

*County of Santa Clara
State of California*



*Comprehensive
Annual
Financial
Report*

*Fiscal Year
Ended
June 30, 2011*

*Vinod K. Sharma
Director of Finance*

COUNTY OF SANTA CLARA, CALIFORNIA

70 West Hedding Street, San Jose, California 95110

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

Prepared by the Finance Agency

Vinod K. Sharma, Director of Finance

COUNTY OF SANTA CLARA

**Comprehensive Annual Financial Report
Table of Contents
For the Fiscal Year Ended June 30, 2011**

	<u>Page(s)</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
GFOA Certificate of Achievement	vii
Board of Supervisors and Principal County Officials	viii
County of Santa Clara Organization Chart	ix
 FINANCIAL SECTION:	
Independent Auditors' Report.....	1
Management's Discussion and Analysis (Required Supplementary Information – Unaudited).....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	21
Statement of Activities.....	22
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	24
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets – Governmental Activities.....	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities – Governmental Activities	27
Proprietary Funds:	
Statement of Fund Net Assets.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Assets	29
Statement of Cash Flows	30
Fiduciary Funds:	
Statement of Fiduciary Net Assets	32
Statement of Changes in Fiduciary Net Assets.....	33

COUNTY OF SANTA CLARA

Comprehensive Annual Financial Report
Table of Contents
For the Fiscal Year Ended June 30, 2011

	<u>Page(s)</u>
Notes to the Basic Financial Statements:	
(1) Summary of Significant Accounting Policies	35
(2) Stewardship, Compliance and Accountability.....	46
(3) Cash and Investments	46
(4) Receivables.....	54
(5) Interfund Transactions.....	57
(6) Capital Assets.....	60
(7) Capital Leases.....	64
(8) Short-Term Debt.....	64
(9) Long-Term Liabilities.....	66
(10) Hospital Program Revenues	80
(11) Net Assets/Fund Balances	83
(12) Employee Benefit Plans	86
(13) Risk Management.....	96
(14) Commitments and Contingencies.....	97
(15) Pollution Remediation.....	100
(16) Subsequent Events.....	101
 REQUIRED SUPPLEMENTARY INFORMATION (other than MD&A):	
Schedules of Funding Progress	103
Budgetary Comparison Schedule - General Fund - Budgetary Basis	105
Notes to Required Supplementary Information	116
 OTHER SUPPLEMENTARY INFORMATION:	
Combining and Individual Fund Statements and Schedules:	
Discrete Component Units.....	117
Combining Statement of Net Assets.....	118
Combining Statement of Activities	119
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	121
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	122

COUNTY OF SANTA CLARA

Comprehensive Annual Financial Report
Table of Contents
For the Fiscal Year Ended June 30, 2011

	<u>Page(s)</u>
OTHER SUPPLEMENTARY INFORMATION (Continued):	
Nonmajor Special Revenue Funds.....	123
Combining Balance Sheet.....	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	126
Budgetary Comparison Schedules:	
Roads Fund.....	128
County Library Fund.....	129
Parks Operation and Maintenance Fund	130
Housing and Community Development Fund.....	131
Clerk-Recorder Fund.....	132
Fire Districts Fund.....	133
Emergency Medical Services Fund.....	134
Environmental Health Fund	135
Vector Control Fund.....	136
Proposition 36 Fund	137
Tobacco Securitization Fund.....	138
Proposition 63 Fund... ..	139
Child Support Fund... ..	140
Other Special Revenue Funds	141
Nonmajor Debt Service Funds.....	145
Combining Balance Sheet.....	146
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	147
Budgetary Comparison Schedules:	
Multiple Facilities Bonds Fund.....	148
Hospital Facilities Bonds Fund	149
Justice Facilities Bonds Fund.....	150
Morgan Hill Courthouse Bonds Fund	151
General Obligation Bonds Fund.....	152

COUNTY OF SANTA CLARA

Comprehensive Annual Financial Report
Table of Contents
For the Fiscal Year Ended June 30, 2011

	<u>Page(s)</u>
OTHER SUPPLEMENTARY INFORMATION (Continued):	
Nonmajor Capital Projects Funds	153
Combining Balance Sheet.....	154
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	155
Budgetary Comparison Schedules:	
General Capital Improvement Fund	156
Multiple Facilities Construction Fund.....	157
Parks Acquisition and Development Fund.....	158
Qualified Energy Conservation Bonds Fund.....	159
Nonmajor Enterprise Funds	161
Combining Statement of Fund Net Assets.....	162
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	163
Combining Statement of Cash Flows	164
Internal Service Funds	165
Combining Statement of Fund Net Assets.....	166
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	168
Combining Statement of Cash Flows	170
Fiduciary Funds	173
Investment Trust Funds:	
Combining Statement of Fiduciary Net Assets.....	174
Combining Statement of Changes in Fiduciary Net Assets.....	175
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities	176

COUNTY OF SANTA CLARA

Comprehensive Annual Financial Report
Table of Contents
For the Fiscal Year Ended June 30, 2011

	<u>Page(s)</u>
STATISTICAL SECTION (Unaudited):	
Net Assets by Component	180
Changes in Net Assets	182
Fund Balances of Governmental Funds.....	187
Changes in Fund Balances of Governmental Funds.....	188
General Governmental Tax Revenues by Source	190
Taxable Assessed Value of Property	191
Property Tax Rate - Direct and Overlapping Governments	192
Principal Property Taxpayers	193
Property Tax Levies and Collections.....	194
Ratios of Outstanding Debt by Type	195
Ratios of General Bonded Debt Outstanding	197
Direct and Overlapping Bonded Debt	198
Legal Debt Margin Information.....	200
Pledge Revenue Coverage	201
Demographic and Economic Statistics	202
Principal Employers	203
Full-time Equivalent County Employees by Function / Program.....	205
Operating Indicators by Function / Program	206
Capital Asset Statistics by Function / Program	208
Miscellaneous Statistical Data	211
GLOSSARY:	
Glossary for the Comprehensive Annual Financial Report	213



Introductory Section

County of Santa Clara

Finance Agency
Controller-Treasurer Department
County Government Center, East Wing
70 West Hedding Street
San Jose, California 95110
(408) 299-5200 FAX 289-8629



February 7, 2012

To the Members of the Board of Supervisors, and
The Citizens of the County of Santa Clara

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) is published to fulfill that requirement for the fiscal year ended June 30, 2011.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Macias Gini & O'Connell LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of Santa Clara's financial statements for the year ended June 30, 2011. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The County of Santa Clara (the County) is located at the southern end of the San Francisco Bay and occupies an area of 1,316 square miles. The County was established by an act of State legislation in 1850 and was one of the original 27 counties in the State. The County is named after Mission Santa Clara, which was established in 1777, and named for Saint Clara of Assisi, Italy. The name Clara means "clear" or "bright."

The County has been steadily growing for the last two decades. According to the U.S. Census Bureau, the population of the County has grown more than 25 percent since 1990. It is the sixth most populated county in California. Santa Clara County was home to more than 1.8 million residents in 2011, nearly 5 percent of the State's population. There are 15 incorporated cities located in the County and over 95 percent of the County residents live in those cities. The County seat is located in San Jose, which is the largest city in the Bay Area. San Jose is also the third largest city in California, and the tenth largest city in the country.

The County operates under a Home Rule Charter adopted by the voters of the County. Policy making and legislative authority is vested in the County Board of Supervisors (the Board), which consists of an elected supervisor from each of the County's five districts. The Board is responsible among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the County Executive and non-elected department heads. Supervisors are elected to four-year staggered terms (e.g. three in 2012 and two in 2014). The County has three elected department heads responsible for the offices of the Assessor, the District

Attorney, and the Sheriff. All elected officials serve four-year terms. The members of the Board of Supervisors are limited to three terms.

The County, with over 15,000 full-time equivalent employees, provides a full range of services to its residents. These services include the general government (administration and finance), public protection (law enforcement, detention, and criminal prosecution), roads maintenance, health, public assistance, fire protection, libraries, sanitation, and general aviation airports. The County's operations include various component units, which provide specific services countywide or to distinct geographic areas within the County. They are legally separate entities for which the County is financially accountable as their governing boards are substantially the same as the County Board. Because of this governing board relationship and the exclusivity of County services, financial operations of some component units are blended in the County's basic financial statements. These component units are the Santa Clara County Central Fire Protection District, South Santa Clara County Fire District, Los Altos Hills County Fire District, Santa Clara County Vector Control District, County Sanitation District No. 2-3 of Santa Clara County, Santa Clara County Financing Authority, Santa Clara County – El Camino Hospital District Hospital Facilities Authority, Santa Clara County Library, Silicon Valley Tobacco Securitization Authority, and the Santa Clara County Tobacco Securitization Corporation. The Housing Authority of the County of Santa Clara and the FIRST 5 Santa Clara County are reported as discretely presented component units.

Factors Affecting the Financial Condition

The following information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Economy

In recent years, Silicon Valley, the economic region of which Santa Clara County is the largest member, has been synonymous with high technology and innovation. Over the past decades, Silicon Valley has demonstrated its ability to reinvent itself to meet opportunities and challenges. It has transitioned from agriculture based economy to manufacturing, services, high technology, and an economy of high-productivity and cutting-edge innovation. Innovation in technology and products and the advances in business models drive the Silicon Valley's economic success. In recent years, Silicon Valley has faced economic challenges similar to other regions. It experienced loss of jobs, foreclosure of homes, decline in personal income, and increase in office vacancy rates.

Despite the economic challenges of the recent years, Silicon Valley's future appears optimistic. In fiscal year 2011, 27.0 percent of the nation's venture capital investment occurred in Silicon Valley. Venture capital for the region, a leading indicator of economic recovery, was nearly \$5.9 billion, a 5.0 percent increase over the prior fiscal year. Software attracted the largest investment, but other areas, such as industrial/energy, biotechnology, medical devices, and clean technology, also grew.

The County's economy showed slight improvement in early 2011 but continued to be still challenged by the 2008 recession. Job growth showed some positive signs of recovery as the unemployment rate declined from 11.4 percent in 2010 to 10.3 percent in June 2011. Home foreclosures decreased slightly from approximately 4,800 in fiscal year 2010 to 4,005 in fiscal year 2011. Assessed values for homes were mixed, with some cities in the county showing increases when compared to the prior year, but others showed declines.

The County has faced 10 consecutive years of General Fund deficits. Over the past 10 years the County has closed funding gaps totaling \$1.8 billion. As a community, Silicon Valley has been severely challenged by the worst economic recession since the Great Depression. This recession has dramatically reduced the three major County revenue sources: local property taxes, state program revenues, and federal program revenues. The County's approach for solving its FY 2012 budget deficit also addresses the basic structural problem with

the budget by not using one-time resources to pay for any on-going budget deficits. Instead it used the following strategies to solve this budgetary deficit:

- \$145.1 million – Department ongoing reductions and revenue solutions
- \$75.0 million – Estimated concessions from County labor organizations

The department solutions of \$145.1 million represent a combination of spending reductions and revenue enhancements. The budget included a net reduction of 503 full-time equivalent positions that will affect County departments' service level capacity and ability to respond to the growing needs of our residents. The budget also includes \$75.0 million in salary reductions and benefit concessions from various bargaining units and labor organizations. At this point in time, the County and many of its labor unions have come to consensus and are making great strides on reaching the \$75.0 million goal.

Long-term Financial Planning

1. The County's largest discretionary revenue source, secured property taxes, declined 2.0 percent in FY 2011. This tax source is projected to increase 1.5 percent in FY 2012. The expenditure for salaries and benefits, which is about half of the County's total operating costs, is projected to decrease 3.3 percent in FY 2012. These cost projections are based on retirement and health insurance costs, and agreements negotiated with major bargaining units and labor organizations. Other expenditures excluding reserves are projected to increase by 0.5 percent.
2. For FY 2012, the County set aside \$91.6 million in contingency reserves. Contingency reserves are major unobligated reserves budgeted in the General Fund, and its use is limited by the Board's Policy. A reserve for economic uncertainty tends to grow during good economic times and gets depleted following downturns in the business cycle. The contingency reserve is funded with one-time funds, as is the reserve for economic uncertainty. These reserves are re-examined each year.
3. The 10-year capital improvement plan (CIP) projects future capital needs for the County. It identifies how the County plans to fund its capital projects over the ten-year period. The FY 2012 budget includes \$8.6 million for various projects.
4. In 2011, the County entered into a Teeter financing arrangement using a commercial paper program and borrowed \$111.2 million to help provide short-term liquidity to its Teeter program. The Teeter program allows the County to apportion property taxes to participating jurisdictions based on adjusted tax levy without considering any tax delinquencies. Furthermore, in June of 2011, the County paid off the prior years' Teeter notes and issued \$119.8 million of commercial paper financing to cover the FY 2012 Teeter program needs. The County also issued taxable lease revenue bonds (2011 Series A Qualified Energy Conservation Bonds) for \$20.4 million in February 2011 to finance the construction of solar electric generation systems at four County sites.

Relevant Financial Policies

Use of Fund Balance

Any unassigned General Fund balance at the fiscal year end is treated as a one-time source of funding. The Board Policy discourages using one-time funds for ongoing operations and limits their appropriation only to meet one-time expenditures. The only exception is the use of one-time reserves to ease the transition to downsized and/or reorganized operations.

Contingency Reserves

Use of contingency reserves is restricted to support costs for one-time needs for the following purposes:

- When the County is impacted by an unanticipated reduction in State and/or Federal grants and aid.
- When the County faces economic recession or depression and the County must take budget action before the beginning of any fiscal year.
- When the County is impacted by a natural disaster.

- When the County is presented with an unanticipated or unbudgeted lease expense that is necessary for the delivery of local services.
- When the County is affected by unforeseen events that require the allocation of funds.

The County can use contingency reserves to support ongoing costs when presented with critical program initiatives that have a time requirement that cannot be deferred.

Capital Project Financing

The County has a long-term capital improvement plan (CIP) that identifies how the County plans to fund both its ‘pay-as-you-go’ and its debt financed capital improvement projects over the five-year period. This plan includes: a) all capital projects being considered for a possible future bond issue; b) all capital projects that would be deferred to a subsequent bond issue; and c) all ‘pay-as-you-go’ projects set for design and construction over the next five years. While the plan covers a five-year period, it is updated annually to reflect ongoing changes as new projects are added, existing projects modified, and completed projects deleted from the plan document. The five-year CIP does not appropriate funds; rather it serves as a budgeting tool, identifying those capital budget appropriations to be made through the adoption of the County’s annual budget.

Debt Management

The debt management policy sets forth certain debt management objectives for the County and establishes overall parameters for issuing and administering the County’s debt. The Board supports the Administration’s effort to appropriately issue short-term debt to cover cyclical cash flow needs. The policy allows for the issuance of long-term debt to finance major capital improvements. However, the County historically has required a careful assessment of capital improvement priorities, capital costs, annual debt service capacities, and annual operating and maintenance costs on the scheduled improvement in advance of incurring the indebtedness.

Cash Management

- **Commingled Pool**—the County’s pooled deposits and investments are governed by California Government Code and by a County investment policy. This policy is reviewed annually by the County Treasury Oversight Committee and approved annually by the Board of Supervisors. The County Board of Supervisors, the Treasury Oversight Committee, and the Internal Audit Division monitor adherence to the statutes and policies through monthly audits and reports. The County’s investment policy stipulates, among other items, approved investment categories, maturity limits and credit rating minimums for County investments. The objectives of the policy, in order of priority, are safety of principal, maintenance of liquidity, and attainment of a market rate of return, which considers risk constraints and cash flow requirements.
- Government Code Sections 53620-53622 grant the County authority to invest the assets of the County Retiree Health Trust in a form or type of investment deemed prudent by the governing body. Accordingly, the County’s investment policy allows the purchase of securities with final maturities of 30 years or less and a Moody’s credit rating of A3 or higher. Additionally, up to 67 percent of the assets, excluding near-term liability payouts, of the County Retiree Health Trust may be invested in equities through mutual funds or through the direct purchase of common stocks by a money management firm(s) approved by the Board of Supervisors. The County Retiree Health Trust is reported as an Internal Service Fund in the financial statements.

Major Initiatives

In the County's Proposed Budget, the County Executive outlines various major programs (initiatives), accomplishments, and challenges aligned with the County's Strategic Plan. That document is available via the Internet at <http://www.sccgov.org/portal/site/scc>. Some of the initiatives included in the recommended budget are included below.

Contingency Reserves

The Board Policy sets the General Fund contingency reserves at 5 percent of the General Fund's revenues, net of pass-throughs. Accordingly, the FY 2012 final budget sets aside \$91.6 million or 5 percent for contingency reserves.

General Fund Subsidy to Santa Clara Valley Medical Center (SCVMC)

SCVMC, a County operated public hospital, is the largest and busiest hospital and clinic system (outside of Kaiser) in the South Bay and in many respects holds together the entire hospital system, public and private. The Board has adopted an Open Door Policy to provide high quality, cost-effective healthcare to all residents regardless of their ability to pay. Since revenues from treating a largely under-or-uninsured patient population cannot cover the cost of providing patient care services, SCVMC depends on an operating subsidy from the General Fund for its operations. This General Fund subsidy is comprised of three basic elements: pass-through revenues, unreimbursed County services (e.g. medical care for inmates and employee physicals), and the General Fund grant. The FY 2012 budget includes a General Fund subsidy of \$204.0 million to SCVMC.

Center for Leadership and Transformation

The County initiated the concept of the Center for Leadership and Transformation (CLT) in 2010. CLT unleashes the talents and expertise of the County's most valuable resource, its employees, to change the way the County operates and provides services. CLT is a bold and innovative approach enabling employees from different levels of the organization to take the lead in organizational transformation and achieve a new direction. The CLT has launched twenty innovative, cross-boundary, action-learning teams to tackle some of the County's toughest and most immediate issues. The committed work of the CLT teams demonstrates that there are real opportunities, within departments and across agency and county boundaries, to transform the County into a high-performance organization.

Labor Organization Concessions

One of the more significant aspects of the FY 2012 budget is the goal of capturing \$75.0 million in concessions from County labor organizations. During FY 2012 a majority of the contracts with these organizations expire. This presented an opportunity to work with our labor organizations to reduce overall County costs. Historically, requests for concessions of this magnitude have not been made in this County. Despite this, as of now, the County and many of its labor groups have reached agreement and are on the way to reaching the \$75.0 million goal.

Other Information

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twelfth consecutive year the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the comprehensive annual financial report and its timely issuance is the result of a concentrated, dedicated, and coordinated effort of the staff of the Controller-Treasurer Department and the cooperation and assistance of all County agencies and departments. We would like to acknowledge the role played by the Board of Supervisors in developing and following policies, which enhance the current and future fiscal stability of the County.

Respectfully submitted,



Vinod K. Sharma
Director of Finance



Jeffrey V. Smith
County Executive

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Santa Clara
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

COUNTY OF SANTA CLARA

BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS

JUNE 30, 2011

BOARD OF SUPERVISORS



Mike Wasserman
District 1



George Shirakawa
District 2



Dave Cortese
District 3



Ken Yeager
District 4



Liz Kniss
District 5

PRINCIPAL COUNTY OFFICIALS



Jeffrey V. Smith
County Executive



Vinod Sharma
Director of Finance



Miguel Marquez
County Counsel



Jeff Rosen
District Attorney

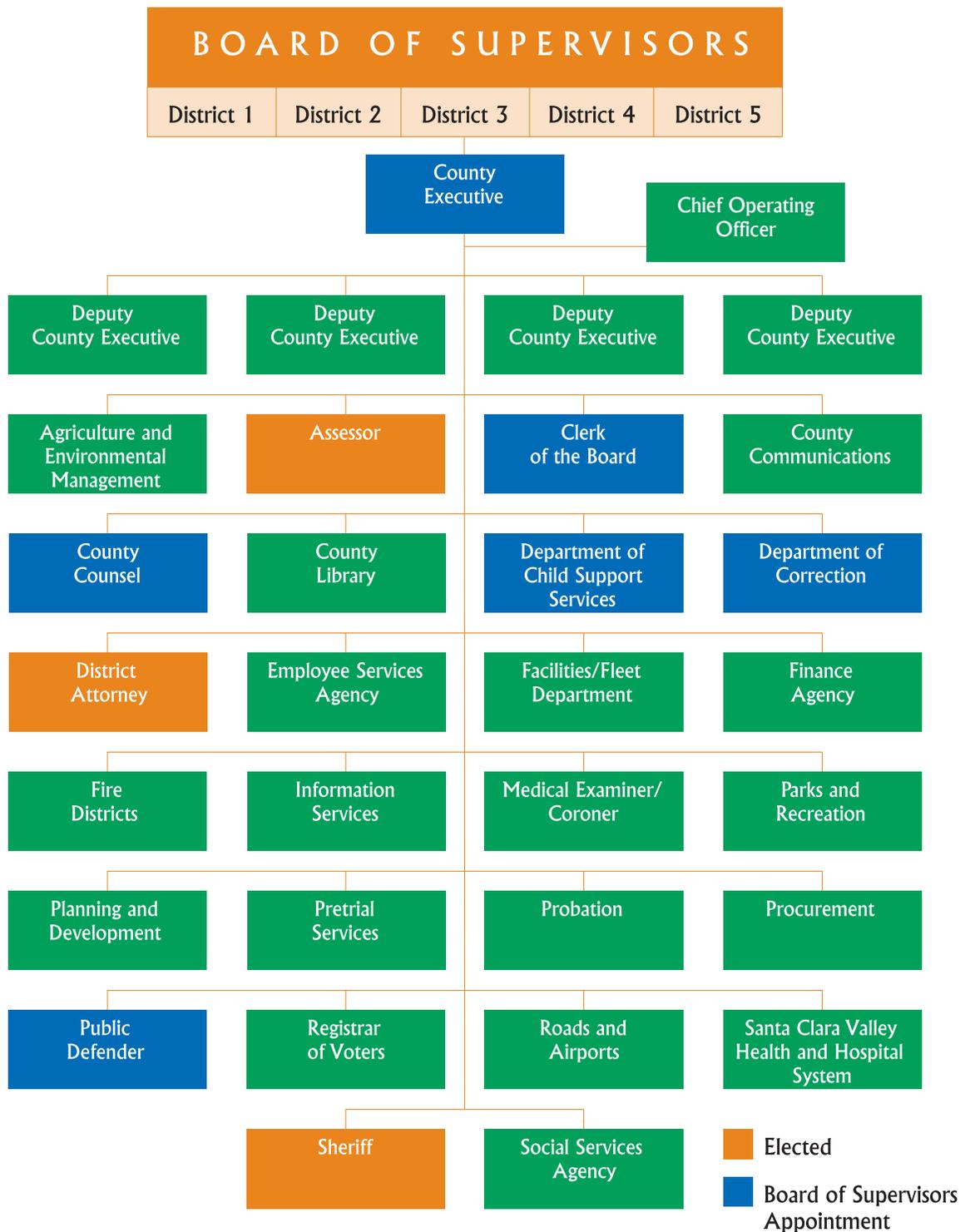


Laurie Smith
Sheriff



Larry Stone
Assessor

COUNTY OF SANTA CLARA ORGANIZATION CHART



This page intentionally left blank.



Financial Section

The Board of Supervisors
 County of Santa Clara
 San Jose, California

Independent Auditors’ Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Santa Clara, California (the “County”), as of and for the fiscal year ended June 30, 2011, which collectively comprise the County’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County’s management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain discrete component units (collectively, “Affiliates”) of the Housing Authority of the County of Santa Clara (the “Housing Authority”), a discrete component unit of the County. In addition, we did not audit the financial statements of the FIRST 5 Santa Clara County; the County Sanitation District 2 – 3 of Santa Clara County; the Santa Clara County Vector Control District; the Silicon Valley Tobacco Securitization Authority; the Santa Clara County Tobacco Securitization Corporation; and the Santa Clara County Central Fire Protection District, the South Santa Clara County Fire District, and the Los Altos Hills County Fire District (collectively, “Fire Districts”). The financial statements audited by other auditors represent the following percentages of assets, net assets and revenues as of and for the fiscal year ended June 30, 2011:

Opinion Unit	Assets and Deferred Outflows	Net Assets	Revenues
Governmental activities	3.2%	8.1%	4.0%
Business-type activities	0.6%	1.4%	0.2%
Aggregate discretely presented component units	67.3%	43.7%	19.4%
Aggregate remaining fund information	1.7%	1.7%	0.6%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1(o) to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Accounting and Financial Reporting for Fund Balance Reporting and Governmental Fund Type Definitions*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the schedules of funding progress; and the budgetary comparison schedule - General Fund - budgetary basis listed in the table of contents 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 introductory section, combining and individual fund statements and schedules, statistical section and glossary section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund statements and schedules 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 by us and the other auditors 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, based on our audit in the reports of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory, statistical and glossary sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Walnut Creek, California
February 7, 2012

Management's Discussion and Analysis

**County of Santa Clara
Management's Discussion and Analysis
Required Supplementary Information - Unaudited**

As management of the County of Santa Clara (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to vi of this report.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities by \$1.63 billion (*net assets*) at June 30, 2011. Of this amount, \$274.1 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to its citizens and creditors and \$397.9 million (*restricted net assets*) may be used for the County's ongoing obligations related to programs with external restrictions. The County's net assets invested in capital assets, net of related debt were \$960.2 million. (See further detail in Table 1 on page 6).
- The County's total net assets increased by \$11.0 million for the year. (See further detail in Table 2 on page 10).
- At June 30, 2011, the County governmental funds reported combined fund balances of \$697.6 million, an increase of \$54.0 million from the prior year. Approximately 35.7 percent of the combined fund balances, \$248.8 million, is available to meet the County's current and future needs.
- The County's investments in capital assets increased by \$98.7 million or 5.7 percent. (See further detail in Table 5 on page 18).
- The County's total long-term debt, net of retirements of \$55.4 million and additions of \$34.7 million for the year, decreased by \$20.7 million or 1.2 percent during the current fiscal year. (See further detail in Table 6 on page 19).
- At June 30, 2011, the County's unassigned fund balance for the General Fund was \$159.7 million or 8.2 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis are 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

The *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.

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.

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 the government-wide statements for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or significant 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 recreation and culture. The business-type activities of the County include a hospital—Santa Clara Valley Medical Center (SCVMC), three airports (Reid Hillview, Palo Alto and South County) and a sanitation district (County Sanitation District No. 2-3 of Santa Clara County).

Component units are included in the basic financial statements and consist of legally separate entities for which the County is financially accountable. Because of the governing board relationship and the exclusivity of County services, the financial operations of some component units are blended in the County's basic financial statements. These component units are the Santa Clara County Central Fire Protection District, South Santa Clara County Fire District, Los Altos Hills County Fire District, Santa Clara County Library, Santa Clara County Vector Control District, County Sanitation District No. 2-3 of Santa Clara County, Santa Clara County Financing Authority, Santa Clara County—El Camino Hospital District Hospital Facilities Authority, Santa Clara County Tobacco Securitization Corporation and the Silicon Valley Tobacco Securitization Authority. The Housing Authority of Santa Clara County and the FIRST 5 Santa Clara County are reported as discrete component units of the County.

The government-wide financial statements can be found on pages 21 – 23 of this report.

Fund Financial Statements

A *fund* is a grouping 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

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 the 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, the 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 maintains 26 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 balances for the General Fund. Data from other governmental 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 and schedules* elsewhere in this report.

The governmental funds financial statements can be found on pages 24 - 27 of this report.

Proprietary funds

The County maintains two kinds of proprietary 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 one hospital—Santa Clara Valley Medical Center (SCVMC), three airports (Reid Hillview, Palo Alto and South County) and one sanitation operation (County Sanitation District No. 2-3 of Santa Clara County). *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its information services, fleet management, insurance claims, printing services, unemployment insurance, workers' compensation, employee benefits, pension obligations and retirees' healthcare. The internal service funds have been allocated between the governmental activities and business-type activities based on the relative percentage of use of the internal service funds in these activities.

Proprietary fund statements provide the same type of information as the business-type activities column in the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the SCVMC, which is considered a major fund. The financial statements of the nonmajor enterprise funds (Airport and Sanitation District) are combined into a single aggregated presentation. Similarly, the County's nine internal service funds are combined into a single aggregated presentation in the proprietary funds financial statements. Individual fund data for the enterprise funds and the internal service funds is provided in the form of *combining statements* section of this report.

The proprietary funds financial statements can be found on pages 28 - 31 of this report.

Fiduciary funds

The *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds.

The fiduciary funds financial statements can be found on pages 32 - 33 of this report.

Notes to the Basic Financial Statements

The 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 35 - 101 of this report.

Required Supplementary Information

The required supplementary information is presented concerning the County's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees and the County General Fund budgetary comparison schedule. The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 102 - 116 of this report.

Combining Statements and Schedules

The combining and individual fund statements and schedules referred to earlier provide information for discrete component units, nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and certain fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 117 - 177 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's assets exceeded its liabilities by \$1.63 billion (*net assets*) at June 30, 2011. As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. When applicable, prior year numbers have been reclassified to make them comparable to the current year.

Table 1—Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2010	2011	2010	2011	2010	2011	Dollar Change	Percent Change
Current and other assets	\$ 1,784,134	\$ 1,992,097	\$ 569,743	\$ 521,356	\$ 2,353,877	\$ 2,513,453	\$ 159,576	6.8%
Capital assets	1,035,660	1,070,707	701,042	764,721	1,736,702	1,835,428	98,726	5.7%
Total assets	2,819,794	3,062,804	1,270,785	1,286,077	4,090,579	4,348,881	258,302	6.3%
Deferred outflows on derivative instrument	-	-	16,122	12,679	16,122	12,679	(3,443)	(21.4%)
Total assets and deferred outflows on derivative instruments	2,819,794	3,062,804	1,286,907	1,298,756	4,106,701	4,361,560	254,859	6.2%
Current and other liabilities	244,154	397,238	139,144	157,362	383,298	554,600	171,302	44.7%
Long-term liabilities	1,460,492	1,557,191	625,602	604,868	2,086,094	2,162,059	75,965	3.6%
Noncurrent derivative instrument liabilities	-	-	16,122	12,679	16,122	12,679	(3,443)	(21.4%)
Total liabilities	1,704,646	1,954,429	780,868	774,909	2,485,514	2,729,338	243,824	9.8%
Net assets:								
Invested in capital assets, net of related debt	801,069	851,562	211,047	279,321	889,972	960,230	70,258	7.9%
Restricted net assets	271,433	396,644	329,913	267,510	311,140	397,877	86,737	27.9%
Unrestricted net assets	42,646	(139,831)	(34,921)	(22,984)	420,075	274,115	(145,960)	(34.7%)
Total net assets	\$ 1,115,148	\$ 1,108,375	\$ 506,039	\$ 523,847	\$ 1,621,187	\$ 1,632,222	\$ 11,035	0.7%

In accordance with GASB guidance, the County reclassified \$266.3 million of the primary government's total net assets amounts from restricted to unrestricted and \$170.7 million from invested in capital assets net of related debt to unrestricted. Additional information on the presentation can be found in Note 11 on page 83 of this report.

Assets

The County's total assets and deferred outflows on derivative instruments increased \$254.9 million or 6.2% percent primarily due to the following:

Governmental activities. Total assets for the governmental activities increased by \$243.0 million mainly because current and other assets increased by \$207.9 million. The primary reasons were increases of \$230.6 million of unrestricted cash, \$114.4 million in net receivables, and \$24.9 million in securities lending (which offsets an equal amount recorded as a liability). These increases were offset by decreases of \$150.2 million in due from other government agencies.

The change in unrestricted cash was due to increases of: \$63.7 million from Proposition 63 funding for mental health programs, \$101.2 million in reduced transfers to Santa Clara Valley Medical Center, \$19.0 million from the issuance of Qualified Energy Conservation Bonds, and \$10.0 million from financing delinquent property taxes.

The increase in net receivables was mainly due to recording an increase \$110.0 million of property tax receivables in the General Fund. During FY 2011, the County issued Teeter Plan Obligation Commercial Paper Notes and proceeds were transferred to the Apportioned Tax Resources Agency Fund (Tax Fund) in exchange for property taxes receivable previously recorded in the Tax Fund.

The increase in security lending collateral was mainly due to the increase in overnight cash at year end.

The decrease in due from other governmental agencies is mainly because of a decrease of \$100.9 million short-term borrowing to the Tax Fund in FY 2010 as the Tax Fund had negative cash position at June 30, 2010. This short-term borrowing was not recorded in FY 2011 due to the issuance of Teeter Plan Obligation Commercial Paper Notes and subsequent transfer of proceeds as discussed above. The County also entered into a settlement agreement with San Jose Redevelopment Agency (see discussion at Note 4) and collected part of the receivable

that led to the decreases in due from other governmental agencies of \$16.3 million. There were also decreases of \$9.3 million from the American Recovery and Reinvestment Act for Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund because the program ended in FY 2011, \$11.6 million because of payments received from Federal and State governments earlier than in prior years, and \$4.0 million because of a receipt of payment from the Milpitas Redevelopment Agency for Elmwood Sale. Also, a decrease resulted from an increase in reserves for potential claims disallowances and mental health overpayments of \$19.8 million.

The decreases in due from other governmental agencies as discussed above were offset by an increase of \$11.4 million in SB90 claims from programs suspended by the state, \$7.6 million in state funding of the In Home Support Services, and \$8.2 million of increased welfare realignment funding from Social Service Agency caseload growth.

Capital assets used to support governmental activities increased by \$35.0 million or 3.4 percent; depreciable capital assets increased by \$72.1 million, while non-depreciable capital assets decreased by \$37.1 million. Changes in capital assets will be discussed in the Capital Assets section on page 17 and Note 6 on page 60.

Business-type activities. Total assets and deferred outflows for the business-type activities increased by \$11.8 million or 0.9 percent. Current and other assets decreased \$48.4 million, capital assets increased \$63.7 million, and deferred outflows on derivative instruments decreased \$3.4 million.

The decrease in current and other assets was mainly due to reductions in restricted cash and investments of \$78.4 million and net receivables of \$20.9 million which were offset by increases in cash and investments of \$6.6 million, due from other governmental agencies of \$11.8 million, and internal balances of \$24.6 million.

Restricted cash and investments decreased by \$78.4 million due to the usage of funds for SCVMC capital projects. Patient accounts receivable, which represent the estimated net realizable value of amounts due from patients and their insurers for health care services, decreased \$20.9 million due to lower volume, a less favorable payor mix, and initiatives to improve the timeliness of collections and adjustments.

Changes in capital assets will be discussed in the Capital Assets section on page 17 and Note 6 on page 60.

Liabilities

The County's total liabilities increased by \$243.8 million or 9.8 percent mainly due to the following:

Governmental activities. Total liabilities for the governmental activities increased by \$249.8 million or 14.7 percent due to an increase of current and other liabilities of \$153.1 million and non-current liabilities of \$96.7 million. The increase in current and other liabilities is mainly due to a \$119.8 million increase in short-term debt and a \$24.9 million increase in security lending collateral (which offsets an equal amount recorded as an asset).

The increase in short-term debt payable is mainly because of in the issuance of Teeter financing commercial paper issued just before the close of the fiscal year in June 2011.

The increase in security lending collateral was due to the increase in overnight cash at year end.

The increase in noncurrent liabilities results primarily from an addition of \$81.6 million in the County's OPEB liability. The County deferred paying a portion of its OPEB annual required contribution in FY 2010 and FY 2011 in order to maintain its working capital in light of the State's budget crisis.

Business-type activities. Total liabilities for the business-type activities decreased by \$6.0 million or 0.8 percent. Long term liabilities decreased by \$24.2 million. Current and other liabilities increased by \$18.2 million.

Noncurrent liabilities decreased by \$20.7 million mainly because of scheduled debt service payments of \$21.5 million during the year.

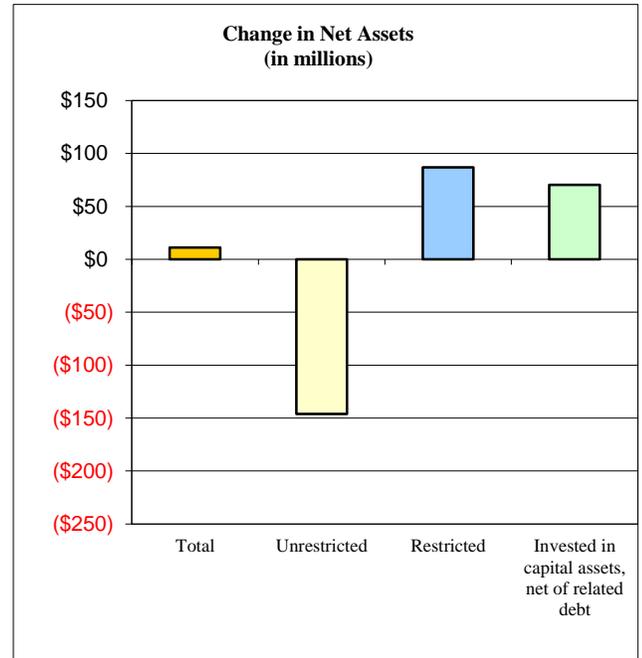
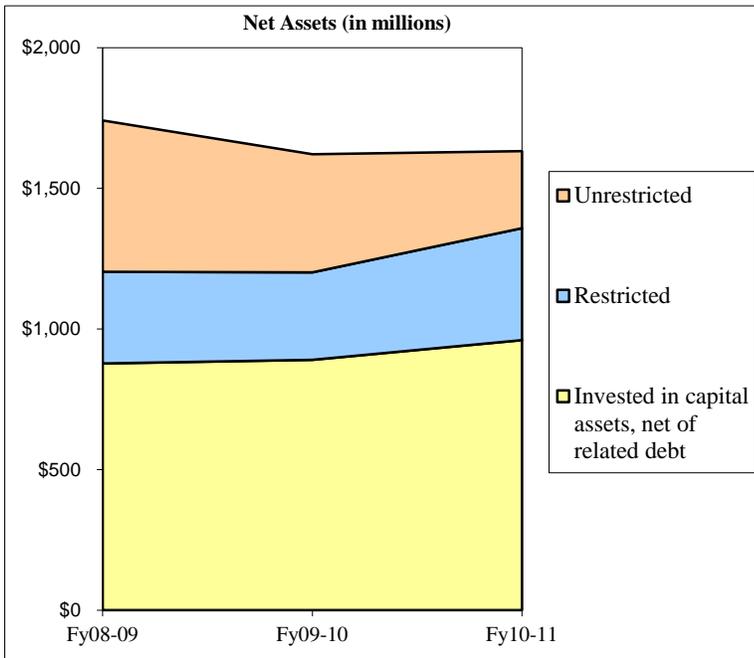
This was offset by an increase in accounts payable of \$17.9 million mainly due to the timing of payment of a significant invoice of \$20.1 million for construction services performed during FY 2011.

Net Assets

The County’s unrestricted net assets of \$274.1 million (16.8 percent) may be used to meet the County’s ongoing obligations to citizens and creditors. The largest portion of the County’s net assets of \$960.2 million (58.8 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, and equipment and vehicles) net of accumulated depreciation, less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, 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. The remaining \$397.9 million (24.4 percent) of the County’s net assets represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County reported positive balances in all categories of net assets for its governmental activities and for its business-type activities with the exception of negative balances of \$139.8 million and \$23.0 million in unrestricted net asset category of its governmental and business-type activities, respectively. As described above, the negative unrestricted net assets balances were offset on the County-wide level through reclassifications of \$266.3 million from restricted and \$170.7 million from invested in capital assets net of related debt.

The County’s net assets increased by \$11.0 million 0.7 percent for the year. This change in net assets is explained below in the context of the County’s governmental and business-type activities.

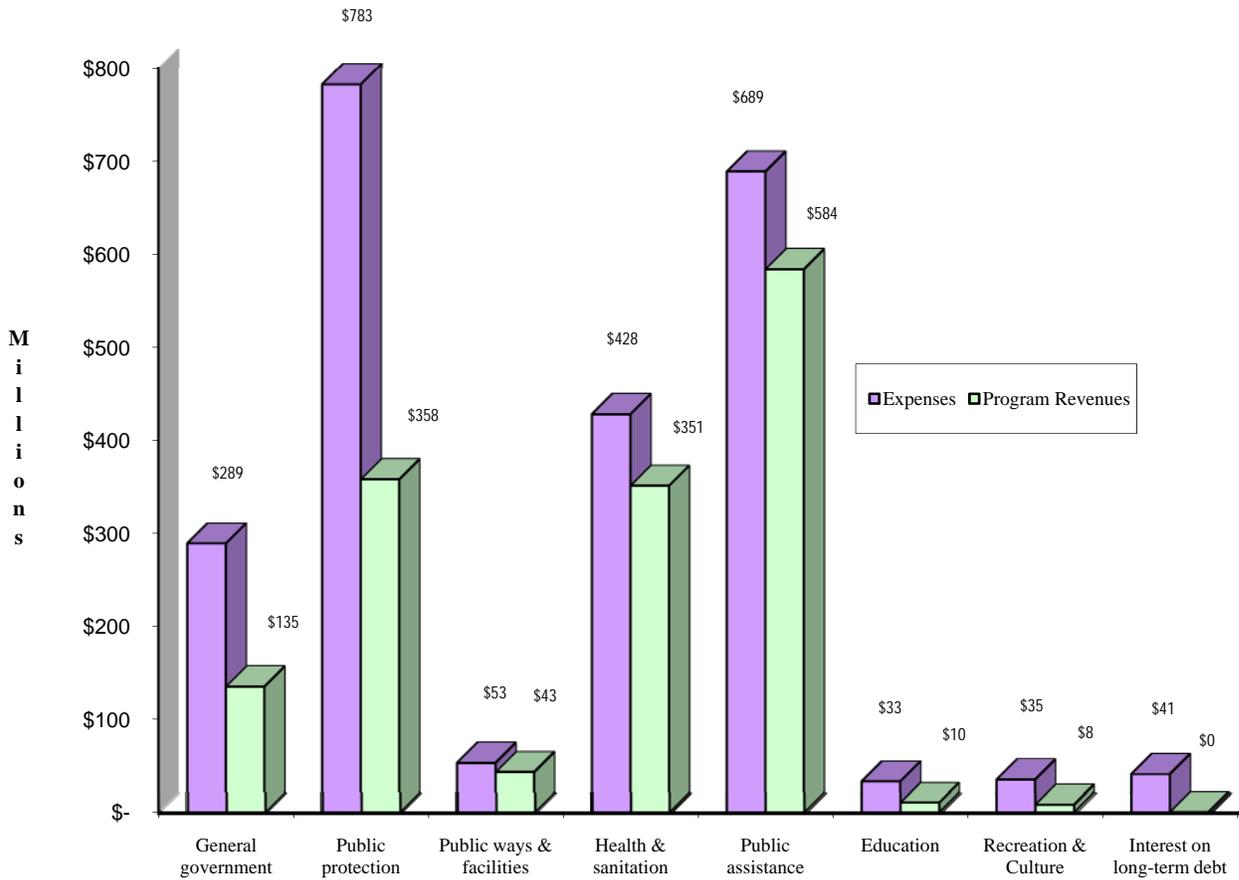


Governmental activities

The governmental activities decreased the County’s net assets by \$6.8 million. Revenues exceeded expenses by \$82.9million. In addition, net transfers of \$89.6 million were made to the business-type activities.

As an arm of the state government, the County provides various mandated services, such as public assistance, public health, and mental health. Revenues directly generated by or attributable to a specific governmental function are called program revenues. These include charges for services and restrictive (program specific) grants and contributions, both operating and capital. The following chart shows the County’s program revenues and expenses for the year. Not included in this chart are the general revenues: taxes (property, business, and sales), unrestricted grants, investment income, gain on sale of capital assets, and other revenue. These general revenues are not shown by program, but are available to support the program activities countywide.

Expenses and Revenues - Governmental Activities



Changes in the County's net assets from its governmental activities are explained in the context of changes in revenues and expenses:

Table 2—The Change in Net Assets (in thousands)

	Governmental		Business-type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2010	2011	2010	2011	2010	2011	Change	Change
Revenues:								
Program revenues:								
Charges for services	\$ 270,534	\$ 284,299	\$ 821,702	\$ 831,290	\$ 1,092,236	\$ 1,115,589	\$ 23,353	2.1%
Operating grants and contributions	1,109,374	1,197,334	17,810	113,466	1,127,184	1,310,800	183,616	16.3%
Capital grants and contributions	28,488	7,722	7,811	7,503	36,299	15,225	(21,074)	(58.1%)
General revenues:								
Property taxes	800,803	774,406	-	-	800,803	774,406	(26,397)	(3.3%)
Sales and use taxes	4,058	4,911	8,692	8,692	12,750	13,603	853	6.7%
Other taxes	49,645	49,683	-	-	49,645	49,683	38	0.1%
Unrestricted grants & contributions	29,292	28,787	-	-	29,292	28,787	(505)	(1.7%)
Unrestricted investment income	26,575	15,840	4,640	2,166	31,215	18,006	(13,209)	(42.3%)
Securities lending activities	16	12	5	-	21	12	(9)	(42.9%)
Gain on sale of capital assets	4,969	1,785	-	-	4,969	1,785	(3,184)	(64.1%)
Other revenue	76,362	68,877	-	-	76,362	68,877	(7,485)	(9.8%)
Total revenues	2,400,116	2,433,656	860,660	963,117	3,260,776	3,396,773	135,997	4.2%
Program expenses:								
General government	284,992	289,001	-	-	284,992	289,001	4,009	1.4%
Public protection	785,520	783,309	-	-	785,520	783,309	(2,211)	(0.3%)
Public ways and facilities	57,614	52,860	-	-	57,614	52,860	(4,754)	(8.3%)
Health and sanitation	408,223	427,805	-	-	408,223	427,805	19,582	4.8%
Public assistance	692,011	688,475	-	-	692,011	688,475	(3,536)	(0.5%)
Education	35,499	33,283	-	-	35,499	33,283	(2,216)	(6.2%)
Recreation and culture	33,032	34,860	-	-	33,032	34,860	1,828	5.5%
Interest on long-term liabilities	36,499	41,198	-	-	36,499	41,198	4,699	12.9%
SCVMC	-	-	1,041,980	1,028,854	1,041,980	1,028,854	(13,126)	(1.3%)
Airport	-	-	3,729	3,516	3,729	3,516	(213)	(5.7%)
Sanitation District	-	-	2,597	2,577	2,597	2,577	(20)	(0.8%)
Total expenses	2,333,390	2,350,791	1,048,306	1,034,947	3,381,696	3,385,738	4,042	0.1%
Excess (deficiency) before transfers	66,726	82,865	(187,646)	(71,830)	(120,920)	11,035	131,955	(109.1%)
Transfers	(196,028)	(89,638)	196,028	89,638	-	-	-	
Increase (decrease) in net assets	(129,302)	(6,773)	8,382	17,808	(120,920)	11,035	131,955	(109.1%)
Net assets, beginning of year, as previously reported	1,244,450	1,115,148	497,151	506,039	1,741,601	1,621,187	(120,414)	(6.9%)
Prior period adjustment	-	-	506	-	506	-	(506)	(100.0%)
Net assets, beginning of year, as restated	1,244,450	1,115,148	497,657	506,039	1,742,107	1,621,187	(120,920)	(6.9%)
Net assets, end of year	\$ 1,115,148	\$ 1,108,375	\$ 506,039	\$ 523,847	\$ 1,621,187	\$ 1,632,222	\$ 11,035	0.7%

Revenues

The County's governmental activities' revenues increased \$33.5 million or 1.4 percent to \$2.4 billion. The program revenues increased by \$81.0 million or 5.7 percent, while general revenues decreased by \$47.4 million or 4.8 percent. Over the past three years, the County's program revenues from its governmental activities have contributed about 61.6% of the cost of running those governmental programs. The general revenues support the programs by covering the remaining 38.4% of costs.

The largest source of program revenues for the County's governmental activities is federal and state grants and contributions, both operating and capital. These revenues amount to about 80.8 percent of the County's program revenues and about 48.7 percent of its total revenues. For the year, revenues from grants and contributions increased by \$67.2 million or 5.9 percent, while revenues from charges for services increased by \$13.8 million or 5.1 percent. The grant and contribution amounts incurred increases of \$88.0 million in operating grants and a decrease of \$20.8 million in capital grants. The reasons for these changes will be discussed in the governmental funds area.

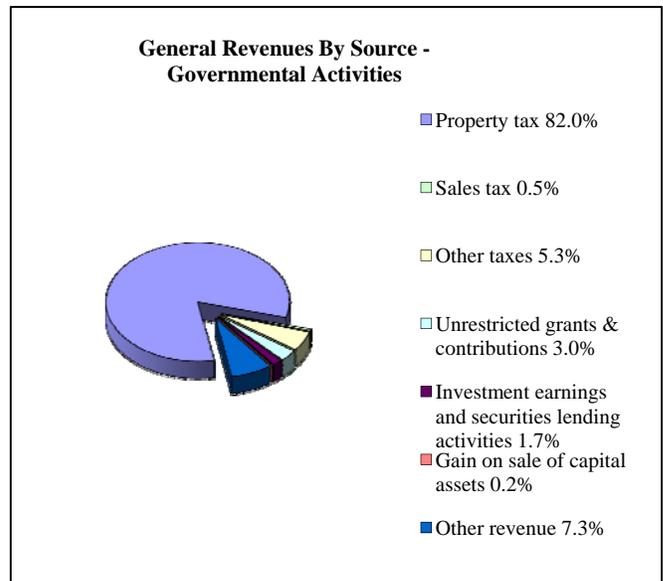
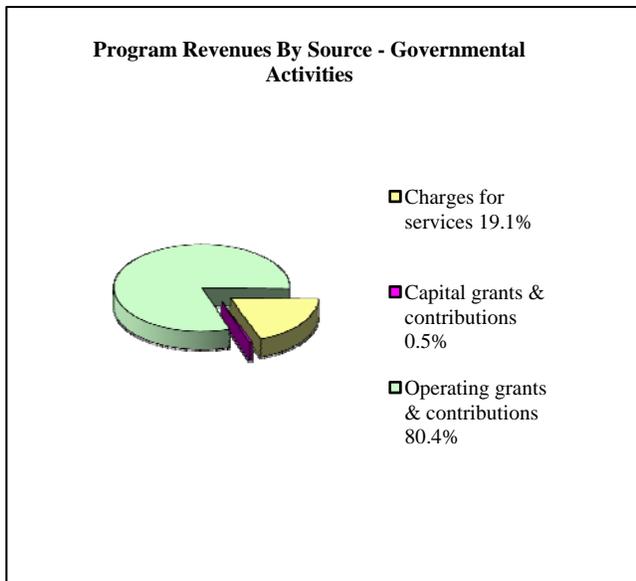
Revenues from charges for services increased \$13.8 million or 5.1 percent. Registrar of Voters election service revenues increased \$3.7 million because a general election was held in FY 2011; whereas, a local election was held in FY 2010. Civil assessments revenue collected by the Department of Revenue increased \$1.8 million because of greater collections and an increased accrual of the revenue. Document recording fees increased \$2.1 million for the Clerk-Recorder’s Office because more documents were recorded and fees were increased. Charges for service from the Sheriff’s Office increased \$3.7 million due to reimbursements from Superior Court for increased service levels at a higher reimbursement rate. Additional information on these changes will be discussed in the governmental funds area.

The County’s governmental activities’ general revenues decreased by \$47.4 million or 4.8 percent from the prior year. General revenues are not directly related to governmental programs and include: taxes (property, business, and sales), unrestricted grants, investment income, gain on sale of capital assets, and other revenue. General revenues support government programs by defraying costs, which those programs cannot cover from their own revenues. Tax revenues are the County’s second largest revenue source—grants and contributions being the largest. The County earned \$829.0 million in tax revenues (property tax, sales and use tax, and other taxes) for the current year. This is approximately 87.8 percent of the general revenues and 34.1 percent of the total revenues. These general revenues provide the Board of Supervisors (the Board) with most of its discretionary spending ability.

Property tax revenues decreased by \$26.4 million or 3.3 percent from the prior year. Secured tax roll property taxes decreased \$11.4 million because of a decrease in the secured tax roll valuation of 2.0%. Supplemental tax roll property taxes decreased \$5.6 million because of foreclosures and assessed value declines. Taxes no longer deferred decreased \$6.4 million. These topics will be discussed in General Fund Revenue and the Economic Factors sections on pages 15 and 20, respectively.

Investment earnings decreased by \$10.7 million or 40.4 percent. This was mainly due to decreases of \$2.0 million in General Fund interest from lower average daily cash balances, \$1.0 million in escrow holding from Elmwood Jail, and \$6.0 million in Retiree Health Internal Service Fund interest earned.

Other revenues decreased by \$7.5 million or 9.8 percent. A decrease of \$2.9 million in delinquent property tax penalties was due to a reduction in foreclosed property; therefore, the banks paid fewer penalties on foreclosed properties. Additionally, decreasing property values led to fewer supplemental bills being issued and, therefore, fewer penalties charged.



Expenses and Transfers

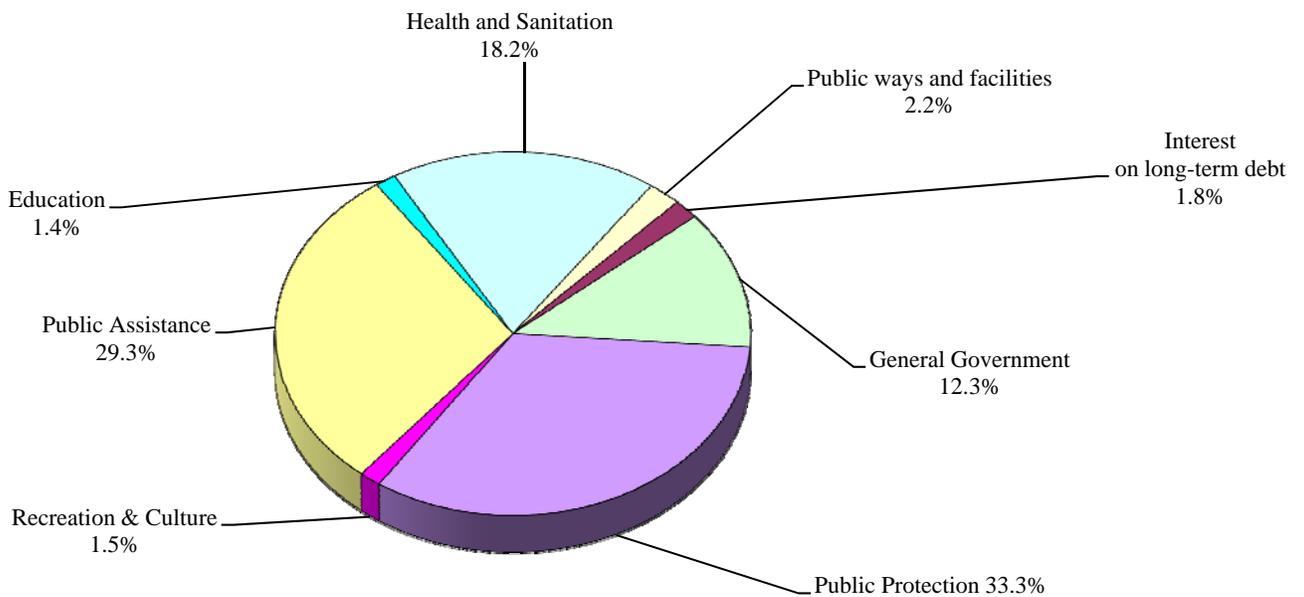
Expenses for governmental activities increased by \$17.4 million or 0.7 percent. All categories experienced lower costs than in the prior year except general government, health and sanitation, recreation and culture, and interest on long-term liabilities. The primary reasons for the changes are explained below:

- Public ways and facilities decreased by \$4.8 million due to winding down of the Measure B Transportation Improvement Program. The sales tax funding for the Measure B Program ended in March 2006 and spending is now limited to residual sales tax amounts collected from tax adjustments and audits.
- Public assistance costs decreased by \$3.5 million or 0.5 percent. Funding from the American Reinvestment and Recovery Act for the Social Services Agency fell by \$14.1 million. This was offset by \$4.7 million in increased payroll costs for Social Services Agency employees, \$4.4 million more in In Home Support Services payments due to caseload growth of 5.0 percent, and an increase of \$1.4 million in central services costs.
- Health and sanitation costs increased by \$19.6 million or 4.8 percent mainly due to an increase in Mental Services Act program costs as the County increased spending for this program to meet certain program deadlines.
- Interest on long-term debt increased by \$4.6 million as two interest payments were made this year for the General Obligation bonds versus one for the prior year.
- General government increased by \$4.0 million due mainly to higher depreciation expenses on capital assets.

Transfers decreased by \$106.4 million to \$89.6 million due primarily to a reduction in operating subsidy made by the General Fund of \$101.2 million during FY 2011 in comparison to the prior year.

The following chart shows the County's expenses by functional category for the governmental activities.

Expenses By Function/Program - Governmental Activities



Business-type activities

Business-type activities increased the County's net assets by \$17.8 million. The business-type activities had a net loss before transfers of \$71.8 million, which was offset by net transfers of \$89.6 million.

The largest of the County's business-type activities, SCVMC, had \$1.03 billion in expenses and \$947 million in program revenues for the year. This is about 99.4 percent of the program revenues of all business-type activities.

