County of San Diego

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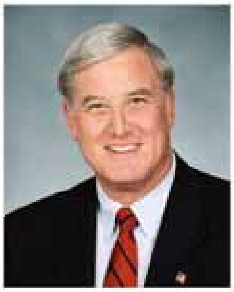
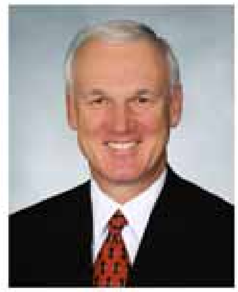
Board of Supervisors



Greg Cox
Supervisor
District One

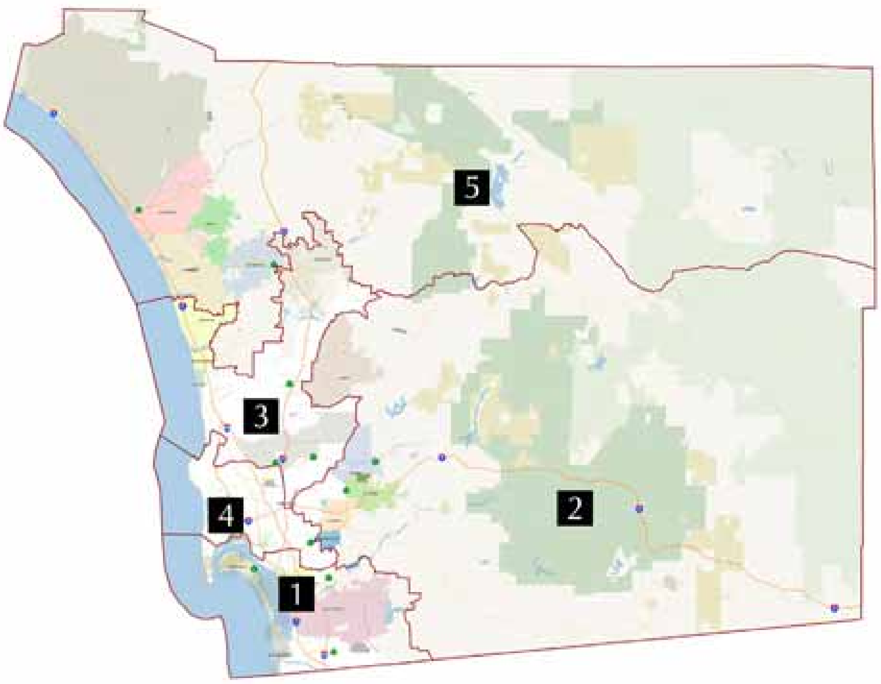
Dianne Jacob
Supervisor
District Two

Dave Roberts
Supervisor
District Three



Ron Roberts
Supervisor
District Four

Bill Horn
Supervisor
District Five



Note: This map reflects the Supervisorial District boundaries as adopted by the Board of Supervisors on September 27, 2011.

Organizational Chart

- Citizens of San Diego County
  - Board of Supervisors*
    - Chief Administrative Officer

Public Safety Group
- Child Support Services
- Citizens' Law Enforcement Review Board
- District Attorney*
- Emergency Services
- Executive Office
- Medical Examiner
- Probation
- Public Defender
- San Diego County Fire Authority
- Sheriff*

Health & Human Services Agency
- Administrative Support
- Aging & Independence Services
- Behavioral Health Services
- Child Welfare Services
- Public Health Services
- Regional Operations

Land Use & Environment Group
- Agriculture, Weights & Measures
- Air Pollution Control District
- Environmental Health
- Executive Office
- Farm & Home Advisor
- Parks & Recreation
- Planning & Development Services
- Public Works

Community Services Group
- Animal Services
- County Library
- Executive Office
- General Services
- Housing & Community Development
- Purchasing & Contracting
- County Successor Agency
- Registrar of Voters

Finance & General Government Group
- Assessor/Recorder/ County Clerk*
- Auditor & Controller
- Civil Service Commission
- Clerk of the Board of Supervisors
- County Communications Office
- County Counsel
- County Technology Office
- Executive Office
- Grand Jury
- Human Resources
- Treasurer - Tax Collector*

*Elected Official(s)

Rev. 2/2013

Message from the Chief Administrative Officer

One year ago this was a very different County of San Diego. As we look ahead, I am reminded of the saying that, "the more things change, the more they remain the same."

The past fiscal year has brought the County an evolution in leadership, unprecedented new responsibilities as the State of California continues to reshape the way counties deliver essential services, and an economy no longer in free fall - even the landscape of the historic 1930s-era County Administration Center is getting an overhaul. That we operate in an environment of constant change has never been more apparent.

As we stand poised to begin a new fiscal year, the County of San Diego remains confident in our ability to overcome the challenges ahead, thanks to the sound leadership of the Board of Supervisors and a steadfast commitment to the proven success of the General Management System as our guide to running an efficient, effective, award-winning government. With the County's Strategic Plan charting the course, we also rely upon the vision for community health, safety and well-being laid out in the strategies of *Live Well, San Diego!*

Accordingly, the CAO Recommended Operational Plan for Fiscal Years 2013-15 reflects modest growth, primarily from the addition of staff to address new responsibilities of counties in the areas of public safety and health, as well as increasing retirement costs. The recommended operational plan totals $4.97 billion, an increase of 2.5% over the prior fiscal year, and includes 16,601 staff years, representing 3.7% growth in the County workforce.

Yet it is not the size of the County's budget that matters, but rather how we plan to use these public dollars to serve and improve the region which we call home, and to position the County for continued excellence in the decades to come.

This Operational Plan includes the County's response to new challenges. We continue to advance a coordinated strategy to keep communities safe in the new paradigm of County responsibility for criminal offenders with the implementation of Assembly Bill 109, *Public Safety Realignment (2011).* The County has been a Statewide model of collaboration and leadership in this area. Also, as the nation looks toward the implementation of healthcare reform through the federal *Patient Protection and Affordable Care Act*, the County is increasing capacity to manage the transition of low-income children from the State's Healthy Families to Medi-Cal health insurance plans.

We also look forward to new opportunities. The County continues to earn grant funding for innovative programs to improve service to the public, such as the Community Based Care Transitions Program which seeks to reduce costs while improving outcomes for patients with chronic health conditions. And, we'll ensure excellence in facilities to serve future generations by maintaining commitment to the County's capital program through improvements to trails, parks and libraries across the County and opening critical new facilities including the expanded Women's Detention Facility and the East Mesa Detention Re-Entry and Rehabilitation Facility.

This Operational Plan also maintains the County's commitment to excellence and efficiency in carrying out our continued responsibilities to taxpayers. First and foremost we will maintain the fiscal discipline and prudent use of resources that have earned the County strong credit ratings year after year. We will maintain our commitment to the highest standards of service, continually improving our business for responsiveness to customer needs such as the reorganization of the County's land use process and creation of the new Department of Planning and Development Services, as envisioned by the Board of Supervisors. And we'll continue supporting growth in the skills of employees and progress on the journey toward wellness, never losing focus on our organizational culture of integrity and ethical conduct.

It is the County's hallmark of stability and fiscal discipline, combined with our increasing ability to adapt, improve and innovate that are reflected in the goals we've set for the coming year. Looking further out, the Fiscal Year 2013-14 budget also prepares the County to address continually growing retirement costs while maintaining the ability to face the challenges that lie ahead.

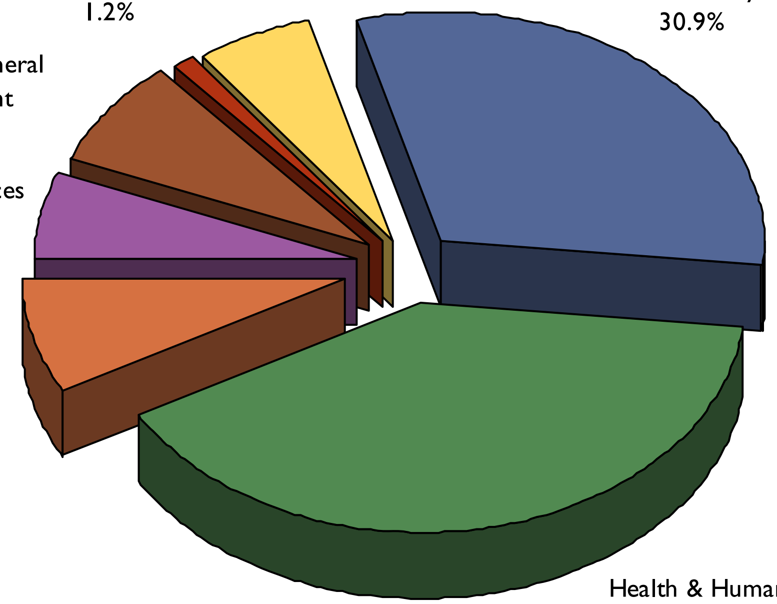
For the County, as in life, change is inevitable. What will never waver is the County of San Diego's commitment to excellence in all that we do for the good of the people we serve. I invite you to read more about the County's plans for continued excellence and innovation in the upcoming fiscal year included throughout this document.

Helen N. Robbins-Meyer, Chief Administrative Officer

2013-14 Recommended Budget at a Glance

Recommended Budget by Functional Area — All Funds

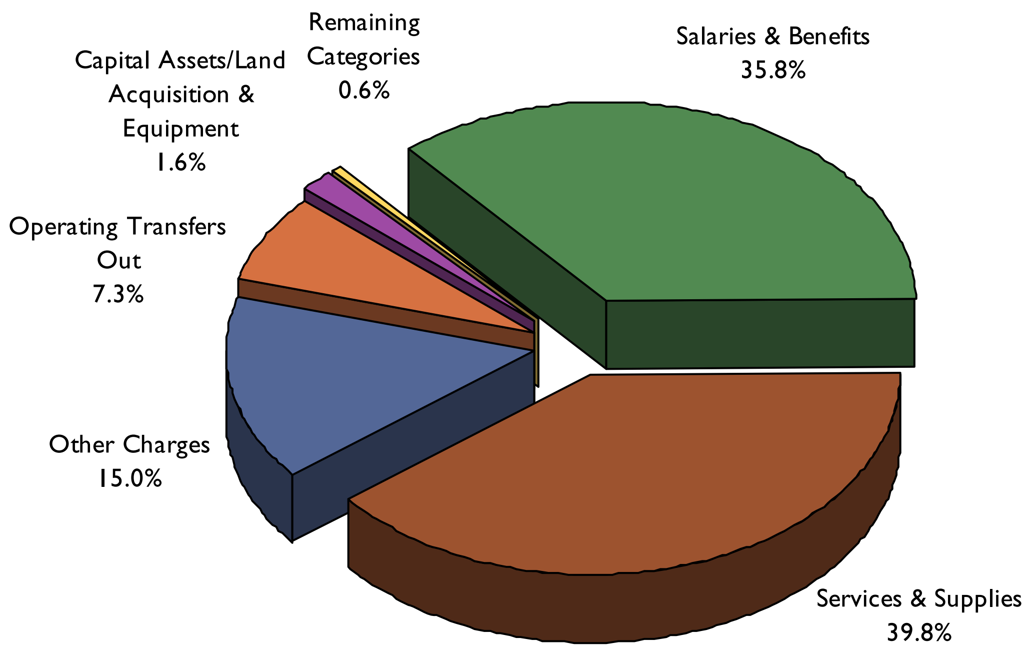
Total Budget: $4.97 billion



Budget by Functional Area - All Funds		
	Budget in Millions	Percentage of Total Budget
Public Safety	$ 1,533.8	30.9%
Health & Human Services	1,997.4	40.2%
Land Use & Environment	399.1	8.0%
Community Services	300.4	6.0%
Finance & General Government	386.8	7.8%
Capital Program	57.8	1.2%
Finance Other	291.9	5.9%
Total	$ 4,967.2	100.0%

Note: In the chart and table, the sum of individual percentages may not total 100.0% due to rounding.

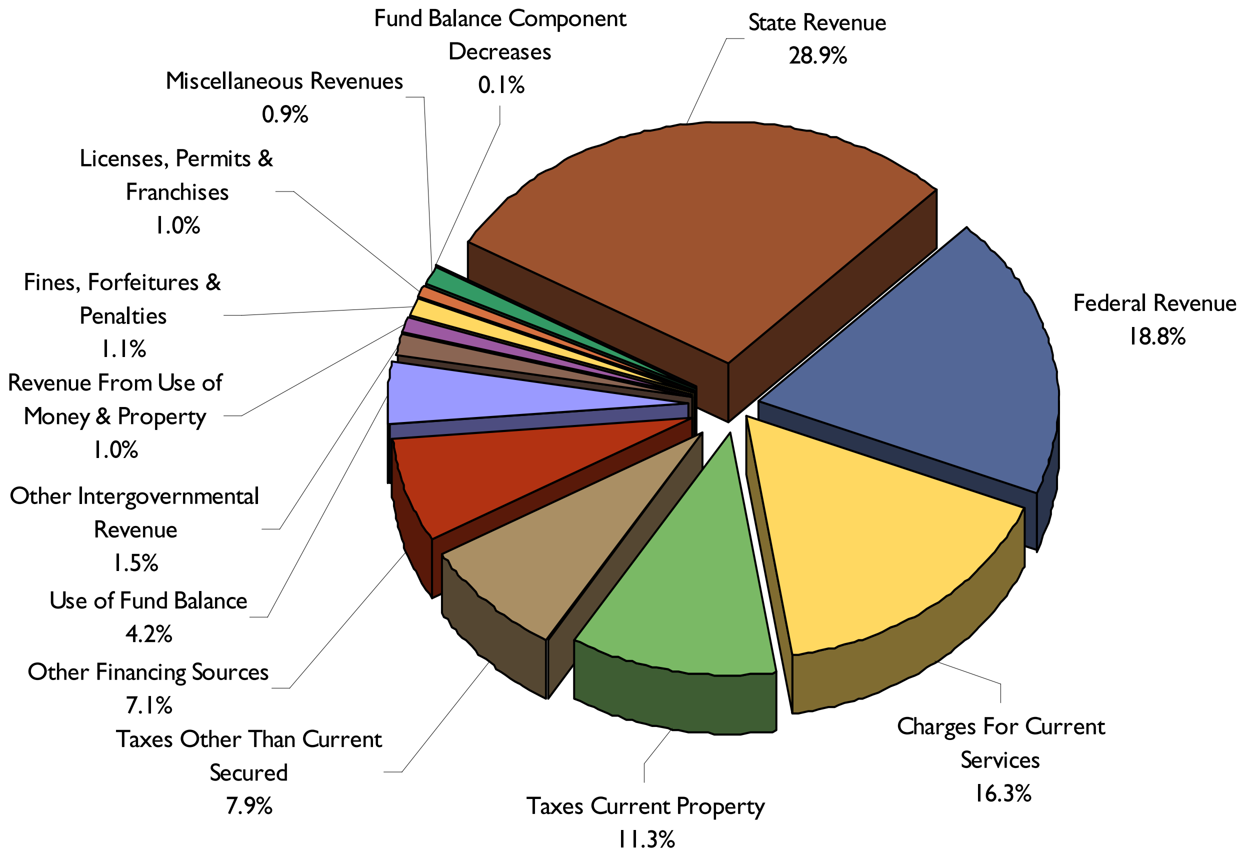
Recommended Budget by Category of Expenditure — All Funds



Budget by Category of Expenditure - All Funds		
	Budget in Millions	Percentage of Total Budget
Salaries & Benefits	$ 1,776.0	35.8%
Services & Supplies	1,975.7	39.8%
Other Charges	744.2	15.0%
Operating Transfers Out	361.6	7.3%
Capital Assets / Land Acquisition	58.4	1.2%
Capital Assets Equipment	21.0	0.4%
Remaining Categories:		
Fund Balance Component Increases	0.6	0.0%
Management Reserves	36.8	0.7%
Contingency Reserves	23.1	0.5%
Expenditure Transfer & Reimbursements	(30.2)	(0.6%)
Total	$ 4,967.2	100.0%

Note: In the chart and table, the sum of individual percentages may not total 100.0% due to rounding.

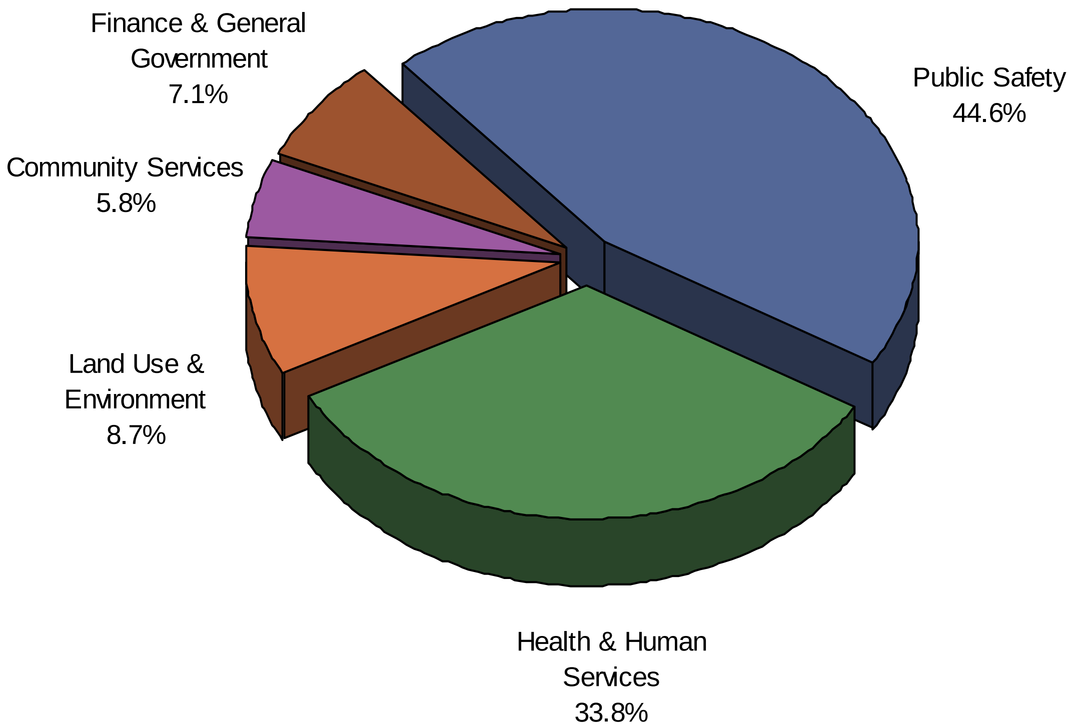
Recommended Budget by Category of Revenue — All Funds



Budget by Category of Revenue - All Funds			
		Budget in Millions	Percentage of Total Budget
State Revenue	$	1,433.6	28.9%
Federal Revenue		934.5	18.8%
Charges For Current Services		811.3	16.3%
Taxes Current Property		561.0	11.3%
Taxes Other Than Current Secured		390.4	7.9%
Other Financing Sources		351.8	7.1%
Use of Fund Balance		206.7	4.2%
Other Intergovernmental Revenue		76.3	1.5%
Revenue From Use of Money & Property		50.1	1.0%
Fines, Forfeitures & Penalties		52.2	1.1%
Licenses, Permits & Franchises		50.9	1.0%
Miscellaneous Revenues		45.1	0.9%
Fund Balance Component Decreases		3.4	0.1%
Total	$	4,967.2	100.0%

Note: In the chart and table, the sum of individual percentages may not total 100.0% due to rounding.

Recommended Staffing by Group/Agency — All Funds



Staffing by Group/Agency - All Funds		
	Staff Years *	Percentage of Total Staffing
Public Safety	7,403.00	44.6%
Health & Human Services	5,613.50	33.8%
Land Use & Environment	1,446.00	8.7%
Community Services	961.00	5.8%
Finance & General Government	1,177.50	7.1%
Total	16,601.00	100.0%

* A staff year in the Operational Plan context equates to one permanent employee working full-time for one year.

Note: In the chart and table, the sum of individual percentages may not total 100.0% due to rounding.

Mission and Vision

MISSION

To efficiently provide public services that build strong and sustainable communities

VISION

A county that is safe, healthy and thriving

STRATEGIC INITIATIVES

Safe Communities

Promote Safe Communities

Sustainable Environments

Support environments that foster viable, livable communities while bolstering economic growth

Healthy Families

Make it easier for residents to lead healthy lives while improving opportunities for children and adults

San Diego County Facts and Figures

FOUNDED:	February 18, 1850
SIZE:	4,261 square miles
COASTLINE:	75 miles
ELEVATION:	Lowest - Sea Level Highest - 6,535 ft Hot Springs Mountain

POPULATION[1]:	***2010***	***2011***	***2012***
	3,095,313	3,115,810	3,143,429

[1] Second most populous county in California and fifth most populous in the U.S.

Source: U.S. Census Bureau, 2010; State of California, Department of Finance, May 2012

INCORPORATED CITIES:	18

CIVILIAN LABOR FORCE:	***2012***	***2013***
	1,599,167	1,608,250

Source: California Employment Development Department, Historical Data for Unemployment Rate and Labor Force, 2012 Revised Annual Average and 2013 January to February average.

UNEMPLOYMENT RATE:	***2012***	***2013***
	8.9%	8.3%

Source: California Employment Development Department, Historical Data for Unemployment Rate and Labor Force, 2012 Annual Average and 2013 January to February average.

EMPLOYMENT MIX: (Industry)[1]	***2012 Employees***	***2013 Employees***
Government[2]	229,400	229,700
Professional & Business Services	210,100	221,000
Trade, Transportation & Utilities	201,900	204,400
Leisure and Hospitality	153,300	159,300
Educational & Health Services	152,700	157,700
Manufacturing	92,700	93,500
Financial Activities	68,400	69,600
Construction	54,100	56,300
Other Services	48,300	50,100
Information Technology	24,300	25,000
Farming	9,600	9,500
Mining & Logging	400	400
Total	1,245,200	1,276,500

[1]Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers.
[2]Excludes the U.S. Department of Defense.

Source: California Employment Development Department, Labor Market Information Division (March 2013 Benchmark)

TEN LARGEST EMPLOYERS:	***2010 Employees***	***2011 Employees***
Federal Government[1]	44,000	46,300
State of California	42,300	45,500
University of California, San Diego	26,823	27,393
County of San Diego[2]	15,842	15,687 [2]
Sharp Healthcare	14,832	14,969
Scripps Health	13,823	13,830
San Diego Unified School District	14,485	13,730
Qualcomm Inc.	11,847	10,509
City of San Diego	10,470	10,211
Kaiser Permanente	7,404	8,200

[1]Excludes the U.S. Department of Defense.
[2]County of San Diego, Fiscal Year 2011-13 Adopted Operational Plan

Source: San Diego Business Journal Book of Lists, 2012

FISCAL YEAR 2012-13 ASSESSED VALUATION:	$393 billion
Source: San Diego County Assessor/Recorder/County Clerk (Gross less regular exemptions)	

CONSUMER PRICE INDEX:	***2011***	***2012***
	253.37	257.29 (1.5% increase)
Source: U.S. Department of Labor, Bureau of Labor Statistics, February 2013		

MEDIAN HOME PRICE [1]:	***Dec. 2010***	***Dec. 2011***	***Dec. 2012***
	$335,000	$315,000	$366,000

[1] Median price of all existing homes sold in December of each year.

Source: California Association of Realtors/DataQuick Information System

Fiscal Year 2012-13 Top Ten Property Taxpayers:	**2012-13 Estimated Tax**
San Diego Gas & Electric Company	$88,731,907
Southern California Edison Company	$32,836,035
Irvine Company	$16,713,561
Kilroy Realty, LLP	$14,829,918
Qualcomm Incorporated	$14,024,801
Host Hotel and Resorts	$13,929,215
Pacific Bell Telephone Company	$10,861,566
BSK Del Partners, LLC	$8,921,787
OC/SD Holdings, LLC	$6,791,630
Sunstone Park Lessees, LLC	$6,675,186

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

LAND USE: (in descending order)	***2011 Acres*[1]**
Parkland	1,100,025
Vacant or Undeveloped Land	851,626
Residential	361,059
Public/Government	155,978
Agriculture	118,955
Other Transportation	105,602
Commercial/Industrial	34,095
Total	2,727,340

[1]The acres available for land use may vary year to year due to survey updates that include tide level changes.

Source: San Diego Association of Governments, 2011

AGRICULTURAL PRODUCTION:	***2011 Value***	***2011 Acres***
Nursery & Flower Crops (e.g., indoor plants, trees & shrubs, bedding plants, cut flowers, etc.)	$1,092,916,550	12,173
Fruit & Nut Crops (e.g., avocados, citrus, berries, etc.)	$319,205,955	33,838
Vegetable Crops (e.g., tomatoes, herbs, mushrooms, etc.)	$177,013,955	6,686
Livestock & Poultry Products (e.g., chicken eggs, milk, etc.)	$65,550,005	—
Livestock & Poultry (e.g., cattle, calves, chicken, hogs & pigs)	$20,996,688	—
Field Crops (e.g., pastures, ranges, hay, etc.)	$5,038,735	248,089
Apiary (e.g., honey, pollination, bees & queen bees, etc.)	$2,245,470	—
Timber Products (e.g., firewood and timber)	$777,714	—
Totals	$1,683,745,072	300,786

Source: County of San Diego, Department of Agriculture, Weights & Measures - 2011- San Diego County Crop Statistics & Annual Report

MAJOR MILITARY BASES AND INSTALLATIONS:	CITY
United States Coast Guard Sector San Diego	San Diego
Marine Corps Air Station Miramar (3rd Marine Aircraft Wing)	San Diego
Marine Corps Base Camp Pendleton (largest West Coast expeditionary training facility)	North County
Marine Corps Recruit Depot San Diego	San Diego
Naval Base Coronado (includes Naval Air Station North Island and Naval Amphibious Base)	Coronado
Naval Base Point Loma (includes Space and Naval Warfare Systems Command - SPAWAR)	San Diego
Naval Medical Center San Diego	San Diego
Naval Base San Diego (principal home port of the Pacific Fleet)	San Diego

Source: U.S. Department of Defense Base Structure Report 2012

TOURIST ATTRACTIONS:	
Anza-Borrego Desert State Park[1], Borrego Springs	Petco Park, San Diego
Balboa Park and Museums, San Diego	Point Loma and Cabrillo National Monument, San Diego
Birch Aquarium at Scripps, La Jolla	Qualcomm Stadium, San Diego
Del Mar Racetrack, Del Mar	San Diego Zoo Safari Park, Escondido
Gaslamp Quarter National Historic District, San Diego	San Diego Zoo, San Diego
Hotel Del Coronado, Coronado	Sea World San Diego, San Diego
Legoland California, Carlsbad	Torrey Pines Golf Course, La Jolla
Maritime Museum, San Diego	Torrey Pines State Beach and Reserve, San Diego
Old Town State Historic Park, San Diego	U.S. Olympic Training Center, Chula Vista
Palomar Observatory, Palomar Mountain	USS Midway Museum, San Diego

[1] Anza-Borrego Desert State Park is primarily in San Diego County but also in Imperial and Riverside Counties.

Source: California Division of Tourism

TOTAL VISITORS 2012:	32,265,000

Source: San Diego Tourism Authority, San Diego Visitor Industry Summary 2012

San Diego County Profile and Economic Indicators

History & Geography

San Diego County became one of California's original 27 counties on February 18, 1850, shortly after California became the 31st State in the Union. The County functions under a Charter adopted in 1933, including subsequent amendments. At the time of its creation, San Diego County comprised much of the southern section of California. The original boundaries included San Diego, along with portions of what are now Imperial, Riverside, San Bernardino and Inyo counties.

The original territory of nearly 40,000 square miles was gradually reduced until 1907, when the present boundaries were established. Today, San Diego County covers 4,261 square miles, approximately the size of the state of Connecticut, extending 75 miles along the Pacific Coast from Mexico to Orange County and inland 75 miles to Imperial County along the international border shared with Mexico. Riverside and Orange counties form the northern border. It is the southwesternmost county in the contiguous 48 states.

For thousands of years, Native Americans have lived in this area. The four tribal groupings that make up the indigenous American Indians of San Diego County are the Kumeyaay (also referred to as Diegueño or Mission Indians), the Luiseño, the Cupeño and the Cahuilla. San Diego County has the largest number of Indian reservations (19) of any county in the United States. However, the reservations are very small, with total land holdings of an estimated 193 square miles.

The Spanish explorer Juan Rodriguez Cabrillo arrived by sea in the region on September 28, 1542. Although he named the area San Miguel, it was renamed 60 years later by Spaniard Sebastian Vizcaino. He chose the name San Diego in honor of his flagship and, it is said, his favorite saint, San Diego de Alcala.

San Diego County enjoys a wide variety of climate and terrain, from coastal plains and fertile inland valleys to mountain ranges and the Anza-Borrego Desert in the east. The Cleveland National Forest occupies much of the interior portion of the county. The climate is equable in the coastal and valley regions where most resources and population are located. The average annual rainfall is only 10 inches for the coastal regions, so the county is highly reliant on imported water.

County Population

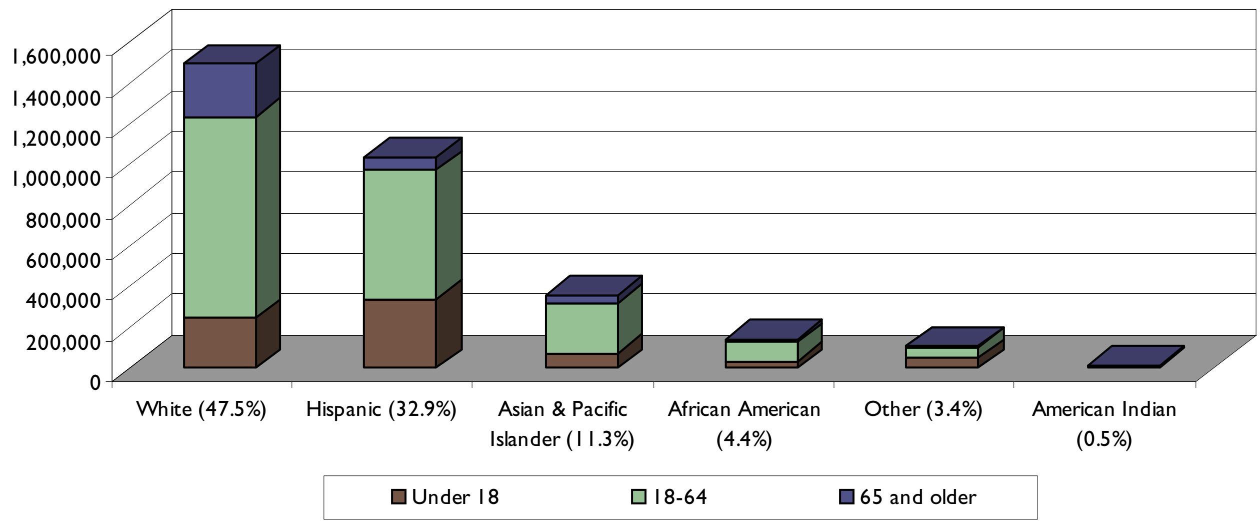
San Diego County is the southernmost major metropolitan area in the State. In March 2011, the U.S. Census Bureau estimated the County's population for 2010 to be 3,095,313, an increase of 10.0% from the 2000 figure of 2,813,833. The State of California Department of Finance released population data incorporating the 2010 Census counts as the benchmark, and the County's revised population estimate for January 1, 2011 was 3,115,810 and the County's population estimate for January 1, 2012 was 3,143,429. San Diego County is the second largest county by population in California and the fifth largest county by population in the nation, as measured by the U.S. Census Bureau.

San Diego County Population

	2000	2011	2012	Year Incorporated
Carlsbad	78,247	106,403	107,674	1952
Chula Vista	173,556	245,987	249,382	1911
Coronado	24,100	23,329	23,187	1890
Del Mar	4,389	4,182	4,194	1959
El Cajon	94,869	99,981	100,562	1912
Encinitas	58,014	59,827	60,346	1986
Escondido	133,559	144,998	146,064	1888
Imperial Beach	26,992	26,437	26,609	1956
La Mesa	54,749	57,969	58,296	1912
Lemon Grove	24,918	25,445	25,603	1977
National City	54,260	58,688	58,967	1887
Oceanside	161,029	167,943	169,319	1888
Poway	48,044	48,088	48,382	1980
San Diego	1,223,400	1,309,784	1,321,315	1850
San Marcos	54,977	84,586	85,569	1963
Santee	52,975	54,102	54,643	1980
Solana Beach	12,979	12,928	13,000	1986
Vista	89,857	94,269	95,036	1963
Unincorporated	442,919	490,864	495,281	
Total	2,813,833	3,115,810	3,143,429	

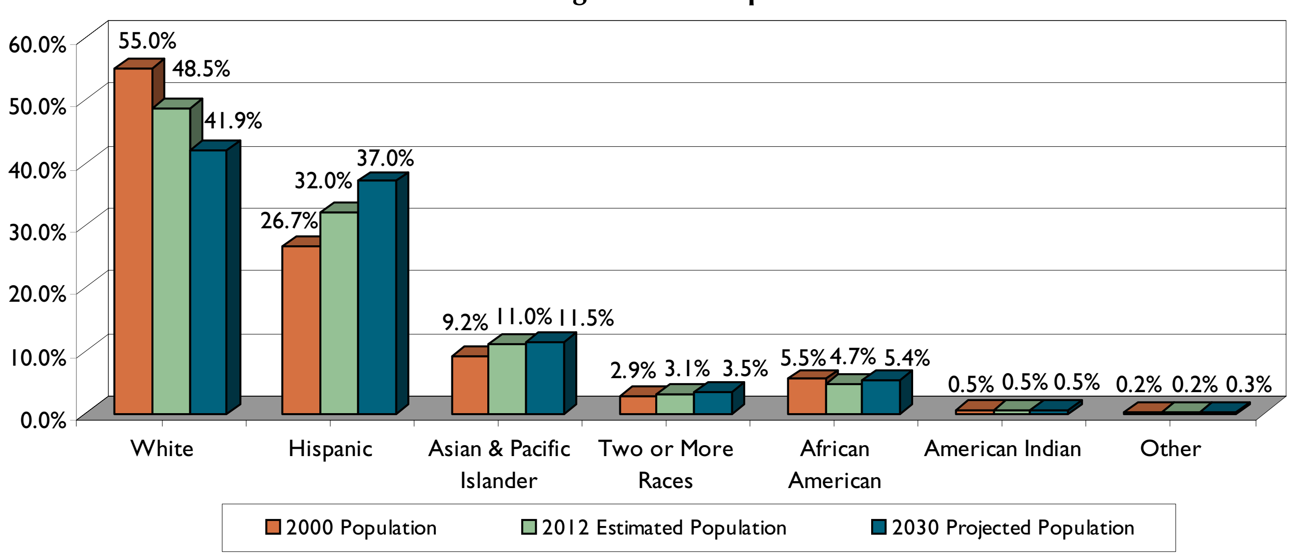
Source: U.S. Census -2000 data; California Department of Finance updated 2011 and estimated 2012 information.

San Diego County Population Distribution by Race, Ethnicity and Age
2012 Total Population: 3,143,429



Source: San Diego Association of Governments 2012 Demographic & Socio Economic Estimates

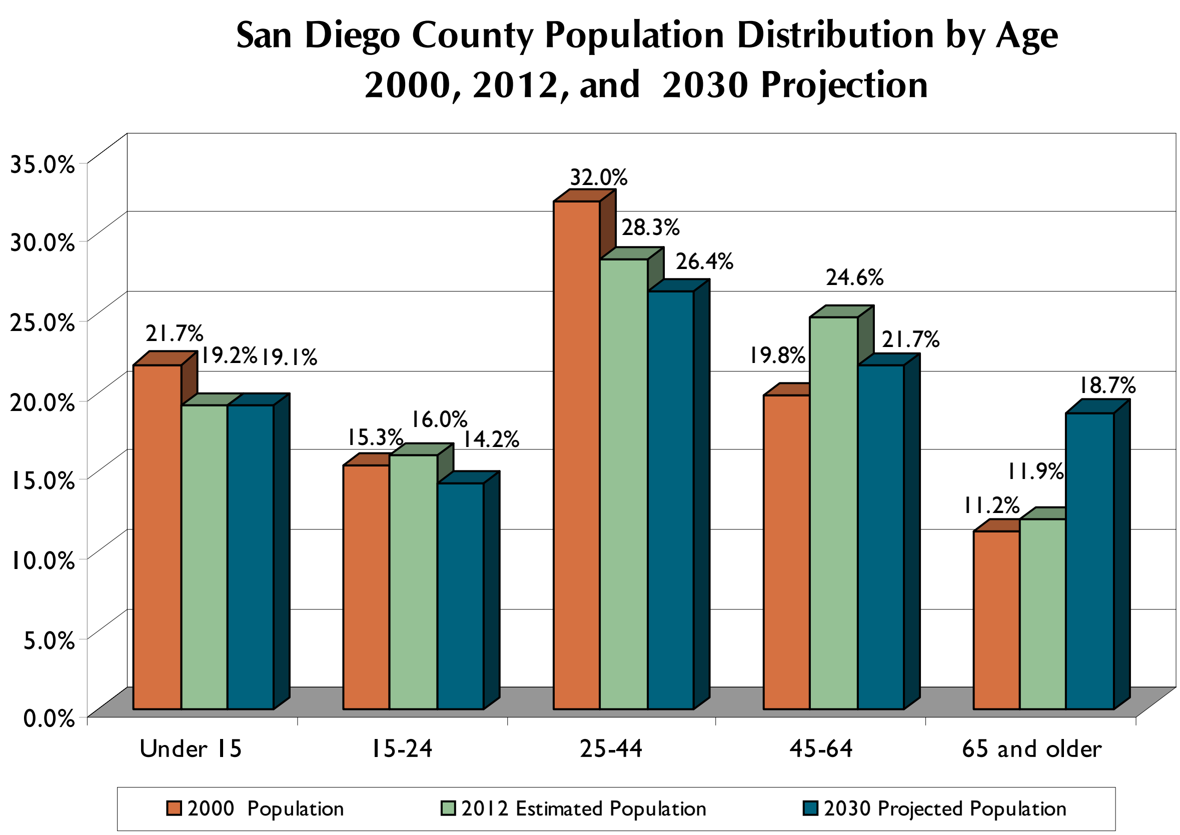
San Diego County Population Distribution by Race and Ethnicity
2000, 2012, and 2030 Projection
Percentage of Total Population



Note: Percentages represent the share of each group compared to the total population.
Sources: U.S. Census - 2000; San Diego Association of Governments 2012 Demographic & Socio Economic Estimates; San Diego Association of Governments 2050 Regional Growth Forecast (Feb 2010) - 2030 Projection

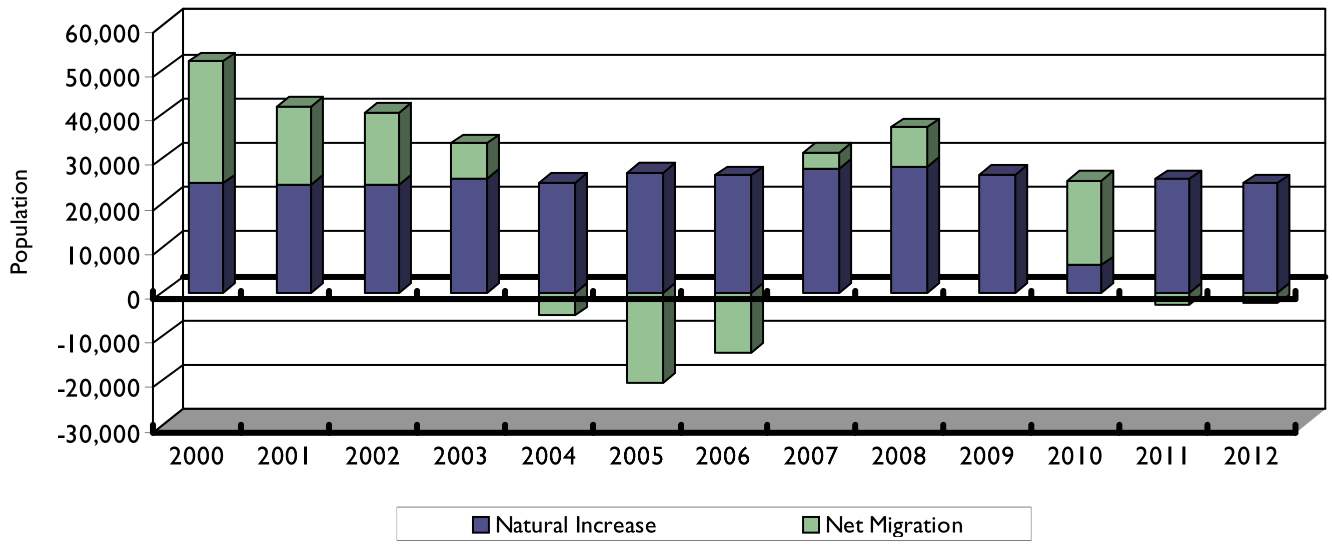
The first chart on the previous page shows for 2012 the most recent race, ethnicity and age composition for the regional population. Data for 2030 indicates that the San Diego regional population will be approximately 3.9 million according to the San Diego Association of Governments (SANDAG) based on the 2050 Regional Growth Forecast final series as of October 2011, a 38% increase from calendar year 2000. The second chart shows that San Diego County's racial and ethnic composition is as diverse as its geography. SANDAG projects that in 2030, San Diego's population breakdown will be: 41.9% White; 37.0% Hispanic; 11.4% Asian and Pacific Islander; 5.4% African American; and 4.3% all other groups. A significant growth in the Hispanic population is seen in this projection. The chart below indicates the regional population trends are also anticipated to show changes to the population in several age segments with individuals under 15 years of age declining gradually and those individuals 65 and older estimated to increase approximately 131% in 2030 from 2000.

Annual population growth has averaged approximately 0.9% over the past 12 years as presented on the chart on the following page. Natural increase is the primary source of population growth. Another contributor to the change in population is net migration (both foreign and domestic) which has varied dramatically in the past 12 years.



Sources: U.S. Census - 2000; San Diego Association of Governments 2012 Demographic & Socio Economic Estimates; SANDAG 2050 Regional Growth Forecast - 2030 Data, October, 2011.

