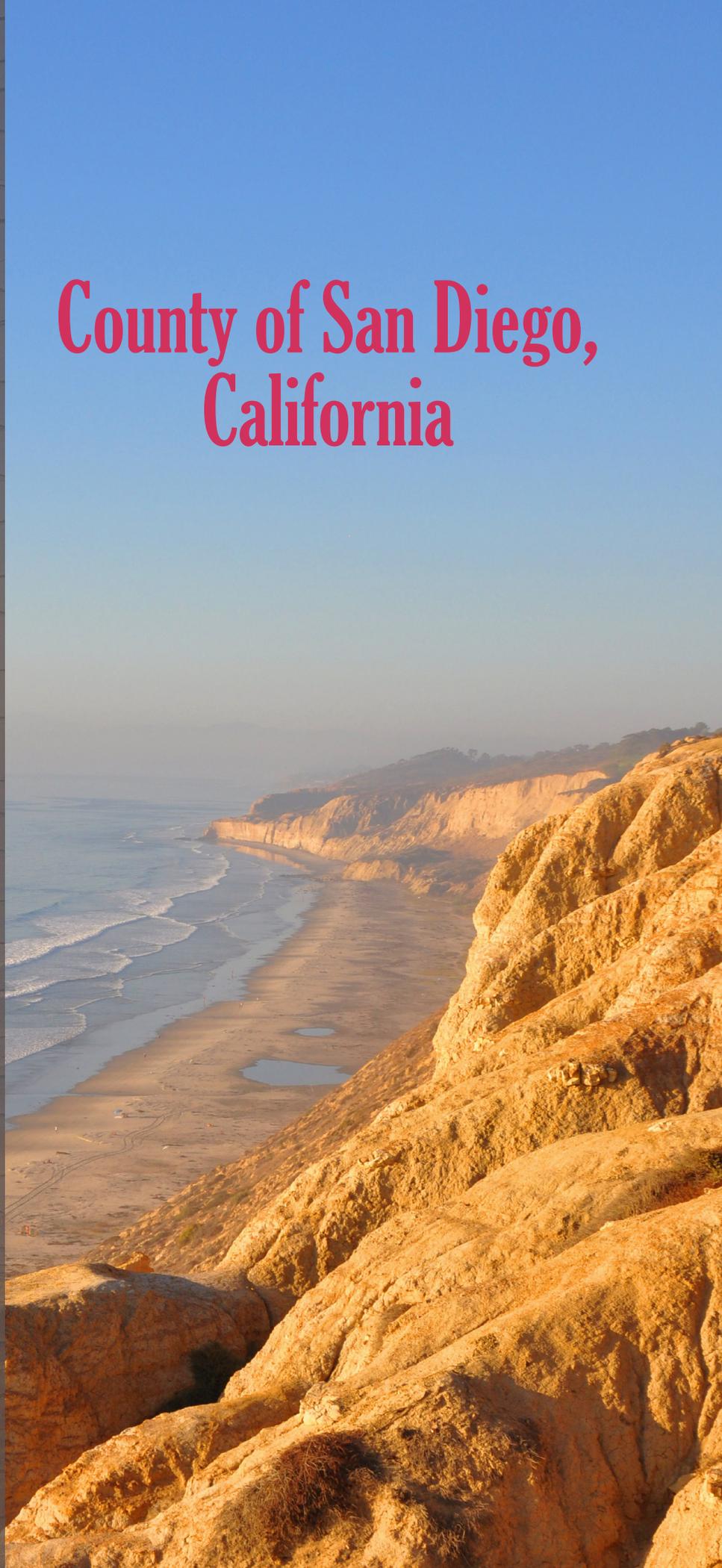


County of San Diego, California

Comprehensive Annual Financial Report

For the
fiscal year ended
June 30, 2011



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County of San Diego, California
**Comprehensive Annual
Financial Report**

For the fiscal year ended June 30, 2011

*Compiled under
the direction of*

Donald F. Steuer
Chief Financial Officer

Tracy M. Sandoval
Auditor and Controller

Walter F. Ekard
Chief Administrative Officer

Board of Supervisors

Greg Cox	District 1
Dianne Jacob	District 2
Pam Slater-Price	District 3
Ron Roberts	District 4
Bill Horn	District 5

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Introductory Section



County of San Diego

DONALD F. STEUER
CHIEF FINANCIAL OFFICER
(619) 531-5413
FAX (619) 531-5219

AUDITOR AND CONTROLLER
1600 PACIFIC HIGHWAY STE 166, SAN DIEGO, CALIFORNIA 92101-2478

TRACY M. SANDOVAL
ASST. CHIEF FINANCIAL OFFICER/
AUDITOR & CONTROLLER
(619) 531-5413
FAX (619) 531-5219

November 17, 2011

To the honorable members of the Board of Supervisors and the Citizens of San Diego County:

The Comprehensive Annual Financial Report (CAFR) of the County of San Diego (County) for the fiscal year ended June 30, 2011, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

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

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

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

County Profile

San Diego County is the southernmost major metropolitan area in the State of California and covers 4,261 square miles, 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 boundary. The 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 of the population and resources are located. The average annual rainfall in the coastal areas is 10 inches, so the County is highly dependent on imported water.

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 population for January 1, 2011 was estimated to be 3,118,876. San Diego is the second largest county by population in California behind Los Angeles County. There are 18 incorporated cities in the County; of them, the City of San Diego is the largest, with a population of approximately 1,311,882; and Del Mar is the smallest, with a population of approximately 4,187. In addition, the Tijuana, Mexico, metropolitan area with an estimated population of approximately 1,751,430 according to the 2010 census, is a substantial urban neighbor with a shared border, workforce, and economy.

The racial and ethnic composition of the County is as diverse as its geography. The regional population for 2030 is forecasted to be 3.9 million according to the San Diego Association of Governments' (SANDAG's) 2050 Regional Growth Forecast released in February 2010. 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, 3.5% two or more races, and 0.8% in all other groups. A significant growth in the Hispanic population is seen in this projection.

County Government, Economy and Outlook

County Government

San Diego 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, as subsequently amended from time to time. A five-member Board of Supervisors elected to four-year terms in district, nonpartisan elections governs the County. 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 Section 23005, the County may exercise its powers only through the Board of Supervisors or through agents and officers acting under the 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. The Chief Administrative Officer appoints the Chief Financial Officer, the Auditor and Controller and all other appointive officers. The CAO assists the Board of Supervisors in coordinating the function 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. Elected officials head the offices of the Assessor/ Recorder/ County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

The State Legislature has granted each county the power necessary to provide for the health and well-being of its residents. The County provides a full range of public services to 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, the Health and Human Services Agency, Land Use and Environment, Community Services and Finance and General Government), each headed by a General Manager [Deputy Chief Administrative Officer (DCAO)] who reports to the CAO.

Economy and Outlook

The U.S. economy suffered through a very deep recession beginning in December 2007 and ending in June 2009 according to the National Bureau of Economic Research (NBER). The recession lasted approximately 18 months making it the longest recession since 1929. The economic events of September and October, 2008, in particular, have had far reaching and long-term impacts on the financial markets in the U.S and around the world.

On July 29, 2011, the Bureau of Economic Analysis (BEA) released revised data for 2008 through 2010 that indicated that the recent recession was deeper than previously thought and that the level of real gross domestic product (GDP) had not yet attained its pre-recession peak by the second quarter of 2011. In 2010, real GDP increased by 3.0% in contrast to a decrease of 3.5% in 2009. According to the second estimate released by the Bureau of Economic Analysis, the U.S. economy increased at an annual rate of 1.0% in the second quarter of 2011.

The forecast for 2011 depicts a real GDP increase of 1.5% from 2010. Real GDP growth is expected to continue in 2012.

Minutes from the Federal Open Market Committee meeting on August 9, 2011, indicated that the pace of the economic recovery remained slow in recent months and that labor market conditions continued to be weak. Overall, consumer price

inflation moderated in recent months, and measures of long-run inflation expectations remained stable. Private non-farm employment rose at a considerably slower pace in June and July than earlier in the year, and employment in state and local governments continued to trend lower. The unemployment rate edged up since the beginning of the year, and long-duration unemployment remained very high. Activity in the housing market continued to be depressed, held down by the large inventory of foreclosed or distressed properties on the market and by weak demand in an environment of uncertainty about future home prices and tight underwriting standards. Manufacturing production was unchanged in June. Supply chain disruptions associated with the earthquake in Japan continued to hinder production at motor vehicle manufacturers and the firms that supply them. However, supply chain disruptions are expected to ease, and motor vehicle assembly schedules called for a substantial step-up in production. Real consumer spending was nearly unchanged in the second quarter of 2011. Motor vehicle purchases have rebounded somewhat in July as supplies improved. Labor earnings rose in the second quarter, but increases in consumer prices offset much of the gain in nominal income.

Some significant risks facing the U.S. economy in 2011 include possible effects of spillovers from the lack of a credible plan for an orderly resolution of the sovereign debt crisis in Europe's periphery (Source: Moody's Economy.com - Global Outlook: Trying Times for the Recovery August 31, 2011), the continued weakness in the housing market, weak labor market conditions, weakness in consumer spending, and uncertainty surrounding the outlook for economic growth (Source: Minutes from the Federal Open Market Committee meeting on August 9, 2011). The Federal Open Market Committee agreed to keep the target range for the federal funds rate at 0 or ¼ percent and to state that economic conditions warrant exceptionally low levels for the federal funds rate at least through mid-2013.