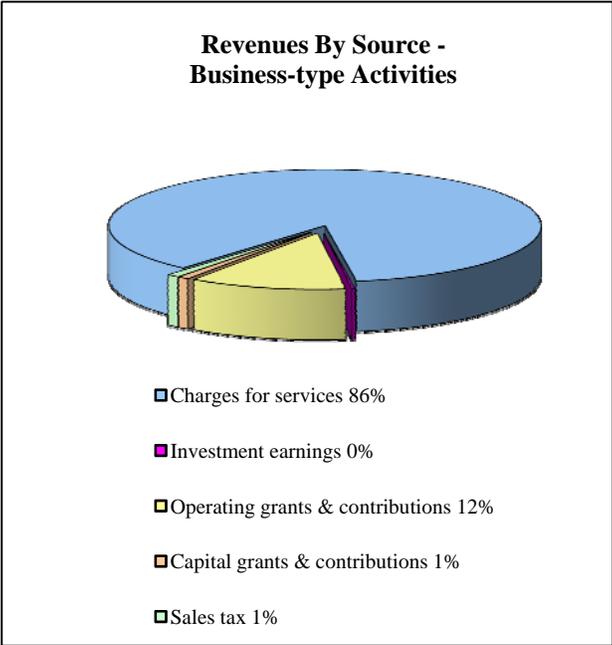
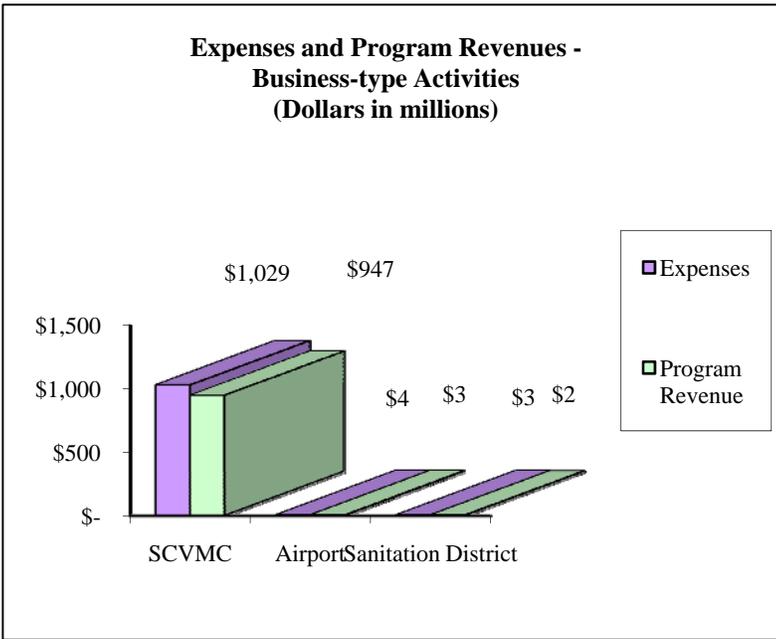
Its program revenues increased by \$96 million primarily due to higher revenues under the Medicaid Waiver and State Hospital Fee program for FY 2011. As part of the renewed 1115 Waiver, CMS authorized California to invest savings generated through the Demonstration to achieve critical objectives, such as improved quality of care and better care coordination through safety net providers. Over 5 years, up to \$6.6 billion in federal funds will be available from a delivery system reform incentive pool (DSRIP), part of a \$15.3 billion safety net care pool. Many key concepts underlying federal health care reform will be tested, evaluated, and refined in California. As a result of participation in the DSRIP, SCVMC received \$51.8 million in fiscal year 2011.

Under the California Hospital Fee Program (AB 1383) and its amending legislation (AB 1653), designated public hospitals will receive direct grants under the Hospital Fee Program (HFP). The legislation also allows the State to retain and use a portion of the direct grants allocated to the designated public hospitals with a provision that the State allocates an equal amount of federal funds available under the Medi-Cal Hospital/Uninsured Care Demonstration Project to the designated public hospitals. The designated public hospital must have incurred sufficient expenditures so that the full amount allocated can be received as federal matching funds. For the year ended June 30, 2011, SCVMC received a \$46.3 million from the HFP.

The services and supplies decreased \$31 million primarily due to lower pharmaceutical costs when compared to prior years.

Also transfers in decreased by \$106.4 million primarily due to the decrease of operating subsidy received, from FY 2010's \$197.8 million to FY 2011's \$96.6 million, a \$101.2 million decrease.

The other enterprise operations—airport and sanitation districts—are very small in size and did not change much in the year. The first chart below shows expenses and revenues by each business activity, while the second chart shows revenues by source for the business activities.



FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. When applicable, prior year numbers have been reclassified to make them comparable to the current year.

Governmental funds

The general government’s functions are reported in the general, special revenue, debt service, and capital project funds. The focus of these *governmental funds* is to provide information on near-term inflows, outflows, and balances of *unrestricted resources*. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance at the end of the fiscal year can serve as a useful measure of the County’s net resources available for spending.

At June 30, 2011, the County’s governmental funds reported total fund balances of \$697.6 million, an increase of \$54.0 million or 8.4 percent from the prior year. Approximately 35.7 percent of the combined fund balances, \$248.8 million, constitutes fund balance that is available to meet the County’s current and future needs. The remainder of the fund balance totaling \$448.9 million is either in nonspendable form or restricted for specific spending. This includes \$21.8 million of items that are not expected to be converted to cash, such as inventory and long-term loans, and \$427.1 million restricted for programs or other purposes.

For its governmental funds, the County’s total revenues for the current fiscal year were \$2.41 billion—an increase of \$62.1 million or 2.6 percent over the last year. Total governmental fund expenditures decreased by \$30.9 million or 1.3 percent to \$2.29 billion for the year. Primary reasons for these changes in revenues and expenditures for the governmental funds are explained in the framework of individual funds.

The General Fund is the chief operating fund of the County. Its unassigned fund balance was \$159.7 million at June 30, 2011, while its total fund balance was \$246.6 million, a \$10.7 million decrease from the prior year. This was mainly due to an excess of revenues over expenditures of \$15.6 million for the fiscal year, which was offset by \$26.3 million in transfers to other County funds and other financing sources. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance and the total fund balance represent 8.2 percent and 12.6 percent of the total General Fund expenditures, respectively.

The nonspendable and restricted portions of the General Fund's fund balance were \$18.7 million and \$28.3 million, respectively. The remaining fund balance constitutes the spendable portion, which was \$199.6 million. Of this amount, \$159.7 million was unassigned fund balance. The remaining portions of spendable fund balance included \$15.8 million of committed fund balance and \$24.1 million of assigned fund balance. The committed portion represents amounts set aside by the County's highest level of decision-making authority, the Board of Supervisors, for specific purposes. It includes \$10.8 million for Measure B transportation related projects. The assigned amounts include items earmarked by County management and include litigation reserves, amounts encumbered for future purchases, and amounts to be used for future operations.

General Fund revenues and expenditures for the year were \$1.97 billion and \$1.96 billion, respectively. While its revenues decreased by \$2.9 million or 0.1 percent for the year, its expenditures decreased by \$11.8 million or 0.6 percent. The Fund's revenues by sources and expenditures by function as well as changes from the prior fiscal year are presented below:

Table 3—General Fund Revenue Classified by Source (in thousands)

Revenues by source	FY 2010		FY 2011		Increase/(Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	\$ 642,514	32.5%	\$ 625,516	31.8%	\$ (16,998)	(2.6%)
Licenses and permits	12,355	0.6%	12,025	0.6%	(330)	(2.7%)
Fines, forfeitures and penalties	67,432	3.4%	64,259	3.3%	(3,173)	(4.7%)
Intergovernmental revenues	1,080,160	54.6%	1,097,449	55.6%	17,289	1.6%
Interest and investment income	11,699	0.6%	8,658	0.4%	(3,041)	(26.0%)
Security lending activities	(8)	0.0%	-	0.0%	8	(100.0%)
Charges for services	134,656	6.8%	143,783	7.3%	9,127	6.8%
Other	26,225	1.3%	20,475	1.0%	(5,750)	(21.9%)
Total	\$ 1,975,033	100.0%	\$ 1,972,165	100.0%	\$ (2,868)	(0.1%)

Table 4—General Fund Expenditures by Function (in thousands)

Expenditures by function	FY 2010		FY 2011		Increase/(Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 206,009	10.6%	\$ 197,469	10.2%	\$ (8,540)	(4.1%)
Public protection	669,851	34.0%	662,072	33.8%	(7,779)	(1.2%)
Public ways and facilities	6,860	0.3%	1,472	0.1%	(5,388)	(78.5%)
Health and sanitation	378,430	19.2%	396,090	20.2%	17,660	4.7%
Public assistance	679,910	34.5%	672,098	34.3%	(7,812)	(1.1%)
Capital Outlay	3,771	0.2%	2,845	0.1%	(926)	(24.6%)
Debt service						
Principal retirement	10,799	0.4%	11,557	0.5%	758	7.0%
Interest and fiscal charges	12,742	0.6%	12,924	0.7%	182	1.4%
Totals	\$ 1,968,372	100.0%	\$ 1,956,527	100.0%	\$ (11,845)	(0.6%)

General Fund revenues from intergovernmental revenues, charges for services, and security lending activities increased for the year. Its expenditures for health and sanitation and debt service also increased.

Our discussion on the County's governmental activities identified key reasons for changes in its revenues and expenditures that also help explain significant changes in the General Fund because it is the chief operating fund of the County, and its revenues and expenditures respectively cover 81.9 percent and 85.3 percent of the County's total current year revenues and expenditures of all governmental funds. For this reason, we will briefly mention the points that were elaborated in our earlier discussion on the countywide revenues and expenses. This section will elaborate only those points that were not included in our earlier discussion.

- Net revenues from intergovernmental sources rose by \$17.3 million or 1.6 percent. For the year, revenues from other governmental agencies increased by \$44.2 million due to payments received from the San Jose Redevelopment Agency (Agency). During the fiscal year, the County concluded negotiations over past and future amounts due from the Agency, resulting in a revenue increase of \$39.9 million. In addition, Superior Court, which belongs to the State of California court system, paid \$4.0 million for its share of pension obligation bonds issued in 2007 to pay its pension costs. State revenues increased by \$23.6 million. For this source, \$16.3 million resulted from a change in funding levels between the State and Federal governments for Social Services Agency programs. The State increased its share, but this was offset by a comparable reduction in the amounts to be paid by the Federal government. Additionally, the Public Assistance Program revenues rose by \$8.3 million from increased sales taxes health and welfare realignments paid to the Health Department for caseload growth during the year. These increases were offset by a \$4.5 million decrease in MediCal allocations. Federal revenues fell by \$50.5 million. This was due to a \$16.3 reduction in Social Services Agency program amounts due to the changes in funding levels by the State and Federal governments as described above, \$9.9 million in reduced funding from the American Recovery and Reinvestment Act, and \$24.1 million in the re-allocation of Child Services department and related revenues from the General Fund. A special revenue fund was established for this department and its revenues are now recorded in this new fund.
- Revenues from charges for services increased by \$9.1 million or 6.8 percent. Increases occurred in the following areas: \$3.7 million for the Registrar of Voters as election activity increased for 2011 in comparison to the prior fiscal year, \$3.7 million for the Office of the Sheriff from reimbursements from Superior Court for increased service levels, and \$2.1 million for the Clerk-Recorder's Office as recording fees and activity increased for the year.
- Tax revenues decreased by \$17.0 million or 2.6 percent. This was mainly due to a 2.0 percent decline in secured property assessed values, which reduced various property tax categories by \$11.3 million. In addition, supplemental property tax collections declined by \$5.6 million as assessed values were further reduced by the economic recession and resulting foreclosures that occurred throughout the County.
- Pertinent reasons for changes in General Fund expenditures are not different from what was explained in earlier discussion on the countywide governmental programs and activities.

The fund balances for the nonmajor governmental funds increased by \$64.7 million or 16.8 percent to \$450.9 million.

Proprietary funds

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

As of June 30, 2011, the County's net assets in its enterprise funds were \$581.9 million. The investment in capital assets net of depreciation and related debt was \$279.3 million. The restricted net assets of the enterprise funds were \$267.5 million. These assets represent resources that are subject to external restrictions on how they may be used. The unrestricted net assets as of June 30, 2011 were \$35.1 million.

The net assets of the County's enterprise funds increased by \$33.9 million for the year. Primary reasons for change in net assets are explained in the framework of individual enterprise funds.

SCVMC is the largest enterprise fund and its revenues and expenses comprise 99.4 percent of the total revenues and total expenses for all enterprise funds. The other two enterprise funds—Airport and Sanitation District—are very small in comparison.

Net assets for SCVMC increased by \$34.6 million. Operating revenues increased by \$105.1 million or 12.6 percent and operating expenses declined by \$21.7 million or 2.2 percent. The net capital contributions and transfers were \$97.1 million for the year. The primary reason for the changes in revenues and expenses were discussed in the business-type activities section. The net assets of SCVMC were \$559.5 million with unrestricted net assets of \$27.8 million. The restricted net assets of SCVMC were \$267.2 million and the net assets invested in capital assets, net of related debt were \$264.5 million. There were no significant changes to the net assets for the airport and sanitation districts during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's final budget appropriations for FY 2011 were \$2.3 billion, which were \$42.4 million or 1.9 percent higher than the original budget adopted by the Board of Supervisors. Occasionally, unexpected events may cause the County to commit its one-time reserves or use ongoing resources to pay for those unplanned events. Differences between the original and final budgets represent supplemental appropriations approved by the Board for various new grants received by the County or to pay for increased service level that was not expected when the original budget was approved.

General Fund revenue and expenditure were less than the budgetary estimates for the year. Estimated revenues for the year exceeded actual revenues by \$139.8 million or 6.2 percent. All revenue sources, except for fines, forfeitures and penalties came in lower than estimates. Final budgetary appropriations exceeded actual expenditures by \$221.3 million or 9.5 percent for the year. These cost savings resulted from unspent appropriations of: a) \$104.4 million in services and supplies costs for government programs – general government, public protection, public assistance, health and sanitation, and Measure B programs; b) \$87.6 million in contingency reserves; c) \$19.3 million in salaries and benefits costs due to eliminating or not filling vacant positions; d) \$4.6 million in inter-fund transfers set aside for Measure B transportation improvement projects for the Roads Department and \$4.0 million from Special Program amounts originally designated for the Healthy Kids program; e) \$1.2 million in capital assets; and f) \$0.2 million debt service payments.

The General Fund budgetary comparison schedule starts on page 106 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

As shown in Table 5 below, the County's investment in capital assets (net of accumulated depreciation) as of June 30, 2011 was \$1.84 billion. This includes investment in land, buildings and improvements, leasehold improvements, infrastructure, equipment and vehicles, and construction in progress.

TABLE 5-Capital Assets (Net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total		Dollar Change	Percent Change
	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011		
Land	\$ 241,703	\$ 251,328	\$ 6,310	\$ 6,310	\$ 248,013	\$ 257,638	\$ 9,625	3.9%
Buildings & improvements	424,708	480,448	429,730	473,876	854,438	954,324	99,886	11.7%
Infrastructure	170,045	176,181	-	-	170,045	176,181	6,136	3.6%
Equipment and vehicles	43,515	53,784	29,557	31,138	73,072	84,922	11,850	16.2%
Leasehold improvements	-	-	674	570	674	570	(104)	(15.4%)
Construction in progress	155,689	108,966	234,771	252,827	390,460	361,793	(28,667)	(7.3%)
Total	\$ 1,035,660	\$ 1,070,707	\$ 701,042	\$ 764,721	\$ 1,736,702	\$ 1,835,428	\$ 98,726	5.7%

The County's net capital assets increased \$98.7 million or 5.7 percent for the year. Net capital assets for the governmental activities increased by 3.4 percent, while the business-type activities' net capital assets increased by 9.1 percent. Changes in capital assets by activity type were as follows:

Governmental activities

The County's capital assets for its governmental activities rose by \$35.0 million as follows:

- Land increased by \$9.6 million mainly due to receipt of the former San Jose City Hall valued at \$8.6 million in accordance with the settlement agreement entered into by the County during FY 2011(see discussion at Note 4).
- Buildings and improvements increased by \$55.7 million due to the completion of the Phase I for Juvenile Hall, Fleet facility, Charcot general government complex and the Casa Grande historical structure in Almaden Quicksilver County Park.
- Infrastructure increased by \$6.1 million. This was due to the completion of the Alviso boat launch and other improvements made to Roads Department projects.
- Equipment rose by \$10.3 million due to the completion of the property tax system in the Tax Collector's Office.
- Construction in progress activities decreased by \$46.7 million as \$57.8 million in activity was offset by \$104.5 million in transfers to other capital asset categories. This included building and improvements of \$68.9 million, infrastructure projects of \$16.5 million, equipment and system enhancements of \$17.3 million, and transfers to Valley Medical Center for \$1.8 million.

Business-type activities

Net capital assets for business-type activities increased by \$63.7 million for the year. This increase was mainly due to current year additions of \$100.8 million in construction for the Seismic Safety Project and other projects, offset by the current year depreciation of \$38.4 million. \$82.7 million of completed projects were also transferred from construction in progress to other capital asset categories during the year.

Commitment of Resources for Construction Work in Progress

At June 30, 2011, the County had committed \$30.3 million of its net assets from the governmental activities and \$144.3 million of its net assets from the business-type activities for various uncompleted capital projects included in the construction in progress.

Additional information on the County's capital assets can be found in Note 6 on page 60 of this report.

Long-term debt

The County's long-term outstanding debt as of June 30, 2011 was \$1.70 billion as shown in Table 6 below:

TABLE 6-Outstanding Debt (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	Dollar Change	Percent Change
	Lease revenue bonds, net	\$ 260,951	\$ 264,537	\$ 560,006	\$ 539,440	\$ 820,957	803,977	\$ (16,980)
Pension obligation bonds	404,895	409,221	-	-	404,895	409,221	4,326	1.1%
Certificates of participation	4,110	3,936	-	-	4,110	3,936	(174)	(4.2%)
Capital lease obligations	278	459	-	-	278	459	181	65.1%
Capital appreciation bonds	124,575	132,029	-	-	124,575	132,029	7,454	6.0%
General obligation bonds	361,754	346,235	-	-	361,754	346,235	(15,519)	(4.3%)
Total	\$ 1,156,563	\$ 1,156,417	\$ 560,006	\$ 539,440	\$ 1,716,569	\$ 1,695,857	\$ (20,712)	(1.2%)

For its outstanding lease revenue bonds and certificates of participation, the County has maintained an AA rating from the Standard & Poor's (S&P) and an Aa2 rating from the Moody's Investors Service. S&P has also maintained the County's general obligation bond rating of AA+ and Moody's rating of Aa1. This combination of S&P and Moody's ratings are the highest rating any large California County has ever achieved since Proposition 13 was passed in 1978. Each rating is the highest awarded for short-term notes.

On July 29, 2011 the Fitch Rating service lowered the ratings of the Series 2007 Silicon Valley Tobacco Securitization Authority Tobacco Settlement Asset-Backed Bonds for the Santa Clara County Tobacco Securitization Corporation. The following reductions occurred: Series 2007 A from BBB to BBB-; Series 2007 C from BB- to BB; and Series 2007 D from BB- to B+.

The County's long-term debt decreased by \$20.7 million due to reductions of \$16.9 million in lease revenue bonds and \$15.5 million in General Obligation bonds, offset by increases of \$7.4 million in Tobacco Settlement Asset-Backed bonds and \$4.3 million in Pension Obligation bonds.

For business-type activities, lease revenue bonds decreased \$20.6 million primarily due to a reduction of \$21.6 million because of scheduled debt service payments.

Additional information on the County's long-term debt can be found in Note 9 on page 66 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Following one of the greatest economic downturns since the Great Depression of the 1930's, the County as well as other public and private entities is slowly progressing on the road to fiscal recovery. Although some positive signs have materialized, the economic downturn remains resilient and has created uncertainty and complexity for our organization. The following economic factors were considered in the County's 2012 budget:

- Showing continual positive job growth, the County's unemployment rate for June 2011 was 10.3 percent. This is an improvement from June 2010 when the unemployment rate was 11.4 percent. In comparison, the statewide unemployment rate for June 2011 was 12.1 percent, an increase of 0.2 percent from the prior year.
- The real per capita income (a measure of wealth creation) as of June 2009 (most current available data) decreased from \$58,531 to \$55,169. Despite this decrease, this amount is much higher than the national level of \$39,635.
- Signs have arisen that the housing market may be returning to stability and home prices leveling off. Home sales in each of the past several months have topped the previous month's sales and foreclosures are down 14.0 percent in comparison to a year ago. Also, median home prices held steady at \$598,000 for June of 2011, which mirrors the median price of \$600,000 from a year prior.

- Venture capital investment, a leading indicator of innovation and long-term development, rose 5.0 percent over the previous year, reaching nearly \$5.9 billion. The Silicon Valley region accounted for 27.0 percent of the national total and 53.0 percent of the state's total. Software attracted the largest funding, followed by industrial/energy, biotechnology, and medical devices.
- Research and development (R&D), office, and warehouse space occupancy, which are leading indicators of economic activity, presented varied results compared to the past year. The vacancy rate for R&D space was 15.2 percent in June 2011 versus 20.3 percent a year ago. The office space vacancy rate was 14.9 percent in June 2011 compared to 17.5 percent in June 2010. However, the vacancy rate for warehouse space increased from 12.2 percent in June 2010 to 12.8 percent in June 2011.
- Assessed values for real property, which fell by 2.0 percent, contributed to decrease of \$7.0 million in current secured property tax revenue. The unsecured personal property value decreased by 8.0 percent with a tax decrease of \$0.70 million. The property tax delinquencies on secured property decreased from 2.0 percent in FY 2010 to 1.7 percent in FY 2011. Property tax transfer tax revenues increased by \$1.2 million due to an increase in real estate transactions. Supplemental tax revenues decreased by \$5.6 million as an increase in foreclosures drove market values down. The FY 2012 budget assumes a 1.5 percent increase in secured property assessed values, which corresponds to an increase of \$6.8 million in property tax revenue.

The FY 2012 Countywide budget of \$4.0 billion included over \$220.1 million of deficit reduction solutions, in addition to the \$1.8 billion deficit solutions the County has already implemented since FY 2003. The budget deficit will be met by \$145.1 million in service/cost reductions and revenue increases and \$75.0 million in concessions from labor organizations.

The FY 2012 budget sets aside \$91.6 million in contingency reserves. Operating reserve designations and the strategic reserve designations are part of the financial resources that are available to address unanticipated revenue shortfalls or unforeseen expenditures. These designations provide a primary defense against deficit spending and help maintain liquidity when budgeted draw downs become necessary.

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 requests for additional financial information should be addressed to the County's Finance Agency, Controller-Treasurer Department, 70 West Hedding Street, 2nd Floor, East Wing, San Jose, CA 95110. This entire report is also available online at www.sccgov.org.



Basic Financial Statement

COUNTY OF SANTA CLARA

Statement of Net Assets

June 30, 2011

(In thousands)

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Total	
Assets and Deferred Outflows:				
Assets:				
Cash and investments	\$ 913,342	\$ 14,258	\$ 927,600	\$ 123,997
Securities lending collateral	33,355	8,583	41,938	-
Receivables, net of allowance for uncollectibles	181,695	111,722	293,417	3,857
Internal balances	56,528	(56,528)	-	-
Due from other governmental agencies	308,408	99,739	408,147	5,008
Due from related parties	-	-	-	50,677
Receivable from component unit	8,085	-	8,085	-
Inventories	3,552	15,579	19,131	-
Net pension asset	366,647	-	366,647	15,896
Other assets	27,693	6,453	34,146	6,083
Restricted cash and investments	92,792	321,550	414,342	43,160
Capital assets:				
Nondepreciable	360,294	259,137	619,431	64,200
Depreciable, net of accumulated depreciation	710,413	505,584	1,215,997	322,935
Total assets	3,062,804	1,286,077	4,348,881	635,813
Deferred outflows on derivative instruments	-	12,679	12,679	-
Total assets and deferred outflows	3,062,804	1,298,756	4,361,560	635,813
Liabilities:				
Accounts payable	73,075	56,325	129,400	9,888
Accrued salaries and benefits	67,273	36,295	103,568	230
Short-term debt payable	119,820	-	119,820	1,659
Accrued liabilities	76,835	12,249	89,084	4,842
Securities lending collateral - due to borrowers	33,355	8,583	41,938	-
Estimated third-party payer settlements	-	25,661	25,661	-
Due to related parties	-	-	-	56,750
Due to other governmental agencies	4,449	14,482	18,931	39,050
Unearned revenue	22,431	3,767	26,198	1,946
Payable to primary government	-	-	-	8,085
Noncurrent liabilities:				
Due within one year	87,569	31,679	119,248	4,938
Due in more than one year	1,469,622	573,189	2,042,811	259,810
Derivative instruments liabilities	-	12,679	12,679	-
Total liabilities	1,954,429	774,909	2,729,338	387,198
Net assets (see Note 11(a)):				
Invested in capital assets, net of related debt	851,562	279,321	960,230	138,074
Restricted for:				
Capital facilities	-	266,277	-	-
Debt service	40,949	1,233	42,182	-
Parks	92,672	-	92,672	-
Housing programs	47,049	-	47,049	-
Roads	48,767	-	48,767	-
Mental health	105,834	-	105,834	-
Other purposes	61,373	-	61,373	93,408
Unrestricted	(139,831)	(22,984)	274,115	17,133
Total net assets	\$ 1,108,375	\$ 523,847	\$ 1,632,222	\$ 248,615

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SANTA CLARA

Statement of Activities

For the Fiscal Year Ended June 30, 2011

(In thousands)

	Program Revenues				
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/program activities:					
Primary government:					
Governmental activities:					
General government	\$ 326,692	\$ (37,691)	\$ 93,953	\$ 41,273	\$ -
Public protection	780,605	2,704	137,095	220,632	17
Public ways and facilities	51,838	1,022	1,703	34,788	6,738
Health and sanitation	416,554	11,251	39,003	311,775	-
Public assistance	683,899	4,576	1,110	583,011	-
Education	32,424	859	6,664	3,234	-
Recreation and culture	33,656	1,204	4,771	2,621	967
Interest on long-term liabilities	41,198	-	-	-	-
Total governmental activities	<u>2,366,866</u>	<u>(16,075)</u>	<u>284,299</u>	<u>1,197,334</u>	<u>7,722</u>
Business-type activities:					
SCVMC	1,012,779	16,075	825,989	113,466	7,503
Airport	3,516	-	3,277	-	-
Sanitation District	2,577	-	2,024	-	-
Total business-type activities	<u>1,018,872</u>	<u>16,075</u>	<u>831,290</u>	<u>113,466</u>	<u>7,503</u>
Total primary government	<u>\$ 3,385,738</u>	<u>\$ -</u>	<u>\$ 1,115,589</u>	<u>\$ 1,310,800</u>	<u>\$ 15,225</u>
Component units	<u>\$ 377,070</u>		<u>\$ 307,177</u>	<u>\$ 21,346</u>	<u>\$ 26,640</u>
General revenues:					
Property taxes					
Sales and use taxes					
Other taxes					
Unrestricted motor vehicle in lieu of taxes					
Grants/contributions not restricted to specific programs					
Investment income					
Securities lending activities:					
Securities lending income					
Securities lending expenses					
Gain on sale of capital assets					
Other:					
Penalties on delinquent taxes					
Tobacco settlement revenues					
Miscellaneous revenues					
Transfers					
Total general revenues and transfers					
Change in net assets					
Net assets, beginning of year, as previously reported					
Prior period adjustment					
Net assets, beginning of year, as restated					
Net assets, end of year					

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
Governmental Activities	Business- type Activities	Total	Component Units	
\$ (153,775)	\$ -	\$ (153,775)	\$ -	Function/program activities:
(425,565)	-	(425,565)	-	Primary government:
(9,631)	-	(9,631)	-	Governmental activities:
(77,027)	-	(77,027)	-	General government
(104,354)	-	(104,354)	-	Public protection
(23,385)	-	(23,385)	-	Public ways and facilities
(26,501)	-	(26,501)	-	Health and sanitation
(41,198)	-	(41,198)	-	Public assistance
				Education
				Recreation and culture
				Interest on long-term liabilities
(861,436)	-	(861,436)	-	Total governmental activities
				Business-type activities:
-	(81,896)	(81,896)	-	SCVMC
-	(239)	(239)	-	Airport
-	(553)	(553)	-	Sanitation District
-	(82,688)	(82,688)	-	Total business-type activities
(861,436)	(82,688)	(944,124)	-	Total primary government
-	-	-	(21,907)	Component units
				General revenues:
774,406	-	774,406	-	Property taxes
4,911	8,692	13,603	-	Sales and use taxes
322	-	322	-	Other taxes
49,361	-	49,361	-	Unrestricted motor vehicle in lieu of taxes
28,787	-	28,787	-	Grants/contributions not restricted to specific programs
15,840	2,166	18,006	2,901	Investment income
				Securities lending activities:
48	14	62	-	Securities lending income
(36)	(14)	(50)	-	Securities lending expenses
1,785	-	1,785	-	Gain on sale of capital assets
				Other:
43,026	-	43,026	-	Penalties on delinquent taxes
15,527	-	15,527	-	Tobacco settlement revenues
10,324	-	10,324	28,027	Miscellaneous revenues
(89,638)	89,638	-	-	
854,663	100,496	955,159	30,928	Transfers
(6,773)	17,808	11,035	9,021	Total general revenues and transfers
1,115,148	506,039	1,621,187	188,814	Change in net assets
-	-	-	50,780	Net assets, beginning of year, as previously reported
1,115,148	506,039	1,621,187	239,594	Prior period adjustment
\$ 1,108,375	\$ 523,847	\$ 1,632,222	\$ 248,615	Net assets, beginning of year, as restated
				Net assets, end of year

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SANTA CLARA

Balance Sheet
Governmental Funds

June 30, 2011
(In thousands)

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets:			
Cash and investments:			
Unrestricted	\$ 223,318	\$ 420,021	\$ 643,339
Restricted with fiscal agents	65	15,745	15,810
Other restricted	143	62,788	62,931
Securities lending collateral	8,574	12,289	20,863
Receivables:			
Property taxes	114,243	-	114,243
Other, net of allowance for uncollectibles	16,609	42,901	59,510
Due from other funds	16,660	8,858	25,518
Due from other governmental agencies	289,521	18,391	307,912
Inventories	1,493	923	2,416
Other assets	17,175	564	17,739
Total assets	<u>\$ 687,801</u>	<u>\$ 582,480</u>	<u>\$ 1,270,281</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 58,040	\$ 9,530	\$ 67,570
Accrued salaries and benefits	56,390	9,199	65,589
Short-term debt payable	119,820	-	119,820
Other accrued liabilities	46,275	12,389	58,664
Securities lending collateral - due to borrowers	8,574	12,289	20,863
Due to other funds	2,967	22,949	25,916
Due to other governmental agencies	3,943	334	4,277
Advances from other funds	-	16,040	16,040
Deferred revenue	145,148	48,753	193,901
Total liabilities	<u>441,157</u>	<u>131,483</u>	<u>572,640</u>
Fund balances:			
Nonspendable	18,668	3,085	21,753
Restricted	28,343	398,765	427,108
Committed	15,757	28,945	44,702
Assigned	24,146	20,202	44,348
Unassigned	159,730	-	159,730
Total fund balances	<u>246,644</u>	<u>450,997</u>	<u>697,641</u>
Total liabilities and fund balances	<u>\$ 687,801</u>	<u>\$ 582,480</u>	<u>\$ 1,270,281</u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SANTA CLARA

Reconciliation of the Governmental Funds Balance Sheet to the
Government-wide Statement of Net Assets - Governmental Activities

June 30, 2011

(In thousands)

Fund balances - total governmental funds (page 24) \$ 697,641

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. 1,061,989

Bond issuance costs are expended in the governmental funds when paid,
however, are capitalized and amortized over the life of the corresponding
bonds for purposes of the statement of net assets. 6,020

Other long-term receivables are not available to pay for current period
expenditures and therefore are deferred in the funds. 171,470

Long-term receivables with matching long term liabilities, including receivables
from the Housing Authority, are not current financial resources and therefore
are not reported in the governmental funds. 8,085

Internal service funds are used by management to charge the costs of
management of information services, fleet management, insurance, printing,
unemployment insurance, workers' compensation, employee benefits
retiree healthcare and pension obligation to individual funds. The assets and
liabilities are included in governmental activities in the statement of net assets. 83,345

Long-term liabilities, including bonds payable, are not due and payable in the
current period and therefore are not reported in the governmental funds.

Bonds payable (excludes Pension Funding Bonds recorded in internal service funds)	\$ (746,737)	
Accrued vacation and sick leave	(124,980)	
Capital lease obligations	(459)	
Accrued interest payable	(10,756)	
Arbitrage liabilities	(172)	
Net OPEB obligations - Santa Clara Central Fire Protection District	(34,571)	
Accrued litigation liability	(2,500)	(920,175)

Net assets - governmental activities (page 21) \$ 1,108,375

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SANTA CLARA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

	General Fund	Other Governmental Funds	Total
Revenues:			
Taxes	\$ 625,516	\$ 162,903	\$ 788,419
Licenses and permits	12,025	18,001	30,026
Fines, forfeitures, and penalties	64,259	9,072	73,331
Interest and investment income	8,658	5,636	14,294
Securities lending activities:			
Securities lending income	18	14	32
Securities lending expenditures	(18)	(7)	(25)
Intergovernmental revenues	1,097,449	196,129	1,293,578
Charges for services	143,783	38,922	182,705
Other revenue	20,475	5,494	25,969
Total revenues	1,972,165	436,164	2,408,329
Expenditures:			
Current:			
General government	197,469	149	197,618
Public protection	662,072	96,763	758,835
Public ways and facilities	1,472	50,495	51,967
Health and sanitation	396,090	27,065	423,155
Public assistance	672,098	6,854	678,952
Education	-	31,801	31,801
Recreation and culture	-	33,181	33,181
Capital outlay	2,845	51,955	54,800
Debt service:			
Principal retirement	11,557	20,165	31,722
Interest and fiscal charges	12,924	19,130	32,054
Cost of issuance	-	231	231
Total expenditures	1,956,527	337,789	2,294,316
Excess (deficiency) of revenues over (under) expenditures	15,638	98,375	114,013
Other financing sources (uses):			
Proceeds from sale of capital assets	4,000	2,466	6,466
Capital lease financing	-	520	520
Bonds issuance	-	20,368	20,368
Transfers in	126,228	71,414	197,642
Transfers out	(156,547)	(128,420)	(284,967)
Total other financing sources (uses)	(26,319)	(33,652)	(59,971)
Net change in fund balances	(10,681)	64,723	54,042
Fund balances, beginning of year	257,325	386,274	643,599
Fund balances, end of year	\$ 246,644	\$ 450,997	\$ 697,641

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SANTA CLARA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Government-wide
Statement of Activities - Governmental Activities

For the Fiscal Year Ended June 30, 2011
(In thousands)

Net change in fund balances - total governmental funds (page 26)	\$	54,042
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 capital assets	\$	73,088
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, donations)		(681)
Transfer of capital assets to business-type activities		(1,813)
Less current year depreciation		<u>(36,042)</u>
		34,552
Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. Capital leases are not revenues in the statement of activities but rather constitute long-term liabilities in the statement of net assets.		
		(520)
Bond issuance costs are expended in governmental funds when paid, however, are capitalized and amortized over the life of the corresponding bonds for the purposes of the statement of activities.		
Bond issuance costs		231
Amortization of bond issuance costs		<u>(234)</u>
		(3)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		22,467
Revenues recognized in the governmental funds that were earned and recognized in previous years and are reported as beginning net assets in the statement of activities.		
		(42,016)
Issuance and refunding of bonds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. However, bonds issuance and refunding changes long-term liabilities in the statement of net assets and do not affect the statement of activities.		
		(20,368)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		31,966
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortization of bond premium and deferred loss on refunding		753
Change in accrued interest payable		(2,513)
Change in accreted interest - Tobacco Settlement Asset-Backed Bonds		(7,454)
Change in arbitrage liabilities		70
Change in net OPEB obligations - Santa Clara Central Fire Protection District		(11,249)
Change in long-term compensated absences		<u>1,332</u>
		(19,061)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of the internal service funds is reported with governmental activities.		
		<u>(67,832)</u>
Change in net assets of governmental activities (page 23)	\$	<u><u>(6,773)</u></u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SANTA CLARA

Statement of Fund Net Assets

Proprietary Funds

June 30, 2011

(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	SCVMC	Other	Total	Internal Service Funds
Assets and Deferred Outflows:				
Assets:				
Current assets:				
Cash and investments:				
Unrestricted	\$ 6,345	\$ 7,913	\$ 14,258	\$ 270,003
Restricted with fiscal agent	-	736	736	13,685
Other restricted	320,814	-	320,814	366
Securities lending collatera	8,469	114	8,583	12,492
Receivables:				
Patient accounts receivable, net of estimated uncollectables	110,207	-	110,207	-
Other	1,419	96	1,515	7,942
Due from other funds	7,255	-	7,255	-
Due from other governmental agencies	99,739	-	99,739	496
Inventories	15,579	-	15,579	1,136
Prepaid rent/insurance	2,807	-	2,807	1,465
Total current assets	<u>572,634</u>	<u>8,859</u>	<u>581,493</u>	<u>307,585</u>
Noncurrent assets:				
Advances to other funds	-	-	-	16,040
Net pension asset	-	-	-	366,647
Other assets	3,476	170	3,646	2,469
Capital assets:				
Nondepreciable	254,845	4,292	259,137	1,295
Depreciable, net of accumulated depreciator	490,363	15,221	505,584	7,423
Total noncurrent assets	<u>748,684</u>	<u>19,683</u>	<u>768,367</u>	<u>393,874</u>
Total assets	<u>1,321,318</u>	<u>28,542</u>	<u>1,349,860</u>	<u>701,459</u>
Deferred outflows on derivative instruments	12,679	-	12,679	-
Total assets and deferred outflows	<u>1,333,997</u>	<u>28,542</u>	<u>1,362,539</u>	<u>701,459</u>
Liabilities:				
Current liabilities:				
Accounts payable	55,830	495	56,325	5,505
Accrued salaries and benefits	36,235	60	36,295	1,684
Accrued liabilities	12,086	163	12,249	7,415
Securities lending collateral - due to borrower:	8,469	114	8,583	12,492
Due to other funds	5,690	-	5,690	1,167
Due to third-party payers	25,661	-	25,661	-
Due to other governmental agencies	14,482	-	14,482	-
Unearned revenue	3,678	89	3,767	-
Current portion of insurance claims	-	-	-	36,903
Current portion of accrued vacation and sick leave	10,373	8	10,381	203
Current portion of bonds payable	21,129	169	21,298	2,990
Total current liabilities	<u>193,633</u>	<u>1,098</u>	<u>194,731</u>	<u>68,359</u>
Noncurrent liabilities:				
Noncurrent portion of insurance claims	-	-	-	78,420
Noncurrent portion of accrued vacation and sick leave	54,958	89	55,047	3,388
Noncurrent portion of bonds payable	513,193	4,949	518,142	406,231
Net OPEB obligation	-	-	-	119,809
Total noncurrent liabilities	<u>568,151</u>	<u>5,038</u>	<u>573,189</u>	<u>607,848</u>
Derivative instruments liabilities:	12,679	-	12,679	-
Total liabilities	<u>774,463</u>	<u>6,136</u>	<u>780,599</u>	<u>676,207</u>
Net assets:				
Invested in capital assets, net of related deb	264,486	14,835	279,321	8,718
Restricted:				
Capital facilities	266,277	-	266,277	-
Debt service	937	296	1,233	-
Unrestricted	27,834	7,275	35,109	16,534
Total net assets	<u>\$ 559,534</u>	<u>\$ 22,406</u>	<u>581,940</u>	<u>\$ 25,252</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds			(58,093)	
Net assets of business-type activities			<u>\$ 523,847</u>	

The notes to the basic financial statements are an integral part of this statement

COUNTY OF SANTA CLARA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	SCVMC	Other	Total	Internal Service Funds
Operating revenues:				
Charges for services	\$ 825,989	\$ 5,301	\$ 831,290	\$ 202,660
Other program revenues	113,466	-	113,466	-
Net operating revenues	<u>939,455</u>	<u>5,301</u>	<u>944,756</u>	<u>202,660</u>
Operating expenses:				
Salaries and benefits	682,513	1,293	683,806	171,811
Services and supplies	94,003	961	94,964	21,521
General and administrative	96,118	-	96,118	4,485
Professional services	35,854	551	36,405	748
Depreciation	37,380	991	38,371	3,615
Amortization of net pension asset	-	-	-	(4,997)
Leases and rentals	7,531	-	7,531	35
Utilities	11,052	-	11,052	-
Insurance claims and premiums	7,917	14	7,931	74,156
Other	6,017	1,971	7,988	-
Total operating expenses	<u>978,385</u>	<u>5,781</u>	<u>984,166</u>	<u>271,374</u>
Operating loss	<u>(38,930)</u>	<u>(480)</u>	<u>(39,410)</u>	<u>(68,714)</u>
Nonoperating revenues (expenses):				
Taxes	8,692	-	8,692	-
Investment income	2,106	60	2,166	8,766
Interest expense	(22,430)	(249)	(22,679)	(24,353)
Securities lending activities:				
Securities lending income	14	-	14	16
Securities lending expenses	(14)	-	(14)	(11)
Gain (loss) on disposal of capital assets	(503)	(13)	(516)	358
Other, net	(11,435)	-	(11,435)	455
Total nonoperating revenues (expenses), net	<u>(23,570)</u>	<u>(202)</u>	<u>(23,772)</u>	<u>(14,769)</u>
Loss before capital contributions and transfers	<u>(62,500)</u>	<u>(682)</u>	<u>(63,182)</u>	<u>(83,483)</u>
Capital contributions	7,503	-	7,503	-
Capital contributions transferred in from other County funds	1,813	-	1,813	-
Transfers in	108,860	11	108,871	-
Transfers out	(21,046)	-	(21,046)	(500)
Change in net assets	<u>34,630</u>	<u>(671)</u>	<u>33,959</u>	<u>(83,983)</u>
Net assets, beginning of year	<u>524,904</u>	<u>23,077</u>	<u>547,981</u>	<u>109,235</u>
Net assets, end of year	<u>\$ 559,534</u>	<u>\$ 22,406</u>	<u>\$ 581,940</u>	<u>\$ 25,252</u>
Change in net assets of enterprise funds			\$ 33,959	
Adjustment to reflect the consolidation of internal service funds to enterprise funds.			<u>(16,151)</u>	
Change in net assets of business-type activities:			<u>\$ 17,808</u>	

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SANTA CLARA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	SCVMC	Other	Total	Internal Service Funds
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 948,142	\$ 5,269	\$ 953,411	\$ 203,956
Cash payment to suppliers for goods and services	(258,559)	(3,253)	(261,812)	(25,677)
Cash payment to employees for services	(681,831)	(1,336)	(683,167)	(31,821)
Cash payment for retirement benefits	-	-	-	(58,350)
Cash payment for judgments and claims	-	-	-	(67,815)
Other payments	(11,435)	-	(11,435)	-
Other receipts	-	-	-	455
Net cash provided by (used in) operating activities	<u>(3,683)</u>	<u>680</u>	<u>(3,003)</u>	<u>20,748</u>
Cash flows from noncapital financing activities:				
Cash receipts from state grants - taxes realignment	9,019	-	9,019	-
Cash receipts from short term borrowings to other funds	-	-	-	8,085
Cash payments to other funds	(40,785)	-	(40,785)	(606)
Principal paid on pension obligation bonds	-	-	-	(2,020)
Interest paid on pension obligation bonds	-	-	-	(17,949)
Transfers in	108,860	11	108,871	-
Transfers out	(21,046)	-	(21,046)	(500)
Net cash provided by (used in) noncapital financing activities	<u>56,048</u>	<u>11</u>	<u>56,059</u>	<u>(12,990)</u>
Cash flows from capital and related financing activities:				
Repayment of capital leases	-	-	-	(95)
Principal paid on bonds	(21,473)	(160)	(21,633)	-
Interest paid	(23,401)	(247)	(23,648)	(5)
Acquisition of capital assets	(85,729)	(170)	(85,899)	(4,123)
Proceeds from sale of capital assets	-	-	-	371
Capital contributions received	4,039	-	4,039	-
Net cash used in capital and related financing activities	<u>(126,564)</u>	<u>(577)</u>	<u>(127,141)</u>	<u>(3,852)</u>
Cash flows from investing activities:				
Purchases of investments	-	-	-	(8,657)
Proceeds from sale of investments	-	-	-	4,552
Investment income received	2,177	60	2,237	8,186
Investment expenses paid	(14)	-	(14)	(53)
Net cash provided by investing activities	<u>2,163</u>	<u>60</u>	<u>2,223</u>	<u>4,028</u>
Net change in cash and cash equivalents	<u>(72,036)</u>	<u>174</u>	<u>(71,862)</u>	<u>7,934</u>
Cash and cash equivalents, beginning of year	399,195	8,475	407,670	130,537
Cash and cash equivalents, end of year	<u>\$ 327,159</u>	<u>\$ 8,649</u>	<u>\$ 335,808</u>	<u>\$ 138,471</u>
Cash and cash equivalents:				
Cash and investments:				
Unrestricted	\$ 6,345	\$ 7,913	\$ 14,258	\$ 270,003
Restricted with fiscal agents	-	736	736	13,685
Other restricted	320,814	-	320,814	366
Less deposits and investments not meeting the definition of cash and cash equivalents	-	-	-	(145,583)
Total cash and cash equivalents	<u>\$ 327,159</u>	<u>\$ 8,649</u>	<u>\$ 335,808</u>	<u>\$ 138,471</u>

(Continued)

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SANTA CLARA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	SCVMC	Other	Total	Internal Service Funds
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (38,930)	\$ (480)	\$ (39,410)	\$ (68,714)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	37,380	991	38,371	3,615
Amortization of net pension assets	-	-	-	(4,997)
Provision for bad debts	6,208	-	6,208	-
Miscellaneous nonoperating revenues (expenses), net	(11,435)	-	(11,435)	455
Decrease (increase) in assets:				
Receivables	14,663	(22)	14,641	1,265
Due from other governmental agencies	(7,074)	1	(7,073)	34
Inventories	(3,127)	-	(3,127)	130
Prepaid rent/insurance	(877)	-	(877)	-
Other assets	-	7	7	112
Increase (decrease) in liabilities:				
Accounts payable	2,789	233	3,022	1,851
Accrued salaries and benefits	-	(3)	(3)	-
Accrued liabilities	1,830	4	1,834	71
Due to third-party payers	(5,469)	-	(5,469)	-
Accrued vacation and sick leave	-	(40)	(40)	(2)
Insurance claims	-	-	-	5,359
Unearned revenue	359	(11)	348	(2)
Net OPEB obligation	-	-	-	81,571
Net cash provided by (used in) operating activities	<u>\$ (3,683)</u>	<u>\$ 680</u>	<u>\$ (3,003)</u>	<u>\$ 20,748</u>
Supplemental disclosure of noncash investing, capital and related financing activities:				
Noncash capital and related financing activities:				
Transfers of capital assets from the County's governmental activities	\$ 1,813	\$ -	\$ 1,813	\$ -
Acquisition of capital assets through accounts payable	26,717	-	26,717	-
Amortization of discounts, premiums and deferred loss on refunding	1,066	-	1,066	-
Amortization of deferred charges	309	-	309	-
Noncash investing activities:				
Decrease in rebatable arbitrage	(207)	-	(207)	-
Net change in fair value of investments not considered cash and cash equivalents	-	-	-	638
Noncash noncapital financing activities:				
Accretion of interest on capital appreciation bonds	-	-	-	6,346

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SANTA CLARA

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2011
(In thousands)

	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets:			
Cash and investments:			
Unrestricted	\$ 2,758,472	\$ 53,186	\$ 139,504
Other restricted	5	563	1,145
Securities lending collateral	66,207	1,363	666
Receivables:			
Interest	10,057	212	8,070
Other	-	763	149
Duc from other governmental agencies	-	-	721
Other assets	-	33,260	2,467
Total assets	<u>2,834,741</u>	<u>89,347</u>	<u>\$ 152,722</u>
Liabilities:			
Accounts payable	-	37,399	\$ -
Other accrued liabilities	-	1,228	-
Securities lending collateral - due to borrowers	66,207	1,363	666
Due to other governmental agencies	-	170	2
Deposits from others	-	33,345	-
Fiduciary liabilities	-	-	152,054
Total liabilities	<u>66,207</u>	<u>73,505</u>	<u>\$ 152,722</u>
Net assets:			
Net assets held in trust for investment pool participants/private-purpose trust	<u>\$ 2,768,534</u>	<u>\$ 15,842</u>	

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SANTA CLARA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011
(In thousands)

	Investment Trust Funds	Private-Purpose Trust Fund
Additions:		
Contributions to pooled investments	\$ 18,011,787	\$ 3,167
Interest and investment income	21,458	259
Securities lending activities:		
Securities lending income	95	2
Securities lending expenses	(55)	(1)
Total additions	18,033,285	3,427
Deductions:		
Distributions and administrative expenses	17,899,163	898
Change in net assets	134,122	2,529
Net assets held in trust, beginning of year	2,634,412	13,313
Net assets held in trust, end of year	\$ 2,768,534	\$ 15,842

The notes to the basic financial statements are an integral part of this statement.

This page intentionally left blank.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies

(a) Description of the Reporting Entity

The County of Santa Clara (the County), California (the State), was established on June 1, 1850. The County's powers are exercised through a Board of Supervisors, which is the governing body of the County. The Board of Supervisors is responsible for the legislative and executive control of the County. The County provides various services on a County-wide basis and certain services only to unincorporated areas. Services provided include law and justice, education, detention, social, health, hospital, fire protection, sanitation, road construction and maintenance, park and recreation facilities, elections and records, communications, planning, zoning, treasury, and tax collection.

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 are, although legally separate entities, 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 the 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 from the County's Controller-Treasurer Department located at 70 West Hedding Street, 2nd Floor, East Wing, San Jose, California 95110.

Blended Component Units

The County and the component units listed below have a financial and operational relationship which requires that they be blended into the County's financial statements. The Board of Supervisors serves as the governing board of the County's blended component units. In addition, the Santa Clara County Financing Authority, the Santa Clara County – El Camino Hospital District Hospital Facilities Authority, the Silicon Valley Tobacco Securitization Authority, and the Santa Clara County Tobacco Securitization Corporation provide services entirely or almost entirely to the County.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

The following component units are blended in the County's basic financial statements:

Component unit	Blended in the basic financial statements under the category of:
Santa Clara County Central Fire Protection District	Nonmajor governmental funds - all fire districts are reported together in a special revenue fund.
South Santa Clara County Fire District	
Los Altos Hills County Fire District	
Santa Clara County Library	Nonmajor governmental funds
Santa Clara County Vector Control District	Nonmajor governmental funds
County Sanitation District 2 - 3 of Santa Clara County	Sanitation District Enterprise Fund
Santa Clara County Financing Authority (SCCFA)	SCCFA is included in the financial statements for the Santa Clara Valley Medical Center (SCVMC) and debt service funds of the governmental funds.
Santa Clara County - El Camino Hospital District Hospital Facilities Authority	Nonmajor governmental funds with the noncurrent liabilities included in the government-wide statement of net assets and the SCVMC.
Silicon Valley Tobacco Securitization Authority	Nonmajor governmental funds with the noncurrent liabilities included in the government-wide statement
Santa Clara County Tobacco Securitization Corporation	Nonmajor governmental funds with the noncurrent liabilities included in the government-wide statement

Discretely Presented Component Units

The FIRST 5 Santa Clara County (FIRST 5) was created on March 30, 1999, under the provisions of the California Children and Families Act of 1998 (the Act). The Act became law in 1998 when California voters approved Proposition 10, authorizing the State to levy a tax on tobacco products to pay for programs to promote the healthy development of young children. Its board consists of nine members, two of whom are officers of the County, while the remaining seven are appointed by the Santa Clara County Board of Supervisors. FIRST 5 is a discretely presented component unit as its governing body is not substantially the same as that of the County and FIRST 5 does not provide services entirely or almost entirely to the County. Complete financial statements for FIRST 5 can be obtained directly from its administrative office at 4000 Moorpark Avenue, Suite 200, San Jose, California 95117.

The Housing Authority of the County of Santa Clara (the Housing Authority) was established in 1967 by the Board of Supervisors. The purpose of the Housing Authority is to provide affordable housing to low-income families, elderly and handicapped in Santa Clara County. It accomplishes its objectives by providing management, administrative and educational services to tenants and landlords to facilitate the operation of the various federal and state pretax assistance programs. Most of the housing programs administered by the Housing Authority are funded by contributions from the U.S. Department of Housing and Urban Development (HUD).

The Board appoints a voting majority of the Housing Authority's Board of Commissioners and can remove appointed members at will. The Housing Authority is presented as a discretely presented component unit of the County as the Housing Authority's governing body is not substantially the same as that of the County and the Housing Authority does not provide services entirely or almost entirely to the County. The financial data included for the Authority represents the aggregated data of its business-type activities and its component units. The Housing Authority has formed twelve non-profit organizations and one for-profit corporation to further facilitate its goals. During the

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

fiscal year, the Governmental Accounting Standards Board (GASB) issued guidance related to the treatment of housing authorities as general partners of limited tax credit partnerships whereby limited partners have limited rights regarding the operations of the partnership and the housing authority possesses essentially all authority over day-to-day operations. Prior to this guidance, the Housing Authority has discretely presented the financial position and results of operations of the general partners' interests. After evaluating the recent guidance, the Housing Authority decided to restate the beginning net assets of its component units in the amount of \$50.8 million to include the limited partners' interests. The Housing Authority's government-wide statement of net assets presents the combined data of the component units in a single column. The component units column includes information of some non-profit organizations that are on different year-ends of December 31, 2010 and May 31, 2011. Complete financial statements for the Housing Authority can be obtained directly from its administrative office at 675 North First Street, Suite 500, San Jose, California, 95110.

(b) Basis of Presentation

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. 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, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct 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 function and, therefore, are clearly identifiable to a particular function. Program revenues include: 1) charges paid by the recipients of goods or services offered by the programs, including fines and penalties, and 2) grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes imposed by the County, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after restricted resources are depleted.

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. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the County's enterprise and internal service funds are charges for customer services including: medical center charges for services, sanitation and airport fees, insurance charges, employee benefits, employee retirement, healthcare, information services, vehicle and maintenance services and printing support charges.

Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major governmental and enterprise funds:

- *General Fund* is the general operating fund of the County. It accounts for all financial resources except those required to be accounted for in another fund.
- *SCVMC Enterprise Fund* accounts for hospital and clinic services provided to County residents. Revenues consist primarily of patient service fees. An annual operating subsidy is provided by the General Fund to supplement the program.

The County reports the following additional fund types:

- *Internal Service Funds* provide for information technology, vehicle and maintenance and printing services provided to County departments; life and dental insurance benefits, workers' compensation, unemployment, retirement healthcare, and pension costs for County employees; and other liability claims against the County.
- *Investment Trust Funds* account for commingled pool assets held in trust for schools, other special districts and other agencies which use the County Treasury as their depository, as well as account for separate investments acquired for the Palo Alto Unified School District, Foothill De Anza Community College District, West Valley Mission Community College District, and Mountain View – Los Altos School District.
- *Private Purpose Trust Funds* are used to account for resources for conservatees managed by the public guardians and administrators. These resources are restricted to a specified purpose that benefits individuals.
- *Agency Funds* are custodial in nature and do not involve measurement of results of operations and account for assets held by the County as an agent for various local governments and individuals. Included are funds for child support payments; bail money posted with Superior Court; employees' long-term disability and supplemental life insurance premiums; and apportioned taxes for other local governmental agencies.

(c) Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (excluding agency funds). Revenues are recorded when earned and expenses are

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when “susceptible to accrual” (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means that revenues are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues are recognized in the current year if they are collected within 60 days of year-end. For all other revenues, the County considers revenues to be available if they are collected within 360 days of the end of the current fiscal period. Revenues not considered available are recorded as deferred revenue. The County’s other primary revenue sources: investment income, intergovernmental revenues and charges for services have been treated as “susceptible to accrual” under the modified accrual basis. Licenses and permits, fines, forfeitures and penalties, and other revenue are not considered “susceptible to accrual” under the modified accrual basis and are recorded as revenues when received. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the business-type activities in the government-wide financial statements and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance.

(d) Federal, State, and Local Grant Funds

Proprietary funds’ federal, state, and local grants are accounted for in accordance with the purpose for which the grants are intended. Approved grants for the acquisition of land, buildings, and equipment are reported as capital contributions and grants for operating assistance are recorded as nonoperating revenues in the year in which the grants are applicable and the related grant conditions are met.

(e) County Commingled Investment Pool

The County Treasurer manages a common cash and investment pool for the County, school and community college districts, special districts, and other local public agencies. Investments made by the Treasurer are regulated by the California Government Code and by a County investment policy approved annually by the County Treasury Oversight Committee and the Board of Supervisors. Adherence to the statutes and policies is monitored by the County Board of Supervisors, the Treasury Oversight Committee, and the Internal Audit Division through monthly audits and reports.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

The pool consists of cash and investments that are either unrestricted or legally restricted to certain trust, bond issue, and specific expenditure purposes. The pool is not registered with the SEC as an investment company. State law requires that the County and its public school districts invest with the County Treasury. These involuntary external members' shares comprise 62% of the pool.

Investments of the pool are stated at fair value. The County Treasurer determines the fair value of the pool on a monthly basis, based on quoted market prices. The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2011, to support the value of shares in the pool.

The value of the participants' pool shares that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the participants' positions in the pool.

Separate Investments

The County Treasurer oversees separate investments for most of the County's reserve, payment, and capital resources arising from the issuance of various construction and technology bonds. In addition, self-insurance trusts and benefit plans for the County and certain school districts own additional separate investments managed by the Treasurer. All of these investments are classified as either unrestricted or restricted for other purposes on the accompanying balance sheets and statement of net assets.

The Santa Clara County Financing Authority and the Santa Clara County - El Camino Hospital District Hospital Facilities Authority maintain restricted cash and investments in separate bank accounts.

Separate investments held by the County Treasury are also stated at fair value. The County Treasurer determines the fair value of these investments on a monthly basis, based on quoted market prices. Outside trustees provide monthly statements to report the fair value and pricing of the assets held by them, which are also based on quoted market prices.

Investment Income

Realized earnings are allocated quarterly to the commingled investment pool participants based on the participants' average daily cash balance relative to the entire pool. A negative average cash balance results in negative earnings that are netted against interest income. Changes in fair value are included in investment income for financial statement reporting purposes.

The County follows legal or contractual provisions regarding the assignment of interest revenue to certain other funds. Interest on bond monies held in the nonmajor governmental funds have such arrangements. The assignment of other interest is based on management's discretion. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, interest revenue is reported in the fund in which it is earned. Subsequent assignments are reported as transfers.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

(f) Statement of Cash Flows

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity of three months or less from the original purchase to be cash equivalents. The majority of the proprietary funds' deposits in the County Treasurer's commingled pool is in substance, demand deposits and is, therefore, considered cash equivalents for purposes of the statement of cash flows.

(g) Inventories

Inventories are stated at cost (using the first-in, first-out method), which approximates market, and consist of expendable supplies that are reduced as consumed. Inventories reported in governmental funds are offset by a corresponding nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

(h) Loans Receivable

For the purpose of the fund financial statements, governmental expenditures relating to long-term loan receivables arising from loan subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans, with an offset to a deferred revenue account. The balance of the long-term receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

(i) Capital Assets

The County defines capital assets as assets with an initial, individual cost of more than \$150 for infrastructure and buildings and improvements, \$100 for internally generated software, and \$5 for equipment and vehicles with an estimated useful life in excess of one year. Donated capital assets are valued at their estimated fair market value on the date donated. Capital assets used in operations are depreciated or amortized (assets under capital leases and other intangible assets) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary fund statements. Certain assets, for which actual historical costs are not available, have been valued using methods that approximate their historical costs. Depreciation of exhaustible capital assets is charged as an expense against the County's operations, over their estimated useful lives in the government-wide statements and proprietary fund statements.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Infrastructure	20 to 50 years
Buildings and improvements	5 to 50 years
Equipment and vehicles	3 to 30 years

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
 June 30, 2011
 (Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

Interest is capitalized on proprietary funds' construction in progress in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) 835-20, *Capitalization of Interest* (formerly Statement of Financial Accounting Standards (SFAS) No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*). Accordingly, interest capitalized is the total interest cost from the date of the borrowing net of any interest earned on temporary investments of the proceeds of those borrowings until the specified asset is ready for its intended use.