San Diego County Population Change: 2000 Through 2012



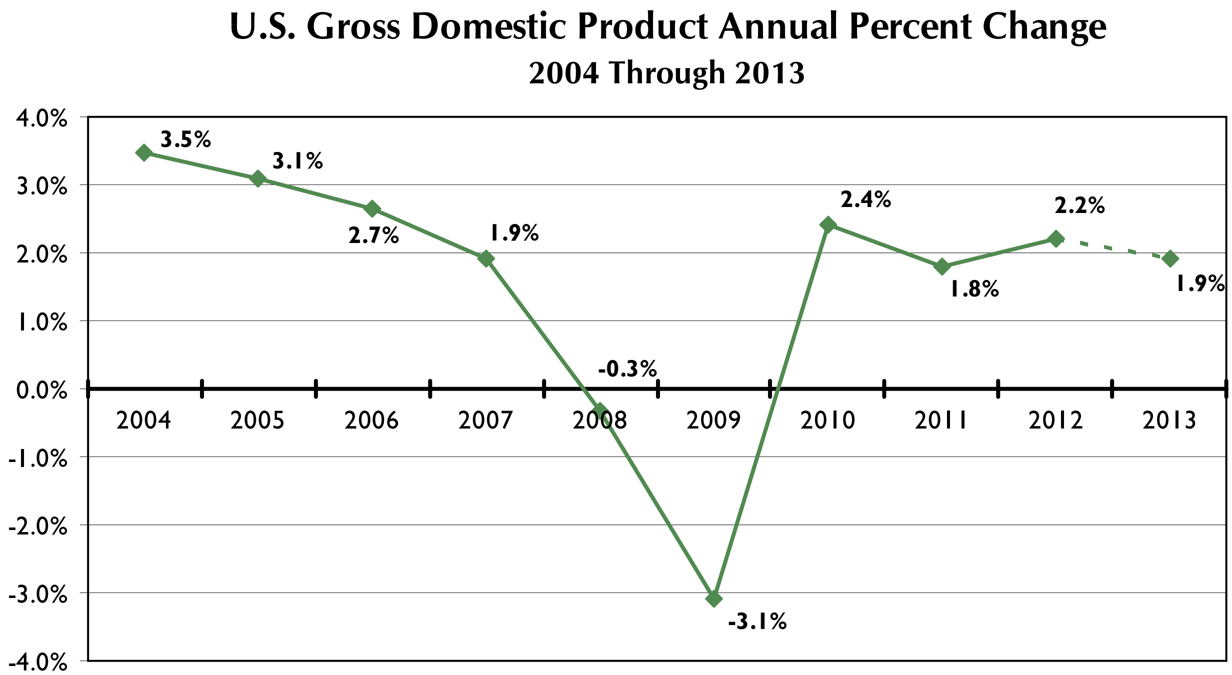
Note: Natural Increase consists of Births minus Deaths. Net Migration is a measure of people moving into and away from San Diego County, both foreign and domestic. San Diego County Population Change data is on a fiscal year basis beginning July 1st.
Source: California Department of Finance - Population Estimates and Components of Change by County — July 1, 2010–2012

Economic Indicators

U.S. Economy

In 2012, real gross domestic product (GDP) increased by 2.2% compared to the 1.81% revised increase for 2011. (See the chart on the following page for a historical comparison.) According to the United States Department of Commerce Bureau of Economic Analysis, the acceleration in real GDP in 2012 primarily reflected a deceleration in imports, upturns in residential fixed investment and in private inventory investment, and smaller decreases in state and local government spending and in federal government spending that were partly offset by decelerations in personal consumption expenditures (PCE) and in exports. For the fourth quarter of 2012, the U.S. economy increased at an annual rate of 0.4% compared to an increase of 3.1% in the third quarter of 2012. The increase in real GDP in the fourth quarter primarily reflected positive contributions from PCE, nonresidential fixed investment, and residential fixed investment that were partly offset by negative contributions from private inventory investment, federal government spending, exports and state and local government spending. Imports, which are a subtraction in the calculation of GDP, decreased.

The Federal Open Market Committee met January 29 and 30, 2013 and more recently on March 19 and 20, 2013. According to the minutes of the January 29-30th meeting, expansion in overall economic activity slowed in the fourth quarter of last year, reflecting weather-related disruptions and other transitory factors, but private domestic final demand grew at a solid rate. Employment continued to increase at a moderate pace, but the unemployment rate remains elevated. Consumer price inflation was subdued, and measures of long run inflation expectations remained stable. Manufacturing production increased briskly in November and December after declining in October when activity was disrupted by Hurricane Sandy. Further, the production of motor vehicles and parts increased considerably in the fourth quarter. Real business expenditures on equipment and software rose briskly in the fourth quarter after declining moderately in the preceding quarter. Real federal government purchases decreased substantially in the fourth quarter, primarily because of a sharp decline in defense spending, and real state and local government purchases decreased slightly in the fourth quarter.



Notes: Gross Domestic Product (GDP) percent change measured by calendar year, based on chained 2005 dollars. The annual GDP percent change is projected for calendar year 2013.

Source: Bureau of Economic Analysis, U.S. Department of Commerce "revised data" - July 27, 2012 and Gross Domestic Product, 4th quarter and annual 2012 (third estimate) - March 28, 2013; UCLA Anderson Forecast - March 2013

Conditions in the housing sector continued to improve, but construction activity remained at a relatively low level, restrained by tight underwriting standards for mortgage loans and the substantial inventory of foreclosed and distressed properties. Overall, there was consensus that the economic outlook improved modestly relative to the December meeting. The Federal Reserve March 20th press release also noted a return to moderate growth following a pause late last year.

Some headwinds for the U.S. economy in 2013 include the sequester in federal spending, a recession in Europe, the impact of higher payroll taxes and higher taxes on upper income households and the payroll adjustments that business firms will make associated with the implementation of the Affordable Care Act. (Source: UCLA Anderson Forecast, March 2013).

However, according to Justin Irving from Moody's Analytics, "The U.S. recovery stayed on track in the first two months of the year, data over the past week show. Durable goods orders are creeping higher, existing-home prices continue to rebound, and regional activity indexes mostly signal growth. As icing on the cake, U.S. oil production stands at a 22-year high. The economy is still far from full employment, but growth and hiring in particular look to stay at the moderately higher pace seen since September 2012." (Source: Moody's Analytics: U.S. Chartbook: Housing Recovery Intact - April 1, 2013).

California Economy

Having suffered a deeper recession than that of the nation, California has faced a longer road to full recovery. California's Gross State Product (GSP) fell more steeply than U.S. GDP during the recession, but outpaced the nation as a whole over each of the last two years. Since mid-2012, California has also outpaced the nation in year-over-year job growth, a trend that should continue into 2013. (Source: Los Angeles County Economic Development Corporation - The Kyser Center for Economic Research: 2013-2014 Economic Forecast and Industry Outlook, February 2013). The State unemployment rate continued to improve and fell modestly from a revised 11.8% in 2011 to 10.5% in 2012. The February 2013 unemployment rate was 9.7%. All of the private sector industries added jobs last year with the exception of manufacturing, which lost nearly 3,900 jobs. The government sector also lost jobs in 2012 equivalent to a 1.4% decrease.

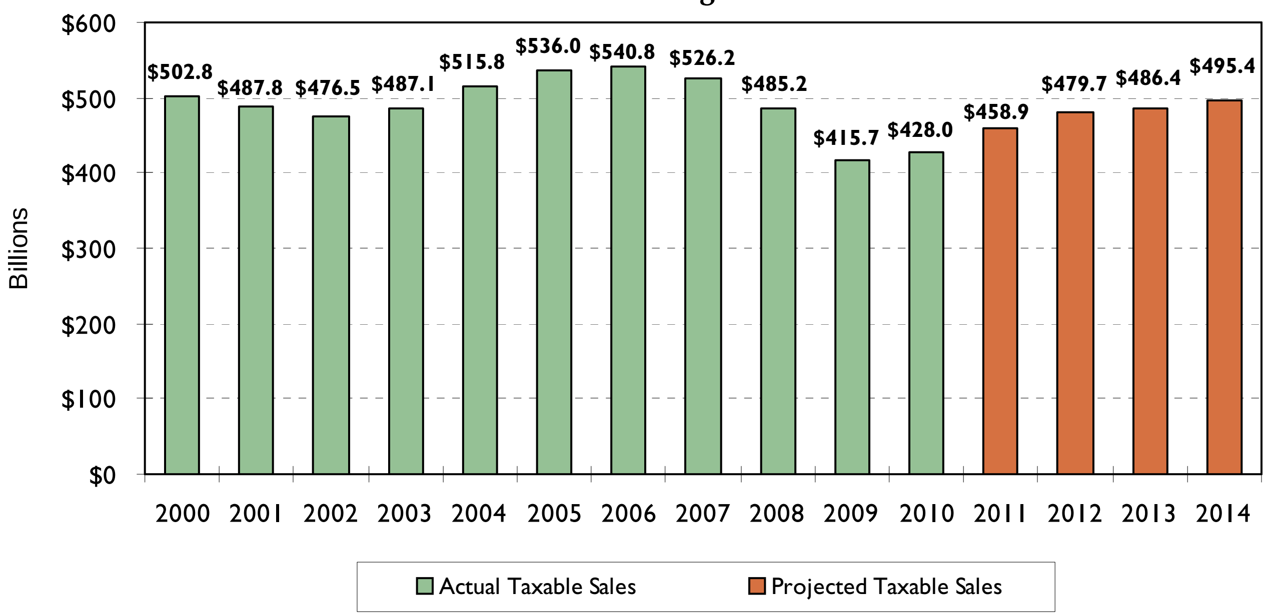
Aerospace and Technology has continued to add jobs in 2012 but at a more modest pace. The biggest gains were in computer systems and design, and management, scientific and technical consulting. International trade continues to play an important role in the State's economy, and over 40% of the nation's consumer goods that are produced in Asia come through California's ports. Agricultural and related products are also one of California's largest exports to the rest of the world. The tourism and hospitality industry in the State continued to improve in 2012, with all major California markets experiencing an increase in occupancy last year. Spending by consumers and businesses is gradually returning to normal levels. (Source: Los Angeles County Economic Development Corporation - The Kyser Center for Economic Research: 2013-2014 Economic Forecast and Industry Outlook, February 2013).

In 2009 real personal income declined 5.9%, but since then real personal income grew by 1.6% in 2010, 3.1% in 2011 and 1.6% in 2012. Taxable sales declined 14.3% in 2009 and grew by 2.9% in 2010. In 2011, taxable sales are estimated to have grown 7.2% (final taxable sales figures for 2011 were not available for the March 2013, UCLA Anderson Forecast) and they are estimated to have grown by 4.6% in 2012 (final taxable sales figures will be available in early 2014). California's economy continues to recover from the steep recession. Nonfarm employment grew by 0.9% in 2011 and 1.8% in 2012 and is projected to grow by 1.4% in 2013 and 2.1% in 2014. In 2013, real personal income is expected to grow by 1.4% and improve further in 2014 by 3.6%. Taxable sales are predicted to increase by 1.4% in 2013 and 1.8% in 2014 (see chart below). (Source: UCLA Anderson Forecast, March 2013).

Looking over the next two years, California's overall economy should outpace the U.S. Virtually all private sector industries should add jobs. Housing permits and other indicators of construction activity will show improvement over the forecast period. While manufacturing employment will remain soft over the next two years, the value of output will continue to increase. Overall, the fundamentals of the State economy firmed up in 2012 and will continue to support growth and expansion over the next years. (Source: Los Angeles County Economic Development Corporation - The Kyser Center for Economic Research: 2013-2014 Economic Forecast and Industry Outlook, February 2013).

California Annual Taxable Sales Trend

2000 Through 2014



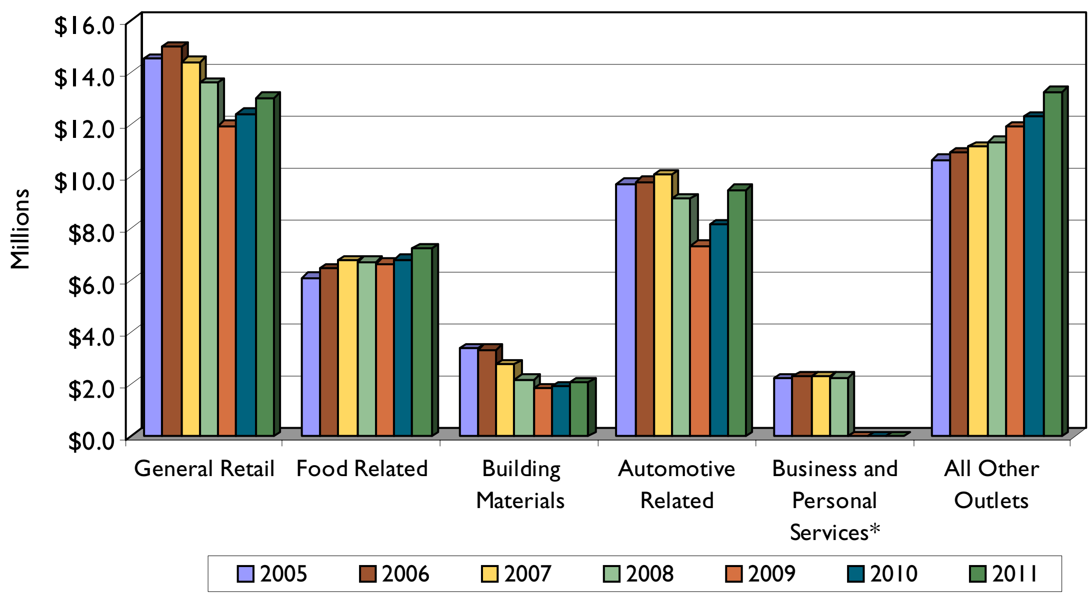
Note: Taxable sales are stated in calendar year 2005 dollars.
Source: UCLA Anderson Forecast, March 2013

San Diego Economy

San Diego's recent relative economic stability has been based on its increasing diversification of economic activity. The region is a thriving hub for the biotech and telecommunications industries. San Diego is also an important manufacturing center and a popular travel destination. Since the end of the Cold War, the military's presence has diminished but remains an important driver of the region's economy.

San Diego certainly shared the pain of the recession along with the rest of Southern California. However, San Diego's economy is moving in the right direction. Job creation in San Diego is expected to accelerate in 2013 across private industry sectors. (Source: Los Angeles County Economic Development Corporation - The Kyser Center for Economic Research: 2013-2014 Economic Forecast and Industry Outlook, February 2013). Federal defense budget cuts are a cause for concern for San Diego's defense and military sectors. The loss of government jobs is expected to continue this year and next.

San Diego County Taxable Sales by Category
2005 Through 2011



Note: In 2009, the State Board of Equalization began summarizing taxable sales using the North American Industry Classification System (NAICS) codes. As a result of the coding change, industry-level data for 2009 are not comparable to that of prior years.
*Due to the coding changes described above, this category no longer exists. For calendar year 2009 and following years, taxable sales in the Business and Personal Services category have been absorbed and redistributed to the remaining categories. Categories of taxable sales include:

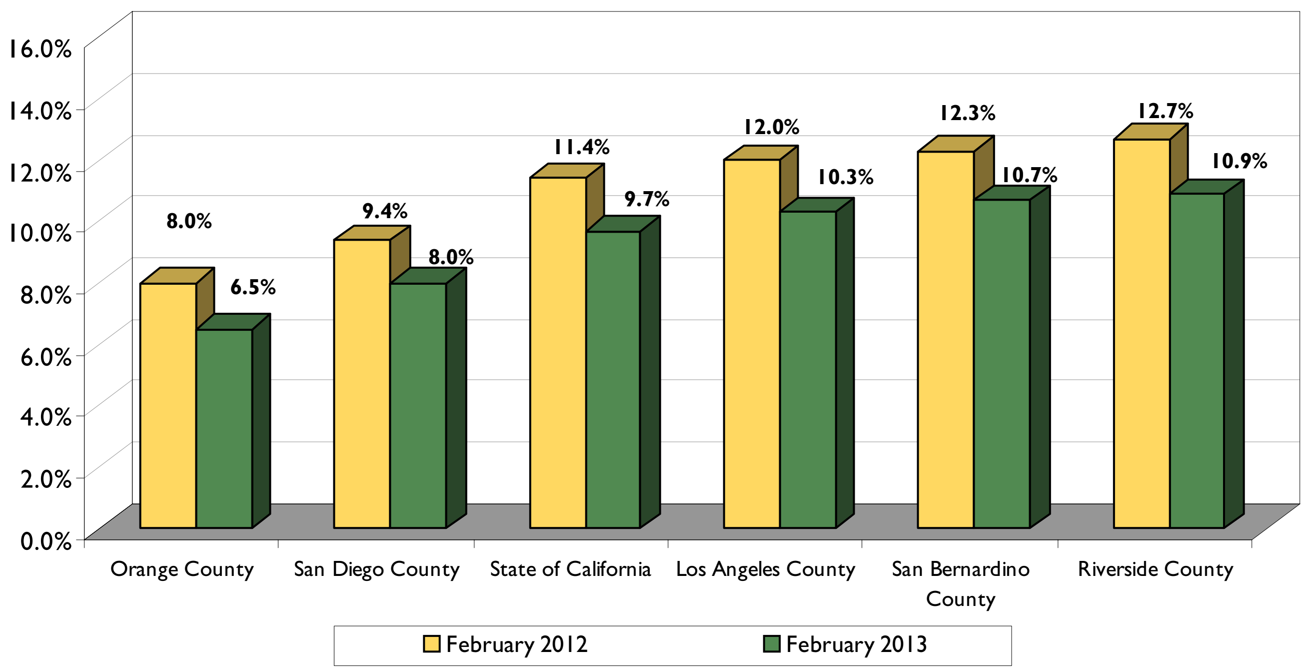
General Retail - apparel stores, general merchandise, home furnishings, appliances and other retail.
Food Related - food stores and eating and drinking establishments.
Building Materials - hardware stores.
Automotive Related - automotive stores and service stations.
Business and Personal Services - n/a (see previous notes), formerly beauty salons, hotels and other services.
All Other Outlets - Use Tax collections. The State's Use Tax applies to the use, storage or other consumption of merchandise.

Source: State Board of Equalization

Unemployment in the region in 2012 averaged 8.9%, and was lower than the 2012 median of 9.0% for the 10 largest counties in the State. In 2013, the average unemployment rate for the first two months was 8.3%. San Diego's employment continues to compare favorably to other Southern California counties, with only Orange County experiencing lower unemployment.

Unemployment Rate Comparison by Select California Regions

February 2012 and February 2013



Source: California Employment Development Department, (Feb 2012 - revised data; Feb 2013 - preliminary)

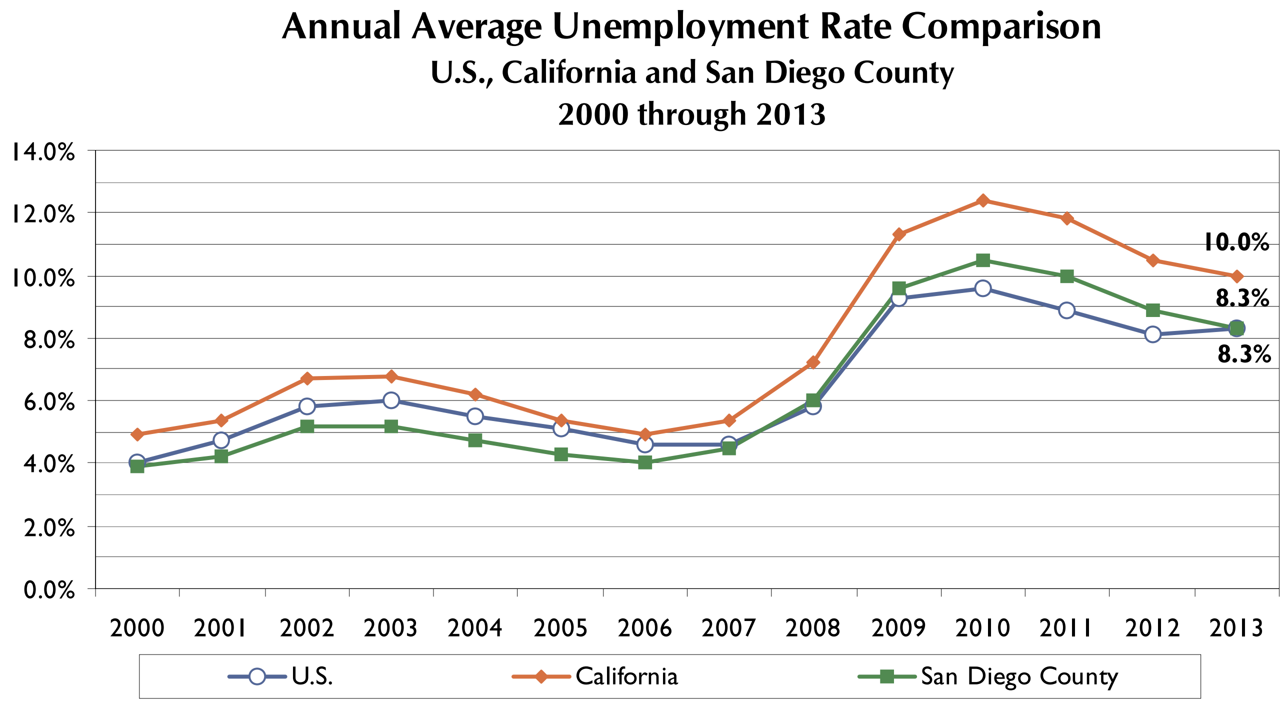
Another indicator of economic health is county taxable sales. Taxable sales started to decline overall in the county in 2007 and that trend continued in 2008 and 2009. In 2010, taxable sales showed moderate growth and taxable sales continued to grow in 2011. Sales tax revenues for the region in 2012 have shown continued improvement. Growth in taxable sales is expected to continue in 2013 and 2014.

Inflation as measured by the Bureau of Labor Statistics consumer price index for all urban consumers (CPI-U) showed the cost of living increased 1.6% in 2012 compared to 3.0% in 2011 and 1.3% in 2010 and virtually zero - 0.02% in 2009. For 2013, inflation is projected to rise to 2.2%. (Source: National University System Institute for Policy Research Economic Ledger - January 2013).

San Diego County's residential real estate market is on the mend. Over the year, the median price for an existing single-family home rose by 4.1%. New home building has yet to gain traction, but the pace of new construction will pick up significantly this year and accelerate in 2014. (Source: Los Angeles County Economic Development Corporation - The Kyser Center for Economic Research: 2013-2014 Economic Forecast and Industry Outlook, February 2013).

Another current indicator of growth in San Diego is seen by the list of hotels under construction which include the Legoland Hotel, Viejas Casino and Resort, Pier South, Holiday Inn San Diego Bayside, Seapoint Hotel, and Marriott Springhill Suites. (Source: SDCVB Quarterly Travel Forecast December 2012 prepared for the San Diego Tourism Authority).

Approximately one-half of San Diego County's population is part of the civilian labor force (1,614,000 in February 2013). The region is also home to one of the largest military complexes in the world. San Diego's annual average unemployment rate continues to compare favorably to the State rate, and it is expected to be somewhat higher than the U.S. rate.



Notes: Unemployment rates are measured by calendar year. The rates for 2013 represent January through February figures only.
Source: California Employment Development Department; Bureau of Labor Statistics, U.S. Department of Labor

San Diego's median household income has experienced strong annual growth in recent years, but median household income actually declined in 2009, 2010 and 2011 due to high unemployment and constrained consumer spending. Data for 2012 is expected to be released no earlier than September 2013.

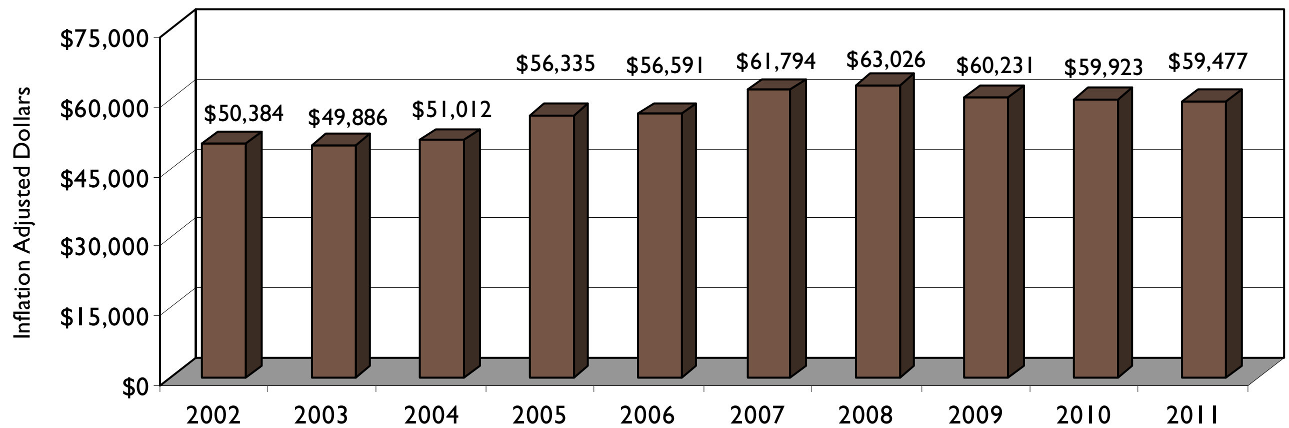
An unintended consequence of the housing market's turmoil and past recession has been the improvement in housing affordability during this period. The California Association of Realtors index for first-time buyers throughout California showed a marginal decrease for San Diego for December 2012 (63%) compared to December 2011 (67%). However, the percentage of households that could afford to buy an entry-level home in San Diego for December 2012 show an overall increase to 63% up from 27% in December 2006. The median home price of existing homes sold also fluctuated with the housing related turmoil. During 2009 and 2010, median home sales started to rebound from the low experienced at the end of 2008 and early 2009. Median home prices declined marginally in 2011 but are showing significant improvement in December 2012 compared to December 2011.

Another measure of the downturn in housing is the rate of foreclosures, as well as the companion indices notices of loan default and deeds recorded (changes in ownership). The number of total deeds recorded has fallen significantly since 2003 from 223,087 to a low 115,540 in 2008. Through December 2012, total deeds recorded have started to improve with a total 146,829 recorded for the calendar year compared to 119,933 in 2011 evidence of improvement in the housing market overall.

In San Diego County, notices from lenders to property owners that they were in default on their mortgage loans increased markedly from 2003 through 2009, and foreclosures rose dramatically from 2003 through 2008 before declining 21% in 2009. In 2010, notices of default were down 35.2%, they were down an additional 11.0% in 2011, and down an additional 24.9% in 2012. In 2010, foreclosures declined 13.0%, they were down an additional 9.3% in 2011, and down an additional 41.1% in 2012. The percentage of properties with delinquent mortgage loans that went into foreclosure averaged at approximately 11.6% from 2003 through 2005. During the recession, this indicator peaked at 57.5% in 2008 and declined to 43.3% in 2012. Foreclosures compared to total deeds recorded (change in ownership) averaged 0.3% over the three-year period of 2003, 2004 and 2005, then rose significantly beginning in 2006, reaching 16.9% in 2008 and declining to 4.9% in 2012.

San Diego County Median Household Income

2002 Through 2011

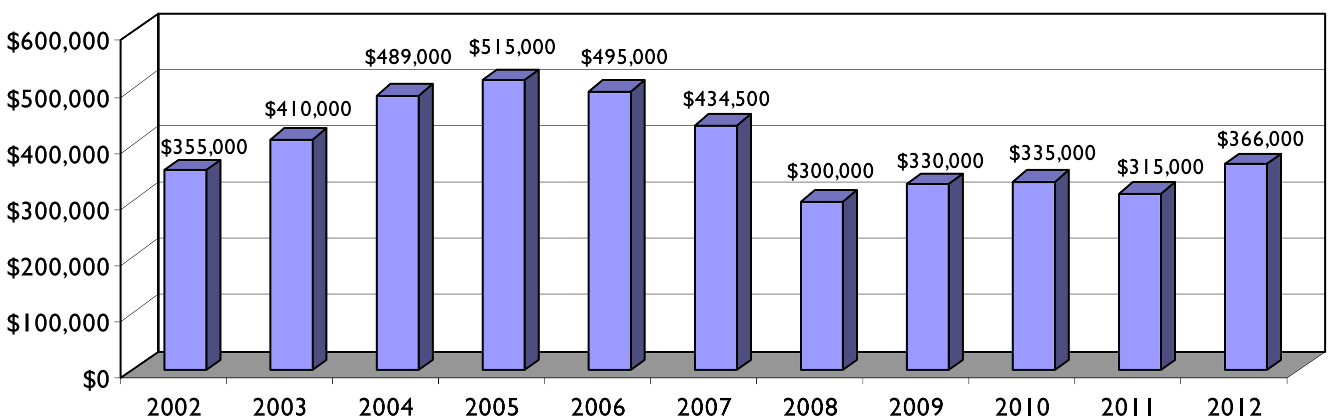


Note: Median Household Income is measured by calendar year.

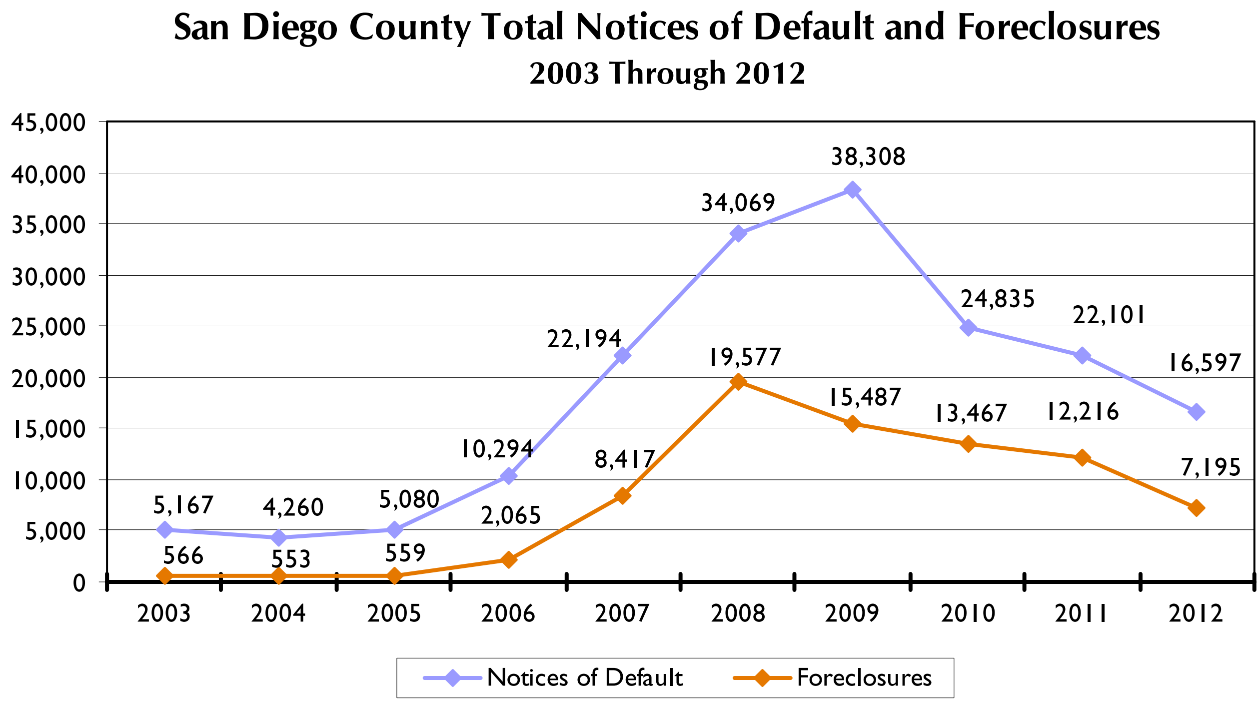
Source: U.S. Census Bureau - American Community Survey

San Diego County Median Price of Existing Homes Sold

2002 Through 2012



Note: Median home price of all existing homes sold in December of each year.



Notes: A Notice of Default is an official notice of payment delinquency to a borrower with property as security under a mortgage or deed of trust; it prescribes the terms that must be met in order to prevent foreclosure proceedings.

Foreclosures are measured by the number of Trustee's Deeds recorded.

Source: San Diego County Assessor/Recorder/County Clerk

San Diego tourism's last peaked in 2006, with the number of visitors reaching approximately 32.2 million. Total number of visitors declined through 2009; however, tourism improved gradually in 2010 increasing by 0.9%, improving by 4.3% in 2011 and 3.6% in 2012. Total number of visitors for 2012 exceeded the total for 2006. Overall, tourism continues to be a stimulus to the local economy. Total visitor spending was approximately $8.0 billion in 2012 up from $7.5 billion in 2011, up from $7.1 billion in 2010 and up from $7.0 billion in 2009. As of December 2012, growth in visitation to San Diego for 2013 is expected to slow to 2.0% but total visitor spending is estimated to grow 3.7%. Spending is projected to accelerate through 2015 as overnight visitation gathers more strength. (Source: San Diego Tourism Authority - Quarterly Travel Forecast December 2012).

The state of the recovering economy continues to impact the ability of the County to fund and provide many of the services that county residents have come to expect. The revenue and workload effects along with the strategies being employed by the County to manage the public's resources are described in the pages following that summarize the expenditures, revenues and staffing levels for Fiscal Years 2013-14 and 2014-15 and in the individual Group and department presentations that begin on page 113.

Governmental Structure and Budget Documents

Governmental Structure

The County of San Diego is one of 58 counties in the State of California. The basic provisions for the government of the County are contained in the California Constitution and the California Government Code. A county, which is a legal subdivision, is also the largest political division of the State having corporate powers. The California Constitution acknowledges two types of counties - general law counties and charter counties. General law counties adhere to State law as to the number and duties of county elected officials. San Diego County is one of 14 charter counties in California, whereby the county adopts a charter for its own government. A charter, however, does not give county officials any additional authority over local regulations, revenue-raising abilities, budgetary decisions or intergovernmental relations. (Source: California State Association of Counties.)

The Charter of San Diego County provides for:

- The election, compensation, terms, removal and salary of a governing board of five members, elected by district.
- An elected sheriff, an elected district attorney, an elected assessor/recorder/county clerk, an elected treasurer-tax collector, the appointment of other officers, their compensation, terms and removal from office.
- The performance of functions required by statute.
- The powers and duties of governing bodies and all other county officers and the consolidation and segregation of county offices.

The County of San Diego is governed by a five-member Board of Supervisors elected to four-year terms in district, nonpartisan elections. Each board member is limited to no more than two terms and must reside in the district from which he or she is elected. The Board of Supervisors sets priorities for the County and oversees most County departments and programs and approves their budgets. Per California Government Code §23005, the County may exercise its powers only through the Board of Supervisors or through agents and officers acting under authority of the Board or authority conferred by law. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. All other appointive officers are appointed by the CAO. The CAO assists the Board of Supervisors in coordinating the functions and operations of the County; is responsible for carrying out all of the Board's policy decisions that pertain to the functions assigned to that officer; and supervises the expenditures of all departments.

The State Legislature has granted each county the power necessary to provide for the health and well-being of its residents. There are 18 incorporated cities in the County of San Diego and a vast number of unincorporated communities. The County provides a full range of public services to its residents, including law enforcement, detention and correction, emergency response services, health and sanitation, parks and recreation, libraries and roads. The County also serves as a delivery channel for many State services, such as foster care, public health care and elections. These services are provided by five business Groups (Public Safety, Land Use and Environment, Community Services, Finance and General Government and the Health and Human Services Agency), each headed by a General Manager who reports to the CAO. Within the Groups, there are four departments that are headed by elected officials - the District Attorney and the Sheriff in the Public Safety Group and the Assessor/Recorder/County Clerk and the Treasurer-Tax Collector in the Finance and General Government Group. An organizational chart for the County can be found on page 4.

The General Management System

The County's General Management System (GMS) is the framework that guides the management of County operations and service delivery to residents, businesses and visitors. The GMS identifies how the County sets goals, prioritizes the use of resources, evaluates performance, ensures cooperation and recognizes accomplishments in a structured, coordinated way. By developing and adhering to a written operations manual, the County of San Diego is able to create and maintain an organizational culture that values efficiency, innovation, and fiscal discipline and that provides focused, meaningful public services that improve lives and benefit the community.

At the heart of the GMS are five overlapping components which ensure that the County asks and answers crucial questions:

Strategic Planning asks: *Where do we want to go?* The Strategic Plan looks ahead five years to anticipate significant needs, challenges, risks and opportunities that are likely to develop and sets goals for the future. Long-range strategic planning activities require us to assess where the County is and where it wants to be.

Operational Planning asks: *How do we get there from here?* Operational Planning allocates resources over the next two fiscal years to specific programs and services that support the County's long-term goals as articulated in the Strategic Plan. This includes adoption of an annual budget and approval in principle of a second year spending plan.

Monitoring and Control asks: *How is our performance?* Monitoring and Control shows whether the County is on track to achieve its goals. The County evaluates its progress frequently, including structured monthly, quarterly, and annual reviews so that necessary adjustments may be made without delay.

Functional Threading asks: *Are we working together?* Although the County is divided into groups, departments and divisions for operational purposes, the County has many critical functions and goals that cross these organizational lines. Functional threading ensures that information and resources are coordinated and shared throughout the organization to achieve common goals, solve problems and maximize efficiency.

Motivation, Rewards and Recognition asks: *Are we encouraging excellence?* County employees must embrace the GMS disciplines and understand how this system guides the success of County operations and contributes to their success on the job. To encourage excellence, managers must set clear expectations, provide incentives, evaluate performance, and reward those who meet or exceed goals. And County employees meet the challenge by becoming Knowledge Workers who are comfortable with changing technology and who prepare themselves and their departments for changes expected in the future.

The five GMS components form an annual cycle that is renewed each fiscal year with review of the Strategic Plan and development of a new Operational Plan.

Enterprise Initiatives

In Fiscal Year 2008-09, the County launched an enterprise initiative that challenged County employees to identify and prepare for the significant changes taking place in their workplace, community, economy and world using the GMS framework. The Knowledge Worker initiative required County managers and employees to identify: how their units were addressing the region's increasing need for resource conservation and sustainability and how staff will manage the exploding amount of information available to them to stay on the cutting edge of their fields. In Fiscal Year 2009-10, the Government without Walls (GWOW) initiative followed on these principles by challenging the workforce to make better use of technology tools to accomplish its goals and to identify how the County can make its operations and the organization more nimble, mobile and adaptable as circumstances and needs change.

Enterprise initiatives emphasize that everyone in the County workforce shares responsibility for helping the organization adapt to change and move forward in this fast-paced world. Examples of how County employees are embracing these enterprise initiatives and what they have accomplished are now reflected throughout the enterprise. In keeping with the GMS disciplines and our commitment to continuous improvement, the County will continue to look ahead and aggressively embrace, adapt to and use the increasingly fast pace of change to ensure that County services meet residents' needs and provide the best value to taxpayers.

Context for Strategic and Operational Planning

To be effective, the goals that the County sets and the resources that are allocated are consistent with the purpose of the organization. The context for all strategic and operational planning is provided by the County's Vision and Mission. First and foremost, the Strategic Plan sets the course for accomplishing the County's Vision:

A county that is safe, healthy and thriving

By establishing a clear Vision, the County can articulate the strategies and approaches it will take to carry out its Mission. The Mission reflects the County's commitment to identify, understand and respond to the critical issues that affect county residents as well as to provide services that help make San Diego County an enjoyable area in which to live. The County's Mission:

To efficiently provide public services that build strong and sustainable communities

The County recognizes that "The noblest motive is the public good." As such, there is an ethical obligation and commitment to uphold basic standards as we conduct operations to realize a shared Vision. The County embraces the following values:

- Integrity - We are dedicated to the highest ethical standards.
- Stewardship - We will ensure responsible stewardship of all that is entrusted to us.
- Commitment - We are committed to excellence in all that we do.

Strategic Plan

As noted on the previous page, the GMS outlines how County government will operate to ensure that services are provided in an efficient, effective manner. The first thing the County does to ensure that it operates efficiently and effectively is to develop a long-term (five-year) Strategic Plan that sets forth the County's priorities and what it will accomplish with its resources. The Strategic Plan articulates the organization's external and internal priorities and the goals it will achieve in that period.

The Strategic Plan is developed by the Chief Administrative Officer and the County Executive Team, based on the policies and priorities set by the Board of Supervisors and an enterprisewide review of the issues, risks and opportunities facing the region and the County organization. All County programs support at least one of these three Strategic Initiatives or the Required Disciplines for Excellence that make achievement of the initiatives possible:

- **Safe Communities** (Promote safe communities),
- **Sustainable Environments** (Support environments that foster viable, livable communities while bolstering economic growth), and
- **Healthy Families** (Make it easier for residents to lead healthy lives while improving opportunities for children and adults).

The Strategic Plan also commits the organization to adhere to eight key internal organizational disciplines that are necessary to maintain a high level of operational excellence and accomplish the Strategic Initiatives. These Required Disciplines for Excellence are:

- **Fiscal Stability** - Maintain fiscal stability to ensure services that customers rely on, in good times and in bad.
- **Customer Satisfaction** - Ensure customers are provided with superior services.
- **Regional Leadership** - As a regional leader, the County forges cooperative partnerships and leverages additional resources for residents.
- **Skilled, Adaptable and Diverse Workforce** - Develop a committed, skilled, adaptable and diverse workforce that turns plans and resources into achievement and success.
- **Essential Infrastructure** - Provide the essential infrastructure to ensure superior service delivery to our residents.
- **Accountability, Transparency and Ethical Conduct** - Ensure accountability to ourselves and the public by requiring that County business be conducted as openly as possible, resulting in the efficient and ethical use of public funds.
- **Continuous Improvement and Innovation** - Achieve operational efficiency through continuous efforts to improve and innovate, thereby maximizing value for taxpayers.

- **Information Services** - The County of San Diego will be the center of Information Services innovation for advancing the delivery of County services, anytime and anywhere.

To ensure that the Strategic Plan incorporates a fiscal perspective, the CAO, ACAO/Chief Operating Officer and General Managers annually assess the long-term fiscal health of the County and review a five-year forecast of revenues and expenditures to which all departments contribute. This process leads to the development of preliminary short and medium-term operational objectives and the resource allocations necessary to achieve them.

Operational Plan

The Operational Plan provides the County's financial plan for the next two fiscal years (e.g., July 1, 2013 through June 30, 2015). However, pursuant to Government Code §29000 et seq., State law allows the Board of Supervisors to formally adopt only the first year of the Operational Plan as the County's budget. The Board approves the second year of the plan in principle for planning purposes. To demonstrate that resources are allocated to support the County's Strategic Plan goals, all program objectives in the Operational Plan and department performance measures are aligned with the Strategic Plan Initiatives and/or the Required Disciplines for Excellence.

The five business Groups and their respective departments develop specific objectives as part of the preparation of the Operational Plan. Objectives are clear discussions of anticipated levels of achievement for the next two years. They communicate the entity's core services and organizational priorities. The objectives include measurable targets for accomplishing specific goals plus a discussion of the resources necessary to meet those goals. The Operational Plan also details each department's major accomplishments during the past fiscal year as related to achievement of the goals laid out in the County's five-year Strategic Plan.