Like the national outlook, California's economy has felt the impact of the worst recession since the Great Depression. California's economic performance was mixed through early 2011, with most industry sectors growing again while a few continued in the doldrums (Source: Los Angeles County Economic Development Corporation - The Kyser Center for Economic Research: 2011-12 Economic Forecast and Industry Outlook, Mid-Year Update). Retail sales continued to recover some of the losses incurred in 2008-2009, while tourism was up across the board. The state's high tech sector is booming, and capital is flowing into the industry once again. Activity at the state's ports increased at double digit rates in 2010 and early 2011. Some types of state and local government tax revenues turned up in line with renewed growth in incomes and sales. Monthly unemployment in 2010 remained above 12.0% with a December 2010 unemployment rate of 12.3%. In 2011, the average unemployment rate over the first seven months was 12.1% with a July 2011 unemployment rate of 12.4%. Real personal income grew by 1.7%, and taxable sales were estimated to grow by 1.8% in 2010 (final taxable sales figures will not be available until early

2012). Consumer spending continues to be impacted by this economic volatility. California's economy is starting to recover from the steep 2008-2009 recession. Unemployment is still extremely high, and many business firms are reluctant to hire until they are certain that better times will be long-lasting. Nonfarm employment is projected to grow by 1.1% in 2011 and 0.6% in 2012. In 2011, real personal income is expected to grow by 2.3% and taxable sales are predicted to increase by 1.7%. More improvement is expected in 2012.

San Diego certainly shared the pain of the recession along with the rest of Southern California. Increasing prices in commodities, including gasoline prices, are anticipated to place stress on the region. However, tourists are coming back, and many of the County's biggest industries are on the mend (Source: Los Angeles County Economic Development Corporation - The Kyser Center for Economic Research: 2011-12 Economic Forecast and Industry Outlook, Mid-Year Update). Unemployment in the region in 2010 averaged 10.5%, and was lower than the 2010 median of 11.25% for the 10 largest counties in the State. In 2011, the average unemployment rate over the first seven months was 10.2% with a July 2011 unemployment rate of 10.5%. 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. The annual figures on taxable sales for 2010 are not yet available from the California State Board of Equalization, but sales tax revenues in 2010 have shown a gradual improvement, which suggests that taxable sales in San Diego County, similar to predictions for California as a whole, ended better in 2010. This improvement is expected to continue in 2011 and 2012.

The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. For example, there continues to be an increased demand for public assistance, while at the same time the State and local resources available to fund those services are not able to keep pace with the demand. The real estate market slump has impacted the County's general purpose revenue (GPR), although GPR is expected to increase marginally in fiscal year 2012 from fiscal year 2011. General purpose revenue is relied upon to fund local services where no other funding is available, as well as to fund the County's share of costs for services that are provided in partnership with the State and federal government. The State of California has been severely impacted by the recession while also struggling with budget imbalances. In fiscal year 2012, the State of California's adopted budget also realigned various criminal justice, mental health and social service programs, representing a long term change in state and county responsibilities.

County management continues to evaluate and respond to the changing economic environment and its impact on the cost and the demand for County services. Specific actions are detailed in the fiscal year 2012 Adopted Operational Plan which can be accessed at <http://www.sdcountry.ca.gov/auditor/opplan/adoptedlist.html>.

County's Economic Base

The County's economic base consists of a significant manufacturing presence (e.g. energy storage, cyber-security, and clean tech), a large tourist industry attracted by the favorable climate of the region, a considerable defense-related presence, and the region is a thriving hub for biotech and telecommunications industries. Highlights of County employment as of July 2011 are listed below:

- Non-agricultural, industry employment totaled 1,240,200 jobs. This represents a gain of 27,300 jobs from the unadjusted July 2010 employment figures.
- The services industry, including information, professional and business services, education and health services, leisure and hospitality, and other services, constitutes the largest employment sector and accounted for approximately 48.8% of non-agricultural employment, with a total of 605,700 employed.
- The wholesale and retail trade industries were the second largest non-government sector, comprising approximately 13.7% of non-agricultural employment totaling 170,400 jobs.
- Government accounted for approximately 17.7% of non-agricultural employment (219,700). San Diego's military presence contributes to this significant component.
- Manufacturing accounted for an additional 7.5% of non-agricultural employment (92,400).
- The construction sector is greatly influenced by the general health of the economy, and in particular, population and housing growth. Construction employment, which accounted for 4.4% of total non-agricultural employment or 54,500 jobs, was down 4,400 jobs from the unadjusted July 2010 employment figures. The continued low but improving level of residential building permits and continued relatively high level of foreclosures combined with the marginally declining median home prices are expected to continue to adversely impact construction jobs through the end of 2011 and into 2012.
- The financial sector, including finance, insurance, real estate and related employment, represents 5.5% of non-agriculture employment (68,800). Financial activities experienced an increase of 900 jobs from the unadjusted employment figures for July 2010.
- Transportation, Warehousing and Public Utilities accounts for 2.3% of non-agricultural employment (28,300).
- Agriculture and mining accounted for approximately 0.7% of total employment.
- Self-employed, household domestic workers and miscellaneous other categories not captured in industry employment represents approximately 11.5% or 162,200 of total employment (1,412,100). This category experienced a decrease of 24,400 jobs from the unadjusted employment figures for July 2010.
- The San Diego County region experienced a net job gain of 3,200 from the July 2010 unadjusted employment figure of 1,408,900 (representing civilian labor force data by place of

residence including self-employed, household domestic workers, unpaid family workers and workers on strike) to the July 2011 level of 1,412,100. This compares to a decrease of 5,700 jobs the previous year. The County has been in the midst of significant volatility. San Diego's index of leading economic indicators has trended higher since April 2009, despite recent weakness, indicating gradual economic improvement overall. While the pace of the economic recovery has remained slow, 2012 should see continued signs of improvement for the region.

County revenues that are affected by the state of the local economy include property taxes, sales taxes, and charges for services. Key factors impacting these revenues include real estate activity and consumer spending which are in turn greatly influenced by interest rates and employment levels. Although short and long-term interest rates are low by historical standards, there seems to be a general view that the pace of economic recovery at the national, state and local levels will be gradual.

An impact of the overall housing market decline is an improvement in the California Association of Realtors index for first-time buyers throughout California. Based on the California Association of Realtors' First Time Buyer Housing Affordability Index, San Diego's housing affordability index, (the percentage of households that can afford to purchase an entry-level home) stood at 64% in June 2011. This is a slight improvement from 62% in December 2010, 57% in December 2009 and 2008, significantly up from 33% in December 2007, and 27% in December 2006. This index is based on an adjustable rate mortgage and assumes a 10% down payment and a first-time buyer purchase of a home equal to 85% of the prevailing median price. The improvement in the percentage of households that could afford to buy an entry-level home in San Diego was based on the market-driven drop in entry-level priced homes, the corresponding adjustment to the monthly payment needed (including taxes and insurance), and an adjustment to the qualifying income level for the lower priced entry-level homes.

Sources: State of California Department of Finance, U.S. Census Bureau, San Diego Association of Governments (SANDAG) - San Diego's Regional Planning Agency, the State of California Employment Development Department, and the California Association of Realtors.

General Management System

The County's General Management System (GMS) is the framework that establishes and guides the management of County operations and service delivery to residents, businesses and visitors. The County sets goals, prioritizes the use of resources, evaluates performance, ensures cooperation and recognizes accomplishments in a structured and coordinated way. By doing so, the County of San Diego moves away from the negative image of "red tape" and "government bureaucracy" into an organization that values and implements efficiency, innovation and fiscal discipline and one that provides focused, meaningful services to 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 and risks that are likely to develop and sets goals for the future. Long-range strategic planning requires assessing both where the County is and where it wants to be.

Operational Planning asks: *How do we get there from here?* Operational Planning allocates resources to specific programs and services that support the County's long-term goals as articulated in the Strategic Plan over the next two fiscal years. 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 at regular intervals and makes necessary adjustments. Progress is evaluated monthly, quarterly and annually.

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

Motivation, Rewards and Recognition asks: *Are we encouraging excellence?* County employees must embrace the GMS disciplines. This requires setting clear expectations, providing incentives, evaluating performance and recognizing those who meet or exceed expectations. Motivation, Rewards and Recognition encourages individual and group excellence. The Operational Incentive Plans, Departmental Excellence Goals, the Do-It-Better-By-Suggestion (DIBBS) program and department recognition programs are the primary ways the County recognizes employees and encourages excellent performance.

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.

Strategic and Operational Planning (Budgetary) Process

As noted above, a five-year Strategic Plan is updated annually to provide long-term direction to County managers and staff. Each fiscal year a two-year Operational Plan is prepared and details each department's strategic objectives and the resources required to achieve them. The Operational Plan is monitored regularly and is linked to the GMS system of rewards and recognition. 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. State law permits modifications to the adopted budget during the year with approval by the Board of Supervisors or in certain instances, by the Chief Financial Officer. The Chief Administrative Officer

reviews the status of the County's performance against the budget in a quarterly status report to the Board of Supervisors.