(j) Property Tax Levy, Collection, and Maximum Rate

The State's Constitution, Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value except for rates levied to pay principal and interest on general obligation debt. Such debt shall have voter approval unless incurred prior to June 6, 1978. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased no more than 2% per year unless the property is sold or transferred. Whenever there are changes in ownership, completed construction or demolition, properties are subject to supplemental assessment based on the change in assessed valuation. Supplemental taxes are levied on the value change and prorated for the balance of the tax year. The State Legislature, through Assembly Bill 8 and subsequent legislation, defined the methodology for distributing the 1% tax levy and collections among the County, cities, schools, and other local jurisdictions.

The County assesses property values and levies, bills and collects the related taxes as follows:

	Secured	Unsecured
Lien dates	January 1	January 1
Levy dates	October 1	July 1
Due Dates	50% on November 1 50% on February 1	Upon receipt of billing
Delinquent after	December 10 (for November) April 10 (for February)	August 31

Annually, the Board of Supervisors sets the rates to be applied to the tax roll for the benefit of local taxing jurisdictions as provided by State code. These taxes are secured by liens on the property being taxed. Taxes secured by land and improvements are levied on the Secured Tax Roll, while those taxes secured by personal property are levied on the Unsecured Tax Roll.

In 1994, the Board adopted the Alternative Method of Tax Apportionment (the Teeter Plan). Under this method, the County distributes 100% of the secured tax levy to participating jurisdictions regardless of collections. To cover losses on delinquent tax sales, counties using the Teeter Plan must maintain a Tax Losses Reserve Fund. The Tax Losses Reserve Fund is included in the County's "Apportioned Tax Resources" Agency Fund. When the balance in this fund exceeds the minimum balance required by the State code, the excess may be transferred to the General Fund.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

(k) *Interfund Transactions*

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the government-wide statements as “internal balances.” Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

(l) *Bond Issuance Costs, Original Issue Discounts and Premiums, and Deferred Losses on Refunding*

In governmental fund types, bond premiums, discounts and issuance costs are recognized in the period bond proceeds are received. Bond premiums/discounts and issuance costs for the government-wide statement of net assets and proprietary fund types are deferred and amortized over the term of the bonds using a method that approximates the interest method. In the government-wide statements bond premiums/discounts and bond premiums/discounts for proprietary fund types are presented as an increase/reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

Gains or losses occurring from advance refunding, completed subsequent to June 30, 1993, are deferred and amortized into expense for both business-type activities and proprietary funds. For governmental activities, they are deferred and amortized into expense if they occurred subsequent to June 30, 2001.

(m) *Leases*

The County leases various assets under both operating and capital lease agreements. For governmental fund types, assets under capital leases and the related long-term lease obligations are reported as capital assets and long-term liabilities in the governmental-wide statement of net assets, respectively. For proprietary fund types, the assets and related capital lease obligations are recorded in the appropriate proprietary fund.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

(n) *Accrued Vacation and Sick Leave*

Accumulated unpaid vacation and sick leave are recorded as a liability when future payments for such compensated absences have been earned by employees based on pay and salary rates in effect at year-end. This liability is recorded in the government-wide statement of net assets and in the various proprietary funds to reflect the County's obligation to fund such costs from future operations. The County includes its share of Social Security and Medicare payments made on behalf of the employees in its accrual for compensated absences. Unused vacation and sick leave are cashed out upon separation from the County based on the terms stated in the Memorandum of Understanding between the employees' bargaining units and the County. The County does not accrue for compensated absences in its governmental fund statements and recognizes liabilities for compensated absences only if they are due and payable in an event such as termination.

(o) *Effects of New Pronouncements*

During the year ended June 30, 2011, the County implemented the following GASB Statements:

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Statement No. 54). The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under previous reporting standards, the County's governmental fund balances were reported under two categories: reserved and unreserved. The new reporting standard replaces these two fund balance categories with five new classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. Additional disclosure concerning the implementation of GASB Statement No. 54 is found in Note 11.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This Statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investments pools which improve financial reporting by providing more complete information, by providing consistency of measurements, and by providing clarifications of existing standards. This standard did not have any effect on the County's financial statements.

The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. Common examples of SCAs include long-term arrangements in which a government ("transferor") engages a company or another government

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

(“operator”) to operate a major capital asset in return for the right to collect fees from users of the capital asset. Application of this Statement is effective for the County’s fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. GASB 61 is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, to better meet the needs of users and address reporting entity issues that have come to light since these statements were issued in 1991 and 1999, respectively. Statement No. 61 improves the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units) and amends the criteria for blending - reporting component units as if they were part of the primary government - in certain circumstances. Application of this Statement is effective for the County’s fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (“FASB”) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (“AICPA”) Committee on Accounting Procedure

Hereinafter, these pronouncements collectively are referred to as the “FASB and AICPA pronouncements.” This Statement will improve financial reporting by contributing to the GASB’s efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Application of this Statement is effective for the County’s fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The requirements of this Statement are effective for the County’s fiscal year ending June 30, 2013.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This Statement sets forth criteria to establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2012.

(p) *Use of Estimates*

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(2) Stewardship, Compliance and Accountability

Deficit Net Assets

At June 30, 2011, the Unemployment Insurance, Workers' Compensation, and the Pension Obligation Internal Service Funds have deficit net assets of \$349, \$33,693, and \$47,683, respectively. The deficits are expected to be eliminated in future years through rate increases.

(3) Cash and Investments

(a) *Description*

The County Treasurer maintains common cash and investment pools in which cash may be invested by individual County funds and by certain independent local governmental agencies. In addition, investments are held separately by the Treasurer for several other County funds, including: various debt service funds, debt proceeds for SCVMC construction projects, the Retiree Healthcare Internal Service Fund and certain school districts. Each fund type's share of the common pool is combined with cash and investments held separately and shown on the accompanying balance sheet/statement of net assets as "cash and investments – unrestricted" and "cash and investments – other restricted."

Cash and investments – restricted with fiscal agents represent monies held by trustees that are legally restricted for the retirement of long-term debt. Cash and investments – other restricted represents monies held in the County Treasury for investments restricted in the SCVMC by debt covenants for construction projects and professional services. Cash and investments – other restricted also includes monies held in the County Treasury restricted for specific purposes consisting primarily of reserves for employee benefits and certain other debt service funds.

(b) *Investment Policies*

The objectives of the County's investment policy, in order of priority, are safety of principal to ensure preservation of capital in the overall portfolio, maintenance of liquidity sufficient to meet

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)

June 30, 2011

(Dollars in thousands)

(3) Cash and Investments (Continued)

anticipated operating requirements, and to attain a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and cash flow characteristics. The objectives of the policy also insure mitigation of **interest rate risk**, **credit risk**, and **concentration of credit risk**.

The table below identifies the investment types that are authorized for the County by the California Government Code (or the County's investment policy, where more restrictive). This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements, rather than the general provisions of the California Government Code or the County's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>	<u>Credit Ratings Minimum (2 Ratings)</u>
U.S. Treasury Obligations	5 years	None	None	N/A
U.S. Agency Securities	5 years	None	None	N/A
State Local Agency Investment Fund (LAIF)	N/A	None	None	N/A
Repurchase Agreements	92 days	None	None	N/A
Reverse Repurchase Agreements	92 days	20%	\$90 million *	None
Securities Lending	92 days	20% *	None	N/A
Collateralized Bank Deposits	5 years	None	None	None
Negotiable Certificates of Deposit	5 years	30%	7.5% of the 30% *	A-1+/P-1/F1+*
Bankers' Acceptances	180 days	40%	15% of the 40% *	A-1+/P-1/F1+
Commercial Paper	270 days	40%	10%	A-1+/P-1/F1+
Medium-Term Corporate Notes	5 years	30%	10% of the 30% *	Aa3/AA-/AA-*
Municipal Obligations	5 years	10% *	None	MIG-1/SP-1/F1 A3/A-/A-
Money Market Funds	N/A	20%	10%	Aaa/AAA/AAA
Federal Agency Mortgage Backed Securities	5 years	20% *	None	None
Asset Backed Securities	5 years	20%	None	A3/A-/A- for issuer, Aa3/AA-/AA- for security

* Represents restriction in which the County's investment policy is more restrictive than the California Code.

In accordance with Government Code Sections 53620-53622, the assets of the Santa Clara County Retiree Healthcare Plan, which is reported in an Internal Service Fund, may be invested in bonds that have a final maturity of 30 years or less from purchase date and in bonds with a Moody's credit rating of A3 or higher, Standard and Poor's rating of A- or higher, or Fitch's rating of A- or higher at time of purchase and may have its fixed income holdings structured with sector concentrations comparable to those of the Barclays Capital Aggregate Bond Index (formerly called the "Lehman Aggregate Bond Index"). Additionally, the Board of Supervisors has determined that up to 67% of the Retiree Healthcare Plan assets, excluding near-term liability payouts may be invested in equities through mutual funds or through the direct purchase of common stocks by a money management firm(s) approved by the Board of Supervisors.

Investments of debt proceeds held by bond trustees are governed by provisions of debt agreements, rather than the general provisions of the California Government Code or the County's investment policy.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(3) Cash and Investments (Continued)

(c) Summary of Cash and Investments

Total County cash and investments are reported as follows:

	Unrestricted	Restricted	Securities Lending Collateral	Total
Primary Government	\$ 927,600	\$ 414,342	\$ 41,938	\$ 1,383,880
Component Units	123,997	43,160	-	167,157
Investment Trust Funds	2,758,472	5	66,207	2,824,684
Private-Purpose Trust Fund	53,186	563	1,363	55,112
Agency Funds	139,504	1,145	666	141,315
Total cash and investments	<u>\$ 4,002,759</u>	<u>\$ 459,215</u>	<u>\$ 110,174</u>	<u>\$ 4,572,148</u>

The County's cash and investments are as follows:

Cash and deposits:		
Cash on hand		\$ 85
Deposits of the County		13,933
Restricted deposits		2,951
Deposits with component units:		
Housing Authority		56,872
FIRST 5		5,154
Total cash and deposits		<u>78,995</u>
Investments:		
With Treasurer		4,247,617
With fiscal agents		30,231
With Housing Authority		30,514
With FIRST 5		74,617
With Securities Lending Program		110,174
Total investments		<u>4,493,153</u>
Total cash, deposits and investments		<u>\$ 4,572,148</u>

(d) Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(3) Cash and Investments (Continued)

(e) Investment Composition

As of June 30, 2011, the major classes of the County's cash and investments consisted of the following:

	Interest Rates	Par Value	Fair Value	Investment Maturities (in years)				
				0 - 1	1 - 3	3 - 5	5 - 10	10 - 30
With Treasurer:								
Commingled pool:								
U.S. Treasury Notes	0.75% - 1.00%	\$ 45,000	\$ 45,073	\$ 45,073	\$ -	\$ -	\$ -	\$ -
U.S. Agencies - Coupon								
Not on securities loan	0.25% - 5.38%	1,435,439	1,455,678	221,707	1,046,192	187,779	-	-
Loaned securities for cash collateral	1.00% - 3.88%	95,852	98,348	-	80,586	17,762	-	-
U.S. Agencies - Discount	0.15% - 0.26%	50,000	49,983	49,983	-	-	-	-
Medium-term corporate notes	0.42% - 6.95%	605,220	615,020	222,705	367,730	24,585	-	-
Asset Backed Securities	0.64% - 4.43%	155,757	157,891	-	58,273	99,618	-	-
Municipal Bonds	0.21%	16,021	16,021	16,021	-	-	-	-
Commercial paper	0.04% - 0.41%	890,927	890,702	890,702	-	-	-	-
Negotiable Certificates of Deposit	0.26% - 0.54%	150,000	150,063	150,063	-	-	-	-
Money Market Mutual Funds	0.08% - 0.12%	430,349	430,349	430,349	-	-	-	-
State Local Agency Investment Fund	0.37%	40,000	40,063	40,063	-	-	-	-
Less with FIRST 5		(9,429)	(9,429)	(9,429)	-	-	-	-
Subtotal commingled pool		<u>3,905,136</u>	<u>3,939,762</u>	<u>2,057,237</u>	<u>1,552,781</u>	<u>329,744</u>	<u>-</u>	<u>-</u>
Separate investments:								
U.S. Treasury Notes		23,140	25,305	-	-	16,347	5,620	3,338
Loaned securities for cash collateral		8,100	9,248	-	-	-	3,829	5,419
U.S. Agencies - Coupon		26,516	27,790	19,906	-	-	2,288	5,596
U.S. Agencies - Mortgage backed securities		47,724	51,035	-	-	-	5,206	45,829
Medium-term corporate notes		37,127	38,115	6,760	7,310	7,016	11,624	5,405
Municipal bonds		24,575	24,731	21,400	3,331	-	-	-
Money market mutual funds		120,104	120,104	120,104	-	-	-	-
Stock mutual funds:								
Vanguard 500 Index Fund		11,227	11,527	11,527	-	-	-	-
Subtotal separate investments		<u>298,513</u>	<u>307,855</u>	<u>179,697</u>	<u>10,641</u>	<u>23,363</u>	<u>28,567</u>	<u>65,587</u>
Subtotal with Treasurer		<u>4,203,649</u>	<u>4,247,617</u>	<u>2,236,934</u>	<u>1,563,422</u>	<u>353,107</u>	<u>28,567</u>	<u>65,587</u>
With fiscal agents:								
U.S. Treasury Notes		2,310	2,375	-	1,545	830	-	-
U.S. Agencies - Coupon		15,235	15,777	9,591	3,985	2,201	-	-
U.S. Agencies - Discount		535	541	541	-	-	-	-
Medium-term corporate notes		3,525	3,665	1,368	1,713	584	-	-
Money market mutual funds		7,873	7,873	7,873	-	-	-	-
Subtotal with fiscal agents		<u>29,478</u>	<u>30,231</u>	<u>19,373</u>	<u>7,243</u>	<u>3,615</u>	<u>-</u>	<u>-</u>
With Housing Authority:								
U.S. Agencies - Coupon		7,462	7,438	3,385	2,072	1,981	-	-
U.S. Agencies - Discount		9,485	9,482	9,482	-	-	-	-
Money market mutual funds		574	574	574	-	-	-	-
State Local Agency Investment Fund		13,020	13,020	13,020	-	-	-	-
Subtotal with Housing Authority		<u>30,541</u>	<u>30,514</u>	<u>26,461</u>	<u>2,072</u>	<u>1,981</u>	<u>-</u>	<u>-</u>
With FIRST 5:								
U.S. Treasury Notes		7,325	7,638	3,703	3,935	-	-	-
U.S. Agencies - Coupon		42,315	43,417	17,868	13,722	11,827	-	-
Medium-term corporate notes		12,675	13,437	3,586	6,778	3,073	-	-
Money market funds		696	696	696	-	-	-	-
In commingled pool		9,429	9,429	9,429	-	-	-	-
Subtotal with FIRST 5		<u>72,440</u>	<u>74,617</u>	<u>35,282</u>	<u>24,435</u>	<u>14,900</u>	<u>-</u>	<u>-</u>
Securities Lending Collateral received and invested:								
Money market funds		110,174	110,174	110,174	-	-	-	-
Total investments		<u>\$ 4,446,282</u>	<u>\$ 4,493,153</u>	<u>\$ 2,428,224</u>	<u>\$ 1,597,172</u>	<u>\$ 373,603</u>	<u>\$ 28,567</u>	<u>\$ 65,587</u>

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)

June 30, 2011

(Dollars in thousands)

(3) Cash and Investments (Continued)

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policies do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

Interest Rate Risk

Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the weighted average maturity of its commingled pool to eighteen months. At June 30, 2011, the County's weighted average maturity of its commingled pool is 452 days. The County invested in callable Federal Agency (\$657,769 of the County's U.S. Agencies coupon position of \$1,554,026) and Corporate Bonds (\$9,993 of the County's Corporate Bonds position of \$615,020) issues within its commingled pool. These issues are highly sensitive to interest rate changes and are callable at par prior to maturity based on these rate changes. All of the cash collateral received for securities lending is invested in the Money Market Funds with duration of 1 day.

Credit Risk

Credit risk is the risk that a debt issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The following is a summary of the credit quality distribution for securities (including securities lent and excluding collateral received and invested) with credit exposure as a percentage of investments with Treasury (Commingled Pool and Separate), fiscal agent, Housing Authority and FIRST 5 as rated by Moody's Investors Service:

Investment	Moody's Rating	% of Commingled Pool investments with the Treasury	% of Separate investments with the Treasury	% of investments with fiscal agents	% of investments with Housing Authority	% of investments with FIRST 5
U.S. Treasury	Exempt	1.1%	11.2%	7.9%	0.0%	11.7%
U.S. Agencies	Not rated	2.8%	0.2%	0.0%	31.1%	0.0%
U.S. Agencies	Aaa	37.8%	8.8%	54.0%	24.3%	66.6%
U.S. Agencies - Mortgage backed securities	Not rated	0.0%	16.6%	0.0%	0.0%	0.0%
Asset Backed Securities	Aaa	3.1%	0.0%	0.0%	0.0%	0.0%
Asset Backed Securities	Not rated	0.9%	0.0%	0.0%	0.0%	0.0%
Municipal bonds	Aaa	0.0%	0.3%	0.0%	0.0%	0.0%
Municipal bonds	Aa	0.0%	0.2%	0.0%	0.0%	0.0%
Municipal bonds	Not rated	0.4%	7.5%	0.0%	0.0%	0.0%
Medium-term corporate notes	Aaa	8.9%	1.9%	7.3%	0.0%	2.7%
Medium-term corporate notes	Aa	6.4%	2.8%	4.8%	0.0%	8.3%
Medium-term corporate notes	A	0.3%	7.0%	0.0%	0.0%	9.6%
Medium-term corporate notes	Baa	0.0%	0.7%	0.0%	0.0%	0.0%
Medium-term corporate notes	Not rated	0.0%	0.1%	0.0%	0.0%	0.0%
Commercial paper	P-1	22.6%	0.0%	0.0%	0.0%	0.0%
Negotiable Certificate of Deposits	Aaa	1.3%	0.0%	0.0%	0.0%	0.0%
Negotiable Certificate of Deposits	Aa	2.5%	0.0%	0.0%	0.0%	0.0%
Money market mutual funds	Aaa	10.9%	1.1%	26.0%	1.9%	0.0%
Money market mutual funds	Not rated	0.0%	37.9%	0.0%	0.0%	1.1%
State Local Agency Investment Fund	Not rated	1.0%	0.0%	0.0%	42.7%	0.0%
Stock Mutual Fund	Not applicable	0.0%	3.7%	0.0%	0.0%	0.0%
Total Investments		100.0%	100.0%	100.0%	100.0%	100.0%

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(3) Cash and Investments (Continued)

Government Code Section 16429.1 authorizes each local government agency to invest funds in the State Treasurer's Local Agency Investment Fund (LAIF) administered by the California State Treasurer. The total amount recorded by all public agencies in LAIF at June 30, 2011 was approximately \$24.0 billion. Of that amount, 94.99% was invested in non-derivative financial products and 5.01% in structured notes and asset backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County's position in the pool.

Securities Lending Collateral - Cash collateral received for securities lending is invested in the Dreyfus Institutional Preferred money market fund and is rated AAA and Aaa by S&P and Moody's, respectively.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. The County diversifies its portfolio by limiting the percentage of the portfolio that can be invested in any one issuer's name. U.S. Treasury and Agency securities are not subject to this limitation.

More than 5% of the County's pooled investments are invested with the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Home Loan Bank, which represent 19.0%, 9.3%, and 7.5%, respectively, of the County's pooled investments.

The investment policy of the Housing Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. More than 5% of the Housing Authority's investments are invested with the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank; and Federal Farm Credit Bank, which represent 6.5%, 17.3%, 17.2%, and 14.4%, respectively, of the Housing Authority's investments.

More than 5% of the FIRST 5's investments are invested with the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Home Loan Bank, which represent 29.5%, 21.3%, and 15.9%, respectively, of the First 5's investments.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(3) Cash and Investments (Continued)

Securities Lending Activity

State statutes and the County's investment policy permit the use of a securities lending program with its principal custodian bank. On December 5, 2006, the County added Securities Lending Program to its investment policy with the amendment approved by the Board. The loaned securities represent securities on loan to brokers or dealers or other borrowers by the County's investment pool. Borrowers were required to deliver collateral exceeding 102% of the market value of the loaned securities. Borrowers were required to maintain the designated margin percentage of collateral on a daily basis. The Custodian receives any applicable securities lending fees and credits all amounts received to the Collateral Account. If the borrower fails to return the loaned securities, the County's Custodian is responsible for replacement of the loaned securities with other securities of the same issuer, class and denomination, or if such securities are not available on the open market, the County's Custodian is required to credit the County's account with the market value of such unreturned loaned securities. All securities loan agreements can be terminated on demand within a period specified in each agreement by either the County or the borrowers. Lending transactions must also meet the following requirements:

- Loaned securities must be owned and fully paid a minimum of 30 days prior to the transaction.
- The total of all reverse repurchase and securities lending agreements cannot exceed 20 percent of the portfolio's base value.
- The term of securities lending agreement is not to exceed 92 days.
- Funds obtained through a securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the securities lending agreement.

The loaned securities, as of June 30, 2011, consisted of U.S. government agency securities and U.S. Treasury notes. In return, the County receives collateral in the form of cash equal to at least 102% of the transferred securities plus accrued interest for reinvestment. The County authorized Bank of New York Mellon Corporation (BONY), the County's Custodian, to invest only in Approved Investments, such as U.S. Treasury and Government Agency bills, notes or bonds, repurchase agreements with primary dealers or financial institutions, negotiable Certificates of Deposits, commercial paper, medium term corporate notes or deposit notes, and money market funds no more than 20% of the Treasury's funds. Depending on the type of securities, there are restrictions in amount and time imposed by the County. All of the County's collaterals were invested in money market funds, with a weighted average maturity of one day as of June 30, 2011. The County does not match the maturities of investments made with cash collateral with the securities on loan. As of June 30, 2011, the underlying securities loaned by the County's investment pool approximated to \$107.6 million. The cash collateral provided by the counterparty was \$110.2 million, or 102% of the fair value of the securities lent, and was invested in the Dreyfus Institutional Preferred money market fund. The cash collateral provided met the 102% collateralization policy as of June 30, 2011. The County has no exposure to credit risk related to securities lending transactions as of June 30, 2011 because the market value of the invested cash collateral exceeds that of the borrowed securities.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)

June 30, 2011

(Dollars in thousands)

(3) Cash and Investments (Continued)

(f) Condensed Financial Information

In lieu of separately issued financial statements for the external pool, condensed financial information is presented below as of and for the year ended June 30, 2011:

Assets:	
U.S. Treasury Notes	\$ 79,626
U.S. Agencies - Coupon	1,581,816
U.S. Agencies - Discount	49,983
U.S. Agencies - Mortgage backed securities	51,035
Medium-term corporate notes	653,135
Asset Backed Securities	157,891
Municipal bonds	40,752
Commercial paper	890,702
Negotiable Certificates of Deposit	150,063
Money market mutual fund	550,453
State Local Agency Investment Fund	40,063
Stock mutual funds	11,527
Total investments	4,257,046
Other assets (Interest receivable)	5,567
Total assets	\$ 4,262,613
Net Assets:	
Equity of internal pool participants	\$ 1,494,079
Equity of individual investment accounts	149,043
Equity of external pool participants	2,619,491
Total net assets	\$ 4,262,613
Statement of Changes in Net Assets	
Net assets at July 1, 2010	\$ 3,921,167
Net change in investments by pool participants	341,446
Net assets at June 30, 2011	\$ 4,262,613
Net assets composition of the equity of external pool participants is as follows:	
Participants units outstanding (\$1 par)	\$ 2,624,202
Undistributed and unrealized loss	(4,711)
Net assets at June 30, 2011	\$ 2,619,491
Participants net asset value at fair value price per share ($\$2,619,491$ divided by $2,624,202$ units)	
	\$ 0.9982

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(4) Receivables

Receivables at year-end for the County's major individual funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Receivables - Governmental Activities	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Property tax	\$ 114,243	\$ -	\$ -	\$ 114,243
Loans receivable	-	41,360	-	41,360
Other	155,117	1,816	7,942	164,875
Gross receivables	269,360	43,176	7,942	320,478
Less: allowance for uncollectibles	(138,508)	(275)	-	(138,783)
Total receivables, net	<u>\$ 130,852</u>	<u>\$ 42,901</u>	<u>\$ 7,942</u>	<u>\$ 181,695</u>

Receivables - Business-type Activities	SCVMC	Nonmajor Enterprise Funds	Total Business-type Activities
Patient accounts receivable	\$ 585,640	\$ -	\$ 585,640
Other	1,419	96	1,515
Gross receivables	587,059	96	587,155
Less allowance for uncollectibles	(475,433)	-	(475,433)
Total receivables, net	<u>\$ 111,626</u>	<u>\$ 96</u>	<u>\$ 111,722</u>

Loan receivables from housing programs in the amount of \$41,360 are not expected to be collected within the subsequent year.

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2011, the components of deferred revenue reported, separated into unavailable revenue and unearned revenue, were as follows:

	Unavailable	Unearned
Governmental Activities:		
General Fund:		
Due from other governmental agencies	\$ 122,450	\$ -
Other receivables	1,552	1,158
Other miscellaneous assets including cash deposits	-	19,988
Nonmajor governmental funds:		
Due from other governmental agencies	6,360	82
Other receivables	41,108	42
Other miscellaneous assets including cash deposits	-	1,161
Total governmental activities	<u>\$ 171,470</u>	<u>\$ 22,431</u>
Business-type activities:		
SCVMC	\$ -	\$ 3,678
Nonmajor enterprise funds	-	89
Total business-type activities	<u>\$ -</u>	<u>\$ 3,767</u>

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)

June 30, 2011

(Dollars in thousands)

(4) Receivables (Continued)

The “unavailable” due from other governmental agencies includes the following significant receivables:

Milpitas Redevelopment Agency Elmwood Sale

In June 2003, the Milpitas Redevelopment Agency (the MRDA) entered into an agreement to purchase and sell approximately 35 acres of Elmwood surplus lands in the amount of (1) \$135,000 payable in installments over a 20-year period; (2) the aggregate sum of the Developer Negotiated Value for all parcels comprising the property; and (3) 8 years of Additional Payments, estimated at \$3,500 per year, negotiated under the Sales and Use Tax Sharing Agreement based on 50% of the sales tax revenue generated by the additional redevelopment project area together with the Elmwood commercial area. In August 2003, the County approved the agreement with KB Home South Bay, Inc. (KB Home) for the base land value of \$57,750 (Developer Negotiated Value) enabling the County’s disposition of the Elmwood surplus lands and the MRDA’s purchase and re-sale of the property.

The following table shows the estimated cash flows related to the sale of the Elmwood surplus lands:

Fiscal year ending June 30,	Developer Negotiated Value	Other	Milpitas Redevelopment Agency		Total
			Installment Payments	Additional Payments	
2004	\$ 2,500	\$ -	\$ 24,000	\$ -	\$ 26,500
2005	38,500	419	4,000	-	42,919
2006	16,750	-	4,000	-	20,750
2007	-	-	4,000	-	4,000
2008	-	-	4,000	-	4,000
2009	-	-	4,000	-	4,000
2010	-	-	4,000	-	4,000
2011-2015	-	-	22,000	-	22,000
2016-2020	-	-	27,000	-	27,000
2021-2025	-	-	18,000	7,000	25,000
2026-2030	-	-	-	17,500	17,500
2031	-	-	-	3,500	3,500
Total	57,750	419	115,000	28,000	201,169
Less amount received prior to June 30, 2010	(57,750)	(419)	(48,000)	-	(106,169)
Receivable at June 30, 2010	-	-	67,000	28,000	95,000
Less amount received during current year	-	-	(4,000)	-	(4,000)
Receivable at June 30, 2011	\$ -	\$ -	\$ 63,000	\$ 28,000	\$ 91,000

At June 30, 2011, the County’s General Fund receivable balance of \$91,000 represents the remaining estimated future cash flow related to the sale of the Elmwood surplus lands. During the year ended June 30, 2011, the County recognized proceeds from the sale in the amount of \$4,000 as revenue in its General Fund. At June 30, 2011, the deferred revenue balance related to this balance is \$91,000.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(4) Receivables (Continued)

San Jose Redevelopment Agency

In 1983, the County and the San Jose Redevelopment Agency (Agency) entered into a tax sharing agreement under which the Agency would pay a portion of tax increment revenue generated in the Merged Area and part of the Rincon de los Esteros Project Area (County Pass-Through Payment). In December 1993, the Agency, County, and City of San Jose entered into a Settlement Agreement, which continued the County Pass-Through Payment and in May 2001, the County, City of San Jose, and Agency approved an Amended and Restated Agreement (Amended Agreement).

In September 2009, the Agency informed the County that due to the State's Supplemental Educational Revenue Augmentation Funds (SERAF) requirement and insufficient tax increment revenues, it did not have sufficient unrestricted funds to make the fiscal year 2009-2010 County Pass-Through Payment. The Agency further informed the County that it has held funds for the fiscal year 2008-2009 County Pass-Through Payments pending negotiations regarding the payment. At June 30, 2010, the County has recorded a receivable from the Agency in the amount of \$45.2 million, which included the fiscal years 2008-2009 and 2009-10 County Pass-Through Payments, accumulated interest and other administration fees.

In March 2011, a settlement agreement was reached and entered into between the County, Agency, City of San Jose and its related party in which the Agency: (1) paid the County \$26.5 million during fiscal year 2010-2011; (2) transferred title to the former San Jose City Hall (valued at \$8.6 million) to the County on June 30, 2011; and agreed to pay the remaining \$23.78 million in five equal annual installments no later than June 30 of 2014, 2015, 2016, 2017, and 2018. Under the modified accrual basis of accounting, the unavailable revenues in the amount of \$23.78 million should be deferred in governmental fund financial statements until the revenues are available to the County. In the government-wide financial statements, the revenues were recognized in the fiscal years for which they were earned.

Borrowing of Property Tax Revenue (Prop 1A)

Proposition 1A was passed by the voters in 2004 to protect the property tax of local governments. Under Proposition 1A, the State is only allowed to borrow an amount up to 8% of local governments' prior year property tax allocations on the condition that the State will pay back the loan within three years and with interest. Proposition 1A also provides that the State cannot engage in such borrowing for more than two fiscal years during any 10-year period, and cannot borrow a second time unless the State has fully repaid the prior loan. The legislation includes two repayment options. The first option involves the establishment of a joint powers authority, which will issue bonds and use the proceeds to provide governments with funds to replace the borrowed property taxes. The State will pay for bond issuance and an interest of up to 8%. The second option is aimed at local governments that prefer to be repaid by the State directly at an interest rate determined by the California Department of Finance.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
 June 30, 2011
 (Dollars in thousands)

(4) Receivables (Continued)

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. Most of the County's funds 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 amount of this borrowing pertaining to the County (excluding the Santa Clara County Central Fire Protection District, the Los Altos Hills County Fire District and the Santa Clara County Library) was \$45.4 million. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

The Santa Clara County Central Fire Protection District, the Los Altos Hills County Fire District and the Santa Clara County Library did not participate in the California Communities Proposition 1A Securitization Program and the total amount borrowed from these funds was \$6.4 million. This borrowing by the State was recognized as a receivable in the accompanying financial statements. Under the modified accrual basis of accounting, the borrowed tax revenues are not permitted to be recognized as revenues in the governmental fund financial statements until the tax revenues are received from the State (expected to be fiscal year 2012-13). In the government-wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2009-10).

(5) Interfund Transactions

Interfund receivables, payables, and transfers as of and for the fiscal year ended June 30, 2011, by individual fund/fund type are summarized as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	SCVMC	\$ 5,679
General Fund	Internal Service Funds	1,082
General Fund	Nonmajor Governmental Funds	9,899
Nonmajor Governmental Funds	General Fund	167
Nonmajor Governmental Funds	Nonmajor Governmental Funds	8,595
Nonmajor Governmental Funds	SCVMC	11
Nonmajor Governmental Funds	Internal Service Funds	85
SCVMC	General Fund	2,800
SCVMC	Nonmajor Governmental Funds	4,455
Total		\$ 32,773

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(5) Interfund Transactions (Continued)

The General Fund is due \$9,899 from Nonmajor Governmental Funds to reimburse it for services rendered on the Mental Health Service Act program. In addition, the SCVMC is due \$4,455 from the Nonmajor Governmental Funds for debt service payment reimbursements while the General Fund is due \$5,679 from the SCVMC to reimburse the fund for services provided for mental health and community health services. The Nonmajor Governmental Funds are due \$8,595 from other Nonmajor Governmental Funds to reimburse costs incurred for capital projects funded with Qualified Energy Conservation Bonds.

All remaining interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advance from/to other funds:

In December 2009, the Board approved an interfund loan for the purchase of the former San Jose Medical Center in the amount of \$24,040. The loan is structured as a single loan with an interest rate commensurate with the interest that would have otherwise been earned by the Retiree Healthcare Internal Service Fund had it invested these funds. The terms of the loan include a maturity of December 31, 2015 and interest at 2.84% per annum. Interest on the loan is payable annually on December 31st of each year commencing on December 31, 2010. During the year ended June 30, 2011, the General Capital Improvement Fund repaid \$8,000 on this advance and as of June 20, 2011, the loan balance is \$16,040.

Transfer in/out between funds:

During the fiscal year ended June 30, 2011, the County's governmental activities funded from the General Capital Improvement Fund transferred the accumulated costs in the amount of \$1,813 related to the active construction projects involving the Valley Health Centers, Valley Specialty Center, and other health facility improvements to SCVMC. These amounts were not reported in the governmental funds as the amounts did not involve the transfer of financial resources and are reported as capital contributions transferred in from other County funds in the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
 June 30, 2011
 (Dollars in thousands)

(5) Interfund Transactions (Continued)

The following schedule briefly summarizes the County's transfer activities:

Between Governmental and Business-type Activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	SCVMC	\$ 96,618	Transfer funds for operating subsidy.
General Fund	SCVMC	4,541	Transfer RDA Delegated funds towards the VMC Seismic Project.
General Fund	SCVMC	7,687	Transfer funds from the fairground settlement and other delegated funds to fund SCVMC capital projects.
General Fund	Nonmajor Enterprise Funds	11	Transfer funds to cover rent for Animal Rescue Clinic.
SCVMC	General Fund	1,937	Transfer funds to return operating subsidy.
SCVMC	General Fund	586	Transfer funds to reimburse cost incurred related to the purchase of the Downtown San Jose hospital.
SCVMC	General Fund	3,068	Transfer funds to reimburse services rendered from the Community Health Service and the Mental Health Departments.
SCVMC	General Fund	3,361	Transfer funds to allocate the Mental Health Department's share of revenue for services provided at the clinics.
SCVMC	Nonmajor Governmental funds	4,541	Transfer funds to the General Capital Improvement fund towards the VMC Seismic Project.
SCVMC	Nonmajor Governmental funds	7,553	Transfer bond proceeds to General Capital Improvement fund for Valley Specialty Center and Valley Health Center projects.
Nonmajor Governmental Funds	SCVMC	14	Transfer funds to pay for 1998 Series A and 2010 Series N debt service expense.
Subtotal Between Governmental and Business-type Activities:		<u>129,917</u>	
Between Funds within the Governmental or Business-type Activities*:			
General Fund	Nonmajor Governmental funds	112	Transfer funds to the Roads fund for school crossing guard program.
		51	Transfer funds to the County Library fund towards annual contribution per Joint Power Authority agreement.
		172	Transfer funds for the Integrated Waste Management program
		845	Transfer funds to pay debt service for Hospital Facilities Authority Bonds.
		10,343	Transfer funds to finance various Facilities and Fleet Department capital projects.
		35,260	Transfer funds to Facilities and Fleet Department to return the Retiree Healthcare advance.
		798	Transfer funds to the Roads fund for Measure B Transportation Improvement Program projects.
		109	Transfer funds to the Tobacco Securitization Corporation for operations.
		<u>47,690</u>	
Nonmajor Governmental funds	General Fund	144	Transfer funds from the Vital Statistics fund for specified ongoing operations.
		25,342	Return funds to the General Fund for County's other operation use.
		47	Transfer funds to refund 1998 Series A bonds and issue 2010 Series N bonds.
		36,802	Transfer to the General Fund to cover expenses for State and Federal child support enforcement activities.
		297	Transfer funds to pay contract services for a 10 year plan to address chronic homelessness in the County.
		13	Return funds to the General Fund for the Affordable Housing program operations.
		50,831	Transfer funds from the Proposition 63 fund for planning, administrative and program costs for the mental health services programs.
		3,800	Transfer funds to the General Fund to pay various debt service.
		<u>117,276</u>	
Nonmajor Governmental funds	Nonmajor Governmental funds	385	Return unspent funds to the Vector Control Department for modifications to the new Vector Control Building.
		1,186	Transfer funds to Parks Department for Parks Capital Projects.
		9,559	Transfer bond proceeds to the General Capital Improvement fund for Qualified Energy Conservation program and other projects.
		<u>11,130</u>	
Internal Service Funds	Nonmajor Governmental funds	500	Transfer funds from the Fleet Management to fund the Fleet Maintenance Facility Renovation Project.
Total Between Funds within Governmental or Business-type Activities:		<u>176,596</u>	
Total Transfers:		<u>\$ 306,513</u>	

* These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type activities.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
 June 30, 2011
 (Dollars in thousands)

(6) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance, July 1, 2010	Additions	Reductions/ Adjustments	Transfers	Balance, June 30, 2011
Governmental activities					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 241,703	\$ 9,895	\$ (270)	\$ -	\$ 251,328
Construction in progress	155,689	57,819	-	(104,542)	108,966
Total capital assets, not being depreciated	<u>397,392</u>	<u>67,714</u>	<u>(270)</u>	<u>(104,542)</u>	<u>360,294</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	255,240	-	-	16,504	271,744
Buildings and improvements	819,633	19	-	68,968	888,620
Equipment, software and vehicles	162,919	9,478	(6,180)	17,257	183,474
Total capital assets, being depreciated	<u>1,237,792</u>	<u>9,497</u>	<u>(6,180)</u>	<u>102,729</u>	<u>1,343,838</u>
<i>Less accumulated depreciation for:</i>					
Infrastructure	(85,195)	(10,368)	-	-	(95,563)
Buildings and improvements	(394,925)	(13,247)	-	-	(408,172)
Equipment, software and vehicles	(119,404)	(16,042)	5,756	-	(129,690)
Total accumulated depreciation	<u>(599,524)</u>	<u>(39,657)</u>	<u>5,756</u>	<u>-</u>	<u>(633,425)</u>
Total capital assets, being depreciated, net	<u>638,268</u>	<u>(30,160)</u>	<u>(424)</u>	<u>102,729</u>	<u>710,413</u>
Governmental activities, capital assets, net	<u>\$ 1,035,660</u>	<u>\$ 37,554</u>	<u>\$ (694)</u>	<u>\$ (1,813)</u>	<u>\$ 1,070,707</u>
Business-type activities					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 6,310	\$ -	\$ -	\$ -	\$ 6,310
Construction in progress	234,771	100,715	-	(82,659)	252,827
Total capital assets, not being depreciated	<u>241,081</u>	<u>100,715</u>	<u>-</u>	<u>(82,659)</u>	<u>259,137</u>
<i>Capital assets, being depreciated:</i>					
Buildings and improvements	687,883	38	(1,060)	74,095	760,956
Equipment and vehicles	89,366	-	(4,686)	10,377	95,057
Leasehold improvements	2,073	-	-	-	2,073
Total capital assets, being depreciated	<u>779,322</u>	<u>38</u>	<u>(5,746)</u>	<u>84,472</u>	<u>858,086</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	(258,153)	(29,964)	1,037	-	(287,080)
Equipment and vehicles	(59,809)	(8,303)	4,193	-	(63,919)
Leasehold improvements	(1,399)	(104)	-	-	(1,503)
Total accumulated depreciation	<u>(319,361)</u>	<u>(38,371)</u>	<u>5,230</u>	<u>-</u>	<u>(352,502)</u>
Total capital assets, being depreciated, net	<u>459,961</u>	<u>(38,333)</u>	<u>(516)</u>	<u>84,472</u>	<u>505,584</u>
Business-type activities, capital assets, net	<u>\$ 701,042</u>	<u>\$ 62,382</u>	<u>\$ (516)</u>	<u>\$ 1,813</u>	<u>\$ 764,721</u>

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(6) Capital Assets (Continued)

Capital asset activity for the Housing Authority for the fiscal year ended June 30, 2011 was as follows:

	Balance, July 1, 2010	Additions	Reductions/ Adjustments	Balance, June 30, 2011
<i>Capital assets, not being depreciated:</i>				
Land	\$ 17,229	\$ -	\$ -	\$ 17,229
Construction in progress	5,429	554	(4,275)	1,708
Total capital assets, not being depreciated	22,658	554	(4,275)	18,937
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	33,156	31	(17,551)	15,636
Furniture and equipment	3,595	76	(488)	3,183
Total capital assets, being depreciated	36,751	107	(18,039)	18,819
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(13,994)	(764)	10,009	(4,749)
Furniture and equipment	(3,132)	(315)	486	(2,961)
Total accumulated depreciation	(17,126)	(1,079)	10,495	(7,710)
Total capital assets, being depreciated, net	19,625	(972)	(7,544)	11,109
Housing Authority's business-type activity	\$ 42,283	\$ (418)	\$ (11,819)	30,046
Housing Authority's discrete component units' capital assets, as of December 31, 2010, except for Poco Way Associates which is as of May 31, 2011				351,738
Housing Authority capital assets, net				<u>\$ 381,784</u>

A copy of each of the Housing Authority's component units' separately issued audited financial statements can be obtained from the Housing Authority's management.

Capital asset activity for the FIRST 5 for the fiscal year ended June 30, 2011 was as follows:

	Balance, July 1, 2010	Additions	Reductions/ Adjustments	Balance, June 30, 2011
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,358	\$ -	\$ -	\$ 2,358
Total capital assets, not being depreciated	2,358	-	-	2,358
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	4,265	-	-	4,265
Furniture and equipment	271	6	-	277
Total capital assets, being depreciated	4,536	6	-	4,542
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(1,047)	(213)	-	(1,260)
Furniture and equipment	(265)	(1)	-	(266)
Total accumulated depreciation	(1,312)	(214)	-	(1,526)
Total capital assets, being depreciated, net	3,224	(208)	-	3,016
FIRST 5 capital assets, net	<u>\$ 5,582</u>	<u>\$ (208)</u>	<u>\$ -</u>	<u>\$ 5,374</u>

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
 June 30, 2011
 (Dollars in thousands)

(6) Capital Assets (Continued)

Depreciation

Depreciation expense was charged to governmental functions for the year ended June 30, 2011 as follows:

General government	\$	18,834
Public protection		4,194
Public ways		9,852
Health and sanitation		478
Public assistance		808
Education		1,029
Recreation		847
Amount reported in the internal service funds		3,615
Total depreciation expense - governmental functions	\$	<u><u>39,657</u></u>

Depreciation expense was charged to the business-type functions for the year ended June 30, 2011 as follows:

SCVMC	\$	37,380
Airport		960
Sanitation District		31
Total depreciation expense - business-type functions	\$	<u><u>38,371</u></u>

Capital Projects Commitments

As of June 30, 2011, the SCVMC and the Airport have active construction projects that include construction of the seismic compliance for SCVMC buildings; Ambulatory Electronic Medical Record System; Siemens Capital Patient Management System; Cardiac Monitoring System; and infrastructure and facility improvement of Reid Hillview Airport and South County Airport projects.

The County's commitments for business-type activities as of June 30, 2011 are as follows:

Projects	Expended to June 30, 2011	Committed as of June 30, 2011
Hospital Projects:		
Seismic Safety	\$ 174,299	\$ 129,134
Renovations and equipment	77,647	14,970
Airport Projects	<u>881</u>	<u>200</u>
Total	<u><u>\$ 252,827</u></u>	<u><u>\$ 144,304</u></u>

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
 June 30, 2011
 (Dollars in thousands)

(6) Capital Assets (Continued)

Nonmajor governmental funds (Special Revenue and Capital Projects Funds) also have active construction projects as of June 30, 2011. They are as follows:

- Roads projects include bridge seismic retrofit, rehabilitation and replacement; pedestrian and bicycle routes improvements; signal synchronization programs and pavement management of Measure B projects; and the continued comprehensive study, planning, and improvement of the County's expressways.
- Parks projects include Almaden Quicksilver County Park toxic mitigation; Santa Teresa County Park and Coyote Lake County Park Development Projects; Alviso Boat Launch Project; Madrone Landfill; Casa Grande Restoration; and improvement of County Parks' facilities.
- General Capital projects include the Solar Photovoltaic Project; Court Seismic Upgrade Program; continued renovation and improvement of the Juvenile Hall Housing detention buildings and jail facilities; the remodeling of County buildings; repair and replacement of County's facilities; the upgrade of County buildings' security system; and the demolition and abatement of the former San Jose Medical Clinic in downtown area.

The County's governmental activities commitments at June 30, 2011 are as follows:

Projects	Expended to June 30, 2011	Committed as of June 30, 2011
Road projects	\$ 21,927	\$ 6,106
Park projects	16,073	5,226
General capital projects	70,966	18,978
Total	\$ 108,966	\$ 30,310

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(7) Capital Leases

The County leases certain vehicles and equipment, obtained under various lease financing agreements. The leases expire at various times through the fiscal year 2016. As of June 30, 2011, governmental activities' capital assets and accumulated depreciation under capital leases are as follows:

<u>Description</u>	
Equipment and vehicles	\$ 727
Less accumulated depreciation	<u>(43)</u>
Net capital assets	<u><u>\$ 684</u></u>

Future minimum lease payments under governmental activities capital leases are as follows:

<u>Fiscal year ending June 30,</u>	
2012	\$ 150
2013	150
2014	150
2015	37
2016	<u>2</u>
Total	489
Amount representing interest at rates from 0.08% to 8.36%	<u>(30)</u>
Present value of future minimum lease payments	<u><u>\$ 459</u></u>

(8) Short-Term Debt

(a) Teeter Plan Obligation Commercial Paper Notes

As discussed in Note 1(j), in 1994 the Board adopted the Teeter Plan. The Teeter Plan provides for a tax distribution procedure in which secured roll (exclusive of the supplemental roll) taxes are distributed to participating taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. Taxing entities that maintain funds in the County Treasury are included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan (City of Sunnyvale and Town of Los Gatos) are paid as taxes are collected.

On September 16, 2010, the County issued \$111,240 in Teeter Plan Obligation Commercial Paper Notes Series A and interest rates from 0.26% to 0.30%. These notes had maturity dates of October 6, 2010 through June 23, 2011.

On June 23, 2011, the County issued \$119,820 in Teeter Plan Obligation Commercial Paper Notes Series A with maturity dates ranging from October 3, 2011 through December 7, 2011 and interest rates from 0.17% to 0.21%.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
 June 30, 2011
 (Dollars in thousands)

(8) Short-Term Debt (Continued)

These notes were issued under the authority of Section 4701, *et seq.* of the California Revenue and Taxation Code and the Trust Agreement dated September 1, 2010 as supplemented by the First Supplement to the Trust Agreement dated June 1, 2011 by and between the County and U.S. Bank National Association. These notes are authorized to be issued from time to time to finance and refinance the County's obligation to make distributions of certain uncollected property tax levies and pay the cost of issuance for the notes. These notes will mature not more than 270 days after their respective date of issuance provided that no notes may have a maturity date later than the date which is five days prior to the expiration date of the Letter of Credit.

These notes are payable from the County's General Fund. The County has also pledged the Series A Taxes to the payment of these notes; however, all payments on these notes will be made by draws on the Letter of Credit. The payments of principal and interest, if any, on these notes are supported by an irrevocable direct pay letter of credit issued by J.P. Morgan. The letter of credit will expire on September 16, 2013 unless extended or earlier terminated.

(b) Housing Authority Line of Credit

The Housing Authority maintains a \$5,000 line of credit, which provides the Housing Authority with a ready means of short-term financing. In November 2010, the Housing Authority agreed to grant the bank a security interest in its money market account maintained at the bank and extended the maturity date to September 16, 2016. The line of credit bears interest at a rate of prime rate minus 0.5% and is at 3.25% at June 30, 2011, which is payable monthly.

(c) Short-Term Debt Activity

	Primary Government	Component Units
Balance, beginning of year	\$ -	\$ 4,759
Additions	231,060	1,159
Reductions	(111,240)	(4,259)
Balance, end of year	\$ 119,820	\$ 1,659

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities

As of June 30, 2011, outstanding long-term obligations consisted of the following:

Type of indebtedness (purpose)	Final Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
Governmental activities:					
Taxable Pension Funding Bonds	8/1/11 - 8/1/36	5.55 - 6.11%	\$2,990 - \$51,560	\$ 389,485	\$ 386,025
2009 A General Obligation Bonds	8/1/11 - 8/1/39	2.00% - 5.00%	\$1,000 - \$32,500	350,000	334,900
El Camino Hospital District Hospital Facilities Authority: 1985 ACES Lease Revenue Bonds Series A & B	8/1/11 - 8/1/15	(1)	\$845 - \$8,000	19,205	12,495
Financing Authority:					
1994 Lease Revenue Bonds Series A & B	11/15/11 - (2)	(3)	\$116 - \$262	2,060	858
1997 Lease Revenue Bonds Series A	11/15/12 - 11/15/13	5.75% - 6.00%	\$1,513 - \$1,632	16,649	3,145
2003 Lease Revenue Bonds Series C	5/15/12 - 5/15/23	3.75% - 5.00%	\$1,010 - \$1,645	20,025	15,460
2006 Lease Revenue Bonds Series I	5/15/12 - 5/15/31	4.00% - 5.00%	\$2,622 - \$5,927	87,575	80,732
2007 Lease Revenue Bonds Series K	5/15/12 - 5/15/37	4.00% - 5.00%	\$465 - \$1,460	22,655	22,210
2008 Lease Revenue Bonds Series A	11/15/11 - 11/15/22	3.00% - 5.00%	\$161 - \$1,364	5,579	3,142
2008 Lease Revenue Bonds Series L	5/15/12 - 5/15/36	4.00% - 5.25%	\$1,060 - \$4,445	59,800	56,750
2010 Lease Revenue Bonds Series N	5/15/12 - 5/15/17	4.00% - 5.00%	\$5,135 - \$10,047	47,188	37,961
2011 Lease Revenue Bonds Series A	8/1/11 - 2/1/26	5.90%	\$871 - \$2,153	20,368	20,368
Housing Authority:					
2004 Lease Revenue Bonds Series A	9/1/11 - 9/1/29	(4)	\$90 - \$255	3,550	3,110
2006 Lease Revenue Bonds	9/1/11 - 9/1/38	5.00%	\$55 - \$510	5,125	4,975
Silicon Valley Tobacco Securitization Authority:					
Tobacco Settlement Asset-Backed Bonds	6/1/36 - 6/1/56	5.63 - 6.85%	\$4,408 - \$43,604	102,030	102,030
2006 Vector Control COP Series TT	6/1/12 - 6/1/27	3.75 - 6.50%	\$170 - \$330	4,495	3,800
Total governmental activities				<u>\$ 1,155,789</u>	<u>\$ 1,087,961</u>
Business-type activities					
SCVMC:					
El Camino Hospital District Hospital Facilities Authority: 1985 ACES Lease Revenue Bonds Series A&B	8/1/11 - 8/1/15	(1)	\$4,455 - \$5,525	\$ 55,795	\$ 20,405
Financing Authority:					
1994 Lease Revenue Bonds Series A & B	11/15/11 - (2)	(3)	\$7,924 - \$18,200	256,435	58,682
1997 Lease Revenue Bonds Series A	11/15/11 - 11/15/13	5.75% - 6.00%	\$10,057 - \$10,633	171,756	20,690
2006 Lease Revenue Bonds Series I	5/15/12 - 5/15/31	4.00% - 5.00%	\$1,838 - \$4,153	62,165	56,568
2007 Lease Revenue Bonds Series K	5/15/12 - 5/15/37	4.00% - 5.00%	\$1,450 - \$4,565	70,885	69,490
2008 Lease Revenue Bonds Series A	11/15/11 - 11/15/22	3.00% - 5.00%	\$1,076 - \$15,657	120,831	118,578
2008 Lease Revenue Bonds Series L	5/15/12 - 5/15/36	4.00% - 5.25%	\$9,530 - \$11,750	53,040	53,040
2008 Lease Revenue Bonds Series M	5/15/12 - 5/15/35	(5)	\$3,950 - \$8,300	143,105	142,050
2010 Lease Revenue Bonds Series N	5/15/2012	4.24%	\$1,504	2,922	1,504
Total SCVMC				<u>936,934</u>	<u>541,007</u>
Airport:					
ABAG Lease Revenue Bonds Series 2002-1	7/1/11 - 7/1/32	4.00 - 5.00%	\$170 - \$355	6,780	5,135
Total business-type activities				<u>\$ 943,714</u>	<u>\$ 546,142</u>

(1) Variable rate, 0.07% effective as of June 30, 2011.

(2) Series A: 11/15/11 and Series B: 11/15/25.

(3) Series A: Fixed rate of 7.75% and Series B: Variable rate, 0.07% effective as of June 30, 2011.

(4) Variable rate, 0.08% effective as of June 30, 2011.

(5) Variable rate, 0.05% effective as of June 30, 2011.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

The following is a summary of long-term liabilities transactions for the fiscal year ended June 30, 2011:

	Balance, July 1, 2010	Additions	Retirements	Balance, June 30, 2011	Amounts Due Within One Year
Governmental activities:					
Lease Revenue Bonds	\$ 257,295	\$ 20,368	\$ (16,457)	\$ 261,206	\$ 17,674
Unamortized premium	6,836	-	(696)	6,140	696
Unamortized deferred loss on refunding	(3,180)	-	371	(2,809)	(371)
Tobacco Settlement Asset-Backed Bonds	102,030	-	-	102,030	-
Accreted interest on capital appreciation bonds	22,545	7,454	-	29,999	-
Pension Funding Bonds	388,045	-	(2,020)	386,025	2,990
Accreted interest on capital appreciation bonds	16,850	6,346	-	23,196	-
Certificates of Participation	3,965	-	(165)	3,800	170
Unamortized premium	145	-	(9)	136	9
General Obligation Bonds	350,000	-	(15,100)	334,900	18,100
Unamortized premium	11,754	-	(419)	11,335	419
Subtotal governmental bonds	<u>1,156,285</u>	<u>34,168</u>	<u>(34,495)</u>	<u>1,155,958</u>	<u>39,687</u>
Capital Lease Obligations (Note 7)	278	520	(339)	459	136
Accrued litigation liability	2,500	-	-	2,500	-
Insurance claims (Note 13)	109,964	73,174	(67,815)	115,323	36,903
Net other postemployment					
benefits obligation (Notes 12(e) and 12(f))	61,560	92,820	-	154,380	-
Accrued vacation & sick leave	129,905	94,885	(96,219)	128,571	10,843
Total governmental activities	<u>\$ 1,460,492</u>	<u>\$ 295,567</u>	<u>\$ (198,868)</u>	<u>\$ 1,557,191</u>	<u>\$ 87,569</u>
Business-type activities:					
SCVMC Lease Revenue Bonds	\$ 562,479	\$ -	\$ (21,472)	\$ 541,007	\$ 22,196
Unamortized discount	(387)	-	172	(215)	(109)
Unamortized premium	12,278	-	(976)	11,302	894
Unamortized deferred loss on refunding	(19,641)	-	1,869	(17,772)	(1,852)
Subtotal SCVMC bonds	<u>554,729</u>	<u>-</u>	<u>(20,407)</u>	<u>534,322</u>	<u>21,129</u>
Airport Lease Revenue Bonds	5,295	-	(160)	5,135	170
Unamortized discount	(18)	-	1	(17)	(1)
Subtotal Airport bonds	<u>5,277</u>	<u>-</u>	<u>(159)</u>	<u>5,118</u>	<u>169</u>
Accrued vacation & sick leave	65,596	59,211	(59,379)	65,428	10,381
Total business-type activities	<u>\$ 625,602</u>	<u>\$ 59,211</u>	<u>\$ (79,945)</u>	<u>\$ 604,868</u>	<u>\$ 31,679</u>
Component Units:					
<i>Housing Authority:</i>					
Notes payable	\$ 2,978	\$ -	\$ (1,575)	\$ 1,403	\$ 3
Payment in lieu of taxes	2,231	-	(395)	1,836	1,836
Accrued vacation & sick leave	1,059	1,388	(1,459)	988	353
Long-term interest payable	509	23	-	532	-
Housing Authority's business type activity	<u>\$ 6,777</u>	<u>\$ 1,411</u>	<u>\$ (3,429)</u>	<u>4,759</u>	<u>2,192</u>
Housing Authority's discrete component units' long-term obligations as of December 31, 2010, except for Poco Way Associates which is as of May 31, 2011					
Notes, loans, and bonds payable				241,267	2,746
Long-term interest payable				18,535	-
Housing Authority's discrete component units				<u>259,802</u>	<u>2,746</u>
Total Housing Authority				<u>\$ 264,561</u>	<u>\$ 4,938</u>
<i>FIRST 5:</i>					
Accrued vacation & sick leave	\$ 192	\$ -	\$ (5)	\$ 187	\$ -

A copy of each of the Housing Authority's component units separately issued audited financial statements can be obtained from the Housing Authority's management.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

(a) *Governmental Activities*

2007 Taxable Pension Funding Bonds

In July 2007, the County issued 2007 Taxable Pension Funding Bonds in the amount of \$389,485 to refinance a portion of the County's statutory obligations to make payments to the State of California Public Employees' Retirement System (PERS) for certain amounts arising as a result of retirement benefits accruing to County employees. The bonds were comprised of current interest bonds and capital appreciation bonds. The current interest bonds were issued for \$302,180 and bear fixed interest rates ranging from 5.55% to 6.11%, and have a final maturity date of August 1, 2036. The capital appreciation bonds were issued for \$87,305 with interest rates ranging from 5.74% to 6.14% and have a final maturity date of August 1, 2029.