Performance Measurement

Since Fiscal Year 2005-06, the County has undertaken an extensive effort to demonstrate performance to citizens through reporting meaningful and uncomplicated performance measures. The focus was shifted from reporting on what was happening to the organization, to what is happening in the lives of citizens, customers and stakeholders because of County services. This effort remains a priority and each department is required to measure performance in terms of outcomes, or how they affect peoples' lives, not just a count of the activities they perform. The most significant measures are reflected in this document as part of the respective narrative section of each department's budget presentation.

Budget Documents

Several documents are produced to aid in budget development and deliberations:

The **CAO Recommended Operational Plan**, referred to as the CAO Proposed Operational Plan prior to Fiscal Year 2013-14, is a comprehensive overview of the Chief Administrative Officer's (CAO) recommended plan for the County's operations for the next two fiscal years. It is submitted to the Board of Supervisors in May of each year. It includes:

- Summary tables outlining financing sources and expenditures for all County funds, plus an overview of staffing levels;
- A summary of the County's projected reserves, debt management policies and short-term and long-term financial obligations;
- A detailed section by Group/Agency and Department/Program describing each entity's functions, mission, current fiscal year anticipated accomplishments, operating objectives for the two upcoming fiscal years, and performance measures, budget tables for staffing by program, expenditures by category, and revenue amounts and sources;
- An explanation of the capital program planning process along with a description of the capital projects with new appropriations recommended, the operating impact of the capital projects scheduled for completion during the next two fiscal years, and budget summaries for capital projects by fund; and
- Other supporting material including budget summaries, a glossary and an index.

Public Review and Hearings — Prior to adopting a budget, the Board of Supervisors conducts public hearings for 10 calendar days. Pursuant to California Government Code §29081, budget hearings may be continued from day to day until concluded, but not to exceed a total of 14 calendar days. This process commences with presentations by community organizations that have applied for grant funds available through the Community Enhancement Program. Public hearings on the Operational Plan begin during the first half of June.

All requests for increases to the CAO Recommended Operational Plan, whether from members of the Board of Supervisors, County staff, County advisory boards or members of the public, must be submitted to the Clerk of the Board in writing by the close of public hearings.

Change Letters are recommended changes to the CAO Recommended Operational Plan submitted by the CAO and members of the Board of Supervisors. The CAO Change Letter updates the CAO Recommended Operational Plan with information that becomes available after the latter document is presented to the Board of Supervisors. Such modifications may be due to Board actions that occurred subsequent to the submission of the CAO Recommended Operational Plan or recent changes in State or federal funding. The CAO Change Letter typically contains a schedule of revisions by department along with explanatory text.

Referrals to Budget are items on which the Board of Supervisors has deferred action during the current fiscal year so that they may be considered in the context of the overall budget. Each business Group tracks their referrals to budget. As Budget Deliberations approach, the status of each referral is updated and included in a compilation of all the referrals made throughout the year. This document is submitted to the Board of Supervisors for review and action during Budget Deliberations.

Citizen Advisory Board Statements are the comments of citizen committees on the CAO Recommended Operational Plan.

Budget Deliberations — After the conclusion of public hearings, the Board of Supervisors discusses the CAO Recommended Operational Plan, any requested amendments and public testimony with the CAO and other County officials as necessary. Based on these discussions, the Board gives direction to the CAO regarding the expenditure and revenue levels to be included in the Adopted Operational Plan. Board of Supervisors Budget Deliberations are usually completed by the end of June.

Referrals from Budget are requests made by the Board of Supervisors during Budget Deliberations for additional information to assist them in making decisions during the fiscal year. The applicable business Group is responsible for providing requested information to the Board of Supervisors.

The **Adopted Operational Plan** shows the Board of Supervisors' adopted budget for the immediate fiscal year and the plan approved in principle for the following year. The Adopted Operational Plan is an update of the CAO Recommended Operational Plan reflecting revisions made by the Board of Supervisors during Budget Deliberations. Unlike the CAO Recommended Operational Plan, which displays the two prior fiscal years' adopted budgets and the recommended amounts for the two upcoming fiscal years, the Adopted Operational Plan provides perspective by displaying actual expenditures and revenue at the Group/Agency and Department level for the two prior fiscal years, as well as the adopted and amended budget for the immediate prior fiscal year. The amended budget for each department is the budget at the end of the fiscal year. It reflects the adopted budget plus any amounts carried forward from the previous year through the encumbrance process and any changes that were authorized during the year. Any budget-to-actual comparisons are best made using the amended budget as a base.

Note on Actual General Purpose Revenue and Use of Fund Balance in departmental table: Each department's budget table shows the funding sources for its programs for the indicated budget years, including various categories of program revenues, fund balance, fund balance component decreases and General Purpose Revenue Allocation. For any given budget year, the amount of the General Purpose Revenue allocation is intended to be fixed, meaning that the amount is anticipated to be the same for the adopted budget, the amended budget and the actuals. Exceptions are made due to unique one-time events. In the case of the use of fund balance, the amount in the actual column may be either positive or negative. The sum of the actual fund balance, any fund balance component decreases and the General Purpose Revenue allocation equals the total amount of non-program revenue funding sources used to support the actual expenditures of the department.

Budget Modifications — State Law permits modifications to the adopted budget during the year with approval by the Board of Supervisors or, in certain instances, by the Auditor and Controller. There are two options for requesting a mid-year budget adjustment from the Board of Supervisors:

- **Board of Supervisors Regular Agenda Process** — Budget modifications are generally made due to unforeseen and program-specific changes. In compliance with Government Code §29130, increases in appropriations require a four-fifths vote of approval by the Board of Supervisors after the budget is adopted.

Such changes could include requests for additional appropriations as a result of additional revenues for specific programs, or a contract modification. Items placed on the agenda that have a fiscal or budgetary impact are reviewed and approved by the Chief Financial Officer. Contract modifications also require the approval of the Purchasing Agent. County Counsel reviews and approves all Board agenda items.

- **Quarterly Status Reports** — The CAO provides a quarterly budget status report to the Board of Supervisors that may also recommend changes to appropriations to address unanticipated needs or make technical adjustments to the budget. These reports are placed on the Board of Supervisors regular agenda and are also posted on the Auditor and Controller's website.

Financial Planning Calendar 2013-14 Target Dates

Jan 23	Narrative Instructions for Operational Plan issued by Office of Financial Planning (OFP)
Feb 6	Budget Instructions for Operational Plan issued by OFP
Feb 11	Budget database opens for Operational Plan development
Mar 1	Due date for departments to submit draft Anticipated Accomplishments, Objectives and Performance Measures sections of narratives to OFP
Mar 15	Budget database closed to departments to enable business Groups (Groups) to review
Mar 25	Deadline for departments to submit their budget changes from current year adopted budget plus their final drafts of Anticipated Accomplishments, Objectives and Performance Measures sections of narratives to their Group Finance Director
Mar 29	Budget database closed to Groups
Apr 3	Deadline for Groups to have all department narratives reviewed and submitted to OFP
Apr 23	Draft copy of balanced CAO Recommended Operational Plan sent to Chief Administrative Officer (CAO), Assistant CAO/Chief Operating Officer (COO) and General Managers
Apr 29	CAO Recommended Operational Plan docketed and released to the Board of Supervisors and public
May 7	Board of Supervisors accepts CAO Recommended Operational Plan
May 8	Change Letter Instructions issued by OFP and budget database opens for modifications
May 13	OFP sends request to Groups for Referrals to Budget
May 15	Budget Change Letter database closed to departments to enable final review by Groups
May 17	Department Change Letter narratives due to Groups for review
May 22	Budget Change Letter database closed to Groups
May 25	Deadline for Groups to submit responses to Referrals to Budget to OFP
May 30	Deadline for Groups to have all departments' Change Letter narratives reviewed and submitted to OFP
Jun 10-19	Public Hearings on CAO Recommended Operational Plan (ten calendar days)
Jun 19	Last day for Citizen Advisory Committees to submit statements to the Clerk of the Board
	The CAO Change Letter to be filed with the Clerk of the Board; all other proposals from Board members or the public to increase the CAO Recommended Operational Plan are due to the Clerk of the Board
Jun 25-26	Board of Supervisors Budget Deliberations and approval of the 2013-15 Operational Plan
Aug 6	Board of Supervisors adopts Fiscal Year 2013-14 Budget

Operational Plan Format

Introduction - County Overview

This Operational Plan provides the financial plan for the County of San Diego for the next two fiscal years - July 1, 2013 through June 30, 2015. The introductory portion of the document highlights the following:

- Board of Supervisors and Organizational Chart
- Message from the Chief Administrative Officer
- Fiscal Year 2013-14 Recommended Budget at a Glance
- County Profile, County History and Economic Indicators
- Governmental Structure, Budget Documents and Financial Planning Calendar
- Appropriations and Funding Sources for all funds and the General Fund
- Staffing
- Financial Policies
- Financial Obligations and Debt Service
- Recognition of County Performance

Groups and Departments

This section highlights the five business groups and the departments in each group. The following information is presented:

Group Description

Department Description

Highlights the responsibilities of the group/department and some of the programs it operates or the major functions it performs.

Mission Statement

A clear and concise statement of the overall purpose and general assignment of the group or department.

2012-13 Anticipated Accomplishments

Brief descriptions of the group's/department's anticipated accomplishments for Fiscal Year 2012-13. The discussions address the progress made on the 2012-14 Objectives reported in the prior fiscal year and include the anticipated results. Anticipated Accomplishments are categorized by the County's Strategic Initiatives or Required Disciplines for Excellence.

2013-15 Objectives

Group's/department's key goals and priorities for the next two fiscal years and statements on how they will be achieved. Each objective is linked to one of the County's Strategic Initiatives or Required Disciplines for Excellence and focuses on the outcome desired by the work performed.

Related Links

The County's website for the group/department. Some departments list additional websites that may be of interest to the reader.

Performance Measures

Each department's key performance measures are outlined in a table format. The department's progress in achieving its goals and objectives is depicted over time. Data include past performance, current year goals and estimated results, as well as recommended targets for the next two fiscal years.

Performance Measures	2011-12 Actuals	2012-13 Adopted	2012-13 Estimated Actuals	2013-14 Recommended	2014-15 Recommended
Defined Measure. . .	90% of xxx	92% of xxx	92% of xxx	94% of xxx	94% of xxx

Table Notes

Footnotes to the Performance Measures table which provide additional details to explain or clarify a measure or the measurement data.

Recommended Changes and Operational Impact: 2012-13 to 2013-14

Detailed explanations of the recommended budget changes in staffing, expenditures and revenues from the current fiscal year's budget to the newly recommended budget. Dollar changes are rounded. Therefore, the sum of the individual expenditure and revenue categories may not equal the total change for the overall expenditures and revenues.

Recommended Changes and Operational Impact: 2013-14 to 2014-15

A brief narrative description of significant changes in staffing, expenditures and revenues from the first year of the CAO Recommended Operational Plan to the second year of the two-year plan.

Budget Tables

Tables of comparative data on staffing, expenditures and revenues are presented for each group and department. The following page provides an example of the table format which includes the Adopted Budget for Fiscal Years 2011-12 and 2012-13; the Recommended Budget for Fiscal Year 2013-14; the percentage change from the Fiscal Year 2012-13 Adopted Budget to the Fiscal Year 2013-14 Recommended Budget; and the Fiscal Year 2014-15 Recommended Budget.

Sample Budget Tables

Staffing by Program	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Name of Program					
Name of Program					
Total					

Budget by Program	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Name of Program					
Name of Program					
Total					

Budget by Categories of Expenditures	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Salaries & Benefits					
Services & Supplies					
Other Charges					
Capital Assets Equipment					
Total					

Budget by Categories of Revenues	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Intergovernmental Revenues					
Charges For Current Services					
Miscellaneous Revenues					
Other Financing Sources					
Use of Fund Balance					
General Purpose Revenue Allocation					
Total					

Capital Program

This section of the Operational Plan discusses the County's Capital Program - its structure, funds, policies and procedures. Details are provided for the following:

- Capital Appropriations - Discusses new appropriations to the capital budget for Fiscal Years 2013-15, including the amount and purpose of each capital item.
- Operating Impact of Capital Program - A summary of the potential impact on the operating budget is presented for a handful of capital projects that are scheduled for completion during Fiscal Years 2013-15.
- Tables summarizing the Capital Program budget, including the budget by fund, by categories of expenditures and revenues, and the revenue detail. Data include the Adopted Budget for Fiscal Years 2011-12 and 2012-13; the Fiscal Year 2013-14 Recommended Budget; the percentage change from the Fiscal Year 2012-13 Adopted Budget to the Fiscal Year 2013-14 Recommended Budget; and the Fiscal Year 2014-15 Recommended Budget.
  - Tables are presented for each fund within the Capital Program that has budgeted appropriations for the fiscal years presented, which may include any or all of the following funds: Capital Outlay, County Health Complex, Justice Facility Construction, Multiple Species Conservation Program, Library Projects and Edgemoor Development.
  - Information includes: Budget by Categories of Expenditures; Project Details listing each capital project by name and number; and Funding Source which includes all funding sources and lists each project funded by each source.
  - Data include the Adopted Budget for Fiscal Years 2011-12 and 2012-13; the Fiscal Year 2013-14 Recommended Budget; the percentage change from the Fiscal Year 2012-13 Adopted Budget to the Fiscal Year 2013-14 Recommended Budget; and the Fiscal Year 2014-15 Recommended Budget.
- Lease Payments - Details lease payments budget by expenditures, revenues and funding sources for the same fiscal years as described above.
- Outstanding Capital Projects by Group/Agency - Tables for each of the five business groups outline the total appropriations and the remaining balance for each capital project and the fiscal year the project was established.

Finance Other

This component of the document highlights miscellaneous funds and programs that are predominantly Countywide in nature, have no staffing associated with them or exist for proper budgetary accounting purposes.

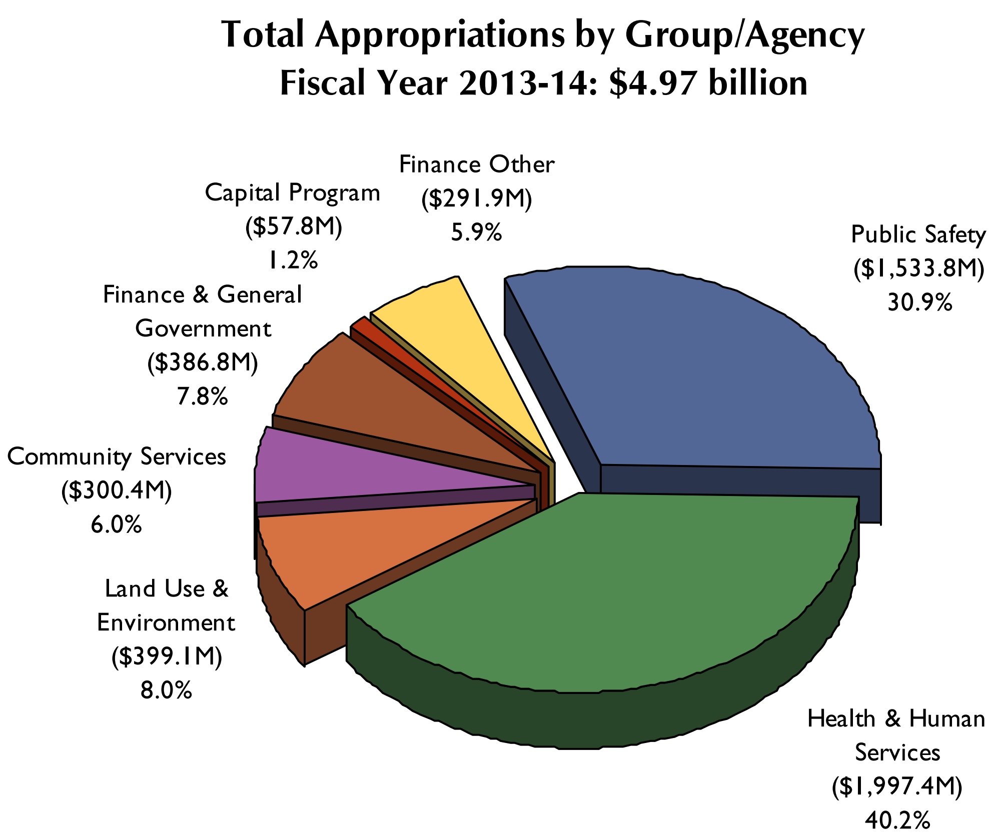
Appendices

- Appendices A, B and C present tables of data which include the Adopted Budget for Fiscal Years 2011-12 and 2012-13; the Fiscal Year 2013-14 Recommended Budget; the percentage change from the Fiscal Year 2012-13 Adopted Budget to the Fiscal Year 2013-14 Recommended Budget; and the Fiscal Year 2014-15 Recommended Budget.
  - Appendix A: All Funds - Budget Summary - Tables outline staff years and expenditures and revenues by category for the total County and by each business group, the Capital Program and Finance Other.
  - Appendix B: Budget Summary of All Funds - Tables of Countywide appropriations by fund type and appropriations by fund type within each business group, the Capital Program and Finance Other.
  - Appendix C: General Fund Budget Summary - Tables of General Fund expenditures by department within each business group and for Finance Other; also provided are financing sources by category for the total General Fund.
- Appendix D: Health & Human Services Agency (HHSA) - General Fund - Tables depict staff years and summarizes HHSA's general fund budget by operations and assistance payments.
- Appendix E: Operational Plan Abbreviations and Acronyms - Common abbreviations and acronyms referenced.
- Appendix F: Glossary of Operational Plan Terms - Explanations of key terms used in the document and during the budget process.
- Index: An alphabetical listing of key topics and the page reference for each.

All Funds: Total Appropriations

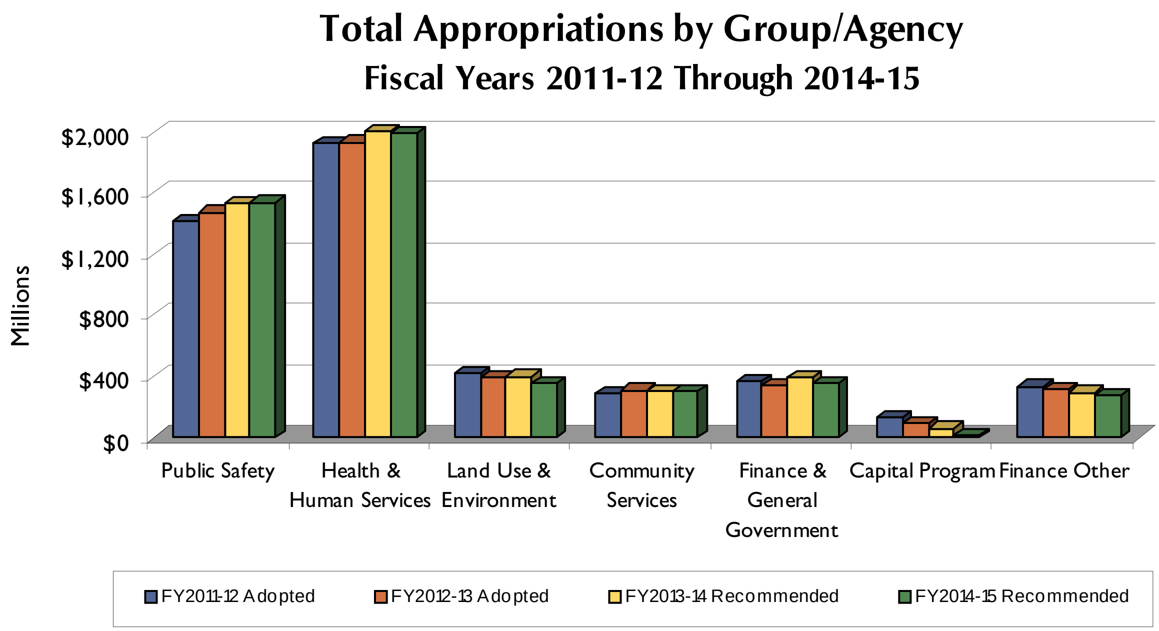
Total Appropriations by Group/Agency

Appropriations total **$4.97 billion** in the Recommended Budget for **Fiscal Year 2013-14** and $4.81 billion for Fiscal Year 2014-15. This is **an increase of $122.0 million or 2.5%** for Fiscal Year 2013-14 from the Fiscal Year 2012-13 Adopted Budget. Looking at the Operational Plan by Group/Agency, appropriations decrease in Community Services, the Capital Program and Finance Other, while there are increases in Public Safety, Health and Human Services, Land Use and Environment and Finance and General Government.



The pie chart above shows each Group/Agency's share of the Fiscal Year 2013-14 Recommended Budget, while the bar chart and table on the following page compare the Fiscal Years 2013-14 and 2014-15 appropriations to the two prior fiscal years. The percentage change is also calculated for the variance between the Fiscal Year 2013-14 Recommended Budget and the Fiscal Year 2012-13 Adopted Budget. An overview of the County's Operational Plan for Fiscal Year 2013-14 is presented below by Group/Agency and highlights changes and key areas of focus. Appendix A: All Funds - Budget Summary, provides a summary of expenditures and financing sources by account group for the entire County and for each Group and the Agency. More detail by department begins on page 113.

Note: In charts, the sum of individual percentages may not total 100.0% due to rounding. Also, in tables, the sum of individual figures within a column may not equal the total for that column due to rounding.



Total Appropriations by Group/Agency (in millions)					
	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Public Safety	$ 1,410.3	$ 1,469.4	$ 1,533.8	4.4	$ 1,536.5
Health & Human Services	1,919.9	1,928.9	1,997.4	3.6	1,986.5
Land Use & Environment	419.0	392.9	399.1	1.6	356.1
Community Services	289.1	305.5	300.4	(1.7)	296.8
Finance & General Government	363.2	340.8	386.8	13.5	351.5
Capital Program	127.2	94.2	57.8	(38.6)	12.3
Finance Other	331.0	313.5	291.9	(6.9)	271.3
Total	$ 4,859.6	$ 4,845.2	$ 4,967.2	2.5	$ 4,811.0

Public Safety Group (PSG) — A recommended **net increase of 4.4% or $64.4 million** from the Fiscal Year 2012-13 Adopted Budget. The increase primarily relates to increased County retirement contributions, phased hiring and training of detention staff and the partial year operation of the Women's Detention Facility, additional service requirements due to the transfer of responsibilities for offenders from the State to the counties, growth in Proposition 172, *Local Public Safety Protection and Improvement Act of 1993*, funding and the planned use of one-time resources. Reductions in State funding and fine and forfeiture revenue are recognized. All mandated services are maintained.

Major changes include:

- The phased hiring and training of staff and the partial year operation of the Women's Detention Facility.
- Resources and services to address the transfer of responsibility for certain offenders from the State to the counties pursuant to Assembly Bill (AB) 109, *Public Safety Realignment (2011)*, supported by revenues allocated from the Local Revenue Fund 2011, Community

Corrections Subaccount. Increased services include the partial year operation of the East Mesa Detention Re-Entry and Rehabilitation Facility.
- Increases in staff to enhance information-led policing and increases in sworn staff in the Sheriff's Department for the Homicide Division and Emergency Planning, support for the Civil Division and for financial management, facility operations, for human resources and safety programs and for operations in support of the Regional Communications System.
- Resources to support electronic discovery and activities related to document imaging solutions.
- Reductions in amounts allocated for one-time expenditures in the previous fiscal year.

The Public Safety Group will align activities with the key outcomes of the County's *Live Well, San Diego!* Living Safely strategy, support the County's strategic initiatives and operate an efficient and responsive criminal justice system.

Key areas of focus include:
- Promoting and implementing strategies that protect residents from crime or abuse, including information-led policing and monitoring of offenders subject to community supervision.
- Promoting strategies that prevent crime and make neighborhoods safe to work, live and play.
- Reducing recidivism by implementing strategies and providing services to help offenders successfully reenter society.
- Continuing to strengthen the County's and communities' ability to prepare for, respond to and recover from disasters.
- Leveraging technology innovations to improve service delivery and operational efficiency.

Health and Human Services Agency (HHSA) - A recommended **net increase of 3.6% or $68.5 million** from the Fiscal Year 2012-13 Adopted Budget. The increase relates to an increase in staff years, increased County retirement contributions, and costs associated with contracted services and client payments. Reductions in funding and caseloads are also recognized.

Major changes include:
- Increase to support the transition of California's Healthy Families recipients to the Medi-Cal program.
- Increase in Aging and Independence Services to support the Community Based Care Transitions Program (CCTP).
- Increase associated with Aid to Adoptive Children payments and the expansion of services to emancipated youth under the Transitional Housing Program.
- Increase to support the Supplemental Nutrition Assistance Program Education (SNAP-Ed) project.
- Increase due to the passage of AB 12 *California Fostering Connections to Success Act*, which extends foster care until age 21.
- Increase associated with the North County Short Term Acute Residential Treatment (START) program and Long Term Care (LTC) for increased capacity for residents with mental diseases.

A major goal in the development of HHSA's operational plan is to advance the *Live Well, San Diego!* initiative. In that endeavor, HHSA has pursued and acquired grants that will help improve the health and well-being of San Diego's communities and residents. As in the past, HHSA continues to work with advisory boards and other key stakeholders in these efforts.

Key areas of focus include:
- Building a better service delivery system that is innovative and outcome driven.
  - Provide public health nurse home visits to participants in the CCTP to help them proactively manage their chronic medical conditions.
  - Implement the multiyear Community Transformation Grant (CTG) to support public health efforts to reduce chronic diseases, promote healthier lifestyles, reduce health disparities, and decrease health care costs.
  - Co-locate Child Welfare Services staff with staff from community-based organizations to improve service integration.
- Supporting positive choices that empower residents to take responsibility for their own health and well-being.
  - Implement the multi-year Supplemental Nutrition Assistance Program Education (SNAP-Ed) project to promote nutrition education and obesity prevention services to low-income families in the regions that are potentially eligible for the federally funded CalFresh food assistance program.
  - Implement a program for individuals with severe mental illness to take required medications and treatment.
- Pursuing policy and environmental changes that make it easier for people to engage in healthy and safe behaviors.

- Implement regional community health improvement plans through the participation or leadership of Resident Leadership Academy (RLA) graduates. The purpose of RLA is to build community capacity for health improvement in local neighborhoods.
- Advance operational excellence by ensuring fiscal stability, customer service, leadership, accountability and transparency, continuous improvement, and workforce excellence.
  - Transition Healthy Families and Low Income Health Program participants into appropriate health programs to promote continuity of care and a medical home, providing patient-centered, comprehensive, and coordinated care.
  - Pursue voluntary Public Health Accreditation status to promote accountability and continuous improvement.

Land Use and Environment Group (LUEG) - A recommended **net increase of 1.6% or $6.2 million** from the Fiscal Year 2012-13 Adopted Budget. Significant increases are in: one-time funding for inactive waste site projects; increased County retirement contributions; increases in various road capital improvement projects, equipment maintenance in the San Diego County Sanitation District; one-time costs for information technology and business process reengineering projects and the addition of staff years to meet operational needs related to additional regulatory responsibilities.

Major changes include:

- On September 25, 2012, the Board of Supervisors established the Department of Planning and Development Services (PDS). PDS combines the land use functions that used to be divided among various County departments - Planning and Land Use, Public Works, and Parks and Recreation. As a result, the Department of Planning and Land Use was dissolved. PDS is a brand new department with a new approach to serving customers. The new department creates a seamless land use process that works efficiently and maintains the highest quality review standards.
- Additional staff years for operational needs pertaining to the Asian Citrus Psyllid (ACP) citrus grove abatement activities and in Agricultural Water Quality (AWQ) inspections due to revisions in the Regional Municipal Separate Storm Sewer (MS4) Permit.
- One-time funds for inactive waste projects.
- Increase one-time funding for major maintenance projects at park facilities identified in the facility conditions assessment program.
- Decrease in one-time funds due to completion of the Mobile Source Emission Reduction Incentive Programs.
- Increase in one-time funding for the Rancho San Diego Pump Station Improvement project and the Industry Road Interceptor Sewer Phase I Replacement, Ha-Hana Road project.

Key areas of focus include:

- Improving the land development process overall, as well as the associated customer experience and streamlining permit processing.
- Continuing business process reengineering efforts to develop new online tools that will streamline processes and improve customer service.
- Protecting public health and helping to prevent disease through education and awareness of vector-borne diseases and proper disposal of household hazardous, electronic and universal waste.
- Protecting San Diego County's $1.7 billion agricultural industry from damaging pests, noxious non-native weeds and diseases.
- Awarding and managing construction contracts for road improvement projects in various county communities to enhance safety and improve traffic flow.
- Expanding and protecting park resources, improving infrastructure and acquiring additional parkland throughout the county.
- Preserving and enhancing the quality of life for county residents by implementing habitat conservation programs such as the Multiple Species Conservation Program, Special Area Management Plan and Resource Management Plans.
- Completing required toxic air contaminant emission health risk assessments to verify compliance of new and expanding businesses with health risk standards.
- Protecting and preserving the county's water quality and watersheds.

Community Services Group (CSG) - A recommended **net decrease of 1.7% or $5.1 million** from the Fiscal Year 2012-13 Adopted Budget. The decrease is due to non-recurring one-time prior year expenditures, federal HOME funding for project costs and State CalHome funding for residential rehabilitation loans. Partially offsetting increases include increased County retirement contributions, increased books and materials and branch library improvement projects in the County Library, an overall increase in utility costs due to an increased number of County facilities, and higher costs for contracted and routine maintenance services in County facilities.

Major changes include:

- One-time projects for energy efficiency in County projects, an infrastructure condition assessment of County parks, and an information technology project for facilities data management.
- Increased purchases of library books and materials in response to customer demand.
- Increased costs of major maintenance and energy-efficiency projects, routine maintenance and contracted services for County-owned facilities.

Key areas of focus include:

- Maintaining library hours to provide patron access to library materials and services.
- Planning and design activities for new libraries in Alpine and Imperial Beach and the new Assessor/Recorder/County Clerk Branch Office Building in El Cajon.
- Providing resources to homeless families and veterans exiting from transitional housing.
- Savings in the purchase and contracting of goods and services for all County departments through innovative procurement methods.
- Construction of capital improvements for the new Women's Detention Facility, the County Administration Center Waterfront Park and related new parking structure at Cedar and Kettner streets in downtown San Diego, and the new Rancho San Diego Sheriff's Station.
- Improving animal shelters and the medical treatment of animals to make them adoptable sooner.
- Conducting the June 2014 Primary Election.

Finance and General Government Group (FGG) - A recommended **net increase of 13.5% or $46.0 million** from the Fiscal Year 2012-13 Adopted Budget. The increase is due primarily to one-time Countywide information technology (IT) projects and support as well as increased County retirement contributions.

Major changes include:

- An increase in planned IT services for a number of County departments through the County's information technology outsourcing contract, including:
  - Upgrade of PeopleSoft, the County's human resources information system.
  - Upgrades and licensing of multiple IT systems including the system used to produce the County's Comprehensive Annual Financial Report (CAFR).
  - Increase in data center services and IT hardware and software.
  - Continue implementation of the County's new Integrated Property Tax System (IPTS).
- Major maintenance projects for the County Administration Center.
- An increase in staff years for administration of employee benefits, departmental legal support services, and management of the County's enterprise technology platforms.

Key areas of focus include:

- Maintaining the County's fiscal stability through active monitoring of economic conditions, sound accounting, auditing, budgetary practices and management discipline, including continued assurance of accountability and transparency in the use of State and federal funds.
- Maintaining a qualified, robust, diverse and adaptable workforce.
- Aggressively pursuing opportunities to restructure the County's debt portfolio to maximize taxpayer savings.
- Maintaining a strong Treasurer's Investment Pool.
- Maintaining an investment in modern information technology.
  - Continuing implementation of the new IPTS.
  - Completing upgrades to the County's key information technology systems, including the human resources information system, the constituent relationship management system, and several of the County's main websites.
- Providing the highest quality legal services to the Board of Supervisors and County departments.

Capital Program - A recommended **net decrease of 38.6% or $36.4 million** from the Fiscal Year 2012-13 Adopted Budget. The amount budgeted in the Capital Program for Capital Projects can vary significantly from year to year based on the size and scope of capital needs in the coming years. The Fiscal Year 2013-14 Capital Program includes $48.0 million for the following capital projects:

- $10.0 million for the Multiple Species Conservation Program (MSCP);
- $9.8 million for the Alpine Library;
- $8.4 million for the Imperial Beach Library;
- $7.5 million for the Assessor/Recorder/County Clerk (ARCC) El Cajon Branch Office Building;
- $3.1 million for the San Luis Rey River Park Acquisition;
- $2.5 million for the 4S Ranch Synthetic Turf South Ball Fields;
- $2.0 million for the Lake Morena Electrical Upgrade;
- $1.9 million for Tijuana River Valley Trails Construction/Habitat Restoration;

- $1.8 million for the San Elijo Gateway Property Acquisition; and
- $1.0 million for the San Diego Botanic Garden Expansion.

The Capital Program also includes $9.8 million for the Edgemoor Development Fund to pay debt service on the 2005 and 2006 Edgemoor Certificates of Participation and other costs to improve the Edgemoor property.

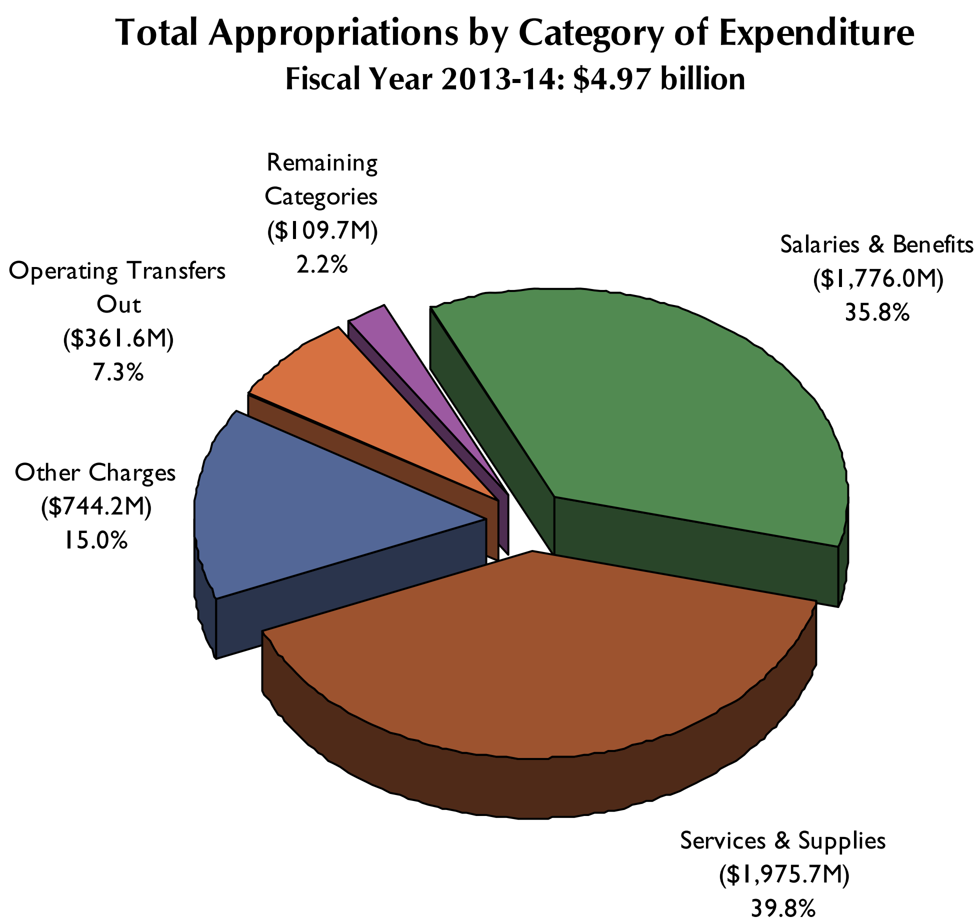
In Fiscal Year 2014-15, appropriations decrease by $45.5 million from Fiscal Year 2013-14, and the program includes funding of $2.5 million for the MSCP.

Finance Other - A recommended **net decrease of 6.9% or $21.6 million** from the Fiscal Year 2012-13 Adopted Budget. Many of the appropriations in this group vary little from year to year, but some appropriations reported here are one-time and can fluctuate significantly. One-time appropriations in Fiscal Year 2012-13 included $27.6 million for a loan for the East Mesa Detention Re-Entry and Rehabilitation Facility, $8.0 million for the County Operations Center (COC) Redevelopment Annex Occupant Relocation, and $2.0 million for the Agua Caliente Park Water, Sewer and Electrical Line Replacement.

In the Fiscal Year 2013-14 CAO Recommended budget, the General Fund contribution to the Capital Program includes appropriations for MSCP of $10.0 million, for a new Alpine Library of $9.8 million, for a new Imperial Beach Library and to improve the connectivity with the Imperial Beach Community Center of $8.4 million, for the Lake Morena Electrical Upgrade of $2.0 million, for acquisition related to the San Luis Rey River Park of $3.1 million, for the ARCC El Cajon Branch Office Building to replace the existing facility of $5.0 million, for the San Elijo Gateway Property Acquisition of $1.8 million, for the San Diego Botanic Garden Expansion of $1.0 million and for the 4S Ranch Synthetic Turf South Ball Fields of $2.5 million. In addition, lease payments for certain long-term lease obligations have decreased by $4.6 million as a result of decreases in certain scheduled leases partially offset by the start of a lease payment for the 2012 Cedar and Kettner parking structure. See page 463 for the details of the budget for Finance Other.

Total Appropriations by Category of Expenditure

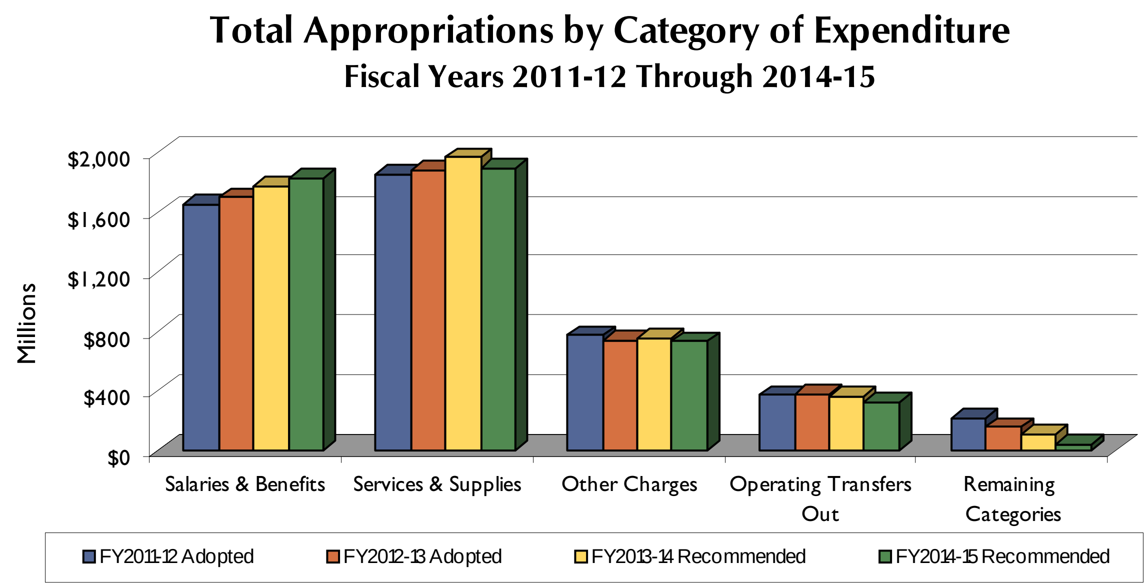
The pie chart below shows the Recommended Budget broken down by category of expenditure. As noted previously, the **Fiscal Year 2013-14** Recommended Budget is **increasing overall by $122.0 million** from the Fiscal Year 2012-13 Adopted Budget and decreasing by $156.2 million in Fiscal Year 2014-15.



The changes by category are summarized as follows:

- **Salaries and Benefits** are **increasing overall by a net $78.7 million or 4.6%** in Fiscal Year 2013-14. This change reflects higher County retirement contribution requirements, negotiated reductions in the County funding of the employee share of retirement costs, negotiated benefit increases for existing labor agreements and an increase of 590.25 staff years. All existing labor agreements include increases in flexible benefit credits effective January 2013 through December 31, 2013. The Deputy Sheriffs' Association (DSA) labor agreement is effective through June 26, 2014 and includes a 1.0% salary and benefit increase effective July 1, 2013.

  In Fiscal Year 2014-15, Salaries and Benefits are increasing by a net of $48.7 million or 2.7%, which reflects anticipated higher County retirement contribution requirements, an increase in flexible benefit credits for the DSA bargaining unit effective January 2014, and a net increase of 1.00 staff years. See Total Staffing on page 52 for a summary of staffing changes by business group.



Total Appropriations by Category of Expenditure (in millions)

	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Salaries & Employee Benefits	$ 1,655.5	$ 1,697.3	$ 1,776.0	4.6	$ 1,824.7
Services & Supplies	1,851.5	1,881.0	1,975.7	5.0	1,895.9
Other Charges	770.9	736.4	744.2	1.1	733.8
Operating Transfers Out	369.3	376.4	361.6	(3.9)	319.3
Remaining Categories:					
Capital Assets/Land Acquisition	137.8	93.0	58.4	(37.2)	6.0
Capital Assets Equipment	22.5	24.8	21.0	(15.2)	12.9
Exp Transfer & Reimbursements	(20.2)	(29.7)	(30.2)	1.7	(30.3)
Reserves	21.8	22.1	23.1	4.5	23.1
Fund Balance Component Increases	18.4	13.7	0.6	(95.4)	1.4
Management Reserves	32.3	30.3	36.8	21.5	24.3
Total	$ 4,859.6	$ 4,845.2	$ 4,967.2	2.5	$ 4,811.0

Services and Supplies are **increasing by a net of $94.7 million or 5.0%**. This category accounts for expenditures for items such as office supplies, contracted services, facility leases, facility maintenance, minor equipment, utility usage, services provided by internal service funds and various other requirements. While individual accounts are increasing or decreasing by varying amounts, the most significant changes include, an increase of $57.6 million in service and consulting contracts supporting various programs such as Healthy Families and Community Based Care Transitions Program (CCTP), an increase of $8.0 million in Countywide major maintenance, and an increase in information technology costs of $13.3 million due to one time information technology projects in the Finance and General Government Group, as well as increases in application support and data storage and a corresponding increase in the Information Technology Internal Service Fund of $14.9 million.