Financial (Budgetary) Policies

Government Code Sections 29000 through 30200 provide the statutory requirements pertaining to the form and content of the County's Budget. Government Code Section 29009 requires a balanced budget in the proposed and final budgets, defined as "funding sources shall equal the financing uses".

County Charter Section 703 establishes the Chief Administrative Officer as responsible for all Group/Agencies and their departments (except departments with elected officials as department heads) and for supervising the expenditures of all departments and reporting to the Board of Supervisors on whether specific expenditures are necessary.

County Administrative Code Article VII establishes the components and timeline for the budget process and establishes the Chief Administrative Officer as responsible for budget estimates and submitting recommendations to the Board of Supervisors.

The County has the following financial policies that serve as guidelines for the budget process

Board of Supervisors Policies

A-136 Use of County of San Diego General Management System for Administration of County Operations: Establishes the General Management System (GMS) as the formal guide for the administration of County departments, programs and services, and ensures that all County departments and offices operate in compliance with the GMS.

B-29 Fees, Grants, Revenue Contract: Provides a methodology and procedure to encourage County departments to recover full cost for services whenever possible.

B-71 Fund Balance and Reserves: Establishes guidelines regarding the use of fund balance and the maintenance of reserves in order to protect the fiscal health and stability of the County. Expenditures for services are subject to fluctuations in demand and revenues are influenced by changes in the economy and by State and federal regulations. This policy ensures the County is prepared for unforeseen events by establishing and maintaining prudent levels of fund balance and reserves.

M-13 Legislative Policy: State-Mandated Local Program Costs: Calls on the State and Federal Legislature to encourage equitable reimbursement of mandated local program costs.

M-26 Legislative Policy: Governance and Financing of Local Agencies: Calls on the Legislature to redress inequitable State funding formulas.

Administrative Manual

0030-01 Procedure for Fees, Grants and Revenue Contracts for Services Provided to Agencies or Individuals Outside the County of San Diego Organization: Establishes a procedure within the framework of Board of Supervisors Policy B-29, to serve as

guidance in the process of recovering full costs for services provided to agencies or individuals outside the County of San Diego organization under grants or contracts or for which fees may be charged.

0030-06 State Mandated Cost Recovery: Establishes guidelines to attempt full recovery of all State mandated costs resulting from chartered legislation and executive orders.

0030-14 Use of One-Time Revenues: One-time revenue will be appropriated only for one-time expenditures such as capital projects or equipment, not to ongoing programs.

0030-22 Revenue Management - Auditor and Controller & Chief Administrative Responsibilities: Chief Financial Officer/Auditor and Controller and Chief Administrative Officer are responsible for reviewing and evaluating revenues from all sources in order to maximize these revenues within legal provisions and to institute internal controls and systems to be used by departments to estimate, claim, and collect revenues.

Strategic Initiatives and Achievements

The inability of State government to develop a viable long-term solution to its budget imbalance remains a risk to funding and stability of County programs, since State aid is the primary source of County revenues.

Notwithstanding, County government continues to follow the map of the Strategic Plan developed within the discipline of the GMS to maintain core County services within available revenues, as well as to re-shape the County's organizational structure and implement additional efficiencies, new technologies and new ways of working that enable County workers to quickly identify and adapt to changing public needs or program realities. The Strategic Initiatives focus on what the County will do to serve the public and change over time as public needs, desires and priorities change. The County's strategic Initiatives are:

- **Kids** - Improve opportunities for children and families.
- **The Environment** - Manage the region's natural resources to protect quality of life and support economic development.
- **Safe and Livable Communities** - Promote safe and livable communities.

The Strategic Plan also includes Required Disciplines that address the County's internal priorities. The Required Disciplines are the foundation the County organization must establish to accomplish our public service goals efficiently and effectively. They set the standards for continued operational excellence the County is committed to achieving. These Required Disciplines are:

- Fiscal Stability
- Customer Satisfaction
- Regional Leadership
- Skilled, Adaptable and Diverse Workforce
- Essential Infrastructure
- Accountability/Transparency & Ethical Conduct
- Continuous Improvement
- Information Technology

Within the structure of the two-year operational planning process, the County plans for and attains interim progress toward achievement of the Strategic Initiatives. Some of the highlights over the last year were:

Kids: Improve Opportunities for Children and Families

- The County continued to improve health and health care, helping children and the adults that care for them, by launching the County's Strategy Agenda for Health, "Live Well, San Diego!," to improve services through four overarching strategies - changing the culture within, supporting healthy choices, pursuing policy changes for a healthy environment, and building a better service delivery system that is innovative and outcome-driven, emphasizing quality, efficiency, cost savings, and large-scale population-based improvements. Examples of this include:
 - Implemented additional pathways to eligibility for public assistance through online applications, 2-1-1 San Diego, and video interviewing resulting in increased enrollment of 21,863 (for a total two-year increase of 52,333) children and seniors in CalFresh (formerly Food Stamps), achieving three-year Nutritional Security Plan goal to enroll 50,000 children and seniors one year early.
 - Integrated CalFresh application assistance and prescreening at 12 Earned Income Tax Credit sites.
 - Partnered with San Diego Unified School District to promote CalFresh as a healthy, nutrition assistance program for low-income families.
- Implemented In-Home Supportive Services (IHSS) reform recommendations, including program integrity case reviews and unannounced home visits to protect taxpayer dollars and ensure appropriate level of care for consumers.
- Integrated Welfare-to-Work, Refugee Employment Services and Child Care under one contract to align programs and provide a one-stop service that promotes self-sufficiency.
- Maximized compliance with child support orders by promoting, enabling and ensuring payment for families. Informed and educated the community about child support services through proactive media relations and community outreach.
- Provided rehabilitative services to youth in custody to prepare them for success in the community.
- Improved safety for children and their families in school areas by repainting and re-marking crosswalks and roadway legends adjacent to all 116 public school locations throughout the unincorporated areas of the county, keeping children safe from traffic around their schools and providing safe routes to school.
- Assisted 140 low-income families by providing rental assistance in a program that combines rental assistance for homeless veterans with case management and clinical services provided by the US Department of Veterans' Affairs.

The Environment: Manage the Region's Natural Resources to Protect Quality of Life and Support Economic Development

- Inspected 8,462 priority emission sources to ensure compliance with air pollution control standards. (Priority emission sources include all Air Pollution Control District permitted operations such as gas stations, auto body shops, dry cleaners and power plants.)
- Installed three photovoltaic systems at existing facilities to reduce County reliance on fossil fuels and reduce annual operating costs, delivering a positive return on investment.
- Upgraded one park facility with artificial turf to conserve water resources, to reduce overall maintenance and to provide state of the art playing fields for year-round sports programs.
- Protected local watersheds:
 - Conducted 166 presentations on watersheds and water quality to high school students at 90% of unincorporated County public high schools - as a long-term strategy for achieving positive behavioral changes.
 - Conducted 594 site investigations. These investigations provide crucial data for understanding the condition of receiving waters in all eight watersheds and how they are impacted by discharges from unincorporated communities.
- Preserved and enhanced the quality of life for County residents by implementing habitat conservation programs such as the Multiple Species Conservation Program (MSCP) and the Special Area Management Plan (SAMP), which streamlined the development process and helped create viable permanent open space preserves.

Safe and Livable Communities: Promote Safe and Livable Communities

Addressed core law enforcement and public safety needs and implemented community-based initiatives to improve public safety.

- Worked collaboratively with criminal justice partners to expand the Local Reentry Program aimed at providing individualized rehabilitative programming to those in local custody. Collaborated with the Superior Court, California Department of Corrections and Rehabilitation to implement a Reentry Court to provide supervision and rehabilitation to recidivist felony offenders. Collaborated to develop and implement a reentry program for female offenders reentering the community after incarceration in Las Colinas Detention Facility.
- Participated in multi-agency operations including gang operations, truancy sweeps, probation and parole sweeps and sobriety checkpoints.
- Successfully secured and removed an extremely dangerous residential structure contaminated with explosives and hazardous chemicals, bringing together law enforcement, emergency management, air quality, transportation and

hazardous material experts to destroy unstable chemicals and explosives through a controlled burn, and to remove debris, clean the soil and ensure the safety of the neighborhood, the surrounding community and the region.

- Continued to enhance emergency preparedness for the region and protected residents from wildfire and other natural disasters:
 - Implemented Step II of the County's Fire and Life Safety Reorganization Report, which includes the merging of the five County Service Areas into the San Diego County Fire Authority - CSA 135.
 - Mitigated fire fuel hazards and maintained fire safe zones in 24 park facilities through continued implementation of vegetation management practices.
 - Improved regional leadership of the administrative functions and land use planning services related to fire and emergency medical services, while maintaining local operational control for fire and emergency medical response.
 - Continued to collaborate with fire service entities to improve fire protection and emergency response by providing ongoing funding for existing contracts and much needed resources to rural communities, such as response apparatus and centralized dispatch.
- Awarded construction contracts for seven Capital Improvement Projects that improve traffic flow and provide enhanced safety.
- Maintained the planned schedule of library operations with 89,296 hours open and promoted lifelong learning through adult literacy programs attended by 62,000 library patrons.
- Achieved the goal of 0% euthanasia of any healthy, friendly animal by reuniting animals with their owner or through adoption.

