26,221,701</u>
<u>\$ 230,233,721</u>	<u>\$ 310,863,617</u>	<u>\$ 266,617,609</u>	<u>\$ 256,610,441</u>	<u>\$ 232,002,733</u>
\$ (87,577,338)	\$ 58,447,028	\$ 158,196,724	\$ 85,232,875	\$ 77,873,054
11,719,406	12,363,478	(77,580,104)	68,450,414	3,512,416
<u>\$ (75,857,932)</u>	<u>\$ 70,810,506</u>	<u>\$ 80,616,620</u>	<u>\$ 153,683,289</u>	<u>\$ 81,385,470</u>

**COUNTY OF SAN JOAQUIN
FUND BALANCES – GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2012**

	2009-10
General Fund:	
Reserved	\$ 17,422,015
Unreserved	71,115,787
Total general fund	88,537,802
All Other Governmental Funds	
Reserved	93,677,487
Unreserved, reported in:	
Special Revenue Funds	136,683,212
Capital Projects Funds	23,212,463
Total all other governmental funds	253,573,162
Total - all governmental funds	\$ 342,110,964

	2011-12	2010-11 (1)
General Fund:		
Nonspendable	\$ 7,898,238	\$ 8,094,729
Restricted	35,416,191	35,245,339
Committed	10,003,085	10,006,276
Assigned	14,497,524	29,889,700
Unassigned	38,438,402	44,315,708
Total general fund	106,253,440	127,551,752
All Other Governmental Funds		
Nonspendable	1,498,955	1,491,076
Restricted	185,975,884	177,632,988
Committed	-	-
Assigned	58,718,682	69,136,987
Unassigned	(4,193,090)	(3,092,040)
Total all other governmental funds	242,000,431	245,169,011
Total - all governmental funds	\$ 348,253,871	\$ 372,720,763

(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.

<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
\$ 21,134,010	\$ 21,001,803	\$ 14,546,165	\$ 15,070,347	\$ 15,059,550
71,447,235	47,908,310	83,156,996	102,807,800	54,302,437
<u>92,581,245</u>	<u>68,910,113</u>	<u>97,703,161</u>	<u>117,878,147</u>	<u>69,361,987</u>
121,178,489	207,438,037	251,338,071	82,359,538	67,074,862
103,502,191	106,034,209	107,507,012	84,887,806	86,357,996
12,060,452	14,278,900	18,843,149	15,319,173	7,616,277
<u>236,741,132</u>	<u>327,751,146</u>	<u>377,688,232</u>	<u>182,566,517</u>	<u>161,049,135</u>
<u>\$ 329,322,377</u>	<u>\$ 396,661,259</u>	<u>\$ 475,391,393</u>	<u>\$ 300,444,664</u>	<u>\$ 230,411,122</u>

**COUNTY OF SAN JOAQUIN
LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2012**

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Debt limit	\$ 659,802,311	\$ 685,383,938	\$ 647,943,721
Total net debt applicable to limit	-	-	-
Legal debt margin	659,802,311	685,383,938	647,943,721
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%

Government Code Section 29909 and Revenue and Tax Code Section 135 limit 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>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
\$ 730,992,679	\$ 746,277,606	\$ 681,583,871	\$ 576,919,493	\$ 497,461,589
-	-	-	-	-
730,992,679	746,277,606	681,583,871	576,919,493	497,461,589
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, 2012**

Fiscal Year	Governmental Activities			Unpaid Compensated Absence
	Certificates of Participation	Capital Leases	Other	
2012	\$ 129,912,106	\$ 4,669,946	\$ 102,516,886	\$ 30,628,026
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

**COUNTY OF SAN JOAQUIN
RATIOS OF OUTSTANDING DEBT BY TYPE (Continued)
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2012**

Fiscal Year	Business-Type Activities				
	Certificates of Participation	Capital Leases	Other	Unpaid Compensated Absence	Landfill Closure and Postclosure
2012	\$ 69,089,415	\$ 1,038,467	\$ 11,807,555	\$ 6,711,454	\$ 11,322,416
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

**COUNTY OF SAN JOAQUIN
RATIOS OF OUTSTANDING DEBT BY TYPE (Continued)
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2012**

Fiscal Year	Total Primary Government	Per Capita	Population
2012	\$ 367,696,271	528	695,750
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

**COUNTY OF SAN JOAQUIN
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST EIGHT YEARS
AS OF JUNE 30, 2012**

	2011-12	2010-11	2009-10	2008-09
REVENUES				
Taxes	\$ 203,474,641	\$ 219,624,042	\$ 233,592,658	\$ 262,120,999
Licenses and permits	5,709,247	5,283,279	4,521,601	4,909,610
Fines, forfeits, and penalties	11,425,041	10,588,072	14,505,266	17,169,243
Use of money and property	3,150,330	2,809,953	4,078,513	12,190,863
Aid from other governmental agencies	517,253,471	548,416,708	548,283,284	511,206,416
Charges for services	87,814,747	94,099,700	91,896,037	91,461,555
Miscellaneous	12,373,135	15,880,988	14,084,177	13,211,719
Total Revenues	841,200,612	896,702,742	910,961,536	912,270,405
EXPENDITURES				
Current:				
General government	51,825,030	41,693,019	41,684,459	48,006,592
Public safety	264,428,919	262,332,207	273,972,542	276,607,702
Public ways and facilities	31,345,220	29,815,450	32,346,727	28,236,546
Health and sanitation	119,911,230	115,529,363	122,569,723	130,599,944
Public assistance	326,366,640	345,721,093	349,552,643	337,562,155
Education	5,641,949	5,663,467	5,848,898	6,646,636
Recreation	6,018,841	5,917,793	6,222,469	6,369,288
Capital outlay	29,264,625	30,061,521	27,521,442	99,541,241
Debt service:				
Principal	2,658,191	3,150,239	2,593,667	6,397,785
Interest	6,543,010	6,933,924	7,152,094	7,936,181
Refunding escrow	-	-	-	-
Total expenditures	844,003,655	846,818,076	869,464,664	947,904,070
Excess (deficiency) of revenues over (under) expenditures	(2,803,043)	49,884,666	41,496,872	(35,633,665)
OTHER FINANCING SOURCES (USES)				
Transfers in	51,814,780	38,890,956	27,517,174	57,611,137
Transfers out	(73,528,418)	(58,345,849)	(59,329,240)	(84,143,865)
Interfund interest	-	-	-	-
Loan proceeds	49,789	180,026	317,604	790,682
Capital grants	-	-	-	-
Total Other Financing Sources (Uses)	(21,663,849)	(19,274,867)	(31,494,462)	(25,742,046)
Net change in fund balances	\$ (24,466,892)	\$ 30,609,799	\$ 10,002,410	\$ (61,375,711)