A decrease of $79.8 million or 4.0% in Fiscal Year 2014-15, is primarily due to completion of one-time initiatives in Fiscal Year 2013-14.

- **Other Charges** are **increasing by $7.8 million or 1.1%.** This category includes items such as aid payments, debt service payments, interest expenses, right-of-way easement purchases and various other payments including contributions to trial courts and grants to organizations participating in the Community Enhancement and the Neighborhood Reinvestment Programs. The increase is primarily due to one-time funding for one time projects supported by the Environmental Trust Fund and Aid for Adopted Children.

  A net decrease of $10.4 million or 1.4% is projected in Fiscal Year 2014-15 due to decreases in certain scheduled lease payments and non-recurrence of one-time items from prior year.

- **Operating Transfers Out**, the accounting vehicle for transferring the resources of one fund to pay for activities in another, is **decreasing by $14.8 million or 3.9%**. The most significant decreases are in Community Services Group largely in Purchasing and Contracting for non-recurring one-time costs for the Documentum 6.7 version upgrade which was transitioned to the Chief Technology Office; in Finance Other due to the nonrecurrence of one-time funding in the prior year for the Registrar of Voter's Relocation, East Mesa Detention Re-Entry and Rehabilitation Facility, and Agua Caliente Park Water, Sewer and Electrical Line Replacement capital projects partially offset by resources to support recommended capital initiatives in Fiscal Year 2013-14 including new projects included in the capital program described in the Capital Assets/Land Acquisition below.

  A decrease of $42.3 million or 11.7% is projected for Fiscal Year 2014-15, and is primarily due to the nonrecurrence of one-time items from the prior year, including a $41.1 million decrease for funding future capital projects.

- **Capital Assets/Land Acquisition**, which includes capital improvement projects and property acquisitions, is **decreasing by $34.6 million or 37.2%** from Fiscal Year 2012-13. Appropriations vary from year to year depending upon the cost of the projects being funded. Of the $58.4 million budgeted for Fiscal Year 2013-14, $48.0 million is for projects in the Capital Program, with the remainder for projects in the Airport Enterprise Fund and in the San Diego County Sanitation District. The Fiscal Year 2013-14 Capital Program of $48.0 million includes $7.5 million for the Assessor/Recorder/County Clerk El Cajon Branch Office Building, $9.8 million for the Alpine Branch Library, $8.4 million for the Imperial Beach Library, $1.9 million for the Tijuana River Valley Trails Construction/Habitat Restoration, $1.8 million for San Elijo Lagoon Gateway Property Acquisition, $1.0 million for the San Diego Botanic Garden Expansion, $3.1 million for the San Luis Rey River Park Acquisition, $2.5 million for the 4S Ranch Synthetic Turf South Ball Fields, $10.0 million for land acquisition for Multiple Species Conservation Program (MSCP) and $2.0 million for the Lake Morena Electrical and Sewer Upgrades project.

  A decrease of $52.4 million or 89.7% is projected for Fiscal Year 2014-15 due to the removal of appropriations to support the one time projects above and reflects the redirection of ongoing resources used to support these projects in Fiscal Year 2013-14 which will be used to address increased County retirement contributions. $2.5 million is planned for MSCP land acquisition.

- **Capital Assets Equipment** is **decreasing by $3.8 million or 15.2%** from last year. This account primarily includes routine internal service fund purchases of replacement vehicles and heavy equipment. It may also include appropriations for information technology hardware and communications equipment. Amounts may vary from year to year. A decrease of $8.1 million is expected for Fiscal Year 2014-15.

- **Expenditure Transfers and Reimbursements** are **increasing by $0.5 million or 1.7%.** Activity in this account reflects the transfer of expenses to another department within the same fund for services provided. A transfer can occur because a department's funding source requires the expenses to be recorded in that department for revenue claiming purposes, although the actual services are being provided by another department.

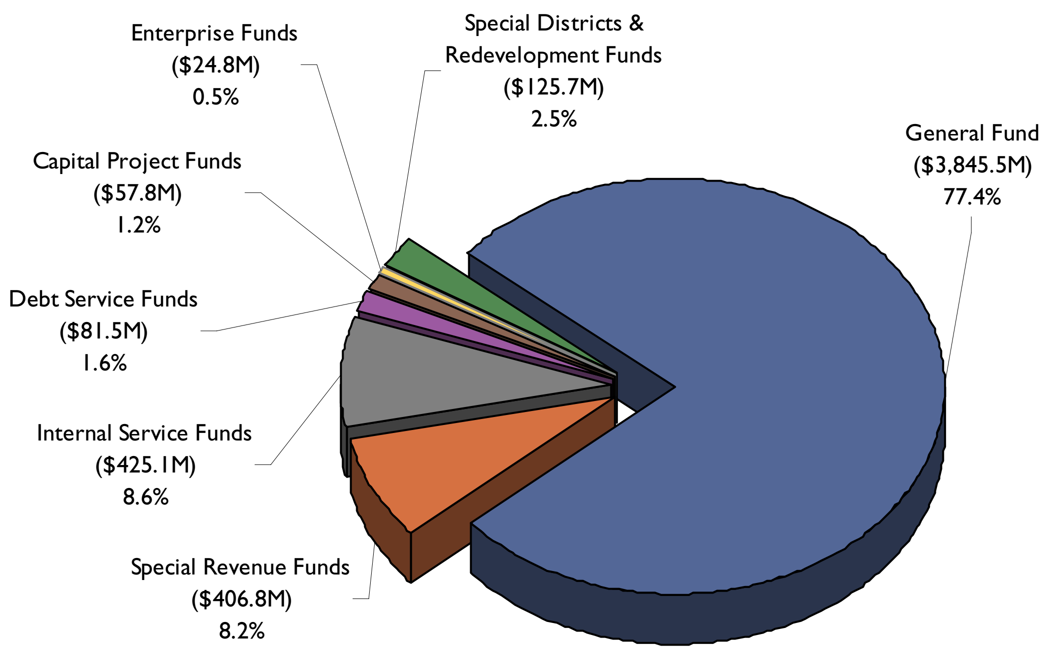
  The Expenditure Transfers and Reimbursement accounts are negative amounts to avoid the duplication of expenditures. One example is the agreement between the Health and Human Services Agency (HHSA) and the District Attorney for Public Assistance Fraud investigation services. The District Attorney investigates and prosecutes suspected fraudulent public assistance cases for HHSA. The District Attorney offsets the budgeted expenses with a negative amount in the Expenditure Transfers and Reimbursements account. HHSA budgets the expense for that activity in a Services and Supplies account offset by the appropriate State or federal revenue account.

- **Contingency Reserves** are appropriations that are set aside for unanticipated needs during the year. In Fiscal Year 2013-14, three funds have a contingency reserve. The General Fund contingency reserve remains at $20.0 million. See the discussion of the General Fund Contingency Reserve in the Finance Other section on page 463. The Employee Benefits Internal Service Fund contingency reserve increased to $3.0 million from $2.0 million in Fiscal Year 2013-14. The Fleet Internal Service Fund contingency reserve is budgeted at $0.1 million, which is unchanged from Fiscal Year 2012-13.
- **Fund Balance Component Increases** can vary from year to year depending upon the need to set aside fund balance for specific future uses. In Fiscal Year 2013-14, fund balance has been committed toward the replacement/upgrade of fire apparatus and equipment for regional support for the San Diego County Fire Authority ($0.3 million), and for reserves for building maintenance and replacement for the Air Pollution Control District ($0.3 million).
- **Management Reserves** are **increasing by $6.5 million or 21.5%.** The level of Management Reserves can vary from year to year. They are used to fund one-time projects or to serve as a prudent mitigation for revenue and economic uncertainties at the business group or department level.

Total Appropriations by Fund Type

The financial transactions of the County are recorded in individual funds and account groups. The State Controller prescribes uniform accounting practices for California counties. Various revenue sources are controlled and spent for purposes that require those funds to be accounted for separately. Accordingly, the funds/fund types described below provide the basic structure for the Operational Plan. Appendix B: Budget Summary and Changes in Fund Balance provides expenditure amounts for County funds by Type of Fund and by Group/Agency. (See also "Measurement Focus and Basis of Accounting" on page 89.)

Total Appropriations by Fund Type
Fiscal Year 2013-14: $4.97 billion



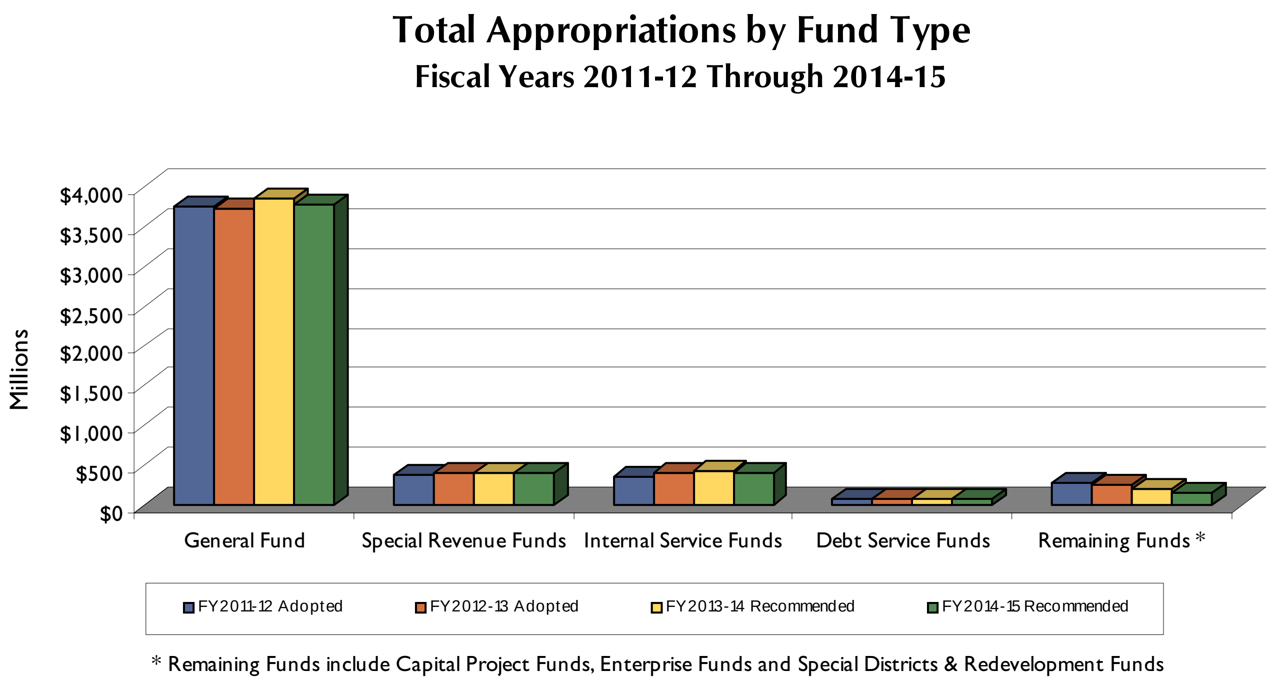
Governmental Fund Types

The **General Fund** accounts for all financial resources except those required to be accounted for in another fund. The General Fund is the County's primary operating fund.

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (other than for major capital projects). Examples include Road, Library, Asset Forfeiture and Proposition 172 Special Revenue funds.

Debt Service Funds account for the accumulation of resources for the payment of principal and interest on general long-term debt. The Debt Service Funds include bond principal and interest payments and administrative expenses for Pension Obligation Bonds. A discussion of long and short-term financial obligations can be found on page 100.

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).



Total Appropriations by Fund Type (in millions)					
	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
General Fund	$ 3,742.8	$ 3,718.9	$ 3,845.5	3.4	$ 3,762.8
Special Revenue Funds	389.4	398.2	406.8	2.2	408.1
Internal Service Funds	362.8	399.4	425.1	6.4	409.4
Debt Service Funds	81.4	81.5	81.5	0.0	81.5
Capital Project Funds	127.2	94.2	57.8	(38.6)	12.3
Enterprise Funds	24.3	25.0	24.8	(0.8)	24.0
Special Districts & Redevelopment Funds	131.8	128.1	125.7	(1.8)	112.9
Total	$ 4,859.6	$ 4,845.2	$ 4,967.2	2.5	$ 4,811.0

Proprietary Fund Types

Internal Service Funds account for the financing of goods or services provided by one department to other departments of the County, or to other governmental units, on a cost-reimbursement basis. Examples include the Facilities Management, Fleet, Purchasing and Contracting, Employee Benefits, Public Liability and Information Technology Internal Service Funds.

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. Enterprise funds are also used for any activity whose principal external revenue sources meet any of the following criteria:

- Issued debt is backed solely by fees and charges.
- Cost of providing services must legally be recovered through fees and charges.
- Government's policy is to establish fees or charges to recover the cost of provided services.

Examples include the Airport and Wastewater Funds.

Special Districts & Successor Agency Funds

Special Districts are separate legal entities governed by the Board of Supervisors that provide for specialized public improvements and services deemed to benefit properties and residents financed by specific taxes and assessments. The special districts provide authorized services such as air pollution control, sanitation, flood control, road, park, lighting maintenance, fire protection or ambulance service to specific areas in the county.

Successor Agency Funds are used to pay the outstanding obligations of the dissolved Redevelopment Agencies and taxing entities where the County is the Successor Agency. Redevelopment Agencies were originally established to account for the proceeds of redevelopment area incremental taxes, interest revenues and temporary loans which were used to eliminate slums and blighted areas, improve housing, expand employment opportunities and provide an environment for the social, economic and psychological growth and well-being of all citizens of the county. The State of California, through the passage of Assembly Bill X1 26, *Community Redevelopment Dissolution*, dissolved all redevelopment agencies as of February 1, 2012. As a requirement of the dissolution process, all funds, assets and obligations of the redevelopment agencies were transferred to a successor agency for payment or disbursement.

Appropriations Limits

Spending limits for the County are governed by the 1979 passage of California Proposition 4, *Limitation of Government Appropriations (Article XIII B of the California Constitution*, commonly known as the Gann initiative or Gann Limit). Proposition 4 places an appropriations limit on most spending from tax proceeds.

The limit for each year is equal to the prior year's spending with upward adjustments allowed for changes in population and the cost of living. Most appropriations are subject to the limit. However, Proposition 4 and subsequently Proposition 99 (1988), *Tobacco Tax and Health Protection Act*, Proposition 10 (1998), *California Children and Families First Act* and Proposition 111 (1990), *Traffic Congestion Relief and Spending Limitations Act*, exempt certain appropriations from the limit. These exemptions include capital outlay, debt service, local government subventions, new tobacco taxes, appropriations supported by increased gas taxes, and appropriations resulting from national disasters.

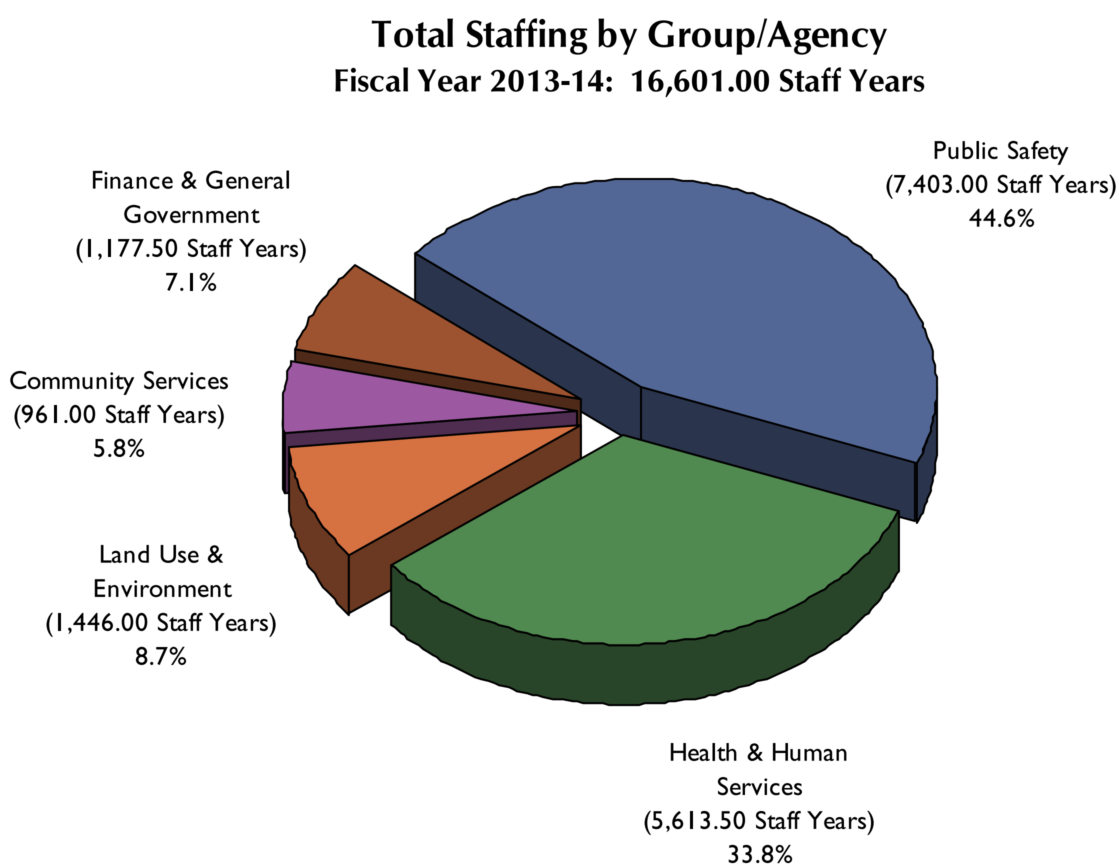
When the limit is exceeded, Proposition 4 requires the surplus to be returned to the taxpayers within two years. Appropriations in the two-year period can be averaged before becoming subject to the excess revenue provisions of the Gann Limit. As shown in the following table, the County continues to be far below the Gann Limit.

San Diego County Appropriation Limit (in millions)

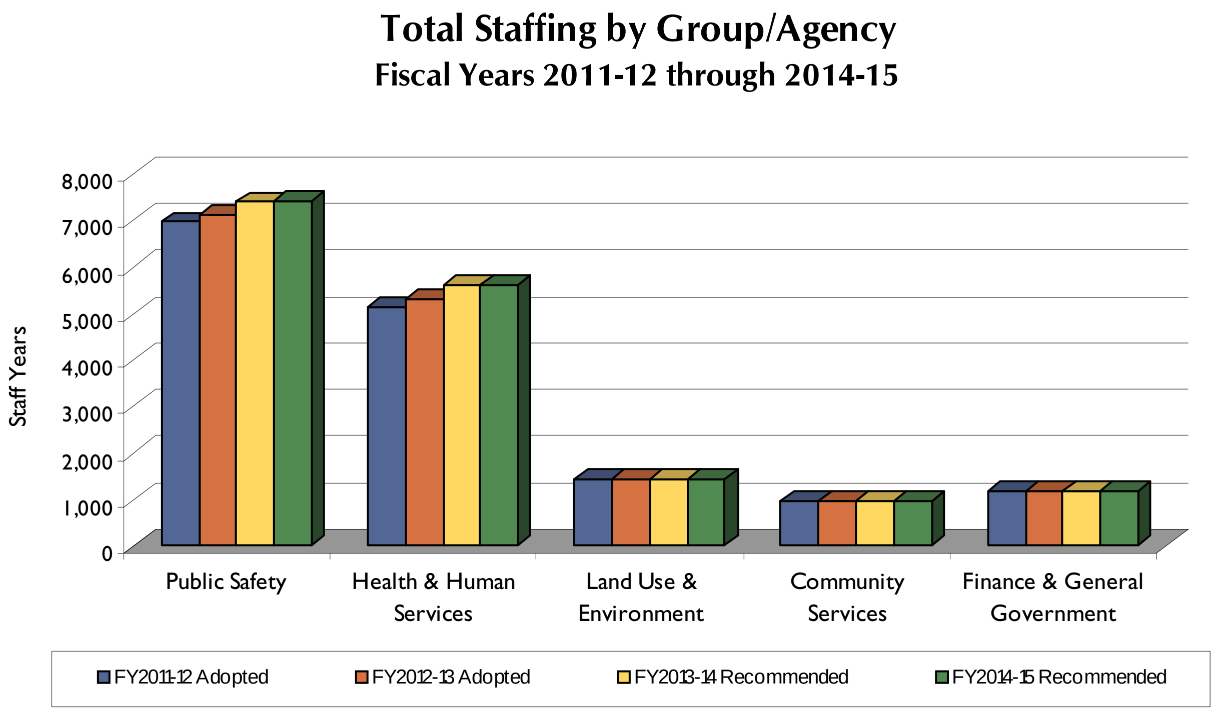
	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
Gann Limit	$ 3,433	$ 3,619	$ 3,825	$ 3,897	$ 3,852	$ 3,977	$ 4,164	$ 4,164
Appropriations subject to the limit	$ 1,002	$ 1,287	$ 1,340	$ 1,309	$ 1,264	$ 1,255	$ 1,527	$ 1,527

All Funds: Total Staffing

Recommended staff years[1] for Fiscal Year 2013-14 are **590.25 greater** than the Adopted Budget for Fiscal Year 2012-13, an **increase of 3.7% to a total of 16,601.00 staff years**. This net increase is primarily attributable to increased staffing in the Public Safety Group and the Health and Human Services Agency. While overall staffing levels are increasing, there are some departments and programs in which staffing levels are decreasing. Total staff years in Fiscal Year 2014-15 are expected to remain relatively constant at 16,602.00. The staffing changes are summarized below by business group.



[1] One staff year equates to one permanent employee working full-time for one year.



Total Staffing by Group/Agency (staff years)					
	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year2014-15 Recommended Budget
Public Safety	6,971.00	7,120.00	7,403.00	4.0	7,404.00
Health & Human Services	5,130.25	5,306.25	5,613.50	5.8	5,613.50
Land Use & Environment	1,456.00	1,451.00	1,446.00	(0.3)	1,446.00
Community Services	963.50	959.00	961.00	0.2	961.00
Finance & General Government	1,166.50	1,174.50	1,177.50	0.3	1,177.50
Total	15,687.25	16,010.75	16,601.00	3.7	16,602.00

The **Public Safety Group (PSG)** has a **net increase of 283.00 staff years, a 4.0% increase**, to align staffing with available revenues and to address key operational requirements.

- District Attorney - increases by 4.00 staff years to address expanding responsibilities. This includes an increase of 2.00 staff years to address the rights of crime victims and 2.00 staff years to address responsibilities associated with the transfer of the parole revocation process to counties as part of Public Safety Realignment.
- Sheriff's Department - increases by a net of 271.00 staff years. This includes an increase of 140.00 staff years for the Women's Detention Facility; 106.00 staff years for the East Mesa Detention Re-Entry and Rehabilitation Facility; 6.00 staff years in Crime Analysis supporting information led policing; 5.00 staff years in Financial Services; 4.00 staff years to support the Court Services Bureau, Civil Division to process documents; 3.00 staff years in Facility Services; 3.00 staff years to support the Human Services Bureau; 2.00 staff years in Homicide to address increased caseload; 1.00 staff year to support emergency planning and 1.00 staff year in the Regional

Crime Laboratory to support the growing number of investigations.

- Medical Examiner - increases by 2.00 staff years to provide support for investigations and to respond to subpoenas and court orders received by the department.
- Probation Department - increase by 1.00 staff year to support evidence-based supervision strategies to improve outcomes of probationers as part of the Smart Probation Project.
- Public Defender - net increase by 6.00 staff years to address increased case responsibilities.
- Child Support Services - net decrease by 1.00 staff year to support shifting funds to a reclassified position within the program.

In Fiscal Year 2014-15, the Public Safety Group anticipates increasing by 1.00 staff year in the Sheriff's Department to support the regional communication system.

The **Health and Human Services Agency (HHSA)** has **an increase of 307.25 staff years or 5.8%**. The increase includes the addition of 265.00 staff years to support Healthy Families program transition to Medi-Cal; 20.00 staff years for the Community Based Care Transitions Program (CCTP); 10.25 staff years related to the passage of Assembly Bill 12, Extended Foster Care; 4.00 staff years to support the Supplemental Nutrition Assistance Program Education (SNAP-Ed) program as well as a net of 8.00 staff years to meet operational needs.

- Regional Operations - increases by 406.00 staff years to support the Healthy Families program transition to Medi-Cal and to enhance quality control in eligibility services. The increase is due to the addition of staff years as well as transfers from other divisions/departments within HHSA.
- Administrative Support - increases by 62.00 staff years to support the Healthy Families program transition to Medi-Cal and HHSA's strategy and innovation efforts. The increase is due to the addition of staff years as well as transfers from other divisions/departments within HHSA.
- Aging and Independence Services - increases by 87.50 staff years to support the CCTP and to form the Public Administrator/Guardian/Conservator. The increase is due to the addition of staff years as well as transfers from other divisions/departments within HHSA.
- Child Welfare Services - increases by 34.50 staff years related to the passage of Assembly Bill 12, Extended Foster Care and based on operational needs. The increase is due to the addition of staff years and transfers from other divisions/departments within HHSA.
- Public Health Services - increases by 0.75 staff years to support SNAP-Ed, offset by transfers to other divisions/departments within HHSA.
- Strategic Planning and Operational Support - decreases by 211.00 staff years due to the dissolution of this division and transfer of operations to the Regional Operations and Administrative Support divisions/departments.
- Behavioral Health Services - decreases by 38.50 staff years due to the transfer of staff years from the Behavioral Health, Conservator Unit to Aging and Independence Services to form the Public Administrator/Guardian/Conservator unit, and transfers to other divisions/departments based on operational needs.
- Public Administrator/Guardian - decreases by 34.00 staff years due to the transfer of staff to Aging and Independence Services.

In Fiscal Year 2014-15, no change in staffing is recommended.

The **Land Use and Environment Group (LUEG)** has a **decrease of 5.00 staff years or 0.3%**.

- Environmental Health - decreases by 1.00 staff year due to workload reduction in the Community Health Division related to changes in x-ray machine inspection methodology.
- Farm and Home Advisor - decreases by 2.00 staff years as a result of operational changes and consolidation of duties.
- Public Works - decreases by a net of 24.00 staff years due to a departmentwide decrease of 11.00 staff years as a result of decreased workload and the decrease of 17.00 staff years due to a mid-year transfer of the Land Development Project Management program to PDS. This is offset by an increase of 4.00 staff years (2.00 staff years in Inactive Waste Landfill program and 2.00 staff years in DPW General Fund Watershed Protection Program) to meet operational needs and additional regulatory responsibilities.
- Planning and Land Use - decreases by 160.00 staff years due to the reduction of 2.00 staff years due to decreased workload and the transfer of 158.00 staff years from the Department of Planning and Land Use (DPLU) to Planning and Development Service (PDS).
- Planning and Development Services - increases by 175.00 staff years due to the transfer of 158.00 staff years from DPLU and the transfer of 17.00 staff years from the Department of Public Works (DPW) due to the consolidation of land development services to PDS as approved by the Board of Supervisors on September 25, 2012.

- Agriculture, Weights and Measures - increases by 7.00 staff years due to operational needs related to additional regulatory responsibilities in the Agricultural Water Quality (AWQ) and Asian Citrus Psyllid (ACP) citrus grove abatement activities programs, offset by the transfer of 2.00 positions from Farm and Home Advisor due to operational changes.

In Fiscal Year 2014-15, no change in staffing is recommended.

The **Community Services Group (CSG)** has **an increase of 2.00 staff years or 0.2%**.

- General Services - increases by 2.00 staff years for dedicated property management services to oversee the administrative support requirements at the County Operations Center and the County Administrative Center campuses.

In Fiscal Year 2014-15, no change in staffing is recommended.

The **Finance and General Government Group (FGG)** has an **increase of 3.00 staff years or 0.3%.**

- County Counsel - increases by 1.00 staff year. The staffing increase results from the addition of a Senior Deputy County Counsel position to address an increase in Health & Human Services Agency (HHSA) legal services workload.
- County Technology Office - increases by 1.00 staff year. The staffing increase results from the addition of a Technology Manager position to support the centralized management of multiple enterprise platforms.
- Department of Human Resources - increases by 1.00 staff year. The staffing increase results from the addition of a Human Resource Analyst position in the Employee Benefits Division to provide customer service and operational activities for two new high deductable medical plans, Health Savings Accounts and limited purpose flexible spending accounts.
- Finance and General Government Group Executive Office - increases by 14.00 staff years. The staffing increase results from the transfer of positions described in the Auditor and Controller section below.
- Auditor and Controller - decreases by 14.00 staff years. The staffing decrease reflects the transfer of the Office of Financial Planning to the Finance and General Government Group Executive Office, including all 13.00 staff years. An additional staff year will also be transferred from the Auditor and Controller Administration Division to the Finance and General Government Group Executive Office for administrative support.

In Fiscal Year 2014-15, no change in staffing is recommended.

More detail on staff year changes can be found in the Group/Agency section that begins on 113.

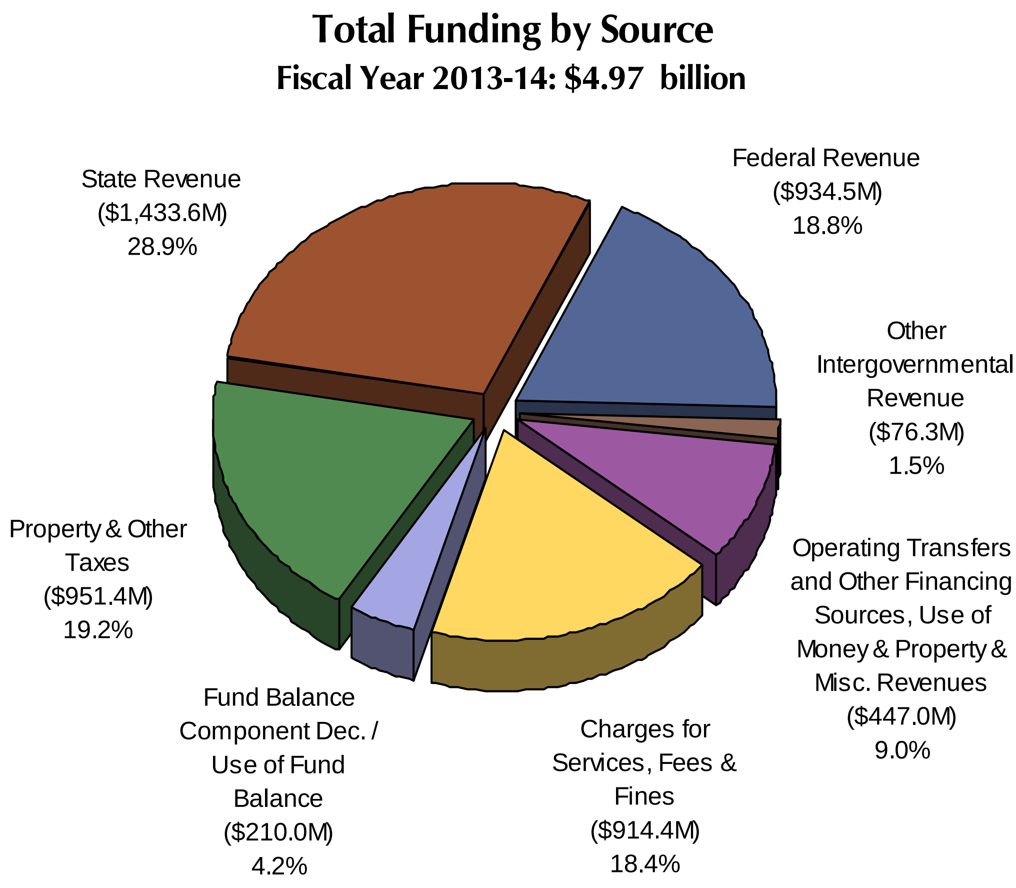
Total Staffing by Department within Group (staff years)					
	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Public Safety	6,971.00	7,120.00	7,403.00	4.0	7,404.00
Public Safety Executive Office	11.00	11.00	11.00	0.0	11.00
District Attorney	1,022.00	978.00	982.00	0.4	982.00
Sheriff	3,812.00	3,896.00	4,167.00	7.0	4,168.00
Child Support Services	472.00	472.00	471.00	(0.2)	471.00
Citizens' Law Enforcement Review Board	4.00	4.00	4.00	0.0	4.00
Office of Emergency Services	17.00	17.00	17.00	0.0	17.00
Medical Examiner	51.00	52.00	54.00	3.8	54.00
Probation	1,225.00	1,331.00	1,332.00	0.1	1,332.00
Public Defender	344.00	346.00	352.00	1.7	352.00
San Diego County Fire Authority	13.00	13.00	13.00	0.0	13.00
Health & Human Services	5,130.25	5,306.25	5,613.50	5.8	5,613.50
Regional Operations	2,277.00	2,432.00	2,838.00	16.7	2,838.00
Strategic Planning & Operational Support	202.00	211.00	0.00	(100.0)	0.00
Aging and Independence Services	292.50	291.50	379.00	30.0	379.00
Behavioral Health Services	837.50	829.50	791.00	(4.6)	791.00
Child Welfare Services	703.50	717.50	752.00	(4.8)	752.00
Public Health Services	480.75	483.75	484.50	0.2	484.50
Public Administrator / Public Guardian	34.00	34.00	0.00	(100.0)	0.00
Administrative Support	303.00	307.00	369.00	20.0	369.00
Land Use & Environment	1,456.00	1,451.00	1,446.00	(0.3)	1,446.00
Land Use and Environment Executive Office	10.00	10.00	10.00	0.0	10.00
Agriculture, Weights and Measures	150.00	153.00	160.00	4.6	160.00
Air Pollution Control District	146.00	146.00	146.00	0.0	146.00
Environmental Health	282.00	281.00	280.00	(0.4)	280.00
Farm and Home Advisor	3.00	2.00	0.00	(100.0)	0.00
Parks and Recreation	175.00	175.00	175.00	0.0	175.00
Planning and Land Use	164.00	160.00	0.00	(100.0)	0.00
Planning and Development Services	0.00	0.00	175.00		175.00
Public Works	526.00	524.00	500.00	(4.6)	500.00

Total Staffing by Department within Group (staff years)	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Community Services	963.50	959.00	961.00	0.2	961.00
Community Services Executive Office	8.00	8.00	8.00	0.0	8.00
Animal Services	123.00	123.00	123.00	0.0	123.00
County Library	280.50	270.00	270.00	0.0	270.00
General Services	331.00	336.00	338.00	0.6	338.00
Housing & Community Development	102.00	102.00	102.00	0.0	102.00
Purchasing and Contracting	56.00	56.00	56.00	0.0	56.00
Registrar of Voters	63.00	64.00	64.00	0.0	64.00
Finance & General Government	1,166.50	1,174.50	1,177.50	0.3	1,177.50
Finance & General Government Executive Office	6.00	7.00	21.00	200.0	21.00
Board of Supervisors	56.00	56.00	56.00	0.0	56.00
Assessor/Recorder/County Clerk	397.50	410.50	410.50	0.0	410.50
Treasurer-Tax Collector	121.00	121.00	121.00	0.0	121.00
Chief Administrative Office	14.50	14.50	14.50	0.0	14.50
Auditor and Controller	245.50	246.50	232.50	(5.7)	232.50
County Technology Office	16.00	16.00	17.00	6.3	17.00
Civil Service Commission	4.00	4.00	4.00	0.0	4.00
Clerk of the Board of Supervisors	36.00	27.00	27.00	0.0	27.00
County Counsel	135.00	135.00	136.00	0.7	136.00
Grand Jury	1.00	1.00	1.00	0.0	1.00
Human Resources	112.00	114.00	115.00	0.9	115.00
County Communications Office	22.00	22.00	22.00	0.0	22.00
County Total	15,687.25	16,010.75	16,601.00	3.7	16,602.00

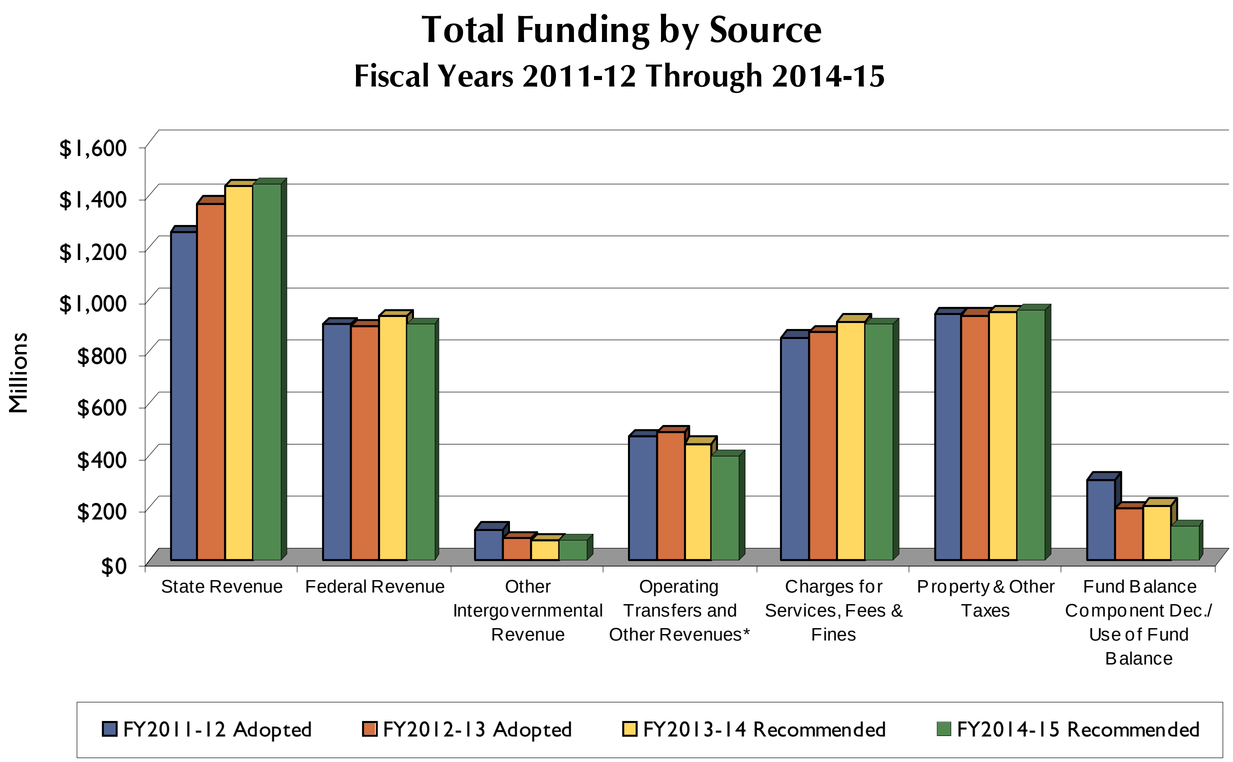
All Funds: Total Funding Sources

Total Funding by Source

Total resources available to support County services for **Fiscal Year 2013-14 are $4.97 billion, an increase of $122.0 million or 2.5%** from the Fiscal Year 2012-13 Adopted Budget. Total resources decrease by $156.2 million or 3.1% to $4.81 billion in Fiscal Year 2014-15. For Fiscal Year 2013-14, the combination of State Revenue ($1.4 billion), Federal Revenue ($934.5 million) and Other Intergovernmental Revenue ($76.3 million) supplies 49.2% of the funding sources for the County's budget. Interfund Operating Transfers, Use of Money & Property, Miscellaneous Revenues and Other Financing Sources make up 9.0% of the funding sources ($447.0 million). Another 18.4% ($914.4 million) comes from Charges for Current Services, Fees and Fines. Use of Fund Balance and Fund Balance Component Decreases supply 4.2% ($210.0 million) of the funding sources.



Finally, revenues in the Property and Other Taxes category received from property taxes, property tax in lieu of vehicle license fees, the Teeter program, sales and use tax, real property transfer tax, transient occupancy tax and miscellaneous other revenues account for 19.2% ($951.4 million) of the financing sources for the County's budget. The majority of the revenues in this category (95.3%) are in the General Fund with the balance in the Library Fund, the Road Fund and miscellaneous other funds.



*Other Revenues include Other Financing Sources, Use of Money & Property and Miscellaneous Revenues.

Total Funding by Source (in millions)

	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
State Revenue	$ 1,257.2	$ 1,367.7	$ 1,433.6	4.8	$ 1,441.4
Federal Revenue	905.7	898.1	934.5	4.1	905.8
Other Intergovernmental Revenue	117.9	84.1	76.3	(9.3)	76.5
Operating Transfers and Other Financing Sources, Use of Money & Property & Misc. Revenues	475.8	487.3	447.0	(8.3)	396.6
Charges for Services, Fees, and Fines	854.6	873.2	914.4	4.7	901.9
Property & Other Taxes	939.5	938.3	951.4	1.4	959.4
Fund Balance Component Decrease	22.2	0.5	3.4	517.7	11.0
Use of Fund Balance	286.7	196.1	206.7	5.4	118.6
Total	$ 4,859.6	$ 4,845.2	$ 4,967.2	2.5	$ 4,811.0

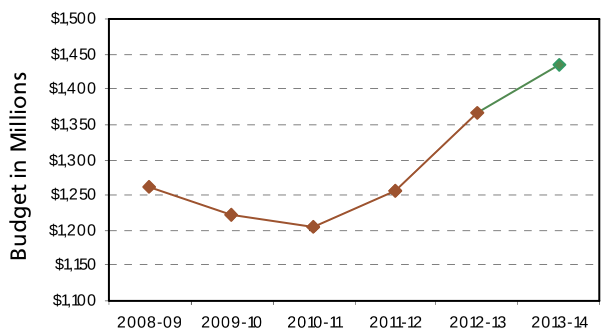
Overall Change

The $122.0 million increase in the Fiscal Year 2013-14 Recommended Budget is the net of increases in some funding sources and decreases in others. In the table on the previous page, State Revenue, Federal Revenue, Property and Other Taxes, Fund Balance Component Decrease/Use of Fund Balance and Charges for Services, Fees and Fines increase a combined $170.1 million. Reductions totaling $48.1 million are in the Other Intergovernmental Revenue and the Operating Transfers and Other Financing Sources category. The General Fund Financing Sources section beginning on page 64 addresses significant revenue changes by source in the General Fund. Changes other than those in the General Fund are highlighted below.