Certificate of Achievement

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

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

Other Awards and Recognitions

Even with the continued financial and environmental challenges in Fiscal Year 2011, the County was recognized for many activities that highlight progress in the Strategic Plan Initiatives. The County of San Diego works hard to maintain 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 in these areas has been recognized for the following:

- The County of San Diego won national recognition and the second highest number of awards in the county by the National Association of Counties (NACo). Twenty-eight programs received Achievement Awards for excellence in 2011. The award-winning programs operate within all five County business groups and include programs that serve children, youth and seniors, as well as those that promote environmental protection, public safety and efficient, effective county administration. Programs receiving awards included:
 - Camp Connect San Diego - a public-private partnership program designed to bring together siblings who have been separated by their placement in the foster care system.
 - Teens Go Green: Mental Health Life Skills Program - a program that provides life skills to help prepare teenagers with emotional challenges or mental illnesses for adulthood. Through an innovative gardening project, the youth worked with chefs and gardeners to achieve healthy results they could see through the vegetables that grew.
 - Girls Only - a gender-specific preventative program that promotes self-esteem and motivation, in order to develop life skills and keep girls who are at risk out of the influence of gangs and drugs, and inspire them to further their education.
 - Families as Partners - a Child Welfare Services program designed to protect children and ensure they can remain safely in their homes by partnering with community and familial support systems to achieve identified goals.
 - Homelessness Prevention and Rapid Re-housing Program Design - through partnership with the U.S. Department of Housing and Urban Development, this program addresses the needs of local school districts that serve families with housing subsidies. The program stabilized 137 families and ensured that 257 children remained in school.
 - In-Home Supportive Services (IHSS) Reform - Implemented reform recommendations for this state-mandated program administered by counties, including program integrity case reviews and unannounced home visits to protect taxpayer dollars and ensure appropriate level of care for consumers.
 - Prescription Drug Abuse Task Force and Collaborative Action Plan - promotes coordinated efforts by federal, state and local partners throughout the region, and

- provides the public with a clear description of how prescription drug abuse among teens and young adults will be addressed to prevent the related issues from escalating.
- San Diego Air Pollution Control District's Compliance Inspection Videos - an innovative tool to provide assistance, training and education to the regulated facilities to prevent non-compliance and promote self-inspections to ensure ongoing compliance.
 - Water Conservation Landscape Ordinance - a new landscape conservation ordinance that includes a Landscape Design Manual that gives the County greater oversight when builders prepare landscape plans and water budgets.
 - Energy Saving Adventures (ESA) Program - a program that supports community needs in the areas of energy efficiency and sustainability through resource conservation.
 - Water Efficiency Program - a program developed to reduce water consumption and sewer discharge, and their associated costs at County facilities. This program has produced an annual water savings of 150 million gallons, with an associated cost savings of \$1.1 million.
 - HOPE (Helping Other Pursue Excellence) - a local reentry resource program designed to gather and share information on service providers, etc. with inmates released or recently released from local jail custody. The program is run by Americorps VISTA (Volunteers in Service to America) and staff at the San Diego County District Attorney's Office.
 - Blueprint for Recovery: Comprehensive Services for Homeless Mentally Ill - a multi-faceted approach to provide this vulnerable population with permanent housing, the necessary supportive services and a stigma-busting campaign.
 - Responsible Pet Ownership Program - The Department of Animal Services, the San Diego City Attorney and the San Diego County District Attorney developed an educational Responsible Pet Ownership program to reduce recidivism of animal law violators. The program also promotes a cooperative relationship with animal owners, while saving taxpayers' money.
 - Veterans' Internship Program Work Experience Option - a program that provides paid work experience to veterans pursuing a career in County government and enables them to effectively compete for regular County jobs or employment with other agencies.
 - Emergency Management Augmentation Program - The Office of Emergency Services (OES) developed a local program to utilize trained Probation Officers to augment OES staff in the County's Emergency Operations Center during emergencies. This lessens the County's reliance on mutual aid, while strengthening its ability to manage large, complex emergencies and disasters.
 - Partner/Sponsor Cross-Promotions - a program that targets arts and community-based organizations in support of library programs and events, offering mutual benefit and connections for increased collaboration.
 - Safe and Livable Communities: Ground-in Centerline Rumble Strips on Rural Roadways - a program to install ground-in centerline rumble strips along mountain and other rural roads to reduce the number of collisions involving motorcycles that cross the centerline. This resulted in a 30% decrease in collisions on Palomar Mountain.
 - Tip the Scale to Reduce Drug Abuse and Increase Public Safety - a large-scale, multi-agency collaborative effort to tackle the County's pervasive drug problem. The program Operation Tip the Scale encourages treatment for criminals and holding substance abusers accountable for their legal court orders, thus creating healthier and safer neighborhoods.
 - Accountability and Transparency of ARRA Funds -To ensure compliance and promote accountability and transparency regarding funding from the American Recovery and Reinvestment Act (ARRA), a taskforce was established to proactively address such issues as grant accountability, contract management, the prevention of fraud, waste, and abuse and reporting requirements.
 - San Diego County Probation Department Leadership Academy - a program to empower supervisors and managers to improve service delivery with implementation of evidence based programs and supervision techniques to adult felony probationers, with the goal of reducing recidivism among adult probationers.
 - Improved Administration of County Pool Investment Strategy - The County Treasurer's Office improved the administration of the San Diego County Pool's investment strategy during the credit crisis and the State budget challenges, through enhanced monitoring of credit markets, restrictions of corporate exposure, utilization of Federal liquidity programs, and shortening of the Pool's duration.
 - Electronic Classification Activity Request (eCAR) Tracking System - The Department of Human Resources, which receives an average of 350 internal classification requests per year, developed an electronic Tracking System that allows departments to utilize an electronic "Smart Form" to submit a variety of classification requests. This has greatly reduced the content error rate and the amount of paper used.
 - Sheriff's Management Academy - a Peace Officer Standards and Training (POST) certified training program for the levels of Lieutenant and higher within the Sheriff's Department on topics from contracts to leadership skills.

- Contract Services Direct Billing Program - a program developed by the Department of General Services to provide client departments with actual and timely billing with a direct correlation to the provided service (e.g., trash, etc.).
- Treasurer-Tax Collector Workflow Prioritization Matrix - a tool to manage daily priorities and provide a high level of customer service within existing resources.
- San Diego Multiple Agency Public Safety System - a program that consists of a Government 2.0 designed Geographical Information Systems (GIS) project that allows the newly reorganized County Volunteer Fire Departments to jointly maintain their critical infrastructure and their community information in a Web-based mapping and data editing application.
- Transcending to be a Government Without Walls - continued implementation of a program that evaluates and identifies areas within departments where alternative work schedules or locations would benefit department business needs, reduce vehicle fuel and maintenance costs, and increase efficiency and productivity.
- For the ninth consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada recognized the County with the Distinguished Budget Presentation Award for the Adopted Operational Plan Fiscal Years 2010-11 & 2011-12. This award is a significant achievement for the County as it reflects the organizations commitment to maintaining the highest standards of governmental budgeting.
- The San Diego County Taxpayers Association presented the County of San Diego an It's about Time Award Winner for the resource saving Electricity Procurement Strategy program. Since 2008, the County has reduced electricity costs by more than \$3 million by locking in current market pricing rather than using fixed rates for energy. This strategy is possible due to energy market deregulation that happened in the mid-90s, and is utilized by numerous private businesses. Though this procurement strategy has admittedly been long-available, the County's swift movements to adopt it in response to sharp increases in natural gas prices in 2008 ultimately saved taxpayers millions.
- The Department of Purchasing and Contracting received its tenth consecutive Achievement of Excellence in Procurement award from the National Purchasing Institute recognizing organizational excellence in public procurement. The County of San Diego is one of only 38 government agencies in California and one of only 34 counties in the United States to receive this award. The award's criteria measures innovation, professionalism, e-procurement, productivity and leadership attributes of the procurement function.
- The County won national recognition for its award-winning Workforce Academy for Youth (WAY). Generations United, a national membership organization focused on improving the lives of children, youth and older people through intergenerational strategies, programs and public policies, named the Workforce Academy a Program of Distinction.
- The National Child Support Enforcement Association honored the Department of Child Support Services with the 2010 Excellence Award for Program Awareness based on their effective use of media relations and public outreach in dissemination of child support program information and public awareness. The department was also honored by the California Child Support Director's Association with the 2010 Outstanding Program Award, in recognition of the department's quality services to the community.
- The County Operations Center (COC) won the 2011 Energy All-Star Award for best government/nonprofit building from the California Center for Sustainable Energy for the numerous green features in the design, including heat-reflective roofing, a large solar-electrical system and water-saving plumbing systems and landscaping.
- The Women's Transportation Seminar selected County Airports for their Annual Award for Innovative Transportation Solutions for the McClellan-Palomar Airport Terminal Redevelopment Project. The terminal was built with consideration of energy and environmental design criteria and sustainable design principles.
- The District Attorney Computer and Technology Crime High-Tech (C.A.T.C.H.) Response Team was honored by the San Diego Business Journal's 1st Annual Cyber Security Awards. C.A.T.C.H. apprehends and prosecutes criminals who use technology to prey on citizens in our region.
- The Department of Parks and Recreation won three 2011 National Association of County Park and Recreation Officials (NACPRO) Awards. The award-winning projects involved improvements to the Sweetwater Campground, water conservation improvements at County Parks and restoration of the Bancroft Rock House.
- The San Diego Housing Federation honored the Department of Housing and Community Development with an Award of Merit as "Housing Project of the Year" in the Rehabilitation category for Outstanding Government Agencies for the 34th Street Apartments project which provides housing opportunities for persons with HIV/AIDS.
- The San Diego County Library received a "Library of the Year" Special Mention honor from Library Journal and Gale Cengage Learning received this honor for innovation, excellence, and for being a library system that features the service philosophy and dedication to community that signifies a Library of the Year.
- The Department of Public Works received Public Works Project of the Year Award for the renovation of the runway at McClellan-Palomar Airport from PublicCEO, an online magazine for California Cities and Counties. A 5,000 foot long runway was resurfaced with a 23" thick layer of asphalt and concrete. Old asphalt that was torn up in the construction process was recycled for the runway's new layer.