2009 General Obligation Bonds Series A

On November 4, 2008, the County voters approved Measure A – Hospital Seismic Safety and Medical Facilities authorizing the issuance of \$840,000 in general obligation bonds to rebuild and improve the seismically deficient medical facilities.

On May 27, 2009, the County issued 2009 General Obligation Bonds Series A (2009 GO Bonds) in the amount of \$350,000. The 2009 GO Bonds bear fixed interest rates ranging from 2.00% to 5.00% which are payable semi-annually commencing February 1, 2010 and have a final maturity of August 1, 2039.

Hospital Facilities Authority

The Santa Clara County – El Camino Hospital Facilities Authority (Hospital Facilities Authority) was organized in 1979 as a governmental agency by a Joint Exercise of Powers Agreement between the County and the El Camino Hospital District. The Hospital Facilities Authority was organized to finance the construction of a kidney dialysis facility, hospital administrative and storage facilities, and other improvements adjacent to El Camino Hospital, and to provide for the construction and renovation of the SCVMC. The El Camino facilities were completed in 1982 and the SCVMC facilities were substantially completed in 1990.

The 1985 Adjustable Convertible Extendable Securities (ACES) Lease Revenue Bonds were issued by the Hospital Facilities Authority to provide financing for the acquisition, construction, and renovation of various Santa Clara Valley Health and Hospital System projects, including the Valley Health Center, Patient Care Tower, Psychiatric Inpatient Facility, and Cogeneration Facility. The debt is allocated between the County's governmental activities and SCVMC to reflect the use of bond proceeds to construct assets operated by the departments reported in the governmental activities and SCVMC, respectively. The bonds bear interest at an adjustable rate, which is determined weekly. The weekly rate is the rate that results in the market value of the bonds being equal to their par value.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

In connection with the issuance of the 1985 ACES Lease Revenue Bonds, the Hospital Facilities Authority obtained an irrevocable letter of credit as a credit facility with State Street Bank and Trust Company. At June 30, 2011, the letter of credit was set to expire on July 1, 2013. The Hospital Facilities Authority's repayment of unreimbursed draws made on the credit facility bears interest at rates as defined in the reimbursement agreement up to 12% per annum with the principal due at July 1, 2013. The Authority is required to pay State Street Bank and Trust Company an annual commitment fee of 0.45% based on the outstanding principal amount of the bonds supported by the credit facility. The letter of credit is reduced pro rata as principal payments are made. The amount of the irrevocable letter of credit agreement, as of June 30, 2011 was approximately \$33,495.

Silicon Valley Tobacco Securitization Authority

In accordance with GASB Technical Bulletin 2004-1, *Tobacco Settlement Recognition and Financial Reporting Entity Issues*, the Silicon Valley Tobacco Securitization Authority (JPA) and the Santa Clara County Tobacco Securitization Corporation (Corporation) have been included in the basic financial statements as blended component units of the County. The Corporation borrowed from the JPA the proceeds of the Series 2007 Tobacco Settlement Asset-Backed Bonds issued by the JPA on January 12, 2007 for \$102,030 pursuant to a secured loan agreement. The Corporation then applied the loan proceeds to purchase the County's portion of its rights, title and interest in the tobacco settlement revenues (TSRs) according to a purchase and sale agreement dated as of January 1, 2007 between the County and the Corporation (sale agreement). The Series 2007 bonds are primarily secured by a portion of TSRs that are payable to the County and sold to the Corporation pursuant to the sale agreement.

The first Series A Capital Appreciation Bonds (CABs) were issued for \$43,604 with an interest rate of 5.63%, final turbo redemption date on June 1, 2031 and due date of June 1, 2036. The second Series A CABs were issued for \$11,338 with an interest rate 5.68%, final turbo redemption date on June 1, 2033 and due date on June 1, 2041. The third Series A CABs were issued for \$13,618 with an interest rate of 5.70%, final turbo redemption date on June 1, 2036 and due date on June 1, 2047. Series B CABs were issued for \$4,408 with an interest rate of 5.85%, final turbo redemption date on June 1, 2036 and due date of June 1, 2047. Series C CABs were issued for \$20,161 with an interest rate of 6.30%, final turbo redemption date on June 1, 2042 and due date of June 1, 2056. Series D CABs were issued for \$8,901 with an interest rate of 6.85%, final turbo redemption date on June 1, 2046 and due date of June 1, 2056.

In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Securitization debt, neither the JPA, County, nor Corporation has any liability to make up any such shortfall.

Financing Authority Lease Revenue Bonds

The Santa Clara County Financing Authority (the Financing Authority) was formed in 1994 by a joint exercise of powers agreement between the County and the Santa Clara County Central Fire Protection District. The Financing Authority commenced operations in the County with the issuance of bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

2003 Lease Revenue Bonds Series C - On December 18, 2003, the County through the Financing Authority issued 2003 Series C Lease Revenue Bonds in the amount of \$20,025. These bonds were issued to embark on a number of long-term capital projects including the construction of a new courthouse in the City of Morgan Hill.

2010 Lease Revenue Bonds Series N - On February 18, 2010, the Financing Authority issued \$50,110 of 2010 Series N Lease Revenue Bonds on behalf of the County and SCVMC. The bond proceeds including premiums of \$4,264 were used to current refund the outstanding 1998 Series A and 2000 Series B Lease Revenue Bonds. The 2010 Series N bonds bear fixed interest rates ranging from 4.00% to 5.00% and have a final maturity date of May 15, 2017.

2011 Series A Qualified Energy Conservation Bonds - On February 10, 2011, the County through the Financing Authority, issued a taxable Lease Revenue Bond, 2011 Series A Qualified Energy Conservation Bond (QECB), in the amount of \$20,368 pursuant to an allocation to the County by the California Debt Limit Allocation Committee. The issuance is to finance acquisition, installation, implementation and construction of solar electric generation systems on four County sites, cost of issuance and related fees and expenses. The QECB enables the County to receive a direct subsidy payment from the Federal government to help offset the cost of the borrowing. The federal subsidy equates to approximately 70% of the interest cost of the financing.

The debt is an obligation of the General Fund and the actual savings will depend on the actual reduction in future utility cost as a result of the solar panel project.

Housing Authority Lease Revenue Bonds - On September 1, 2004, the County through the Financing Authority issued 2004 Series A Lease Revenue Bonds in the amount of \$3,550 that bear interest that is set each week by the remarketing agent based upon prevailing interest rates for 7-day variable rate demand bonds of similar credit quality trading in the municipal market place during the week. The bonds were issued to refund and redeem the Housing Authority's 1993 Certificates of Participation (COPS) in fiscal year 2005. On October 19, 2006, the Financing Authority issued \$5,125 of 2006 Lease Revenue Bonds (2006 Bonds) on behalf of the Santa Clara County. The bond proceeds were used to provide additional financing for the renovation of an office building used by the Housing Authority. The 2006 Bonds bear fixed interest rates of 5.00% and are payable semi-annually commencing September 1, 2008 and mature on September 1, 2038. The Housing Authority has reported its lease obligations to the County as payable to primary government on its statement of net assets.

In connection with the issuance of the 2004 Series A Lease Revenue Bonds, the County obtained an irrevocable letter of credit as a credit facility with U.S. Bank N.A. for these bonds. At June 30, 2011, the letter of credit was set to expire on September 1, 2012. The County's repayment of unreimbursed draws made on the credit facility bears interest at rates as defined in the reimbursement agreement up to LIBOR plus 4% per annum with the principal due at September 1, 2012. The County is required to pay U.S. Bank N.A. an annual commitment fee of 1.50% effective September 1, 2009 based on the outstanding principal amount of the bonds supported by the credit facility. For the year ended June 30, 2011, the Housing Authority paid an annual commitment fee in the amount of \$48.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

The Business-type Activities section of this note at (b) describes the governmental activities' portions of the Financing Authority's 1994, 1997, 2006, 2007 and 2008 Lease Revenue Bonds.

2006 Vector Control Certificates of Participation Series TT

During November 2006, the County issued 2006 Series TT Certificates of Participations in the amount of \$4,495 through California Special Districts Association Finance Corporation to finance the acquisition of an office building. The Certificates of Participations bear fixed interest rates ranging from 3.75% to 6.50% and have a final maturity date of June 1, 2027.

(b) Business-type Activities

SCVMC

The 1985 ACES Lease Revenue Bonds were issued to provide financing for the acquisition, construction, and renovation of various SCVMC components, as previously described in the Governmental Activities section of this note at (a).

Financing Authority Lease Revenue Bonds

1994 Lease Revenue Bonds Series A & B - On December 15, 1994, the Financing Authority issued the 1994 Lease Revenue Bonds Series A and B. The proceeds financed the design, construction, remodeling, and equipping of existing and new medical facilities at the SCVMC. The County leases to and then leases back from the Financing Authority, the projects financed along with the real property on which they are situated. Annual base rental payments from the County approximate the bonds' debt service requirements. If necessary, monies apportioned to the County in the State's Motor Vehicle License Fee Account can be used toward meeting the lease obligation.

Series A, initially issued for \$206,995, consists of serial and term bonds that can be redeemed early at specific dates at call rates varying from 100% to 102% of the face value of bonds maturing after November 15, 2004. The 1994 Series A bonds are covered by indemnity insurance. On October 1, 1997, the Financing Authority issued lease revenue bonds to advance refund and defease \$146,975 of outstanding 1994 Lease Revenue Series A Bonds.

The Series B bonds, issued for \$51,500, bear interest at variable rates set daily, weekly, semi-annually, or on a term basis, as determined by the remarketing agent. Series B bonds also contain an early redemption provision, allowed at call rates of 100% of the bonds' face value, plus accrued interest. The 1994 Series B bonds are secured by an irrevocable letter of credit (credit facility) pursuant to a Standby Bond Purchase Agreement with JP Morgan Chase Bank N.A. dated November 1, 2000. At June 30, 2011, the irrevocable letter of credit amount is \$52,126 and the expiration date is November 1, 2011. The Financing Authority's repayment of unreimbursed draws made on the credit facility bear interest at rates as defined in the Standby Bond Purchase Agreement up to 12% per annum with the principal due at November 1, 2011. The Financing Authority is required to pay JP Morgan Chase Bank N.A. an annual commitment fee of 0.30% based on the outstanding principal amount of the bonds supported by the credit facility and for the year ended June 30, 2011 paid an annual commitment fee in the amount of \$159. On September 14, 2011, the Financing Authority extended the letter of credit with JP Morgan Chase Bank N.A. and the new expiration date is November 1, 2013.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

1997 Lease Revenue Bonds Series A and 2008 Lease Revenue Bonds Series A - The Financing Authority's 1997 Lease Revenue Bonds Series A, issued for \$188,405 on October 1, 1997, advance refunded \$146,975 of the 1994 Lease Revenue Series A Bonds and all \$16,405 of outstanding debt for the Public Facilities Corporation 1988 COPs. Debt payments on the 1997 Series A are insured by a municipal bond insurance policy issued by AMBAC Assurance Corporation. On February 14, 2008, the Financing Authority issued \$126,410 of 2008 Series A Lease Revenue Bonds on behalf of the County and SCVMC to current refund a portion of outstanding 1997 Series A Lease Revenue Bonds. 2008 Series A bonds net proceeds and amounts available from the refunded bonds were used to establish a refunding escrow on the date of the issuance of the 2008 Series A bonds. The 1997 Series A bonds in the amount of \$131,415 were redeemed on March 17, 2008 and have been removed from the County's basic financial statements. The 2008 A bonds bear fixed interest rates ranging from 3.00% to 5.00% and have a final maturity date of November 15, 2022.

2006 Lease Revenue Bonds Series I - On March 2, 2006, the County through the Financing Authority issued Lease Revenue Bonds 2006 Series I in the amount of \$149,740. The bonds were issued to finance the construction costs of the County Crime Laboratory Facility; the Valley Health Clinics at Fair Oaks and Gilroy; and seismic retrofitting costs of Santa Clara Courthouse. The 2006 Series I bonds, bear fixed interest rates ranging from 4.00% to 5.00% and have a final maturity date of May 15, 2031.

2007 Lease Revenue Bonds Series K - On August 15, 2007, the Financing Authority issued \$93,540 of 2007 Series K Lease Revenue Bonds on behalf of the County and SCVMC. The bond proceeds were used for (i) the acquisition, site preparation, construction, furnishing and equipping of the Fleet Facility; (ii) the acquisition, site preparation, construction, furnishing and equipping of the Health Clinic, including a nearby parking garage; and (iii) the seismic retrofitting of the Los Gatos Courthouse and of the Hall of Justice – West. The 2007 Series K bonds bear fixed interest rates ranging from 4.00% to 5.00% and have a final maturity date of May 15, 2037.

2008 Lease Revenue Bonds Series L - On May 22, 2008, the Financing Authority issued \$112,840 of 2008 Series L Lease Revenue Bonds on behalf of the County and SCVMC to refund the County's outstanding 2003 Series D and 2005 Series H, and SCVMC's outstanding 2006 Series J Lease Revenue Bonds. The 2008 L bonds bear fixed interest rates ranging from 4.00% to 5.25% and have a final maturity date of May 15, 2036.

2008 Lease Revenue Bonds Series M - On May 29, 2008, the Financing Authority issued \$143,105 of 2008 Series M Lease Revenue Bonds on behalf of the County and SCVMC. The bond proceeds were used to refund the outstanding 2005 Series F and 2005 Series G Lease Revenue Bonds on June 4, 2008. The 2008 Series M bonds initially bear variable interest based on the weekly interest rate as defined in the bond indenture and have a final maturity date of May 15, 2035.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

In connection with the issuance of the 2008 Series M Lease Revenue Bonds, the Financing Authority obtained an irrevocable letter of credit as a credit facility with Bank of America, N.A. The letter of credit is set to expire on October 31, 2012. If Bank of America, N.A. elects not to extend the expiration date, the variable rate bonds would convert to Bank Bonds with repayments made in accordance with the maturity schedule provided in the Trust Agreement and these Bank Bonds would bear interest at the Bank Rate which is up to 12% per annum. The Financing Authority is required to pay Bank of America, N.A. an annual commitment fee of 1.00% based on the outstanding principal amount of the bonds supported by the credit facility and for the year ended June 30, 2011 paid an annual commitment fee in the amount of \$736.

Interest Rate Swap Related to the 2008 Lease Revenue Bonds Series M

In May 2005, the County through the Financing Authority issued 2005 Series F and 2005 Series G Lease Revenue Bonds (2005 Series F and G bonds) in the amount of \$71,025 and \$71,025, respectively. The bonds were issued to provide funds for the Charcot Center, Valley Specialty Center and Morgan Hill Courthouse. In May 2008, the County through the Financing Authority issued lease revenue bonds 2008 Series M in the amount of \$143,105 to fully refund the 2005 Series F and G in the total amount of \$142,050. The difference of principal amount between the 2008 Series M and the refunded 2005 Series F and G bonds in the amount of \$1,055 represents additional funding for the cost of issuance of 2008 Series M and are scheduled to be repaid during fiscal year 2010 and 2011. The payment schedule for the 2008 Series M starting fiscal year 2012 remains the same as the combined debt service schedule for the refunded 2005 Series F and G bonds.

Objective of the Interest Rate Swaps. As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in May 2005, the Financing Authority entered into interest rate swap agreements with Citibank, N.A. (Citibank) in connection with its \$71,025 Series F and \$71,025 Series G variable rate lease revenue bonds. The intention of the swaps was to effectively change the Financing Authority's variable interest rates on the 2005 Series F and G bonds to a synthetic fixed rate of 3.185%. The Financing Authority continued to hedge the 2008 Series M bonds with the 2005 swap agreement.

Significant Terms. The bonds and related swap agreements both mature on May 15, 2035. The swaps' notional amount of \$142,050 matches the \$142,050 principal amount of the 2008 Series M variable rate bonds that mature starting fiscal year 2012. The swaps were entered into at the same time the 2005 Series F and G bonds were issued in May 2005. Starting fiscal year 2012, the notional value of the swaps declines as the principal amount of the associated debt begins to be repaid. Under the swaps, the Financing Authority pays the counterparty a fixed payment of 3.185% and receives a variable payment computed as 56.5% of USD-LIBOR-BBA plus 0.33%.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

Fair Value. The swaps had a combined aggregate negative fair value of \$12,679 as of June 30, 2011. Since coupons on the Financing Authority's variable rate securities adjust to changing interest rates, they do not have a corresponding fair value increase. The fair value is the net present value of the swaps using market data and the terms of the swaps, which include the expectations of the probability of occurrence of certain underlying events as defined in the swaps' documentation.

Credit Risk. The aggregate fair value of the swaps represented the Financing Authority's credit exposure to the counterparties as of June 30, 2011. Should the counterparties fail to perform according to terms of the swap contracts, the Financing Authority faced a maximum possible loss equivalent to the aggregate fair value of the swap. At June 30, 2011, the Financing Authority was not exposed to credit risk because the swaps had a negative fair value of \$12,679. To mitigate the potential credit risk, the counterparties are required to post collateral, in the form of cash or federal government securities, if their credit ratings for long-term unsecured debt obligations fall below "A" by Moody's Investors Service or "A" by Standard and Poor's or Fitch Ratings. As of June 30, 2011, Citibank's ratings were A1 by Moody's, A+ by Standard and Poor's, and A+ by Fitch Ratings.

Basis Risk. The Financing Authority has chosen a variable index based on a percentage of LIBOR plus a spread, which historically has closely approximated the variable rates payable on the related bonds. However, the Financing Authority is subject to the risk that a change in the relationship between the LIBOR-based swap rate and the variable rates would cause a material mismatch between the two rates. Changes that cause the payments received from the counterparty to be insufficient to make the payments due on the associated bonds result in an increase in the synthetic interest rate on the bonds, while changes that cause the counterparty payments to exceed the payments due on the associated bonds result in a decrease in the synthetic interest rate on the bonds. As a result of changing basis between LIBOR and the rate on the Financing Authority's bonds during the course of the year, the synthetic fixed rates for the fiscal year ended June 30, 2011 were 2.80%.

Termination Risk. The Financing Authority or Citibank may terminate the swaps if the other party fails to perform under the terms of the contract. The swaps may be terminated by the Financing Authority if Citibank's credit rating of long-term, unsecured, unenhanced senior debt obligations is withdrawn, suspended or falls below "Baa1" as determined by Moody's Investors Service, or "BBB+" as determined by Standard and Poor's, or fail to have any rated long-term, unsecured, unenhanced senior debt obligations. The swaps may be terminated by Citibank if the County's rating of long-term, unsecured, unenhanced senior debt obligations or lease obligations of the County is withdrawn, suspended or falls below "Baa3" as determined by Moody's Investors Service, or "BBB-" as determined by Standard and Poor's, or the County fails to have any rated long-term, unsecured, unenhanced senior debt obligations or lease obligations.

Counterparty Risk. The Financing Authority is exposed to counterparty risk, which is related to credit and termination risk. The termination of the swaps may result in a payment to the counterparty. The Financing Authority may also be exposed to counterparty risk in a high interest rate environment in the event a counterparty is unable to perform its obligations on a swap transaction leaving the Financing Authority exposed to the variable rates on the associated debt.

Interest Rate Risk. The swaps are structured to reduce the County's exposure to interest rate risk.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)

June 30, 2011

(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

Rollover Risk. The Financing Authority is not exposed to rollover risk as the swaps matched the terms of the 2008 Series M Bonds starting fiscal year 2012.

Market-Access Risk. Market-access risk is the risk that a government will not be able to enter credit markets or that credit will become more costly. The ability to sell auction rate securities (ARS) in an auction may be adversely affected if there are not sufficient buyers willing to purchase all the auction rate securities at a rate equal to or less than the ARS maximum rate. In the event of failed auctions, the bonds may default to higher interest rates as defined in the bonds' official statements.

Swap Payments and Associated Debt Service Payments. Using rates as of June 30, 2011, debt service requirements of the 2008 Series M bonds and net swap payments, assuming current interest rates remain the same for the term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Year Ending June 30,	Principal	Variable Interest (1)	Net Swap Interest (2)	Total Interest
2012	\$ 3,950	\$ 71	\$ 3,898	\$ 3,969
2013	4,150	69	3,789	3,858
2014	4,300	67	3,674	3,741
2015	4,450	65	3,555	3,620
2016	4,600	62	3,433	3,495
2017 - 2021	25,150	276	15,188	15,464
2022 - 2026	29,350	209	11,496	11,705
2027 - 2031	34,400	131	7,179	7,310
2032 - 2035	31,700	39	2,141	2,180
	\$ 142,050	\$ 989	\$ 54,353	\$ 55,342

⁽¹⁾ Variable interest on the 2008 Series M is estimated using interest rate at June 30, 2011 of 0.05%.

⁽²⁾ Net swap interest on the 2008 Series M is estimated using USD-LIBOR-BBA rate at June 30, 2011 of 0.186%. Net swap interest at June 30, 2011 is calculated as follows: 3.185% minus (0.186% * 56.5% + 0.33%) equals to 2.75%.

Impact on Financial Statements. The impact of the interest rate swaps on the financial statements for the year ended June 30, 2011 is as follows:

	Deferred outflows on derivative instrument	Derivative instrument liabilities
Balance at July 1, 2010	\$ 16,122	\$ 16,122
Change in fair value	(3,443)	(3,443)
Balance at June 30, 2011	\$ 12,679	\$ 12,679

Derivative instrument liabilities of \$12,679 as of June 30, 2011 represent the fair value of the interest rate swap agreements and deferred outflows on derivative instrument of \$12,679 as of June 30, 2011 represent deferred outflow of resources offsetting interest rate swap liabilities in accordance with GASB Statement No. 53.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

Division of the Lease Revenue Bonds

The division of the lease revenue bonds between the governmental activities and the SCVMC is based on the usage of bond proceeds by the governmental activities and business-type activities (SCVMC) as follows:

Lease Revenue Bonds:	Governmental Activities	Business-type Activities
1985 ACES	15.9%	84.1%
1994 Series A and B	1.4%	98.6%
1997 Series A	9.3%	90.7%
2006 Series I	58.5%	41.5%
2007 Series K	24.2%	75.8%
2008 Series A	4.4%	95.6%
2008 Series L	53.0%	47.0%
2010 Series N	94.2%	5.8%

Airport

On July 1, 2003, the Association of Bay Area Governments (ABAG) issued Lease Revenue Bonds, Series 2002-1 in the amount of \$13,370. These bonds were issued to finance or refinance certain capital improvements within their geographical boundaries. On June 4, 2002, the County Board of Supervisors approved a resolution to enter into a lease agreement with ABAG for \$6,780 of this debt via a lease/leaseback arrangement of one or more properties to ABAG. The proceeds of the debt provided financing for the acquisition, construction, and renovation of certain capital improvements at the County's airports.

(c) Repayment Requirements

As of June 30, 2011, the debt service requirements to maturity and the fund types from which principal payments will be made are as follows, excluding accrued vacation and sick leave, accrued litigation liability, insurance claims payable and capital leases obligations.

Governmental Activities

Fiscal year ending June 30:	Lease Revenue Bonds (1)		Tobacco Securitization Asset-Backed Bonds		Certificates of Participation		Taxable Pension Funding Bonds		General Obligation Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 17,674	\$ 11,902	\$ -	\$ -	\$ 170	\$ 179	\$ 2,990	\$ 17,812	\$ 18,100	\$ 15,867
2013	14,912	11,156	-	-	175	173	4,040	17,616	1,000	15,671
2014	15,644	10,465	-	-	180	167	3,576	18,969	1,100	15,640
2015	15,318	9,622	-	-	190	160	3,976	19,479	1,100	15,606
2016	22,192	9,009	-	-	195	152	4,325	20,074	1,100	15,574
2017-2021	47,568	36,730	-	-	1,125	615	25,719	111,552	11,800	76,803
2022-2026	50,723	26,042	-	-	1,435	305	29,899	136,023	26,300	72,297
2027-2031	52,990	13,916	-	-	330	17	67,685	131,841	55,500	62,388
2032-2036	21,265	3,436	43,604	178,571	-	-	192,255	46,719	99,400	43,340
2037-2041	2,920	185	11,339	66,321	-	-	51,560	1,547	119,500	12,427
2042-2046	-	-	18,025	158,675	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-	-	-
2052-2056	-	-	29,062	648,788	-	-	-	-	-	-
Total	\$ 261,206	\$ 132,463	\$ 102,030	\$ 1,052,355	\$ 3,800	\$ 1,768	\$ 386,025	\$ 521,632	\$ 334,900	\$ 345,613

(1) Variable interest on the 1985 ACES Lease Revenue Bonds, the 1994 Lease Revenue Bonds Series B, the 2004 Lease Revenue Bonds Series A, and the 2008 Lease Revenue Bonds Series M are estimated using interest rate at June 30, 2011 of 0.07%, 0.07%, 0.08%, and 0.05%, respectively.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)

June 30, 2011

(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

Certificates of participations retirement and related interest payments are serviced by revenues generated by the Santa Clara County Vector Control District. Taxable pension funding bonds are serviced by future charges to County departments. Accrued vacation and sick leave, accrued litigation liability, insurance claims payable and capital leases are generally liquidated by the General Fund.

Business-type Activities

Fiscal year ending June 30:	SCVMC		Airport	
	Lease Revenue Bonds (1)		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 22,196	\$ 15,844	\$ 170	\$ 246
2013	22,588	15,049	180	239
2014	23,955	14,316	185	231
2015	24,357	13,829	220	222
2016	19,661	13,127	155	213
2017-2021	112,050	53,745	905	946
2022-2026	138,155	34,003	1,155	691
2027-2031	68,960	25,174	1,470	365
2032-2036	104,520	12,888	695	35
2037	4,565	228	-	-
Total	<u>\$ 541,007</u>	<u>\$ 198,203</u>	<u>\$ 5,135</u>	<u>\$ 3,188</u>

(1) Variable interest on the 1985 ACES Lease Revenue Bonds, the 1994 Lease Revenue Bonds Series B, and the 2008 Lease Revenue Bonds Series M are estimated using interest rate at June 30, 2011 of 0.07%, 0.07%, and 0.05%, respectively.

(d) Pledged Revenues for Bonds

The lease revenue bonds issued by the Hospital Facilities Authority and the Financing Authority (Financing Authorities) are payable by a pledge of revenues from the base rental payments payable by the County and SCVMC, pursuant to the Master Facility Lease Agreements between the County and the Financing Authorities for the use of facilities acquired or constructed by the Financing Authorities. Under California law, the County and SCVMC cannot make lease payments until the County and SCVMC has constructive use or occupancy of the property being financed. Once construction is completed, the leases act like direct financing leases with lease payments equal to debt service payments. Total debt service requirements remaining on the lease revenue bonds is \$1,132,879 payable through May 15, 2037. For the fiscal year ended June 30, 2011, the total lease payments made by the County and SCVMC and total debt service payments paid by the Financing Authorities totaled to \$70,815.

The County's Series 2007 Tobacco Settlement Asset-Backed Bonds are secured by the pledge of future tobacco settlement revenues made by participating cigarette manufacturers to the County. Tobacco settlement revenues due to the County on and after January 1, 2026 have been pledged until June 1, 2056, the final maturity date of the bonds. The total principal and interest remaining on these bonds is approximately \$1,154,385. The County did not receive any tobacco settlement revenues for the bonds nor made any debt service payments on these bonds during the fiscal year ended June 30, 2011.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

The County's Series 2009 GO Bonds are payable from pledged ad valorem property taxes until August 1, 2039, the final maturity date of the bonds. The total principal and interest remaining on these bonds is approximately \$680,513. For the fiscal year ended June 30, 2011, the County collected \$30,398 in ad valorem property taxes and made total debt service payments in the amount of \$31,197.

The Airport's lease revenue bonds are secured by the pledge of revenues generated by the Airport and paid to ABAG as lease payment. The leases act like direct financing leases with lease payments received by ABAG equal to debt service payments made by the Airport. These revenues have been pledged until July 1, 2032, the final maturity date of the bonds. The total principal and interest remaining on these bonds is approximately \$8,323. For the fiscal year ended June 30, 2011, the total principal and interest payment made by the Airport totaled to \$407.

(e) *Legal Debt Margin*

As of June 30, 2011, the County's legal debt limit (1.25% of the total assessed valuation) was \$3.70 billion. At June 30, 2011, the County has debt in the amount of \$334.9 million applicable to the limit outstanding and the legal debt margin was \$3.37 billion.

(f) *Arbitrage Rebate Payable*

Section 148 of the Internal Revenue Code requires issuers of most types of tax-exempt bonds to rebate investment earnings in excess of bond yield to the federal government in installment payments made at least once every five years, with the final installment made when the last bond in the issue is redeemed.

A consulting firm calculates annual computation of all rebate requirements. Amounts in excess of allowable investment earnings are held pursuant to the Trust Indentures. At June 30, 2011, arbitrage rebate payable in the amount of \$172 has been accrued in the government-wide statements – governmental activities under the "Due to other governmental agencies" financial statement caption, while \$777 has been accrued in the government-wide statements – business-type activities and the SCVMC enterprise fund under the "Due to other governmental agencies" financial statement caption.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(9) Long-Term Liabilities (Continued)

(g) Housing Authority Long-term Obligations

Outstanding notes, loans, and bonds payable for the Housing Authority consisted of the following:

Type of indebtedness (purpose)	Maturity	Interest Rates	Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
Business-type activity:					
Notes payable:					
Redevelopment Agency of the City of Morgan Hill	6/15/2021	1.00%	(1)	\$ 425	\$ 425
County of Santa Clara (San Pedro Gardens)	11/30/2012	0.00%	\$3/year	50	5
City of San Jose (Morrone Gardens)	9/23/2024	4.00%	(1)	973	973
Subtotal business-type activity				<u>\$ 1,448</u>	<u>1,403</u>
Component units (as of December 31, 2010):					
AE Associates, Ltd.					4,703
Rincon Gardens Associates, L.P.					16,897
Julian Street Partners, L.P.					18,035
HACSC/Choices Senior Associates					11,572
HACSC/Choices Family Associates					16,198
Blossom River Associates					16,470
Thunderbird Associates					2,923
Bascom HACSC Associates					13,185
Opportunity Center Associates					12,250
Helzer Associates					21,977
Willow/HACSC Associates					4,504
Fairground Luxury Family Apartments, L.P.					40,994
Fairground Senior Apartments, L.P.					23,272
Morrone Gardens Associates					3,946
Huff Avenue Associates					4,711
S.P.G. Housing, Inc. and subsidiaries					11,295
Villa Garcia, Inc.					2,150
Villa San Pedro HDC, Inc.					5,718
					<u>230,800</u>
Component unit (as of May 31, 2011):					
Poco Way Associates					10,467
Subtotal component units					<u>241,267</u>
Total Housing Authority					<u>\$ 242,670</u>

⁽¹⁾ Deferred until maturity

The debt service requirements to maturity for the Housing Authority's business-type activity's notes payable are as follows:

Fiscal year ending June 30:	Principal	Interest
2012	\$ 3	\$ 43
2013	2	43
2014	-	43
2015	-	43
2016	-	44
2017-2021	425	216
2022-2026	973	126
Total	<u>\$ 1,403</u>	<u>\$ 558</u>

A copy of each of the Housing Authority's component units separately issued audited financial statements can be obtained from the Housing Authority's management.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(10) Hospital Program Revenues

(a) Net Patient Service Revenue

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered at the SCVMC, including estimated adjustments under reimbursement agreements with third-party payers (contractual allowances) and the uncollectible portion of patient service revenues (bad debts provision).

Net patient service revenues are calculated for the fiscal year ended June 30, 2011 as follows:

Patient service revenues	\$ 2,765,256
Contractual allowances	(1,838,700)
Bad debts provision	<u>(100,567)</u>
Net patient service revenues	<u>\$ 825,989</u>

Differences between final settlements with third-party payors and the estimate originally recorded are included in operations in the year in which the settlement amounts become known.

A substantial portion of SCVMC's patient service revenues are derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Revenue from the Medi-Cal and Medicare programs represents approximately 55% of net patient service revenue (excluding the effects of bad debts provision) for the fiscal year ended June 30, 2011. Revenue from the Medicare program represents approximately 17% of net patient service revenue (excluding the effects of bad debts provision) for the fiscal year ended June 30, 2011. Reimbursement for services provided under these programs is currently based on various contractual arrangements (see Note 14(c)).

(b) Other Program Revenues

California's Medi-Cal Hospital/Uninsured Care Demonstration Project (Demonstration) is a system for paying selected hospitals for hospital care provided to Medi-Cal and uninsured patients initiated in fiscal year 2006. The Demonstration was negotiated between the State of California's Department of Health Services (SDHS) and the federal Centers for Medicare and Medicaid Services (CMS) in 2005, and covers the period from July 1, 2005 to June 30, 2010 and was extended through October 31, 2010. The implementing State legislation (S.B. 1100) was enacted by the Legislature in September 2005. The five-year Demonstration affects payments for 23 public hospitals, identified as Designated Public Hospitals, and private and non-designated public safety net hospitals that serve large numbers of Medi-Cal patients. The Medicaid Demonstration restructures inpatient hospital fee-for-service (FFS) payments and Disproportionate Share Hospital (DSH) payments, as well as the financing method by which the State draws down federal matching funds. Under the Demonstration, payments for the public hospitals are comprised of: 1) FFS cost-based reimbursement for inpatient hospital services (exclusive of physician component); 2) DSH payments; and 3) distribution from a newly created pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP). The nonfederal share of these three types of payments will be provided by the public hospitals rather than the State, primarily through certified public expenditures (CPE) whereby the hospital would expend its local funding for services to draw down the federal financial participation (FFP).

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(10) Hospital Program Revenues (Continued)

For the inpatient hospital cost-based reimbursement, each hospital will provide its own CPE and receive the entire resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals will be used in the aggregate to draw down the federal match.

The Demonstration authorized the State to create a Health Care Coverage Initiative in ten selected counties during fiscal year 2008 through fiscal year 2010 (with an extension to October 31, 2010) to expand health care coverage for eligible low-income, uninsured individuals using a \$180 million annual allotment of federal funds from the SNCP. Selected counties certify their public expenditures to claim federal funding to reimburse their health care services costs. The selected counties also will receive federal reimbursement for administrative costs associated with the implementation and ongoing administration of the coverage initiative programs. This funding is separate from the SNCP funding that is available. Senate Bill 1448, passed in July 2006, implements the Health Care Coverage Initiative. The County submitted a proposal to participate in the Coverage Initiative under a program named Valley Care. The Valley Care Program will provide comprehensive primary and preventive health care to enrollees with incomes at or below 200 percent of the federal poverty level. The County's proposal was selected for participation in April 2007. The County's allocation is \$20,700 annually during the period of September 1, 2007 to August 31, 2010.

Effective November 1, 2010, CMS and the State agreed on the standard terms and conditions of the 5 year renewal of the 1115 Medi-Cal waiver, officially called the California Bridge to Reform Demonstration. The funds available through the waiver will help California prepare for health care reform through investments in our safety net delivery system and expansion of coverage for adults between 0% and 200% of the Federal Poverty Level (FPL). The waiver establishes the Low Income Health Program (LIHP), which provides Federal matching funding for enrollees. The LIHP is the umbrella title for what is now a two component program:

- 1) Medicaid Coverage Expansion (MCE) covers adults with family incomes at or below 133% (FPL). These enrollees will be eligible for Medi-Cal in 2014 and the Federal matching funding is uncapped.
- 2) Health Care Coverage Initiative (HCCI) covers adults with family incomes between 134% and 200% FPL. These enrollees will be eligible for the State Exchange in 2014.

Effective November 1, 2010, the LIHP program will be managed by the County and will augment the California Medical Services Program (CMSP) for the medically indigent.

Additionally, as part of the renewed 1115 Waiver, CMS authorized California to invest savings generated through the Demonstration to achieve critical objectives, such as improved quality of care and better care coordination through safety net providers. Over 5 years, up to \$6.6 billion in federal funds will be available from a delivery system reform incentive pool (DSRIP), part of a \$15.3 billion safety net care pool. Many key concepts underlying federal health care reform will be tested, evaluated, and refined in California. As a result of participation in the DSRIP, SCVMC received \$51,818 in fiscal year 2011.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(10) Hospital Program Revenues (Continued)

The California Hospital Fee Program (AB 1383) and its amending legislation (AB 1653) were signed into law by the Governor of California and became effective on January 1, 2010 and September 8, 2010, respectively. The Hospital Fee Program (the HFP) covers the period beginning April 1, 2009 and expires on December 31, 2010. The legislation contains two components: (1) the Quality Assurance Fee Act which governs the hospital fee paid by participating hospitals (public hospitals, certain small and rural hospitals, most specialty hospitals, and long term care hospitals are exempt), and (2) the Medi-Cal Hospital Provider Stabilization Act governs the supplemental Medi-Cal payments to providers from the fund established to accumulate assessed hospital fees and matching federal funds.

The legislation allows for fee-for-service and managed health care supplemental payments to private hospitals, designated public hospitals, and non-designated public hospitals. The designated public hospitals will also receive direct grants under the HFP. The legislation also allows the State to retain and use a portion of the direct grants allocated to the designated public hospitals with a provision that the State allocates an equal amount of federal funds available under the Medi-Cal Hospital/Uninsured Care Demonstration Project to the designated public hospitals. The designated public hospital must have incurred sufficient expenditures so that the full amount allocated can be received as federal matching funds. On October 7, 2010, CMS approved the implementation of the HFP with the exception of the managed health care supplemental payment plan, which was approved on December 22, 2010. For the year ended June 30, 2011, SCVMC received a \$46,305 from the HFP.

(c) Capital Contributions

Senate Bill 1732 (SB 1732) provides qualifying hospitals reimbursement for a portion of the debt service of qualified capital projects, in addition to their Medi-Cal contract reimbursement. SB1732 revenues are classified as capital contributions for reporting purposes under accounting principles generally accepted in the United States of America. SB1732 capital contributions as of June 30, 2011 are \$7,503.

(d) Charity Care

The SCVMC has a policy for providing charity care to patients who are otherwise unable to afford health care services. Generally, charity care recipients are those patients for which an indigency standard has been established and for which the patient qualifies. Inability to pay may be determined through an interview process by the SCVMC, by the Department of Revenue, or by an outside collection agency. Determination of charity care status may be made prior to or at the time of service, or any time thereafter. The total amount of such charity care provided by the SCVMC for the fiscal year ended June 30, 2011, based on the cost incurred to perform these services, is as follows:

Charity care, at cost	\$	228,996
Percentage of operating expenses		22%

Charity care at cost is calculated excluding the impact of other revenue received listed above.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(11) Net Assets/Fund Balances

(a) *Net Assets Classifications*

The government-wide and proprietary funds financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Assets – This category represents net assets with 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. Restricted net assets include restrictions for parks, mental health, capital facilities, debt service, housing programs, roads and other purposes.

Unrestricted Net Assets – This category represents net assets of the County not restricted for any project or purpose.

During fiscal year 2007, the County, through the JPA and Corporation, issued \$102.0 million of Tobacco Settlement Asset-Backed Bonds and during fiscal year 2009, the County issued \$350.0 million in general obligation bonds. Proceeds received were used for the purpose of rebuilding and improving the seismic deficiencies of its medical facilities and the restricted bond proceeds were deposited in the SCVMC fund. These restricted debt proceeds are reported as part of restricted net asset in the County's business-type activities. However, the debt service will be paid with governmental revenues and as such these bonds are reported with unrestricted net assets in the County's governmental activities. In accordance with GASB guidance, the County reclassified restricted proceeds at year end in the amount of \$266.3 million of total net assets from restricted for capital facilities to unrestricted and reclassified capital assets funded by these bond issues in the amount of \$170.6 million from net assets invested in capital assets, net of related debt to unrestricted to reflect the primary government as a whole perspective.

(b) *Fund Balances Classifications*

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classification based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balances for government funds are made up of the following:

Nonspendable Fund Balance – This category represents amount that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – This category represents amounts that can be spent only for specific purposes stipulated by external parties, constitutionally or through enabling legislation.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(11) Net Assets/Fund Balances (Continued)

Committed Fund Balance – This category represents amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the Board of Supervisors. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – This category represents amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Board of Supervisors or (b) a body (for example: a budget or finance committee) or official to which the Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – This category represents the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classification, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(11) Net Assets/Fund Balances (Continued)

Fund balances for the governmental funds as of June 30, 2011, were distributed as follows:

	General Fund	Nonmajor Funds	Total
Nonspendable:			
Inventory	\$ 1,493	\$ 923	\$ 2,416
Long-term receivable	195	2,162	2,357
Prepaid items	16,980	-	16,980
Subtotal	<u>18,668</u>	<u>3,085</u>	<u>21,753</u>
Restricted for:			
General government	28,343	1,193	29,536
Public protection	-	8,727	8,727
Public ways and facilities	-	48,767	48,767
Health and sanitation	-	130,523	130,523
Public assistance	-	5,816	5,816
Capital projects	-	96,174	96,174
Debt service	-	73,476	73,476
Education	-	26,410	26,410
Recreation	-	7,679	7,679
Subtotal	<u>28,343</u>	<u>398,765</u>	<u>427,108</u>
Committed to:			
General government	4,958	-	4,958
Public protection	-	15,041	15,041
Public ways and facilities	10,799	640	11,439
Capital projects	-	13,264	13,264
Subtotal	<u>15,757</u>	<u>28,945</u>	<u>44,702</u>
Assigned to:			
General government	24,146	-	24,146
Public protection	-	20,202	20,202
Subtotal	<u>24,146</u>	<u>20,202</u>	<u>44,348</u>
Unassigned	<u>159,730</u>	<u>-</u>	<u>159,730</u>
Total	<u>\$ 246,644</u>	<u>\$ 450,997</u>	<u>\$ 697,641</u>

County's Contingency Reserve Policy. The Board of Supervisors adopted a contingency reserve policy that set the reserve at 5 percent of the General Fund's revenues, net of pass-throughs. The contingency reserve can be used to support costs on a one-time basis for unanticipated and unforeseen events as stated in the policy or to support ongoing costs as a financing mechanism, when presented with critical program initiatives that have a time requirement that cannot be deferred. As of June 30, 2011, the County has a balance in its contingency reserve in the amount of \$91,593 reported as part of the General Fund's unassigned fund balance.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(12) Employee Benefit Plans

(a) *California Public Employees' Retirement System – County*

Plan Description

All eligible County employees participate in the State's Public Employees' Retirement System (PERS). The County participates in four plans with PERS. Two plans (Miscellaneous and Safety) cover the Santa Clara County Central Fire District (Central Fire) and two plans (Miscellaneous and Safety) cover all remaining eligible County employees. PERS provides retirement, disability, and death benefits based on the employees' years of service, age and final compensation. Employees vest after five years of PERS-credited service and they are eligible for service retirement if they are 50 years old or over and have at least five years of PERS-credited service. These provisions and all other requirements are established by State statute and County resolutions. Copies of PERS' annual financial report may be obtained from their executive office at 400 Q Street, Sacramento, California 95814. A separate report for the County's plan in PERS is not available.

Effective with the June 30, 2003 valuation, PERS converted the Central Fire's Miscellaneous employees' defined benefit retirement plan from an agent multiple-employer to a cost sharing multiple-employer. The Central Fire's Miscellaneous employees' retirement plan is under the PERS Miscellaneous 2.7% at 55 Risk Pool. The County employees' plans (Miscellaneous and Safety) and the Central Fire Safety employees plan are agent multiple-employer defined benefit retirement plans. PERS acts as a common investment and administrative agent for various local and state governmental agencies within the state.

Funding Policy

The contribution requirements of plan members and the County are established and may be amended by PERS. The County is required to contribute at an actuarially determined rate or prepay a discounted annual required contribution between July 1 and July 15. Based on the June 30, 2008 actuarial report, the required employer contribution for fiscal year 2011 was 13.334% for Miscellaneous employees and 23.527% for Safety employees. In addition, pursuant to the 2008 contract amendment between the County and its Miscellaneous employees, the Miscellaneous employees agreed to pay for its enhanced pension benefits (from 2% at 55 to 2.5% at 55) and contribute 2.761% of the County's required contributions. At June 30, 2011, all County employee participants are also required to contribute 8.0% (9.0% for Safety employees) of their annual covered salary. The County made 74.4% of the employees' required payroll contributions for fiscal year 2011.

Under the terms of the memorandum of agreement, effective December 1, 2008, Central Fire's Miscellaneous Plan members are not required to contribute a portion of the employer rate. Based on the June 30, 2008 actuarial report, the Central Fire required employer contribution for fiscal year 2011 was 20.210% for Miscellaneous employees and 26.709% for Safety employees. At June 30, 2011, all Central Fire employee participants are required to contribute 8% (9% for Safety employees) of their annual covered salary.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)

June 30, 2011

(Dollars in thousands)

(12) Employee Benefit Plans (Continued)

Annual Pension Costs

The required contributions were determined as part of the June 30, 2008 actuarial valuations using a modification of the Entry Age Normal Actuarial Cost Method. The actuarial assumptions include: (a) a rate of return on investments of 7.75%; (b) projected salary increases of 3.25% to 14.45% depending on age, service, and type of employment; (c) inflation of 3.00%; and (d) payroll growth of 3.25%. The actuarial value of the pension plan's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over 15 years. PERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The average remaining amortization period as of June 30, 2008 is as follows:

	<u>County</u>	<u>Central Fire</u>
Miscellaneous Plan	27 years	15 years
Safety Plan	27 years	30 years

The County's changes in net pension asset for the year ended June 30, 2011, were as follows:

	<u>County Miscellaneous</u>	<u>County Safety</u>	<u>Central Fire</u>
Annual required contribution	\$ 168,362	\$ 45,561	\$ 9,806
Interest on net pension asset	(20,821)	(7,207)	-
Amortization of net pension asset	17,109	5,922	-
Annual pension cost	164,650	44,276	9,806
Contributions made	(168,362)	(45,561)	(9,806)
Change in net pension asset	(3,712)	(1,285)	-
Net pension asset, beginning of year	(268,660)	(92,990)	-
Net pension asset, end of year	<u>\$ (272,372)</u>	<u>\$ (94,275)</u>	<u>\$ -</u>

Three-year trend information for the County (excluding the Central Fire) is as follows:

Fiscal Year Ended	<u>County Miscellaneous</u>			<u>County Safety</u>		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2011	\$ 164,650	102%	\$ (272,372)	\$ 44,276	103%	\$ (94,275)
6/30/2010	142,994	103%	(268,660)	38,541	104%	(92,990)
6/30/2009	137,928	103%	(264,643)	36,226	104%	(91,599)

Three-year trend information for the Central Fire is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2011	\$ 9,806	100%	\$ -
6/30/2010	9,489	100%	-
6/30/2009	9,250	100%	-

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(12) Employee Benefit Plans (Continued)

Funded Status and Funding Progress

The funding status and progress are determined as part of the June 30, 2010 (2009 for Central Fire) actuarial valuations (the most recent valuation available) using a modification of the Entry Age Normal Actuarial Cost Method. The actuarial assumptions include: (a) a rate of return on investments of 7.75%; (b) projected salary increases of 3.55% to 14.45% depending on age, service, and type of employment; (c) inflation of 3.00%; and (d) payroll growth of 3.25%. The actuarial value of the pension plan's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over 15 years. PERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The average remaining amortization period as of June 30, 2010 is as follows:

	<u>County</u>	<u>Central Fire</u>
Miscellaneous Plan	25 years	18 years
Safety Plan	25 years	29 years

Summary of funding progress are as follows:

	<u>County Miscellaneous Plan</u>	<u>County Safety Plan</u>	<u>Central Fire Safety Plan</u>
Actuarial valuation date	6/30/2010	6/30/2010	6/30/2009
Actuarial asset value	\$ 5,372,720	\$ 1,539,938	\$ 300,245
Actuarial accrued liability - entry age	<u>6,532,024</u>	<u>1,836,470</u>	<u>372,850</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,159,304</u>	<u>\$ 296,532</u>	<u>\$ 72,605</u>
Funded ratio	82.3%	83.9%	80.5%
Covered payroll	\$ 1,170,799	\$ 196,504	\$ 30,871
UAAL as percentage of covered payroll	99.0%	150.9%	235.2%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(b) County of Santa Clara Supplemental Benefit Plan - County

During the fiscal year 2009, the County established a defined contribution retirement plan (County of Santa Clara Supplemental Benefit Plan (the Supplemental Plan)). County employees hired or accepted written job offers before July 1, 2008 and with compensation in excess of the Internal Revenue Code (IRC) section 401(a)(17) limitations are eligible to participate in the Supplemental Plan. The Supplemental Plan is a tax-deferred plan that is subject to an annual contribution limit under the IRC and any supplemental benefits in excess of the IRC limit will be paid to the employee as taxable income. The County will contribute and deposit the supplemental benefits into the Supplemental Plan at the end of January, following the close of the plan's calendar year. Employer contributions become fully vested at the time of the County's contribution. The Supplemental Plan, which had 103 participants, had ending cash value of \$9,117 at June 30, 2011. During the fiscal year ended June 30, 2011, the County contributed \$2,563 to the Supplemental Plan.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(12) Employee Benefit Plans (Continued)

(c) *Housing Authority of the County of Santa Clara Retirement Plan & Trust*

In January 2009, the Housing Authority entered into a contract with PERS in order to participate in a PERS defined benefit pension plan (2% at age 55 Supplemental Formula with 100% Prior Service). The PERS Pension Plan is administered by the Public Employees Retirement System of the State of California. This is for all Housing Authority employees hired after January 12, 2009 and includes 209 (out of 211) employees who as of January 12, 2009 elected PERS pension plan coverage.

Plan Description

All eligible Housing Authority employees participate in PERS, an agent multiple-employer defined benefit pension plan. PERS provides retirement, disability, and death benefits based on the employees' years of service, age and final compensation. Employees vest after five years of PERS-credited service and they are eligible for service retirement if they are 50 years old or over and have at least 5 years of PERS-credited service. These provisions and all other requirements are established by State statute and Authority resolutions. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

The contribution requirements of plan members and the Housing Authority are established and may be amended by PERS. Effective July 1, 2009, the Housing Authority elected to pay 6% and the employees pay 1% of the 7% employees' contribution and effective January 1 2010, the Housing Authority elected to pay 7% of the employees' contribution. The Housing Authority is also required to contribute the remaining amounts necessary to fund PERS. Employer contributions are determined by a rate that is subject to annual review and adjustment by PERS actuaries and adopted by the PERS Board of Administration.

In December 2009, the Housing Authority made a "lump sum" payment in the amount of \$14,420 to PERS to fund its actuarially unfunded liability. As a result, the employer's contribution rate decreased from 19.562% (pre-payment rate) to 7.314% (post-payment rate). For the year ended June 30, 2011, the Housing Authority contributed its annual required contribution of \$934 and prepaid another \$2,092 towards its actuarial unfunded liability.

Annual Pension Cost

The Housing Authority's actual contribution rates which was determined as part of the July 31, 2008 new agency actuarial valuation. This valuation was performed in order to set forth the actuarial assets and funding liabilities of the Housing Authority's plan as of July 31, 2008 and to establish the initial "fresh start" actuarially required contribution rates of this plan. The July 31, 2008 new agency actuarial valuation used the entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25% to 14.45% depending on age, service, and type of employment, and (c) 3% per year inflation adjustment. CalPERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The average remaining amortization period as of June 30, 2009 is 12 years.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(12) Employee Benefit Plans (Continued)

The Housing Authority's changes in net pension asset for the year ended June 30, 2011, were as follows:

Annual required contribution	\$ 934
Interest on net pension asset	(1,118)
Amortization of net pension asset	<u>1,734</u>
Annual pension cost	1,550
Contributions made	<u>3,026</u>
Change in net pension asset	(1,476)
Net pension asset, beginning of year	(14,420)
Net pension asset, end of year	<u><u>\$ (15,896)</u></u>

Three-year trend information for the Housing Authority is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2011	\$ 1,550	195%	\$ (15,896)
6/30/2010	1,332	1183%	(14,420)
6/30/2009	1,154	100%	-

Funded Status and Funding Progress

As discussed above, the CalPERS' Board of Administration adopted updated actuarial assumptions to be used beginning with the June 30, 2009 valuation. The Housing Authority's June 30, 2010 actuarial valuation used the entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.55% to 14.45% depending on age, service, and type of employment, and (c) 3% per year inflation adjustment. CalPERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The average remaining amortization period as of June 30, 2010 is 11 years. The Housing Authority's summary of funding progress is as follows:

Actuarial valuation date	6/30/10
Actuarial asset value	\$ 31,452
Actuarial accrued liability - entry age	<u>35,087</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 3,635</u></u>
Funded ratio	89.6%
Covered payroll	\$ 13,363
UAAL as percentage of covered payroll	27.2%

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(12) Employee Benefit Plans (Continued)

(d) *FIRST 5 Santa Clara County IRC 401(a) Plan*

In November 2001, FIRST 5's board approved the implementation of an Internal Revenue Code (IRC) Section 401(a) retirement plan (the Plan) effective January 1, 2002 for all FIRST 5 employees. The Plan is a defined contribution plan administered by the Unified Trust Company. The Plan is open to all employees, excluding temporary employees who work less than 20 hours per week. Currently, 35 employees are enrolled in the Plan. The Plan provides retirement benefits based on the employee's salary and years of service.

Effective January 1, 2008, the Plan had three different types of employer contributions which vest 100% after three years of employment service. The Plan requires employer contributions of 7% of employees' annual salaries and wages. The employer's contributions under this requirement were \$156 for the year ended June 30, 2011. Additional supplemental contributions may be made by the employer based on a compensation arrangement between employee and the employer. The contribution requirements of Plan members and First 5 are established by and may be amended by the Unified Trust Company.

(e) *Postretirement Health Care Benefits – County*

Plan Description

The County's defined benefit postemployment healthcare plan provides healthcare benefits to eligible County (excluding Central Fire and Housing Authority) employees and their surviving spouses. Central Fire and Housing Authority employees have separate defined benefit postemployment healthcare plans. All County employees hired prior to August 12, 1996, with at least five years of service after attaining age 50 are covered under the County's Retiree Health Care Program upon retirement. For employees hired after August 12, 1996 and on or before June 18, 2006, the eligibility requirements were increased to a minimum of eight years of service after attaining age 50. For employees hired after June 19, 2006, the eligibility requirements were increased to a minimum of ten years of service after attaining age 50. For all of the above, employees must retire from PERS directly from the County.

The County participates in the California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent multiple-employer postemployment health plan, to fund other postemployment benefits through PERS. Copies of PERS' annual financial report may be obtained from their executive office at 400 Q Street, Sacramento, California 95814. A separate report for the County's plan in CERBT is not available.

Funding Policy

In the June 30, 2009 actuarial valuation, it was assumed that the County would contribute the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. In the June 30, 2011 actuarial valuation, due to budgetary constraints, the County plans to fund the normal cost for one year of service accrual earned by the active employee plus the implicit subsidy. 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 (or funding excess) over a period not to exceed thirty years. The ARC rate for the fiscal year 2010-11 calculated in the June 30, 2009 actuarial valuation is 10.2% of annual covered payroll.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
 June 30, 2011
 (Dollars in thousands)

(12) Employee Benefit Plans (Continued)

The contribution requirements of plan members and the County are established and may be amended by the Board. Due to budgetary constraints, the County contributed less than 100% of its required contribution and contributed \$59,642 or 42.2%, of the annual OPEB cost of \$141,213. Of the total amount contributed in fiscal year 2010-11, the County did not make a deposit into the CERBT and contributed \$59,642 towards benefit costs.

Annual required contribution	\$ 140,636
Interest on net OPEB obligation	2,963
Adjustment to annual required contribution	<u>(2,386)</u>
Annual OPEB cost	141,213
Contributions made	<u>(59,642)</u>
Change in net OPEB obligation	81,571
Net OPEB obligation, beginning of year	<u>38,238</u>
Net OPEB obligation, end of year	<u><u>\$ 119,809</u></u>

Annual OPEB Cost

The required contributions were determined as part of the June 30, 2009 actuarial valuation. Three-year trend information for the County (excluding the Central Fire and the Housing Authority) is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 141,213	42.2%	\$ 119,809
6/30/2010	128,487	70.2%	38,238
6/30/2009	123,772	100.0%	-

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of certain 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.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(12) Employee Benefit Plans (Continued)

The significant actuarial methods and assumptions used to compute the actuarially determined OPEB annual required contributions and the funded status are as follows:

<u>Description</u>	<u>Method/Assumption</u>	<u>Method/Assumption</u>
Valuation date	June 30, 2009	June 30, 2011
Actuarial cost method	Entry age normal	Entry age normal; Level dollar
Amortization method for actuarial accrued liabilities	30 years, open, level percent of payroll	30 years, open, level percent of payroll
Remaining amortization period	30 years as of June 30, 2009	30 years as of June 30, 2011
Actuarial asset valuation method	Market value	Market value
Investment rate of return	7.75%	6.61% *
Price inflation	3.00%	3.00%
Wage inflation	3.25%	3.25%
Projected payroll increases	Increase of 3.25% to 13.15% depending on age, service and type of employment.	Increase of 3.65% to 13.15% depending on age, service and type of employment.
Healthcare cost trend rate:		
Medical	8.0% for 2010-11, reduced by 0.5% in year 2011-12 to 2013-14, then graded down by 0.25% per year to an ultimate rate of 5.0% by 2019-20.	7.25% for 2011-12, 8.50% for 2012-13, then graded down by 0.5% to an ultimate rate of 5.0% by year 2019-20.

* Determined as a blended rate of the expected long-term investment returns on plan assets and on the County's investments, based on the funded level of the plan at the valuation date. The discount rate used is a blended rate based on the 7.61% expected return for assets invested with CERBT and the 5.70% expected return on the County's investments. The 5.70% was developed by the County using a weighted average of the 15-year historical returns from the County's Retiree Healthcare Plan (80%) and County's Commingled Pool (10%) and the 30-year historical returns from 30-year Treasury Bonds (10%).

Funding Status and Funding Progress

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

As of June 30, 2011, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 2,035,456
Actuarial value of plan assets	251,789
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,783,667</u>
Funded ratio (actuarial value of plan assets/AAL)	12.4%
Covered payroll (active plan members)	\$ 1,201,539
UAAL as a percentage of covered payroll	148.4%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)

June 30, 2011

(Dollars in thousands)

(12) Employee Benefit Plans (Continued)

(f) Postretirement Health Care Benefits – Santa Clara County Central Fire Protection District

The Central Fire maintains a separate OPEB plan and uses the projected unit credit method; a level dollar amortization over 30 years on an open basis. The actuarial assumptions included a 3.0% per annum discount rate, 3.0% per annum interest cost, and 3.0% per annum compensation increase. The table below summarizes the position of the Central Fire's OPEB plan for the fiscal year ended June 30, 2011.