Change by Source

State Revenue

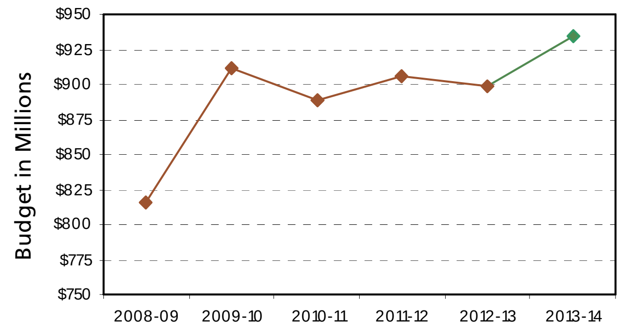
State Revenue **increases by $65.9 million or 4.8%** overall in Fiscal Year 2013-14.



The increases in State Revenue are in the Health and Human Services Agency (HHSA) of $42.1 million and in Public Safety Group (PSG) of $25.6 million offset by decreases in the Land Use and Environment Group (LUEG) of $1.2 million, in Finance Other (FO) of $0.4 million and in the Community Services Group (CSG) of $0.2 million. The increase in (PSG) includes an estimated increase in Proposition 172, *Local Public Safety Protection and Improvement Act of 1993*, sales tax revenues of $15.5 million (see the General Fund Financing Sources section on page 64 for more details). The remainder of the increases are predominantly in the General Fund ($50.5 million) which are discussed in detail the General Fund Financing Section. There is an offsetting decrease of $0.2 million in LUEG mainly in Air Pollution Control District (APCD) due to completion of mobile source emission incentive programs.

Federal Revenue

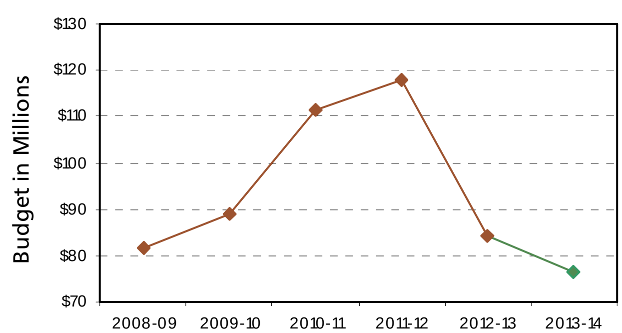
Federal Revenue **increases by $36.4 million or 4.1%** overall in Fiscal Year 2013-14.



A net increase of $32.4 million is in the General Fund, and is largely due to increases in HHSA, PSG and CSG. See the General Fund Financing Sources section for additional details related to these changes. Outside of the General Fund, there is a total increase of $4.0 million primarily in LUEG, in DPW, due to increased funding in Federal Management Assistance Homeland Security grant for Wing Avenue Drainage project, in Federal Highway Administration projects and in APCD for a new grant to establish a Near-Roadway Nitrogen Dioxide monitoring Site on heavily trafficked roads offset by a decrease in the Capital Program related to the removal in funding of various prior year one-time funding for capital projects offset by a projected increase in SB1128, *Medi-Cal: Provider Reimbursement (1999),* reimbursement to Edgemoor Development Fund.

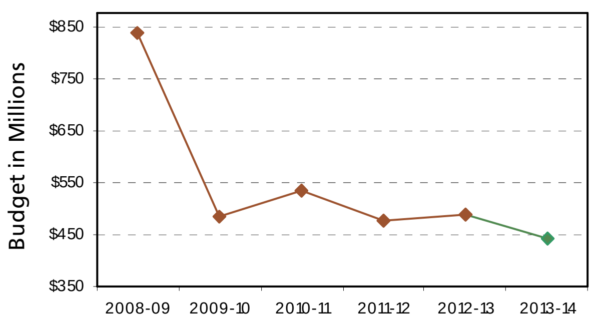
Other Intergovernmental Revenue

Other Intergovernmental Revenue **decreases by a net of $7.8 million or 9.3%** overall in Fiscal Year 2013-14.



The decrease is primarily outside of the General Fund ($6.3 million) predominantly in the Capital Program for prior year funding of Cedar and Kettner Development project supported by Aid from Redevelopment Successor Agencies. The decrease is offset by increases in CSG in the County Library and in HHSA for increased ambulance transport fees in CSA 17 San Dieguito Ambulance. The balance of the net decreases are primarily in PSG and CSG both of which are discussed in the General Fund Financing section.

Operating Transfers and Other Financing Sources, Use of Money & Property and Miscellaneous Revenues

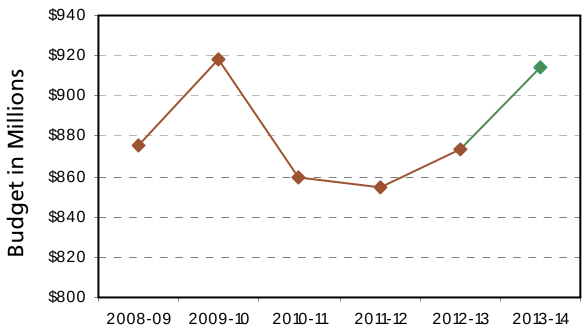


- Other Financing Sources (primarily Operating Transfers between funds) **decreases by a net of $34.5 million or 8.9%.** The most significant changes include a decrease of $31.8 million in the Capital Program, a decrease of $8.6 million in CSG and a decrease of $0.3 million in LUEG , offset by increases in FGG of $0.6 million. The decrease in the Capital Program is primarily attributable to the removal of prior year one-time funding for the following projects: Cedar and Kettner Development, County Operations Center (COC) and Annex Redevelopment - Annex Occupant Relocation, Agua Caliente Park Water and the East Mesa Detention Re-Entry and Rehabilitation Facility.

  The $9.5 million decrease in CSG is largely in the Purchasing and Contracting Internal Service Fund (ISF) as a result of Documentum system maintenance and oversight responsibilities shifting to County Technology Office and in the General Services ISF due to reduced funding for energy efficiency projects. The $0.3 million decrease in LUEG is in DPW mainly for the transfers between Road Fund and Road Fund Equipment Acquisition ISF and Wastewater Enterpirse Fund to Liquid Waste Equipment Acquisition ISF. The $0.6 million increase in FGG for increase in costs for ERP system licenses and other related expenditures.
- Revenue from Use of Money & Property decreases by a net of **$8.9 million or 15.1%** in Fiscal Year 2013-14. Changes include:
  - Decrease of $4.5 million in HHSA Tobacco Settlement Fund for interest on deposits.
  - Decrease of $2.6 million in the Capital Program primarily in Edgemoor Development, CAC Waterfront Park and Cedar Kettner Development.
  - Decrease of $1.2 million in CSG primarily due to increased operating leases of County-owned properties
  - Decrease of $0.1 million in Finance Other for Workers' Compensation ISF and Public Liability ISF.
  - Increase of $1.0 million in LUEG related to increased rental rates on equipment in the Equipment Operations ISF and on properties owned by County airports and also increase on tie down and landing fees at County airports. The increase is offset by a decrease due to declining interest earnings on investments and deposits and lower fuel sales at County airports.
  - Increase of $0.3 million in PSG Sheriff Department due to increased revenues for inmate telephone system contract, for lease agreements in wireless services and for rents and concessions for Otay Mesa Detention Facility.
  - Additional decreases of $1.9 million is in the General Fund which is further discussed in that section.
- Miscellaneous Revenues **increases by $3.1 million or 7.5%.** The increases are primarily in the Capital program ($4.4 million) for the Assesor/Recorder/CountyClerk (ARCC) El Cajon Branch Office and Tijuana River Valley Regional Trails, in PSG ($0.3 million) in Sheriff for increased sales of commissary goods to inmates and in CSG ($0.2 million) for reimbursement related to energy-efficient programs.

  In the General Fund, there is a net decrease of $1.7 million. Please see the General Fund Financing section for more information.

Charges for Services, Fees and Fines

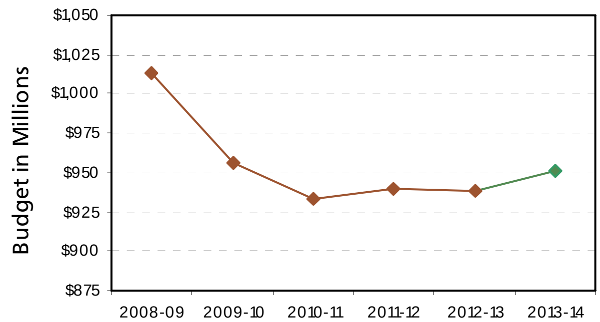


- Charges for Current Services **increases by $41.7 million or 5.4%.** Of this total, an increase of $14.3 million is in FGG, primarily in the County Technology Office due to planned information technology (IT) services to various departments; an increase of $9.7 million in CSG for services provided by General Services to client department's based on operational needs; an increase of $6.8 million in Finance Other is due to additional charges to departments in the Workers' Compensation Employee Benefit ISF; and offset by a net decrease of $4.4 million in LUEG, primarily in DPW, due to transfer of staffing for private development projects to PDS, fewer sanitation capital improvement projects, fewer customer in sanitation sewer service, decreased operating cost in solid waste resulting in reduced fees, and due to near completion of projects.

  In addition, a $15.2 million net increase is in the General Fund which includes: $7.0 million in LUEG, $4.9 million in FGG, $4.8 million in PSG, and $1.0 million in HHSA; offset by a decrease of $2.5 million in CSG, all of which are discussed in the General Fund Financing section.
- Licenses, Permits & Franchises **increases by $1.3 million or 2.6%.** An increase of $0.5 million is in LUEG to reflect implementation of increased fees in APCD. The remaining increase of $.7 million is discussed in the General Fund Financing section.
- Fines, Forfeitures & Penalties **decreases by $1.8 million or 3.4%.** Please see the General Fund Financing section for details.

Property and Other Taxes

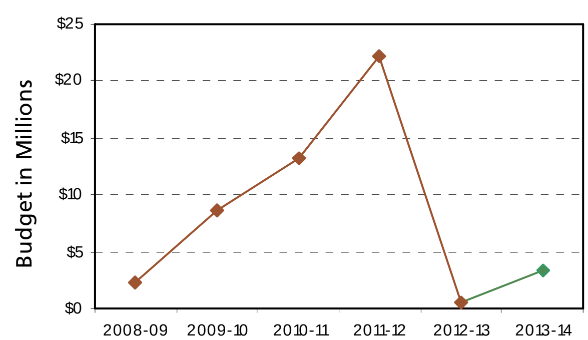
Property and Other Taxes **increases by $13.1 million or 1.4%.**



The overall increases are primarily in the General Fund Financing section. Outside of the General Fund, there is an increase of $0.9 million in LUEG due increase in capital improvement projects in the DPW Road Fund funded by TransNet sales tax.

Fund Balance Component Decreases

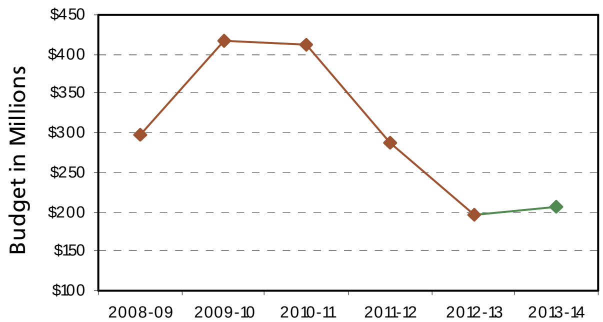
The use of Fund Balance Component Decreases **grew by $2.8 million or 517.7%** compared to Fiscal Year 2012-13.



The increases in this category are in LUEG in DPW for Lakeside and Wintergarden service area projects in the San Diego County Sanitation District. Additional increase, also in LUEG is discussed in the General Fund Financing section.

Use of Fund Balance

Finally, the Use of Fund Balance **increases by $10.6 million or 5.4%.**



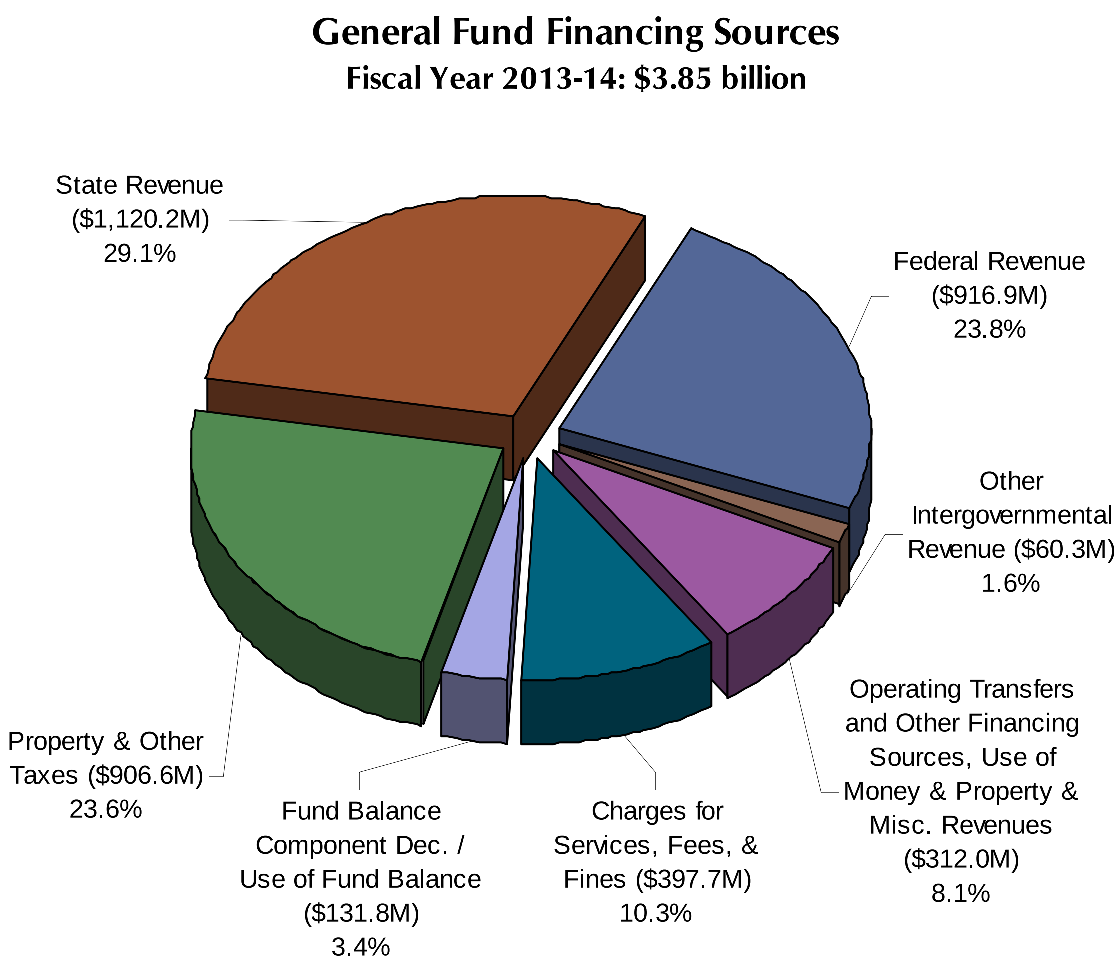
This increase is primarily in the General Fund which is discussed in that section. These increases are offset by decreases outside of the General Fund due to prior-year funding and normal fluctuations in one-time projects.

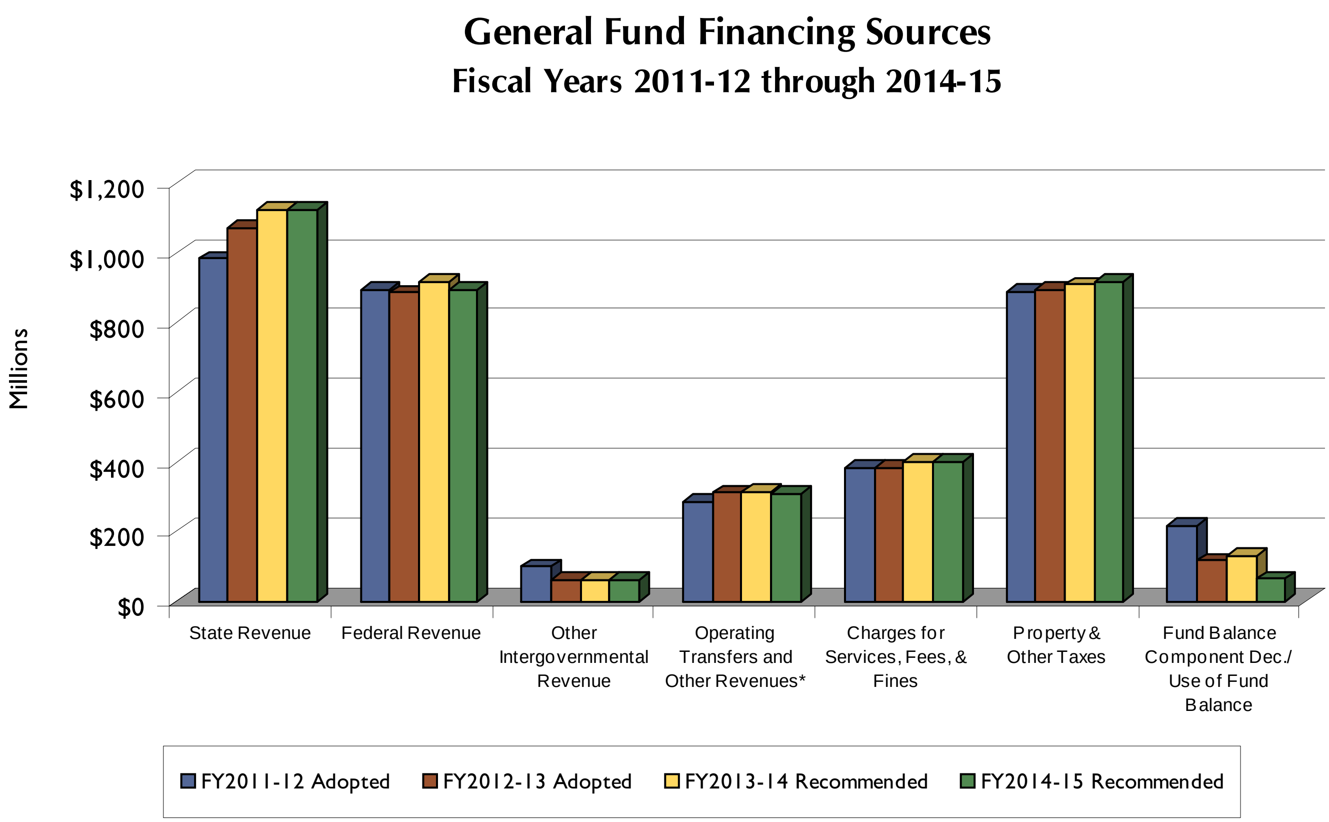
See the Group/Agency section beginning on page 113 for the breakdown of financing sources by department.

Summary of General Fund Financing Sources

General Fund Financing Sources - Overview

The General Fund is the County's largest single and primary operating fund. It is used to account for all financial resources of the County except those required to be accounted for in other funds. In this Recommended Operational Plan, **General Fund Financing Sources total $3.85 billion** for Fiscal Year 2013-14, **a $126.6 million or 3.4% increase** from the Fiscal Year 2012-13 Adopted Budget. In comparison, the ten year average annual growth rate through Fiscal Year 2013-14 was 3.3%. The increase in Fiscal Year 2013-14 is primarily in program revenues. General Fund Financing Sources are expected to decrease by $82.7 million or 2.2% in Fiscal Year 2014-15 primarily due to a reduction in the use of one-time resources.



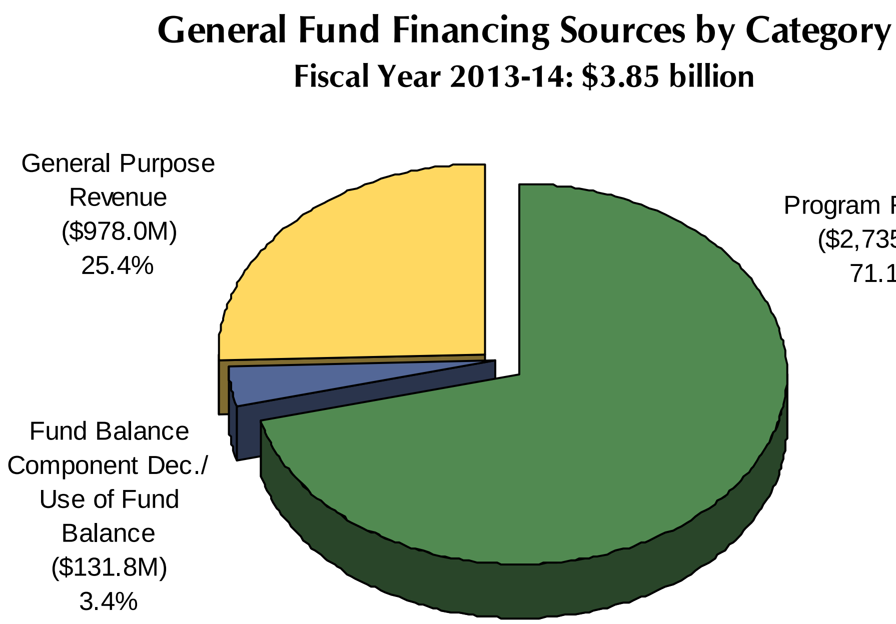


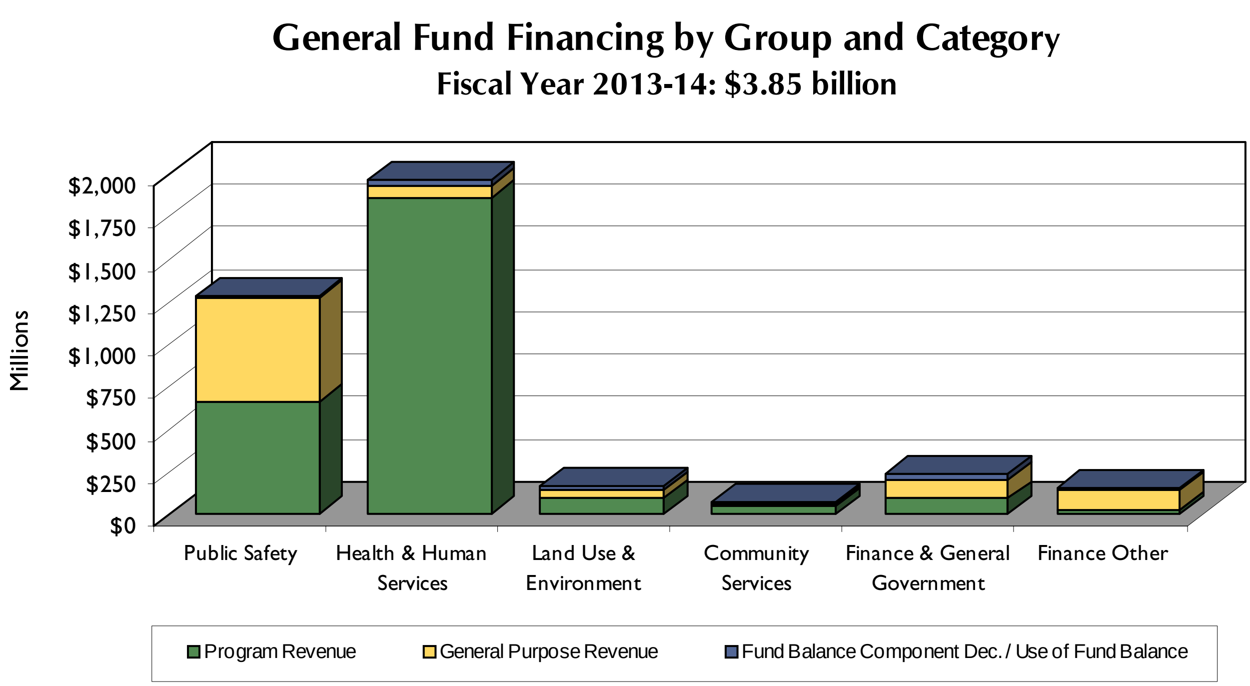
*Other Revenues include Other Financing Sources, Use of Money & Property and Miscellaneous Revenues.

General Fund Financing Sources (in millions)	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
State Revenue	$ 981.7	$ 1,069.7	$ 1,120.2	4.7	$ 1,122.7
Federal Revenue	890.3	884.5	916.9	3.7	893.6
Other Intergovernmental Revenue	98.5	61.9	60.3	(2.6)	60.5
Operating Transfers and Other Financing Sources, Use of Money & Property & Misc. Revenues	284.9	310.0	312.0	0.6	308.4
Charges for Services, Fees, & Fines	384.0	383.5	397.7	3.7	398.7
Property & Other Taxes	887.5	894.3	906.6	1.4	914.6
Fund Balance Component Decreases	5.9	0.5	0.8	48.9	9.0
Use of Fund Balance	210.1	114.5	131.0	14.4	55.2
Total	$ 3,742.8	$ 3,718.9	$ 3,845.5	3.4	$ 3,762.8

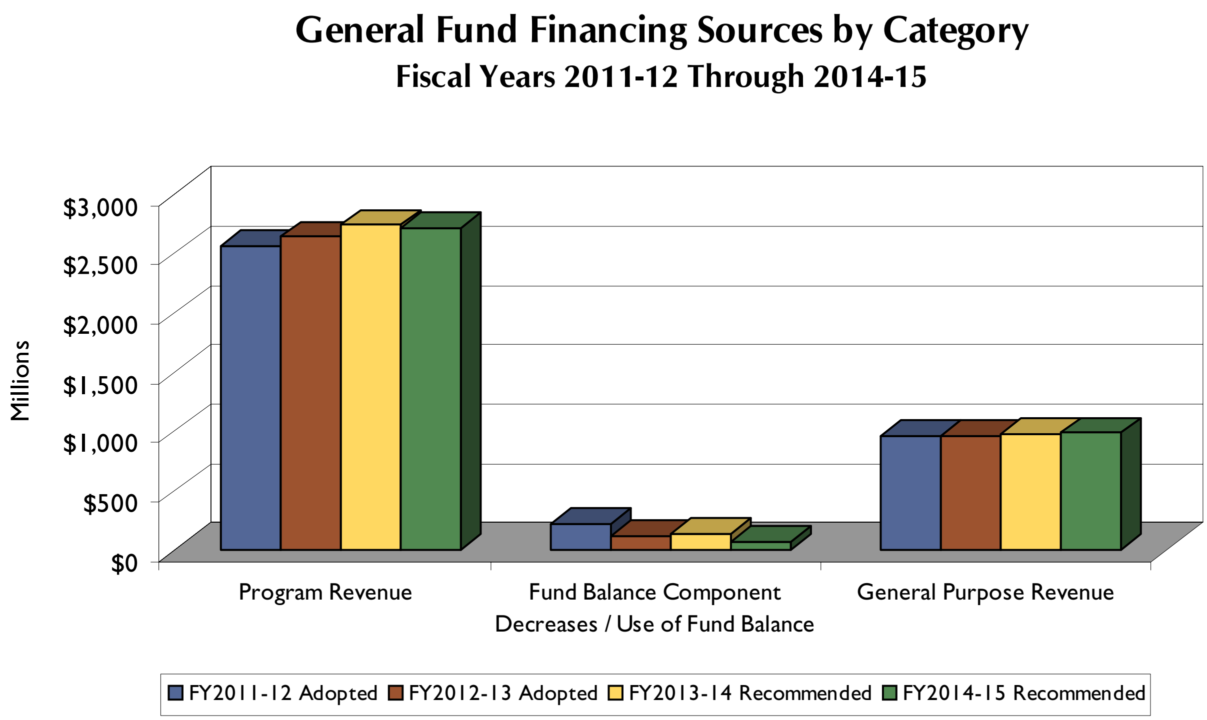
General Fund Financing Sources by Category

The preceding section displayed General Fund financing sources by account type. This section looks at General Fund financing sources according to how they are generated. From that perspective, they can be categorized as one of three funding types: Program Revenue, General Purpose Revenue or Use of Fund Balance (including Fund Balance Component Decreases).





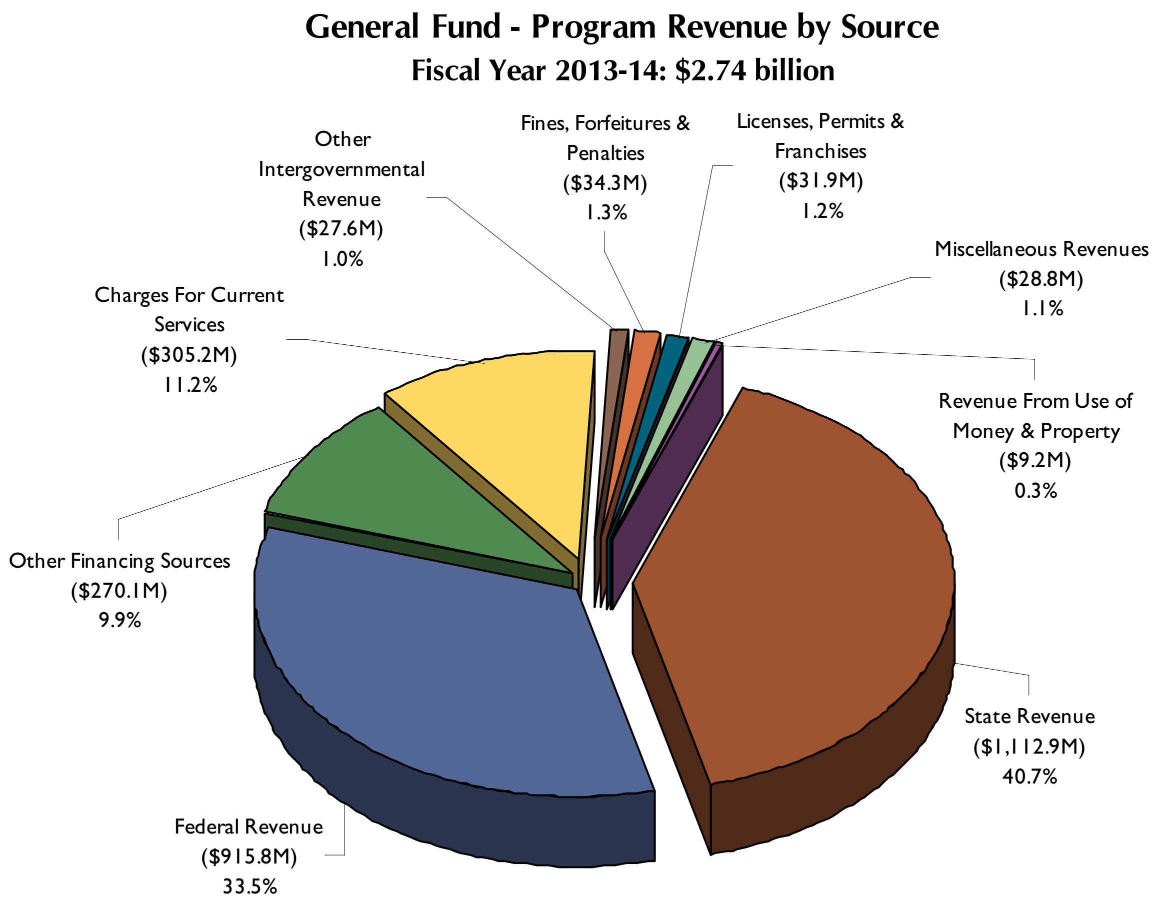
In Fiscal Year 2013-14, Program Revenue increases by 3.8% ($99.0 million), the Fund Balance Component Decreases/Use of Fund Balance increases by 14.6% ($16.8 million) and General Purpose Revenue (GPR) increases by 1.1% ($10.9 million) from the Fiscal Year 2012-13 Adopted Budget. In Fiscal Year 2014-15, GPR is projected to increase by 0.8% ($8.2 million), Program Revenue is projected to decline by 0.9% ($23.3 million) and the planned use of fund balance is expected to decline by 51.3% ($67.5 million). Uses of fund balance in Fiscal Year 2014-15 are tentative and subject to revision during the next Operational Plan development cycle.



General Fund Financing Sources by Category (in millions)					
	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Program Revenue	$ 2,562.4	$ 2,636.8	$ 2,735.8	3.8	$ 2,712.4
Fund Balance Component Decreases / Use of Fund Balance	216.0	115.0	131.8	14.6	64.2
General Purpose Revenue	964.4	967.1	978.0	1.1	986.1
Total	$ 3,742.8	$ 3,718.9	$ 3,845.5	3.4	$ 3,762.8

General Fund - Program Revenue

Program Revenue, as the name implies, is dedicated to and can be used only for the specific programs with which it is associated. This revenue makes up 71.1% of General Fund financing sources in Fiscal Year 2013-14, and is derived primarily from State and federal subventions and grants, and from charges and fees earned by specific programs. Of the County's Program Revenue, the Health and Human Services Agency manages 67.8%, the Public Safety Group manages 23.8% and the balance is managed across the County's other business groups. Program Revenue is expected to increase by 3.8% ($99.0 million) from the Fiscal Year 2012-13 Adopted Budget compared to an average annual growth for the last ten years of 3.3%.



General Fund - Program Revenue by Source (in millions)

	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
State Revenue	$ 976.8	$ 1,062.0	$ 1,112.9	4.8	$ 1,115.3
Federal Revenue	889.2	883.4	915.8	3.7	892.5
Other Financing Sources	241.5	264.6	270.1	2.1	271.3
Charges For Current Services	290.4	289.9	305.2	5.3	306.8
Other Intergovernmental Revenue	63.6	29.8	27.6	(7.4)	27.8
Fines, Forfeitures & Penalties	34.8	35.1	34.3	(2.1)	31.9
Licenses, Permits & Franchises	31.3	31.0	31.9	2.6	33.6
Miscellaneous Revenues	24.7	30.5	28.8	(5.7)	24.4
Revenue From Use of Money & Property	10.2	10.5	9.2	(12.3)	8.9
Total	$ 2,562.4	$ 2,636.8	$ 2,735.8	3.8	$ 2,712.4

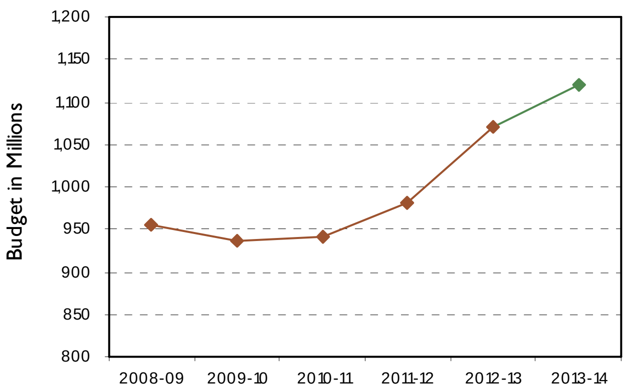
General Fund - Change in Program Revenue

The $99.0 million increase in Program Revenue in the Fiscal Year 2013-14 Recommended Budget is the net of increases and decreases in various funding sources. As indicated in the table on the previous page, State Revenue, Federal Revenue, Other Financing Sources, Charges for Current Services, and Licenses, Permits & Franchises increase a combined $104.9 million. Reductions totaling $2.6 million are in the categories of Other Intergovernmental Revenue, Fines, Forfeitures & Penalties, Miscellaneous Revenues and Revenue from the Use of Money & Property.

General Fund - Change in Program Revenue by Source

State Revenue

State Revenue **increases by $50.9 million or 4.8%** in Fiscal Year 2013-14.

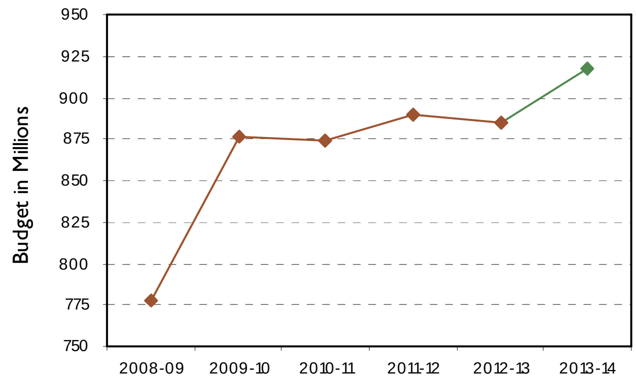


Of this total, the increase is largely due to an increase of $42.1 million in the Health and Human Services Agency (HHSA), primarily the result of increased social services and mental health realignment as well as State revenue associated with the transition of the Healthy Families program to Medi-Cal. Additionally there is a $10.1 million increase in the Public Safety Group (PSG) resulting from increased 2011 Realignment for Public Safety revenue.

There are decreases in the Land Use and Environment Group (LUEG) of $1.0 million in Agriculture Weights and Measures (AWM) mainly due to reduced contract revenue in the Plant Health and Pest Prevention Program and in the Department of Environmental Health (DEH) related to completion of an electronic hazardous materials reporting system and from reduced revenues in the Radiological Health Program, Homeland Security initiatives for emergency response training and equipment and CalRecycle Tire Enforcement funding. A decrease is also seen in the Community Services Group (CSG) of $0.3 million mainly due to decreased CalHome State Funding as a result of a lower number of completed First Time Homebuyer Assistance loans in Housing and Community Development (HCD).

Federal Revenue

Federal Revenue **increases by a net of $32.4 million or 3.7%.**



Federal Revenue increases in HHSA by $30.0 million, in PSG by $2.2 million and in CSG by $0.3 million, partially offset by a decrease in LUEG of $0.1 million.

The net increase of $30.0 million in HHSA is predominantly in the In Home Supportive Services and the Community Based Care Transitions Program (CCTP) and other social services, behavioral health and public health programs.

The net increase in PSG of $2.2 million is primarily in the San Diego County Fire Authority due to the rebudget of revenue for the Dead, Dying and Diseased Tree grant program.

The increase of $0.3 million in CSG is in HCD and is associated with one-time carryover of remaining prior year Community Development Block Grant (CDBG), Emergency Shelter Grants (ESG) and Housing Opportunities for Persons With Aids (HOPWA) revenues.

The $0.1 million net decrease in LUEG is largely in Planning and Development Services (PDS) primarily attributed to Cooperative Endangered Species Conservation and in the Department of Environmental Health (DEH) for Energy Efficiency Conservation Block Grant.

Other Financing Sources

Other Financing Sources (including Operating Transfers from Other Funds) **increases by a net of $5.6 million or 2.1%**. This is a result of an increase of $5.8 million in PSG offset by $0.2 million decrease in CSG.

The $5.8 million increase in PSG is primarily due to funding from Proposition 172. More information about Proposition 172 funding appears in the following section. The $0.2 million decrease in CSG is a result of funding reduction in energy-efficiency projects.

Charges For Current Services

Charges For Current Services increases by $15.2 million or 5.3%.

Revenues increase by $7.0 million in LUEG, $4.9 million in the Finance and General Government Group (FGG), $4.8 million in PSG and $1.0 million in HHSA and are offset by a decrease of $2.5 million in CSG.

- In LUEG, the increases are in PDS due to the transfer of funding from the consolidation of land development services and in the Department of Public Works (DPW) mainly for Fallbrook 1C burn site construction project and other capital improvement works and projects.
- In FGG, the increases are largely in the Assessor/Recorder/County Clerk based on anticipated increase in document recordings and redaction projects, in County Counsel due to projected increase in workloads and slight adjustments to attorney/paralegal fees, in the FGG Executive Office related to external department overhead payments (A-87) for enterprise resource planning system support, in Human Resources due to external department overhead payments (A-87) for human resource service support, in Treasurer-Tax Collector (TTC) for increase of banking services pooled money offsets related to direct services activity and in the Clerk of the Board (COB) due to increased passport acceptance and photo service.
- In PSG, the $4.8 million increase is in the Sheriff due to the increase in revenue for contracted law enforcement services to cities, transit entities and tribes and in Child Support Services for the redirection of Recovered Cost revenue to local child support agencies.
- In HHSA, the $1.0 million increase is associated with Child Abuse fees and San Diego First Five Commission funding in Child Welfare Services, as well as an increase in Inpatient Health.
- The CSG decrease of $2.5 milllion is largely in the Registrar of Voters as a result of a lower number of billable jurisdictions participating in the 2014 Gubernatorial Primary Election as compared to the 2012 Presidential General Election.

Other Intergovernmental Revenue

Other Intergovernmental Revenue **decreases by $2.2 million or 7.4%.** This decrease is largely in PSG predominantly in the San Diego County Fire Authority to re-classify revenue for the Dead, Dying and Diseased Tree Grant Program to federal revenue. There is also a decrease in CSG of $0.6 million in HCD due to reduction in funding allocation in Aid from the Housing Authority for program administration. There are small increases to offset the decreases: in HHSA ($0.4 million) for various revenues in Public Health Services to align with allocations and in LUEG of $0.2 million in PDS due to the consolidation of land development services.

Fines, Forfeitures & Penalties

Fines, Forfeitures & Penalties **decrease by $0.7 million or 2.1%**, primarily in PSG in Contributions to Trial Courts to align budget with actual revenues received.

Licenses, Permits & Franchises

Licenses, Permits & Franchises **increase by $0.8 million or 2.6%**, primarily in LUEG, for the increased cap of State fees for measuring devices, in phytosanitary certificate insurance in AWM and for Food and Housing Division and Hazardous Materials Management Division permit revenues in DEH.

Miscellaneous Revenues

Miscellaneous Revenues **decreases by $1.7 million or 5.7%.**

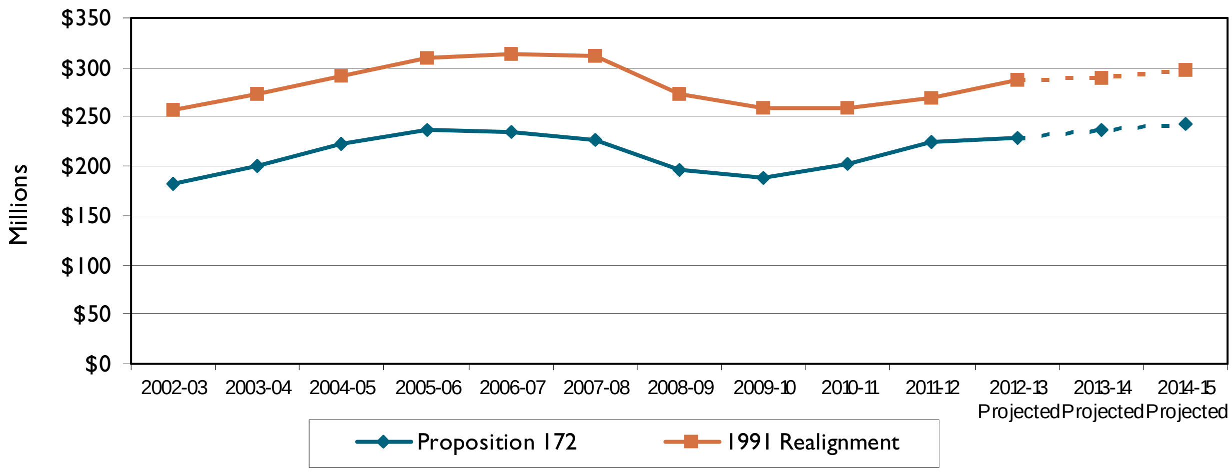
Decreases include: $3.4 million in HHSA due to the discontinuance of contracts with school districts in Behavioral Health Services and transfer of revenues in the Transitional Housing Program to Intergovernmental revenue in Child Welfare Services; $1.7 million in LUEG for an adjustment to transfer revenue for Land Use projects processing to the Charges for Current Services category, for one-time funding for the Business Case Management System (BCMS) and other one-time projects in DEH and for decreased funding available from the Stormwater Trust Fund for the Watershed Protection Program.