2007-08	2006-07	2005-06	2004-05
\$ 227,076,417	\$ 218,146,216	\$ 216,269,438	\$ 169,201,969
6,659,886	8,486,276	9,844,592	7,407,564
17,348,913	13,722,623	18,067,404	14,080,149
22,631,106	22,192,339	14,275,552	6,611,373
540,440,978	523,657,229	498,014,555	475,119,794
101,260,527	108,213,886	91,903,011	85,555,433
14,508,125	12,019,797	15,186,059	15,277,219
<u>929,925,952</u>	<u>906,438,366</u>	<u>863,560,611</u>	<u>773,253,501</u>
51,768,284	44,561,751	38,369,942	31,018,117
263,415,264	237,999,875	215,520,350	199,948,767
35,818,333	36,445,617	34,935,720	31,528,734
131,038,122	121,594,955	116,869,120	112,053,011
328,313,700	320,973,887	304,048,779	285,095,525
6,927,513	6,182,337	5,803,595	5,586,424
5,468,614	4,706,578	4,131,171	3,554,593
122,920,479	43,451,406	31,683,615	25,711,923
13,690,137	12,879,337	5,486,955	5,216,438
10,593,228	4,304,826	3,208,775	3,266,278
-	18,398,858	-	-
<u>969,953,674</u>	<u>851,499,427</u>	<u>760,058,022</u>	<u>702,979,810</u>
<u>(40,027,722)</u>	<u>54,938,939</u>	<u>103,502,589</u>	<u>70,273,691</u>
61,170,226	224,284,684	47,101,771	35,711,734
(109,397,997)	(247,086,701)	(82,599,029)	(52,034,944)
-	-	33,615	-
9,525,359	119,431,952	425,981	203,597
-	-	1,568,615	-
<u>(38,702,412)</u>	<u>96,629,935</u>	<u>(33,469,047)</u>	<u>(16,119,613)</u>
<u>\$ (78,730,134)</u>	<u>\$ 151,568,874</u>	<u>\$ 70,033,542</u>	<u>\$ 54,154,078</u>

**COUNTY OF SAN JOAQUIN
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
AS OF JUNE 30, 2012**

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 450,740,695	\$ 447,107,088	\$ 442,095,234	\$ 441,546,314
Restricted net assets	348,192,228	354,890,877	366,388,735	357,928,522
Unrestricted net assets	<u>87,518,360</u>	<u>96,696,997</u>	<u>61,347,876</u>	<u>81,935,235</u>
Total governmental activities net assets	<u>886,451,283</u>	<u>898,694,962</u>	<u>869,831,845</u>	<u>881,410,071</u>
Business-type activities				
Invested in capital assets, net of related debt	39,837,451	36,708,379	40,321,738	40,581,470
Restricted net assets	1,915,283	1,914,093	1,785,070	2,133,763
Unrestricted net assets	<u>46,055,515</u>	<u>50,815,667</u>	<u>9,570,879</u>	<u>14,786,968</u>
Total business-type activities net assets	<u>87,808,249</u>	<u>89,438,139</u>	<u>51,677,687</u>	<u>57,502,201</u>
Primary government				
Invested in capital assets, net of related debt	490,578,146	483,815,467	482,416,972	482,127,784
Restricted net assets	350,107,511	356,804,970	368,173,805	360,062,285
Unrestricted net assets	<u>133,573,875</u>	<u>147,512,664</u>	<u>70,918,755</u>	<u>96,722,203</u>
Total primary government net assets	<u>\$ 974,259,532</u>	<u>\$ 988,133,101</u>	<u>\$ 921,509,532</u>	<u>\$ 938,912,272</u>

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
\$	485,015,056	\$ 430,608,245	\$ 351,981,529	\$ 374,392,279
	373,275,682	392,180,625	250,392,162	213,625,664
	118,084,147	102,397,924	139,875,959	100,898,953
	<u>976,374,885</u>	<u>925,186,794</u>	<u>742,249,650</u>	<u>688,916,896</u>
	18,627,614	33,306,890	28,558,534	26,284,166
	11,528,014	6,420,931	14,403,192	6,131,099
	18,372,385	13,385,486	35,221,568	42,054,455
	<u>48,528,013</u>	<u>53,113,307</u>	<u>78,183,294</u>	<u>74,469,720</u>
	503,642,670	463,915,135	380,540,063	400,676,445
	384,803,696	398,601,556	264,795,354	219,756,763
	136,456,532	115,783,410	175,097,527	142,953,408
	<u>\$ 1,024,902,898</u>	<u>\$ 978,300,101</u>	<u>\$ 820,432,944</u>	<u>\$ 763,386,616</u>