Annual required contribution	\$ 14,689
Interest on beginning net OPEB obligation	700
Amortization of net OPEB obligation	<u>(1,173)</u>
Annual OPEB cost	14,216
Contributions made	<u>(2,967)</u>
Change in net OPEB obligation	11,249
Net OPEB obligation, beginning of year	<u>23,322</u>
Net OPEB obligation, end of year	<u><u>\$ 34,571</u></u>

The required contributions were determined as part of the June 30, 2010 valuation and that valuation was used to determine the ARC for the fiscal year ended June 30, 2011. The following table represents annual OPEB cost for the past three years, the percentage of annual OPEB cost contributed, and net OPEB obligations:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 14,216	20.8%	\$ 34,571
6/30/2010	14,005	20.2%	23,322
6/30/2009	14,593	14.6%	12,461

As of June 30, 2010, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 176,569
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 176,569</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Annual covered payroll	\$ 38,956
UAAL as a percentage of annual covered payroll	453.3%

Details of the Central Fire's OPEB plan may be found in its financial report for the fiscal year ended June 30, 2011. The report may be obtained by writing to the Santa Clara County Central Fire Protection District at 14700 Winchester Boulevard, Los Gatos, California, 95032.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
 June 30, 2011
 (Dollars in thousands)

(12) Employee Benefit Plans (Continued)

(g) *Postretirement Health Care Benefits – Housing Authority*

The Housing Authority maintains a separate OPEB plan. During the year ended June 30, 2010, the Housing Authority entered into an agreement with PERS where by the Housing Authority is a contracting agency under the Public Employees’ Medical and Hospital Care Act (PEMHCA), which is administered by PERS for the provision of healthcare insurance programs for both active and retired employees. The Authority participates in the California Employers’ Retiree Benefit Trust Fund Program (CERBT), an agent multiple-employer postemployment health plan, to prefund other postemployment benefits through PERS. The financial statements for CERBT may be obtained by writing the California Public Employees’ Retirement System, Constituent Relations Office, CERBT (OPEB), P.O. Box 242709, Sacramento, California 94229-2709 or by calling 888-225-7377.

In the Housing Authority’s July 1, 2009 actuarial valuation, the entry age normal cost method was used. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percent of expected salary for each year of employment between entry age (age of hire) and assumed exit (maximum retirement age). The actuarial assumptions included a 7.75 percent investment rate of return and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent in year 2017 and beyond. The actuarial assumptions also include a 3.25 percent salary increase and a 3.25 percent assumed increase for amortization payments. The actuarial value of assets was determined using the market value of the assets. The Housing Authority’s unfunded actuarial accrued liability is being amortized over one year on a closed basis.

The contribution requirements of plan members and the Housing Authority are established and may be amended by the Board. The Housing Authority contributes the amounts necessary to fund the annual required contribution. For the year ended June 30, 2011, the Housing Authority’s annual OPEB cost equals to its ARC. The required contributions were determined as part of the July 1, 2009 valuation.

Three-year trend information for the Housing Authority’s OPEB plan is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 284	100.0%	\$ -
6/30/2010	4,567	126.9%	-
6/30/2009	687	9.5%	1,230

As of July 1, 2009, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 5,124
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 5,124</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Annual covered payroll	\$ 13,201
UAAL as a percentage of annual covered payroll	39%

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)

June 30, 2011

(Dollars in thousands)

(12) Employee Benefit Plans (Continued)

During the year ended June 30, 2010 (subsequent to the actuarial valuation dated July 1, 2009), the Housing Authority deposited \$5,724 to the CERBT and fund its actuarial accrued liability.

Details of the Housing Authority's OPEB plan may be found in its financial report for the fiscal year ended June 30, 2011. The report may be obtained by writing to the Housing Authority of the County of Santa Clara at 675 North First Street, Suite 500, San Jose, CA 95110.

(13) Risk Management

The County is exposed to various risks of loss related to torts; medical malpractice; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; unemployment; and health benefits to employees and retirees. The County is self-insured for its general liability, workers' compensation, unemployment, basic life insurance, dental, retiree benefits, medical malpractice liability, and automobile liability. The County has chosen to establish risk financing internal service funds where assets are set aside for claim settlements associated with the above risks of loss up to certain limits. Excess coverage is provided by the California State Association of Counties' Excess Insurance Authority (Authority), a joint powers authority, whose purpose is to develop and fund programs of excess insurance and provide the joint purchase of coverage from independent third parties for its member entities. The Authority is governed by a Board of Directors consisting of representatives of its member entities.

Self-insurance and Insurance Authority limits are as follows:

Type of Coverage	Self-Insurance (per occurrence)	Self-Retained ⁽¹⁾	Purchase Insurance Policies (per occurrence)
Automobile	Up to \$2,000	\$8,578 per occurrence	\$35,000
General Liability	Up to \$2,000	\$8,578 per occurrence	\$35,000
Medical Malpractice	Up to \$500	\$1,500 per occurrence	\$20,000
			\$25,000 annual aggregate
Workers' Compensation	Up to \$4,000	\$1,000 per occurrence	Statutory
Property Damage	Up to \$50 ⁽²⁾ (This is deductible)	\$3,000 per occurrence \$10,000 annual aggregate 3/31/11-3/31/12	Up to \$1,830,000 ⁽³⁾
Earthquake	5% of property value \$100 minimum deductible		Up to \$472,500 ⁽⁴⁾
Airport	Up to \$5 (This is deductible)		\$30,000
Crime Bond	Up to \$25		\$10,000
Pollution	Up to \$500		\$10,000

(1) The self-retained layer is required by the insurance company and acts as an additional amount to pay claims before a loss is paid by the insurance company. This self-retained layer is contributed by the member entities and remains their assets. Once the self-retained layer is exhausted, the insurance company pays all claims above the County's self-insurance amount. Any funds left in the self-retained layer can be used to fund self-retained amounts in future years.

(2) Deductible for the Fairgrounds is \$5 per occurrence. All properties are insured at full replacement value.

(3) Insured values are split between 3 schedules with limits of \$610,000 each for a total of \$1,830,000.

(4) Insured values are split between 3 schedules with limits of \$82,500 each, plus a rooftop of \$225,000, for a total of \$472,500.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(13) Risk Management (Continued)

There have been no settlement amounts exceeding commercial or Authority insurance coverage since self-insurance was introduced in 1978. It is the County's practice to obtain full actuarial studies annually for the self-insured automobile liability, general liability, medical malpractice, and workers' compensation liability issues. The unpaid claims liabilities included in the self-insurance internal service funds for these risks are based on the results of actuarial studies and include amounts for claims incurred but not reported and loss adjustment expenses. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The County computes its claims liability based on the expected value discounted at 3.0% for General and Automobile Liability claims, 4.5% for Malpractice claims and 5.0% for Workers' Compensation claims. Changes in the balances of claims liabilities during the past two fiscal years ended June 30 for the County's self-insurance internal service funds are as follows:

	2011	2010
Unpaid claims, beginning of year	\$ 109,964	\$ 106,037
Incurred claims and changes in estimate	73,174	72,296
Claim payments	(67,815)	(68,369)
Unpaid claims, end of year	\$ 115,323	\$ 109,964

Annual premiums are charged by each self-insurance fund using various allocation methods that include actual costs, trends in claims experience, and number of participants. Premiums paid by the Insurance Fund totaled \$11,840 for the fiscal year ended June 30, 2011.

(14) Commitments and Contingencies

(a) Commitments

The County has various noncancelable operating leases primarily for office space and equipment (accounted for principally in the General Fund). Approximate future minimum operating lease commitments are as follows:

Fiscal year ending June 30,	Governmental Activities	Business-type Activities	Total
2012	\$ 40,244	\$ 5,386	\$ 45,630
2013	37,922	4,763	42,685
2014	31,960	4,854	36,814
2015	32,768	5,004	37,772
2016	33,468	5,191	38,659
2017-2021	144,310	240	144,550
2022-2026	69,837	-	69,837
2027-2031	991	-	991
Total	\$ 391,500	\$ 25,438	\$ 416,938

Rent expense for fiscal year 2011 was approximately \$40,244 and \$5,386 for the governmental activities and business-type activities, respectively.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)

June 30, 2011

(Dollars in thousands)

(14) Commitments and Contingencies (Continued)

The County has entered into operating leases on various properties with business and other governmental agencies (accounted for principally in the General Fund). The future minimum payments to be received are as follows:

Fiscal year ending June 30,	Governmental Activities	Business-type Activities	Total
2012	\$ 3,620	\$ 490	\$ 4,110
2013	3,321	91	3,412
2014	3,283	93	3,376
2015	3,358	95	3,453
2016	3,434	97	3,531
2017-2021	16,340	406	16,746
2022-2026	18,230	-	18,230
2027-2031	20,269	-	20,269
Total	<u>\$ 71,855</u>	<u>\$ 1,272</u>	<u>\$ 73,127</u>

Rent income for fiscal year 2011 was approximately \$6,531 and \$2,807 for the governmental activities and business-type activities, respectively.

(b) Litigation

The County accounts for claims in the internal service funds and the General Fund. As of June 30, 2011, the County had accrued amounts which management believes are adequate to provide for claims and litigation, which arose during the normal course of activities. There are other outstanding claims and litigation for which County management believes the ultimate outcome of these claims and litigation will not significantly impact the County's financial position.

(c) Patient Service Revenue and Receivables

The SCVMC grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payers and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, or investigations.

Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The SCVMC's Medicare and Medi-Cal cost reports have been audited by the fiscal intermediary through June 30, 2004 (pending a Notice of Program Reimbursement) and June 30, 2007, respectively. As such, the cost reports for certain other prior years are in various stages of review by third-party intermediaries and have not been settled as a result of certain unresolved reimbursement issues. The County believes it has adequately provided for any potential liabilities that may arise from the intermediaries' audits.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(14) Commitments and Contingencies (Continued)

Net receivables from patients and third-party payers at June 30, 2011, are summarized as follows:

Medicare	\$	27,417
Medi-Cal		47,866
Insurance and other third-party payers		33,341
Private patients		1,583
Total	\$	<u>110,207</u>

(d) Seismic Safety Building Standards

The County is affected by State of California Senate Bill 1953 (SB 1953), which requires certain seismic safety building standards for acute care hospital facilities. SCVMC has reviewed the SB 1953 compliance requirements and developed multiple plans of action to achieve such compliance, the estimated time frame for complying with such requirements, and the cost of performing necessary remediation of certain of the properties. SCVMC estimates the total remediation cost to make its facilities SB 1953-compliant will be approximately \$1.4 billion. Costs incurred through June 30, 2011 were \$224.0 million.

In fiscal year 2007 the County sold its right to a portion of its tobacco settlement revenues. The sale consisted primarily of tobacco settlement revenues due to the County on and after January 1, 2026. The proceeds from the sale, net of issuance cost, in the amount of \$100,000 were transferred to the SCVMC and are restricted to meeting the seismic requirements of SB 1953.

In fiscal year 2009, after authorization at an election of the registered voters of the County on November 4, 2008, the County issued General Obligation Bonds Series 2009 A in May 2009. The proceeds from the sale in the amount of \$350,000 were transferred to the SCVMC and are restricted to meeting the seismic requirements of SB 1953.

(e) Single and Multiple Family Mortgage Revenue Bonds

The County, acting as coordinator with certain cities, issued Tax-Exempt Mortgage Revenue Bonds with periodic maturities through May 2040. At June 30, 2011, the outstanding balance of these bonds was \$41,474. Single family mortgage revenue bonds were issued to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing residences. The purpose of this program is to provide below market interest rate home mortgages to persons who are unable to qualify for conventional mortgages at market rates. Multiple family mortgage revenue bonds were issued to provide financing to developers of specified multiple family housing projects. These developers agree to rent a percentage of units to qualified families at below market rates. The bonds are not considered obligations of the County and are payable solely from payments made on the related secured mortgage loans.

(f) Conduit Debt - Insured Revenue Bonds

On March 16, 2007, the Financing Authority served as the conduit issuer of the 2007 Insured Revenue Bonds Series A (\$50,000), Series B (\$50,000), and Series C (\$50,000) (collectively, "2007 Insured Revenue Bonds") in order to provide funds for the construction, renovation, and improvement of the El Camino Hospital, a nonprofit public corporation. These bonds were issued to fund a portion of the construction of a new five-level main hospital building and purchasing and installing equipment (El Camino Hospital Project).

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(14) Commitments and Contingencies (Continued)

On May 15, 2008, the 2007 Insured Revenue Bonds were mandatory tendered at which time Series A (\$49,175), Series B (\$49,175), and Series C (\$49,175) (collectively, "2007 Remarketed Insured Revenue Bonds") were remarketed as fixed interest rate bonds. The 2007 Remarketed Insured Revenue Bonds bear fixed interest rates ranging from 4.00% to 5.75%, and have a final maturity date of February 1, 2041. At June 30, 2011, the total outstanding balances of these conduit bonds were \$139,675.

On March 30, 2009, the Financing Authority served as the conduit issuer of the 2009 Variable Rate Revenue Bonds (2009 Bonds) in the amount of \$50,000 in order to provide funds for the El Camino Hospital Project. The 2009 Bonds bear variable interest rate based on Weekly Interest Rate as defined in the bond indenture. The 2009 Bonds have a final maturity date of February 1, 2044. At June 30, 2011, the total outstanding balance for the 2009 Bonds was \$50,000.

The Financing Authority and the County have no obligation for these bonds as the bonds are secured under the provisions of the Indenture and will be payable solely from payments made by the El Camino Hospital under the Loan Agreements. These bonds are not payable from any revenues or assets of the County. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision thereof are pledged for the payment of the principal or interest on the bonds.

(g) *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the County as an extension of formal budgetary accounting in the General Fund, special revenue funds, and capital projects funds. Encumbrances still open at year end are not accounted for as expenditures and liabilities but as part of restricted, committed, or assigned fund balance. At June 30, 2011, encumbrance totaled to \$3,843, \$10,127, and \$22,102 for the General Fund, special revenue funds, and capital projects funds, respectively.

(15) Pollution Remediation

The Almaden Quicksilver County Park (Park) was established in the mid-1970s after the sale of the New Idria Mines to the County. During the heyday of the mining era, New Idria Mines extracted mercury from the Almaden Hillside from the mid 1800s to 1975. One of the by-products of the mercury extraction process is a material called calcines. Calcines have been deposited in various areas in the Park and are considered by several regulatory agencies to be a source of mercury contamination in the watershed.

In 1987, the State Department of Toxic Substance Control issued a Remedial Action Order and required the Parks Department to remove calcine piles and re-work calcine and sediments containing mercury exceeding a designated level. This work was completed by 2000. However, later in the year, the United States Department of Interior and California State Department of Fish and Game advised the County and Santa Clara Valley Water District that it intended to bring forth a Natural Resource Damage Assessment against both parties, as well as other potential responsible parties, for assessing damages for injuries to fish and bird life resulting from mercury contamination in Guadalupe River watershed. In 2005, these parties executed a Consent Decree that outlined specific obligations, including a calcines removal project at the Park; this work was completed and continues to be monitored.

COUNTY OF SANTA CLARA

Notes to the Basic Financial Statements (Continued)
June 30, 2011
(Dollars in thousands)

(15) Pollution Remediation (Continued)

In November 2009, the State Water Resources Control Board approved a Basin Plan Amendment for the Guadalupe River Watershed, which established a total maximum daily load for mercury mine wash and sediment and included an implementation plan to reduce mercury in the waters of the Guadalupe River watershed. In June 2009, the County received a \$13267 order from Regional Water Quality Control Board (RWQCB) to conduct a site investigation by December 2010 and evaluate the erosion potential of mercury mining waste and the potential for seeps to discharge mercury from mining waste to surface waters. In November 2009, the RWQCB issued a second \$13267 order requiring that the County develop and participate in a coordinated watershed monitoring plan.

The County has concluded the required evaluation for erosion potential of mercury mining waste. Further consideration and consultation with the RWQCB needs to occur before a particular action(s) is ordered or agreed to. Therefore the outlays for the Park's pollution remediation liability are not yet reasonably estimable.

(16) Subsequent Events

Tax and Revenue Anticipation Notes (TRANS) – On October 19, 2011, the County issued Tax and Revenue Anticipation Notes (TRANS) in the amount of \$125,000. The purpose of the issue is to help the County meet its short term cash flow requirements. The proceeds will be used by the County for any purpose for which the County is authorized to expend funds from its General Fund. The maturity date of the TRANS is June 29, 2012 and they bear interest fixed at 2.00% per annum.

Qualified Energy Conservation Bonds – On October 28, 2011 the Financing Authority issued \$3,639 of Series B Qualified Energy Conservation Lease Revenue Bonds (QECB's) on behalf of the County. The bond proceeds will be used for lighting upgrades and lighting controls with energy efficient systems. QECB's are a form of taxable lease revenue bonds which receive a direct subsidy payment from the Federal government to help offset 70.0 percent of borrowing costs. The subsidy is intended to promote qualified energy projects.

Citibank Credit Ratings Downgrade - On November 29, 2011, Standard & Poor's lowered its long-term senior debt obligation credit rating on debt of Citibank, N.A. from A+ to A. Citibank, N.A. is required to post collateral for the interest rate swap related to the 2008 Series M Bonds, in the form of cash or federal government securities, if their credit ratings for long-term unsecured debt obligations fall below "A" by Moody's Investor Service or "A" by Standard and Poor's or Fitch Ratings.

Teeter Plan Obligation Commercial Paper Notes - The Teeter Plan Obligation Commercial Paper Notes Series A with maturity dates ranging from October 3, 2011 through December 7, 2011 were extended with new maturity dates ranging from February 6, 2012 to May 3, 2012 and interest rates from 0.15% to 0.21%.

This page intentionally left blank.

Required Supplementary Information

COUNTY OF SANTA CLARA

Required Supplementary Information (Unaudited)
 Schedule of Funding Progress
 June 30, 2011
 (Dollars in thousands)

Schedule of Funding Progress – PERS Defined Benefit Pension - County Miscellaneous Plan:

Actuarial Valuation Date	Actuarial Asset Value	Accrued Liability-Entry Age	Accrued Liability- UAAL	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
6/30/2010	\$ 5,372,720	\$ 6,532,024	\$ 1,159,304	82.3%	\$ 1,170,799	99.0%
6/30/2009	5,047,923	6,170,114	1,122,191	81.8%	1,165,056	96.3%
6/30/2008	4,746,685	5,473,389	726,704	86.7%	1,147,150	63.3%

Schedule of Funding Progress – PERS Defined Benefit Pension - County Safety Plan:

Actuarial Valuation Date	Actuarial Asset Value	Accrued Liability-Entry Age	Accrued Liability- UAAL	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
6/30/2010	\$ 1,539,938	\$ 1,836,470	\$ 296,532	83.9%	\$ 196,504	150.9%
6/30/2009	1,465,146	1,737,191	272,045	84.3%	190,802	142.6%
6/30/2008	1,398,644	1,603,444	204,800	87.2%	175,936	116.4%

Schedule of Funding Progress – PERS Defined Benefit Pension - Central Fire Safety Plan:

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability-Entry Age	Unfunded Actuarial Accrued Liability- UAAL	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2009	\$ 300,245	\$ 372,850	\$ 72,605	80.5%	\$ 30,871	235.2%
6/30/2008	275,530	323,645	48,115	85.1%	26,397	182.3%
6/30/2007	259,099	304,726	45,627	85.0%	25,459	179.2%

Schedule of Funding Progress – PERS Defined Benefit Pension - Housing Authority:

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability-Entry Age	Unfunded Actuarial Accrued Liability- UAAL	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2010	\$ 31,452	\$ 35,087	\$ 3,635	89.6%	\$ 13,363	27.2%
6/30/2009	13,317	29,305	15,988	45.4%	12,875	124.2%
6/30/2008	n/a	n/a	n/a	n/a	n/a	n/a

COUNTY OF SANTA CLARA

Required Supplementary Information (Unaudited)
 Schedule of Funding Progress
 June 30, 2011
 (Dollars in thousands)

Schedule of Funding Progress – County Other Postemployment Benefits:

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability-Entry Age	Unfunded Actuarial Accrued Liability – UAAL	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2011	\$ 251,789	\$ 2,035,456	\$ 1,783,667	12.4%	\$ 1,201,539	148.4%
6/30/2009	141,418	1,399,865	1,258,447	10.1%	1,267,398	99.3%
6/30/2008	79,821	1,308,989	1,229,168	6.1%	1,255,578	97.9%

The increase in the County’s UAAL from the June 30, 2011 and the June 30, 2009 actuarial valuation in the amount of \$525.2 million is mainly due to the decrease in the discount rate used in the June 30, 2011 valuation. The UAAL determined in the June 30, 2009 valuation was based on a discount rate of 7.75% and the June 30, 2011 valuation used a discount rate of 6.61%. The decrease in the discount rate was due to the following factors:

- In the June 30, 2009 valuation, it was assumed that the County would fully prefund the annual required contribution (ARC). In the June 30, 2011 valuation, due to budgetary constraints, the County plans to fund the normal cost for one year of service accrual earned by the active employee plus the implicit subsidy. As such, GASB requires a lower discount rate to be used when the ARC is not fully prefunded.
- In the June 30, 2009 valuation, CalPERS suggested using one discount rate for a plan fully prefunding its ARC. Effective for valuations performed after June 15, 2011, the plan has the option of three asset allocation strategies for assets invested in the CalPERS Employers Retiree Benefits Trust. The County has elected a strategy, which allows a discount rate no higher than 7.61%, even for a plan that is fully prefunding its ARC.
- Since the County is no longer fully prefunding its liability, a blended discount rate that reflects the proportionate amount of plan and employer assets expected to be used to finance the payment of benefits has to be used in the actuarial valuation.

**Schedule of Funding Progress –
 Santa Clara County Central Fire Protection District Other Postemployment Benefits:**

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability-Entry Age	Unfunded Actuarial Accrued Liability – UAAL	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2010	\$ -	\$ 176,569	\$ 176,569	0.0%	\$ 38,956	453.3%
6/30/2008	-	165,398	165,398	0.0%	33,269	497.2%

**Schedule of Funding Progress –
 Housing Authority of the County of Santa Clara Other Postemployment Benefits:**

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability-Entry Age	Unfunded Actuarial Accrued Liability – UAAL	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2009	\$ -	\$ 5,124	\$ 5,124	0.0%	\$ 13,201	38.8%
6/30/2008	-	5,441	5,441	0.0%	11,631	46.8%

COUNTY OF SANTA CLARA

General Fund

The General Fund is the general operating fund of the County. It accounts for all financial activities except those required to be accounted for in another fund. The accompanying Budgetary Comparison Schedule represents the primary expense classification of services provided by the County through the General Fund.

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
General Fund - Budgetary Basis

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 257,325	\$ 257,325	\$ 257,325	\$ -
Resources (inflows):				
Taxes	629,031	629,386	625,516	(3,870)
Licenses and permits	12,482	12,700	12,025	(675)
Fines, forfeitures, and penalties	45,551	54,579	64,259	9,680
Interest and investment income	10,561	11,356	8,658	(2,698)
Intergovernmental revenues	1,133,767	1,144,491	1,097,449	(47,042)
Charges for services	143,305	147,130	143,783	(3,347)
Other revenue	25,388	28,599	20,475	(8,124)
Other financing sources	20,901	20,901	4,000	(16,901)
Interfund transfers	127,861	193,086	126,228	(66,858)
Total resources (inflows) available for appropriation	<u>2,148,847</u>	<u>2,242,228</u>	<u>2,102,393</u>	<u>(139,835)</u>
Charges to appropriations (outflows):				
General government:				
Supervisorial District 1				
Salaries and benefits	1,054	1,054	978	76
Services and supplies	65	65	22	43
Total Supervisorial District 1	<u>1,119</u>	<u>1,119</u>	<u>1,000</u>	<u>119</u>
Supervisorial District 2				
Salaries and benefits	1,062	923	914	9
Services and supplies	57	108	85	23
Total Supervisorial District 2	<u>1,119</u>	<u>1,031</u>	<u>999</u>	<u>32</u>
Supervisorial District 3				
Salaries and benefits	1,062	1,062	999	63
Services and supplies	57	81	55	26
Expenditure reimbursements	-	-	4	(4)
Total Supervisorial District 3	<u>1,119</u>	<u>1,143</u>	<u>1,058</u>	<u>85</u>
Supervisorial District 4				
Salaries and benefits	1,062	1,062	992	70
Services and supplies	57	57	14	43
Total Supervisorial District 4	<u>1,119</u>	<u>1,119</u>	<u>1,006</u>	<u>113</u>
Supervisorial District 5				
Salaries and benefits	1,054	1,002	996	6
Services and supplies	65	117	97	20
Total Supervisorial District 5	<u>1,119</u>	<u>1,119</u>	<u>1,093</u>	<u>26</u>
Clerk - Board of Supervisors				
Salaries and benefits	3,438	3,438	3,163	275
Services and supplies	4,999	4,941	4,577	364
Fixed assets	-	7	7	-
Expenditure reimbursements	(212)	(212)	(151)	(61)
Total Clerk - Board of Supervisors	<u>8,225</u>	<u>8,174</u>	<u>7,596</u>	<u>578</u>

(Continued)

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
General Fund - Budgetary Basis

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
General government (continued):				
Office of the County Executive				
Salaries and benefits	10,718	10,602	10,396	206
Services and supplies	20,389	32,287	20,661	11,626
Fixed assets	-	10	10	-
Expenditure reimbursements	(254)	(466)	(325)	(141)
Total Office of the County Executive	<u>30,853</u>	<u>42,433</u>	<u>30,742</u>	<u>11,691</u>
Controller-Treasurer				
Salaries and benefits	9,978	9,978	9,942	36
Services and supplies	8,183	11,793	11,282	511
Expenditure reimbursements	(39,513)	(39,513)	(39,531)	18
Interfund transfers	-	47,660	47,660	-
Total Controller-Treasurer	<u>(21,352)</u>	<u>29,918</u>	<u>29,353</u>	<u>565</u>
Tax Collector				
Salaries and benefits	5,531	5,531	5,354	177
Services and supplies	5,112	5,221	4,906	315
Total Tax Collector	<u>10,643</u>	<u>10,752</u>	<u>10,260</u>	<u>492</u>
Office of the Assessor				
Salaries and benefits	26,348	25,921	25,699	222
Services and supplies	9,411	10,253	4,928	5,325
Total Office of the Assessor	<u>35,759</u>	<u>36,174</u>	<u>30,627</u>	<u>5,547</u>
Purchasing				
Salaries and benefits	4,030	3,830	3,780	50
Services and supplies	1,163	1,356	1,050	306
Expenditure reimbursements	(513)	(513)	(533)	20
Total Purchasing	<u>4,680</u>	<u>4,673</u>	<u>4,297</u>	<u>376</u>
Office of Budget and Analysis - Special Programs				
Services and supplies	6,598	6,649	4,863	1,786
Interfund transfers	126,301	98,815	94,790	4,025
Total Office of Budget and Analysis - Special Programs	<u>132,899</u>	<u>105,464</u>	<u>99,653</u>	<u>5,811</u>
Office of the County Counsel				
Salaries and benefits	22,207	22,641	22,640	1
Services and supplies	5,053	7,101	7,085	16
Expenditure reimbursements	(17,665)	(17,665)	(17,402)	(263)
Total Office of the County Counsel	<u>9,595</u>	<u>12,077</u>	<u>12,323</u>	<u>(246)</u>

(Continued)

COUNTY OF SANTA CLARA
 Budgetary Comparison Schedule
 General Fund - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011
 (In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
General government (continued):				
Personnel				
Salaries and benefits	10,496	10,546	10,527	19
Services and supplies	4,801	4,815	4,483	332
Expenditure reimbursements	(4,848)	(4,848)	(4,794)	(54)
Interfund transfers	-	2,100	2,100	-
Total Personnel	<u>10,449</u>	<u>12,613</u>	<u>12,316</u>	<u>297</u>
Risk Management				
Salaries and benefits	1,740	1,780	1,780	-
Services and supplies	604	564	519	45
Expenditure reimbursements	(2,230)	(2,230)	(2,358)	128
Total Risk Management	<u>114</u>	<u>114</u>	<u>(59)</u>	<u>173</u>
Registrar of Voters				
Salaries and benefits	8,564	8,564	6,859	1,705
Services and supplies	8,274	8,031	5,309	2,722
Fixed assets	-	83	78	5
Total Registrar of Voters	<u>16,838</u>	<u>16,678</u>	<u>12,246</u>	<u>4,432</u>
Information Services				
Salaries and benefits	4,308	4,438	4,427	11
Services and supplies	13,411	14,709	12,583	2,126
Fixed assets	97	241	241	-
Expenditure reimbursements	(1,396)	(1,396)	(1,357)	(39)
Total Information Services	<u>16,420</u>	<u>17,992</u>	<u>15,894</u>	<u>2,098</u>
Department of Revenue				
Salaries and benefits	8,324	8,458	7,251	1,207
Services and supplies	1,735	1,780	1,394	386
Fixed assets	-	8	8	-
Total Department of Revenue	<u>10,059</u>	<u>10,246</u>	<u>8,653</u>	<u>1,593</u>
Communication				
Salaries and benefits	13,905	13,839	13,517	322
Services and supplies	6,184	6,164	4,404	1,760
Expenditure reimbursements	(5,200)	(5,181)	(4,668)	(513)
Total Communication	<u>14,889</u>	<u>14,822</u>	<u>13,253</u>	<u>1,569</u>

(Continued)

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
General Fund - Budgetary Basis

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
General government (continued):				
Department of Planning & Development				
Salaries and benefits	10,724	10,986	10,980	6
Services and supplies	2,409	2,337	2,223	114
Expenditure reimbursements	(457)	(457)	(309)	(148)
Total Department of Planning & Development	<u>12,676</u>	<u>12,866</u>	<u>12,894</u>	<u>(28)</u>
Facilities and Fleet Department				
Salaries and benefits	26,877	27,085	27,082	3
Services and supplies	73,206	71,609	67,402	4,207
Fixed assets	-	10	-	10
Expenditure reimbursements	(55,825)	(54,661)	(52,330)	(2,331)
Interfund transfers	8,775	8,775	8,775	-
Total Facilities and Fleet Department	<u>53,033</u>	<u>52,818</u>	<u>50,929</u>	<u>1,889</u>
General government - subtotals:				
Salaries and benefits	172,482	172,740	168,276	4,464
Services and supplies	171,833	190,038	157,942	32,096
Fixed assets	97	349	344	5
Expenditure reimbursements	(128,113)	(127,142)	(123,754)	(3,388)
Interfund transfers	135,076	157,350	153,325	4,025
Total general government	<u>351,375</u>	<u>393,335</u>	<u>356,133</u>	<u>37,202</u>
Public protection:				
Clerk Recorder				
Salaries and benefits	5,323	5,323	5,213	110
Services and supplies	610	608	459	149
Total Clerk Recorder	<u>5,933</u>	<u>5,931</u>	<u>5,672</u>	<u>259</u>
Department of Child Support Services				
Salaries and benefits	30,290	31,051	31,045	6
Services and supplies	6,558	6,472	6,428	44
Fixed assets	34	34	-	34
Total Department of Child Support Services	<u>36,882</u>	<u>37,557</u>	<u>37,473</u>	<u>84</u>

(Continued)

COUNTY OF SANTA CLARA
 Budgetary Comparison Schedule
 General Fund - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011
 (In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Public protection (continued):				
District Attorney				
Salaries and benefits	81,433	80,783	80,744	39
Services and supplies	20,317	21,195	20,448	747
Fixed assets	-	25	25	-
Expenditure reimbursements	(13,945)	(13,841)	(13,844)	3
Total District Attorney	<u>87,805</u>	<u>88,162</u>	<u>87,373</u>	<u>789</u>
Public Defender				
Salaries and benefits	41,121	41,075	40,309	766
Services and supplies	5,348	4,290	4,170	120
Fixed assets	-	15	11	4
Expenditure reimbursements	(338)	(338)	(346)	8
Total Public Defender	<u>46,131</u>	<u>45,042</u>	<u>44,144</u>	<u>898</u>
Pretrial Services				
Salaries and benefits	4,774	4,663	4,522	141
Services and supplies	929	885	751	134
Fixed assets	-	28	27	1
Total Pretrial Services	<u>5,703</u>	<u>5,576</u>	<u>5,300</u>	<u>276</u>
Criminal Justice Support				
Services and supplies	46,925	46,925	45,563	1,362
Total Criminal Justice Support	<u>46,925</u>	<u>46,925</u>	<u>45,563</u>	<u>1,362</u>
Sheriff Administration				
Salaries and benefits	114,618	114,667	106,579	8,088
Services and supplies	15,457	15,654	13,790	1,864
Fixed assets	665	724	476	248
Interfund transfers	-	1,380	1,380	-
Expenditure reimbursements	(7,834)	(8,012)	(4,628)	(3,384)
Total Sheriff Administration	<u>122,906</u>	<u>124,413</u>	<u>117,597</u>	<u>6,816</u>
Sheriff - Department of Correction Services				
Salaries and benefits	110,443	114,532	114,532	-
Total Sheriff - Department of Correction Services	<u>110,443</u>	<u>114,532</u>	<u>114,532</u>	<u>-</u>

(Continued)

COUNTY OF SANTA CLARA
 Budgetary Comparison Schedule
 General Fund - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011
 (In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Public protection (continued):				
Department of Correction				
Salaries and benefits	28,461	26,459	26,459	-
Services and supplies	46,731	44,424	43,457	967
Fixed assets	-	17	17	-
Expenditure reimbursements	(175)	(175)	(184)	9
Total Department of Correction	<u>75,017</u>	<u>70,725</u>	<u>69,749</u>	<u>976</u>
Probation Department				
Salaries and benefits	108,967	111,986	111,986	-
Services and supplies	19,941	18,860	15,558	3,302
Fixed assets	-	18	18	-
Interfund transfers	-	110	110	-
Expenditure reimbursements	(376)	(370)	(446)	76
Total Probation Department	<u>128,532</u>	<u>130,604</u>	<u>127,226</u>	<u>3,378</u>
Department of Agriculture/Weights & Measures/ Animal Control				
Salaries and benefits	5,483	5,528	5,189	339
Services and supplies	1,878	2,097	1,778	319
Interfund transfers	11	11	11	-
Expenditure reimbursements	(366)	(366)	(422)	56
Total Department of Agriculture/ Weights & Measures/Animal Control	<u>7,006</u>	<u>7,270</u>	<u>6,556</u>	<u>714</u>
Medical Examiner - Coroner				
Salaries and benefits	2,832	2,832	2,832	-
Services and supplies	790	781	736	45
Total Medical Examiner - Coroner	<u>3,622</u>	<u>3,613</u>	<u>3,568</u>	<u>45</u>
Public protection - subtotals:				
Salaries and benefits	533,745	538,899	529,410	9,489
Services and supplies	165,484	162,191	153,138	9,053
Fixed assets	699	861	574	287
Interfund transfers	11	1,501	1,501	-
Expenditure reimbursements	(23,034)	(23,102)	(19,870)	(3,232)
Total public protection	<u>676,905</u>	<u>680,350</u>	<u>664,753</u>	<u>15,597</u>
Public ways and facilities:				
Measure B				
Salaries and benefits	-	2	2	-
Services and supplies	6,661	6,659	1,470	5,189
Interfund transfers	3,248	5,370	798	4,572
Total Measure B	<u>9,909</u>	<u>12,031</u>	<u>2,270</u>	<u>9,761</u>

(Continued)

COUNTY OF SANTA CLARA
 Budgetary Comparison Schedule
 General Fund - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011
 (In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Health and sanitation:				
Health Services Administration				
Salaries and benefits	49,357	50,661	48,336	2,325
Services and supplies	35,546	37,927	30,202	7,725
Fixed assets	185	735	182	553
Interfund transfers	-	78	78	-
Expenditure reimbursements	(2,519)	(3,133)	(3,887)	754
Total Health Services Administration	<u>82,569</u>	<u>86,268</u>	<u>74,911</u>	<u>11,357</u>
Mental Health Bureau				
Salaries and benefits	40,878	41,303	39,972	1,331
Services and supplies	240,234	246,742	231,016	15,726
Fixed assets	43	44	39	5
Expenditure reimbursements	(3,871)	(3,512)	(2,553)	(959)
Total Mental Health Bureau	<u>277,284</u>	<u>284,577</u>	<u>268,474</u>	<u>16,103</u>
Custody Health Services				
Salaries and benefits	35,803	35,803	34,750	1,053
Services and supplies	10,841	10,537	9,329	1,208
Fixed assets	512	467	169	298
Expenditure reimbursements	(46,578)	(46,578)	(44,479)	(2,099)
Total Custody Health Services	<u>578</u>	<u>229</u>	<u>(231)</u>	<u>460</u>
Bureau of Alcohol & Drug Programs				
Salaries and benefits	17,303	16,911	16,668	243
Services and supplies	26,050	26,789	24,160	2,629
Expenditure reimbursements	(3,609)	(3,460)	(3,998)	538
Total Bureau of Alcohol & Drug Programs	<u>39,744</u>	<u>40,240</u>	<u>36,830</u>	<u>3,410</u>
Community Outreach Program				
Salaries and benefits	8,563	8,465	8,284	181
Services and supplies	6,252	6,369	5,827	542
Expenditure reimbursements	(3,041)	(1,892)	(1,845)	(47)
Total Community Outreach Program	<u>11,774</u>	<u>12,942</u>	<u>12,266</u>	<u>676</u>
Healthy Children				
Services and supplies	4,500	4,500	3,920	580
Fixed assets	-	200	-	200
Total Healthy Children	<u>4,500</u>	<u>4,700</u>	<u>3,920</u>	<u>780</u>

(Continued)

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
General Fund - Budgetary Basis

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Health and sanitation - subtotals (continued):				
Salaries and benefits	151,904	153,143	148,010	5,133
Services and supplies	323,423	332,864	304,454	28,410
Fixed assets	740	1,246	390	856
Interfund transfers	-	278	78	200
Expenditure reimbursements	<u>(59,618)</u>	<u>(58,575)</u>	<u>(56,762)</u>	<u>(1,813)</u>
Total health and sanitation	<u>416,449</u>	<u>428,956</u>	<u>396,170</u>	<u>32,786</u>
Public assistance:				
In-House Support Services				
Services and supplies	<u>78,908</u>	<u>80,140</u>	<u>78,792</u>	<u>1,348</u>
Total In-House Support Services	<u>78,908</u>	<u>80,140</u>	<u>78,792</u>	<u>1,348</u>
Office of Affordable Housing				
Salaries and benefits	919	1,014	1,014	-
Services and supplies	177	144	122	22
Expenditure reimbursements	<u>(1,030)</u>	<u>(1,074)</u>	<u>(1,086)</u>	<u>12</u>
Total Office of Affordable Housing	<u>66</u>	<u>84</u>	<u>50</u>	<u>34</u>
Social Services Administration				
Salaries and benefits	264,981	265,905	265,665	240
Services and supplies	160,055	152,935	130,143	22,792
Fixed assets	19	783	759	24
Expenditure reimbursements	<u>(339)</u>	<u>(205)</u>	<u>(158)</u>	<u>(47)</u>
Total Social Services Administration	<u>424,716</u>	<u>419,418</u>	<u>396,409</u>	<u>23,009</u>
Nutrition Services to the Aged				
Salaries and benefits	847	864	863	1
Services and supplies	<u>5,099</u>	<u>5,835</u>	<u>5,677</u>	<u>158</u>
Total Nutrition Services to the Aged	<u>5,946</u>	<u>6,699</u>	<u>6,540</u>	<u>159</u>
Categorical Aids Payments				
Services and supplies	204,530	203,912	193,474	10,438
Expenditure reimbursements	<u>-</u>	<u>-</u>	<u>(3,000)</u>	<u>3,000</u>
Total Categorical Aids Payments	<u>204,530</u>	<u>203,912</u>	<u>190,474</u>	<u>13,438</u>
Public assistance - subtotals:				
Salaries and benefits	266,747	267,783	267,542	241
Services and supplies	448,769	442,966	408,208	34,758
Fixed assets	19	783	759	24
Expenditure reimbursements	<u>(1,369)</u>	<u>(1,279)</u>	<u>(4,244)</u>	<u>2,965</u>
Total public assistance	<u>714,166</u>	<u>710,253</u>	<u>672,265</u>	<u>37,988</u>

(Continued)

COUNTY OF SANTA CLARA
 Budgetary Comparison Schedule
 General Fund - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011
 (In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Debt service:				
County debt service				
Principal retirement	23,533	11,758	11,557	201
Interest and fiscal charges	1,291	13,041	12,924	117
Interfund transfers	951	951	845	106
Total debt service	<u>25,775</u>	<u>25,750</u>	<u>25,326</u>	<u>424</u>
Reserves:				
OMB Special Programs				
General government	3,656	-	-	-
Total OMB Special Programs	<u>3,656</u>	<u>-</u>	<u>-</u>	<u>-</u>
Office of the County Counsel				
General government	850	-	-	-
Total Office of the County Counsel	<u>850</u>	<u>-</u>	<u>-</u>	<u>-</u>
Personnel				
General government	2,100	-	-	-
Total Personnel	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sheriff Administration				
Public protection	-	7	-	7
Total Sheriff Administration	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
Health Services Administration				
Health and sanitation	264	-	-	-
Total Health Services Administration	<u>264</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bureau of Alcohol & Drug Programs				
Health and sanitation	226	226	-	226
Total Bureau of Alcohol & Drug Programs	<u>226</u>	<u>226</u>	<u>-</u>	<u>226</u>
Social Services Administration				
Public assistance	2,197	2,309	-	2,309
Total Social Services Administration	<u>2,197</u>	<u>2,309</u>	<u>-</u>	<u>2,309</u>
Nutrition Services to the Aged				
Public assistance	820	154	-	154
Total Nutrition Services to the Aged	<u>820</u>	<u>154</u>	<u>-</u>	<u>154</u>
Appropriation Contingencies				
Total Appropriation Contingencies	91,145	84,874	-	84,874
Total reserves	<u>101,258</u>	<u>87,570</u>	<u>-</u>	<u>87,570</u>
Total charges to appropriations	<u>\$ 2,295,837</u>	<u>\$ 2,338,245</u>	<u>\$ 2,116,917</u>	<u>\$ 221,328</u>

(Continued)

COUNTY OF SANTA CLARA
 Budgetary Comparison Schedule
 General Fund - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011
 (In thousands)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 2,102,393
Differences - budget to GAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(4,000)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(126,228)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - general fund	<u><u>\$ 1,972,165</u></u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,116,917
Differences - budget to GAAP:	
Encumbrances for services and supplies ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year services are incurred or goods received for financial reporting purposes	(3,843)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(156,547)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - general fund	<u><u>\$ 1,956,527</u></u>

The notes to the required supplementary information are an integral part of this statement.

COUNTY OF SANTA CLARA

Notes to Required Supplementary Information
June 30, 2011
(Dollars in thousands)

Budgets and Budgetary Accounting

The County is a charter county and, under the general laws of the State, adopts final annual operating budgets before September 1 for all governmental funds. From the effective date of the budgets, which are adopted by the Board of Supervisors after public hearings, the proposed expenditures become appropriations to the various County departments. Only the Board has the authority to approve new appropriations. The County Executive has a limited authority to approve appropriation transfers of \$100 between the objects within a budget unit. The Board of Supervisors must approve transfers among budget units and may amend the budget during the fiscal year. Unencumbered and unexpended appropriations lapse at fiscal year-end. During the year, the Board of Supervisors approved various supplemental appropriations.

The County also adopts budgets annually for capital projects funds. Such budgets are based on a project time frame, rather than a fiscal year, and unused appropriations are reappropriated from year to year until project completion. The County did not adopt budget for its Qualified Energy Conversation Bonds Debt Service Fund for the year ended June 30, 2011.

Budgeted revenues and expenditures in the budgetary comparison schedule represent the original budget and the final budget modified by authorized adjustments during the year. Final budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year that were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. Expenditures may not legally exceed budgeted appropriations at the budget unit level within each department. Interdepartmental expenditure reimbursements do not have the budgetary status of legal appropriations. Therefore, variances between estimated and actual reimbursements are not disclosed in the notes to the basic financial statements but are displayed in the supplemental section of the Comprehensive Annual Financial Report.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General Fund, special revenue funds, and capital projects funds.

Budgetary Results of Operations Reconciled to Results of Operations in Accordance with GAAP

The County's budget is based upon accounting for certain transactions on a budget basis rather than accounting principles generally accepted in the United States of America (GAAP) basis. The results of operations on a budget basis for the general, special revenue, debt service, and capital projects funds differ from operations on a GAAP basis due to the proceeds from sales of capital assets, interfund transfers, other financing sources and the inclusion of year-end encumbrances with expenditures on a budget basis. Accordingly, the results of operations presented in the accompanying budgetary comparison schedule reflect adjustments for proceeds from sales of capital assets, interfund transfers, other financing sources and encumbrances in order to provide a meaningful comparison with the adopted County budget.

Discrete Component Units

COUNTY OF SANTA CLARA

Discrete Component Units

Housing Authority – accounts for the activity of the Housing Authority of the County of Santa Clara. Most of the housing programs administered by the Housing Authority are funded by contributions from the U.S. Department of Housing and Urban Development.

FIRST 5 Santa Clara County – accounts for the receipts of Proposition 10 (additional excise tax imposed on tobacco products) revenues that are used for promoting, supporting, and improving the early development of children from the prenatal stage to five years of age.

COUNTY OF SANTA CLARA
Combining Statement of Net Assets
Discrete Component Units
June 30, 2011
(In thousands)

	Housing Authority	FIRST 5	Total
Assets:			
Cash and investments	\$ 44,226	\$ 79,771	\$ 123,997
Receivables, net of allowance for uncollectibles	3,825	32	3,857
Due from other governmental agencies	1,736	3,272	5,008
Due from component units and related parties	50,677	-	50,677
Other assets	6,068	15	6,083
Restricted cash and investments	43,160	-	43,160
Net pension asset	15,896	-	15,896
Capital assets:			
Nondepreciable	61,842	2,358	64,200
Depreciable, net of accumulated depreciation	319,919	3,016	322,935
Total assets	<u>547,349</u>	<u>88,464</u>	<u>635,813</u>
Liabilities:			
Accounts payable	1,124	8,764	9,888
Accrued salaries and benefits	-	230	230
Short-term debt payable	1,659	-	1,659
Accrued liabilities	4,795	47	4,842
Due to component units and related parties	56,750	-	56,750
Due to other governmental agencies	244	38,806	39,050
Unearned revenue	1,946	-	1,946
Payable to primary government	8,085	-	8,085
Noncurrent liabilities:			
Due within one year	4,938	-	4,938
Due in more than one year	259,623	187	259,810
Total liabilities	<u>339,164</u>	<u>48,034</u>	<u>387,198</u>
Net assets:			
Invested in capital assets, net of related debt	132,700	5,374	138,074
Restricted	58,352	35,056	93,408
Unrestricted	17,133	-	17,133
Total net assets	<u>\$ 208,185</u>	<u>\$ 40,430</u>	<u>\$ 248,615</u>

COUNTY OF SANTA CLARA
Combining Statement of Activities
Discrete Component Units
For the Fiscal Year Ended June 30, 2011
(In thousands)

	Housing Authority	FIRST 5	Total
Program expense:			
Housing Authority programs	\$ 312,540	\$ -	\$ 312,540
FIRST 5 programs	-	64,530	64,530
Total program expenses	<u>312,540</u>	<u>64,530</u>	<u>377,070</u>
Program revenues:			
Charges for services	307,177	-	307,177
Operating grants and contributions	2,185	19,161	21,346
Capital grants and contributions	26,640	-	26,640
Total program revenues	<u>336,002</u>	<u>19,161</u>	<u>355,163</u>
Net program revenue (expense)	<u>23,462</u>	<u>(45,369)</u>	<u>(21,907)</u>
General revenue (expense):			
Investment income	1,538	1,363	2,901
Other income	26,592	1,435	28,027
Total general revenue	<u>28,130</u>	<u>2,798</u>	<u>30,928</u>
Change in net assets	51,592	(42,571)	9,021
Net assets, beginning of year, as previously reported	105,813	83,001	188,814
Change in reporting entity	50,780	-	50,780
Net assets, beginning of year, as restated	<u>156,593</u>	<u>83,001</u>	<u>239,594</u>
Net assets, end of year	<u>\$ 208,185</u>	<u>\$ 40,430</u>	<u>\$ 248,615</u>

This page intentionally left blank.



Combining Nonmajor Governmental Funds Statements

COUNTY OF SANTA CLARA

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011
(In thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Endowments</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:					
Cash and investments:					
Unrestricted	\$ 287,232	\$ -	\$ 132,737	\$ 52	\$ 420,021
Restricted with fiscal agents	575	15,170	-	-	15,745
Other restricted	281	62,507	-	-	62,788
Securities lending collateral	7,696	2,109	2,483	1	12,289
Other receivables	42,445	254	202	-	42,901
Due from other funds	252	-	8,606	-	8,858
Due from other governmental agencies	18,116	-	275	-	18,391
Inventories	923	-	-	-	923
Other assets	564	-	-	-	564
Total assets	<u><u>\$ 358,084</u></u>	<u><u>\$ 80,040</u></u>	<u><u>\$ 144,303</u></u>	<u><u>\$ 53</u></u>	<u><u>\$ 582,480</u></u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 5,095	\$ -	\$ 4,435	\$ -	\$ 9,530
Accrued salaries and benefits	9,199	-	-	-	9,199
Other accrued liabilities	9,389	-	3,000	-	12,389
Securities lending collateral - due to borrowers	7,696	2,109	2,483	1	12,289
Due to other funds	9,899	4,455	8,595	-	22,949
Due to other governmental agencies	334	-	-	-	334
Advances from other funds	-	-	16,040	-	16,040
Deferred revenue	48,441	-	312	-	48,753
Total liabilities	<u><u>90,053</u></u>	<u><u>6,564</u></u>	<u><u>34,865</u></u>	<u><u>1</u></u>	<u><u>131,483</u></u>
Fund balances:					
Nonspendable	3,085	-	-	-	3,085
Restricted	229,063	73,476	96,174	52	398,765
Committed	15,681	-	13,264	-	28,945
Assigned	20,202	-	-	-	20,202
Total fund balances	<u><u>268,031</u></u>	<u><u>73,476</u></u>	<u><u>109,438</u></u>	<u><u>52</u></u>	<u><u>450,997</u></u>
Total liabilities and fund balances	<u><u>\$ 358,084</u></u>	<u><u>\$ 80,040</u></u>	<u><u>\$ 144,303</u></u>	<u><u>\$ 53</u></u>	<u><u>\$ 582,480</u></u>

COUNTY OF SANTA CLARA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

	Special Revenue	Debt Service	Capital Projects	Permanent Endowments	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 125,260	\$ 30,206	\$ 7,437	\$ -	\$ 162,903
Licenses and permits	18,001	-	-	-	18,001
Fines, forfeitures, and penalties	3,331	5,741	-	-	9,072
Interest and investment income	4,168	831	637	-	5,636
Securities lending activities					
Securities lending income	8	2	4	-	14
Securities lending expenditures	(4)	(1)	(2)	-	(7)
Intergovernmental revenues	192,599	191	3,339	-	196,129
Charges for services	38,028	-	894	-	38,922
Other revenue	5,198	-	296	-	5,494
Total revenues	386,589	36,970	12,605	-	436,164
Expenditures:					
Current:					
General government	149	-	-	-	149
Public protection	96,763	-	-	-	96,763
Public ways and facilities	50,495	-	-	-	50,495
Health and sanitation	27,065	-	-	-	27,065
Public assistance	6,854	-	-	-	6,854
Education	31,801	-	-	-	31,801
Recreation and culture	33,181	-	-	-	33,181
Capital outlay	8,536	-	43,419	-	51,955
Debt service:					
Principal retirement	165	20,000	-	-	20,165
Interest and fiscal charges	187	18,279	664	-	19,130
Cost of issuance	-	-	231	-	231
Total expenditures	255,196	38,279	44,314	-	337,789
Excess (deficiency) of revenues over (under) expenditures	131,393	(1,309)	(31,709)	-	98,375
Other financing sources (uses):					
Proceeds from sale of capital assets	2,440	-	26	-	2,466
Capital lease financing	520	-	-	-	520
Bonds issuance	-	-	20,368	-	20,368
Transfers in	1,627	845	68,942	-	71,414
Transfers out	(89,273)	(3,861)	(35,286)	-	(128,420)
Total other financing sources (uses)	(84,686)	(3,016)	54,050	-	(33,652)
Net change in fund balances	46,707	(4,325)	22,341	-	64,723
Fund balances, beginning of year	221,324	77,801	87,097	52	386,274
Fund balances, end of year	\$ 268,031	\$ 73,476	\$ 109,438	\$ 52	\$ 450,997



Nonmajor Special Revenue Funds

COUNTY OF SANTA CLARA

Nonmajor Governmental Funds

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 or capital projects. The following summarizes the County's significant Special Revenue Funds:

Roads – accounts for the operation and maintenance of roadways and specialized engineering services to other governmental units and the public. The program is primarily funded by the state's highway use tax and supplemented by federal funds, vehicle code fines and fees, and reimbursement for engineering services.

County Library – accounts for library services for unincorporated areas and nine member cities. The library operates under a joint powers agreement between the County and cities. The library's governing board consists of one council member of each city and two County Board of Supervisors. Revenues consist primarily of property taxes and federal and state aid.

Parks Operations and Maintenance – accounts for the operation and maintenance of County parks. The primary source of revenue are charges for services and special assessments. An annual operating transfer from the Parks Acquisition and Development Capital Projects Fund supplements the program.

Housing and Community Development – accounts for grants from the Federal Department of Housing and Community Development.

Clerk-Recorder – accounts for special recording fees collected to support, maintain, and improve document creation, storage retrieval systems.

Fire Districts – accounts for fire protection for the unincorporated areas and certain incorporated cities within the County. Revenues consist of property taxes, state assistance, and contract reimbursements.

Emergency Medical Services – accounts for emergency medical service activities that are funded through special assessments, court fines and by the tobacco tax imposed through a voter approved proposition.

Environmental Health – includes education, inspection, plan review and permit services related to food, water supply, sewage disposal, noise control, disaster preparedness, and lead contamination. The department enforces regulations related to food and hazardous materials. Revenues originate from fees, permits, grants, and municipal contributions.

Vector Control – accounts for the operational activities of the Santa Clara County Vector Control District, which detects and minimizes vector-borne diseases, abates mosquitoes, and assists the public in resolving problems with rodents, wildlife, and insects of medical significance. Revenues come from special assessments.

Proposition 36 – accounts for expenditures related to the substance abuse prevention and crime prevention acts of 2000. Revenues come from state grants and interest earnings.

Tobacco Securitization – accounts for revenues and expenditures related to the activities of the tobacco settlement agreement with the U.S. tobacco companies.

Proposition 63 – accounts for expenditures related to the Mental Health Services Act, which includes expanded County Mental Health service to children, adults, and older adults with severe mental illnesses.

Child Support – accounts for child support operations. Primary source of revenue is from State cash advances and interest earnings. The fund reimburses the General Fund for expenditures incurred.

Other – accounts for activities of various programs including: Mortgage and Rental Assistance, Survey Monument Preservation, Weed Abatement, Correctional Facility, Integrated Waste Management, Juvenile Welfare, LAFCO, Fish & Game, and Health & Vital Statistics.