The decreases are offset by increases in PSG of $2.7 million due to an increase of planned reimbursement from the RCS Trust Funds and the Cal-ID Equipment Replacement/System Enhancement Trust Fund, and in FGG as a result of an electronic payment solution in Auditor and Controller, an increase in cost reimbursement from the Employee Benefits ISF for Workers' Compensation and an anticipated increase in the Treasurer-Tax Collector from overall effects of the economy.

Revenue from Use of Money & Property

Revenue from Use of Money & Property **decreases by $1.3 million or 12.3%**. The primary source of the decrease is in PSG associated with the termination of lease revenue pursuant to the terms of court facility transfer agreements.

Proposition 172 and 1991 Realignment Sales Tax Revenue
Fiscal Year 2002-03 to Fiscal Year 2014-15



Note: 2002-03 to 2011-12 figures represent actual revenues. Fiscal Year 2012-13 figures represent projected revenues as of December 31, 2012. Fiscal Year 2013-14 and 2014-15 figures represent projected revenue as included in the Fiscal Year 2013-15 CAO Recommended Operational Plan. Starting in 2011, the 1991 Realignment has been adjusted to exclude funding for Mental Health support that was transferred to the 2011 Realignment. Also beginning in 2011, CalWORKs funding has been incorporated into the 1991 Realignment.

Select General Fund Program Revenues

Following are some of the largest and most closely watched program revenues. Please see the individual Group and department sections beginning on page 113 for more specific information on the various other program revenues.

- *1991 and 2011 Health and Human Services Realignment Revenues* **($523.5 million in Fiscal Year 2013-14 and $536.2 million in Fiscal Year 2014-15)** are projected to be received from the State to support health and social services programs. The term 1991 Realignment refers to the transfer in 1991 of responsibility from the State to counties for certain health, mental health and social services programs, along with the provision of dedicated sales tax and vehicle license fee revenues to pay for these services. In Fiscal Year 2011-12 the State further realigned an additional amount of social services and behavioral health services over a two-year period (some additional mental health programs were realigned in Fiscal Year 2012-13) and as in 1991, the State dedicated additional sales tax revenues to support them.

  For Fiscal Year 2013-14, it is projected that 26.8% of the HHSA's General Fund budget is funded with Realignment Revenues as compared to only 13.6% in Fiscal year 2010-11, the last year prior to the implementation of 2011 Realignment. These revenues are projected to increase by 11.3% ($53.5 million) compared to Fiscal Year 2012-13. A modest growth of 4.0% is anticipated for Fiscal Year 2014-15.

  The chart above shows the realized revenues for Health and Social Services Realignment for Fiscal Years 2002-03 through 2011-12 and projected levels for Fiscal Years 2012-13 through 2014-15.
- *2011 Public Safety Realignment Revenues* **($120.1 million in Fiscal Year 2013-14 and $124.2 million in Fiscal Year 2014-15)** are projected to be received from

the State to support criminal justice programs. The revenue source is a dedicated portion of State sales tax and State and local Vehicle License Fees (VLF). The revenues provided for realignment are deposited into the Local Revenue Fund 2011 and allocated to specific accounts and subaccounts by statute. Funds allocated to the Community Corrections Subaccount will support services required to address the transfer of responsibility for certain offenders from the State to the counties pursuant to Assembly Bill (AB) 109, *Public Safety Realignment (2011)*, including supervision of offenders, costs associated with the custody of offenders including food and medical costs and equipment and furnishings for the East Mesa Detention Re-Entry and Rehabilitation Facility, and resources for services including mental health treatment, substance abuse treatment, and vocational and behavioral services. These revenues are projected to increase by 12.6% ($13.4 million) compared to Fiscal Year 2012-13. Growth of 3.5% ($4.1 million) is anticipated for Fiscal Year 2014-15.

2011 Realignment for Public Safety includes the following subaccounts: Enhancing Law Enforcement Activities (various programs), Trial Court Security, Community Corrections (AB 109), District Attorney and Public Defender (AB 109) and Juvenile Justice (Youthful Offender Block Grant and Juvenile Reentry).

- *Proposition 172 - Public Safety Sales Tax Revenues* **($236.0 million in Fiscal Year 2013-14 and $242.6 million in Fiscal Year 2014-15)** support region-wide public safety services provided by three Public Safety Group departments - the Sheriff, District Attorney and Probation. The revenue source is a dedicated one-half cent of the Statewide sales tax that was approved by voters in 1993 and is distributed to counties based on the relative levels of taxable sales in each county to the total taxable sales in all qualified counties. In turn, counties distribute a portion of the Proposition 172 receipts to local cities according to ratios established pursuant to the Government Code.

  Between Fiscal Years 2005-06 and 2009-10, revenues fell by 20.4% ($48.2 million). For Fiscal Year 2013-14, these revenues are 7.0% ($15.5 million) above the Fiscal Year 2012-13 budgeted amount, nearly reaching the level last received in Fiscal Year 2005-06. It is anticipated that these revenues will grow modestly in Fiscal Year 2014-15. The chart on the preceding page shows the realized revenues for Proposition 172 for Fiscal Years 2002-03 through 2011-12 and projected levels for Fiscal Years 2012-13 through 2014-15. See also, the discussion of General Purpose Revenue in the following section.

- *Tobacco Settlement Revenues* **($32.2 million in Fiscal Year 2013-14 and $24.2 million in Fiscal Year 2014-15)** by Board of Supervisors Policy E-14, Expenditure of Tobacco Settlement Revenue in San Diego County, are dedicated to healthcare-based programs. These revenues are the result of the historic Master Settlement Agreement in 1998 between the California Attorney General and several other states and the four major tobacco companies. The agreement provided more than $206 billion in Tobacco Settlement Payments over 25 years in exchange for the release of all past, present and future claims related to the use of tobacco products. California agreed to distribute its share of the settlement to its counties based on population.

  To reduce the risk of non-receipt of the Tobacco Settlement Payments, some counties and states opted to securitize these payments. Securitization is a process whereby the owner of the receivable sells the right to that income stream to a third party in exchange for an up-front payment. The County of San Diego helped to pioneer this process and deposited the net proceeds of $412.0 million into the Tobacco Securitization Endowment Fund on a total securitization of $466.8 million in January 2002 in exchange for its Tobacco Settlement Payments. These funds are spent pursuant to the Board of Supervisors Policy.

  In May 2006, the County securitized additional anticipated receipts and added $123.5 million to the endowment fund. These proceeds will enable the County to fund approximately $27.5 million of health care programs annually through approximately year 2034. The $32.2 million budgeted in Fiscal Year 2013-14 reflects $8.0 million in one-time, non-securitized Tobacco Settlement funds and $24.2 million in Securitized Tobacco funds. Another $3.3 million is budgeted and retained in the Tobacco Securitization Special Revenue Fund. $3.1 million is set aside as an unallocated reserve and $0.2 million is budgeted for processing costs in Fiscal Year 2013-14. A request will be submitted to the Board of Supervisors if additional resources are needed.

General Fund - General Purpose Revenue

General Purpose Revenue (GPR) makes up 25.4% of the General Fund Financing Sources. Please see the separate discussion of GPR in the following section.

General Fund - Use of Fund Balance/Fund Balance Component Decreases (previously Designations)

Use of Fund Balance, including Fund Balance Component Decreases, **($131.8 million in Fiscal Year 2013-14 and $64.2 million in Fiscal Year 2014-15)**, represents 3.4% of General Fund Financing Sources in Fiscal Year 2013-14. Fund Balance is the result of careful management of resources Countywide in past years. It is both a resource that can be used for one-time expenses and one that serves as a mitigation for unexpected events or requirements. By its nature, fund balance is not suitable for the support of ongoing operations.

The following list details the various General Fund - Use of Fund Balance/Fund Balance Component Decreases budgeted for Fiscal Year 2013-14:

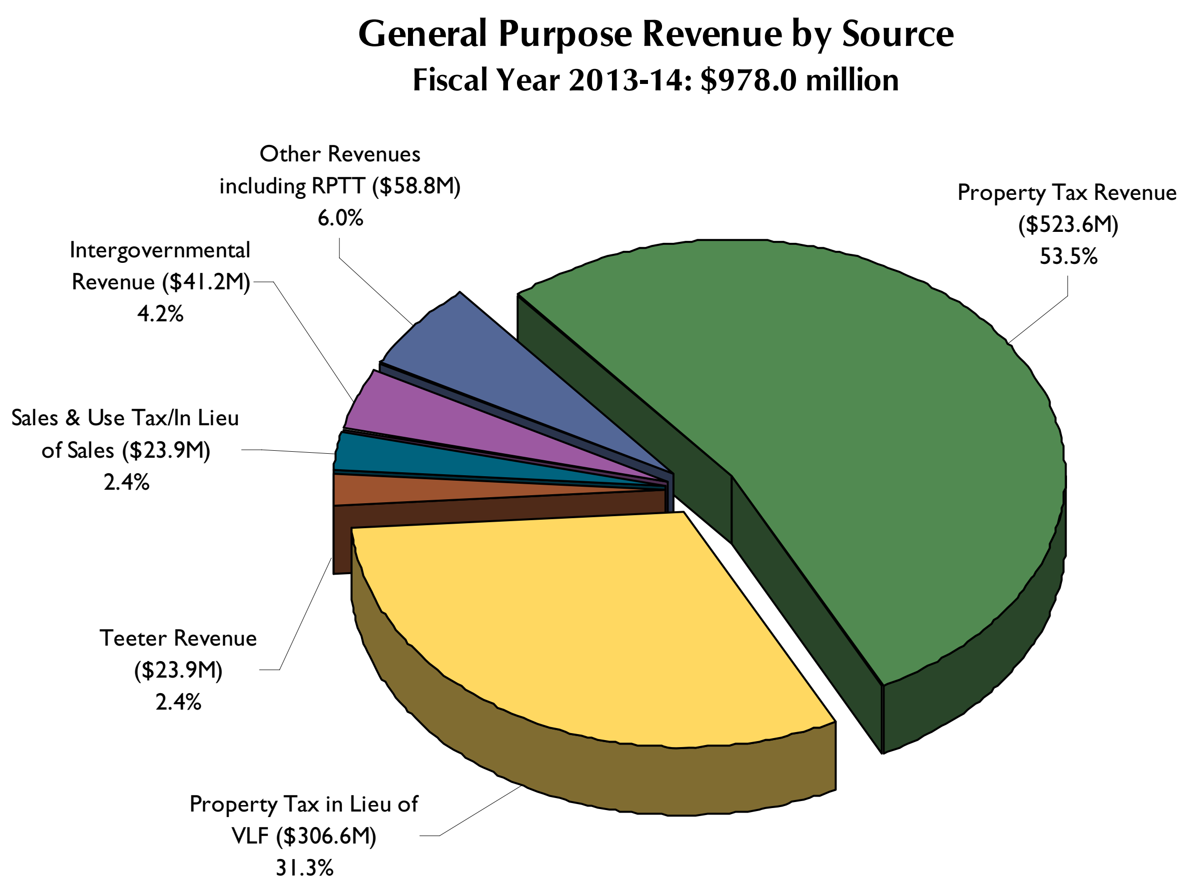
- Management reserves.
- Women's detention facility startup costs for furniture, vehicles and equipment.
- Sheriff equipment replacement and equipment to outfit the new Rancho San Diego station.
- District Attorney's Office facility maintenance and upgrades.
- Medical Examiner equipment replacement.
- Fire Protection and Emergency Medical Services Grant Program for one-time capital needs for volunteer fire protection districts.
- San Diego County Fire Authority one-time funding for increased volunteer station equipment, fuel costs, and contract costs.
- San Diego County Fire Authority training academy.
- Aerial Fire Suppression "Call When Needed" support.
- Radio communication equipment for the Probation Department.
- Defense of special circumstance cases rebudget.
- Graduate law clerks and temporary staff for the Public Defender.
- Public Defender support for the remaining term of certain lease costs associated with the discontinued contract for Family Dependency Services.
- San Diego County Fire Authority equipment replacement commitment and various equipment for fire prevention and emergency response activities.
- One-time major maintenance.
- Support for temporary recruitment activities associated with AB 109, *Public Safety Realignment 2011.*
- Relocation costs for furniture and equipment related to the County Operations Center capital project.
- Health and Human Services Juvenile Diversion Program support.
- Health and Human Services reserves to mitigate State budget uncertainties.
- Grand Avenue clinic sale proceeds commitment for Public Health.
- One time train the trainer courses to train staff and community members in leadership and community planning skills to assist with assessing, selecting and implementing improvement projects.
- One time resources to host a Grandparents Raising Grandchildren symposium.
- One time cultural consultant services to enhance child safety and family stability in the Child Welfare system.
- Health and Human Services technological advancements to support *Live Well, San Diego!*
- Vehicle purchases to meet Agricultural Water Quality inspection requirements.
- Development of an onsite wastewater treatment program in compliance with AB 885, *Onsite Sewage Treatment Systems (2000)*, rebudget.
- Tribal liaison consultant and support rebudget.
- Firestorm 2007 rebuilding permit fee waiver rebudget.
- Environmental Health support for beach water quality monitoring rebudget.
- Green Building Program and Homeowner Relief Act Fee Waivers.
- Multiple Species Conservation Program (MSCP) (North) Resource Management Plans to protect biological and cultural resources.
- Land Use General Plan amendments for property-specific requests.
- Land Use rebudgets for Purchase of Agriculture Conservation Easements (PACE) program support, zoning ordinance update, Greenhouse Gas Guidelines Phase I, and code enforcement abatements.
- Land Use continuous improvement program customer service and cultural awareness training.
- One time Environmental Trust Fund (capital/maintenance) projects.
- Sand and sandbag distribution for pre-storm preparation.
- Public Works rebudgets for Integrated Regional Water Management data management system grant match, and Proctor Valley Road closure.
- One time Countywide water efficiency projects.

- Smart Building retrofits.
- Housing and Community Development funding for sequestration cutbacks to allow orderly transition to changed service delivery and redevelopment housing Successor Agency transition activities.
- Temporary help for contract monitoring activities.
- Upgrade audio-visual systems in two conference rooms at Housing and Community Development.
- Parks condition assessments.
- Minor equipment tracking requirements study.
- Completion of County Administration Center asbestos abatement and lighting upgrades.
- County Administration Center maintenance including repairs and/or upgrades to the roof, fire sprinkler system, heating, ventilation, and air conditioning (HVAC) system and development of a master plan for code compliance upgrades.
- Instructor certifications for employee development, training room equipment, and contracting assistance costs.
- Management intern program.
- Various information technology projects, including:
  - Business Process Reengineering initiatives.
  - Digitizing records and one-time information technology projects in the District Attorney's Office.
  - Electronic medical record system in the Probation Department.
  - Probation Case Management System.
  - Health and Human Services Agency pre-hospital information system assessment.
  - Public Health lab information management system.
  - Business Case Management System rebudget - Accela upgrade mobile office implementation, user acceptance testing, reporting tools and training.
  - Documentum upgrade and recording for Environmental Health.
  - Asset Management application.
  - Geographic Information Systems (GIS) infrastructure upgrade, Parcel Genealogy, Business Intelligence contract Phase III rebudgets.
  - Planning and Development Services electronic document review/submittal automation rebudget.
  - Public GIS server rebuild.
  - Mobile applications and web portal design.
  - Building information modeling system - software and hardware, training, consultant, input to T9 facilities system of record.
  - Data imaging project rebudget.
  - Q-matic System Upgrade - Customer Routing in Land Development Process.
  - Justice Electronic Library System scanning, storage and devices.
  - Public website redesign, enterprise signatures and approvals architecture, and DocVault implementation.
  - QBIS upgrade/replacement.
  - Fusion middleware application.
  - T360 enhancement due to legacy system retirement.
  - OBI data warehouse upgrade.
  - SharePoint platform upgrade.
  - Parallel Documentum environment.
  - Documentum environment licenses.
  - Constituent Relationship Management platform upgrade and application implementation.
  - Payment processing system imaging upgrade.
  - eGov application development.
  - Automate employee contributions to health savings accounts.
  - PeopleSoft application upgrade.
  - Kronos application upgrade.
  - Poll worker internet site.
  - Learning Management System database upgrade.
  - Enterprise Resource Planning (ERP) disaster recovery project and data services.
  - Oracle Identity and Access Management (IDAM) license final payment
- Workforce Academy for Youth (WAY) program.
- Grants provided to community organizations.
- Capital projects including the Assessor/Recorder/County Clerk El Cajon Branch Office Building.

General Purpose Revenue

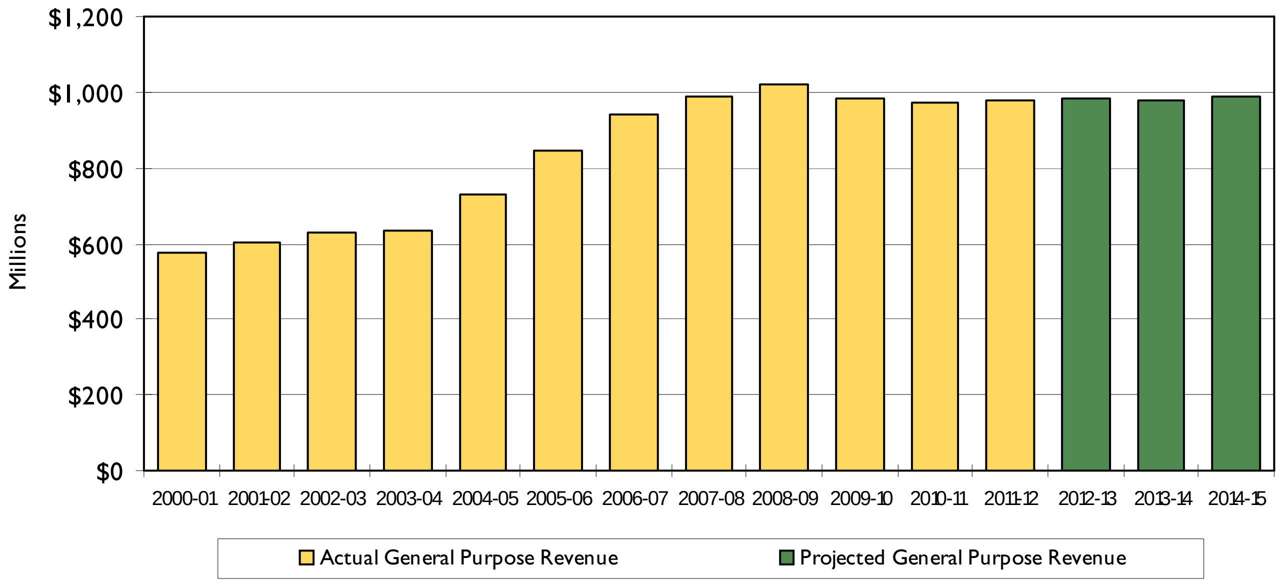
General Purpose Revenue by Source

General Purpose Revenue (GPR) represents approximately 25.4% of the General Fund's financing sources. This revenue comes from property taxes, property tax in lieu of vehicle license fees (VLF), the Teeter program, sales and use tax, real property transfer tax (RPTT), Aid from Redevelopment Successor Agencies, and miscellaneous other sources. It may be used for any purpose that is a legal expenditure of County funds. Therefore the Board of Supervisors has the greatest flexibility in allocating this revenue. Details of the major components of General Purpose Revenue are discussed below.



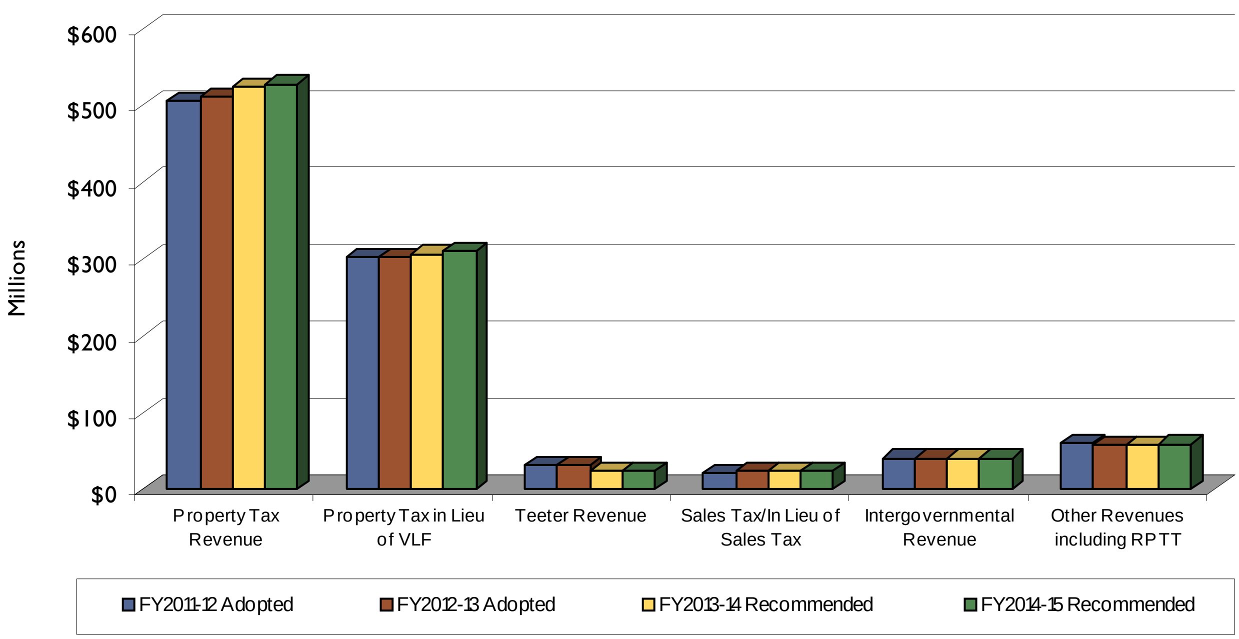
For the twelve-year period of Fiscal Year 1999-2000 through Fiscal Year 2011-12, GPR grew by an annual average of $38.4 million. This is a decrease from the eleven-year average of $41.4 million from Fiscal Year 1999-2000 through Fiscal Year 2010-11, and a decrease from the ten-year average of $46.4 million from Fiscal Year 1999-2000 through Fiscal Year 2009-10. The national recession that began in December 2007 and ended in June 2009, along with the corresponding State and local economic downturn, have had a significant impact on GPR. The U.S. economy continues to recover from the deep recession, with moderate growth forecasted in 2013. For Fiscal Year 2013-14, the $978.0 million recommended for GPR is an increase of $10.9 million or 1.1% from the Fiscal Year 2012-13 budgeted amount of $967.1 million. These resources are projected to increase slightly to $986.1 million in Fiscal Year 2014-15. See the chart on the following page for a historical view of GPR and the accompanying table for a summary by account of historical and projected GPR.

General Purpose Revenue History
Fiscal Year 2000-01 to Fiscal Year 2014-15



Notes: General Purpose Revenue (GPR) for Fiscal Years 2000-01 through 2011-12 represents actual revenue. Fiscal Year 2012-13 represents the 2nd Quarter estimate produced in December 2012. GPR projections for Fiscal Years 2013-14 and 2014-15 are included in the Fiscal Years 2013-15 CAO Recommended Operational Plan.

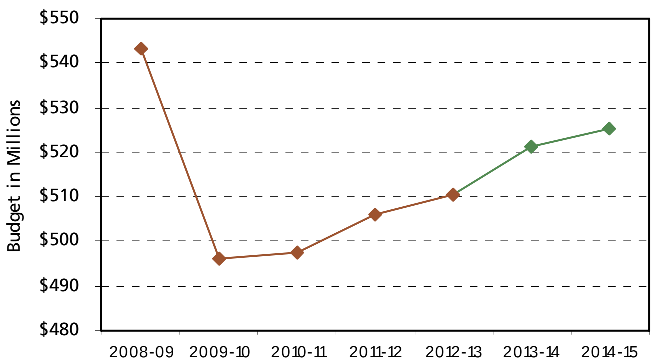
General Purpose Revenue by Source
Fiscal Years 2011-12 through 2014-15



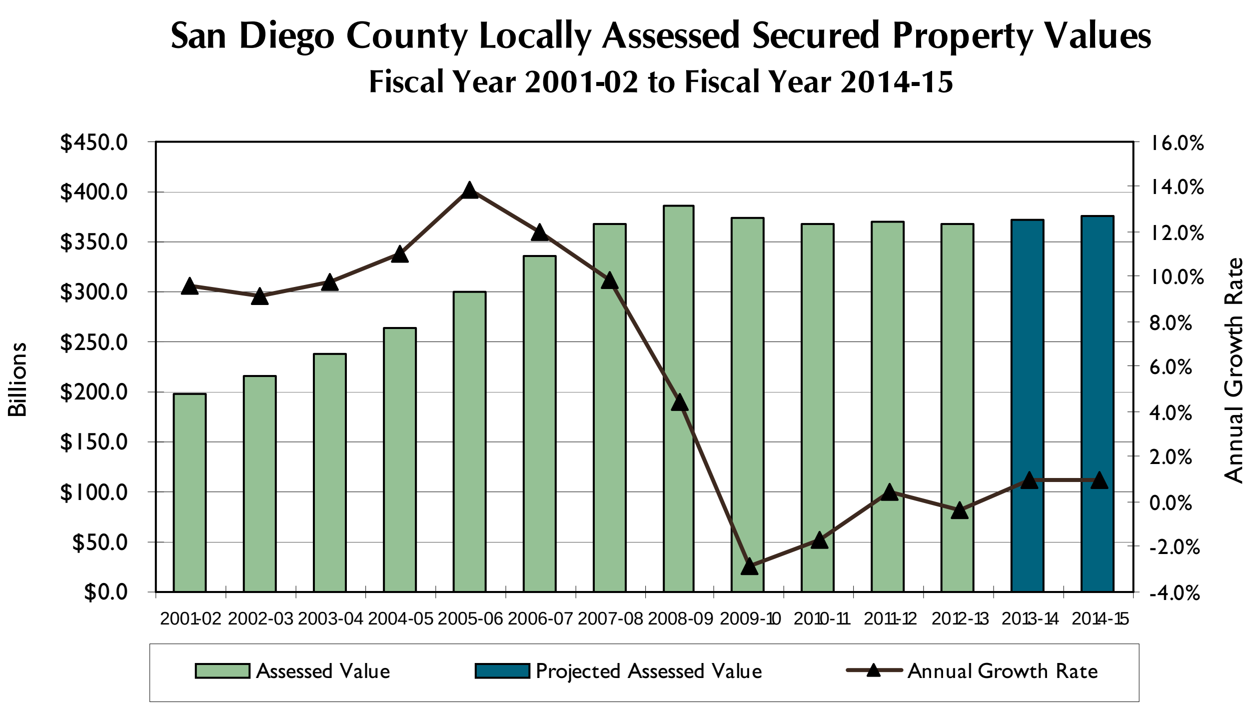
General Purpose Revenue	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Property Taxes Current Secured	$ 487,158,053	$ 490,625,867	$ 503,560,241	2.6	$ 507,757,684
Property Taxes Current Supplemental	1,874,015	3,291,750	3,490,901	6.1	3,524,851
Property Taxes Current Unsecured	16,781,591	16,522,894	16,512,624	(0.1)	16,449,446
Property Taxes Current Unsecured Supplemental	—	50,000	50,750	1.5	51,511
Total Property Tax Revenue	**$ 505,813,659**	**$ 510,490,511**	**$ 523,614,516**	**2.6**	**$ 527,783,492**
Total Property Tax In Lieu of VLF	**$ 302,159,104**	**$ 301,668,991**	**$ 306,580,585**	**1.6**	**$ 309,544,785**
Teeter Tax Reserve Excess	$ 19,000,000	$ 21,000,000	$ 15,100,000	(28.1)	$ 15,100,000
Teeter Prop Tax All Prior Years	13,919,087	11,526,506	8,783,594	(23.8)	8,733,704
Total Teeter Revenue	**$ 32,919,087**	**$ 32,526,506**	**$ 23,883,594**	**(26.6)**	**$ 23,833,704**
Sales & Use Taxes	$ 15,993,213	$ 18,406,197	$ 18,106,197	(1.6)	$ 18,649,383
In Lieu Local Sales & Use Tax	5,713,046	5,999,874	5,800,000	(3.3)	5,974,000
Total Sales & Use Tax/In Lieu of Sales Tax	**$ 21,706,259**	**$ 24,406,071**	**$ 23,906,197**	**(2.0)**	**$ 24,623,383**
State Aid HOPTR	$ 4,910,000	$ 4,882,356	$ 4,890,644	0.2	$ 4,890,644
Federal In-Lieu Taxes	1,100,000	1,081,818	1,127,720	4.2	1,127,720
Local Detention Facility Revenue/State Aid Booking Fees	—	2,850,953	2,450,380	(14.1)	2,450,380
Aid From City of San Diego	5,222,553	2,371,600	2,772,173	16.9	2,772,173
Aid from Redevelopment Agencies/Aid from Redevelopment Successor Agencies	29,612,382	29,772,755	29,971,545	0.7	29,971,545
Total Intergovernmental Revenue	**$ 40,844,935**	**$ 40,959,482**	**$ 41,212,462**	**0.6**	**$ 41,212,462**
Property Taxes Prior Secured	$ 400,000	$ 400,000	$ 400,000	0.0	$ 400,000
Property Taxes Prior Secured Supplemental	4,033,363	4,914,113	5,211,938	6.1	5,264,057
Property Taxes Prior Unsecured	300,000	250,000	450,000	80.0	450,000
Property Taxes Prior Unsecured Supplemental	350,000	400,000	400,000	0.0	400,000
Other Tax Aircraft Unsecured	3,451,000	2,609,264	2,648,403	1.5	2,688,129
Transient Occupancy Tax	2,500,000	2,500,000	2,600,000	4.0	2,600,000
Real Property Transfer Taxes (RPTT)	13,828,537	14,097,121	16,875,633	19.7	17,044,390
Franchises, Licenses, Permits	10,336,530	10,513,537	10,438,344	(0.7)	10,488,804
Fees, Fines & Forfeitures	2,064,742	2,221,017	2,198,207	(1.0)	2,198,205
Penalties & Cost Delinquency Taxes	15,161,049	14,693,668	13,637,044	(7.2)	13,712,175
Interest On Deposits & Investments	7,525,430	3,437,944	2,867,302	(16.6)	2,867,302
Interfund Charges/Miscellaneous Revenues	1,028,305	1,027,775	1,027,775	0.0	1,032,112
Total Other Revenues including RPTT	**$ 60,978,956**	**$ 57,064,439**	**$ 58,754,646**	**3.0**	**$ 59,145,174**
Total General Purpose Revenue	**$ 964,422,000**	**$ 967,116,000**	**$ 977,952,000**	**1.1**	**$ 986,143,000**

Property Tax Revenue

Property Tax Revenue, **($523.6 million in Fiscal Year 2013-14 and $527.8 million in Fiscal Year 2014-15)**, including current secured, current supplemental, current unsecured and current unsecured supplemental, represents 53.5% of the total General Purpose Revenue in Fiscal Year 2013-14 and 53.5% of the projected amount in Fiscal Year 2014-15.



The term "current" refers to those taxes that are due and expected to be paid in the referenced budget year. For Fiscal Year 2013-14, property tax revenue is budgeted to be $13.1 million or 2.6% higher than the budget for Fiscal Year 2012-13. Property tax revenue is projected to increase 0.8% or $4.2 million for Fiscal Year 2014-15. Property Tax Revenue in the State of California is a funding source for local governments and school districts and is based on ad valorem property taxation, whereby the amount due is calculated by applying a 1% tax rate to the assessed value of real property (land and improvements) and certain business personal property owned by tenants. The assessed value of property is tracked on the secured, unsecured and supplemental tax rolls. Counties generate the property tax bills and collect the tax payments on behalf of the taxing entities within their respective boundaries. In some cases, there are additional ad valorem taxes and special assessments approved by the voters, which are included on the tax bills as well. Property tax payment amounts received by counties are then distributed to the various taxing entities.



Note: The projected locally assessed secured values assume a 1.0% growth rate for Fiscal Year 2013-14 and 1.0% rate for Fiscal Year 2014-15.
Source: San Diego County Auditor and Controller

The assessed value of real property declined in 2009 and 2010 (following the credit crisis and economic downturn that began in 2007). In 2011 the assessed value of real property grew marginally however, in 2012, weakness in residential markets contributed to a 0.3% decline. For 2013, an improvement of 1.0% is projected in assessed value of real property overall.

- *Current Secured* property tax revenue **($503.6 million in Fiscal Year 2013-14 and $507.8 million in Fiscal Year 2014-15)** is expected to increase by $12.9 million in Fiscal Year 2013-14 from the adopted level for Fiscal Year 2012-13.

  This revenue is generated from the secured tax roll, that part of the roll containing real property, including residential and commercial property as well as State-assessed public utilities. The Fiscal Year 2013-14 revenue amount assumes an increase of 1.0% in the local secured assessed value compared to the actual current local secured assessed value amount for 2012-13 (which was an approximate 0.3% decrease from the prior year), but it also makes certain assumptions regarding the County's share of countywide property tax revenues, the delinquency rate and the amount of tax roll corrections and refunds on prior year assessments.

  In Fiscal Year 2013-14, refunds and corrections combined are projected to decline to $6.9 million compared to the Fiscal Year 2010-11 actual level of $19.4 million, the Fiscal Year 2011-12 actual level of $16.6 million and the Fiscal Year 2012-13 projected level of $12.7 million as of the Fiscal Year 2012-13 Second Quarter Operational Plan Status Report and Budget Adjustments letter. While refunds and corrections are expected to decline, there is a risk that refunds and corrections may exceed budgeted levels due to assessment reviews currently in progress. The anticipated reduction in refunds and corrections will only marginally increase current secured revenue as refunds and corrections were budgeted at $7.5 million in Fiscal Year 2012-13. The timing and amount of these potential resultant refunds is unknown and will be monitored closely.

  The expected increase in current secured revenue of $12.9 million or 2.6% is the result of the recommended decrease in refunds and corrections compared to budget, the increase in the budgeted current local secured assessed value amount, an improvement in the delinquency rate, and the assessed value assumption used to develop the budget in Fiscal Year 2012-13. Specifically, the Fiscal Year 2012-13 current secured revenue assumed a 1.0% decrease in the local secured assessed value over the actual local secured assessed value amount for Fiscal Year 2011-12. However, the actual current local secured assessed value declined by only 0.3% (gross less regular exemptions) in Fiscal Year 2012-13. Further, as noted above, for Fiscal Year 2013-14, local secured assessed value is projected to improve by 1.0%. For Fiscal Year 2014-15, local secured assessed value is assumed to grow by 1.0% and the County's share of total property tax revenues is expected to increase based on this anticipated growth.

- *Current Supplemental* property tax revenue **($3.5 million in Fiscal Year 2013-14 and $3.5 million in Fiscal Year 2014-15)** is projected to increase by $0.2 million in Fiscal Year 2013-14 from the adopted level in Fiscal Year 2012-13. This revenue is derived from net increases to the secured tax roll from either new construction or changes in ownership that occur subsequent to the January 1 lien date and are therefore more difficult to predict. These actions are captured on the supplemental tax roll. The slowdown in new construction and the decline in real estate prices have been acutely felt in supplemental property tax revenues. In many change of ownership transactions, instead of a property owner being billed for an additional amount of property tax because the value of the property after the transaction is higher than the value as of the lien date, the property owner receives a refund because the value is lower than it was on the lien date.

  In Fiscal Year 2005-06, supplemental refunds countywide totaled $4.0 million. They increased to $6.2 million in Fiscal Year 2006-07, to $15.0 million in Fiscal Year 2007-08, and exceeded $38.3 million in Fiscal Year 2008-09. Supplemental refunds dropped to $21.6 million in Fiscal Year 2009-10 and further declined to $15.3 million in Fiscal Year 2010-11. In Fiscal Year 2011-12, supplemental refunds increased to $18.3 million. Through February 2013, supplemental refunds totaled $10.6 million. They are anticipated to continue to decline gradually over time as residential and commercial assessed values improve.

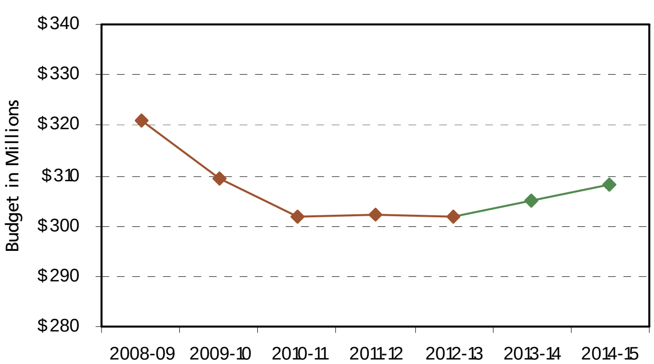
  Current supplemental property tax revenues were $29.5 million in Fiscal Year 2005-06. They dropped to $23.4 million in Fiscal Year 2006-07, to $14.0 million in Fiscal Year 2007-08, to $2.4 million in Fiscal Year 2008-09, and to $1.9 million in Fiscal Year 2009-10. In Fiscal Year 2010-11, Current supplemental property tax revenues were $3.9 million, and $3.5 million in Fiscal Year 2011-12. The budget assumes that this weakness will continue through the next two fiscal years with the Fiscal Year 2013-14 amount projected to be $3.5 million, followed by $3.5 million in Fiscal Year 2014-15.

- *Current Unsecured* property tax revenue **($16.5 million in Fiscal Year 2013-14 and $16.4 million in Fiscal Year 2014-15)** is not based on a lien on real property. The unsecured tax roll is that part of the assessment roll consisting largely of business personal property owned by tenants. The roll is forecasted based on trends and available information at the time the budget is developed. A marginally more conservative projection is used for Fiscal Year 2014-15.

- *Current Unsecured Supplemental* property tax revenue **($0.1 million in Fiscal Year 2013-14 and $0.1 million in Fiscal Year 2014-15)** is derived from supplemental bills that are transferred to the unsecured tax roll when a change in ownership occurs and a tax payment is due from the prior owner. Or, there may be a subsequent change in ownership following the initial change in ownership which occurs prior to the mailing of the initial supplemental tax bill. When this occurs, the bill is prorated and a portion of the original supplemental tax bill that is attributable to the initial change in ownership or completion of new construction becomes an unsecured supplemental tax bill.

Property Tax in Lieu of Vehicle License Fees (VLF)

Property Tax in Lieu of Vehicle License Fees (VLF) **comprises 31.3% ($306.6 million) of the General Purpose Revenue amount in Fiscal Year 2013-14 and 31.4% of the projected amount ($309.5 million) in Fiscal Year 2014-15.**



Beginning in Fiscal Year 2004-05, this revenue source replaced the previous distribution of vehicle license fees to local governments. Per the implementing legislation, revenue levels for this funding source are based on the growth or reduction in net taxable unsecured and local secured assessed value. With a projected 1.0% increase in the combined taxable unsecured and local secured assessed value in Fiscal Year 2013-14, revenues are anticipated to be $4.9 million higher than budgeted for Fiscal Year 2012-13. The increase is partially associated with the change in actual assessed value in Fiscal Year 2012-13 which declined by only 0.3% compared to a budgeted reduction of 1.0%. The Fiscal Year 2014-15 revenue is estimated using a 1.0% assessed value growth calculation.

Teeter Revenue

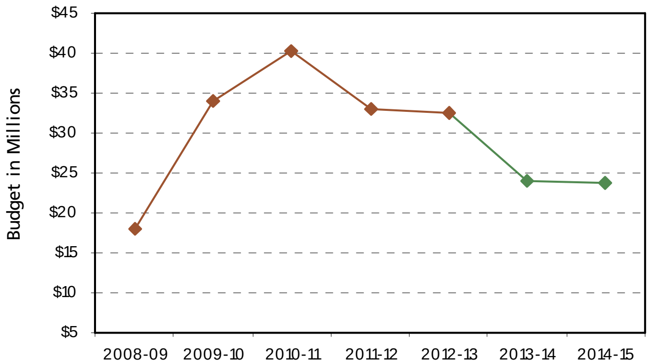
Teeter Revenue **($23.9 million in Fiscal Year 2013-14 and $23.8 million in Fiscal Year 2014-15)** represents approximately 2.4% of General Purpose Revenue in Fiscal Year 2013-14 and 2.4% of the projected amount in Fiscal Year 2014-15. For Fiscal Year 2013-14, Teeter Revenue is $8.6 million or 26.6% less than the budget for Fiscal Year 2012-13.

In Fiscal Year 1993-94, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1, of the Revenue and Taxation Code of the State of California (also known as the "Teeter Plan," named after its author.) This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes and special assessments during the year for which the taxes are levied, regardless of whether all taxes due were paid by the property owner in that year. Under this plan, the County advances funds to these taxing entities to cover the unpaid (delinquent) taxes (the "Teetered taxes.") The County's general fund benefits from this plan by being entitled to future collections of penalties and interest that are due once the delinquent taxes are paid.

Teeter Revenue is projected based on the anticipated collection of the County's portion of the Teetered taxes from all prior years as well as the interest and penalty payments, which appear in the Teeter Tax Loss Reserve Excess account. See the table on page 77 for the amount of revenue pertaining to these components. A legal requirement of the Teeter Plan requires the County to maintain a tax loss reserve fund to cover losses that may occur if delinquent taxes are not paid and the property goes into default and is sold for less than the amount of outstanding taxes and assessments. Throughout the year, all interest and penalties collected on Teetered secured and supplemental property taxes are first deposited into the Teeter Tax Loss Reserve Fund. Any excess amounts above 25% of the total delinquent secured taxes and assessments may be transferred to the general fund.

For Fiscal Year 2013-14, collections from previous years' receivables are budgeted to decrease by $2.7 million based on the size of the outstanding annual receivables, anticipated collection trends and market conditions.

In Fiscal Year 2013-14, excess amounts from the Teeter Tax Loss Reserve Fund are budgeted to decrease from $21.0 million in the Fiscal Year 2012-13 budget to $15.1 million due to the size of the outstanding annual receivables and market conditions. Excess amounts from the Teeter Tax Loss Reserve Fund are projected at $15.1 million in Fiscal Year 2014-15.