- The Department of Housing and Urban Development Los Angeles Office of Public Housing awarded the Department of Housing and Community Development with the “Up and Up Campaign” award for Achievement in Housing Choice Voucher Utilization for their hard work and best practices that ultimately increase the number of families served under the Housing Choice Voucher Program.
- The Department of Parks and Recreation won an Award of Excellence from the California Parks and Recreation Society for the planning and design of Clemmens Lane Park. The park includes a soccer field, volleyball court, two play structures and picnic area.
- The National Association of Area Agencies on Aging awarded Aging and Independence Services with two of nine national Aging Innovation Awards for the “TEAM San Diego” project and the “Workforce Academy for Youth” program. TEAM San Diego works with health and social service providers to coordinate needs in those areas for aging and disabled populations. The Workforce Academy for Youth is an intergenerational program that pairs youth with senior life skills coaches who support their future employment goals.
- The Institute of Transportation Engineers - San Diego Section awarded Transportation Project of the Year to the Department of Public Works for using High-Risk Rural Road funds to install rumble strips on South Grade Road at Palomar Mountain to reduce collisions. The rumble strips make the road bumpy and loud when tires cross the center line. Since installation of the strips, collisions have reduced dramatically.
- Health Care Communications presented Behavioral Health Services with the Gold Award for their “Network of Care” website, which provides local information on behavioral health as part of a national network system.
- Guajome Regional Park was named Best of Family Attractions - Oceanside California by UpTake.com based on customer reviews and expert ratings from across the Web.
- The video “Green It Up: Watershed Protection” won an Emmy Award at the 35th Annual National Academy of Television Arts and Sciences, Pacific Southwest Chapter Awards ceremony. The County won six other Emmy Awards in various categories. The awards recognized the “Oxy Abuse Kills” public service announcement series; “Water Babies”, a story about the benefits of water safety training for toddlers, and “Tsunamis: Know What To Do!”, an animated educational video designed for children.
- The Government and Finance Officers Association (GFOA) recognized the County's Management Controls Initiative (MCI) with an honorary mention in its 2010 Awards for Excellence in Government Finance. This Countywide initiative provides a framework for identifying and mitigating risk to ensure key business objectives that provide public value will be achieved.
- The Department of Planning and Land Use won a first place award for Best Practices from the San Diego Chapter of the American Planning Association for the department's cellular towers and wireless facilities permitting process. The reengineering of the cellular facility permit process decreased the average processing time from 18 months to 7 ½ months, a 60% reduction, and decreased the backlog of cellular projects by 65%.
- The District Attorney's office received an Achievement Award from the national Center for Digital Government for computer animated courtroom exhibits. The award honored the innovation, efficiency and functionality of 3-D computer animations which are used by prosecutors to present evidence during trials.
- The San Diego and Imperial Counties Chapter of the American Public Works Association presented an Honor Award to the County for its handling of the Camp West Fork Demolition and Restoration project. Twenty-one structures on 19.5 acres of leased U.S. Forest land were demolished and restored to a natural, pre-development condition. In addition, the project was completed under budget by more than \$2 million.
- The new Fallbrook Branch Library received two more awards - the Magic of Design Build award from the Design-Build Institute of America Western Pacific Region for the teamwork, innovation and problem solving that took place throughout the project; and a Civic Project Award from the American Concrete Institute for innovative use of concrete in a public building with a Visual Garden wall and a Poet's Patio wall.
- The California County Information Services Directors Association awarded an Innovation Award in the Collaboration Category for a paperless system used by Probation, County juvenile justice partners and County attorneys in Juvenile Court hearings.
- The County's Popular Annual Financial Report (PAFR) earned the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association. The PAFR is designed to make the County's financial results more readable for a broader audience.
- The California Counties Facilities Services Association presented the County of San Diego the “2010 Award of Excellence” for agencies who demonstrate facilities excellence through best practices, process innovation, staff development, automation, energy program improvements and customer service.
- The Department of Agriculture, Weights and Measures received an award from Accela, Inc. for Outstanding Achievements in Mobile Inspections. This mobile technology places inspectors in the field nearly 100% of the time, which eliminates transit time from office to field, improves customer service, boosts productivity and reduces fuel and maintenance costs.

Acknowledgments

We would like to express our appreciation to the accounting staff of County departments and the staff of the Auditor and Controller's department whose coordination, dedication and professionalism are responsible for the preparation of this report. We would also like to thank Macias Gini & O'Connell LLP for their professional support in the preparation of the CAFR.

Lastly, we thank the members of the Board of Supervisors, the Chief Administrative Officer, Group/Agency General Managers and their staff for using sound business practices while conducting the financial operations of the County.

Respectfully,



A handwritten signature in black ink that reads "Donald F. Steuer".

DONALD F. STEUER
Chief Financial Officer



A handwritten signature in black ink that reads "Tracy M. Sandoval".

TRACY M. SANDOVAL
Auditor and Controller



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Diego
California

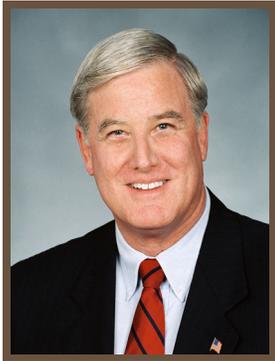
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