COUNTY OF SANTA CLARA

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2011
(In thousands)

	<u>Roads</u>	<u>County Library</u>	<u>Parks Operation and Maintenance</u>	<u>Housing and Community Development</u>	<u>Clerk- Recorder</u>	<u>Fire Districts</u>	<u>Emergency Medical Services</u>	<u>Environmental Health</u>
Assets:								
Cash and investments:								
Unrestricted	\$ 47,242	\$ 26,676	\$ 9,483	\$ 5,917	\$ 7,881	\$ 46,787	\$ 2,837	\$ 11,185
Restricted with fiscal agents	-	-	-	-	-	-	-	-
Other restricted	-	-	-	-	-	281	-	-
Securities lending collateral	1,208	673	-	157	194	1,164	69	276
Other receivables	120	41	157	41,085	13	579	4	21
Due from other funds	159	-	-	-	-	-	-	-
Due from other governmental agencies	4,657	2,727	288	506	-	7,891	-	2,035
Inventories	923	-	-	-	-	-	-	-
Other assets	-	562	-	-	-	-	-	-
Total assets	<u>\$ 54,309</u>	<u>\$ 30,679</u>	<u>\$ 9,928</u>	<u>\$ 47,665</u>	<u>\$ 8,088</u>	<u>\$ 56,702</u>	<u>\$ 2,910</u>	<u>\$ 13,517</u>
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable	\$ 1,368	\$ 367	\$ 724	\$ 394	\$ 58	\$ 1,065	\$ 12	\$ 1,046
Accrued salaries and benefits	1,378	1,037	1,114	-	71	4,533	-	776
Other accrued liabilities	24	-	408	38	-	8,519	-	-
Securities lending collateral - due to borrowers	1,208	673	-	157	194	1,164	69	276
Due to other funds	-	-	-	-	-	-	-	-
Due to other governmental agencies	1	10	3	27	-	2	-	152
Deferred revenue – other	-	1,620	-	41,233	-	4,739	-	849
Total liabilities	<u>3,979</u>	<u>3,707</u>	<u>2,249</u>	<u>41,849</u>	<u>323</u>	<u>20,022</u>	<u>81</u>	<u>3,099</u>
Fund balances:								
Nonspendable	923	562	-	-	-	1,600	-	-
Restricted	48,767	26,410	7,679	5,816	7,765	-	2,829	10,418
Committed	640	-	-	-	-	14,878	-	-
Assigned	-	-	-	-	-	20,202	-	-
Total fund balances	<u>50,330</u>	<u>26,972</u>	<u>7,679</u>	<u>5,816</u>	<u>7,765</u>	<u>36,680</u>	<u>2,829</u>	<u>10,418</u>
Total liabilities and fund balances	<u>\$ 54,309</u>	<u>\$ 30,679</u>	<u>\$ 9,928</u>	<u>\$ 47,665</u>	<u>\$ 8,088</u>	<u>\$ 56,702</u>	<u>\$ 2,910</u>	<u>\$ 13,517</u>

COUNTY OF SANTA CLARA

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2011
(In thousands)

Vector Control	Proposition 36	Tobacco Securitization	Proposition 63	Child Support	Other Funds	Total	
							Assets:
\$ 10,620	\$ 57	\$ -	\$ 115,585	\$ 50	\$ 2,912	\$ 287,232	Cash and investments:
351	-	224	-	-	-	575	Unrestricted
-	-	-	-	-	-	281	Restricted with fiscal agents
277	1	-	3,632	27	18	7,696	Other restricted
15	-	-	148	4	258	42,445	Securities lending collateral
-	-	-	-	93	-	252	Other receivables
12	-	-	-	-	-	18,116	Due from other funds
-	-	-	-	-	-	923	Due from other governmental agencies
-	-	-	-	-	2	564	Inventories
-	-	-	-	-	-	-	Other assets
<u>\$ 11,275</u>	<u>\$ 58</u>	<u>\$ 224</u>	<u>\$ 119,365</u>	<u>\$ 174</u>	<u>\$ 3,190</u>	<u>\$ 358,084</u>	Total assets
							Liabilities and Fund Balances:
							Liabilities:
\$ 1	\$ -	\$ 16	\$ -	\$ -	\$ 44	\$ 5,095	Accounts payable
212	-	-	-	-	78	9,199	Accrued salaries and benefits
-	-	-	-	-	400	9,389	Other accrued liabilities
277	1	-	3,632	27	18	7,696	Securities lending collateral - due to borrowers
-	-	-	9,899	-	-	9,899	Due to other funds
-	-	-	-	137	2	334	Due to other governmental agencies
-	-	-	-	-	-	48,441	Deferred revenue – other
<u>490</u>	<u>1</u>	<u>16</u>	<u>13,531</u>	<u>164</u>	<u>542</u>	<u>90,053</u>	Total liabilities
							Fund balances:
-	-	-	-	-	-	3,085	Nonspendable
10,785	57	208	105,834	10	2,485	229,063	Restricted
-	-	-	-	-	163	15,681	Committed
-	-	-	-	-	-	20,202	Assigned
<u>10,785</u>	<u>57</u>	<u>208</u>	<u>105,834</u>	<u>10</u>	<u>2,648</u>	<u>268,031</u>	Total fund balances
<u>\$ 11,275</u>	<u>\$ 58</u>	<u>\$ 224</u>	<u>\$ 119,365</u>	<u>\$ 174</u>	<u>\$ 3,190</u>	<u>\$ 358,084</u>	Total liabilities and fund balances

COUNTY OF SANTA CLARA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

	Roads	County Library	Parks Operation and Maintenance	Housing and Community Development	Clerk- Recorder	Fire Districts	Emergency Medical Services	Environmental Health
Revenues:								
Taxes	\$ -	\$ 28,609	\$ 29,747	\$ -	\$ -	\$ 60,033	\$ -	\$ -
Licenses and permits	835	-	-	140	-	510	-	16,467
Fines, forfeitures, and penalties	-	680	-	-	-	-	2,645	-
Interest and investment income	984	200	1,305	305	88	539	24	77
Securities lending activities:								
Securities lending income	2	1	-	-	-	2	-	-
Securities lending expenditures	(1)	(1)	-	-	-	(1)	-	-
Intergovernmental revenues	41,525	3,427	536	3,501	-	1,339	-	1,606
Charges for services	207	194	3,411	-	3,873	28,672	-	631
Other revenue	1,291	559	404	217	879	623	-	8
Total revenues	44,843	33,669	35,403	4,163	4,840	91,717	2,669	18,789
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public protection	-	-	-	-	3,405	91,263	-	-
Public ways and facilities	50,495	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	2,701	19,207
Public assistance	-	-	-	6,854	-	-	-	-
Education	-	31,801	-	-	-	-	-	-
Recreation and culture	-	-	33,181	-	-	-	-	-
Capital outlay	-	6,069	-	-	-	2,107	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	50,495	37,870	33,181	6,854	3,405	93,370	2,701	19,207
Excess (deficiency) of revenues over (under) expenditures	(5,652)	(4,201)	2,222	(2,691)	1,435	(1,653)	(32)	(418)
Other financing sources (uses):								
Proceeds from sale of capital assets	2,420	-	-	-	-	20	-	-
Capital lease financing	-	-	-	-	-	520	-	-
Transfers in	910	51	-	-	-	-	-	-
Transfers out	-	-	(1,186)	(297)	-	-	-	-
Total other financing sources (uses)	3,330	51	(1,186)	(297)	-	540	-	-
Net change in fund balances	(2,322)	(4,150)	1,036	(2,988)	1,435	(1,113)	(32)	(418)
Fund balances, beginning of year	52,652	31,122	6,643	8,804	6,330	37,793	2,861	10,836
Fund balances, end of year	\$ 50,330	\$ 26,972	\$ 7,679	\$ 5,816	\$ 7,765	\$ 36,680	\$ 2,829	\$ 10,418

COUNTY OF SANTA CLARA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

Vector Control	Proposition 36	Tobacco Securitization	Proposition 63	Child Support	Other Funds	Total	
\$ 6,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,260	Revenues:
-	-	-	-	-	49	18,001	Taxes
-	-	-	-	-	6	3,331	Licenses and permits
68	-	-	569	4	5	4,168	Fines, forfeitures, and penalties
-	-	-	-	-	-	-	Interest and investment income
-	-	-	3	-	-	8	Securities lending activities:
-	-	-	(1)	-	-	(4)	Securities lending income
1	-	-	103,568	36,802	294	192,599	Securities lending expenditures
-	-	-	-	-	1,040	38,028	Intergovernmental revenues
48	1	-	-	6	1,162	5,198	Charges for services
6,988	1	-	104,139	36,812	2,556	386,589	Other revenue
							Total revenues
							Expenditures:
							Current:
-	-	78	-	-	71	149	General government
-	-	-	-	-	2,095	96,763	Public protection
-	-	-	-	-	-	50,495	Public ways and facilities
5,157	-	-	-	-	-	27,065	Health and sanitation
-	-	-	-	-	-	6,854	Public assistance
-	-	-	-	-	-	31,801	Education
-	-	-	-	-	-	33,181	Recreation
360	-	-	-	-	-	8,536	Capital outlay
165	-	-	-	-	-	165	Debt service:
187	-	-	-	-	-	187	Principal retirement
5,869	-	78	-	-	2,166	255,196	Interest and fiscal charges
							Total expenditures
1,119	1	(78)	104,139	36,812	390	131,393	Excess (deficiency) of revenues over (under) expenditures
							Other financing sources (uses):
-	-	-	-	-	-	2,440	Proceeds from sale of capital assets
-	-	-	-	-	-	520	Capital lease financing
385	-	109	-	-	172	1,627	Transfers in
-	-	-	(50,831)	(36,802)	(157)	(89,273)	Transfers out
385	-	109	(50,831)	(36,802)	15	(84,686)	Total other financing sources (uses)
1,504	1	31	53,308	10	405	46,707	Net change in fund balances
9,281	56	177	52,526	-	2,243	221,324	Fund balances, beginning of year
\$ 10,785	\$ 57	\$ 208	\$ 105,834	\$ 10	\$ 2,648	\$ 268,031	Fund balances, end of year

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Roads Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 52,652	\$ 52,652	\$ 52,652	\$ -
Resources (inflows):				
Licenses and permits	700	700	835	135
Interest and investment income	924	924	985	61
Intergovernmental revenues	63,456	64,997	41,525	(23,472)
Charges for services	428	428	207	(221)
Other revenue	1,973	3,440	1,291	(2,149)
Interfund transfers	3,310	5,272	910	(4,362)
Proceeds from sale of capital assets	2,300	3,595	2,420	(1,175)
Total resources (inflows) available for appropriation	<u>73,091</u>	<u>79,356</u>	<u>48,173</u>	<u>(31,183)</u>
Charges to appropriations (outflows):				
Public ways and facilities				
Salaries and benefits	28,170	28,170	26,750	1,420
Services and supplies	10,870	11,632	7,663	3,969
Capital assets	64,667	69,469	24,330	45,139
Total charges to appropriations	<u>103,707</u>	<u>109,271</u>	<u>58,743</u>	<u>50,528</u>
Budgetary fund balances, end of year	<u>\$ 22,036</u>	<u>\$ 22,737</u>	<u>\$ 42,082</u>	<u>\$ 19,345</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 48,173
Differences - budget to GAAP:	
Interfund transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(910)
Proceeds from the sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(2,420)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor special revenue funds	<u>\$ 44,843</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 58,743
Differences - budget to GAAP:	
Encumbrances for services and supplies ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year services is incurred or supplies received for financial reporting purposes	<u>(8,248)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor special revenue funds	<u>\$ 50,495</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
County Library Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 31,122	\$ 31,122	\$ 31,122	\$ -
Resources (inflows):				
Taxes	23,341	23,341	28,609	5,268
Fines, forfeitures, and penalties	680	680	680	-
Interest and investment income	280	280	200	(80)
Intergovernmental revenues	8,403	8,518	3,427	(5,091)
Charges for services	310	310	194	(116)
Other revenue	45	458	559	101
Interfund transfers	6,051	6,051	51	(6,000)
Total resources (inflows) available for appropriation	<u>39,110</u>	<u>39,638</u>	<u>33,720</u>	<u>(5,918)</u>
Charges to appropriations (outflows):				
Education				
Salaries and benefits	21,716	21,752	21,202	550
Services and supplies	13,403	14,292	11,624	2,668
Capital assets	1,099	11,624	6,069	5,555
Interfund transfers	6,000	6,000	-	6,000
Reserves	6,089	6,089	-	6,089
Total charges to appropriations	<u>48,307</u>	<u>59,757</u>	<u>38,895</u>	<u>20,862</u>
Budgetary fund balances, end of year	<u>\$ 21,925</u>	<u>\$ 11,003</u>	<u>\$ 25,947</u>	<u>\$ 14,944</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 33,720
Differences - budget to GAAP:	
Interfund transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(51)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor special revenue funds	<u>\$ 33,669</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 38,895
Differences - budget to GAAP:	
Encumbrances for services and supplies ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year services is incurred or supplies received for financial reporting purposes	<u>(1,025)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor special revenue funds	<u>\$ 37,870</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Parks Operation and Maintenance Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 6,643	\$ 6,643	\$ 6,643	\$ -
Resources (inflows):				
Taxes	29,332	29,332	29,747	415
Interest and investment income	1,520	1,520	1,305	(215)
Intergovernmental revenues	622	622	536	(86)
Charges for services	3,116	3,116	3,411	295
Other revenue	71	471	404	(67)
Total resources (inflows) available for appropriation	<u>34,661</u>	<u>35,061</u>	<u>35,403</u>	<u>342</u>
Charges to appropriations (outflows):				
Recreation				
Salaries and benefits	22,461	22,636	21,949	687
Services and supplies	11,821	12,454	10,934	1,520
Capital assets	432	769	455	314
Interfund transfers	1,600	1,600	1,186	414
Reserves	250	148	-	148
Total charges to appropriations	<u>36,564</u>	<u>37,607</u>	<u>34,524</u>	<u>3,083</u>
Budgetary fund balances, end of year	<u>\$ 4,740</u>	<u>\$ 4,097</u>	<u>\$ 7,522</u>	<u>\$ 3,425</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 34,524
Differences - budget to GAAP:	
Encumbrances for services and supplies ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year services is incurred or supplies received for financial reporting purposes	(157)
Interfund transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,186)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor special revenue funds	<u>\$ 33,181</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Housing and Community Development Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 8,804	\$ 8,804	\$ 8,804	\$ -
Resources (inflows):				
Licenses and permits	80	80	140	60
Interest and investment income	277	277	305	28
Intergovernmental revenues	8,550	8,550	3,501	(5,049)
Other revenue	50	235	217	(18)
Interfund transfers	643	643	-	(643)
Total resources (inflows) available for appropriation	<u>9,600</u>	<u>9,785</u>	<u>4,163</u>	<u>(5,622)</u>
Charges to appropriations (outflows):				
Public assistance				
Services and supplies	12,465	15,107	7,475	7,632
Interfund transfers	755	755	297	458
Total charges to appropriations	<u>13,220</u>	<u>15,862</u>	<u>7,772</u>	<u>8,090</u>
Budgetary fund balances, end of year	<u>\$ 5,184</u>	<u>\$ 2,727</u>	<u>\$ 5,195</u>	<u>\$ 2,468</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,772
Differences - budget to GAAP:	
Encumbrances for services and supplies ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year services is incurred or supplies received for financial reporting purposes	(621)
Interfund transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(297)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor special revenue funds	<u>\$ 6,854</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Clerk-Recorder Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 6,330	\$ 6,330	\$ 6,330	\$ -
Resources (inflows):				
Interest and investment income	85	85	88	3
Charges for services	3,225	3,225	3,873	648
Other revenue	3,225	3,225	879	(2,346)
Total resources (inflows) available for appropriation	<u>6,535</u>	<u>6,535</u>	<u>4,840</u>	<u>(1,695)</u>
Charges to appropriations (outflows):				
Public protection				
Salaries and employees benefits	1,419	1,443	1,379	64
Services and supplies	1,298	2,253	1,950	303
Capital assets	45	118	110	8
Total charges to appropriations	<u>2,762</u>	<u>3,814</u>	<u>3,439</u>	<u>375</u>
Budgetary fund balances, end of year	<u>\$ 10,103</u>	<u>\$ 9,051</u>	<u>\$ 7,731</u>	<u>\$ (1,320)</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations"
from the budgetary comparison schedule

\$ 3,439

Differences - budget to GAAP:

Encumbrances for services and supplies ordered but not received is reported
in the year the order is placed for budgetary purposes, but in the year services
is incurred or supplies received for financial reporting purposes

(34)

Total expenditures as reported on the statement of revenues, expenditures and
changes in fund balances - nonmajor special revenue funds

\$ 3,405

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Fire Districts Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 37,793	\$ 37,793	\$ 37,793	\$ -
Resources (inflows):				
Taxes	60,056	60,056	60,033	(23)
Licenses and permits	381	381	510	129
Interest and investment income	665	665	540	(125)
Intergovernmental revenues	1,116	1,116	1,339	223
Charges for services	30,168	30,168	28,672	(1,496)
Other revenue	1,470	1,470	623	(847)
Proceeds from sale of capital assets	515	515	20	(495)
Capital lease financing	-	-	520	520
Total resources (inflows) available for appropriation	<u>94,371</u>	<u>94,371</u>	<u>92,257</u>	<u>(2,114)</u>
Charges to appropriations (outflows):				
Public protection				
Salaries and benefits	65,991	67,014	67,014	-
Services and supplies	28,405	27,372	24,249	3,123
Capital assets	4,243	4,243	2,107	2,136
Reserves	11,200	11,200	-	11,200
Total charges to appropriations	<u>109,839</u>	<u>109,829</u>	<u>93,370</u>	<u>16,459</u>
Budgetary fund balances, end of year	<u>\$ 22,325</u>	<u>\$ 22,335</u>	<u>\$ 36,680</u>	<u>\$ 14,345</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 92,257
Differences - budget to GAAP:	
Capital lease financing are inflows of budgetary resources but are not revenues for financial reporting purposes	(520)
Proceeds from the sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(20)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor special revenue funds	<u>\$ 91,717</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Emergency Medical Services Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 2,861	\$ 2,861	\$ 2,861	\$ -
Resources (inflows):				
Fines, forfeitures, and penalties	2,500	2,759	2,645	(114)
Interest and investment income	-	-	24	24
Total resources (inflows) available for appropriation	<u>2,500</u>	<u>2,759</u>	<u>2,669</u>	<u>(90)</u>
Charges to appropriations (outflows):				
Health and sanitation				
Services and supplies	2,500	2,759	2,701	58
Total charges to appropriations	<u>2,500</u>	<u>2,759</u>	<u>2,701</u>	<u>58</u>
Budgetary fund balances, end of year	<u>\$ 2,861</u>	<u>\$ 2,861</u>	<u>\$ 2,829</u>	<u>\$ (32)</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Environmental Health Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 10,836	\$ 10,836	\$ 10,836	\$ -
Resources (inflows):				
Licenses and permits	16,493	16,493	16,467	(26)
Interest and investment income	108	108	77	(31)
Intergovernmental revenues	1,551	1,825	1,606	(219)
Charges for services	484	484	631	147
Other revenue	1	1	8	7
Total resources (inflows) available for appropriation	<u>18,637</u>	<u>18,911</u>	<u>18,789</u>	<u>(122)</u>
Charges to appropriations (outflows):				
Health and sanitation				
Salaries and benefits	15,741	15,822	14,609	1,213
Services and supplies	5,856	6,488	4,307	2,181
Capital assets	340	340	291	49
Total charges to appropriations	<u>21,937</u>	<u>22,650</u>	<u>19,207</u>	<u>3,443</u>
Budgetary fund balances, end of year	<u>\$ 7,536</u>	<u>\$ 7,097</u>	<u>\$ 10,418</u>	<u>\$ 3,321</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Vector Control Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 9,281	\$ 9,281	\$ 9,281	\$ -
Resources (inflows):				
Taxes	6,916	6,916	6,871	(45)
Interest and investment income	97	97	68	(29)
Intergovernmental revenues	3	3	1	(2)
Other revenue	49	49	48	(1)
Interfund transfers	-	385	385	-
Total resources (inflows) available for appropriation	<u>7,065</u>	<u>7,450</u>	<u>7,373</u>	<u>(77)</u>
Charges to appropriations (outflows):				
Health and sanitation				
Salaries and benefits	3,694	3,694	3,631	63
Services and supplies	2,490	2,391	1,526	865
Capital assets	599	780	360	420
Debt service:				
Principal retirement	193	193	165	28
Interest and fiscal charges	187	187	187	-
Total charges to appropriations	<u>7,163</u>	<u>7,245</u>	<u>5,869</u>	<u>1,376</u>
Budgetary fund balances, end of year	<u>\$ 9,183</u>	<u>\$ 9,486</u>	<u>\$ 10,785</u>	<u>\$ 1,299</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 7,373
Differences - budget to GAAP:	
Interfund transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(385)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor special revenue funds	<u>\$ 6,988</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Proposition 36 Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 56	\$ 56	\$ 56	\$ -
Resources (inflows):				
Intergovernmental revenues	3,729	3,729	-	(3,729)
Other revenue	-	-	1	1
Total resources (inflows) available for appropriation	<u>3,729</u>	<u>3,729</u>	<u>1</u>	<u>(3,728)</u>
Budgetary fund balances, end of year	<u>\$ 3,785</u>	<u>\$ 3,785</u>	<u>\$ 57</u>	<u>\$ (3,728)</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Tobacco Securitization Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balances, beginning of year	\$ 177	\$ 177	\$ 177	\$ -
Resources (inflows):				
Interfund transfers	-	-	109	109
Total resources (inflows) available for appropriation	-	-	109	109
Charges to appropriations (outflows):				
General government				
Services and supplies	-	78	78	-
Total charges to appropriations	-	78	78	-
Budgetary fund balances, end of year	<u>\$ 177</u>	<u>\$ 99</u>	<u>\$ 208</u>	<u>\$ 109</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 109
Differences - budget to GAAP:	
Interfund transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(109)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - nonmajor special revenue funds	<u>\$ -</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Proposition 63 Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 52,526	\$ 52,526	\$ 52,526	\$ -
Resources (inflows):				
Interest and investment income	-	-	571	571
Intergovernmental revenues	60,815	61,478	103,568	42,090
Total resources (inflows) available for appropriation	<u>60,815</u>	<u>61,478</u>	<u>104,139</u>	<u>42,661</u>
Charges to appropriations (outflows):				
Interfund transfers	60,874	61,537	50,831	10,706
Reserves	3,427	3,427	-	3,427
Total charges to appropriations	<u>64,301</u>	<u>64,964</u>	<u>50,831</u>	<u>14,133</u>
Budgetary fund balances, end of year	<u>\$ 49,040</u>	<u>\$ 49,040</u>	<u>\$ 105,834</u>	<u>\$ 56,794</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations"
from the budgetary comparison schedule

\$ 50,831

Differences - budget to GAAP:

Interfund transfers to other funds are outflows of budgetary resources but
are not expenditures for financial reporting purposes

(50,831)

Total expenditures as reported on the statement of revenues, expenditures and
changes in fund balances - nonmajor special revenue funds

\$ -

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Child Support

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Interest and investment income	-	-	4	4
Intergovernmental revenues	36,904	36,964	36,802	(162)
Other revenue	-	-	6	6
Total resources (inflows) available for appropriation	<u>36,904</u>	<u>36,964</u>	<u>36,812</u>	<u>(152)</u>
Charges to appropriations (outflows):				
Public protection				
Interfund transfers	36,904	36,964	36,802	162
Total charges to appropriations	<u>36,904</u>	<u>36,964</u>	<u>36,802</u>	<u>162</u>
Budgetary fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations"
from the budgetary comparison schedule

\$ 36,802

Differences - budget to GAAP:

Interfund transfers to other funds are outflows of budgetary resources but
are not expenditures for financial reporting purposes

(36,802)

Total expenditures as reported on the statement of revenues, expenditures and
changes in fund balances - nonmajor special revenue funds

\$ -

COUNTY OF SANTA CLARA
 Budgetary Comparison Schedule
 Other Special Revenue Funds
 For the Fiscal Year Ended June 30, 2011
 (In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 2,243	\$ 2,243	\$ 2,243	\$ -
Resources (inflows):				
Licenses and permits	40	40	49	9
Fines, forfeitures, and penalties	3	3	6	3
Interest and investment income	7	7	5	(2)
Intergovernmental revenues	335	268	294	26
Charges for services	1,085	1,085	1,040	(45)
Other revenue	1,025	1,005	1,162	157
Interfund transfers	-	172	172	-
Total resources (inflows) available for appropriation	<u>2,495</u>	<u>2,580</u>	<u>2,728</u>	<u>148</u>
Charges to appropriations (outflows):				
General government				
Services and supplies	59	78	71	7
Interfund transfers	157	157	157	-
Total general government	<u>216</u>	<u>235</u>	<u>228</u>	<u>7</u>
Public protection				
Salaries and benefits	1,481	1,493	1,435	58
Services and supplies	1,150	1,149	702	447
Other charges	22	22	-	22
Reserves	100	100	-	100
Total public protection	<u>2,753</u>	<u>2,764</u>	<u>2,137</u>	<u>627</u>
Total charges to appropriations	<u>2,969</u>	<u>2,999</u>	<u>2,365</u>	<u>634</u>
Budgetary fund balances, end of year	<u>\$ 1,769</u>	<u>\$ 1,824</u>	<u>\$ 2,606</u>	<u>\$ 782</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources"	
from the budgetary comparison schedule	\$ 2,728
Differences - budget to GAAP:	
Interfund transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(172)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor special revenue funds	<u>\$ 2,556</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations"	
from the budgetary comparison schedule	\$ 2,365
Differences - budget to GAAP:	
Encumbrances for services and supplies ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year services is incurred or supplies received for financial reporting purposes	(42)
Differences - budget to GAAP:	
Interfund transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(157)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor special revenue funds	<u>\$ 2,166</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Other Special Revenue Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Mortgage and Rental Assistance</u>				
Budgetary fund balances, beginning of year	\$ 13	\$ 13	\$ 13	\$ -
Charges to appropriations (outflows):				
Public assistance:				
Interfund transfers	13	13	13	-
Total charges to appropriations	13	13	13	-
Budgetary fund balances, end of year	\$ -	\$ -	\$ -	\$ -
<u>Survey Monument Preservation</u>				
Budgetary fund balances, beginning of year	\$ 908	\$ 908	\$ 908	\$ -
Resources (inflows):				
Charges for services	48	48	53	5
Charges to appropriations (outflows):				
General government:				
Services and supplies	55	55	40	15
Total charges to appropriations	55	55	40	15
Budgetary fund balances, end of year	\$ 901	\$ 901	\$ 921	\$ 20
<u>Weed Abatement</u>				
Budgetary fund balances, beginning of year	\$ 118	\$ 118	\$ 118	\$ -
Resources (inflows):				
Intergovernmental revenues	67	-	-	-
Charges for services	647	647	643	(4)
Total resources (inflows) available for appropriation	714	647	643	(4)
Charges to appropriations (outflows):				
Public protection:				
Salaries and benefits	275	275	218	57
Services and supplies	623	635	227	408
Other charges	22	22	-	22
Total charges to appropriations	920	932	445	487
Budgetary fund balances, end of year	\$ (88)	\$ (167)	\$ 316	\$ 483
<u>Correctional Facility</u>				
Budgetary fund balances, beginning of year	\$ 2	\$ 2	\$ 2	\$ -
Budgetary fund balances, end of year	\$ 2	\$ 2	\$ 2	\$ -

COUNTY OF SANTA CLARA
 Budgetary Comparison Schedule
 Other Special Revenue Funds
 For the Fiscal Year Ended June 30, 2011
 (In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Integrated Waste Management</u>				
Budgetary fund balances, beginning of year	\$ 94	\$ 94	\$ 94	\$ -
Resources (inflows):				
Intergovernmental revenue	1	1	1	-
Charges for services	225	225	190	(35)
Other revenue	1,025	1,005	1,026	21
Interfund transfers	-	172	172	-
Total resources (inflows) available for appropriation	<u>1,251</u>	<u>1,403</u>	<u>1,389</u>	<u>(14)</u>
Charges to appropriations (outflows):				
Public protection:				
Salaries and benefits	799	804	803	1
Services and supplies	428	422	413	9
Total charges to appropriations	<u>1,227</u>	<u>1,226</u>	<u>1,216</u>	<u>10</u>
Budgetary fund balances, end of year	<u>\$ 118</u>	<u>\$ 271</u>	<u>\$ 267</u>	<u>\$ (4)</u>
<u>Juvenile Welfare</u>				
Budgetary fund balances, beginning of year	\$ 147	\$ 147	\$ 147	\$ -
Resources (inflows):				
Charges for services	35	35	-	(35)
Other revenue	-	-	34	34
Total resources (inflows) available for appropriation	<u>35</u>	<u>35</u>	<u>34</u>	<u>(1)</u>
Charges to appropriations (outflows):				
Public protection:				
Services and supplies	35	35	20	15
Total charges to appropriations	<u>35</u>	<u>35</u>	<u>20</u>	<u>15</u>
Budgetary fund balances, end of year	<u>\$ 147</u>	<u>\$ 147</u>	<u>\$ 161</u>	<u>\$ 14</u>
<u>LAFCO</u>				
Budgetary fund balances, beginning of year	\$ 277	\$ 277	\$ 277	\$ -
Resources (inflows):				
Licenses and permits	40	40	49	9
Interest and investment income	7	7	5	(2)
Intergovernmental revenues	268	268	293	25
Other revenue	-	-	102	102
Total resources (inflows) available for appropriation	<u>315</u>	<u>315</u>	<u>449</u>	<u>134</u>
Charges to appropriations (outflows):				
Public protection:				
Salaries and benefits	407	414	414	-
Services and supplies	64	57	42	15
Reserves	100	100	-	100
Total charges to appropriations	<u>571</u>	<u>571</u>	<u>456</u>	<u>115</u>
Budgetary fund balances, end of year	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 270</u>	<u>\$ 249</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Other Special Revenue Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Fish and Game</u>				
Budgetary fund balances, beginning of year	\$ 28	\$ 28	\$ 28	\$ -
Resources (inflows):				
Fines, forfeitures, and penalties	3	3	6	3
Charges to appropriations (outflows):				
General government:				
Services and supplies	4	23	22	1
Total charges to appropriations	4	23	22	1
Budgetary fund balances, end of year	<u>\$ 27</u>	<u>\$ 8</u>	<u>\$ 12</u>	<u>\$ 4</u>
<u>Health Vital Statistics</u>				
Budgetary fund balances, beginning of year	\$ 647	\$ 647	\$ 647	\$ -
Resources (inflows):				
Charges for services	130	130	154	24
Charges to appropriations (outflows):				
General government:				
Interfund transfer	144	144	144	-
Total charges to appropriations	144	144	144	-
Budgetary fund balances, end of year	<u>\$ 633</u>	<u>\$ 633</u>	<u>\$ 657</u>	<u>\$ 24</u>



Nonmajor Debt Service Funds

COUNTY OF SANTA CLARA

Nonmajor Governmental Funds

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The following are the County's Debt Service Funds:

Multiple Facilities Bonds – accounts for the required debt service reserve amount of the 2006 lease revenue bonds Series I, 2007 lease revenue bonds Series K, 2008 lease revenue bonds Series A & L, and 2010 lease revenue bonds Series N.

Hospital Facilities Bonds – accounts for the required debt service reserve amount and the principal retirement and related interest payments of the Hospital Facilities Authority Bonds. Revenue sources consist of interest earnings on the reserve amount and the operating transfers from the General Fund.

Justice Facilities Bonds – accounts for the principal retirement and related interest payments of the Justice Facilities Bonds. Revenue sources consist of interest earnings and fines and forfeitures.

Morgan Hill Courthouse Bonds – accounts for the principal retirement and related interest payments of the 2003 lease revenue bonds Series C and 2008 lease revenue bonds Series L. Revenue sources consist of interest earnings and operating transfers from the Morgan Hill Courthouse Capital Projects fund.

General Obligation Bonds – accounts for the required principal retirement and related interest payments of the County's General Obligation Bonds. These bonds were approved by Measure A to provide funding to rebuild, improve and seismic retrofit of Valley Medical Center. Revenue sources consist of interest earnings and property tax revenue collected to service debt.

Qualified Energy Conservation Bonds – accounts for collection of investment interest earned by proceeds of 2011 lease revenue bonds Series A to be used for County's solar electric systems project construction and required principal retirements and related interest payments.

COUNTY OF SANTA CLARA

Combining Balance Sheet
Nonmajor Debt Service Funds

June 30, 2011
(In thousands)

	Multiple Facilities Bonds	Hospital Facilities Bonds	Justice Facilities Bonds	Morgan Hill Courthouse Bonds	General Obligation Bonds	Qualified Energy Conservation Bonds	Total
Assets:							
Cash and investments:							
Restricted with fiscal agents	\$ -	\$ 15,170	\$ -	\$ -	\$ -	\$ -	\$ 15,170
Other restricted	19,489	-	7,102	1,088	34,809	19	62,507
Securities lending collateral	506	-	180	28	883	512	2,109
Other receivables	35	131	12	3	38	35	254
Total assets	<u>\$ 20,030</u>	<u>\$ 15,301</u>	<u>\$ 7,294</u>	<u>\$ 1,119</u>	<u>\$ 35,730</u>	<u>\$ 566</u>	<u>\$ 80,040</u>
Liabilities and Fund Balances:							
Liabilities							
Securities lending collateral - due to borrowers	\$ 506	\$ -	\$ 180	\$ 28	\$ 883	\$ 512	\$ 2,109
Due to other funds	-	4,455	-	-	-	-	4,455
Total liabilities	<u>506</u>	<u>4,455</u>	<u>180</u>	<u>28</u>	<u>883</u>	<u>512</u>	<u>6,564</u>
Fund balances:							
Restricted	19,524	10,846	7,114	1,091	34,847	54	73,476
Total liabilities and fund balances	<u>\$ 20,030</u>	<u>\$ 15,301</u>	<u>\$ 7,294</u>	<u>\$ 1,119</u>	<u>\$ 35,730</u>	<u>\$ 566</u>	<u>\$ 80,040</u>

COUNTY OF SANTA CLARA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

	Multiple Facilities Bonds	Hospital Facilities Bonds	Justice Facilities Bonds	Morgan Hill Courthouse Bonds	General Obligation Bonds	Qualified Energy Conservation Bonds	Total
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 30,206	\$ -	\$ 30,206
Fines, forfeitures, and penalties	-	-	5,741	-	-	-	5,741
Interest and investment income	167	81	361	20	148	54	831
Securities lending activities:							
Securities lending income	1	-	-	-	1	-	2
Securities lending expenditures	(1)	-	-	-	-	-	(1)
Intergovernmental revenue	-	-	-	-	191	-	191
Total revenues	167	81	6,102	20	30,546	54	36,970
Expenditures:							
Debt service:							
Principal retirement	-	765	4,135	-	15,100	-	20,000
Interest and fiscal charges	68	89	1,950	-	16,172	-	18,279
Total expenditures	68	854	6,085	-	31,272	-	38,279
Excess (deficiency) of revenues over (under) expenditures	99	(773)	17	20	(726)	54	(1,309)
Other financing sources (uses):							
Transfers in	-	845	-	-	-	-	845
Transfers out	(1,861)	-	-	(2,000)	-	-	(3,861)
Total other financing sources (uses)	(1,861)	845	-	(2,000)	-	-	(3,016)
Net change in fund balances	(1,762)	72	17	(1,980)	(726)	54	(4,325)
Fund balances, beginning of year	21,286	10,774	7,097	3,071	35,573	-	77,801
Fund balances, end of year	\$ 19,524	\$ 10,846	\$ 7,114	\$ 1,091	\$ 34,847	\$ 54	\$ 73,476

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Multiple Facilities Bonds Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 21,286	\$ 21,286	\$ 21,286	\$ -
Resources (inflows):				
Interest and investment income	150	150	167	17
Total resources (inflows) available for appropriation	<u>150</u>	<u>150</u>	<u>167</u>	<u>17</u>
Charges to appropriations (outflows):				
Debt service:				
Interest and fiscal charges	-	68	68	-
Interfund transfers	1,950	1,882	1,861	21
Reserves	-	2,550	-	2,550
Total charges to appropriations	<u>1,950</u>	<u>4,500</u>	<u>1,929</u>	<u>2,571</u>
Budgetary fund balances, end of year	<u>\$ 19,486</u>	<u>\$ 16,936</u>	<u>\$ 19,524</u>	<u>\$ 2,588</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations"
from the budgetary comparison schedule

\$ 1,929

Differences - budget to GAAP:

Interfund transfers to other funds are outflows of budgetary resources
but are not expenditures for financial reporting purposes

(1,861)

Total expenditures as reported on the statement of revenues, expenditures and
changes in fund balances - nonmajor debt service funds

\$ 68

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Hospital Facilities Bonds Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 10,774	\$ 10,774	\$ 10,774	\$ -
Resources (inflows):				
Interest and investment income	574	574	81	(493)
Interfund transfers	951	951	845	(106)
Total resources (inflows) available for appropriation	<u>1,525</u>	<u>1,525</u>	<u>926</u>	<u>(599)</u>
Charges to appropriations (outflows):				
Debt service:				
Principal retirement	845	845	765	80
Interest and fiscal charges	680	680	89	591
Rescerves	-	10,167	-	10,167
Total charges to appropriations	<u>1,525</u>	<u>11,692</u>	<u>854</u>	<u>10,838</u>
Budgetary fund balances, end of year	<u>\$ 10,774</u>	<u>\$ 607</u>	<u>\$ 10,846</u>	<u>\$ 10,239</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 926
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(845)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor debt service funds	<u>\$ 81</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Justice Facilities Bonds Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 7,097	\$ 7,097	\$ 7,097	\$ -
Resources (inflows):				
Fines, forfeitures, and penalties	5,768	5,768	5,741	(27)
Interest and investment income	320	320	361	41
Total resources (inflows) available for appropriation	<u>6,088</u>	<u>6,088</u>	<u>6,102</u>	<u>14</u>
Charges to appropriations (outflows):				
Debt service:				
Principal retirement	4,135	4,135	4,135	-
Interest and fiscal charges	1,953	1,953	1,950	3
Reserves	-	529	-	529
Total charges to appropriations	<u>6,088</u>	<u>6,617</u>	<u>6,085</u>	<u>532</u>
Budgetary fund balances, end of year	<u>\$ 7,097</u>	<u>\$ 6,568</u>	<u>\$ 7,114</u>	<u>\$ 546</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Morgan Hill Courthouse Bonds Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 3,071	\$ 3,071	\$ 3,071	\$ -
Resources (inflows):				
Interest and investment income	-	-	20	20
Total resources (inflows) available for appropriation	-	-	20	20
Charges to appropriations (outflows):				
Interfund transfers	2,000	2,000	2,000	-
Reserves	-	1,071	-	1,071
Total charges to appropriations	2,000	3,071	2,000	1,071
Budgetary fund balances, end of year	<u>\$ 1,071</u>	<u>\$ -</u>	<u>\$ 1,091</u>	<u>\$ 1,091</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,000
Differences - budget to GAAP:	
Interfund transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(2,000)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor debt service funds	<u>\$ -</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
General Obligation Bonds Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 35,573	\$ 35,573	\$ 35,573	\$ -
Resources (inflows):				
Taxes	31,347	31,347	30,206	(1,141)
Interest and investment income	-	-	149	149
Intergovernmental revenues	-	-	191	191
Total resources (inflows) available for appropriation	<u>31,347</u>	<u>31,347</u>	<u>30,546</u>	<u>(801)</u>
Charges to appropriations (outflows):				
Debt service:				
Principal retirement	15,100	15,100	15,100	-
Interest and fiscal charges	16,247	16,247	16,172	75
Reserves	-	35,573	-	35,573
Total charges to appropriations	<u>31,347</u>	<u>66,920</u>	<u>31,272</u>	<u>35,648</u>
Budgetary fund balances, end of year	<u>\$ 35,573</u>	<u>\$ -</u>	<u>\$ 34,847</u>	<u>\$ 34,847</u>



Nonmajor Capital Project Funds

COUNTY OF SANTA CLARA

Nonmajor Governmental Funds

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. The following summarizes the County's Capital Projects Funds:

General Capital Improvement Fund – accounts for general improvements to County facilities, including the reconstruction and expansion of major capital facilities owned or leased by the County. Revenue sources consist of proceeds from the use and sale of property, interest earnings, and contributions from other County funds.

Multiple Facilities Construction – accounts for various construction and renovation projects financed by proceeds of the 2006 lease revenue bonds Series I and 2005 lease revenue bonds Series H, which was refunded by 2008 lease revenue bonds Series L.

Parks Acquisition and Development – accounts for the acquisition, development, and maintenance of County parks. The source of revenue is primarily property taxes.

Qualified Energy Conservation Bonds – accounts for installation, implementation and construction of solar electric systems for the County. The projects are financed by proceeds of 2011 lease revenue bonds Series A.

COUNTY OF SANTA CLARA

Combining Balance Sheet
Nonmajor Capital Projects Funds

June 30, 2011
(In thousands)

	<u>General Capital Improvement</u>	<u>Multiple Facilities Construction</u>	<u>Parks Acquisition and Development</u>	<u>Qualified Energy Conservation Bonds</u>	<u>Total</u>
Assets:					
Cash and investments:					
Unrestricted	\$ 24,778	\$ -	\$ 88,183	\$ 19,776	\$ 132,737
Securities lending collateral	-	-	2,483	-	2,483
Other receivables	55	-	147	-	202
Due from other funds	8,606	-	-	-	8,606
Due from other governmental agencies	-	-	275	-	275
Total assets	<u>\$ 33,439</u>	<u>\$ -</u>	<u>\$ 91,088</u>	<u>\$ 19,776</u>	<u>\$ 144,303</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 4,135	\$ -	\$ 300	\$ -	\$ 4,435
Other accrued liabilities	-	-	3,000	-	3,000
Securities lending collateral - due to borrowers	-	-	2,483	-	2,483
Due to other funds	-	-	-	8,595	8,595
Advances from other funds	16,040	-	-	-	16,040
Deferred revenue	-	-	312	-	312
Total liabilities	<u>20,175</u>	<u>-</u>	<u>6,095</u>	<u>8,595</u>	<u>34,865</u>
Fund Balances:					
Restricted	-	-	84,993	11,181	96,174
Committed	13,264	-	-	-	13,264
Total fund balances	<u>13,264</u>	<u>-</u>	<u>84,993</u>	<u>11,181</u>	<u>109,438</u>
Total liabilities and fund balances	<u>\$ 33,439</u>	<u>\$ -</u>	<u>\$ 91,088</u>	<u>\$ 19,776</u>	<u>\$ 144,303</u>

COUNTY OF SANTA CLARA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

	General Capital Improvement	Multiple Facilities Construction	Parks Acquisition and Development	Qualified Energy Conservation Bonds	Total
Revenues:					
Taxes	\$ -	\$ -	\$ 7,437	\$ -	\$ 7,437
Interest and investment income	-	-	637	-	637
Securities lending activities:					
Securities lending income	-	-	4	-	4
Securities lending expenditures	-	-	(2)	-	(2)
Intergovernmental revenues	-	-	3,339	-	3,339
Charges for services	835	-	59	-	894
Other revenue	101	-	195	-	296
Total revenues	936	-	11,669	-	12,605
Expenditures:					
Capital outlay	36,894	-	6,525	-	43,419
Debt service:					
Interest and fiscal charges	664	-	-	-	664
Cost of issuance	-	-	-	231	231
Total expenditures	37,558	-	6,525	231	44,314
Excess (deficiency) of revenues over (under) expenditures	(36,622)	-	5,144	(231)	(31,709)
Other financing sources (uses):					
Proceeds from sales of capital assets	-	-	26	-	26
Lease revenue bonds issuance	-	-	-	20,368	20,368
Transfers in	67,756	-	1,186	-	68,942
Transfers out	(25,727)	(603)	-	(8,956)	(35,286)
Total other financing sources (uses)	42,029	(603)	1,212	11,412	54,050
Net change in fund balances	5,407	(603)	6,356	11,181	22,341
Fund balances, beginning of year	7,857	603	78,637	-	87,097
Fund balances, end of year	\$ 13,264	\$ -	\$ 84,993	\$ 11,181	\$ 109,438

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
General Capital Improvement Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 7,857	\$ 7,857	\$ 7,857	\$ -
Resources (inflows):				
Charges for services	-	835	835	-
Other revenue	6	105	101	(4)
Interfund transfers	<u>18,303</u>	<u>83,719</u>	<u>67,756</u>	<u>(15,963)</u>
Total resources (inflows) available for appropriation	<u>18,309</u>	<u>84,659</u>	<u>68,692</u>	<u>(15,967)</u>
Charges to appropriations (outflows):				
Debt service				
Interest and fiscal charges	-	8,587	664	7,923
Capital outlay	59,973	68,409	42,622	25,787
Interfund transfers	<u>-</u>	<u>25,727</u>	<u>25,727</u>	<u>-</u>
Total charges to appropriations	<u>59,973</u>	<u>102,723</u>	<u>69,013</u>	<u>33,710</u>
Budgetary fund balances, end of year	<u>\$ (33,807)</u>	<u>\$ (10,207)</u>	<u>\$ 7,536</u>	<u>\$ 17,743</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 68,692
Differences - budget to GAAP:	
Interfund transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(67,756)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor capital projects funds	<u>\$ 936</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 69,013
Differences - budget to GAAP:	
Encumbrances for services and supplies ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year services is incurred or supplies received for financial reporting purposes	<u>(5,728)</u>
Interfund transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(25,727)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor capital projects funds	<u>\$ 37,558</u>

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Multiple Facilities Construction Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 603	\$ 603	\$ 603	\$ -
Charges to appropriations (outflows):				
Interfund transfers	<u>604</u>	<u>604</u>	<u>603</u>	<u>1</u>
Total charges to appropriations	<u>604</u>	<u>604</u>	<u>603</u>	<u>1</u>
Budgetary fund balances, end of year	<u><u>\$ (1)</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1</u></u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations"
from the budgetary comparison schedule

\$ 603

Differences - budget to GAAP:

Interfund transfers to other funds are outflows of budgetary resources
but are not expenditures for financial reporting purposes

(603)

Total expenditures as reported on the statement of revenues, expenditures and
changes in fund balances - nonmajor capital projects funds

\$ -

COUNTY OF SANTA CLARA

Budgetary Comparison Schedule
Parks Acquisition and Development Fund

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 78,637	\$ 78,637	\$ 78,637	\$ -
Resources (inflows):				
Taxes	7,333	7,333	7,437	104
Interest and investment income	1,300	1,300	639	(661)
Intergovernmental revenues	1,062	1,062	3,339	2,277
Charges for services	-	-	59	59
Other revenue	300	300	195	(105)
Interfund transfers	1,690	1,690	1,186	(504)
Other financing sources	-	-	26	26
Total resources (inflows) available for appropriation	<u>11,685</u>	<u>11,685</u>	<u>12,881</u>	<u>1,196</u>
Charges to appropriations (outflows):				
Capital outlay	49,786	51,754	11,752	40,002
Interfund transfers	90	90	-	90
Total charges to appropriations	<u>49,876</u>	<u>51,844</u>	<u>11,752</u>	<u>40,092</u>
Budgetary fund balances, end of year	<u>\$ 40,446</u>	<u>\$ 38,478</u>	<u>\$ 79,766</u>	<u>\$ 41,288</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 12,881
Differences - budget to GAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(26)
Interfund transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(1,186)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor capital projects funds	<u>\$ 11,669</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,752
Differences - budget to GAAP:	
Encumbrances for services and supplies ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year services is incurred or supplies received for financial reporting purposes	<u>(5,227)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor capital projects funds	<u>\$ 6,525</u>

COUNTY OF SANTA CLARA
 Budgetary Comparison Schedule
 Qualified Energy Conservation Bonds Fund
 For the Fiscal Year Ended June 30, 2011
 (In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balances, beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Other financing sources	-	20,368	20,368	-
Total resources (inflows) available for appropriation	-	20,368	20,368	-
Charges to appropriations (outflows):				
Debt service:				
Cost of issuance	-	245	231	14
Capital outlay	-	11,147	11,147	-
Interfund transfers	-	8,976	8,956	20
Total charges to appropriations	-	20,368	20,334	34
Budgetary fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 34</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 20,368
Differences - budget to GAAP:	
Proceeds from bonds issuance are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(20,368)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor capital projects funds	<u>\$ -</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 20,334
Differences - budget to GAAP:	
Interfund transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(8,956)
Encumbrances for capital outlay that are reported for budgetary purpose but are not expenditures for financial reporting purpose	<u>(11,147)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - nonmajor capital projects funds	<u>\$ 231</u>

This page intentionally left blank.



Nonmajor Enterprise Funds

COUNTY OF SANTA CLARA

Nonmajor Enterprise Funds

Enterprise Funds account for operations that operate in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed primarily through user charges. The following summarizes the County's nonmajor Enterprise Funds:

Airport – accounts for the maintenance and operation of the County airports. Revenues consist primarily of user service charges.

Sanitation District – accounts for the operation of the County Sanitation District 2 – 3 of Santa Clara County. Revenues consist primarily of user service charges.

COUNTY OF SANTA CLARA

Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds

June 30, 2011

(In thousands)

Assets	Airport	Sanitation District	Total
Current assets:			
Cash and investments:			
Unrestricted	\$ 1,182	\$ 6,731	\$ 7,913
Restricted with fiscal agent	736	-	736
Securities lending collateral	31	83	114
Receivables:			
Other receivables	85	11	96
Total current assets	<u>2,034</u>	<u>6,825</u>	<u>8,859</u>
Noncurrent assets:			
Other assets	158	12	170
Capital assets:			
Nondepreciable	4,292	-	4,292
Depreciable	14,297	924	15,221
Capital assets, net	<u>18,589</u>	<u>924</u>	<u>19,513</u>
Total noncurrent assets	<u>18,747</u>	<u>936</u>	<u>19,683</u>
Total assets	<u>20,781</u>	<u>7,761</u>	<u>28,542</u>
Liabilities			
Current liabilities:			
Accounts payable	133	362	495
Accrued salaries and benefits	60	-	60
Accrued liabilities	157	6	163
Securities lending collateral - due to borrowers	31	83	114
Unearned revenue	89	-	89
Current portion of accrued vacation and sick leave	8	-	8
Current portion of bonds payable	169	-	169
Total current liabilities	<u>647</u>	<u>451</u>	<u>1,098</u>
Noncurrent liabilities:			
Noncurrent portion of accrued vacation and sick leave	89	-	89
Noncurrent portion of bonds payable	4,949	-	4,949
Total noncurrent liabilities	<u>5,038</u>	<u>-</u>	<u>5,038</u>
Total liabilities	<u>5,685</u>	<u>451</u>	<u>6,136</u>
Net Assets			
Investment in capital assets, net of related debt	13,911	924	14,835
Restricted for debt service	296	-	296
Unrestricted	889	6,386	7,275
Total net assets	<u>\$ 15,096</u>	<u>\$ 7,310</u>	<u>\$ 22,406</u>

COUNTY OF SANTA CLARA

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2011

(In thousands)

	<u>Airport</u>	<u>Sanitation District</u>	<u>Total</u>
Operating revenues:			
Charges for service	\$ 3,277	\$ 2,024	\$ 5,301
Operating expenses:			
Salaries and benefits	1,293	-	1,293
Services and supplies	952	9	961
Professional services	-	551	551
Depreciation and amortization	960	31	991
Insurance	-	14	14
Other	12	1,959	1,971
Total operating expenses	<u>3,217</u>	<u>2,564</u>	<u>5,781</u>
Operating income (loss)	<u>60</u>	<u>(540)</u>	<u>(480)</u>
Nonoperating revenues (expenses):			
Interest income	10	50	60
Interest expense	(249)	-	(249)
Loss on disposal of capital assets	-	(13)	(13)
Total nonoperating revenues (expenses), net	<u>(239)</u>	<u>37</u>	<u>(202)</u>
Income (loss) before transfers	<u>(179)</u>	<u>(503)</u>	<u>(682)</u>
Transfers in	11	-	11
Change in net assets	<u>(168)</u>	<u>(503)</u>	<u>(671)</u>
Net assets at beginning of year	<u>15,264</u>	<u>7,813</u>	<u>23,077</u>
Net assets, end of year	<u>\$ 15,096</u>	<u>\$ 7,310</u>	<u>\$ 22,406</u>

COUNTY OF SANTA CLARA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2011
(In thousands)

	Airport	Sanitation District	Total
Cash flows from operating activities:			
Cash receipts from customers and users	\$ 3,243	\$ 2,026	\$ 5,269
Cash payment to suppliers for goods and services	(1,005)	(2,248)	(3,253)
Cash payment to employees for services	(1,336)	-	(1,336)
Net cash provided by (used in) operating activities	<u>902</u>	<u>(222)</u>	<u>680</u>
Cash flows from noncapital financial activities:			
Transfers in	<u>11</u>	<u>-</u>	<u>11</u>
Net cash provided by noncapital financing activities	<u>11</u>	<u>-</u>	<u>11</u>
Cash flows from capital and related financing activities:			
Repayment of bonds	(160)	-	(160)
Interest paid	(247)	-	(247)
Acquisition of capital assets	(149)	(21)	(170)
Net cash used in capital and related financing activities	<u>(556)</u>	<u>(21)</u>	<u>(577)</u>
Cash flows from investing activities:			
Investment income received	<u>10</u>	<u>50</u>	<u>60</u>
Net cash provided by investing activities	<u>10</u>	<u>50</u>	<u>60</u>
Net change in cash and cash equivalents	367	(193)	174
Cash and cash equivalents, beginning of year	<u>1,551</u>	<u>6,924</u>	<u>8,475</u>
Cash and cash equivalents, end of year	<u>\$ 1,918</u>	<u>\$ 6,731</u>	<u>\$ 8,649</u>
Cash and cash equivalents:			
Cash and investments:			
Unrestricted	\$ 1,182	\$ 6,731	\$ 7,913
Restricted with fiscal agent	<u>736</u>	<u>-</u>	<u>736</u>
Total cash and cash equivalents	<u>\$ 1,918</u>	<u>\$ 6,731</u>	<u>\$ 8,649</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 60	\$ (540)	\$ (480)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	960	31	991
Decrease (increase) in assets:			
Receivables	(24)	2	(22)
Due from other governmental agencies	1	-	1
Prepaid and other assets	7	-	7
Increase (decrease) in liabilities:			
Accounts payable	(47)	280	233
Accrued salaries and benefits	(3)	-	(3)
Accrued liabilities	(1)	5	4
Accrued vacation and sick leave	(40)	-	(40)
Deferred revenue	<u>(11)</u>	<u>-</u>	<u>(11)</u>
Net cash provided by (used in) operating activities	<u>\$ 902</u>	<u>\$ (222)</u>	<u>\$ 680</u>



Internal Service Funds

COUNTY OF SANTA CLARA

Internal Service Funds

Internal Service Funds account for the financing of goods and services by one department or agency to other departments or agencies of the County, or to other governments, on a cost – reimbursement basis. Internal Service Funds bill users for services provided. The following are the County’s Internal Service Funds:

Information Services – accounts for centralized information management services.

Fleet Management – accounts for vehicles and maintenance service provided to County departments.

Insurance – accounts for liability claims against the County, the administration of the insurance program, and associated legal and adjustment expenses.

Printing – accounts for printing service functions such as reproduction, layouts and forms.

Unemployment Insurance – accounts for unemployment compensation claims filed against the County.

Workers’ Compensation – accounts for disability, medical, and rehabilitation expenses and related costs associated with on-the-job injuries.

Employee Benefits – accounts for employee life insurance and dental insurance benefits related to the settlement of employee claims.

Retiree Healthcare – accounts for contributions from the County and its employees and earnings from investments. Disbursements are made to retirees for healthcare, disability and death benefits (based on a defined benefit formula) and administrative expenses.

Pension Obligation – accounts for the issuance of pension obligation bonds to pay a portion of the County’s unfunded actuarial accrued liability (UAAL). Contributions will be collected from departments through bi-weekly payroll and debt service payments will be made on the pension obligation bonds.