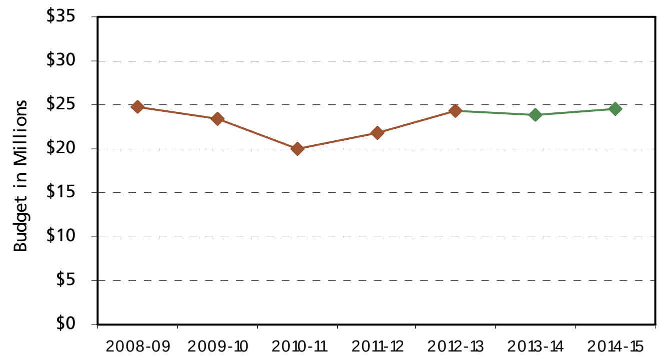


Sales & Use Tax Revenue

Sales & Use Tax Revenue **($23.9 million in Fiscal Year 2013-14 and $24.6 million in Fiscal Year 2014-15)** represents approximately 2.4% of General Purpose Revenue in Fiscal Year 2013-14 and 2.5% of the projected amount in Fiscal Year 2014-15. This revenue is derived from taxable sales by retailers who sell or rent tangible personal property in unincorporated areas of the county, or from use taxes from consumers who purchase tangible personal property from out of State. Use taxes are also imposed on the storage, use, lease or other consumption of tangible personal property at any time a sales tax has not been paid by the retailer. The amounts shown in the table on page 77 reflect the combined Sales and Use Tax revenues and the In Lieu Local Sales and Use Tax replacement funding that will be transferred to the County from the Educational Revenue Augmentation Fund (ERAF).

The ERAF was established in Fiscal Years 1992-93 and 1993-94 in response to serious State budgetary shortfalls. The State legislature and administration permanently redirected over $3 billion of property taxes from cities, counties and special districts to schools and community college districts. These redirected funds reduced the State's funding obligation for K-14 school districts by a commensurate amount.

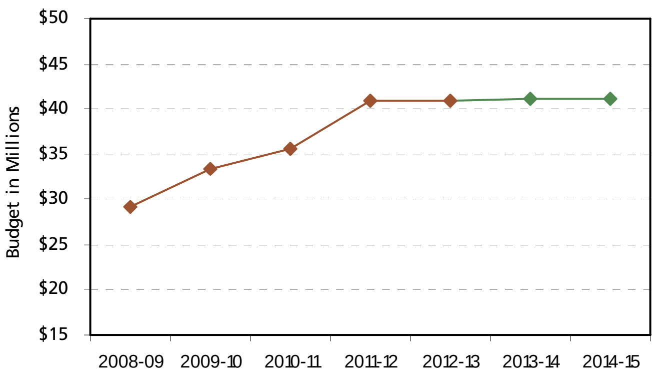
The In Lieu Local Sales and Use Tax is referred to as the "triple flip" and was effective July 1, 2004. Assembly Bill (AB) 7 XI, *California Fiscal Recovery Financing Act,* one of the 2003-04 State budget bills, enabled the State to redirect one-quarter cent of the local sales and use tax to the State to repay up to $15.0 billion in bonds authorized by Proposition 57 (2004), *Economic Recovery Bond Act*, to help the State refinance its past debt. In turn, the lost local sales tax revenues are replaced on a dollar-for-dollar basis with countywide property tax revenues shifted back from the ERAF.



Sales and Use Tax revenue in the county had been growing moderately through Fiscal Year 2007-08 in concert with population growth and new retail business formation in the unincorporated areas of the county. However, the recession, housing market declines and unemployment trends negatively impacted taxable sales at the Statewide, Southern California and San Diego regional levels. Sales and Use Tax revenue began to improve during calendar year 2010 with year-over-year quarterly increases in all four quarters, continuing throughout calendar year 2011. Calendar year 2012 increased 4.7% overall compared to 2011. However, during the third and fourth quarters of 2012 Sales and Use Tax revenue in the unincorporated areas of the County declined compared to the same quarter in the previous year. This decline was attributed to payment anomalies and business closures as well as to the temporary closure of the San Onofre nuclear power plant. Fiscal Year 2012-13 Sales and Use Tax revenue is projected to increase by $0.8 million or 3.1% compared to budget and $0.1 million or 0.5% compared to Fiscal Year 2011-12 actuals. For Fiscal Year 2013-14, the amount is projected to decrease by $0.5 million or 2.0% below the Fiscal Year 2012-13 Adopted Operational Plan. Sales and Use Tax revenue growth in Fiscal Year 2014-15 is anticipated to be $0.7 million or 3.0% over Fiscal Year 2013-14.

Intergovernmental Revenue

Intergovernmental Revenue **($41.2 million in Fiscal Year 2013-14 and $41.2 million in Fiscal Year 2014-15)** comprises 4.2% of the General Purpose Revenue amount in Fiscal Year 2013-14 and 4.2% of the projected amount in Fiscal Year 2014-15.

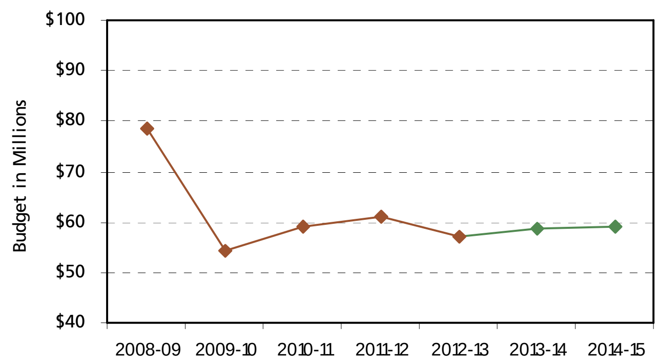


For Fiscal Year 2013-14, the amount budgeted is $0.3 million or 0.6% above the Fiscal Year 2012-13 Adopted Operational Plan. Funding for this revenue source comes from various intergovernmental sources including Redevelopment Successor Agencies, the City of San Diego (pursuant to a Memorandum of Understanding [MOU] related to the County's Central Jail), the federal government (Payments in Lieu of Taxes [PILT] for tax-exempt federal lands administered by the Bureau of Land Management, the National Park Service, and the U.S. Fish and Wildlife Service), and the State of California (reimbursement to the County for the Homeowner's Property Tax Relief [HOPTR] program). Under the HOPTR program, homeowners are exempted from paying property taxes on the first $7,000 of the assessed value of their personal residence and the State reimburses local taxing entities for the related loss of revenue.

The largest portion of this funding is from aid from Redevelopment Successor Agencies. Redevelopment agencies were dissolved by the California legislature in ABX1 26 on June 28, 2011. The California Supreme Court upheld the constitutionality of the dissolution on December 29, 2011 and extended the date of dissolution to February 1, 2012. Based on Section 34183 of the Health and Safety Code, the county auditor-controller shall remit from the Redevelopment Property Tax Trust Fund to each affected taxing agency property tax revenues in an amount equal to that which would have been received under Section 33401, 33492.14, 33607, 33607.6, 33607.7 or 33676. Residual funds not allocated for specific purposes will be distributed to affected taxing agencies under Section 34183 of the Health and Safety Code. The County General Fund and Library Fund, as affected taxing entities, receive a share of this tax distribution, but this has not been included in the Fiscal Year 2013-15 Recommended Operational Plan.

Other Revenues

Other Revenues for **Fiscal Year 2013-14 total $58.8 million and increase to $59.1 million in Fiscal Year 2014-15**, and are approximately 6.0% of the total General Purpose Revenue amount in Fiscal Year 2013-14 and 6.0% of the projected amount in Fiscal Year 2014-15. The Fiscal Year 2013-14 amount represents a 3.0% or $1.7 million increase from the Fiscal Year 2012-13 Adopted Operational Plan.

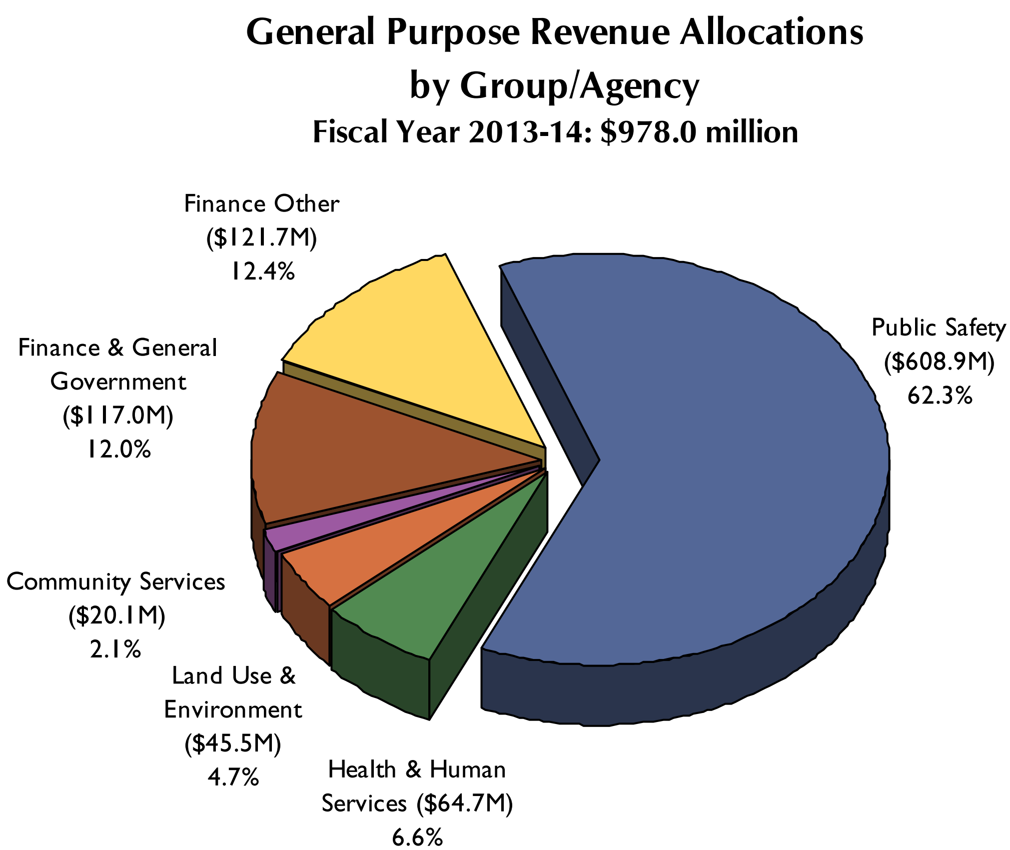


Various revenue sources make up this category including Real Property Transfer Tax (RPTT), interest on deposits, fees, fines, forfeitures, prior year property taxes, penalties, cost delinquency taxes, franchise fee revenue, cable and video licenses and other miscellaneous revenues.

The largest component of this revenue category for Fiscal Year 2013-14 is RPTT, a leading indicator of local economic strength. RPTT revenue for Fiscal Year 2013-14 is budgeted at $16.9 million, a 19.7% ($2.8 million) increase from the Fiscal Year 2012-13 Adopted Operational Plan, reflecting a continued improvement in receipts in Fiscal Year 2012-13 compared to substantial slowing and overall volatility that began in fall 2008 through Fiscal Year 2011-12. Revenues are projected to improve by $0.2 million or 1.0% in Fiscal Year 2014-15 with an assumption that property resales will continue to improve. RPTT is paid when any lands, tenements or other realty exceeding $100 in value are sold and granted, assigned, transferred or conveyed to the purchaser. The tax rate set by the State is $0.55 per $500 of assessed valuation. The County realizes 100% of the revenues from transactions in the unincorporated area and 50% from transactions in the incorporated areas. The second largest component, $13.6 million, is Penalties and Cost on Delinquency Taxes. These revenues are received from penalties assessed on late payment of current year taxes (those taxes paid late, but before the end of the fiscal year).

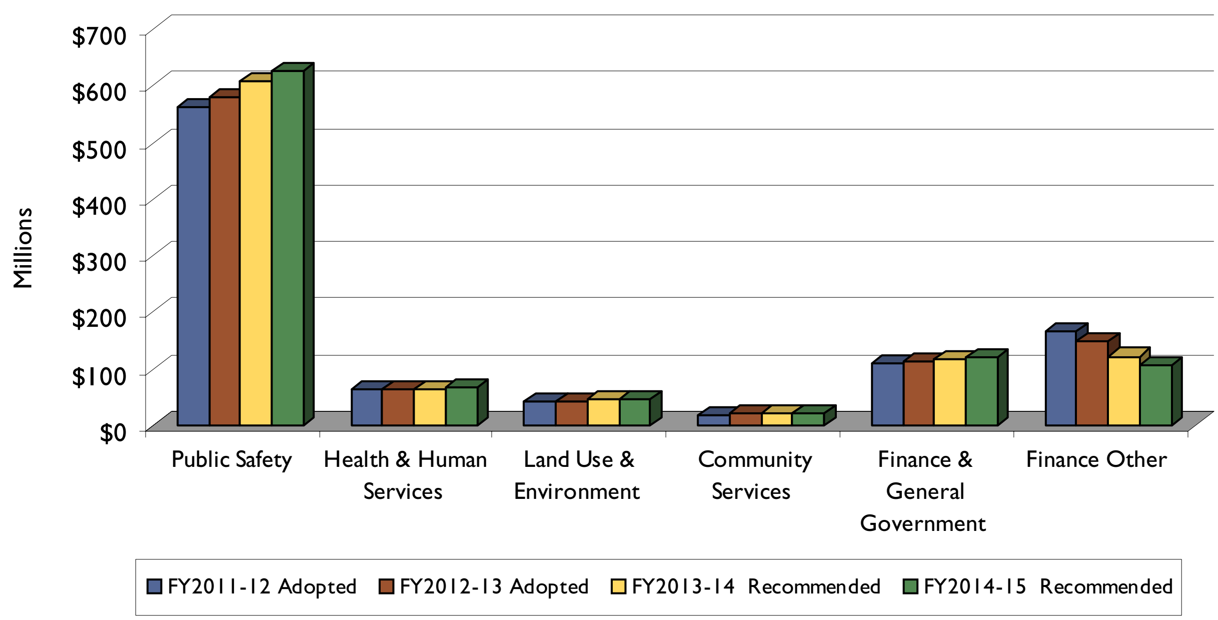
Allocation of General Purpose Revenue by Group/Agency

General Purpose Revenue (GPR) is allocated annually to fund County services based on an analysis of available program revenues, federal or State service delivery obligations and the priorities and strategic direction set by the Board of Supervisors. While the Fiscal Year 2013-14 budget for the Public Safety Group represents 30.9% of total County expenditures, the allocation of GPR for services in that Group equals 62.3% of the total GPR. By contrast, the Health and Human Services Agency's budget represents 40.2% of total County expenditures but, because of significant amounts of funding from program revenues, it is allocated only about 6.6% of the total GPR. As noted above, the total amount of GPR increases in the Fiscal Year 2013-14 CAO Recommended Operational Plan by $10.9 million.



The allocation of GPR for Fiscal Years 2013-14 and 2014-15 reflects a multi-year strategy to manage County resources within the recovering economic environment, which began to show signs of stabilization and gradual recovery in Fiscal Year 2010-11 and continued in Fiscal Year 2011-12 despite weakness in local secured assessed values. Further improvement is anticipated through Fiscal Year 2012-13 as projected in the Fiscal Year 2012-13 Second Quarter Operational Plan Status Report and Budget Adjustments letter. The primary goals of this strategy are to preserve core public safety and nonpublic safety services, maintain the commitment to the County's capital program, and address increases in contributions to the retirement fund.

General Purpose Revenue Allocations by Group/Agency
Fiscal Years 2011-12 Through 2014-15



General Purpose Revenue Allocations by Group/Agency (in millions)					
	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	% Change	Fiscal Year 2014-15 Recommended Budget
Public Safety	$ 563.9	$ 579.9	$ 608.9	5.0	$ 627.6
Health & Human Services	62.9	63.4	64.7	1.9	65.8
Land Use & Environment	42.5	43.6	45.5	4.5	46.7
Community Services	18.7	19.3	20.1	3.8	20.4
Finance & General Government	109.8	111.5	117.0	5.0	119.4
Finance Other	166.6	149.4	121.7	(18.5)	106.2
Total	$ 964.4	$ 967.1	$ 978.0	1.1	$ 986.1

Although various aspects of the economic environment are described elsewhere in this document, the following is a brief summary of trends. The total assessed value of real estate in the County fell in Fiscal Years 2009-10 and 2010-11, grew marginally in Fiscal Year 2011-12 but declined marginally in Fiscal Year 2012-13. For Fiscal Year 2013-14, an improvement in total assessed value of 1.0% is projected.

In **Fiscal Year 2013-14, GPR is budgeted at $978.0 million**, an improvement from Fiscal Year 2012-13, which was budgeted at $967.1 million, but still a significant drop from a high of $1.01 billion in Fiscal Year 2008-09. More detail on the assessed value changes are described earlier in the General Purpose Revenue section. Also important are increases in the required contributions to the County's retirement fund driven by the 25.7% loss in the retirement fund's market value in Fiscal Year 2008-09. The annual retirement contributions are recommended to increase in Fiscal Year 2013-14 by 10.9% and in Fiscal Year 2014-15 by 9.4%. The Fiscal Year 2013-14 employer contributions to the retirement fund are budgeted to increase by 9.4%. Contributions are expected to continue to increase significantly through Fiscal Year 2014-15; however, the annual rate of increase beyond Fiscal Year 2013-14 is not certain.

Future contribution rates will be driven by actual market performance of the retirement fund and actuarial assumptions.

The resource management strategy to address these issues over the next two years is summarized as follows:

- Fiscal Year 2013-14 of the CAO Recommended Operational Plan assumes salaries will remain at the Fiscal Year 2012-13 levels except for changes due to step or merit increases and previously negotiated changes.
- Fiscal Year 2013-14 shifts $24.6 million from the pension stabilization fund to the County's five business groups to fund the cost increase in required retirement fund contributions.
- Fiscal Year 2014-15 of the CAO Recommended Operational Plan assumes no negotiated salary and benefit increases.
- Fiscal Year 2014-15 shifts $23.7 million from the pension stabilization fund to the County's five business groups to fund the net cost increase in required retirement fund contributions.

Further detail on GPR allocations is provided in the Group and department sections that begin on page 113. The previous charts and table show the amount of General Purpose Revenue allocated to support each Group/Agency for Fiscal Years 2013-14 and 2014-15 compared to the two prior fiscal years.

Summary of Financial Policies

Background

The County of San Diego has long been recognized for its strong financial management practices. The Government Finance Officers Association has recognized the County for its annual financial report with the Certificate of Achievement for Excellence in Financial Reporting and for its budget document with the Distinguished Budget Presentation Award. The following is an overview of various policies that the County adheres to in its financial management practices and guide the County's budgetary decision making process.

Financial Planning and Budget

The County is actively engaged in financial and strategic planning activities. As discussed previously, the General Management System is the framework that guides County operations as set forth in **Board of Supervisors Policy A-136**, *Use of County of San Diego General Management System for Administration of County Operations.*

- With the GMS as a guide for fiscal management practices, the County will:
  - Maintain fiscal stability to ensure the ability to provide services that customers rely on, in good times and in bad. All departments share in the responsibility of ensuring fiscal stability for the County.
  - Ensure that the financial management activities of the County support structural balance between ongoing revenues and expenditures.
  - Use the Strategic Plan as a guide to develop an annual five-year financial forecast to review primary cost drivers, service needs and available funding sources, which will lay the foundation for the upcoming Operational Plan.
  - Annually develop a structurally-balanced two-year Operational Plan, the first year of which is formally adopted by the Board of Supervisors as the County's budget and the second year is accepted as a tentative plan.
    - **California Government Code §29009** requires a balanced budget, defined as "the funding sources shall equal the financing uses," in the recommended, adopted and final budgets.
    - A structurally balanced budget means that ongoing, not one-time, resources are used to fund ongoing costs.
  - Conduct quarterly financial reporting processes to allow County managers to appropriately address changes in the external economic or internal financial conditions of the organization. At no time shall total expenditures exceed total appropriations; a budget amendment must be submitted and approved by the Board of Supervisors.
  - Develop and use performance measures to monitor progress and ensure that the County is on track to achieve its goals.

Revenues

- As a political subdivision of the State of California, the County has all the powers specifically stated and necessarily implied in general law and the County Charter, including the power to assess, levy and collect taxes.
- The County shall review and evaluate revenues from all sources in order to maximize these revenues within existing legal provisions. Per the **County of San Diego Administrative Manual 0030-22**, *Revenue Management: Auditor and Controller Responsibilities*, the Auditor and Controller will:
  - Devise and monitor the goals and objectives of a revenue management program within policy guidelines prescribed by the Board of Supervisors. This includes a periodic review of the County's financial condition in order to ensure that the County's financial sources (revenues) are sufficient to meet anticipated obligations.
  - Develop annual revenue estimates for the development of the Operational Plan relating to revenues under control of the Chief Administrative Officer.
  - Ensure that full cost is recovered from fees, grants and revenue contracts to the extent legally possible. If not, the reasons for recovery of less than full cost will be documented and disclosed.
- All revenues received by the County identified as "one-time" revenues will only be appropriated for "one-time" expenditures per the **County of San Diego Administrative Manual 0030-14**, *Use of One-Time Revenues*.
- County departments will seek to recover the full cost of all services provided to agencies or individuals outside the County of San Diego organization on a contractual or fee basis or when obtaining grant funding. Exceptions to this policy require specific Board of Supervisors approval for the nonreimbursed costs as set forth in **Board of Supervisors Policy B-29**, *Fees, Grants, Reve-*

nue Contracts - Department Responsibility for Cost Recovery.
  - Full cost is defined as the sum of direct costs plus departmental overhead costs plus external indirect costs as calculated pursuant to the federal Office of Management and Budget Circular A-87 cost plan for the County.
  - All proposed grant funding requests must be certified by the department head as being worthy of funding with County resources if external financing was unavailable.
  - Funding sources that will require a revenue match from the County General Fund shall be limited to the designated match level mandated as a condition of funding.
  - The establishment of fees, and subsequent changes to fees, will be done by ordinance at regularly scheduled meetings of the Board of Supervisors. Fees are to be deposited or paid in advance of delivery or completion of services. All fee schedules will be reviewed annually or more frequently if warranted, to allow for full cost recovery.
  - The Chief Administrative Officer shall review all proposed new or changed fee schedules, grant applications and revenue contracts from an overall policy perspective before they are submitted to the Board of Supervisors for action. County Counsel shall review all revenue contracts to ensure that the County's interests are protected.
- During the budget development process, selected departments may be asked to analyze services, either County operated or contracted, to determine if the quality, economy and productivity are equal to that of an alternative delivery method, including other government agencies, and to determine how the revenues can be maximized so the highest level or volume of services can be provided as set forth in **Board of Supervisors Policy B-63**, *Competitive Determination of Optimum Service Delivery Method*.
- There are three basic categories of funding sources for County programs and services - Program Revenue, General Purpose Revenue and fund balance.
  - Program Revenue may be received in the form of fees paid by customers for a particular service or may be received as a subvention or grant from the State or federal government based on qualifying services being provided to local residents. For purposes of constructing the Operational Plan, Program Revenue is defined to also include all revenue received by special funds.
  - General Purpose Revenue may be used to provide for any service that is within the legal purview of the County. It is used to match federal or State program revenues where required and to fund mandated and discretionary services where either no program revenue or insufficient program revenue is received. General Purpose Revenue shall be budgeted only after all other funding sources for those services are taken into account.
  - Fund balance results from an excess of revenues over expenditures in prior fiscal years. Fund balance is used to support one-time projects only, not ongoing services.
- Revenue received from the Tobacco Master Settlement Agreement (1998) shall be allocated to support a comprehensive tobacco control strategy, to increase funding for health care-based programs, and to supplement, but not replace, existing health care revenue pursuant to **Board of Supervisors Policy E-14**, *Expenditure of Tobacco Settlement Revenue in San Diego County*.
- All County funds shall be established according to the procedures set forth in **County of San Diego Administrative Manual 0030-18**, *Establishing Funds and Transfer of Excess Cash Balances to the General Fund*. Interest earned on all funds is deposited to the General Fund, unless specific legislation, codes or Board of Supervisors action directs otherwise.

Expenditures

- Pursuant to the **Charter of the County of San Diego, Article VII, §703.4**, the Chief Administrative Officer supervises the expenditures of all departments and reports to the Board of Supervisors whether those expenditures are necessary.
- Changes during the year to the adopted budget are permitted by State law with approval by the Board of Supervisors or, in certain instances, by the Auditor and Controller.
- Appropriation transfers of any amount between objects within a budget unit may be processed by the Auditor and Controller except when the transfer would have actual or potential programmatic impacts or is to or from Capital Projects, Road Projects or Operating Transfers between departmental budget units. Programmatic impact is defined as a change in program emphasis (e.g., due to shifts in workload or new opportunities), staffing or method of service delivery from the adopted budget. Appropriation transfer requests that fall within the exception categories require approval from the

Board of Supervisors pursuant to **County of San Diego Administrative Manual 0030-10**, *Transfers of Appropriations between Objects within a Budget Unit.*

- As a general practice, the County does not backfill programmatic funding eliminated by the State of California.
- Contracts for services, when properly issued and administered, are an approved method to accomplish County program objectives. Pursuant to the **Charter of the County of San Diego §703.10** and **§916**, the County may employ an independent contractor if it is determined that the services can be provided more economically and efficiently than by persons employed in the Classified Service. The County may enter into contracts for services based upon conditions and methods set forth in **Board of Supervisors Policy A-81**, *Procurement of Contract Services.*
- The County shall procure items or services on a competitive basis unless it is in the County's best interests not to use the competitive procurement process. The competitive procurement requirements may be satisfied through conducting either (a) formal bidding or (b) competitive negotiated procurement. Definitions and guidelines for exemptions and exceptions are outlined in **Board of Supervisors Policy A-87**, *Competitive Procurement*.
- The County will establish appropriations for the Community Enhancement Program at a level approximately equal to the amount of Transient Occupancy Tax revenues estimated to be collected each fiscal year. Each of the five Board of Supervisors office is allocated 20% of the total program amount for purposes of recommending grant awards to community organizations based on eligibility criteria and application guidelines included in **Board of Supervisors Policy B-58**, *Funding of the Community Enhancement Program*.
- All appropriations available for the Neighborhood Reinvestment Program will be included annually in the County's Operational Plan. Resources available may vary and may range up to $10.0 million, distributed evenly among the five Board of Supervisors districts, subject to the budget priorities of the Board of Supervisors as detailed in **Board of Supervisors Policy B-72**, *Neighborhood Reinvestment Program.*

Reserves

- The County provides a wide variety of services that are funded by a number of revenue sources. The County must be prepared for unforeseen events or economic uncertainties that could result in additional expenditure requirements or loss of revenue by establishing and maintaining prudent levels of fund balance and reserves.
- Pursuant to **Board of Supervisors Policy B-71**, *Fund Balance and Reserves*, the County will maintain fund balances and reserves in the General Fund to support fiscal health and stability including:
  - *Fund Balance Committed for Unforeseen Catastrophic Events*
  - *General Fund Contingency Reserve*
  - *General Fund Minimum Fund Balance for economic uncertainty*
- The Board of Supervisors may waive the requirement to maintain fund balance and reserve amounts at the targeted levels if it finds that it is in the best interest of the residents of the County to do so.
- In the event that the Fund Balance Commited for Unforeseen Catastrophic Events, the Contingency Reserve or General Fund Minimum Fund Balance for economic uncertainty falls below targeted levels, the Chief Administrative Officer will present a plan to the Board of Supervisors for restoration to those targeted levels.
- For additional details on County Reserves, refer to page 93, Reserves and Resources.

Debt Management

- The County adopted **Board of Supervisors Policy B-65**, *Long-Term Financial Obligation Management Policy*, to ensure sound financial management. The Policy governs the County's entry into financial obligations that exceed one fiscal year.
- The County may issue Tax and Revenue Anticipation Notes (TRANs) as a short-term financing instrument to overcome temporary shortfalls in cash due to the timing of expenditures and receipt of revenues.
- For additional details on the County's debt management policy, refer to page 96, Debt Management Policies and Obligations section.

Investments

- The San Diego County Treasurer-Tax Collector is responsible for the collection, banking, investment, disbursement and accountability of public funds, excluding pension funds. Accordingly, the County Treasurer shall annually prepare an Investment Policy that will be reviewed and monitored by the County Treasury Oversight Committee, established by the Board of Supervisors pursuant to **California Government Code §§27130-27137**.
- The monies entrusted to the County Treasurer (the Fund) will comprise an actively managed portfolio. This means that the Treasurer and his staff will observe, review and react to changing conditions that affect the Fund.
- The *San Diego County Treasurer's Pooled Money Fund Investment Policy* shall be annually reviewed and approved at a public hearing by the Board of Supervisors. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds:
  - The primary objective shall be to safeguard the principal of the funds under the County Treasurer's control.
  - The secondary objective shall be to meet the liquidity needs of the participants.
  - The third objective shall be to achieve an investment return on the funds under control of the Treasurer within the parameters of prudent risk management.
- The Treasurer shall prepare a monthly investment report to be posted on the Treasurer-Tax Collector's website (www.sdtreastax.com/treasury.html).
- The Treasurer shall provide to the Treasury Oversight Committee an annual independent review by an external auditor to assure compliance with policies and procedures set forth by the California Government Code.

Capital Improvements

- The County Board of Supervisors has jurisdiction over the acquisition, use and disposal of County-owned real property and County-leased property under the authority of **California Government Code §23004**.
- The need for capital improvements is assessed annually. **Board of Supervisors Policy B-37**, *Use of the Capital Program Funds,* establishes funding methods, administration and control, and allowable uses of the Capital Program Funds.
- The physical assets of the County are extensive; thus it is essential that the County follows an effective strategy to manage and plan for current and long-term capital and space needs. The Department of General Services shall be the responsible agency to manage the capital facilities planning and space needs of the County. The department is responsible for establishing the general objectives and standards for the location, design and occupancy of County-owned or leased facilities, as well as serving as the steward of a Countywide master plan and individual campus plans per **Board of Supervisors Policy G-16**, *Capital Facilities and Space Planning*.
- Additional details on the County's Capital Program may be found on page 429.

Measurement Focus and Basis of Accounting

Governmentwide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Sales taxes, investment income, State and federal grants and charges for services are accrued at the end of the fiscal year if their receipt is anticipated within 180 days. Property taxes are accrued if they are collectible within 60 days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due. General capital asset acquisitions and general principal payments are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For governmentwide (governmental and business-type activities) and proprietary fund activities, the County applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as any applicable pronouncement of the Financial Accounting Standards Board (FASB), the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The County has elected not to apply the FASB standards issued subsequent to November 30, 1989, in reporting business-type activities and proprietary funds. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes Generally Accepted Accounting Principles (GAAP) for government agencies.

Financial Statement Presentation

For governmental funds only, current assets, current liabilities and fund balances are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances - governmental funds present increases (i.e., revenues and other financing sources), decreases (i.e., expenditures and other financing uses) and the net change in fund balances.

For proprietary funds and fiduciary funds, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Net assets for the proprietary funds are segregated into "invested in capital assets, net of related debt" and "unrestricted net assets" in the County's Comprehensive Annual Financial Report (CAFR). The net assets for the fiduciary funds are described as "held in trust for other pool participants" and "held in trust for individual investment accounts" in the CAFR. Proprietary funds statement of revenues, expenses and changes in fund net assets present increases (i.e., operating revenues and non-operating revenue), decreases (i.e., operating expenses and non-operating expenses), income/ loss before capital contributions and transfers, and the change in net assets.

Differences Between Budgetary and Financial Reports

Governmental Funds — An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditure within departments and authorizes the carry forward of appropriations and related funding for prior year encumbrances. Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year with the approval of the Board of Supervisors. Any budget amendments are approved by the Group and department managers or the Board of Supervisors.

The schedule of revenues, expenditures and changes in fund balance - budget and actual - is presented as Required Supplementary Information in the CAFR and is prepared in accordance with GAAP. This statement includes the following columns:

- The Original Budget column consists of the adopted budget plus the encumbrances carried forward from the prior fiscal year. The County adopts its budget subsequent to the start of the new fiscal year.
- The Final Budget column consists of the Original Budget column plus amendments to the budget occurring during the fiscal year.
- The Actual column represents the actual amounts of revenues and expenditures reported on a GAAP basis which is the same basis that is used to present the aforementioned original and final budget.

Proprietary Funds — The Board of Supervisors approves an annual spending plan for proprietary funds. Although the adopted expense estimates are not appropriations, their budgetary controls are the same as those of the governmental funds. Because these funds collect fees and revenues generally to cover the cost of the goods and services they provide, their accounting and budgeting bases are closer to commercial models.

All Funds/GASB 54 — The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which structures the fund balance components to focus financial reporting on planned use of funds and constraints on the specific purposes for which funds can be spent.

The five components of fund balance are:

- Nonspendable fund balance - inherently nonspendable.
- Restricted fund balance - externally enforceable limitations on use.
- Committed fund balance - self-imposed limitations set in place prior to the end of the period.
- Assigned fund balance - limitation resulting from intended use.
- Unassigned fund balance - residual net resources.

Fund Balance Component Increases are shown as appropriations (expenditures) and Fund Balance Component Decreases are shown as revenues when used as a funding source. These two categories are only used for adjustments to Restricted, Committed or Assigned fund balance. The term "Use of Fund Balance" indicates that budgetary fund balance available for use is being applied as a funding source.

Capital Projects

Each year, the County assesses the need for capital improvements in accordance with Board of Supervisors Policies G-16, *Capital Facilities and Space Planning* and B-37, *Use of the Capital Program Funds.* These policies provide guidelines for the County's multi-year approach to planning for capital projects. The projects identified in this process include the improvement to or acquisition of land and facilities. Certain infrastructure projects, such as roads, bridges and sewer lines, are reviewed separately and budgeted in the applicable operating fund (e.g., Road Fund or sanitation district funds). The Fiscal Year 2013-14 capital projects budget for the County is $48.0 million and $2.5 million for Fiscal Year 2014-15. This excludes the $9.8 million appropriated in the Edgemoor Development Fund to support the costs associated with the Edgemoor Skilled Nursing Facility, including the lease payments related to the long-term financings executed to help fund construction.

The following chart shows the dollar amount and number of projects with new appropriations by Capital Program fund, as well as a summary by Group/Agency of the remaining dollar amount for projects previously budgeted and the number of projects still underway. Once appropriations are established for a capital project, they are carried forward until the project is completed.

Capital Project Appropriations

	Dollar Amount	Number of Projects
Appropriation Increases for New & Existing Capital Projects (Fiscal Year 2013-14)		
Capital Outlay Fund	$ 19,765,000	7
Library Construction Fund	18,231,301	2
Multiple Species Conservation Program Fund	10,000,000	1
Total - Appropriation Increases for New & Existing Capital Projects (Fiscal Year 2013-14)	$ 47,996,301	10

Capital Project Remaining Appropriations by Group

	Dollar Amount	Number of Projects
Projects Underway		
Public Safety Group	$ 223,010,737	12
Health & Human Services Agency	1,259,174	5
Land Use & Environment Group	48,460,600	79
Community Services Group	66,194,156	14
Finance & General Government Group	72,475,344	2
Total - Projects Underway	$ 411,400,011	112
Grand Total	$ 459,396,312	122

The Capital Program section of this Operational Plan on page 429 highlights major projects and includes a schedule of lease-purchase payments related to previously debt-financed projects.

Reserves and Resources

Reserves and Resources

The County maintains a prudent level of resources to help protect fiscal health and stability. The following tables include frequently referenced budgetary reserves and resources but do not include the reserves and resources of all funds as reported in the County's Comprehensive Annual Financial Report (CAFR). The figures in the tables reflect budgeted and/or estimated amounts for the items listed. The totals for these items may vary from those in the CAFR since the CAFR reflects final audited fiscal year end balances. The CAFR can be accessed at www.sdcounty.ca.gov/auditor/cafr.html.

In addition, due to the implementation of Governmental Accounting and Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain accounts have been revised to reflect the new naming convention. See the Summary of Financial Polices section of this document for more information.

Reserves and Resources (in millions)

	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget
General Fund Minimum Fund Balance for Economic Uncertainty	$ 100.0	$ 100.0
General Fund Contingency Reserve - Operations	20.0	20.0
Committed Fund Balance - Unforeseen Catastrophic Events	55.5	55.5
Group/Agency Management Reserves	30.2	36.8
Total	$ 205.7	$ 212.3

General Fund - Fund Balance and Reserves

The County provides a wide variety of services that are funded by a number of revenue sources. Expenditures for these services are subject to fluctuations in demand; revenues are influenced by changes in the economy and budgetary decisions made by the State of California and the federal government. In accordance with Board of Supervisors Policy B-71, *Fund Balance and Reserves*, the County must be prepared for unforeseen events or economic uncertainties that could result in additional expenditure requirements or loss of revenue, by establishing and maintaining prudent levels of fund balance and reserves.

General Fund Minimum Fund Balance for Economic Uncertainty

Established in Fiscal Year 2009-10, pursuant to Board of Supervisors Policy B-71, *Fund Balance and Reserves* (previously known as General Fund Designation of Fund Balance for Economic Uncertainty), sets a target amount that equates to 10% of General Purpose Revenue. The $100.0 million set aside of General Fund unassigned fund balance for Fiscal Year 2013-14 equates to 10.2% of General Purpose Revenue and is in compliance with the policy.

General Fund Contingency Reserve

Appropriated for unanticipated needs or to offset revenue shortfalls during the fiscal year. Board of Supervisors Policy B-71, *Fund Balance and Reserves*, sets a target amount that equates to 2% of budgeted General Purpose Revenue. The $20.0 million budgeted for Fiscal Year 2013-14 equates to 2% of General Purpose Revenue and is in compliance with the policy.

Committed - Unforeseen Catastrophic Events

Established in Fiscal Year 2007-08 by the Board of Supervisors, previously known as General Reserve, to address unforeseen catastrophic situations. By law, the General Reserve may be established, cancelled, increased or decreased at the time of adopting the budget with a three-fifths vote of the Board of Supervisors. It may be increased at any time during the year with a four-fifths vote of the Board. In the case of a legally declared emergency as defined in Government Code §29127, the Board, by a four-fifths vote, may appropriate these funds and make the expenditures necessary for the emergency. Board of Supervisors Policy B-71, *Fund Balance and Reserves*, sets a target amount for this reserve that equates to 5% of budgeted General Purpose Revenue. The County's fund balance commitment for Unforeseen Catastrophic Events of $55.5 million in Fiscal Year 2013-14 equates to 5.7% of Fiscal Year 2013-14 budgeted General Purpose Revenue and is in compliance with the policy.

Group/Agency Management Reserves

Appropriations established at the Group/Agency or department level to fund unanticipated items during the fiscal year, or for a planned future year use. There is no targeted level for these reserves. However, establishment of management reserves shall not be permitted if the action would result in the amount of unassigned fund balance falling below the targeted level.

Additional Reserves and Resources (in millions)

	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget
Tobacco Securitization Endowment Fund	$ 370.8	$ 346.6
Workers' Compensation Fund	106.6	103.4
Environmental Trust Fund	55.1	46.7
Public Liability Fund	35.5	38.3
Restricted - Debt Service	24.6	26.0
Total	$ 592.6	$ 561.0

Additional Reserves and Resources

The additional reserves and resources reflected in the table above represent the most frequently referenced budgetary reserves and resources, but do not include all reserves and resources reported in the CAFR.

Tobacco Securitization Endowment Fund

The County established the Tobacco Securitization Endowment Fund in January 2002. In lieu of receiving the Tobacco Settlement revenue on an annual basis, the County securitized the payment stream and deposited the net proceeds of $412.0 million into the Tobacco Securitization Endowment Fund. Based on certain interest rate assumptions, these proceeds would have enabled the County to fund approximately $24.2 million of health care programs annually through approximately year 2020. Due to lower than anticipated interest earnings, in May 2006 the original issuance was refunded through a second securitization and an additional $123.5 million was deposited into the fund. It is estimated that this will extend the life of the endowment fund through year 2034 and allow for $27.5 million in anticipated proceeds annually.

Workers' Compensation Fund

The County contracts with an actuary to annually estimate the liability and capture the costs associated with all reported and unreported workers' compensation claims. The liability is estimated to be $132.5 million, which includes $26.6 million in expected costs for Fiscal Year 2012-13. The cash balance in the fund is projected to be $103.4 million at July 1, 2013.

Environmental Trust Fund

Proceeds from the sale of the County's solid waste system on August 12, 1997, were set aside to fund inactive/closed landfill management for approximately 30 years. The decrease from Fiscal Year 2012-13 to Fiscal Year 2013-14 represents the net amount drawn down to support landfill management operations.

Public Liability Fund

The County contracts with an actuary to annually assess the long-term liability of the fund and determine adequate level of reserves for current and future public risk management claims. The liability is estimated to be $24.0 million, which includes $9.8 million in expected costs for Fiscal Year 2012-13. The cash balance in the fund is projected to be $38.3 million at July 1, 2013.

Restricted - Debt Service

A portion of bond proceeds from various County Certificates of Participation and Lease Revenue Bonds is set aside to provide assurance to investors that funds are available should the County not be able to make a lease payment from currently budgeted resources.

Committed Fund Balance (General Fund only, in millions)		
	Fiscal Year 2012-13 Adopted Budget Increase/(Decrease) From Prior Year	Fiscal Year 2013-14 Recommended Budget Increase/(Decrease) From Prior Year
Committed - Sale Proceeds Grand Avenue Clinic	$ 0.1	$ 0.1
Committed - SDCFA Equipment Replacement	1.9	0.3
Committed - Environmental Health	(0.5)	(0.8)
Total	$ 1.5	$ (0.5)

Committed Fund Balance (General Fund only)

The Board of Supervisors has determined periodically that certain amounts of fund balance be set aside for specific purposes. Balances can increase or decrease depending upon whether the funds are being accumulated for later use, are being used because of fluctuating workloads, or to make scheduled payments over a limited period of time. The figures in the table do not reflect all General Fund commitments, but rather those with a year-over-year increase or decrease. Totals for these items may vary from those in the CAFR since the CAFR reflects final audited fiscal year end balances.

Committed - Sales Proceeds Grand Avenue Clinic

Established in Fiscal Year 2010-11 to set aside funds for future replacement of a Health and Human Services Agency public health clinic, based on proceeds from the sale of the former North Central Public Health Clinic on Grand Avenue.

Committed - SDCFA Equipment Replacement

Established in Fiscal Year 2012-13 to set aside funds for future replacement of San Diego County Fire Authority (SDCFA) equipment.