President

Executive Director



Greg Cox
District 1



Dianne Jacob
District 2



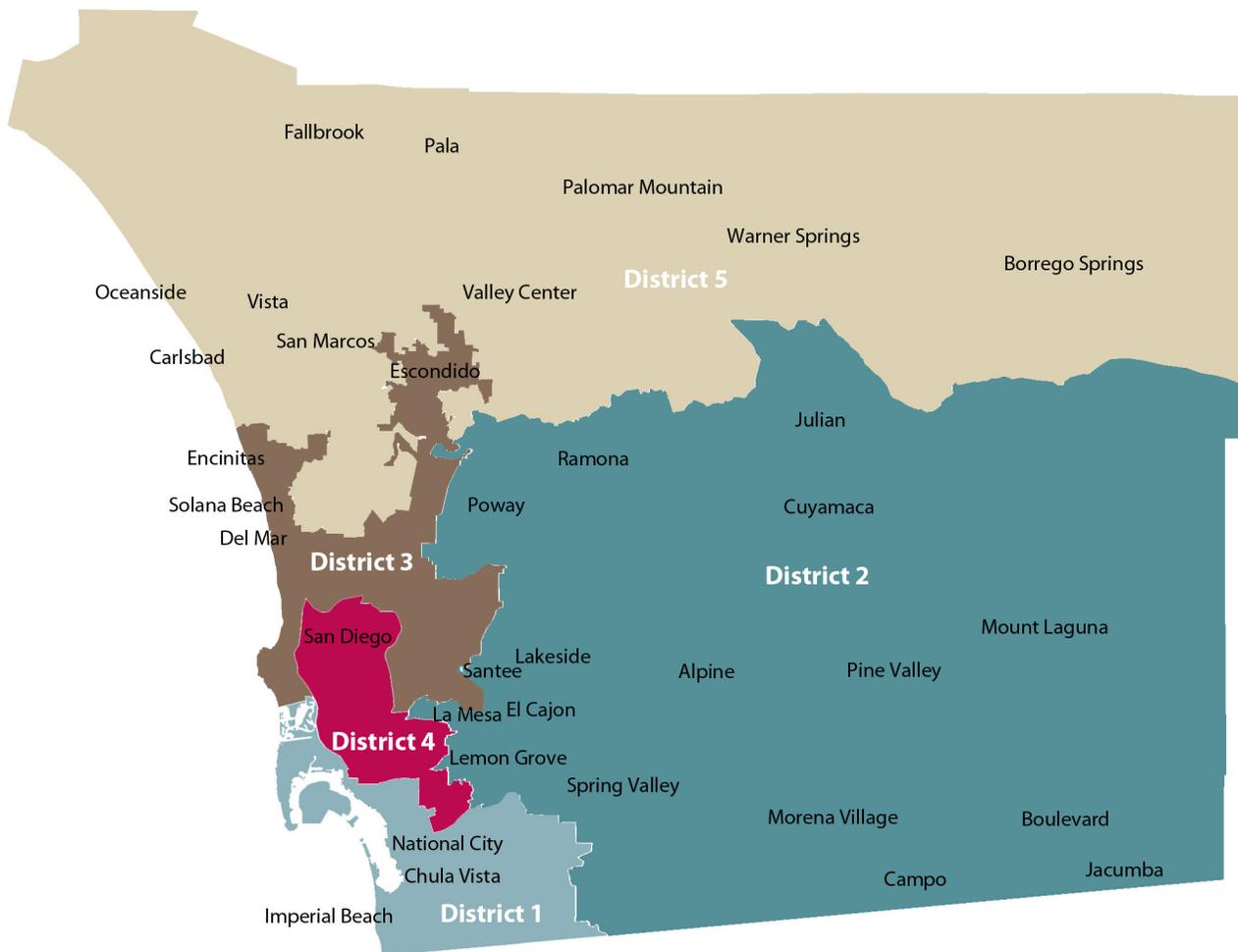
Pam Slater-Price
District 3



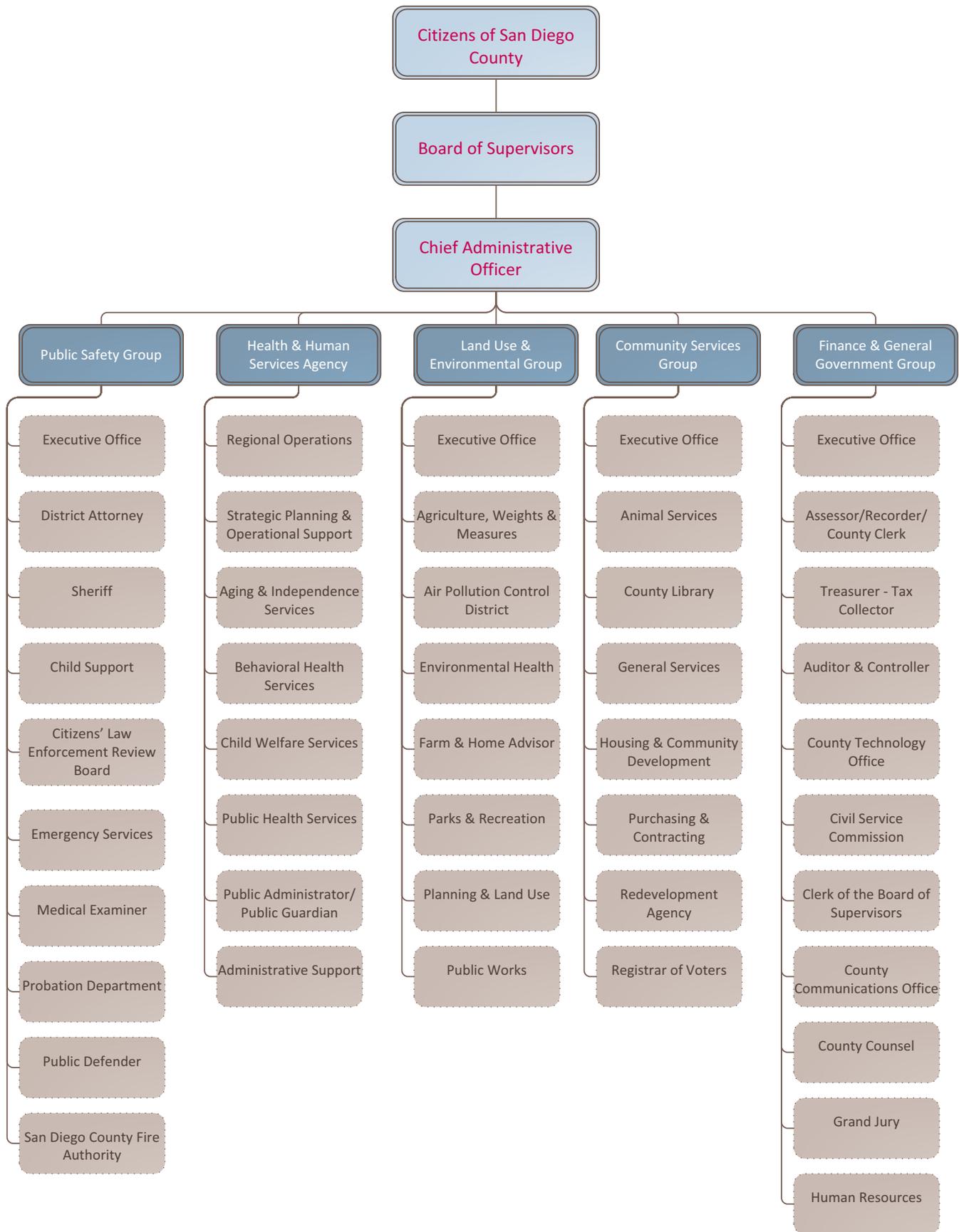
Ron Roberts
District 4
Vice-Chairman



Bill Horn
District 5
Chairman



Note: This map reflects the Supervisory district boundaries as of June 30, 2011.



Other Elected and Appointed Officials

Chief Administrative Office

Chief Administrative Officer
Assistant Chief Administrative Officer

Walter F. Ekard
Helen N. Robbins-Meyer

Elected Officials

Assessor/Recorder/County Clerk
District Attorney
Treasurer/Tax Collector
Sheriff

Ernest Dronenburg
Bonnie Dumanis
Dan McAllister
Bill Gore

General Managers

DCAO/General Manager Community Services Group
Chief Financial Officer/General Manager Finance & General Government Group
Agency Director/General Manager Health & Human Services Agency
DCAO/General Manager Land Use & Environment Group
DCAO/General Manager Public Safety Group

Mikel D. Haas
Donald F. Steuer
Nick Macchione
Sarah Aghassi
Ray Fernandez

Department Heads

Agriculture, Weights & Measures
Air Pollution Control District
Animal Services
Auditor & Controller
Chief of Staff
Child Support Services
Civil Service Commission
Clerk of the Board of Supervisors
Communications Office
County Counsel
County Technology Office
Emergency Services
Environmental Health
Farm & Home Advisor
General Services
Aging & Independent Services/Health & Human Services Agency (HHS)-East Region
HHS-Central & South Regions
HHS-North Regions
Public Health Services
Child Welfare Services
Behavioral Health Services
Housing & Community Development
Human Resources
Internal Affairs
Library
Medical Examiner
Parks & Recreation
Planning & Land Use
Probation
Public Defender
Public Works
Purchasing & Contracting
Registrar of Voters
Strategy & Intergovernmental Affairs

Robert Atkins
Bob Kard
Dawn Danielson
Tracy Sandoval
Janice Graham
Jeff Grissom
Patt Zamary
Thomas J. Pastuszka
Michael Workman
Tom Montgomery
W. Harold Tuck, Jr.
Ron Lane
Jack Miller
Carl Bell*
April Heinze
Pamela B. Smith
Rene Santiago
Donna Hand
Wilma Wooten, M.D.
Debra Zanders-Willis
Jennifer Schaffer
David Estrella
Carlos Arauz
Joe Cordero
Jose Aponte
Glenn Wagner
Brian Albright
Eric Gibson
Mack Jenkins
Henry C. Coker
Rich Crompton
Winston F. McColl
Deborah Seiler
Geoff Patnoe

*Acting

Financial Section





Sacramento • Walnut Creek • Oakland • Los Angeles/Century City • Newport Beach • San Diego

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of San Diego, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Diego, California (County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the First 5 Commission of San Diego (Commission), the discretely presented component unit, as of and for the year ended June 30, 2011. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Commission is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 31 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedule of revenues, expenditures, and changes in fund balance – budget and actual for the General Fund, Public Safety and Tobacco Endowment special revenue funds as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying introductory section, the combining and individual fund information and other supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund information and other supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Macias Jini & O'Connell LLP

San Diego, California
November 17, 2011

This section of the County of San Diego's (County) Comprehensive Annual Financial Report provides a narrative overview and analysis of the basic financial activities of the County as of and for the year ended June 30, 2011.

The intent of the information presented here, in conjunction with the Letter of Transmittal is to provide the reader with a clearer picture of the County's overall financial status. Unless otherwise indicated, all amounts in this section are expressed in thousands of dollars.

Financial Highlights

- The assets of the County exceeded liabilities at the close of the fiscal year 2011 by \$3.82 billion (net assets). Of this amount, \$2.84 billion is invested in capital assets, net of related debt; \$530 million is restricted for specific purposes (restricted net assets); and the remaining portion represents unrestricted net assets of \$454 million.
- Total net assets increased by \$193.2 million. For governmental activities, capital assets and current and other assets increased by \$87.9 million and \$99.8 million, respectively, while other liabilities increased by \$36.9 million, offset by a \$41.6 million decrease in long-term liabilities. For business-type activities, capital assets and current and other assets decreased by \$1.8 million and \$3.9 million, respectively, while long-term and other liabilities decreased by \$6.5 million.
- General revenues for governmental activities were \$1.05 billion. Of this amount, property taxes and property taxes in lieu of vehicle license fees accounted for \$884 million or 84%; while other taxes, sales and uses taxes, investment earnings and other general revenues accounted for \$165 million or 16%.
- Program revenues for governmental activities were \$2.73 billion. Of this amount, \$2.21 billion or 81% was attributable to operating grants and contributions while charges for services accounted for \$488 million or 18%.
- The total expenses for governmental activities were \$3.58 billion. Public assistance accounted for \$1.19 billion or 33%, while public protection accounted for \$1.13 billion or 32% of this amount. Additionally, health and sanitation accounted for \$722 million or 20%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) *Government-wide* financial statements 2) *Fund* financial statements, and 3) *Notes* to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

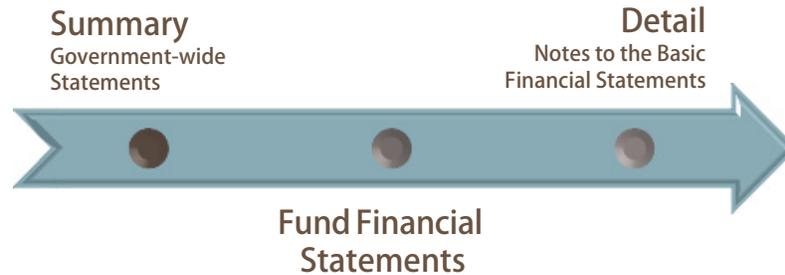
The Government-wide financial statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the aforementioned government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural. The business-type activities of the County include airport operations, sanitation districts and wastewater management.