COUNTY OF SANTA CLARA
 Combining Statement of Fund Net Assets
 Internal Service Funds

June 30, 2011
 (In thousands)

	Information Services	Fleet Management	Insurance	Printing	Unemployment Insurance
Assets:					
Current assets:					
Cash and investments:					
Unrestricted	\$ 10,683	\$ 10,328	\$ 25,515	\$ 1,102	\$ 1,873
Restricted with fiscal agent	-	-	13,685	-	-
Other restricted	-	-	-	-	-
Securities lending collateral	257	257	687	13	51
Accounts receivable, net	82	349	196	1	120
Due from other governmental agencies	27	-	-	-	-
Inventories	200	796	-	140	-
Prepaid rent/insurance	370	-	1,095	-	-
Total current assets	<u>11,619</u>	<u>11,730</u>	<u>41,178</u>	<u>1,256</u>	<u>2,044</u>
Noncurrent assets:					
Advances to other funds	-	-	-	-	-
Net pension asset	-	-	-	-	-
Other assets	-	-	-	-	-
Capital assets:					
Nondepreciable	-	1,295	-	-	-
Depreciable	2,295	5,127	-	-	-
Total noncurrent assets	<u>2,295</u>	<u>6,422</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>13,914</u>	<u>18,152</u>	<u>41,178</u>	<u>1,256</u>	<u>2,044</u>
Liabilities:					
Current liabilities:					
Accounts payable	349	1,511	2,303	32	2
Accrued salaries and benefits	1,121	269	62	56	-
Accrued liabilities	-	-	-	-	-
Securities lending collateral - due to borrowers	257	257	687	13	51
Due to other funds	-	85	-	-	-
Current portion of insurance claims	-	-	9,511	-	2,340
Current portion of accrued vacation and sick leave	156	21	7	1	-
Current portion of bonds payable	-	-	-	-	-
Total current liabilities	<u>1,883</u>	<u>2,143</u>	<u>12,570</u>	<u>102</u>	<u>2,393</u>
Noncurrent liabilities:					
Noncurrent portion of insurance claims	-	-	17,035	-	-
Noncurrent portion of accrued vacation and sick leave	2,363	435	145	173	-
Noncurrent portion of bonds payable	-	-	-	-	-
Net OPEB obligation	-	-	-	-	-
Total noncurrent liabilities	<u>2,363</u>	<u>435</u>	<u>17,180</u>	<u>173</u>	<u>-</u>
Total liabilities	<u>4,246</u>	<u>2,578</u>	<u>29,750</u>	<u>275</u>	<u>2,393</u>
Net assets:					
Invested in capital assets, net of related debt	2,295	6,422	-	-	-
Unrestricted (deficit)	7,373	9,152	11,428	981	(349)
Total net assets (deficit)	<u>\$ 9,668</u>	<u>\$ 15,574</u>	<u>\$ 11,428</u>	<u>\$ 981</u>	<u>\$ (349)</u>

COUNTY OF SANTA CLARA
 Combining Statement of Fund Net Assets
 Internal Service Funds

June 30, 2011
 (In thousands)

Workers' Compensation	Employee Benefits	Retiree Healthcare	Pension Obligation	Total	
					Assets:
					Current assets:
					Cash and investments:
\$ 48,172	\$ 9,489	\$ 162,841	\$ -	\$ 270,003	Unrestricted
-	-	-	-	13,685	Restricted with fiscal agent
-	366	-	-	366	Other restricted
1,268	242	9,717	-	12,492	Securities lending collateral
3,220	1,216	1,834	924	7,942	Accounts receivable, net
-	-	469	-	496	Due from other governmental agencies
-	-	-	-	1,136	Inventories
-	-	-	-	1,465	Prepaid rent/insurance
<u>52,660</u>	<u>11,313</u>	<u>174,861</u>	<u>924</u>	<u>307,585</u>	Total current assets
					Noncurrent assets:
-	-	16,040	-	16,040	Advances to other funds
-	-	-	366,647	366,647	Net pension asset
-	-	-	2,469	2,469	Other assets
					Capital assets:
-	-	-	-	1,295	Nondepreciable
1	-	-	-	7,423	Depreciable
<u>1</u>	<u>-</u>	<u>16,040</u>	<u>369,116</u>	<u>393,874</u>	Total noncurrent assets
<u>52,661</u>	<u>11,313</u>	<u>190,901</u>	<u>370,040</u>	<u>701,459</u>	Total assets
					Liabilities:
					Current liabilities:
357	946	-	5	5,505	Accounts payable
176	-	-	-	1,684	Accrued salaries and benefits
-	-	-	7,415	7,415	Accrued liabilities
1,268	242	9,717	-	12,492	Securities lending collateral - due to borrowers
-	-	-	1,082	1,167	Due to other funds
22,878	2,174	-	-	36,903	Current portion of insurance claims
18	-	-	-	203	Current portion of accrued vacation and sick leave
-	-	-	2,990	2,990	Current portion of bonds payable
<u>24,697</u>	<u>3,362</u>	<u>9,717</u>	<u>11,492</u>	<u>68,359</u>	Total current liabilities
					Noncurrent liabilities:
61,385	-	-	-	78,420	Noncurrent portion of insurance claims
272	-	-	-	3,388	Noncurrent portion of accrued vacation and sick leave
-	-	-	406,231	406,231	Noncurrent portion of bonds payable
-	-	119,809	-	119,809	Net OPEB obligation
<u>61,657</u>	<u>-</u>	<u>119,809</u>	<u>406,231</u>	<u>607,848</u>	Total noncurrent liabilities
<u>86,354</u>	<u>3,362</u>	<u>129,526</u>	<u>417,723</u>	<u>676,207</u>	Total liabilities
					Net assets:
1	-	-	-	8,718	Invested in capital assets, net of related debt
(33,694)	7,951	61,375	(47,683)	16,534	Unrestricted (deficit)
<u>\$ (33,693)</u>	<u>\$ 7,951</u>	<u>\$ 61,375</u>	<u>\$ (47,683)</u>	<u>\$ 25,252</u>	Total net assets (deficit)

COUNTY OF SANTA CLARA

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

	Information Services	Fleet Management	Insurance	Printing	Unemployment Insurance
Operating revenues:					
Charges for services	\$ 28,136	\$ 20,149	\$ 20,544	\$ 1,938	\$ 2,753
Operating expenses:					
Salaries and benefits	20,898	5,279	1,192	1,057	-
Services and supplies	5,443	9,599	-	997	149
General and administrative	1,819	1,057	-	-	-
Professional services	-	-	682	-	66
Depreciation	841	2,770	1	-	-
Amortization of net pension asset	-	-	-	-	-
Lease and rentals	28	3	4	-	-
Insurance claims and premiums	-	-	21,922	-	3,482
Total operating expenses	29,029	18,708	23,801	2,054	3,697
Operating income (loss)	(893)	1,441	(3,257)	(116)	(944)
Nonoperating revenues (expenses):					
Interest and investment income (loss)	81	64	516	6	19
Interest expense	-	(2)	-	-	-
Securities lending activities:					
Securities lending income	-	-	1	-	-
Securities lending expenses	-	-	(1)	-	-
Gain on disposal of capital assets	43	315	-	-	-
Other	148	48	141	4	-
Total nonoperating revenues (expenses)	272	425	657	10	19
Income (loss) before transfers	(621)	1,866	(2,600)	(106)	(925)
Transfers out	-	(500)	-	-	-
Change in net assets	(621)	1,366	(2,600)	(106)	(925)
Net assets (deficit), beginning of year	10,289	14,208	14,028	1,087	576
Net assets (deficit), end of year	\$ 9,668	\$ 15,574	\$ 11,428	\$ 981	\$ (349)

COUNTY OF SANTA CLARA

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

Workers' Compensation	Employee Benefits	Retiree Healthcare	Pension Obligation	Total	
\$ 32,987	\$ 21,982	\$ 53,204	\$ 20,967	\$ 202,660	Operating revenues: Charges for services
					Operating expenses:
3,464	-	139,921	-	171,811	Salaries and benefits
4,185	1,148	-	-	21,521	Services and supplies
473	123	1,013	-	4,485	General and administrative
-	-	-	-	748	Professional services
3	-	-	-	3,615	Depreciation
-	-	-	(4,997)	(4,997)	Amortization of net pension asset
-	-	-	-	35	Lease and rentals
29,627	19,125	-	-	74,156	Insurance claims and premiums
<u>37,752</u>	<u>20,396</u>	<u>140,934</u>	<u>(4,997)</u>	<u>271,374</u>	Total operating expenses
<u>(4,765)</u>	<u>1,586</u>	<u>(87,730)</u>	<u>25,964</u>	<u>(68,714)</u>	Operating income (loss)
					Nonoperating revenues (expenses):
323	75	7,724	(42)	8,766	Interest and investment income (loss)
-	(3)	-	(24,348)	(24,353)	Interest expense
					Securities lending activities:
2	-	13	-	16	Securities lending income
(1)	-	(9)	-	(11)	Securities lending expenses
-	-	-	-	358	Gain on disposal of capital assets
26	88	-	-	455	Other
<u>350</u>	<u>160</u>	<u>7,728</u>	<u>(24,390)</u>	<u>(14,769)</u>	Total nonoperating revenues (expenses)
<u>(4,415)</u>	<u>1,746</u>	<u>(80,002)</u>	<u>1,574</u>	<u>(83,483)</u>	Income (loss) before transfers
-	-	-	-	(500)	Transfers out
<u>(4,415)</u>	<u>1,746</u>	<u>(80,002)</u>	<u>1,574</u>	<u>(83,983)</u>	Change in net assets
<u>(29,278)</u>	<u>6,205</u>	<u>141,377</u>	<u>(49,257)</u>	<u>109,235</u>	Net assets (deficit), beginning of year
<u>\$ (33,693)</u>	<u>\$ 7,951</u>	<u>\$ 61,375</u>	<u>\$ (47,683)</u>	<u>\$ 25,252</u>	Net assets (deficit), end of year

COUNTY OF SANTA CLARA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Information Services</u>	<u>Fleet Management</u>	<u>Insurance</u>	<u>Printing</u>	<u>Unemployment Insurance</u>
Cash flows from operating activities:					
Cash receipts from customers and users	\$ 28,148	\$ 20,179	\$ 20,543	\$ 1,939	\$ 3,079
Cash payment to suppliers for goods and services	(7,128)	(9,768)	(530)	(940)	(216)
Cash payment to employees for services	(20,843)	(5,272)	(1,165)	(1,039)	-
Cash payment for retirement benefits	-	-	-	-	-
Cash payment for judgments and claims	-	-	(19,449)	-	(3,104)
Other receipts	148	48	141	4	-
Net cash provided by (used in) operating activities	<u>325</u>	<u>5,187</u>	<u>(460)</u>	<u>(36)</u>	<u>(241)</u>
Cash flows from noncapital financing activities:					
Cash receipts from short term borrowing from other funds	-	85	-	-	-
Cash payments to other funds	-	-	-	-	-
Principal paid on pension obligation bonds	-	-	-	-	-
Interest paid on pension obligation bonds	-	-	-	-	-
Transfers out	-	(500)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(415)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Repayment of capital leases	-	(95)	-	-	-
Interest paid	-	(2)	-	-	-
Acquisition of capital assets	(1,472)	(2,651)	-	-	-
Proceeds from sale of capital assets	43	328	-	-	-
Net cash used in capital and related financing activities	<u>(1,429)</u>	<u>(2,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Purchases of investments	-	-	-	-	-
Proceeds from sale of investments	-	-	-	-	-
Investment income received	81	64	517	6	19
Investment expenses paid	-	-	(1)	-	-
Net cash provided by (used in) investing activities	<u>81</u>	<u>64</u>	<u>516</u>	<u>6</u>	<u>19</u>
Net change in cash and cash equivalents	(1,023)	2,416	56	(30)	(222)
Cash and cash equivalents, beginning of year	11,706	7,912	39,144	1,132	2,095
Cash and cash equivalents, end of year	<u>\$ 10,683</u>	<u>\$ 10,328</u>	<u>\$ 39,200</u>	<u>\$ 1,102</u>	<u>\$ 1,873</u>
Cash and cash equivalents:					
Cash and investments:					
Unrestricted	\$ 10,683	\$ 10,328	\$ 25,515	\$ 1,102	\$ 1,873
Restricted with fiscal agent	-	-	13,685	-	-
Other restricted	-	-	-	-	-
Less deposits and investments not meeting the definition of cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents	<u>\$ 10,683</u>	<u>\$ 10,328</u>	<u>\$ 39,200</u>	<u>\$ 1,102</u>	<u>\$ 1,873</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (893)	\$ 1,441	\$ (3,257)	\$ (116)	\$ (944)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	841	2,770	1	-	-
Amortization of net pension asset	-	-	-	-	-
Miscellaneous nonoperating income	148	48	141	4	-
Decrease (increase) in assets:					
Receivables	(8)	30	-	1	326
Due from other governmental agencies	22	-	-	-	-
Inventories	125	(35)	-	40	-
Prepaid rent/insurance	(44)	-	156	-	-
Increase (decrease) in liabilities:					
Accounts payable	81	926	981	17	(1)
Accrued liabilities	62	7	7	4	-
Accrued vacation and sick leave	(7)	-	20	14	-
Insurance claims	-	-	1,491	-	378
Net OPEB obligation	-	-	-	-	-
Deferred revenue	(2)	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 325</u>	<u>\$ 5,187</u>	<u>\$ (460)</u>	<u>\$ (36)</u>	<u>\$ (241)</u>
Supplemental disclosure of noncash investing activities:					
Net appreciation in investments reported at fair value but not considered cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosure of noncash noncapital financing activities:					
Accretion of interest on capital appreciation bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SANTA CLARA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2011
(In thousands)

Workers' Compensation	Employee Benefits	Retiree Healthcare	Pension Obligation	Total
\$ 34,296	\$ 21,857	\$ 53,294	\$ 20,621	\$ 203,956
(4,833)	(1,245)	(1,013)	(4)	(25,677)
(3,502)	-	-	-	(31,821)
-	-	(58,350)	-	(58,350)
(25,380)	(19,882)	-	-	(67,815)
26	88	-	-	455
607	818	(6,069)	20,617	20,748
-	-	8,000	-	8,085
-	-	-	(606)	(606)
-	-	-	(2,020)	(2,020)
-	-	-	(17,949)	(17,949)
-	-	-	-	(500)
-	-	8,000	(20,575)	(12,990)
-	-	-	-	(95)
-	(3)	-	-	(5)
-	-	-	-	(4,123)
-	-	-	-	371
-	(3)	-	-	(3,852)
-	-	(8,657)	-	(8,657)
-	-	4,552	-	4,552
325	75	7,099	-	8,186
(1)	-	(9)	(42)	(53)
324	75	2,985	(42)	4,028
931	890	4,916	-	7,934
47,241	8,965	12,342	-	130,537
\$ 48,172	\$ 9,855	\$ 17,258	\$ -	\$ 138,471
\$ 48,172	\$ 9,489	\$ 162,841	\$ -	\$ 270,003
-	-	-	-	13,685
-	366	-	-	366
-	-	(145,583)	-	(145,583)
\$ 48,172	\$ 9,855	\$ 17,258	\$ -	\$ 138,471
\$ (4,765)	\$ 1,586	\$ (87,730)	\$ 25,964	\$ (68,714)
3	-	-	-	3,615
-	-	-	(4,997)	(4,997)
26	88	-	-	455
1,309	(125)	78	(346)	1,265
-	-	12	-	34
-	-	-	-	130
-	-	-	-	112
(175)	26	-	(4)	1,851
(9)	-	-	-	71
(29)	-	-	-	(2)
4,247	(757)	-	-	5,359
-	-	81,571	-	81,571
-	-	-	-	(2)
\$ 607	\$ 818	\$ (6,069)	\$ 20,617	\$ 20,748
\$ -	\$ -	\$ 638	\$ -	\$ 638
\$ -	\$ -	\$ -	\$ 6,346	\$ 6,346

Cash flows from operating activities:

Cash receipts from customers and users
Cash payment to suppliers for goods and services
Cash payment to employees for services
Cash payment for retirement benefits
Cash payment for judgments and claims
Other receipts

Net cash provided by (used in) operating activities

Cash flows from noncapital financing activities:

Cash receipts from short term borrowing from other funds
Cash payments to other funds
Principal paid on pension obligation bonds
Interest paid on pension obligation bonds
Transfers out

Net cash provided by (used in) noncapital financing activities

Cash flows from capital and related financing activities:

Repayment of capital leases
Interest paid
Acquisition of capital assets
Proceeds from sale of capital assets

Net cash used in capital and related financing activities

Cash flows from investing activities:

Purchases of investments
Proceeds from sale of investments
Investment income received
Investment expenses paid

Net cash provided by (used in) investing activities

Net change in cash and cash equivalents

Cash and cash equivalents, beginning of year

Cash and cash equivalents, end of year

Cash and cash equivalents:

Cash and investments:

Unrestricted
Restricted with fiscal agent
Other restricted
Less deposits and investments not meeting the
definition of cash and cash equivalents

Cash and cash equivalents

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:

Operating income (loss)
Adjustments to reconcile operating (loss) to net cash
provided by (used in) operating activities:

Depreciation
Amortization of net pension asset
Miscellaneous nonoperating income
Decrease (increase) in assets:
Receivables
Due from other governmental agencies
Inventories
Prepaid rent/insurance
Increase (decrease) in liabilities:
Accounts payable
Accrued liabilities
Accrued vacation and sick leave
Insurance claims
Net OPEB obligation
Deferred revenue

Net cash provided by (used in) operating activities

Supplemental disclosure of noncash investing activities:

Net appreciation in investments reported at
fair value but not considered cash and cash equivalents

Supplemental disclosure of noncash noncapital financing activities:

Accretion of interest on capital appreciation bonds

This page intentionally left blank.



Fiduciary Funds

COUNTY OF SANTA CLARA

Fiduciary Fund Types

Fiduciary Funds account for assets held by the County in a trustee capacity, or as an agent for private organizations, other governmental units, or other funds. The following are the County's Fiduciary Funds:

Investment Trust Funds

Commingled Pool – accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These include school and community college districts, other special districts and other agencies (other than schools and special districts), which use the County Treasury as their depository.

Individual Investment Account – accounts for specific investments acquired for the Palo Alto Unified School District, the Foothill De Anza Community College District, and the West Valley Mission Community College District. These investments are separate from the County's investment pool. The income from and changes in the value of these investments affect only the Palo Alto Unified School District, the Foothill De Anza Community College District, and the West Valley Mission Community College District.

Private Purpose Trust Fund

Private Purpose Trust fund – accounts for resources held in a trust capacity for and benefits primarily individuals, private organizations and other governments.

Agency Funds

County Income Protection Plan – accounts for premiums deducted from the employees' paychecks and remitted to the County's long-term disability insurance providers. Administrative fees owed and paid to the County's long-term disability insurance providers are also accounted for in this fund.

County Supplemental Life Insurance – accounts for premiums deducted from the employees' paychecks and remitted to the County's insurance providers for supplemental life insurance for these County employees. Administrative fees owed and paid to the insurance providers are also accounted for in this fund.

Apportioned Tax Resources – accounts for funds reserved for losses and property tax receipts apportioned to other local government agencies participating in the Teeter Plan.

Other Agency – accounts for assets held for other governmental agencies and governmental units by the County in a fiduciary capacity.

COUNTY OF SANTA CLARA
Combining Statement of Fiduciary Net Assets
Investment Trust Funds

June 30, 2011
(In thousands)

	Commingled Pool			Individual Investment Account	Total
	Special Districts	School Districts	Other Investment Trust		
Assets:					
Cash and investments:					
Unrestricted	\$ 125,549	\$ 2,442,963	\$ 41,032	\$ 148,928	\$ 2,758,472
Other restricted	5	-	-	-	5
Securities lending collateral	3,180	61,986	1,041	-	66,207
Interest receivable	454	9,344	144	115	10,057
Total assets	<u>129,188</u>	<u>2,514,293</u>	<u>42,217</u>	<u>149,043</u>	<u>2,834,741</u>
Liabilities:					
Securities lending collateral - due to borrowers	<u>3,180</u>	<u>61,986</u>	<u>1,041</u>	<u>-</u>	<u>66,207</u>
Net assets held in trust for pool participants	<u><u>\$ 126,008</u></u>	<u><u>\$ 2,452,307</u></u>	<u><u>\$ 41,176</u></u>	<u><u>\$ 149,043</u></u>	<u><u>\$ 2,768,534</u></u>

COUNTY OF SANTA CLARA
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Fiscal Year Ended June 30, 2011
(In thousands)

	Commingled Pool			Individual Investment Account	Total
	Special Districts	School Districts	Other Investment Trust		
Additions:					
Contributions to pooled investments	\$ 183,437	\$ 17,735,118	\$ 89,519	\$ 3,713	\$ 18,011,787
Interest and investment income	911	19,989	225	333	21,458
Securities lending activities:					
Securities lending income	4	90	1	-	95
Securities lending expenses	(2)	(53)	-	-	(55)
Total additions	184,350	17,755,144	89,745	4,046	18,033,285
Deductions:					
Distributions and administrative expenses	173,574	17,630,534	70,670	24,385	17,899,163
Net change in net assets	10,776	124,610	19,075	(20,339)	134,122
Net assets held in trust, beginning of year	115,232	2,327,697	22,101	169,382	2,634,412
Net assets held in trust, end of year	<u>\$ 126,008</u>	<u>\$ 2,452,307</u>	<u>\$ 41,176</u>	<u>\$ 149,043</u>	<u>\$ 2,768,534</u>

COUNTY OF SANTA CLARA

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Fiscal Year Ended June 30, 2011
(In thousands)

	<u>Balance,</u> <u>June 30, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance,</u> <u>June 30, 2011</u>
County Income Protection Plan				
Assets:				
Cash and investments:				
Unrestricted	\$ 7,062	\$ 5,714	\$ 6,322	\$ 6,454
Other restricted	137	131	-	268
Securities lending collateral	85	80	-	165
Receivable:				
Interest	15	-	4	11
Total assets	<u>\$ 7,299</u>	<u>\$ 5,925</u>	<u>\$ 6,326</u>	<u>\$ 6,898</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 85	\$ 80	\$ -	\$ 165
Fiduciary liabilities	7,214	12,402	12,883	6,733
Total liabilities	<u>\$ 7,299</u>	<u>\$ 12,482</u>	<u>\$ 12,883</u>	<u>\$ 6,898</u>
County Supplemental Life Insurance				
Assets:				
Cash and investments:				
Unrestricted	\$ 3,455	\$ 2,480	\$ 2,704	\$ 3,231
Other restricted	1,014	-	145	869
Securities lending collateral	42	40	-	82
Receivable:				
Interest	10	-	4	6
Total assets	<u>\$ 4,521</u>	<u>\$ 2,520</u>	<u>\$ 2,853</u>	<u>\$ 4,188</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 42	\$ 40	\$ -	\$ 82
Fiduciary liabilities	4,479	5,183	5,556	4,106
Total liabilities	<u>\$ 4,521</u>	<u>\$ 5,223</u>	<u>\$ 5,556</u>	<u>\$ 4,188</u>
Apportioned Tax Resources				
Assets:				
Cash and investments:				
Unrestricted	\$ -	\$ 194,998	\$ 180,112	\$ 14,886
Securities lending collateral	2	-	2	-
Receivable:				
Property taxes	118,986	539,720	658,706	-
Interest	15	-	15	-
Total assets	<u>\$ 119,003</u>	<u>\$ 734,718</u>	<u>\$ 838,835</u>	<u>\$ 14,886</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 2	\$ -	\$ 2	\$ -
Due to other governmental agencies	100,899	75,581	176,480	-
Fiduciary liabilities	18,102	33,721	36,937	14,886
Total liabilities	<u>\$ 119,003</u>	<u>\$ 109,302</u>	<u>\$ 213,419</u>	<u>\$ 14,886</u>

COUNTY OF SANTA CLARA

Combining Statement of Changes in Assets and Liabilities (Continued)

Agency Funds

For the Fiscal Year Ended June 30, 2011

(In thousands)

	<u>Balance, June 30, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, June 30, 2011</u>
Other Agency				
Assets:				
Cash and investments:				
Unrestricted	\$ 83,801	\$ 19,873,358	\$ 19,842,226	\$ 114,933
Other restricted	8	-	-	8
Securities lending collateral	155	297	33	419
Receivable:				
Interest	8,988	7,234	8,169	8,053
Other	143	1,821	1,815	149
Due from other governmental agencies	390	965	634	721
Other assets	4,985	-	2,518	2,467
Total assets	<u>\$ 98,470</u>	<u>\$ 19,883,675</u>	<u>\$ 19,855,395</u>	<u>\$ 126,750</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 155	\$ 297	\$ 33	\$ 419
Due to other governmental agencies	2	-	-	2
Fiduciary liabilities	98,313	13,393,233	13,365,217	126,329
Total liabilities	<u>\$ 98,470</u>	<u>\$ 13,393,530</u>	<u>\$ 13,365,250</u>	<u>\$ 126,750</u>
Totals				
Assets:				
Cash and investments:				
Unrestricted	\$ 94,318	\$ 20,076,550	\$ 20,031,364	\$ 139,504
Other restricted	1,159	131	145	1,145
Securities lending collateral	284	417	35	666
Receivable:				
Property taxes	118,986	539,720	658,706	-
Interest	9,028	7,234	8,192	8,070
Other	143	1,821	1,815	149
Due from other governmental agencies	390	965	634	721
Other assets	4,985	-	2,518	2,467
Total assets	<u>\$ 229,293</u>	<u>\$ 20,626,838</u>	<u>\$ 20,703,409</u>	<u>\$ 152,722</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 284	\$ 417	\$ 35	\$ 666
Due to other governmental agencies	100,901	75,581	176,480	2
Fiduciary liabilities	128,108	13,444,539	13,420,593	152,054
Total liabilities	<u>\$ 229,293</u>	<u>\$ 13,520,537</u>	<u>\$ 13,597,108</u>	<u>\$ 152,722</u>

This page intentionally left blank.



Statistical Section

COUNTY OF SANTA CLARA

Statistical Section

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Economic & Demographic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and capital asset data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

COUNTY OF SANTA CLARA

Net Assets by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(Dollars in thousands)

(Unaudited)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, ¹ net of related debt	\$ 443,231	\$ 370,169	\$ 517,986	\$ 671,131	\$ 598,143
Restricted for:					
Capital facilities	1,564	281	769	864	322
Debt service	21,894	21,903	25,654	29,743	48,032
Parks	40,633	48,082	55,749	62,591	72,565
Housing programs	1,474	26,062	15,384	17,238	14,988
Roads	26,362	21,854	25,331	23,785	26,358
Mental health	-	-	-	-	-
Other purposes	94,565	10,105	9,616	9,976	9,231
Unrestricted	1,029,496	922,411	1,013,640	987,503	1,006,875
Subtotal governmental activities net assets	<u>1,659,219</u>	<u>1,420,867</u>	<u>1,664,129</u>	<u>1,802,831</u>	<u>1,776,514</u>
Business-type activities					
Invested in capital assets, net of related debt	(9,036)	(10,382)	(18,643)	(25,665)	21,529
Restricted for:					
Capital facilities	-	500	-	-	-
Debt service	13,735	15,785	17,540	25,608	39,026
Unrestricted	22,320	10,230	14,368	(5,503)	(11,347)
Subtotal business-type activities net assets	<u>27,019</u>	<u>16,133</u>	<u>13,265</u>	<u>(5,560)</u>	<u>49,208</u>
Primary government					
Invested in capital assets, net of related debt	434,195	359,787	499,343	645,466	619,672
Restricted					
Capital facilities	1,564	781	769	864	322
Debt service	35,629	37,688	43,194	55,351	87,058
Parks	40,633	48,082	55,749	62,591	72,565
Housing programs	1,474	26,062	15,384	17,238	14,988
Roads	26,362	21,854	25,331	23,785	26,358
Mental health	-	-	-	-	-
Other purposes	94,565	10,105	9,616	9,976	9,231
Subtotal restricted	<u>200,227</u>	<u>144,572</u>	<u>150,043</u>	<u>169,805</u>	<u>210,522</u>
Unrestricted	1,051,816	932,641	1,028,008	982,000	995,528
Total primary government net assets ²	<u>\$ 1,686,238</u>	<u>\$ 1,437,000</u>	<u>\$ 1,677,394</u>	<u>\$ 1,797,271</u>	<u>\$ 1,825,722</u>

When applicable, prior year numbers have been reclassified to make them comparable to the current year.

- (1) Capital assets include land, easements, infrastructure, construction in progress, buildings and improvements, equipment and vehicles.
- (2) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when an external party, such as the state or federal government, places a restriction on how resources may be used, or through enabling legislation enacted by the County.
- (3) In accordance with GASB guidance, the County reclassified net assets from restricted for capital facilities to unrestricted and net assets invested in capital assets, net of related debt to unrestricted to reflect the primary government as a whole perspective for governmental debt issued for business-type activities' capital projects.

Source: Comprehensive Annual Financial Reports - County of Santa Clara

Fiscal Year				
2007	2008	2009	2010	2011
\$ 673,075	\$ 693,874	\$ 725,107	\$ 801,069	\$ 851,562
-	-	-	-	-
11,030	24,589	20,540	12,237	40,949
83,087	92,748	97,179	85,280	92,672
41,817	43,283	45,745	46,454	47,049
29,060	35,138	35,999	52,652	48,767
-	31,888	31,698	52,526	105,834
24,131	41,793	41,037	59,934	61,373
866,616	763,198	247,145	4,996	(139,831)
<u>1,728,816</u>	<u>1,726,511</u>	<u>1,244,450</u>	<u>1,115,148</u>	<u>1,108,375</u>
42,466	65,821	151,827	211,047	279,321
115,383	132,783	402,536	327,856	266,277
3,962	4,767	1,442	2,057	1,233
18,729	(60,565)	(58,654)	(34,921)	(22,984)
<u>180,540</u>	<u>142,806</u>	<u>497,151</u>	<u>506,039</u>	<u>523,847</u>
715,541	759,695	876,934	889,972	960,230
115,383	132,783	52,536	-	-
14,992	29,356	21,982	14,294	42,182
83,087	92,748	97,179	85,280	92,672
41,817	43,283	45,745	46,454	47,049
29,060	35,138	35,999	52,652	48,767
-	31,888	31,698	52,526	105,834
24,131	41,793	41,037	59,934	61,373
<u>308,470</u>	<u>406,989</u>	<u>326,176</u>	<u>311,140</u>	<u>397,877</u>
<u>885,345</u>	<u>702,633</u>	<u>538,491</u>	<u>420,075</u>	<u>274,115</u>
<u>\$ 1,909,356</u>	<u>\$ 1,869,317</u>	<u>\$ 1,741,601</u>	<u>\$ 1,621,187</u>	<u>\$ 1,632,222</u>

Governmental activities

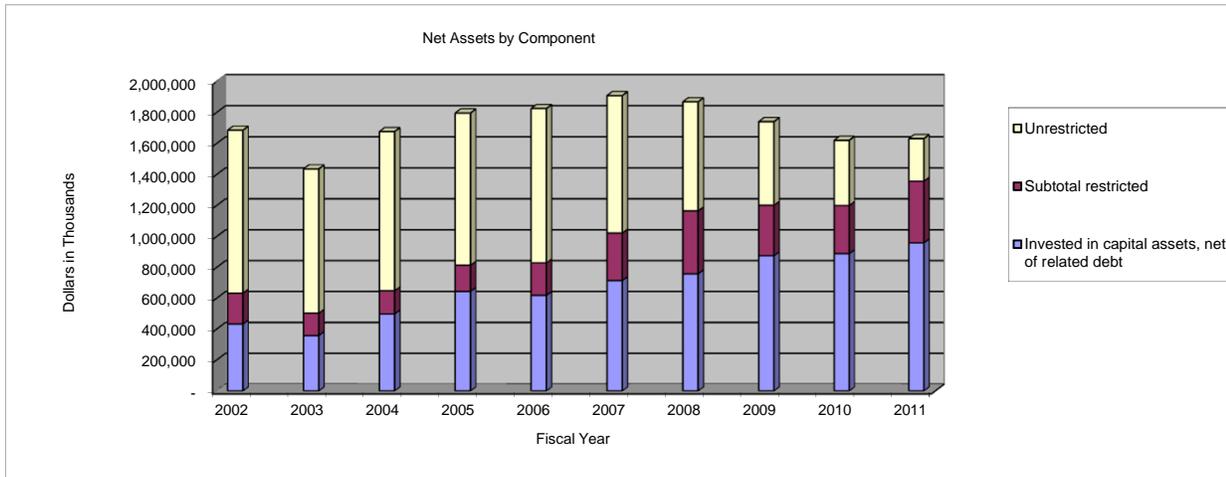
Invested in capital assets,¹ net of related debt
 Restricted for:
 Capital facilities
 Debt service
 Parks
 Housing programs
 Roads
 Mental health
 Other purposes
 Unrestricted
 Subtotal governmental activities net assets

Business-type activities

Invested in capital assets, net of related debt
 Restricted for:
 Capital facilities
 Debt service
 Unrestricted
 Subtotal business-type activities net assets

Primary government

Invested in capital assets, net of related debt
 Restricted
 Capital facilities
 Debt service
 Parks
 Housing programs
 Roads
 Mental health
 Other purposes
 Subtotal restricted
 Unrestricted
 Total primary government net assets²



COUNTY OF SANTA CLARA
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(Dollars in thousands)
(Unaudited)

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses					
Governmental activities:					
General government	\$ 183,265	\$ 196,378	\$ 191,158	\$ 171,077	\$ 192,708
Public protection	549,649	597,447	587,043	639,554	664,477
Public ways and facilities	283,190	339,504	228,880	140,842	110,554
Health and sanitation	305,555	348,524	354,850	334,667	369,511
Public assistance	478,208	513,238	534,060	561,919	606,717
Education	34,151	25,998	24,193	25,353	26,157
Recreation and culture	17,273	18,119	21,978	23,214	25,105
Interest on long-term liabilities	11,820	7,770	6,061	6,607	12,032
Total governmental activities expenses	<u>1,863,111</u>	<u>2,046,978</u>	<u>1,948,223</u>	<u>1,903,233</u>	<u>2,007,261</u>
Business-type activities:					
SCVMC	551,075	624,715	664,034	732,453	756,638
Airport	3,082	2,898	2,547	3,473	3,534
Sanitation District	1,549	2,514	3,056	1,634	1,928
Total business-type activities expenses	<u>555,706</u>	<u>630,127</u>	<u>669,637</u>	<u>737,560</u>	<u>762,100</u>
Total primary government expenses	<u>2,418,817</u>	<u>2,677,105</u>	<u>2,617,860</u>	<u>2,640,793</u>	<u>2,769,361</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	52,036	89,123	61,112	72,340	70,080
Public protection	108,629	107,967	119,868	120,629	111,275
Public ways and facilities	2,036	1,679	2,144	1,785	2,726
Health and sanitation	30,707	37,959	33,524	33,935	46,095
Public assistance	2,382	2,772	3,271	3,444	2,908
Education	1,115	986	6,189	916	979
Recreation and culture	3,997	3,786	3,792	3,997	4,256
Operating grants and contributions	667,488	900,693	914,167	933,070	1,021,337
Capital grants and contributions	1,778	2,748	11,078	5,212	6,181
Total governmental activities program revenues	<u>870,168</u>	<u>1,147,713</u>	<u>1,155,145</u>	<u>1,175,328</u>	<u>1,265,837</u>
Business-type activities:					
Charges for services					
SCVMC	365,038	397,206	442,060	478,812	529,543
Airport	2,433	2,517	2,563	2,556	2,678
Sanitation District	1,863	1,867	1,870	1,864	1,870
Operating grants and contributions	94,681	93,261	107,218	116,884	14,264
Capital grants and contributions	8,262	7,243	10,168	6,200	15,865
Total business-type activities program revenues	<u>472,277</u>	<u>502,094</u>	<u>563,879</u>	<u>606,316</u>	<u>564,220</u>
Total primary government program revenues	<u>1,342,445</u>	<u>1,649,807</u>	<u>1,719,024</u>	<u>1,781,644</u>	<u>1,830,057</u>
Net Expense					
Governmental activities	(992,943)	(899,265)	(793,078)	(727,905)	(741,424)
Business-type activities	(83,429)	(128,033)	(105,758)	(131,244)	(197,880)
Total primary government net expense ⁽¹⁾	<u>\$ (1,076,372)</u>	<u>\$ (1,027,298)</u>	<u>\$ (898,836)</u>	<u>\$ (859,149)</u>	<u>\$ (939,304)</u>

When applicable, prior year numbers have been reclassified to make them comparable to the current year.

⁽¹⁾ Net expense is the difference between the expenses and program revenues of a function or program. It indicates the extent to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses are greater than program revenues and therefore general revenues were needed to finance that function or program.

Fiscal Year					
2007	2008	2009	2010	2011	
					Expenses
					Governmental activities:
\$ 198,510	\$ 252,828	\$ 260,666	\$ 284,992	\$ 289,001	General government
696,216	728,482	770,776	785,520	783,309	Public protection
89,741	83,103	64,907	57,614	52,860	Public ways and facilities
392,171	424,495	419,663	408,223	427,805	Health and sanitation
601,222	641,710	677,714	692,011	688,475	Public assistance
27,932	33,640	31,687	35,499	33,283	Education
26,681	29,433	32,070	33,032	34,860	Recreation and culture
18,887	22,008	23,296	36,499	41,198	Interest on long-term liabilities
<u>2,051,360</u>	<u>2,215,699</u>	<u>2,280,779</u>	<u>2,333,390</u>	<u>2,350,791</u>	Total governmental activities expenses
					Business-type activities:
823,409	928,986	997,496	1,041,980	1,028,854	SCVMC
3,451	3,589	3,713	3,729	3,516	Airport
2,514	2,772	2,672	2,597	2,577	Sanitation District
<u>829,374</u>	<u>935,347</u>	<u>1,003,881</u>	<u>1,048,306</u>	<u>1,034,947</u>	Total business-type activities expenses
<u>2,880,734</u>	<u>3,151,046</u>	<u>3,284,660</u>	<u>3,381,696</u>	<u>3,385,738</u>	Total primary government expenses
					Program Revenues
					Governmental activities:
					Charges for services
84,076	79,568	103,962	85,579	93,953	General government
118,731	126,609	135,284	134,143	137,095	Public protection
2,309	2,776	2,200	1,826	1,703	Public ways and facilities
40,855	41,798	38,171	35,714	39,003	Health and sanitation
2,495	2,689	1,843	1,823	1,110	Public assistance
938	888	1,005	6,552	6,664	Education
4,455	4,610	4,705	4,897	4,771	Recreation and culture
1,042,424	1,141,284	1,099,534	1,109,374	1,197,334	Operating grants and contributions
10,203	13,847	7,061	28,488	7,722	Capital grants and contributions
<u>1,306,486</u>	<u>1,414,069</u>	<u>1,393,765</u>	<u>1,408,396</u>	<u>1,489,355</u>	Total governmental activities program revenues
					Business-type activities:
					Charges for services
642,894	727,061	776,931	816,558	825,989	SCVMC
2,948	3,147	3,148	2,994	3,277	Airport
1,883	2,152	2,151	2,150	2,024	Sanitation District
9,138	9,276	8,261	17,810	113,466	Operating grants and contributions
9,230	11,560	8,778	7,811	7,503	Capital grants and contributions
<u>666,093</u>	<u>753,196</u>	<u>799,269</u>	<u>847,323</u>	<u>952,259</u>	Total business-type activities program revenues
<u>1,972,579</u>	<u>2,167,265</u>	<u>2,193,034</u>	<u>2,255,719</u>	<u>2,441,614</u>	Total primary government program revenues
					Net Expense
(744,874)	(824,690)	(887,014)	(924,994)	(861,436)	Governmental activities
<u>(163,281)</u>	<u>(182,151)</u>	<u>(204,612)</u>	<u>(200,983)</u>	<u>(82,688)</u>	Business-type activities
<u>\$ (908,155)</u>	<u>\$ (1,006,841)</u>	<u>\$ (1,091,626)</u>	<u>\$ (1,125,977)</u>	<u>\$ (944,124)</u>	Total primary government net expense ⁽¹⁾

(continued)

COUNTY OF SANTA CLARA
Changes in Net Assets (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Dollars in thousands)
(Unaudited)

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	433,171	418,894	435,230	586,999	639,557
Sales & use tax	379,960	135,813	143,007	148,775	123,623
Other taxes	2,066	382	410	440	413
Motor vehicle in lieu taxes	161,411	172,742	143,727	102,471	59,850
Other grants/contributions not restricted to specific programs	36,628	48,311	34,667	22,497	22,055
Investment income	49,295	30,580	36,509	39,841	53,136
Securities lending activities:					
Securities lending income	-	-	-	-	-
Securities lending expenses	-	-	-	-	-
Gain on sale of capital assets	-	-	-	8,707	4,300
Other	35,276	43,200	62,282	57,148	51,173
Transfers	(51,931)	(102,006)	(90,794)	(100,271)	(239,000)
Special item - gain on sale of Elmwood surplus land	-	-	204,169	-	-
Total governmental activities general revenues	<u>1,045,876</u>	<u>747,916</u>	<u>969,207</u>	<u>866,607</u>	<u>715,107</u>
Business-type activities:					
Sales & use tax	10,370	10,400	10,017	9,611	9,664
Investment income	6,993	4,741	2,079	4,873	2,740
Securities lending activities:					
Securities lending income	-	-	-	-	-
Securities lending expenses	-	-	-	-	-
Transfers	51,931	102,006	90,794	100,271	239,000
Total business-type activities general revenues	<u>69,294</u>	<u>117,147</u>	<u>102,890</u>	<u>114,755</u>	<u>251,404</u>
Total primary government	1,115,170	865,063	1,072,097	981,362	966,511
Changes in Net Assets					
Governmental activities	52,933	(151,349)	176,129	138,702	(26,317)
Business-type activities	(14,135)	(10,886)	(2,868)	(16,489)	53,524
Total primary government	<u>\$ 38,798</u>	<u>\$ (162,235)</u>	<u>\$ 173,261</u>	<u>\$ 122,213</u>	<u>\$ 27,207</u>

Source: Comprehensive Annual Financial Reports - County of Santa Clara

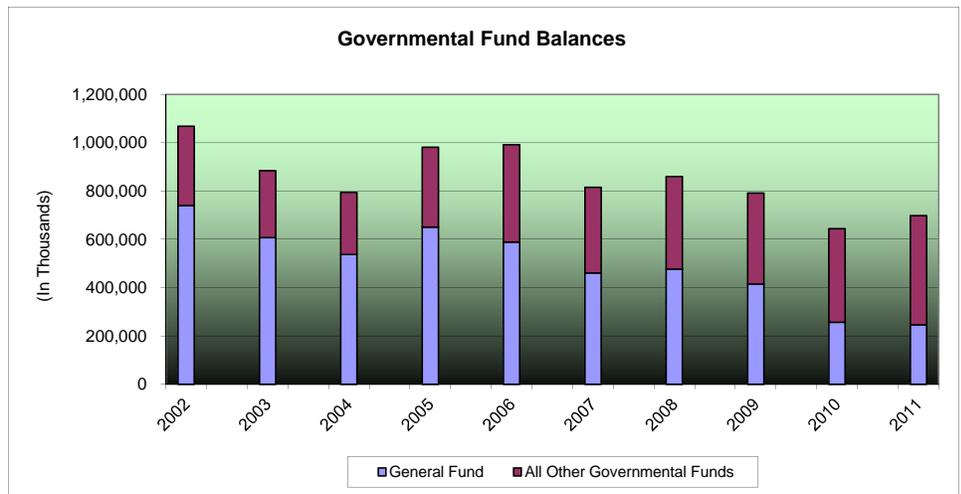
Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
					General Revenues and Other Changes in Net Assets
					Governmental activities:
702,776	748,462	781,914	800,803	774,406	Property taxes
7,437	6,974	5,028	4,058	4,911	Sales & use tax
424	449	407	289	322	Other taxes
60,228	59,093	52,908	49,356	49,361	Motor vehicle in lieu taxes
					Other grants/contributions not restricted
39,490	25,862	30,927	29,292	28,787	to specific programs
105,118	19,234	(5,294)	26,575	15,840	Investment income
					Securities lending activities:
-	-	616	102	48	Securities lending income
-	-	(347)	(86)	(36)	Securities lending expenses
217	-	-	4,969	1,785	Gain on sale of capital assets
56,353	60,757	80,565	76,362	68,877	Other
(274,867)	(121,506)	(541,771)	(196,028)	(89,638)	Transfers
-	-	-	-	-	Special item - gain on sale of Elmwood surplus land
<u>697,176</u>	<u>799,325</u>	<u>404,953</u>	<u>795,692</u>	<u>854,663</u>	Total governmental activities general revenues
					Business-type activities:
10,056	8,202	9,025	8,692	8,692	Sales & use tax
10,008	14,472	9,011	4,640	2,166	Investment income
					Securities lending activities:
-	-	86	23	14	Securities lending income
-	-	(49)	(18)	(14)	Securities lending expenses
<u>274,867</u>	<u>121,506</u>	<u>541,771</u>	<u>196,028</u>	<u>89,638</u>	Transfers
<u>294,931</u>	<u>144,180</u>	<u>559,844</u>	<u>209,365</u>	<u>100,496</u>	Total business-type activities general revenues
992,107	943,505	964,797	1,005,057	955,159	Total primary government
					Changes in Net Assets
(47,698)	(2,305)	(482,061)	(129,302)	(6,773)	Governmental activities
131,650	(37,971)	355,232	8,382	17,808	Business-type activities
<u>\$ 83,952</u>	<u>\$ (40,276)</u>	<u>\$ (126,829)</u>	<u>\$ (120,920)</u>	<u>\$ 11,035</u>	Total primary government

This page intentionally left blank.

COUNTY OF SANTA CLARA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Dollars in thousands)
(Unaudited)

	Fiscal year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund										
Reserved for:										
Encumbrances	\$ 57,605	\$ 38,506	\$ 16,636	\$ 7,872	\$ 9,344	\$ 12,908	\$ 3,896	\$ 3,402	\$ 5,833	
Inventories, other assets and advances	74,230	44,236	49,885	19,828	25,216	14,104	37,911	26,608	19,905	
Unreserved :										
Designated	435,088	384,421	348,460	378,095	299,519	232,391	324,712	201,094	90,632	
Undesignated	173,842	139,737	121,804	245,412	254,434	201,824	109,734	183,195	140,955	
Total General fund	740,765	606,900	536,785	651,207	588,513	461,227	476,253	414,299	257,325	
All other governmental funds										
Reserved for:										
Encumbrances	60,825	70,085	36,609	60,787	115,934	62,696	23,999	32,314	31,685	
Debt service	24,906	24,327	42,974	47,206	64,923	52,105	52,919	56,723	78,152	
Inventories and advances	1,298	764	1,682	589	562	582	495	598	727	
Public ways and facilities	3,012	3,047	-	-	-	-	-	-	-	
Unreserved, reported in:										
Special revenue funds	127,998	84,590	94,506	102,526	111,939	121,642	171,481	174,450	203,856	
Capital projects funds	110,114	94,609	81,859	118,436	109,817	117,093	134,790	113,446	71,802	
Permanent funds	54	53	53	53	54	55	56	53	52	
Total all other governmental funds	328,207	277,475	257,683	329,597	403,229	354,173	383,740	377,584	386,274	
Total Governmental Funds ¹										
Reserved for:										
Encumbrances	118,430	108,591	53,245	68,659	125,278	75,604	27,895	35,716	37,518	
Debt service	24,906	24,327	42,974	47,206	64,923	52,105	52,919	56,723	78,152	
Inventories and advances	75,528	45,000	51,567	20,417	25,778	14,686	38,406	27,206	20,632	
Public ways and facilities	3,012	3,047	-	-	-	-	-	-	-	
Unreserved, reported in:										
General fund- Designated	435,088	384,421	348,460	378,095	299,519	232,391	324,712	201,094	90,632	
General fund- Undesignated	173,842	139,737	121,804	245,412	254,434	201,824	109,734	183,195	140,955	
Special revenue funds	127,998	84,590	94,506	102,526	111,939	121,642	171,481	174,450	203,856	
Capital projects funds	110,114	94,609	81,859	118,436	109,817	117,093	134,790	113,446	71,802	
Permanent funds	54	53	53	53	54	55	56	53	52	
Total governmental funds	\$ 1,068,972	\$ 884,375	\$ 794,468	\$ 980,804	\$ 991,742	\$ 815,400	\$ 859,993	\$ 791,883	\$ 643,599	

		Fiscal Year
		<u>2011 ⁽²⁾</u>
General fund		
Nonspendable	\$ 18,668	
Restricted	28,343	
Committed	15,757	
Assigned	24,146	
Unassigned	159,730	
Total General fund	246,644	
All other governmental funds		
Nonspendable	3,085	
Restricted	398,765	
Committed	28,945	
Assigned	20,202	
Total all other governmental funds	450,997	
Total Governmental Funds ⁽¹⁾		
Nonspendable	21,753	
Restricted	427,108	
Committed	44,702	
Assigned	44,348	
Unassigned	159,730	
Total governmental funds	\$ 697,641	



(1) Governmental funds include general fund, special revenue funds, debt service funds, capital project funds and permanent funds.

(2) In FY2010-11 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned and unassigned

COUNTY OF SANTA CLARA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Dollars in thousands)
(Unaudited)

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues:					
Taxes	\$ 582,291	\$ 586,365	\$ 574,480	\$ 731,953	\$ 766,099
Licenses and permits	19,422	20,446	21,251	22,352	24,979
Fines, forfeitures, and penalties	31,524	32,348	53,919	54,483	47,110
Interest and investment income	50,069	26,917	12,919	25,618	37,042
Securities lending activities:					
Securities lending income	-	-	-	-	-
Securities lending expenditures	-	-	-	-	-
Intergovernmental revenues	1,082,633	1,064,064	1,054,298	1,035,387	1,092,830
Charges for services	158,240	167,077	171,589	165,893	158,992
Other revenue	30,332	44,392	67,013	50,452	47,532
Total revenues	<u>1,954,511</u>	<u>1,941,609</u>	<u>1,955,469</u>	<u>2,086,138</u>	<u>2,174,584</u>
Expenditures:					
General government	157,538	159,230	160,259	138,979	156,370
Public protection	555,278	594,685	584,999	615,463	661,180
Public ways and facilities	320,879	364,712	230,648	137,189	102,002
Health and sanitation	307,285	348,738	354,942	331,011	368,969
Public assistance	481,837	512,541	533,907	556,403	606,065
Education	37,930	25,823	24,456	25,199	26,132
Recreation and culture	17,565	17,567	21,756	22,693	24,827
Capital outlay	33,574	43,169	93,773	46,725	94,474
Debt service:					
Principal retirement	12,123	12,551	8,733	8,895	77,890
Interest and fiscal charges	9,372	7,174	7,908	9,440	15,642
Cost of issuance	-	1,106	859	539	1,136
Total expenditures	<u>1,933,381</u>	<u>2,087,296</u>	<u>2,022,240</u>	<u>1,892,536</u>	<u>2,134,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,130</u>	<u>(145,687)</u>	<u>(66,771)</u>	<u>193,602</u>	<u>39,897</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	200	630	26,836	52,280	25,285
Capital lease financing	3,349	-	-	-	-
Long-term debt proceeds	-	149,359	41,375	40,725	87,575
Bond Premium	-	-	-	-	1,003
Proceeds of refunding bonds	-	-	587	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	150,082	276,063	227,925	284,866	237,757
Transfers out	(201,752)	(378,069)	(319,859)	(385,137)	(380,579)
Total other financing sources (uses)	<u>(48,121)</u>	<u>47,983</u>	<u>(23,136)</u>	<u>(7,266)</u>	<u>(28,959)</u>
Net change in fund balance	<u>\$ (26,991)</u>	<u>\$ (97,704)</u>	<u>\$ (89,907)</u>	<u>\$ 186,336</u>	<u>\$ 10,938</u>
Debt service as a percentage of non-capital expenditures	1.159%	1.035%	0.914%	1.026%	4.652%

Source: Comprehensive Annual Financial Reports - County of Santa Clara

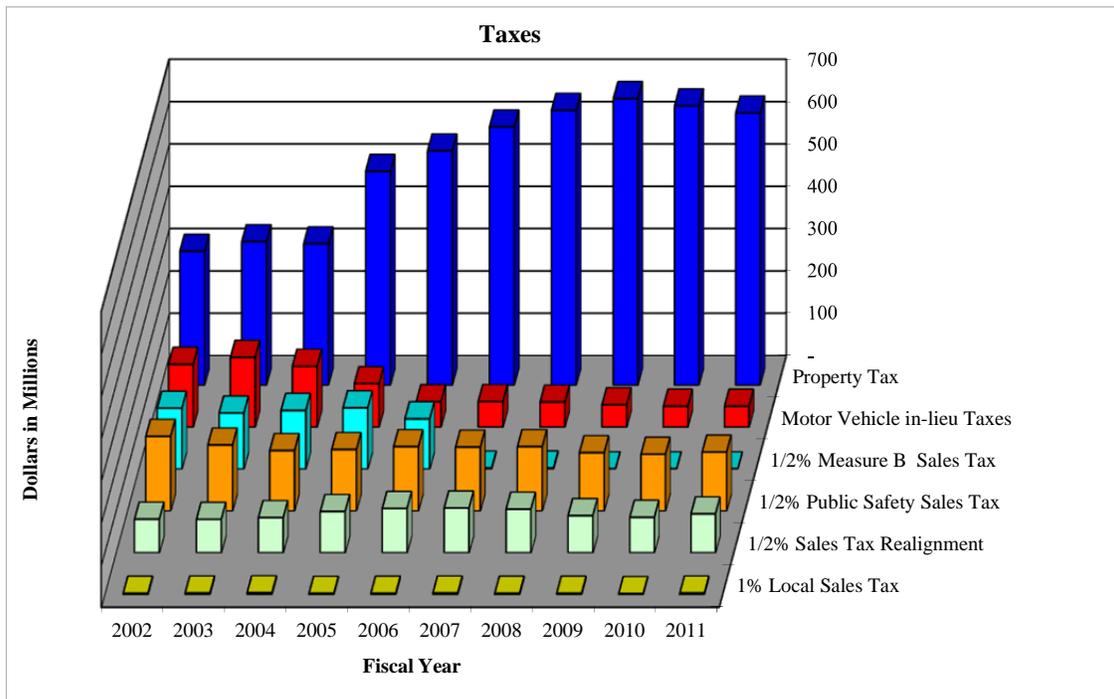
When applicable, prior year numbers have been reclassified to make them comparable to the current year.

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
\$ 713,361	\$ 758,209	\$ 790,488	\$ 807,357	\$ 788,419	Revenues:
25,597	28,274	28,846	26,464	30,026	Taxes
53,874	49,542	73,777	76,010	73,331	Licenses and permits
57,980	47,460	26,717	18,670	14,294	Fines, forfeitures, and penalties
-	-	258	42	32	Interest and investment income
-	-	(146)	(43)	(25)	Securities lending activities:
1,110,434	1,243,645	1,193,288	1,214,309	1,293,578	Securities lending income
167,275	163,714	187,307	171,980	182,705	Securities lending expenditures
64,758	34,434	35,540	31,414	25,969	Intergovernmental revenues
<u>2,193,279</u>	<u>2,325,278</u>	<u>2,336,075</u>	<u>2,346,203</u>	<u>2,408,329</u>	Charges for services
					Other revenue
					Total revenues
171,236	178,549	181,880	206,140	197,618	Expenditures:
695,571	717,252	745,788	763,732	758,835	General government
88,936	74,125	60,604	52,763	51,967	Public protection
396,360	419,993	415,198	404,369	423,155	Public ways and facilities
601,214	633,675	668,721	683,797	678,952	Health and sanitation
30,827	32,234	32,142	33,729	31,801	Public assistance
26,629	28,376	30,977	31,773	33,181	Education
178,218	160,661	101,108	106,855	54,800	Recreation and culture
					Capital outlay
83,023	12,286	14,770	15,945	31,722	Debt service:
16,552	15,876	15,343	25,632	32,054	Principal retirement
2,112	758	1,937	480	231	Interest and fiscal charges
<u>2,290,678</u>	<u>2,273,785</u>	<u>2,268,468</u>	<u>2,325,215</u>	<u>2,294,316</u>	Cost of issuance
					Total expenditures
(97,399)	51,493	67,607	20,988	114,013	Excess (deficiency) of revenues over (under) expenditures
4,982	4,200	4,254	13,599	6,466	Other financing sources (uses):
425	-	-	186	520	Proceeds from sale of capital assets
106,525	22,655	350,000	-	20,368	Capital lease financing
181	1,935	12,208	4,048	-	Long-term debt proceeds
-	65,379	-	47,188	-	Bond Premium
-	(66,015)	-	(52,575)	-	Proceeds of refunding bonds
490,790	465,746	363,512	118,981	197,642	Payment to bond refunding escrow
(681,846)	(500,800)	(865,691)	(300,699)	(284,967)	Transfers in
(78,943)	(6,900)	(135,717)	(169,272)	(59,971)	Transfers out
					Total other financing sources (uses)
<u>\$ (176,342)</u>	<u>\$ 44,593</u>	<u>\$ (68,110)</u>	<u>\$ (148,284)</u>	<u>\$ 54,042</u>	Net change in fund balance
4.858%	1.371%	1.482%	1.900%	2.870%	Debt service as a percentage of non-capital expenditures

COUNTY OF SANTA CLARA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Dollars in thousands)
(Unaudited)

Fiscal Year	Sales Tax				Motor Vehicle	Property Tax ⁽¹⁾
	Local ⁽²⁾	Realignment ⁽³⁾	Public Safety ⁽³⁾	Measure B ⁽²⁾	In-Lieu Taxes ⁽³⁾	
2011	\$ 3,609	\$ 92,156	\$ 139,613	\$ 432	\$ 49,361	\$ 642,623 ⁽⁴⁾
2010	2,450	84,180	134,528	607	49,356	659,428 ⁽⁴⁾
2009	3,420	87,941	137,980	530	52,908	676,518 ⁽⁴⁾
2008	3,524	103,525	152,247	2,657	59,093	648,931 ⁽⁴⁾
2007	3,657	106,248	151,036	2,339	60,228	609,791 ⁽⁴⁾
2006	3,536	104,971	152,197	118,737	59,851	553,077 ⁽⁴⁾
2005	3,026	97,874	145,372	145,012	102,471	504,701 ⁽⁴⁾
2004	4,367	83,317	142,924	138,714	143,727	333,688
2003	3,696	79,294	155,964	132,657	164,600	338,599
2002	3,528	79,606	176,674	143,871	148,450	315,879

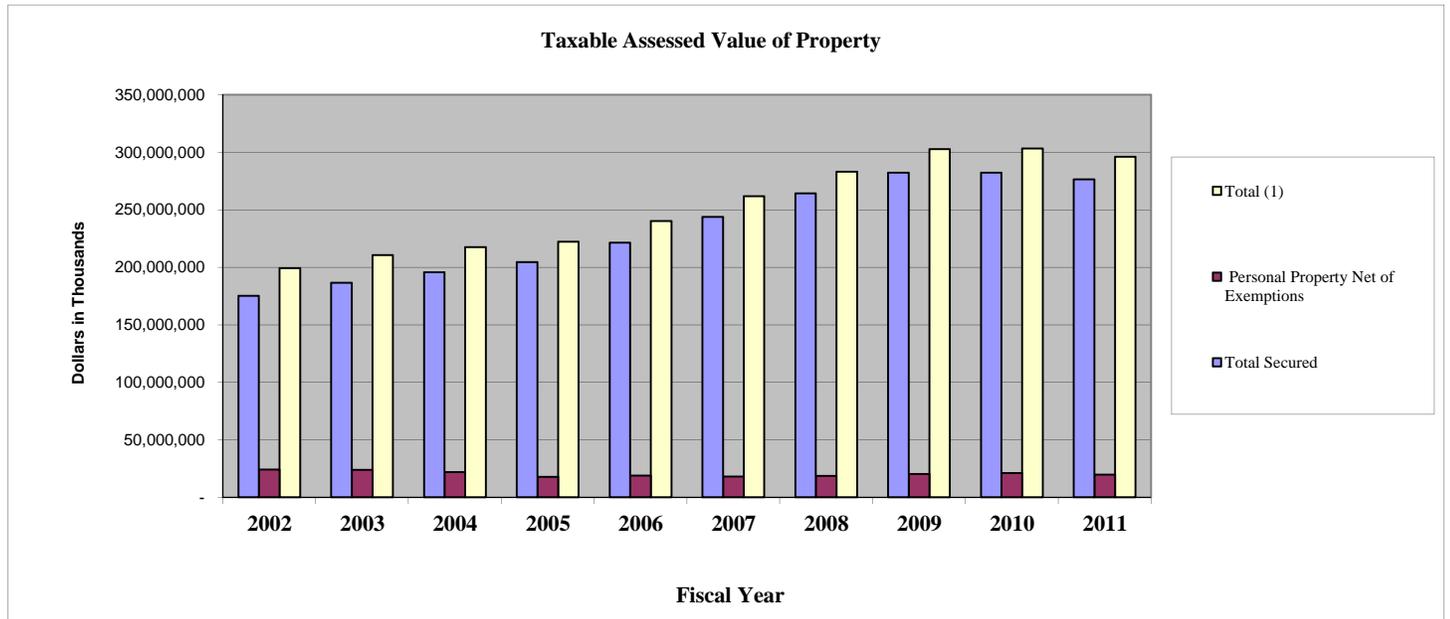
- (1) Includes property tax revenues for the General Fund and the County Library.
- (2) Reported as tax revenues in financial statements.
- (3) Reported as part of the intergovernmental revenues in financial statements.
- (4) Includes Property Tax In-lieu of VLF.



Source: Santa Clara County - Controller's Office

COUNTY OF SANTA CLARA
Taxable Assessed Value of Property
Last Ten Fiscal Years
(Dollars in thousands)
(Unaudited)

Fiscal Year	Secured			Unsecured			Less Exemptions	Net Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Total Secured	Personal Property Net of Exemptions	Total ⁽¹⁾	Total (1)			
2011	\$ 212,611,696	\$ 64,011,522	\$ 276,623,218	\$ 19,652,921	\$ 296,276,139	\$ 2,007,881	\$ 294,268,258	1.00%	
2010	215,625,995	66,608,703	282,234,698	21,112,122	303,346,820	2,007,990	301,338,831	1.00%	
2009	217,698,528	64,628,647	282,327,175	20,381,412	302,708,587	2,005,174	300,703,413	1.00%	
2008	206,352,644	58,108,270	264,460,914	18,578,047	283,038,961	1,992,833	281,046,128	1.00%	
2007	190,838,222	53,075,552	243,913,774	17,998,933	261,912,707	1,963,081	259,949,626	1.00%	
2006	172,705,596	48,875,129	221,580,725	18,802,938	240,383,663	1,956,373	238,427,290	1.00%	
2005	155,523,933	48,929,860	204,453,793	17,712,735	222,166,528	1,945,661	220,220,867	1.00%	
2004	143,586,095	52,037,092	195,623,187	22,076,991	217,700,178	1,967,623	215,732,555	1.00%	
2003	131,585,395	55,104,574	186,689,969	23,906,620	210,596,589	1,998,229	208,598,360	1.00%	
2002	123,868,530	51,268,929	175,137,459	24,194,609	199,332,068	2,014,905	197,317,163	1.00%	



Notes:

Article XIII A, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased:

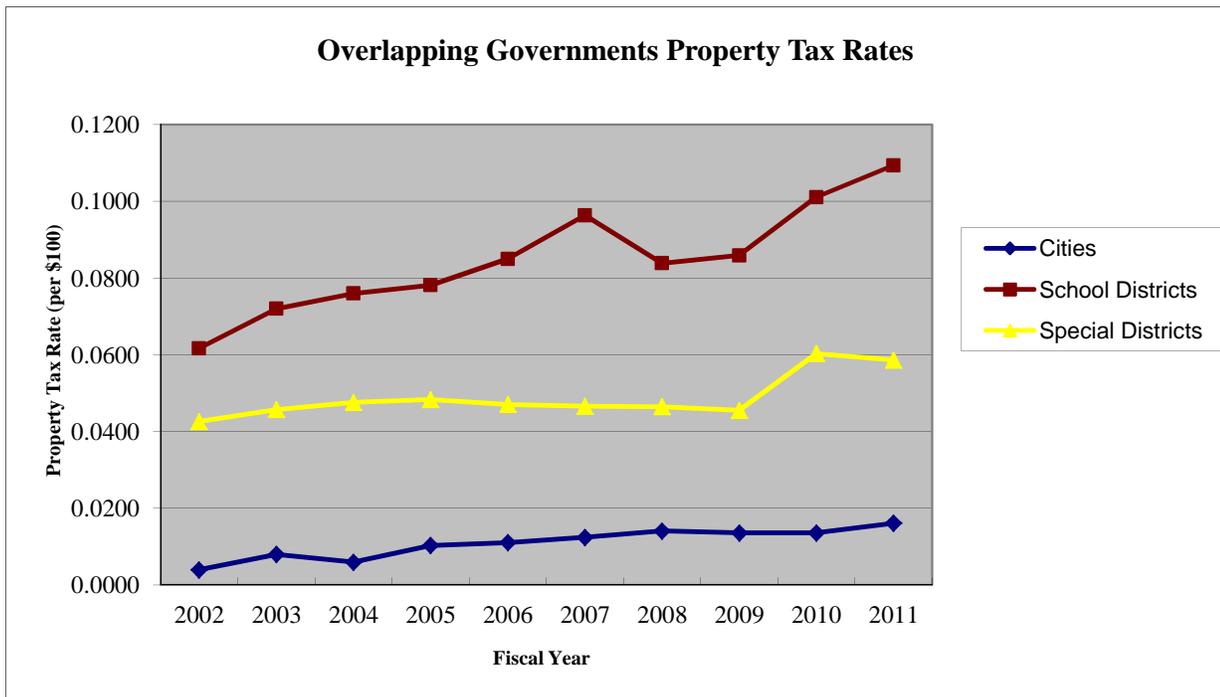
- a) to reflect annual inflation up to 2 percent; or
- b) to reflect fair market value at the time of ownership change; or
- c) to reflect fair value for new construction.