Committed - Environmental Health

Established in Fiscal Year 2003-04 by the Department of Environmental Health (DEH) to set aside any excess revenue over cost that may occur in some fiscal years for use in a subsequent fiscal year when costs exceed revenue. This ensures that excess revenue over cost paid by DEH customers is used only to fund expenses in DEH.

Debt Management Policies and Obligations

Debt Management

The County of San Diego uses debt financing to: (i) fund certain capital assets that support the provision of services by the County; (ii) achieve savings in meeting its financial obligations, including exisiting long-term financings and pension requirements; and (iii) provide for short-term cash flow requirements. The decision to use debt financing is governed by several factors including the nature of the project to be financed, availability of other financing, and debt affordability. The County enters into both long-term and short-term financings, which undergo the scrutiny of the credit rating agencies. The County's long-term financings adhere to a Board of Supervisors approved policy. This policy, the County's current credit ratings and the various forms of debt financing utilized by the County are described in more detail below. The term debt is used to refer to certain financial obligations of the County that are sold in the capital markets, including its bonds, Certificates of Participation and notes.

Long-Term Obligation Policy

The foundation of any well-managed debt program is a comprehensive and fiscally prudent policy that sets forth parameters for issuing debt and managing the outstanding debt portfolio and provides guidance to decision makers. Adherence to a long-term financial strategy and policy is important to ensure that the County maintains a sound debt position and that credit quality is protected. The County Board of Supervisors adopted Board Policy B-65, *Long-Term Financial Obligation Management Policy*, on August 11, 1998, and periodically reviews and updates it as necessary. Policy B-65, along with the rating agencies' analyses, have been the foundation for managing the County's debt program. For purposes of this policy, long-term financial obligations are those that exceed one fiscal year.

Long-Term Obligation Limits

- All long-term financings shall comply with federal, State and County Charter requirements.
- All long-term obligations must be approved by the Board of Supervisors after approval and recommendation by the Debt Advisory Committee, which is composed of the Chief Financial Officer (CFO), the Auditor and Controller and the Treasurer-Tax Collector.
- Prior to its recommendation, the Debt Advisory Committee shall assess the ability of the County to repay the obligation, identify the funding source of repayment, evaluate the impact of the ongoing obligation on the current budget and future budgets, assess the maintenance and operational requirements of the project to be financed, and consider the impact on the County's credit rating.
- The term of the long-term obligation will not exceed the useful life or the average life of the project or projects being financed.
- Annual principal and interest payments on long-term obligations of the General Fund will not exceed 5% of General Fund revenue.

Uses of Long-Term Obligations

- Long-term financial obligations will not be used to finance current operations or recurring needs.
- The Board of Supervisors may consider long-term financial obligations for the purpose of providing office space or operational facilities to County departments or agencies, upon recommendation of the Debt Advisory Committee. Capital projects identified as candidates for debt financing first should have been identified and prioritized during the development of the County's multi-year Capital Improvement Needs Assessment. If the Debt Advisory Committee deems that the financing is feasible, financially and economically prudent, coincides with the County's objectives and does not impair the County's creditworthiness, then it will be forwarded to the Board of Supervisors for consideration.

Structuring Practices

- Variable rate obligations shall not exceed 15% of the total amount of the County's outstanding long-term obligations.
- Derivative products, such as interest rate swaps, will be considered only if they meet the economic goals and policy objectives of the County as outlined in the Swap Policy of the Debt Advisory Committee.
- Long-term obligations taken on by organizations utilizing the County as a conduit issuer must qualify for an investment grade rating by one of the nationally recognized rating agencies (either with or without alternative credit enhancement). An exception to this requirement would be private placements subject to approval by the Debt Advisory Committee.

Management Practices

- The County shall encourage and maintain good relations with credit rating agencies, investors in the County's long-term financial obligations, and those in the financial community who participate in the issuance or monitoring of the County's long-term obligations. A policy of full and open disclosure on every financial report and long-term obligation transaction will be enforced, an investor relations website will be maintained with current and accurate information, and a credit rating agency presentation/update shall be conducted annually.

- The County shall comply with all ongoing disclosure conditions and shall file such required documents in a timely manner.
- The County shall monitor earnings on bond proceeds and rebate excess earnings as required to the U.S. Treasury to avoid the loss of tax-exempt status.
- The County of San Diego will enforce filing notices of completion on all projects within five years of their financing. The County shall continually review outstanding obligations and aggressively initiate refinancings when economically feasible and advantageous.

Credit Ratings

The most recent long-term County-specific credit review by Moody's Investors Service, Standard and Poor's and Fitch Ratings was performed in October 2012, when the agencies assigned ratings to the County's Certificates of Participation (2012 Cedar and Kettner Development Project), and affirmed the County's long-term obligation and issuer ratings as well. All three rating agencies cited the County's strong financial management, broad and diverse economy, and low to moderate debt burden in their rationale for the ratings they assigned. According to Fitch Ratings, "the county's strong financial results are supported by forward-looking management policies and practices that include clear reserve targets, disciplined funding of capital needs and long-term obligations, and conservative budgeting … the county has instituted numerous expenditure controls over the past several years, reducing both near-term and future cost pressures." Moody's Investors Service states that the County's financial position remains strong and its affirmation of the County’s issuer rating is based on strengths that include a very large economy that is gradually improving, solid fiscal position that should remain stable, and consistent and strong fiscal management. Standard and Poor's affirms its ratings of the County and its obligations and maintains the stable outlook on the County's ratings because of "the county's deep and diverse economy, strong reserves, formal policies, manageable debt, and record of conservative budgeting."

The San Diego County Employees Retirement Association (SDCERA) had its 'AAA' rating affirmed by Standard & Poor's in February 2012. The rating reflects the organization's overall capacity to pay its financial obligations, and is based on SDCERA's strong fund management, good funded status despite a challenging fiscal year and continued strong credit quality of the pension system's sponsor (County of San Diego).

The San Diego County Investment Pool continues to hold an AAAf/S1 rating from Standard & Poor's. The rating reflects the extremely strong protection the pool's portfolio investments provide against losses from credit defaults. The pool invests primarily in 'AAA' or 'A-1/P-1/F-1' rated securities. The 'S1' volatility rating signifies that the pool possesses low sensitivity to changing market conditions given its low-risk profile and conservative investment policies.

The County of San Diego's credit ratings are as follows:

Credit Ratings

	Moody’s Investors Service	Standard & Poor’s	Fitch Ratings
County of San Diego (Issuer Rating)	Aa1 (GSR)	AAA	AAA
Certificates of Participation and Lease Revenue Bonds	Aa3 (GSR)	AA+	AA+
Pension Obligation Bonds	Aa3 (GSR)	AA+	AA+
San Diego County Employees Retirement Association	—	AAA	—
County Investment Pool	—	AAAf/S1	—
GSR - Global Scale Rating			

Authority to Finance and Bond Ratios

The table below lists the statutes authorizing the County of San Diego to enter into long-term and short-term obligations and, if applicable, the legal authority on maximum bonded indebtedness. All long-term and short-term obligations must conform to State and local laws and regulations. The basic constitutional authority for State and local entities to enter into long-term and short-term obligations is in the Tenth Amendment to the U.S. Constitution. To incur long-term or short-term obligations within the State of California, a political subdivision must have either express or implied statutory authority.

State constitutional limitations prohibit cities and counties from entering into indebtedness or liability exceeding in any year the income and revenue provided for such year unless the local agency first obtains two-thirds voter approval for the obligation.

However, there are three major exceptions to the debt limit that have been recognized by the California courts: (i) the Offner-Dean lease exception, (ii) the special fund doctrine and (iii) the obligation imposed by law exception.

The *Offner-Dean lease exception* provides that a long-term lease obligation entered into by an agency will not be considered an indebtedness or liability under the debt limit if the lease meets certain criteria.

The *special fund doctrine* is an exception to the debt limit which permits long-term indebtedness or liabilities to be incurred without an election if the indebtedness or liability is payable from a special fund and not from the entity's general revenue. An example of a special fund would be one consisting of enterprise revenue that is used to finance an activity related to the source of the revenue.

The courts have applied the *obligation imposed by law* exception to indebtedness used to finance an obligation imposed on the local agency by law. The theory of this exception is that the obligation is involuntary; therefore, it would not be relevant to obtain voter approval.

Authority to Finance	
Issuer	Issuance Legal Authority
County of San Diego	General: Government Code §5900 et seq. and §29900 et seq.
	Maximum Indebtedness: Government Code §29909
	Short-Term TRANs: Government Code §53820 et seq.
	Pension Obligation Bonds: Government Code §53580 et seq.
Nonprofit Public Benefit Corporation	Corporations Code §5110 et seq.
Joint Powers Authority	Government Code §6500 et seq.
Redevelopment Successor Agency	Health and Safety Code §34177.5 et seq.
Housing Authority	Health and Safety Code §34200 et seq.
	Multi-family Rental Housing Bonds: Health and Safety Code §52075 et seq.
Assessment Bonds	Street and Highway Code §6400 et seq. and §8500 et seq.
Mello-Roos Community Facilities District	Government Code §53311 et seq.
Conduit Bonds	Government Code §26227
School District General Obligation Bonds	Education Code §15000 and following Government Code §53500 and following

Bond and Debt Service Ratios

The following are bond ratios useful to County management, the general public and investors:

Bond Ratios	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
Net Bonded Debt (in millions)[1]	$1,404.1	$1,436.7	$1,265.5	$1,204.4	$1,177.0	$1,144.3[2]
Net Bonded Debt per Capita[3,4]	$458	$465	$406	$383	$371[4]	$358[4]
Ratio of Net Bonded Debt to Assessed Value	0.35%	0.36%	0.32%	0.31%	0.30%	0.29%

[1] Net Bonded Debt excludes Redevelopment Agency Bonds and reflects the net effect of debt service reserves.

[2] Net Bonded Debt as of June 30, 2013.

[3] Based on the January 1st annual estimated population figures for San Diego County provided by the State of California Department of Finance (DOF). E-4 Population Estimates for Cities, Counties and the State with Annual Percent Change - January 2001 to 2009, with 2000 and 2010 Census counts. This also includes revised January 1, 2011 and January 1, 2012 population estimates by the DOF that incorporate the 2010 Census counts.

[4] Based on estimated January 1, 2013 and January 1, 2014 population figures for San Diego County using an annual average growth for the last ten years.

Note: If the County were to issue General Obligation Bonds, the debt limit pursuant to Government Code §29909 would be 1.25% of the taxable property of the county. The estimated taxable assessed value in the county as of June 30, 2012 is $393.0 billion.

General Fund Debt Service Ratios

The Total Debt Service reported in the table below is composed of payments on the County's Pension Obligation Bonds, Certificates of Participation and Lease Revenue Bonds. They are described in the following section titled Long-Term Obligations. In addition, the detail of the payments required for assets financed through the Certificates of Participation and Lease Revenue Bonds is provided on page 429 in the Capital Program section.

Components of General Fund Debt Service Ratio (in millions)	Fiscal Year 2010-11 Adopted Budget	Fiscal Year 2011-12 Adopted Budget	Fiscal Year 2012-13 Adopted Budget	Fiscal Year 2013-14 Recommended Budget	Fiscal Year 2014-15 Recommended Budget
General Fund Revenue[1]	$ 3,447.7	$ 3,526.9	$ 3,603.9	$ 3,713.7	$ 3,698.6
Total Debt Service	$ 120.5	$ 120.5	$ 124.5	$ 120.0	$ 118.5
Ratio of Total Debt Service to General Fund Revenue	3.49%	3.42%	3.46%	3.23%	3.20%
General Fund Share of Debt Service Cost[2]	$ 93.6	$ 95.0	$ 97.2	$ 92.5	$ 91.0
Ratio of General Fund Share of Debt Service to General Fund Revenue	2.71%	2.69%	2.70%	2.49%	2.46%

See table notes on the following page.

[1]General Fund Revenue excludes fund balance and fund balance component decreases.

[2]General Fund Share of Debt Service Cost excludes debt service chargeable to special revenue funds, enterprise funds, special districts and external funding sources.

Long-Term Obligations

The County's outstanding long-term principal bonded debt as of June 30, 2013 and projected as of June 30, 2014 is:

Outstanding Principal Bonded Debt (in millions)		
	As of June 30, 2013	Projected as of June 30, 2014
Certificates of Participation	$ 269.3	$ 254.7
Lease Revenue Bonds	130.5	127.2
Pension Obligation Bonds	770.5	732.3
Redevelopment Successor Agency Bonds	13.5	13.1
Total	$ 1,183.8	$ 1,127.3

The following discussion explains the nature and purpose of each of the long-term financing instruments available to or used by the County.

Certificates of Participation (COPs) and **Lease Revenue Bonds** (LRBs) are sold to investors to raise cash for the financing of capital infrastructure. The repayment of these COPs and LRBs is secured by a revenue stream created by lease payments, often associated with the capital asset that the proceeds of the COPs or LRBs are funding. These lease payments are established in agreements between the County and another entity, typically either a nonprofit corporation, such as the San Diego County Capital Asset Leasing Corporation, or a joint powers authority, such as the San Diego Regional Building Authority. The annual lease payments from the County to the financing entity are in an amount sufficient to satisfy the principal and interest payments due to the holders of the COPs or LRBs. At the end of the lease period, the title to the asset is typically conveyed to the County.

The County first used COPs in 1955 with the financing of the El Cajon Administrative Building. Since then, the County has made use of various lease-backed transactions, both COPs and LRBs, to fund the County's major capital requirements. The County currently has COPs and LRBs outstanding, the proceeds of which were used to fund the construction of various justice facilities, the Edgemoor Skilled Nursing Facility, the County Operations Center,the County Administration Center Waterfront Park, and the Cedar and Kettner Development Project Parking Structure.

Taxable Pension Obligation Bonds (POBs) are financing instruments typically used to pay some or all of a pension plan's unfunded liability. The bond proceeds are transferred to the issuer's pension system as a prepayment of all or part of the unfunded pension liabilities of the issuer, and the proceeds are invested as directed by the pension system. POBs have been issued on several occasions by the County to reduce the unfunded actuarial accrued liability (UAAL) of the San Diego County Employees Retirement Association (SDCERA) on a lump sum basis rather than making actuarially determined amortized payments over a specified period of years. The size of the UAAL is determined annually by an actuary and can increase or decrease depending on changes in actuarial assumptions, earnings on the assets of the fund and retiree benefits. POBs totaling $430.4 million were first issued by the County in February 1994. Since this initial issue, the County has issued additional series of POBs: in September 2002, the County issued $737,340,000 of POBs, a portion of which refunded the POBs issued in 1994; in June 2004, the County issued an additional $454,112,916 of POBs; and in August 2008, $443,515,000 of POBs were issued to refund the variable rate portion of the POBs issued in 2002.

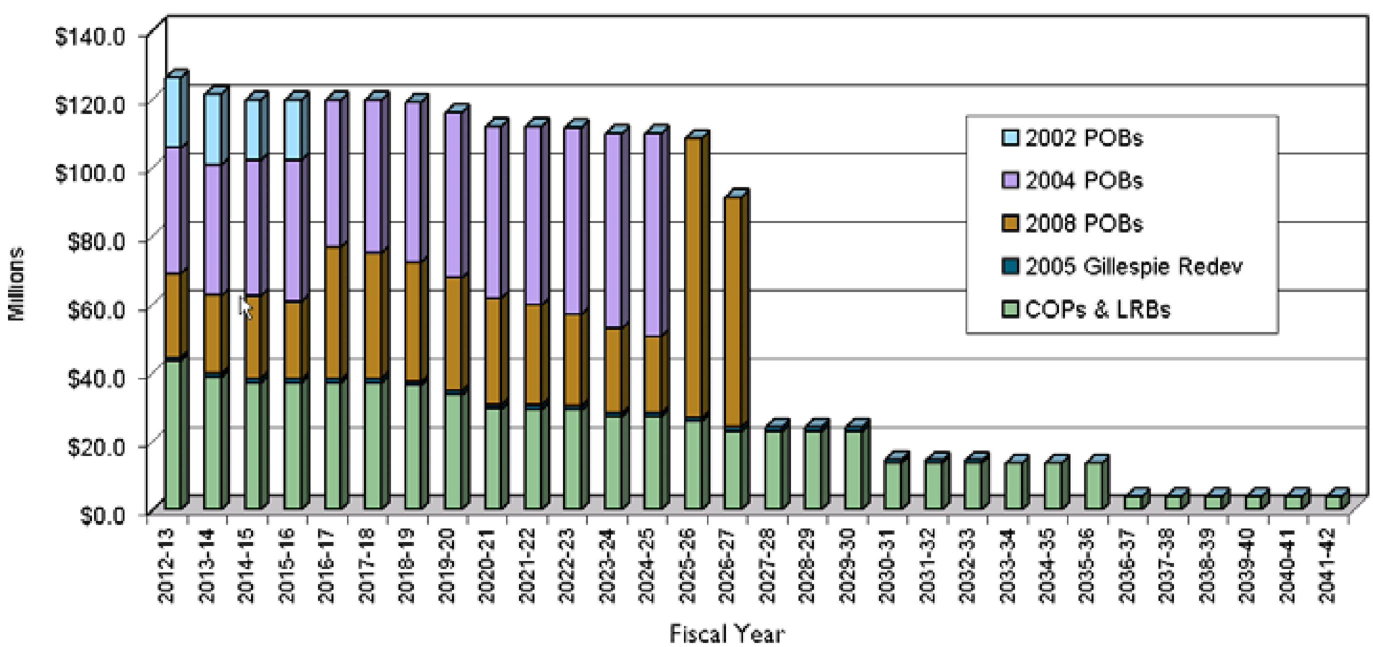
A total of $264 million of the principal component of the County's outstanding taxable POBs has been prepaid. As reflected in the Fiscal Year 2009-10 Adopted Operational Plan, the most recent prepayment occurred on July 1, 2009 and retired the $100 million of outstanding 2008 Series B1-B2 POBs (variable rate demand obligations). This most recent prepayment resulted in lowering the aggregate annual debt service for the taxable POBs from $86.0 million to $81.4 million and a further shortening of the final maturity to Fiscal Year 2026-27. As of June 30, 2013, the County is anticipated to have $770.5 million of taxable POBs outstanding.

Redevelopment Successor Agency Tax Allocation Bonds (TABs) are limited obligations issued by the former Redevelopment Agency of the County of San Diego (Agency) to help pay for improvements related to projects within its redevelopment areas. The Agency was formed on October 14, 1974 pursuant to Redevelopment Law, and effective February 1, 2012 has been dissolved by the State legislature. Any outstanding TABs of the Agency are now limited obligations of the County of San Diego Successor Agency, which now manages the assets, repays the debts, and fulfills other obligations that were previously attributable to the Agency. An initial series of TABs was issued on September 12, 1995 as limited obligations of the Agency in the amount of $5.1 million for the construction of public improvements at the Gillespie Field Airport located on the Gillespie Field Redevelopment Project Area, which was one of the Agency's two redevelopment project areas. On December 22, 2005, the Agency issued $16 million in TABs to refund all of the Agency's outstanding 1995 bonds and to repay loans owed to the County's Airport Enterprise Fund. These loans from the County Airport Enterprise Fund were used by the Agency to finance redevelopment activities in the Gillespie Field Redevelopment Project Area. In connection with the 2005 TABs, the County pledged to make limited payments to the Agency from the Airport Enterprise Fund. This pledge remains a limited obligation of the Successor Agency and is not secured by the County's General Fund. This pledge, along with certain Redevelopment Property Tax Trust Fund revenues generated in the Gillespie Field Redevelopment Project Area, support annual principal and interest payments of approximately $1.2 million through Fiscal Year 2032-33; the final maturity of the 2005 TABs is in December 2032.

General Obligation Bonds (GO Bonds) are debt instruments issued by local governments to raise funds for the acquisition or improvement of real property. GO bonds are backed by the full faith and credit of the issuing entity; in California, authorization to issue GO bonds requires supermajority (two-thirds) voter approval as the bonds are secured by an ad valorem tax that may be levied in whatever amount is necessary to pay debt service. The County has no outstanding General Obligation Bonds.

The chart below shows the County's scheduled long-term obligation payments through Fiscal Year 2041-42, which include Certificates of Participation (COPs), Lease Revenue Bonds (LRBs), Taxable Pension Obligation Bonds (POBs) and Tax Allocation Bonds (TABs). The table following it shows the final maturity date, original principal amount and the outstanding principal amount for each of the County's current long-term financings.

Long-Term Debt Obligations
Fiscal Years 2012-13 Through 2041-42



The following table reflects the County's outstanding financings as of June 30, 2013:

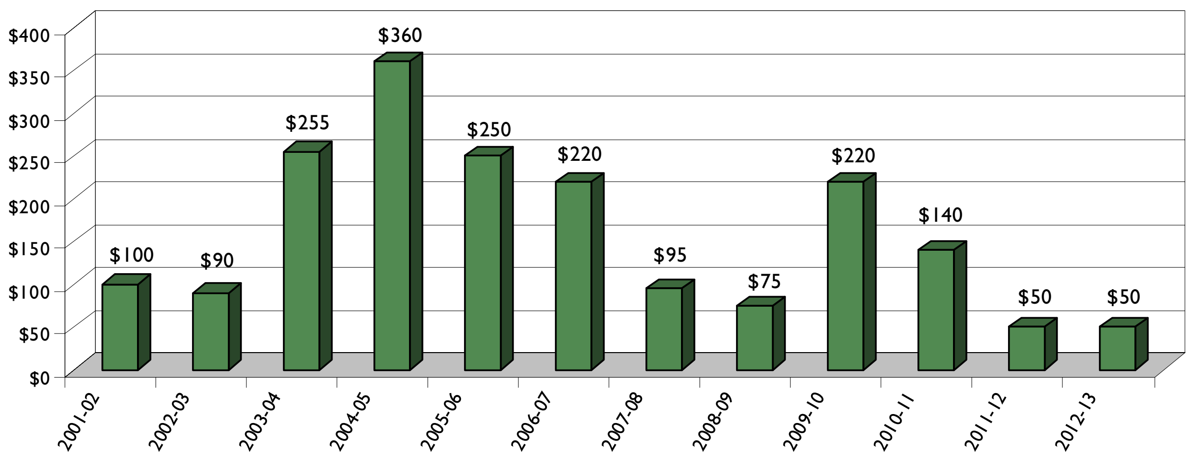
Outstanding County Financings (in thousands)			
	Final Maturity Date	Original Principal Amount	Principal Amount Outstanding
Certificates of Participation & Lease Revenue Bonds			
2005 Edgemoor & RCS Refunding	2030	$ 112,395	$ 77,925
2005 North & East County Justice Facility Refunding	2019	28,210	16,140
2006 Edgemoor Completion Project	2030	42,390	36,985
2009 County Operations Center Phase 1A	2036	136,885	130,530
2009 Justice Facilities Refunding	2025	80,940	61,600
2011 MTS Tower Refunding	2019	19,260	15,175
2011 County Administration Center Waterfront Park	2042	32,665	32,090
2012 Cedar and Kettner Development Project	2042	29,335	29,335
Total Certificates of Participation and Lease Revenue Bonds		$ 482,080	$ 399,780
Taxable Pension Obligation Bonds			
Series 2002	2015	$ 132,215	$ 51,990
Series 2004[1]	2024	454,113	402,995
Series 2008	2027	343,515	315,545
Total Pension Obligation Bonds		$ 929,843	$ 770,530
Redevelopment Successor Agency Tax Allocation Bonds			
2005 Gillespie Field Refunding	2032	$ 16,000	$ 13,510
Total Tax Allocation Bonds		$ 16,000	$ 13,510

[1] Series 2004 Principal Amount Outstanding is net of unaccreted value of the 2004 Series C Pension Obligations Bonds.

Short-Term Obligations

During the ordinary course of business, local governments, such as the County, typically experience temporary mismatches in cash flow due to the timing of the County's payment of expenditures, which is ongoing, and receipt of revenues, which is largely focused on months surrounding tax payment dates. To mitigate these cash flow imbalances, the County borrows cash through the issuance of Tax and Revenue Anticipation Notes (TRANs). These notes mature within 12 to 13 months of the date of issuance and are, therefore, considered short-term obligations. The chart below shows TRANs borrowing since 2001-02.

Tax and Revenue Anticipation Notes (TRANs) - Cash Borrowing
Fiscal Years 2001-02 Through 2012-13
(in millions)



Conduit Issuances

Board of Supervisors Policy B-65, *Long-Term Financial Obligation Management Policy,* also provides for the County to assist qualified nonprofit and for-profit entities to access tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life to the residents of the San Diego region. In these financings, the County is a conduit issuer whereby it issues tax-exempt long-term bonds on behalf of the qualifying entity. That entity, the conduit borrower, is responsible for all costs in connection with the issuance and repayment of the financing. Debt issued under the conduit program is secured by the borrower, and is not considered to be a debt of the County.

The Board of Supervisors, as outlined in Board Policy B-65, may consider conduit financing on behalf of nonprofit organizations upon recommendation of the Debt Advisory Committee. The Board of Supervisors may also consider assessment district and community facilities district financings to provide for public improvements, whether initiated by petition of the property owners, the County or a non-County agency.

All considerations for financing will be directed to the Debt Advisory Committee and, if the Committee decides that the conduit financing is feasible, financially and economically prudent, coincides with the County's objectives, and does not impair the County's creditworthiness, it will then be forwarded to the Board of Supervisors for consideration. All expenses related to the conduit financing will be borne by the applicants.

The following table reflects the County's outstanding conduit issuances as of June 30, 2013:

Outstanding Conduit Issuances (in thousands)			
	Final Maturity Date	Original Principal Amount	Principal Amount Outstanding
Conduits			
1998 Sharp Healthcare	2028	$ 112,020	$ 75,610
1998 San Diego Natural History Museum	2028	15,000	10,800
2000 San Diego Museum of Art	2030	6,000	5,700
2002 San Diego Imperial Counties	2027	10,750	8,250
2003 Chabad	2023	11,700	7,900
2003 San Diego Jewish Academy	2023	13,325	10,425
2004 Museum of Contemporary Art	2034	13,000	6,150
2006 Sanford-Burnham Medical Research Institute	2034	59,405	51,760
2006 San Diego Foundation	2036	13,500	12,345
2008 The Arc of San Diego	2038	13,250	12,440
2010 Salk Institute for Biological Studies	2040	37,445	36,655
2012 Sanford-Burnham Medical Research Institute[1]	2030	18,885	18,885
Total Conduits		$ 324,280	$ 256,920
Housing			
1999 Laurel Village Apartments	2014	$ 1,670	$ 1,289
2001 Village West	2031	4,438	0
2002 Spring Valley	2032	3,250	1,776
Total Housing		$ 9,358	$ 3,065

[1] On July 2, 2009, the outstanding County of San Diego Variable Rate Demand Certificates of Participation (COPs) secured by payments received from the Sidney Kimmel Cancer Center, dated October 5, 2005, were remarketed as County of San Diego Variable Rate Demand COPs secured by payments received from the Burnham Institute for Medical Research. In 2012, these COPs were refunded with a direct loan.

Excellence in Governing

Recognitions of Excellence

The County of San Diego continually looks to improve by seeking opportunities to streamline operations, leverage technology, maximize efficiency, and expand the public services and information available online and through social media, among many other innovations. The County remains dedicated to maintaining its standing as a best practices organization, offering programs that improve the lives of San Diego County residents in ways that are relevant and measurable.

The County is proud that its leadership and operational excellence continue to be recognized. Awards received from State and national organizations representing county governments are highlighted below:

- The County of San Diego received Statewide recognition from the **California State Association of Counties (CSAC)** in 2012. Two programs, described in the following section, were honored with ***Challenge Awards*** and two with ***Merit Awards.*** CSAC awards highlight creative programs of California's counties, recognizing leadership and results that improve service to residents and save time and money.
- In 2012, the County of San Diego has once again won national recognition by the **National Association of Counties (NACo).** Thirty-nine programs, each described in the following section, received ***Achievement Awards*** for excellence. Nationwide only one other county received as many awards. These awards in 21 categories recognize innovative programs that modernize county government and increase services to residents. The award-winning programs operate within all five County business groups and include programs that serve children, youth and seniors, promote environmental protection, enhance public safety and reflect efficient, effective county administration.

Descriptions of these awards and additional recognitions of excellence that honor the County's progress in meeting its strategic goals appear in the following section:

Strategic Initiative - Safe Communities

- The County's Juvenile Forensic Assistance for Stabilization and Treatment Program, a collaborative court program to help juvenile offenders with mental health needs, was awarded the ***2012 Juvenile Justice "At Large" Award*** by the **County Juvenile Justice Commission.**
- The Medical Examiner's Office was recognized by the **San Diego Police Department (SDPD)** and **Lifesharing**, a federally-designated organ and tissue recovery organization, for efforts to support crime victims. The office was instrumental in helping slain SDPD Officer Jeremy Henwood fulfill his wish to donate his organs after death, despite an ongoing homicide investigation. The organizations recognized the contributions of the Medical Examiner's Office toward making Henwood a hero in death as in life.
- The Office of Emergency Services received a ***2012 Digital Government Achievement Award*** from the **Center for Digital Government** for the County's web portal for emergency information, www.sdcountyemergency.com.
- The **California Emergency Services Association** selected two communications programs of the Office of Emergency Services to receive their ***Gold Award*** for outstanding service in emergency management. Programs honored were the Accessible AlertSanDiego mass notification system which delivers emergency messages to the hearing- and visually-impaired, and the ReadySanDiego Partner Connection, a social network that helps improve emergency preparedness in the business community.
- **National Association of Counties (NACo) *2012 Achievement Awards***
  - *Accessible Hazard Alert System - Accessible AlertSanDiego* - a regional system to improve the emergency alerts for residents with sensory disabilities (deaf, blind, hard of hearing, or deaf/blind).
  - *Community Law School* - provides free legal education by bringing lawyers and judges to the public at the trusted venue of the County library.
  - *Community Ratings System Program* - a voluntary program that recognizes and encourages community flood plain management activities that exceed the standard of the Federal Emergency Management Agency's (FEMA) National Flood Insurance Program's requirements.
  - *District Attorney Collaboration with Public Defender and Private Defense Counsel on eDiscovery* - a system to streamline the dissemination of discovery materials to defense counsel.
  - *Drive Like Your Life Depends On It* - The Patrol Speed and Safe Driving Initiative to address high speed on-duty patrol-related collisions developed by the San Diego County Sheriff's Department.

- *San Diego County Emergency Portal Website* - an emergency web portal that provides the public with updates on evacuations, shelters, interactive maps, and other critical information delivered to wherever people are – at home, at work, or on a mobile device.
- *San Diego County Probation Tracking Known Offenders* - a collaborative project of the Probation Department to provide information and criminal intelligence to assist the Sheriff's Department in solving crimes, with assistance from the Sheriff's Department in field supervision of medium and high-risk probationers by enforcing court orders.
- *San Diego County Probation Youthful Offender Unit (YOU)* - a local custodial and community supervision program to address the highest risk youthful offenders who were formerly sent to State institutions.
- *Veterans Treatment Review Calendar* - a collaborative court approach to the adjudication of veterans with military-related mental health problems.

Strategic Initiative - Healthy Families

- The Fallbrook Community Center received the ***Lights on Award*** from the **San Diego County Office of Education** for the After School Education and Safety Program which provides tutoring, nutrition education, mentoring and other positive activities for kindergarten through sixth grade students.
- The **San Diego Hunger Coalition** honored the Health and Human Services Agency's South Region Family Resource Center with two ***CalFresh Task Force*** awards:
  - The ***Liaison of the Year*** award was given to recognize a partnership with the Chula Vista Community Collaborative to assist families with CalFresh and Medi-Cal enrollment.
  - The ***CalFresh Community & County Partnership of the Year*** award honored efforts to conduct interviews for CalFresh enrollment via web cam.
- 2-1-1 San Diego and the Health and Human Services Agency Central Region ACCESS Customer Service Center received a ***Community & County Partnership of the Year*** award from the **San Diego Hunger Coalition** honoring the creation of a 211-ACCESS email line. This service has allowed community partners to better determine the status of a client's case.
- **National Association of Counties (NACo) *2012 Achievement Awards***
  - *Caregiving Clips Webinar Series* - a series of online videos featuring regional experts on topics of interest to family caregivers.
  - *Health & Human Services Agency Video Interviewing* - Through collaboration with community partners, the County established Video Interviewing as a means to improve customer service and enhance access to health coverage and food assistance.
  - *Healthy Works^sm: Paths to Healthy Living Media and Marketing Campaign* - a comprehensive and innovative program developed and launched as part of a large-scale effort to curb the tide on the obesity epidemic.
  - *"It's Up to Us" Mental Health Awareness and Stigma Reduction* - a five-year mass media campaign designed to empower residents to talk openly about mental illness, recognize symptoms, use local resources and seek help.
  - *Parenting Classes* - developed by the County Library to provide educational assistance to parents raising children.
  - *Passport to Healthy Aging: Elder Multicultural Access and Support Services* - a grassroots approach to assist immigrants and refugees, who often fail to navigate the public services system, with increased access and education to improve mental and physical health.
  - *"Positive Solutions" Depression Busters for Homebound Seniors* - helps homebound or socially isolated seniors who are at risk of depression or suicide to redirect their lives to be more social and active, and to rediscover pleasure.
  - *Public-Private Partnership to Improve Access to Nutrition and Health Benefits* - a successful partnership with 2-1-1 San Diego, a local, private nonprofit organization, to increase access to CalFresh and Medi-Cal benefits.
  - *Recovery Innovations - Client Operated Peer Supported Mental Health Services* - integrates mental health, rehabilitation and recovery services for adults with serious mental illnesses, to improve mental health and quality of life.
  - *SmartCare: Integrated Physical and Behavioral Healthcare for Rural Families* - provides integrated physical and behavioral health care to rural areas.

Strategic Initiative - Sustainable Environments

- San Diego County Library was honored with the ***2012 Library of the Year*** award by the educational publishing company **Gale** and **Library Journal** magazine, recognizing outstanding service to the community, creativity and leadership. The County Library's unprecedented growth in recent years, strategic budget allocation and innovative programming all helped to earn the award.

- The San Diego County Flood Control District received a ***2012 Award for Excellence*** from the **Floodplain Management Association** for the San Luis Rey Flood Forecast Program recognizing outstanding work in developing this unique flood forecast tool to increase warning time and to minimize damage and risk to human life. Flood forecast information is available at: www2.sdcounty.ca.gov/lu/flood_control/index.shtml.
- The completed Valley Center Road Bridge project received the ***2012 Project of the Year Award*** from the **American Public Works Association (APWA)** and the ***2012 Transportation Project Achievement Award*** from the **Construction Management Association of America**.
- The completed Black Canyon Road Bridge project received a ***2012 Honor Award*** from **APWA** and a ***2012 Outstanding Bridge Award*** from the **American Society of Civil Engineers.**
- The County received a **California State Association of Counties (CSAC) 2012 *Challenge Award*** for the Department of Parks and Recreation's volunteer program, which has allowed public services to continue despite diminished funding. Volunteers save the department an estimated $2 million.
- **The National Association of Counties (NACo) *2012 Achievement Awards***
  - *Accessory Dwelling Unit Ordinance* - a Zoning Ordinance to streamline the regulations regarding various accessory dwelling types second dwelling units and guest living quarters.
  - *Acoustic Showcase Series* - an inexpensive and fun program hosting free concerts outside of local library branches.
  - *Flood Forecasting for the San Luis Rey River Watershed* - a first-of-its-kind model for forecasting flooding throughout the 562 square mile San Luis Rey watershed, to combat damaging floods and forecast potential flood impacts.
  - *Innovative Approach to Promoting Low Impact Design Techniques* - the installation of two exhibits, in partnership with the Water Conservation Garden at Cuyamaca College, using Low Impact Design (LID) principles to reduce the contribution of pollutants from urban runoff and stormwater to local water bodies.
  - *Tiered Winery Ordinance and Environmental Impact Report* - new winery regulations covering approximately 441,000 acres within the unincorporated county, to establish small boutique wineries on agricultural lands without the need for a discretionary permit.

Operational Excellence Awards

The awards listed below recognize programs or accomplishments that support the County's Required Disciplines for Excellence outlined in the County's Strategic Plan:

- The **San Diego County Taxpayers Association** recognized the County of San Diego Capital Program as the winner of the ***2012 Grand Golden Watchdog Award***. By setting aside cash reserves during years of high revenue growth, the County paid cash for one-time new construction projects rather than financing them with long-term debt. As a result of these cost saving measures over the past decade, the County of San Diego Capital Program will save taxpayers approximately $1.46 billion over the next 30 years.
- The County Communications Office was honored with three regional ***Emmy*** awards from the **National Academy of Television Arts & Sciences'** Pacific Southwest region for video pieces including "The Eights Signs of Terrorism," produced in partnership with the Office of Emergency Services, the Sheriff's Department and other local public safety agencies to educate the public about how to report suspicious behavior; "Safety Stickler," which focused on County regulation of tattoo parlors; and "Solar Cars," which followed middle school students as they competed in a solar car design competition.
- The redevelopment of the County Operations Center garnered a ***2012 People's Choice Orchid Award*** from the **San Diego Architectural Foundation,** a nonprofit organization dedicated to education and the promotion of outstanding architecture, planning and urban design throughout the San Diego region. This is the second consecutive year the County was recognized with this award, having earned one in 2011 for the Fallbrook Library.
- The Department of Child Support Services was named 2012's ***Most Improved County Program*** by the **National Child Support Enforcement Association** and the **California Department of Child Support Services** for improvements in collections resulting from process

improvements and developing relationships with participants.

- The Department of Child Support Services earned recognition from the **California Department of Child Support Services** in 2012 for ***Top Overall Performance*** among large California county child support services departments. This is the third time in four years that San Diego County had been the top performer among the State's large counties.
- The Justice Electronic Library System (JELS), a County Technology Office initiative in partnership with the Probation Department, District Attorney and Public Defender, earned a ***Digital Government Achievement Award*** from the **Center for Digital Government** in recognition of this outstanding project among many submitted by governments internationally. JELS is used in Juvenile Court to improve electronic file sharing.
- For the 12th consecutive year, the Department of Purchasing & Contracting received the ***Achievement in Excellence in Procurement*** from a group of organizations including the **National Procurement Institute**. The County was one of 40 government agencies in California and one of 41 counties in the U.S. to receive this award that recognizes innovation, professionalism, e-procurement, productivity and leadership attributes of the procurement function.
- For the 11th consecutive year, the **Government Finance Officers Association of the United States and Canada (GFOA)** recognized the County with the ***Distinguished Budget Presentation Award*** for the Adopted Operational Plan Fiscal Years 2012-2013 & 2013-2014. This award is a significant achievement for the County as it reflects a commitment to the highest standards of governmental budgeting.
- The County received the **Certificate of Achievement for Excellence in Financial Reporting** from the GFOA for its Fiscal Year 2011-12 Comprehensive Annual Financial Report (CAFR). This certificate is the highest form of recognition for governmental accounting and financial reporting.
- **California State Association of Counties (CSAC) *2012 Challenge Award***
    - *Justice Electronic Library System (JELS)* - eliminated paper files used by deputy district attorneys and support staff, saving $360,000 in productivity.
- **California State Association of Counties (CSAC) *2012 Merit Awards***
    - *Lean Six Sigma Capacity Building Initiative* - developed competencies of staff in the Health and Human Services Agency to improve complicated, inefficient processes by eliminating waste in services, boosting quality and results.
    - *Public Administrator/Public Guardian E-Referral System* - a secure, web-based system for public referrals to the Public Administrator/Public Guardian for estate administration or conservatorship.
- **National Association of Counties (NACo) *2012 Achievement Awards***
    - *Advanced Competencies for the Administrative Professional of the 21st Century* - a rigorous 7-week training program to empower administrative support staff in the Health and Human Services Agency to develop the skills needed to meet the heightened demand for services in an environment of a shrinking workforce.
    - *Automating Housing Inspections Saves Staff Time, Mileage & Gas* - A computerized route optimization and planning program for inspection of rental assistance housing units that replaces Housing and Community Development's manual process of routing and scheduling inspections.
    - *AWM Invoice Bar Coding* - a bar coding program for processing permit and registration payments in the Agriculture, Weights and Measures Department, resulting in increased efficiency and reliability.
    - *Child Support Employer Webinar* - a live, online webinar presentation to more effectively educate employers on their responsibilities when receiving an Income Withholding Order (IWO) for employees' mandated court ordered child support deductions.
    - *Cloud-Based Contract Administration System* - a cloud-based contract administration software service that has increased oversight of contracting functions by departments, employees and contractors.
    - *Deferred Compensation Women & Retirement Program* - as part of a retirement planning and investment educational campaign for all County employees, this focused program incorporated education aimed at a clearly defined audience while addressing current objectives and reaching a new audience.
    - *Deputy Sheriff Cadet Recruitment Redesign* - a substantial redesign of the recruitment process for qualified Deputy Sheriff Cadets by the Department of

Human Resources using more effective screening of applicants at the front end of the process, resulting in expedited recruitment of quality candidates.

- *Development of Portfolio Accounting and Portfolio Analytics Interface* - a technology-based data extraction process allowing staff to perform analytics on current and historical portfolios.
- *District Attorney Transcription Process Reengineered* - a comprehensive streamlined approach developed to ensure an accurate reproduction of evidential recordings from law enforcement agencies about alleged crimes.
- *E-Audit for Health & Human Services Contractors* - the Health and Human Services Agency automated the manual process of contractor audits, improving auditor efficiency and electronic access to files.
- *eVisit System* - allows the public to schedule an Inmate Social Visit with the Sheriff's Department via the Internet, reducing wait times and improving efficiency in the scheduling of over 114,000 Inmate Social Visits each year.
- *Justice Electronic Library System* - automates the distribution, receipt and offsite use of Probation documents, police reports, and other documents received from outside parties that are all required for Juvenile Court Delinquency hearings.
- *Preventing 1503 MEDS Errors* - an electronic training course to help eligibility staff prevent the 1503 Critical Medi-Cal (a.k.a. Medicaid) Eligibility Determination System (MEDS) errors which can disrupt needed Medi-Cal coverage for clients.
- *Public Administrator/Public Guardian E-referral System* - a secure online system that allows the public to refer individuals who are no longer capable of managing their own finances to the Public Administrator or Public Guardian, improving customer service.
- *San Diego County SDFusion* - a centralized intelligence indexing system in the Sheriff's Department that provides increased data sharing between law enforcement agencies, improved disaster preparedness and delivered actionable data to assist decision making by officers and first responders in the field.

THE NOBLEST MOTIVE IS THE PUBLIC GOOD

COUNTY OF SAN DIEGO

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