The illustration below depicts the required components of the basic financial statements.



Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Public Safety Special Revenue Fund and the Tobacco Endowment Special Revenue Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining and individual fund information and other supplementary information section in this report.

Proprietary funds are generally used to account for services for which the County charges customers - either outside customers, or internal departments of the County. Proprietary funds provide

the same type of information as the government-wide financial statements, only in more detail. The County maintains the following types of proprietary funds:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for airport operations, sanitation services and wastewater management. These nonmajor enterprise funds are combined and aggregated. Individual fund data for each nonmajor enterprise fund is provided in the combining and individual fund information and other supplementary information section in this report.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Internal service funds are used to account for the financing of public works and communications equipment; the financing of materials and supplies (purchasing); for start up services for new and existing county service districts; for the County's public liability and employee benefits activities; the financing of fleet services; for facilities management activities; for the financing of information technology services; and for the financing of clothing and personal sundry items for persons institutionalized at various County facilities. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The County's *internal service funds* are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the combining and individual fund information and other supplementary information section in this report.

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

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information (RSI) is also presented. It provides budgetary comparisons for the General Fund, Public Safety Special Revenue Fund and the Tobacco Endowment Special Revenue Fund (all major funds) in separate Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.

Combining financial statements/schedules and supplementary information section of this report presents combining and individual fund statements and schedules referred to earlier that provide information for nonmajor governmental funds, enterprise funds, internal service funds and fiduciary funds and are presented immediately following the required supplementary information section of this report.

Government-wide Financial Analysis

Table 1

Net Assets						
June 30, 2011 and 2010 (In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current and other assets	\$ 3,089,529	2,989,720	91,194	95,076	3,180,723	3,084,796
Capital assets	3,056,863	2,968,953	164,834	166,654	3,221,697	3,135,607
Total assets	6,146,392	5,958,673	256,028	261,730	6,402,420	6,220,403
LIABILITIES						
Long-term liabilities	2,073,708	2,115,347	1,994	2,269	2,075,702	2,117,616
Other liabilities	502,471	465,533	1,164	7,362	503,635	472,895
Total liabilities	2,576,179	2,580,880	3,158	9,631	2,579,337	2,590,511
NET ASSETS						
Invested in capital assets, net of related debt	2,675,240	2,595,105	163,268	164,845	2,838,508	2,759,950
Restricted	529,808	247,585			529,808	247,585
Unrestricted	365,165	535,103	89,602	87,254	454,767	622,357
Total net assets	\$ 3,570,213	3,377,793	252,870	252,099	3,823,083	3,629,892

Analysis of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$3.82 billion at the close of fiscal year 2011 an increase of \$193.2 million or 5.3% over fiscal year 2010. This included an increase of \$115 million in the County's restricted and unrestricted net assets (a 13% increase over fiscal year 2010) and an increase of \$79 million in capital assets, net of related debt (a 3% increase over fiscal year 2010).

The aforementioned increase of \$193.2 million in net assets was composed of the following changes in total assets and liabilities:

- ◆ Total assets increased by \$182 million. This included an increase of \$96 million in current and other assets and an \$86 million increase in capital assets. The \$96 million increase in current and other assets was primarily attributable to an increase in cash and investments (including restricted and unrestricted cash and investments with fiscal agents) of \$79 million, an increase of \$66 million in receivables, net (excluding property taxes), a \$46 million decrease in property taxes receivables, net, and a \$3 million decrease in other assets. The \$79 million increase in cash is principally due to the \$66 million increase in receivables, net (excluding property taxes), a \$46 million decrease in property taxes receivables, net, a \$16 million decrease in accounts payable, a \$3 million increase in accrued payroll, a \$44 million increase in unearned revenue (explained below), all of which have the net effect of increasing cash; and also includes a \$21 million increase due to a new highway user tax revenue source (streets and highways code section 2103), a \$14 million increase in Proposition 172 monies; and, \$33 million in other sundry cash related activities. The \$66 million increase in receivables, net is principally due to an increase of \$70 million in amounts due from other governments, coupled with a \$4 million increase in loans receivable, offset by an \$8 million decrease in other accounts receivables. The \$46 million decrease in property taxes receivables, net was principally attributable to a decrease in delinquent secured taxes. The increase in capital assets was due in part to \$51.6 million of construction costs for the County Operations Center Phase 1A and donated assets of \$12 million.
- ◆ Total liabilities decreased by \$11 million. This included an increase in other liabilities of \$31 million and a decrease in long-term liabilities of \$42 million. The increase in other liabilities of \$31 million was primarily due to a \$44 million increase in unearned revenue due to the result of delays in securing contracts related to the Mental Health Services Act, coupled with a \$16 million decrease in accounts payable (\$38 million vendors, offset by \$22 million due to other government agencies), and a \$3 million increase in accrued payroll. The decrease of \$42 million in long-term liabilities was mainly due to a \$57 million decrease in long-term debt (see Long-Term Liabilities discussion), coupled with a net \$15 million increase in other long-term liabilities (including a \$17 million increase in claims and judgments offset by a \$2 million decrease in compensated absences).

The largest portion of the County's net assets (74%) reflects its investment of \$2.84 billion in capital assets, net of related debt (which includes: land, infrastructure, buildings, software and equipment; less any related outstanding debt used to acquire those assets). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the County's net assets, i.e. restricted net assets equaled \$530 million and represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, laws and/or regulations of other governments. The remaining portion of the County's net assets includes \$454 million in unrestricted net assets.

Table 2

Changes in Net Assets						
For the years ended June 30, 2011 and 2010 (In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010 (1)	2011	2010	2011	2010
Revenues:						
Program Revenues						
Charges for services	\$ 488,065	475,190	38,241	35,738	526,306	510,928
Operating grants and contributions	2,211,946	2,162,770	1,544	15,330	2,213,490	2,178,100
Capital grants and contributions	25,329	33,246			25,329	33,246
General Revenues						
Property taxes	580,570	593,553			580,570	593,553
Other taxes	16,207	15,991			16,207	15,991
Property taxes in lieu of vehicle license fees	303,625	308,842			303,625	308,842
Sales and use taxes	22,457	20,576			22,457	20,576
Investment earnings	22,024	30,941	582	1,046	22,606	31,987
Other	104,260	85,693	7	18	104,267	85,711
Total revenues	3,774,483	3,726,802	40,374	52,132	3,814,857	3,778,934
Expenses:						
Governmental Activities:						
General government	229,767	304,305			229,767	304,305
Public protection	1,128,967	1,091,910			1,128,967	1,091,910
Public ways and facilities	130,239	131,982			130,239	131,982
Health and sanitation	721,939	681,448			721,939	681,448
Public assistance	1,191,559	1,171,603			1,191,559	1,171,603
Education	35,734	39,165			35,734	39,165
Recreation and cultural	36,699	33,629			36,699	33,629
Interest expense	106,381	111,942			106,381	111,942
Business-type Activities:						
Airport			12,876	12,389	12,876	12,389
Sanitation districts			21,699	18,831	21,699	18,831
Wastewater management			5,806	5,523	5,806	5,523
Total expenses	3,581,285	3,565,984	40,381	36,743	3,621,666	3,602,727
Changes in net assets before transfers	193,198	160,818	(7)	15,389	193,191	176,207
Transfers	(778)	345	778	(345)		
Change in net assets	192,420	161,163	771	15,044	193,191	176,207
Net assets at beginning of year	3,377,793	3,216,630	252,099	237,055	3,629,892	3,453,685
Net assets at end of year	\$ 3,570,213	3,377,793	252,870	252,099	3,823,083	3,629,892