⁽¹⁾ Includes secured public utility property values and excludes aircrafts.

Source: Tax Rate publication and Assessor's report - County of Santa Clara

COUNTY OF SANTA CLARA
Property Tax Rate - Direct and Overlapping Governments
Last Ten Fiscal Years
(Per \$100 Assessed Valuation)
(Unaudited)

Fiscal Year	County ⁽¹⁾	Cities	School Districts	Special Districts	Total ⁽²⁾
2011	1.0000	0.0161	0.1093	0.0586	1.1841
2010	1.0000	0.0136	0.1010	0.0603	1.1750
2009	1.0000	0.0136	0.0859	0.0455	1.1450
2008	1.0000	0.0141	0.0839	0.0465	1.1444
2007	1.0000	0.0124	0.0963	0.0466	1.1553
2006	1.0000	0.0111	0.0850	0.0471	1.1431
2005	1.0000	0.0103	0.0781	0.0483	1.1368
2004	1.0000	0.0060	0.0760	0.0476	1.1295
2003	1.0000	0.0080	0.0720	0.0457	1.1257
2002	1.0000	0.0040	0.0617	0.0426	1.1083



⁽¹⁾ Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

⁽²⁾ On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

Source: Santa Clara County - Controller's Office

COUNTY OF SANTA CLARA
Principal Property Taxpayers
Current year and Nine years ago
(Dollars in thousands)
(Unaudited)

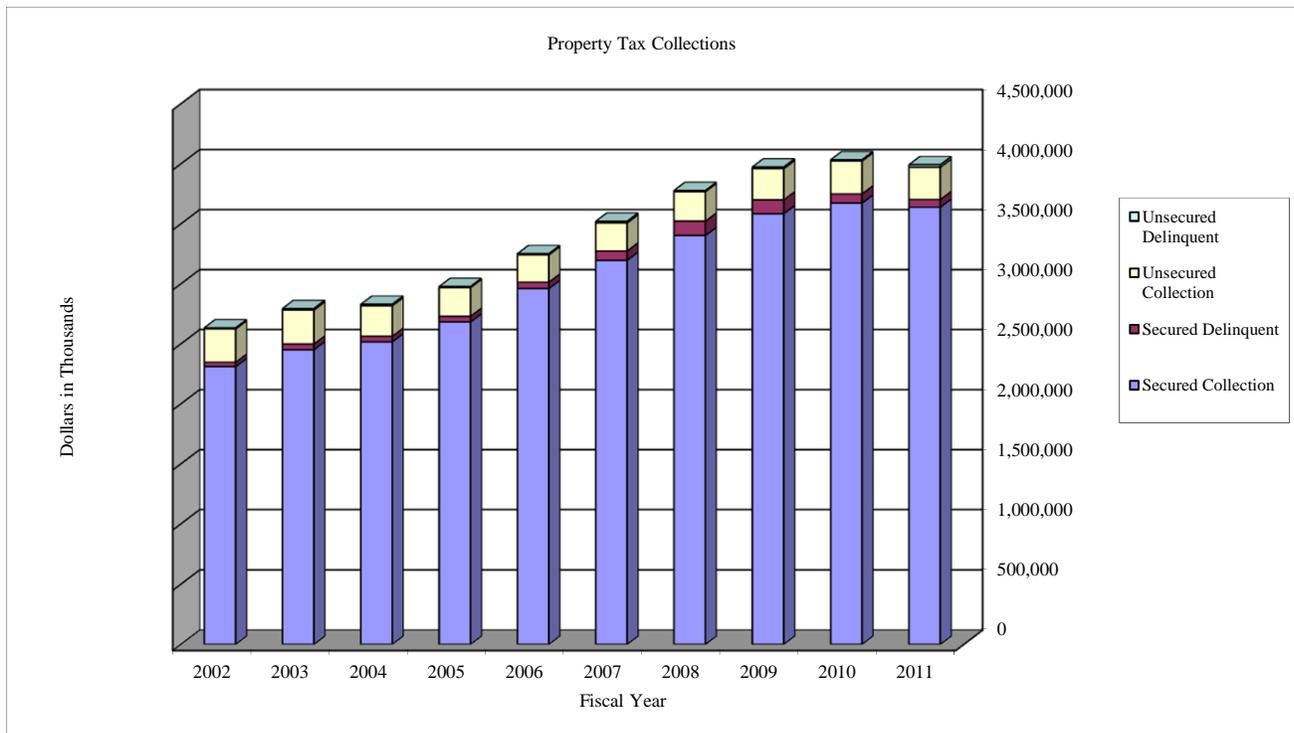
Taxpayer	Fiscal Year 2011			Fiscal Year 2002		
	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Taxable Assessed Value
Pacific Gas & Electric Company	\$ 1,652,772	1	0.56%	\$ -		n/a
Cisco Technology Inc.	1,213,574	2	0.41%	-		n/a
Blackhawk Parent LLC	1,050,470	3	0.36%	-		n/a
Apple Computer, Inc.	972,198	4	0.33%	-		n/a
The Irvine Company LLC	908,310	5	0.31%	-		n/a
Silicon Valley CA I LLC	814,802	6	0.28%	-		n/a
Westfield Malls	813,341	7	0.28%	-		n/a
Intel Corporation	698,963	8	0.24%	1,426,260	2	0.72%
Yahoo, Inc.	593,084	9	0.20%	-		n/a
Pacific Bell Telephone Co. DBA AT&T California	469,557	10	0.16%	-		n/a
Stanford University	-		n/a	2,084,920	1	1.06%
International Business Machines Corp.	-		n/a	1,308,618	3	0.66%
Lockheed Missiles and Space Co.	-		n/a	1,019,465	4	0.52%
Sobrato Interests	-		n/a	875,029	5	0.44%
Agilent Technologies, Inc.	-		n/a	765,428	6	0.39%
UBS Lease Finance LLC	-		n/a	687,584	7	0.35%
BNP Leasing Corp.	-		n/a	618,810	8	0.31%
Societe General Financial Corporation	-		n/a	578,651	9	0.29%
Spieker Properties LP	-		n/a	571,574	10	0.29%
Total	\$ 9,187,072		3.12%	\$ 9,936,339		5.04%
 Net Assessed Value of Taxable Property	 \$ 294,268,258			 \$ 197,317,163		

⁽¹⁾ The taxable assessed value includes tax assessments on real property and personal property.

Source: Santa Clara County Tax Collector's Office

COUNTY OF SANTA CLARA
Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollars in thousands)
(Unaudited)

Fiscal Year	Secured Roll				Unsecured Roll				(2)
	Taxes Levied	Collections within the fiscal year ⁽¹⁾	Delinquent at June 30	Percent Delinquent	Taxes Levied	Collections within the fiscal year ⁽¹⁾	Delinquent at June 30	Percent Delinquent	
2011	\$ 3,717,109	\$ 3,638,724	\$ 64,367	1.73%	\$ 288,311	\$ 268,113	\$ 20,198	7.01%	
2010	3,759,346	3,672,478	77,103	2.05%	282,873	273,656	9,217	3.26%	
2009	3,717,060	3,584,252	115,441	3.11%	272,720	259,616	13,104	4.80%	
2008	3,549,733	3,402,957	119,824	3.38%	254,186	245,391	8,795	3.46%	
2007	3,300,786	3,195,916	78,083	2.37%	246,157	233,264	12,893	5.24%	
2006	3,037,820	2,960,830	53,005	1.74%	236,150	227,093	9,056	3.83%	
2005	2,756,012	2,682,668	47,194	1.71%	246,826	239,155	7,671	3.11%	
2004	2,581,411	2,516,470	46,387	1.80%	265,955	254,894	11,060	4.16%	
2003	2,516,738	2,450,862	48,053	1.91%	294,833	282,888	11,945	4.05%	
2002	2,370,736	2,309,961	36,511	1.54%	285,796	277,325	8,471	2.96%	



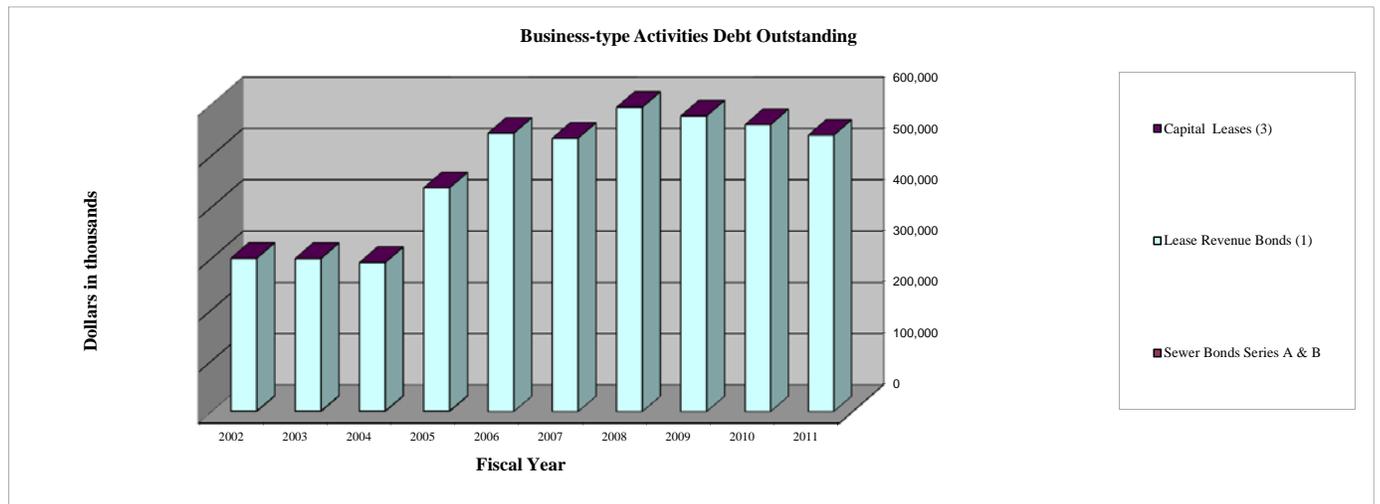
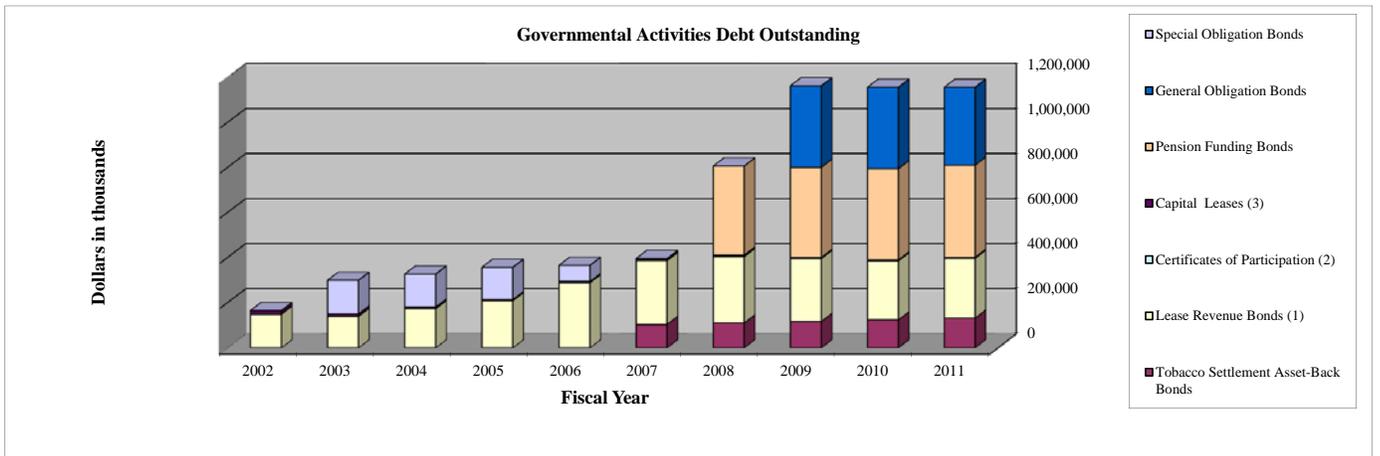
⁽¹⁾ Collections within the fiscal year represent current collections only. This amount does not include prior year delinquent (redemption) collections.

⁽²⁾ The higher percent delinquent rate in FY11 was due to economic decline.

Source: Santa Clara County Tax Collector's Office

COUNTY OF SANTA CLARA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in thousands, except per capita amount)
(Unaudited)

Fiscal Year	Governmental Activities							Business-Type Activities			Total Primary Government	Percentage of Personal Income (4)	Debt Per Capita (4)
	Tobacco Settlement Asset-Back Bonds	Pension Funding Bonds	General Obligation Bonds	Special Obligation Bonds	Lease Revenue Bonds (1)	Certificates of Participation (2)	Capital Leases (3)	Sewer Bonds Series A & B	Lease Revenue Bonds (1)	Capital Leases (3)			
2011	\$ 132,029	\$ 409,221	\$ 346,235	\$ -	\$ 264,537	\$ 3,936	\$ 459	\$ -	\$ 539,440	\$ -	\$ 1,695,857	n/a	\$ 944
2010	124,575	404,895	361,754	-	260,951	4,110	278	-	560,006	-	1,716,569	n/a	913
2009	117,544	400,044	362,173	-	278,260	4,279	652	-	576,982	-	1,739,934	1.748%	937
2008	110,911	394,716	-	-	292,981	4,438	3,119	-	593,785	-	1,399,950	1.346%	762
2007	104,654	-	-	-	281,902	4,872	4,168	-	533,533	-	929,129	0.893%	514
2006	-	-	-	71,626	288,130	550	5,289	-	543,389	-	908,984	0.948%	513
2005	-	-	-	142,868	208,770	805	4,472	1,322	435,659	-	793,896	0.911%	451
2004	-	-	-	145,650	173,175	1,050	6,795	1,348	290,342	-	618,360	0.748%	357
2003	-	-	-	148,432	139,726	1,285	9,807	1,372	298,121	87	598,830	0.766%	346
2002	-	-	-	-	148,929	1,725	14,249	1,372	298,435	169	464,879	0.596%	270



- (1) Lease revenue bonds are limited obligations of Santa Clara County Financing Authority payable solely from, and secured by, revenues of the Authority. The Authority's revenues primarily consist of base rental payments receivable from the County under a Master Lease.
- (2) Certificates of participation represent shares of lease-purchase payments. These tax-exempt certificates are sold publicly or privately to investors.
- (3) Capital lease obligations arise from lease agreements which are in-substance like purchases. The agreements convey property rights to the lessee and the lessee assumes substantially all of the risks and benefits of ownership.
- (4) Ratios are calculated using personal income and population data shown in Demographic and Economic statistics schedule.

Source: Comprehensive Annual Financial Reports- County of Santa Clara

This page intentionally left blank.

COUNTY OF SANTA CLARA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollars in thousands)
(Unaudited)

Fiscal Year	General Obligation Bonds - Principal	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (3)	Percentage of Actual Value of Taxable Property (2)	Per Capita
2011	\$ 334,900	\$ 34,809	\$ 300,091	0.30% (1)	0.10%	\$ 166.96
2010	350,000	35,573	314,427	0.30% (1)	0.10%	167.17
2009	350,000	10,294	339,706	0.33% (1)	0.11%	182.87
2008	-	-	-	-	-	-
2007	-	-	-	-	-	-
2006	-	-	-	-	-	-
2005	-	-	-	-	-	-
2004	-	-	-	-	-	-
2003	-	-	-	-	-	-
2002	-	-	-	-	-	-

- (1) 2009 and 2010 percentages were calculated using 2008 personal income data, which was the most recent available then.
2011 percentage is calculated using 2009 personal income data, which is the most recent available for FY11.
(2) See "Taxable Assessed Value of Property" table for property value data.
(3) Population and personal income data can be found in the "Demographic and Economic Statistics" table.

Source: County of Santa Clara Controller's Office
County of Santa Clara Assessor's Office
State of California - Department of Finance
U.S. Department of Commerce- Bureau of Economic Analysis

COUNTY OF SANTA CLARA
Direct and Overlapping Bonded Debt

June 30, 2011

(Unaudited)

2010-11 Assessed Valuation (includes unitary utility valuation)	\$ 299,259,562,553
Less: Redevelopment Incremental Valuation	30,972,806,096
Adjusted Assessed Valuation	\$ 268,286,756,457

Direct and Overlapping Tax and Assessment Debt:	% Applicable	Debt at 6/30/11
Santa Clara County	100	\$ 334,900,000
Santa Clara Valley Water District, Zone W-1	100	405,000
Foothill-DeAnza-Community College District	100	650,224,288
San Jose-Evergreen Community College District	100	236,993,794
Other Community College Districts	0.042-98.643	289,270,496
Gilroy Unified School District Lease Tax Obligations	100	174,428,171
Palo Alto Unified School District	100	229,109,249
San Jose Unified School District	100	505,867,986
Santa Clara Unified School District	100	252,260,000
Other Unified School Districts	1.168-100	107,008,661
Campbell Union High School District	100	167,315,000
East Side Union High School District	100	553,217,260
Fremont Union High School District	100	265,975,108
Other High School Districts	94.018-100	102,398,423
Campbell School District	100	119,646,120
Cupertino Union School District	100	122,899,991
Evergreen School District and Community Facilities District No. 92-1	100	119,740,071
Los Altos School District	100	86,664,000
Los Gatos Union School District	100	98,340,000
Moreland School District	100	71,683,662
Sunnyvale School District	100	117,214,273
Union School District	100	72,645,524
Other School Districts	4.766-100	477,524,723
City of Gilroy	100	33,830,000
City of Palo Alto	100	55,305,000
City of San Jose	100	480,320,000
City of Saratoga	100	12,605,000
Saratoga Fire Protection District	100	4,818,737
El Camino Hospital District	100	143,805,000
North County Library District Special Tax Obligations	100	330,000
City Community Facilities Districts	100	63,750,000
City of San Jose Special Assessment Bonds	100	24,613,739
Other City 1915 Act Bonds (Estimated)	100	68,446,493
Santa Clara Valley Water District Benefit Assessment District	100	143,160,000
Total Direct and Overlapping Tax and Assessment Debt		\$ 6,186,715,769

(Continued)

COUNTY OF SANTA CLARA
Direct and Overlapping Bonded Debt

June 30, 2011

(Unaudited)

Direct and Overlapping General Fund Debt:	<u>% Applicable</u>	<u>Debt at 6/30/11</u>
Santa Clara County General Fund Obligations	100	\$ 786,980,000
Santa Clara County Pension Obligations	100	386,024,822
Santa Clara County Office of Education Certificates of Participation	100	12,580,000
West Valley-Mission Community College District General Fund Obligations	98.643	55,358,452
Gilroy Unified School District Certificates of Participation	100	42,925,000
San Jose Unified School District School General Fund Obligations	100	109,122,992
Santa Clara Unified School District Certificates of Participation	100	12,980,000
East Side Union High School District Benefit Obligations	100	31,635,000
Other School District General Fund Obligations	1.168-100	138,342,490
City of Cupertino Certificates of Participation	100	45,510,000
City of Gilroy Certificates of Participation	100	47,315,000
City of Mountain View General Fund Obligations	100	15,685,000
City of San Jose General Fund Obligations	100	806,034,320
City of Santa Clara General Fund Obligations	100	44,595,000
City of Sunnyvale General Fund Obligations	100	25,860,000
Other City General Fund Obligations	100	64,530,843
Santa Clara County Vector Control District Certificates of Participation	100	3,800,000
Midpeninsula Regional Park District General Fund Obligations	69.098	90,520,474
Total Gross Direct and Overlapping General Fund Debt		<u>2,719,799,393</u>
Less: Cities of San Jose and Mountain View Certificates of Participation (100% self-supporting from tax increment revenues)		<u>148,980,000</u>
Total Net Direct and Overlapping General Fund Debt		<u>\$ 2,570,819,393</u>
Total Combined Direct Debt		\$ 1,507,904,822
Total Gross Combined Overlapping Debt		<u>7,398,610,340</u>
Gross Combined Total Direct and Overlapping Debt		<u>8,906,515,162</u> ⁽¹⁾
Less: Cities of San Jose and Mountain View Certificates of Participation (100% self-supporting from tax increment revenues)		<u>148,980,000</u>
Net Combined Total Direct and Overlapping Debt		<u>\$ 8,757,535,162</u>

Ratios to 2010-11 Assessed Valuation:

Direct Debt (\$334,900,000)	0.11%
Total Overlapping Tax and Assessment Debt	2.07%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$1,507,904,822)	0.56%
Gross Combined Total Debt	3.32%
Net Combined Total Debt	3.26%

State School Building Aid Repayable as of 6/30/11: \$ 0

⁽¹⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

COUNTY OF SANTA CLARA

Legal Debt Margin Information

Last Ten Fiscal Years

(Dollars in thousands)

(Unaudited)

Fiscal Year	Total Assessed Valuation ⁽¹⁾	Legal Debt Limit ⁽²⁾	General Bonded Debt ⁽³⁾	Legal Debt Margin ⁽⁴⁾
2011	\$ 296,276,139	\$ 3,703,452	\$ 334,900	\$ 3,368,552
2010	303,346,820	3,791,835	350,000	3,441,835
2009	302,708,587	3,783,857	350,000	3,433,857
2008	283,038,961	3,537,987	--	3,537,987
2007	261,912,708	3,273,909	--	3,273,909
2006	240,383,663	3,004,796	--	3,004,796
2005	222,166,528	2,777,082	--	2,777,082
2004	217,700,178	2,721,252	--	2,721,252
2003	210,596,589	2,632,457	--	2,632,457
2002	199,332,068	2,491,651	--	2,491,651

(1) Total assessed valuation includes exempt property.

(2) The legal debt limit is set by statute at 1.25 percent of the total assessed valuation.

(3) The County issued General Obligation Bonds in FY09

(4) The legal debt margin is the legal debt limit reduced by all general bonded debt.

Source: Santa Clara County Controller's Office

COUNTY OF SANTA CLARA

Pledge Revenue Coverage

Last Ten Fiscal Years

(Dollars in thousands)

(Unaudited)

Lease Revenue Bonds ⁽¹⁾ and Special Obligation Bonds Series 2003

Santa Clara County Financing Authority (SCCFA) ⁽²⁾

Fiscal Year	Gross Revenues ⁽³⁾	Operating Expenses ⁽⁴⁾	Net Available Revenues	Debt Service		Total	Coverage ⁽⁵⁾
				Principal	Interest		
2011	\$ 68,156	\$ 1,173	\$ 66,983	\$ 33,130	\$ 34,155	\$ 67,285	1.00
2010	65,123	1,093	64,030	30,395	33,636	64,031	1.00
2009	66,728	1,120	65,608	28,665	36,392	65,057	1.01
2008	58,903	965	57,938	19,995	36,337	56,332	1.03
2007	129,668	969	128,699	90,520	35,448	125,968	1.02
2006	116,501	829	115,672	85,050	32,392	117,442	0.98
2005	40,334	397	39,937	15,675	25,645	41,320	0.97
2004	38,538	282	38,256	14,935	24,829	39,764	0.96
2003	36,156	280	35,876	14,250	21,626	35,876	1.00
2002	34,156	326	33,830	13,605	21,091	34,696	0.98

Lease Revenue Bonds ⁽¹⁾

Santa Clara County - El Camino Hospital District Hospital Facilities Authority (HFA) ⁽²⁾

Fiscal Year	Gross Revenues ⁽³⁾	Operating Expenses ⁽⁴⁾	Net Available Revenues	Debt Service		Total	Coverage ⁽⁵⁾
				Principal	Interest		
2011	\$ 5,929	\$ 207	\$ 5,722	\$ 4,800	\$ 109	\$ 4,909	1.17
2010	5,462	242	5,220	4,300	84	4,384	1.19
2009	5,086	269	4,817	3,900	534	4,434	1.09
2008	5,512	311	5,201	3,500	1,405	4,905	1.06
2007	5,551	305	5,246	3,100	1,761	4,861	1.08
2006	4,980	309	4,671	2,800	1,514	4,314	1.08
2005	4,231	386	3,845	2,500	977	3,477	1.11
2004	3,442	347	3,095	2,300	617	2,917	1.06
2003	3,299	386	2,913	2,100	928	3,028	0.96
2002	3,171	347	2,824	1,900	1,083	2,917	0.97

Lease Revenue Bonds ⁽¹⁾

Business-type activities - Airport

Fiscal Year	Gross Revenues ⁽³⁾	Operating Expenses ⁽⁴⁾	Net Available Revenues	Debt Service		Total	Coverage ⁽⁵⁾
				Principal	Interest		
2011	\$ 3,287	\$ 2,257	\$ 1,030	\$ 160	\$ 247	\$ 407	2.53
2010	3,004	2,575	429	160	256	416	1.03
2009	3,173	2,632	541	156	261	417	1.30
2008	3,200	2,501	699	265	265	530	1.32
2007	3,047	2,505	542	241	277	518	1.05
2006	2,821	2,342	479	230	286	516	0.93
2005	2,648	2,189	459	225	298	523	0.88
2004	2,639	1,913	726	210	333	543	1.34
2003	2,634	2,056	578	-	41	41	14.10 ⁽⁶⁾

Note: Tobacco Settlement Asset-Backed Bonds issued in FY07 have not been presented on this schedule as the Capital Appreciation Bonds will have debt service requirements starting on June 1, 2026.

⁽¹⁾ Lease Revenue Bonds consist of various bond series.

⁽²⁾ Lease Revenue Bonds of SCCFA and HFA include Governmental and Business-type activities-SCVMC.

⁽³⁾ Gross Revenues include operating revenue and non-operating interest income.

⁽⁴⁾ Operating expenses excludes interest, depreciation, or amortization expense.

⁽⁵⁾ Debt service payments not covered by available revenues were funded by reserve funds with the trustees, or subsidy from the County.

⁽⁶⁾ Lease Revenue Bonds for Airport was issued during fiscal year 2003 and thus Pledge Revenue Coverage is not applicable for fiscal year 2002.

Source: Comprehensive Annual Financial Reports - County of Santa Clara
 Audited financial statement for Santa Clara County Financing Authority
 Audited financial statement for Santa Clara County - El Camino Hospital District Hospital Facilities Authority

COUNTY OF SANTA CLARA
Demographic and Economic Statistics
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	County Population ⁽¹⁾	Personal Income (in thousands) ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2011	1,797,375	n/a	n/a	n/a	265,543	10.5%
2010	1,880,876	n/a	n/a	n/a	262,126	11.6%
2009	1,857,621	\$99,549,995	\$55,781	36.2	259,800	8.7%
2008	1,837,075	103,992,999	59,227	36.6	259,116	5.1%
2007	1,808,056	104,102,421	60,107	36.4	255,722	4.4%
2006	1,773,258	95,911,624	55,735	36.1	254,622	5.0%
2005	1,759,585	87,154,432	51,112	36.2	253,065	5.8%
2004	1,731,300	82,638,917	49,132	36.0	251,198	6.3%
2003	1,729,900	78,165,179	46,640	35.7	250,435	8.6%
2002	1,719,600	78,016,542	46,588	35.2	248,777	7.6%

Sources:

- (1) State of California - Department of Finance
- (2) U.S. Department of Commerce- Bureau of Economic Analysis
- (3) Association of Bay Area Census (California)
- (4) Santa Clara County Office of Education
- (5) State of California - Employment Development Department

COUNTY OF SANTA CLARA
Principal Employers
Current Year and Nine Years ago
(Unaudited)

<u>Company or Organization</u> ⁽¹⁾	<u>Fiscal Year 2011</u>			<u>Fiscal Year 2002</u>		
	<u>Estimated</u> <u>Number of</u> <u>Employees</u> ⁽²⁾	<u>Rank</u>	<u>Percentage of</u> <u>Total County</u> <u>Employment</u>	<u>Estimated</u> <u>Number of</u> <u>Employees</u> ⁽³⁾	<u>Rank</u>	<u>Percentage of</u> <u>Total County</u> <u>Employment</u>
County of Santa Clara	15,474	1	1.97%	18,616	1	2.28%
Cisco Technology Inc.	13,000	2	1.65%	14,000	2	1.72%
Stanford University	10,101	3	1.28%	9,944	5	1.22%
Apple Computer, Inc.	10,000	4	1.27%	3,000	-	0.37%
Kaiser Permanente	8,343	5	1.06%	5,000	-	0.61%
Lockheed Martin	7,600	6	0.97%	7,500	6	0.92%
City of San Jose	5,840	7	0.74%	6,436	8	0.79%
Stanford Hospital & Clinics	5,569	8	0.71%	5,500	-	0.67%
Intel Corporation	5,000	9	0.64%	6,000	9	0.74%
Hewlett-Packard Co.	5,000	9	0.64%	11,300	4	1.39%
Applied Materials Inc.	3,746	-	0.48%	12,000	3	1.47%
SGI/Silicon Graphics Inc.	2,600	-	0.33%	7,000	7	0.86%
Soletron Corporation*	n/a	-	n/a	5,800	10	0.71%
Total - Top 10 Employers	85,927			98,596		
Total County Employment ⁽¹⁾	786,100			815,300		

Source: (1) State Employment Development Department, Labor Market Information Division

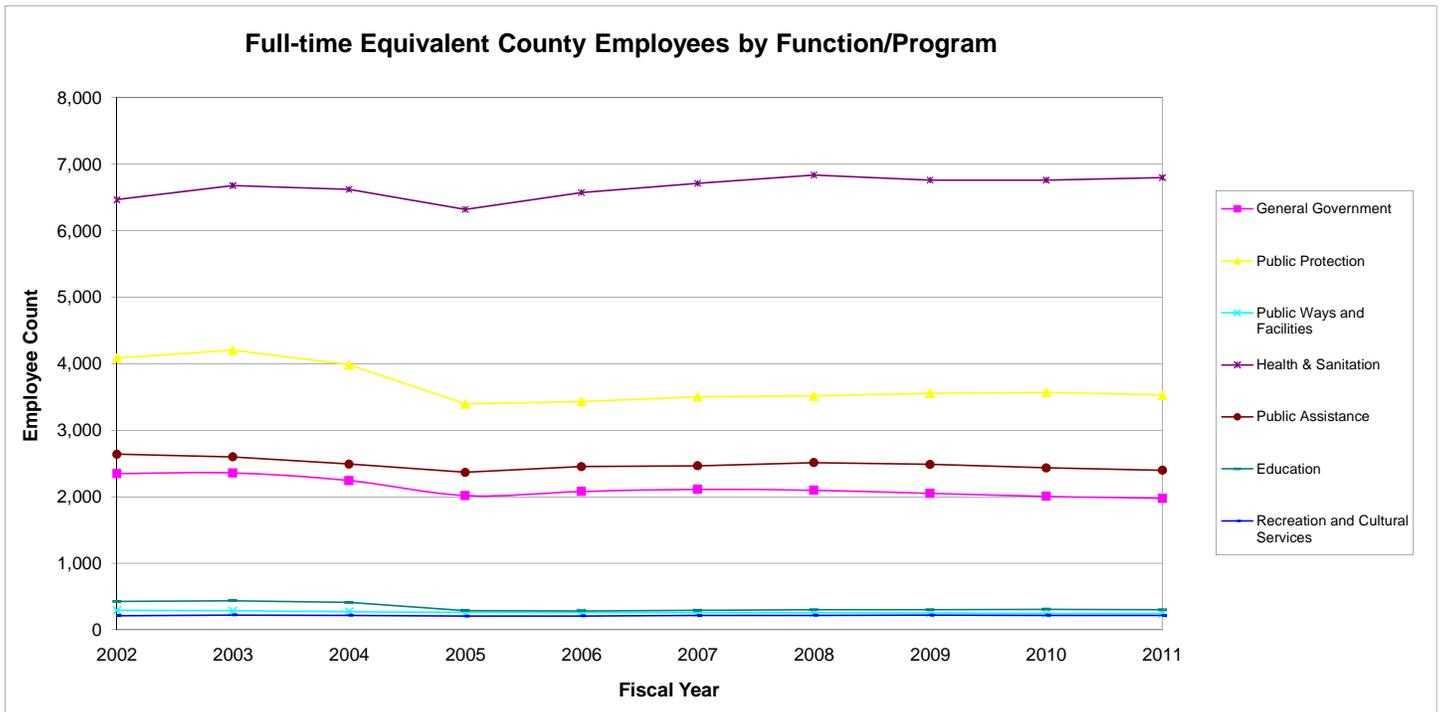
- (2) Rich's Everyday Sales Prospecting Directory (2011) - Santa Clara County
 County of Santa Clara Finance Department
 City of San Jose 2010-2011 Adopted Budget in Brief
 City of Palo Alto FY2010 CAFR
http://www.lockheedmartinjobs.com/locations_sunnyvale_mountainvue_LA.asp
 Silicon Valley/San Jose Business Journal Vol. 28, No. 39 December 24, 2010
 City of Santa Clara FY2010 CAFR
<http://mydoctor.kaiserpermanente.org/ncal/facilities/region/santaclara>
<http://mydoctor.kaiserpermanente.org/ncal/facilities/region/sanjose>

- (3) Rich's Everyday Sales Prospecting Directory (2002) - Santa Clara County
 County of Santa Clara Finance Department
 City of Cupertino FY2010 CAFR
 Valley Transportation Authority FY2002 CAFR
 *Acquired by Flextronics in 2007

This page intentionally left blank.

COUNTY OF SANTA CLARA
Full-time Equivalent County Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/ Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	2,349	2,358	2,245	2,019	2,080	2,112	2,099	2,053	2,006	1,976
Public Protection	4,089	4,206	3,986	3,397	3,433	3,506	3,516	3,558	3,571	3,532
Public Ways and Facilities	295	289	277	258	262	262	259	253	246	246
Health & Sanitation	6,469	6,680	6,623	6,323	6,576	6,716	6,840	6,761	6,764	6,802
Public Assistance	2,642	2,600	2,492	2,369	2,455	2,467	2,515	2,489	2,435	2,400
Education	426	439	413	291	286	292	303	303	310	302
Recreation and Cultural Services	214	224	219	207	209	215	218	221	218	216
Total full-time equivalent employees	16,484	16,796	16,255	14,864	15,301	15,570	15,750	15,638	15,550	15,474



Source: Santa Clara County Controller's Office

COUNTY OF SANTA CLARA
Operating Indicators by Function / Program

Last Ten Fiscal Years

(Unaudited)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental Activities					
General Government					
Total number of secured and unsecured assessment roll units - Assessor	504,861	508,296	548,274	508,936	563,399
Ratio of revenue collections to expenditures - Department of Revenue	9.5:1	9.5:1	10.1:1	10.3:1	10.4:1
Number of new voter registrations - Registrar of Voters	59,523	69,374	114,925	150,233	56,661
Number of Vote by Mail ballots issued in major elections - Registrar of Voters	69,698	101,543	132,965	232,321	229,711
Number of documents recorded by the Clerk Recorder	699,299	947,937	857,641	695,005	680,799
Public Protection					
9-1-1 emergency calls received - Communications Department	252,679	263,051	264,779	264,734	314,849
Emergency calls answered within 10 seconds (2.5 rings)	85%	86%	89%	94%	94%
Number of fires extinguished by the County fire department	580	582	525	n/a	1,001
Number of fire prevention inspections	9,279	9,333	9,384	10,621	10,998
Number of child support cases ⁽¹⁾ - Department of Child Support Services	72,146	69,581	66,214	63,366	62,047
Number of cases reviewed for possible criminal filing by the District Attorney ⁽²⁾	n/a	39,438	43,555	44,205	42,525
Number of criminal complaints received - Sheriff	2,906	2,418	1,714	1,430	2,209
Number of citations issued - Sheriff	18,543	16,974	20,238	20,977	22,479
Number of priority 1, 2, 3 calls ⁽³⁾ dispatched - Sheriff	55,049	52,699	46,787	41,194	44,692
Number of inmates booked - Department of Correction	50,679	46,279	53,992	55,084	55,839
Average daily inmate population in all jail facilities	3,914	3,903	4,041	4,278	4,553
Rate of successful completion of probation (adult)	82%	82%	56%	57%	57%
Rate of successful completion of probation (juvenile)	75%	89%	91%	89%	80%
Rate of successful enrollment in school, training, or employment (adult)	58%	44%	43%	50%	42%
Rate of successful enrollment in school, training, or employment (juvenile)	89%	96%	80%	84%	94%
Public Ways and Facilities					
Number of gross miles maintained by the Roads Department	690	686	686	684	684
Average to ideal PCI ⁽⁴⁾ - urban roads	93%	94%	100%	109%	109%
Average to ideal PCI ⁽⁴⁾ - expressways	96%	99%	109%	116%	106%
Average to ideal PCI ⁽⁴⁾ - mountain roads	100%	97%	101%	114%	114%
Average to ideal PCI ⁽⁴⁾ - arterial/collector roads	99%	100%	110%	111%	111%
Health and Sanitation					
Number of vector control service requests	6,067	6,946	7,082	8,368	7,729
Household hazardous waste collected (number of pounds)	1,685,387	1,999,302	2,000,000	2,100,000	2,339,000
Hazardous underground storage tanks inspected	73	73	72	68	53
Critical hazard violations in food facilities	9,769	7,853	7,961	5,744	5,931
Public Assistance					
Number of low income individuals assisted with housing services ⁽⁵⁾	4,945	10,433	23,094	59,436	61,436
Number of Adult Protective Services (APES) reports	1,869	2,028	1,841	1,975	2,400
Number of monthly In-Home Supportive Services (IHSS) authorized cases	6,251	7,674	9,517	10,107	11,942
Average monthly number of active Medi-Cal cases	71,332	77,274	87,947	91,281	74,973
Number of children and families diverted from Child Welfare Services	1,911	1,961	2,065	2,385	2,271
Average monthly number of clients working - off aid receiving services	1,112	1,425	1,470	1,329	1,058
Education					
Average number of books borrowed per capita	23.2	23.7	23.4	22.6	23.1
Library visits	3,339,969	3,389,666	3,333,606	3,136,222	2,977,698
Recreation and Culture					
Number of visitors in County parks	2,968,780	2,498,692	1,857,265	2,002,217	2,245,036
Total volunteer hours in County parks	32,842	32,276	32,286	34,337	33,457
Business-type activities - SCVMC					
Total patient days	117,465	117,413	120,586	121,935	125,138
Average daily census	322	322	329	334	351
Total hospital visits	580,036	598,992	624,727	657,403	674,656

Notes:

n/a Data is not available.

(1) Data is compiled per federal fiscal year ending September 30.

(2) Data is compiled on a calendar year basis.

(3) Priority 1 - A life endangering situation, special circumstances, or person at risk.

Priority 2 - Any crime against a person not life threatening.

Priority 3 - Any crime against a person or property with no special circumstances.

(4) PCI - Pavement condition index

(5) Numbers for fiscal year 2010 and 2011 are based on estimate.

Source: Santa Clara County Departments

Fiscal Year					
2007	2008	2009	2010	2011	
					Governmental Activities
					General Government
563,579	567,996	545,036	545,413	n/a	Total number of secured and unsecured assessment roll units - Assessor
10.1:1	9.4:1	9.5:1	9.8:1	10:6/1	Ratio of revenue collections to expenditures - Department of Revenue
55,961	99,539	120,602	51,024	80,620	Number of new voter registrations - Registrar of Voters
271,188	487,336	559,122	547,351	559,956	Number of Vote by Mail ballots issued in major elections - Registrar of Voters
595,569	469,688	464,068	497,383	545,403	Number of documents recorded by the Clerk Recorder
					Public Protection
236,469	244,109	236,572	233,682	236,122	9-1-1 emergency calls received - Communications Department
93%	86%	92%	93%	91%	Emergency calls answered within 10 seconds (2.5 rings)
1,464	496	478	423	366	Number of fires extinguished by the County fire department
10,726	10,148	9,395	4,575	4,345	Number of fire prevention inspections
54,509	50,887	50,319	45,149	43,432	Number of child support cases ⁽¹⁾ - Department of Child Support Services
37,786	41,220	43,568	36,625	34,079	Number of cases reviewed for possible criminal filing by the District Attorney ⁽²⁾
2,039	3,169	2,987	2,139	2,090	Number of criminal complaints received - Sheriff
32,761	46,973	38,813	39,612	36,143	Number of citations issued - Sheriff
72,781	41,981	42,037	57,116	36,886	Number of priority 1, 2, 3 calls ⁽³⁾ dispatched - Sheriff
58,196	69,502	65,088	58,032	51,521	Number of inmates booked - Department of Correction
4,501	4,657	4,497	4,127	3,679	Average daily inmate population in all jail facilities
61%	56%	53%	53%	55%	Rate of successful completion of probation (adult)
76%	80%	72%	71%	66%	Rate of successful completion of probation (juvenile)
45%	43%	45%	44%	44%	Rate of successful enrollment in school, training, or employment (adult)
86%	79%	78%	79%	76%	Rate of successful enrollment in school, training, or employment (juvenile)
					Public Ways and Facilities
672	670	655	646	635	Number of gross miles maintained by the Roads Department
107%	109%	104%	100%	96%	Average to ideal PCI ⁽⁴⁾ - urban roads
115%	118%	116%	105%	106%	Average to ideal PCI ⁽⁴⁾ - expressways
109%	107%	106%	94%	94%	Average to ideal PCI ⁽⁴⁾ - mountain roads
111%	106%	109%	96%	97%	Average to ideal PCI ⁽⁴⁾ - arterial/collector roads
					Health and Sanitation
7,290	5,722	4,710	4,498	4,984	Number of vector control service requests
2,340,526	2,940,653	3,200,000	3,500,000	3,450,000	Household hazardous waste collected (number of pounds)
53	52	88	88	88	Hazardous underground storage tanks inspected
4,756	3,503	2,890	1,537	1,848	Critical hazard violations in food facilities
					Public Assistance
23,722	24,920	15,827	15,000	15,000	Number of low income individuals assisted with housing services ⁽⁵⁾
2,601	2,862	2,701	2,545	2,756	Number of Adult Protective Services (APES) reports
12,545	13,923	15,778	16,887	17,220	Number of monthly In-Home Supportive Services (IHSS) authorized cases
76,352	80,729	99,591	106,125	109,354	Average monthly number of active Medi-Cal cases
3,087	2,543	1,600	1,342	1,439	Number of children and families diverted from Child Welfare Services
1,175	1,124	1,008	800	952	Average monthly number of clients working - off aid receiving services
					Education
23.3	24.5	26.5	28.4	28.8	Average number of books borrowed per capita
3,024,199	3,439,339	3,571,571	3,743,054	3,684,131	Library visits
					Recreation and Culture
1,791,891	2,496,875	2,230,557	2,237,595	2,049,625	Number of visitors in County parks
38,039	34,714	50,968	45,686	53,930	Total volunteer hours in County parks
					Business-type activities - SCVMC
132,516	130,638	120,243	116,746	115,002	Total patient days
363	357	329	320	315	Average daily census
702,860	750,849	799,820	824,594	828,258	Total hospital visits

COUNTY OF SANTA CLARA
Capital Asset Statistics by Function / Program
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities					
General Government					
Number of main administration buildings	13	13	13	13	15
Number of electronic voting machines ⁽¹⁾	n/a	n/a	5,500	5,500	5,500
Number of animal shelters	1	1	1	1	1
Public Protection					
Number of children shelters	1	1	1	1	1
Number of 9-1-1 communications sites ⁽²⁾	30	30	30	30	30
Number of crime labs	1	1	1	1	1
Number of Sheriff's stations and substations	4	4	4	3	3
Number of helicopters owned by the County	-	1	1	1	1
Number of bomb trucks owned by the County	-	-	1	1	1
Number of jail facilities	2	2	2	2	2
Total capacity of Main jail	1,214	1,214	1,353	1,353	1,353
Total capacity of Elmwood correctional facility	2,489	2,489	2,472	2,472	2,472
Number of juvenile probation facilities	4	4	4	4	3 ⁽³⁾
Total capacity of all juvenile probation facilities	589	589	589	589	481 ⁽³⁾
Number of adult probation facilities	2	2	2	2	2
Total capacity of all adult probation facilities	320	320	320	320	320
Number of fire stations	8	8	8	8	8
Number of fire trucks	5	5	5	5	5
Number of fire engines	28	28	28	28	28
Number of Court buildings	8	8	8	8	8
Public Ways and Facilities					
Road gross miles (urban, rural and expressways)	690	686	686	684	684
Number of bridges	172	171	171	175	175
Number of traffic lights	159	160	161	164	164
Number of maintenance trucks	271	243	229	250	248
Health and Sanitation					
Number of neighborhood health centers	7	7	7	7	7
Number of alcohol and drug abuse recovery centers	1	1	1	1	1
Education					
Number of county libraries	9	9	9	8	8
Number of books (in thousands)	1,582	1,687	1,682	1,631	1,634
Recreation and Culture					
Number of multi-use parks	25	25	26	26	26
Acreage of parks	43,135	44,068	44,510	44,546	44,546
Lakes and reservoirs	12	12	12	12	12
Boat launch ramps	11	11	11	11	11
Miles of park trails	267	278	291	291	291
Number of campsites in County parks	319	319	319	319	319
Business - type activities					
Number of main administration buildings	2	2	2	2	2
Number of County hospitals	1	1	1	1	1
Number of licensed beds in acute care hospital	574	574	574	574	574
Operating rooms	14	14	14	14	14
Neighborhood health centers / satellite clinics	7	7	7	7	7
Internal Service Departments					
Number of law enforcement vehicles	762	767	677	666	651
Number of all other vehicles	1,440	1,447	1,208	1,156	1,152

Notes:

- ⁽¹⁾ Prior to 2004, the County used punched card style voting equipment.
⁽²⁾ In FY11 the County had 10 primary microwave repeater and radio sites and 30 secondary radio sites.
⁽³⁾ Holden Ranch Juvenile facility was closed in FY06.

Source: Santa Clara County Departments

Fiscal Year					
2007	2008	2009	2010	2011	
					Governmental Activities
					General Government
16	16	16	16	17	Number of main administration buildings
5,500	5,500	5,500	5,500	5,500	Number of electronic voting machines ⁽¹⁾
1	1	1	1	1	Number of animal shelters
					Public Protection
1	1	1	0	0	Number of children shelters
31	39	39	40	40	Number of 9-1-1 communications sites ⁽²⁾
1	1	1	1	1	Number of crime labs
3	3	3	3	3	Number of Sheriff's stations and substations
1	1	1	1	1	Number of helicopters owned by the County
1	1	1	1	1	Number of bomb trucks owned by the County
2	2	2	2	2	Number of jail facilities
1,409	1,689	1,689	1,353	1,353	Total capacity of Main jail
3,092	3,711	3,711	2,472	2,472	Total capacity of Elmwood correctional facility
3	3	3	3	3	Number of juvenile probation facilities
550	550	550	550	538	Total capacity of all juvenile probation facilities
2	0	0	0	0	Number of adult probation facilities
320	0	0	0	0	Total capacity of all adult probation facilities
8	8	8	8	8	Number of fire stations
5	5	5	5	5	Number of fire trucks
28	34	32	37	37	Number of fire engines
8	8	8	8	9	Number of Court buildings
					Public Ways and Facilities
672	670	655	638	635	Road gross miles (urban, rural and expressways)
175	173	172	172	173	Number of bridges
163	163	163	164	164	Number of traffic lights
244	249	216	213	212	Number of maintenance trucks
					Health and Sanitation
7	7	7	7	7	Number of neighborhood health centers
1	1	1	1	1	Number of alcohol and drug abuse recovery centers
					Education
8	8	8	8	8	Number of county libraries
1,646	1,705	1,776	1,757	1,829	Number of books (in thousands)
					Recreation and Culture
26	26	26	29	29	Number of multi-use parks
44,953	44,953	44,657	46,225	46,225	Acreage of parks
12	12	12	15	15	Lakes and reservoirs
11	11	11	11	11	Boat launch ramps
298	298	302	314	316	Miles of park trails
319	319	317	324	326	Number of campsites in County parks
					Business - type activities
2	2	1	1	1	Number of main administration buildings
1	1	1	1	1	Number of County hospitals
574	574	574	574	574	Number of licensed beds in acute care hospital
14	14	12	12	12	Operating rooms
7	7	7	7	7	Neighborhood health centers / satellite clinics
					Internal Service Departments
638	636	558	534	475	Number of law enforcement vehicles
1,219	1,298	1,264	1,222	1,177	Number of all other vehicles

This page intentionally left blank.

COUNTY OF SANTA CLARA
Miscellaneous Statistical Data
June 30, 2011
(Unaudited)

Geographic Location:	The County of Santa Clara, also referred to as "Silicon Valley," is the largest of the nine counties that make up the San Francisco Bay Area. It was one of the original 27 counties when the state was formed.	
County Seat:	San Jose, California	
Date of Incorporation:	February 18, 1850	
Form of Government:	Charter County, governed by a five-member Board of Supervisors	
Fiscal Year:	July 1 through June 30	
Area of County:	1,316 square miles	
Highest Altitude:	4,209 feet at Mt. Hamilton	
Streets, Roads & Highways	4,719.5 miles	
Incorporated Cities:	15	
Population:	2011	1,797,375
	2010	1,880,876
County Employees:	as of June 30, 2011	15,474
Employment Distribution (June 2011):		
Service	49.13%	
Manufacturing	17.80%	
Retail	9.02%	
Government	10.74%	
Wholesale Trade	4.11%	
Construction and Mining	3.76%	
Finance, Insurance and Real Estate	3.62%	
Transportation and Utilities	1.40%	
Agriculture	0.42%	

Source: California Employment Development Department, Labor Market Division

This page intentionally left blank.

Glossary

COUNTY OF SANTA CLARA

Glossary for the Comprehensive Annual Financial Report

ACCOUNTS PAYABLE. A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE. An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS. The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION. A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS. A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See **DUE TO OTHER FUNDS** and **INTERFUND RECEIVABLE/PAYABLE**.

ADVANCE TO OTHER FUNDS. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **DUE FROM OTHER FUNDS**.

AGENCY FUND. A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

AMORTIZATION. (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSIGNED FUND BALANCE. Amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Board of Supervisors or (b) a body (for example: a budget or finance committee) or official to which the Board has delegated the authority to assign amounts to be used for specific purposes.

AUCTION RATE SECURITIES (ARS). Long term, variable rate bonds tied to short term interest rates. ARS have a long term nominal maturity with interest rates reset through a modified Dutch auction, at predetermined short term intervals, usually 7, 28, or 35 days. ARS trade at par and are callable at par on any interest payment date at the option of the issuer. Interest is paid at the current period based on the interest rate determined in the prior auction period.

AUDITOR'S REPORT. In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET. The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS). The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements and notes to the financial statements.

BASIS OF ACCOUNTING. A term used to refer to *when* revenues, expenditures, expenses, and transfers - and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the

COUNTY OF SANTA CLARA

Glossary for the Comprehensive Annual Financial Report

financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CAPITAL ASSETS. Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, and improvements other than buildings, land and infrastructure. In the private sector, these assets are referred to most often as property, plant and equipment.

CAPITAL EXPENDITURES. Expenditures resulting in the acquisition of or addition to the government's general capital assets.

CAPITALIZATION POLICY. The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE. An agreement that conveys the right to use property, plant or equipment, usually for a stated period of time. See **LEASE-PURCHASE AGREEMENTS.**

CAPITAL PROJECTS FUND. A fund created to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT. An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM. A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFR's and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS. The difference between the fair value of investments at the beginning of

the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

COMMITTED FUND BALANCE. Amounts that can only be used for the specific purpose determined by a formal action of the County's highest level of decision-making authority, the Board of Supervisors. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally.

COMPENSATED ABSENCES. Absences, such as vacation, illness and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

CONCENTRATION OF CREDIT RISK. The risk of loss attributed to the magnitude of a government's investment in a single issuer.

CONTINGENT LIABILITY. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

CREDIT RISK. The risk that an issuer or a counter-party to an investment will not fulfill its obligations.

COUNTY OF SANTA CLARA
Glossary for the Comprehensive Annual Financial Report

CURRENT FINANCIAL RESOURCES MEASUREMENT

FOCUS. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants and notes.

DEBT SERVICE FUND. A fund established to account for the accumulation of resources that are restricted, committed, or assigned to expenditure of general long-term debt principal and interest.

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g. bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFERRED INFLOWS/OUTFLOWS. Net resources acquired (inflow) or consumed (outflow) by a government that is applicable to a future reporting period.

DEFERRED REVENUE. Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT PENSION PLAN. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DUE FROM OTHER FUNDS. An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS. Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

ENCUMBRANCES. Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

COUNTY OF SANTA CLARA
Glossary for the Comprehensive Annual Financial Report

EXCHANGE-LIKE TRANSACTION. Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlement and shared revenues.

EXPENSES. Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS. Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL DEPOSIT INSURANCE CORPORATION. A corporation created by the federal government that insures deposits in banks and savings associations.

FIDUCIARY FUNDS. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an

agent for individuals, private organizations, other government units and/or other funds.

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g. receivables, investments). Financial resources may also include inventories and pre-pays (because they obviate the need to expend current available resources).

FISCAL AGENT. A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FOREIGN EXCHANGE RISK. The risk that changes in exchange rate will adversely affect the fair value of an investment or a deposit.

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE. The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS. Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

FUND TYPE. Any one of eleven categories into which all funds are classified in governmental accounting. The eleven fund types are: general, special revenue, debt service, capital projects, permanent, enterprise, internal service, pension (and other employee benefit) trust, investment trust, private-purpose trust, and agency.

GENERAL REVENUES. All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax for example, property tax, sales tax, transient occupancy tax. All other nontax revenues (including interest, unrestricted grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

COUNTY OF SANTA CLARA
Glossary for the Comprehensive Annual Financial Report

GENERAL FUND. The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local governments are set forth by SAS No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles"* in the Independent Auditor's Report.

GOVERNMENTAL ACCOUNTING. The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of net activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

INTEREST RATE RISK. The risk that changes in interest rates will adversely affect the fair value of an investment or a deposit.

INTERFUND RECEIVABLE/PAYABLE. Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS. Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE. A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE. As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEASE-PURCHASE AGREEMENTS. Contractual agreements that are termed leases, but that in substance are purchase contracts.

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL. The level at which a government's management may not reallocate resources without special approval from the legislative body.

LIABILITIES. Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE. An asset account reflecting amounts loaned to individuals or organizations external to a government,

COUNTY OF SANTA CLARA

Glossary for the Comprehensive Annual Financial Report

including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets or liabilities are at least 10 percent of corresponding totals for all government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS. A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

MEASUREMENT FOCUS. A way of presenting an entity's financial performance and position by considering which *resources* are measured (financial or economic) and *when* the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g. bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

NET PENSION/OPEB OBLIGATION/ASSET. In the context of defined benefit pension and other postemployment benefit plans, the cumulative difference between annual pension cost and the employer's contributions to the plan, including the pension/OPEB liability (asset) at transition, if any, and excluding (a) short-term

differences and (b) unpaid contributions that have been converted to pension-related/OPEB-related debt/asset.

NONSPENDABLE FUND BALANCE. Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

OTHER FINANCING SOURCES. An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OTHER POSTEMPLOYMENT BENEFIT (OPEB). Postemployment benefits other than pension benefits. OPEB include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, excluding benefits as termination offers and benefits.

OPERATING LEASE. When a lease does not transfer ownership rights, risks and rewards from the lessor to the lessee, the lease is called an operating lease and is similar to a rental.

OTHER FINANCING USES. A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OVERLAPPING DEBT. The proportionate share property within each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

PROGRAM REVENUES. Term used in connection with the government-wide statement of activities. Revenues that derive

COUNTY OF SANTA CLARA
Glossary for the Comprehensive Annual Financial Report

directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

REBATABLE ARBITRAGE. A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REPORTING ENTITY. The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION. Consists of statements, schedules, statistical data or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE. Amounts constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

RESTRICTED NET ASSETS. A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

RISK MANAGEMENT. All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE. A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or

from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1984, as amended in 1996 and Office of Management and Budget's (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The Single Audit Act allows or requires governments (depending on the amount of federal assistance expended) to have one audit performed to meet the needs of all federal agencies.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities and electric power authorities.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

TAX AND REVENUE ANTICIPATION NOTES (TRANS). Notes issued in anticipation of the collection of taxes and revenues, usually retireable only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

TEETER PLAN. Provides for a tax distribution procedure in which secured roll (exclusive of the supplemental roll) taxes are distributed to participating taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections.

TRUST FUNDS. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.

COUNTY OF SANTA CLARA
Glossary for the Comprehensive Annual Financial Report

UNASSIGNED FUND BALANCE. The residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. Unassigned amounts are technically available for any purpose.

UNQUALIFIED OPINION. An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNRESTRICTED NET ASSETS. That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

VARIABLE-RATE INVESTMENT. An investment with terms that provide for the adjustment of its interest rate (such as the last day of the month or a calendar quarter) and that, upon each adjustment until the final maturity of the instrument or the period remaining until the principal amount can be recovered through demand, can reasonably be expected to have a fair value that will be unaffected by interest rate change.



**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011**