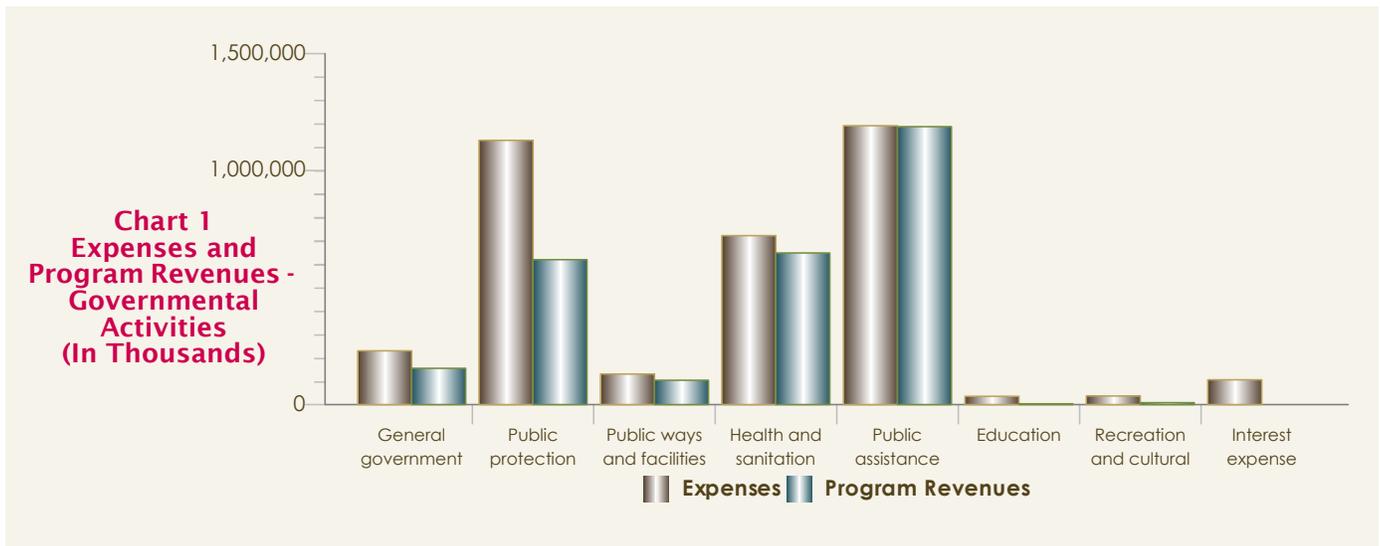
(1) Note: 2010 Adjustments for Comparative Purposes

Certain fiscal year 2010 balances were adjusted to conform to the proper current year presentation as a result of the reclassification of Sheriff law enforcement services provided to the courts. As a result, adjustments were made to **Table 2**, 2010 as follows: Charges for services were increased by \$29.821 million coupled with a \$29.821 million decrease to Operating grants and contributions.

Analysis of Changes in Net Assets

At June 30, 2011, changes in net assets before transfers (revenues minus expenses) equaled \$193.2 million, a \$17 million or 9.6% increase from the previous year. Principal revenue sources contributing to the change in net assets were operating grants and contributions of \$2.21 billion and taxes of \$884 million (including: property taxes and property taxes in lieu of vehicle

license fees.) These revenue categories accounted for 81% of total revenues. Principal expenses were in the following areas: public assistance, \$1.19 billion; public protection, \$1.13 billion; and health and sanitation, \$722 million. These expense categories accounted for 84% of total expenses.



Governmental activities

At the end of fiscal year 2011, total revenues for the governmental activities were \$3.77 billion, while total expenses were \$3.58 billion. Governmental activities increased the County's net assets by \$192.4 million, accounting for 99% of the total increase in net assets (Business-type activities accounted for the remaining 1%, \$.8 million).

Expenses:

Total expenses for governmental activities were \$3.58 billion, an increase of \$15 million or .4% (\$21 million increase in functional expenses and \$6 million decrease in interest expense). Public assistance was the largest functional expense (33%), followed by public protection (32%) and health and sanitation (20%).

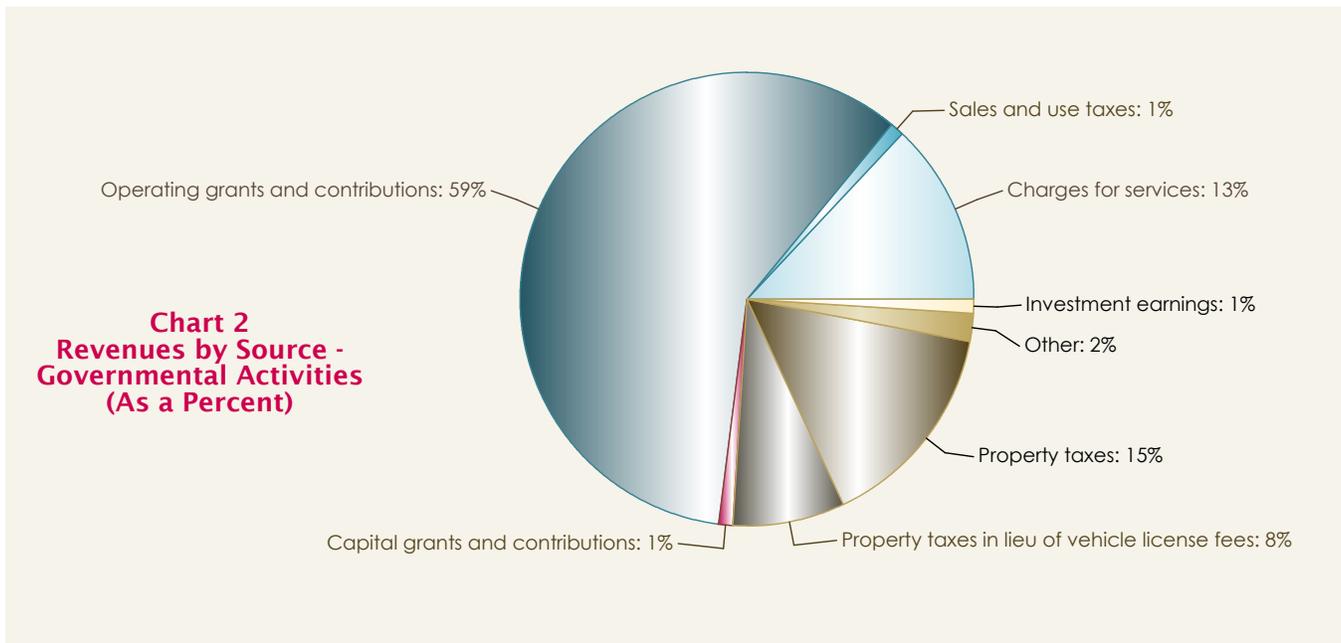
As noted below, the \$21 million increase in functional expenses was made up of an \$80 million decrease and \$101 million in increases:

The \$80 million decrease in functional expenses was mainly due to the decrease in the loss on disposal of assets as compared to fiscal year 2010, principally due to the fiscal year 2010 transfer of various court facilities from the County to the State. Senate Bill 1732, Court Facilities Legislation, the Trial Court Facility Act, and Assembly Bill 1491, Court Facilities Transfer Deadline Extension, provided for the transfer of the responsibility and in some instances, the title deed, from the County to the State to provide

necessary and suitable court facilities. This transfer resulted in the removal of these buildings from the County's financial records. County financial responsibility for facility maintenance costs for courts' space will continue as a statutorily required County facility payment.

The \$101 million increase in functional expenses consisted of:

- \$29 million in overall salaries and benefit costs due to a two percent negotiated wage increase for most employees in fiscal year 2010-11;
- \$60 million in contracted services increases of \$18 million in various health related contracts, \$16 million for the implementation of the Oracle Financial system and related consulting services, \$10 million in fire protection services contracts, \$9 million in CalWorks contracts providing temporary financial assistance and employment focused services to families with minor children who have income and property below the State maximum limits for their family size, \$9 million in mental health related contracts, \$2 million in services for inmate welfare service contracts; offset by a \$4 million decrease in contracted services for housing and community development;
- \$4 million in other operating expenses for institutional services;
- \$4 million in materials; and
- \$4 million in utilities expenses.



Revenues:

Total revenues for governmental activities were \$3.77 billion, an increase of 1.3% or \$48 million from the previous year. This increase consisted of increases in program revenue of \$54 million coupled with a \$6 million decrease in general revenues as follows:

The \$54 million increase in program revenue was chiefly due to increases of \$121 million and decreases of \$67 million noted below:

Increases in program revenues of \$121 million were principally composed of the following:

- \$24 million in operating grants and contributions resulting from an increase in federal case counts for the CalWORKs program;
- \$18 million in operating grants and contributions for Proposition 63 Mental Health Services Act state aid;
- \$16 million in operating grants and contributions from the following federal programs: \$7 million in Special Education Grants to States, (passed through to the County), \$5 million in Homeland Security Grant Program, \$2 million in Immunization Grants, and, \$2 million in Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers;
- \$16 million increase in operating grants and contributions from federal health and human services substance abuse prevention and treatment revenue;
- \$14 million in operating grants and contributions for state Proposition 172 revenues;
- \$11 million in operating grants and contributions as a result of Southwest Border Prosecution Initiative federal funding;
- \$11 million in operating grants and contributions resulting from federal health care coverage initiative revenue;
- \$9 million in operating grants and contributions as a result of state aid reimbursement senate bill 90 revenues; and,

- \$2 million in charges for services consisting of reimbursements to the County for Sheriff's law enforcement services provided to the courts.

Decreases in program revenue of \$67 million were attributable to:

- \$31 million in operating grants and contributions for State Proposition 1B revenues;
- \$14 million in operating grants and contributions for federal Short Doyle Medi-cal revenues due to lower client enrollment;
- \$12 million in operating grants and contributions from State transportation 1/2% sales taxes; and,
- \$10 million in capital grants and contributions primarily consisting of donated assets.

General revenues decreased overall by approximately \$6 million. This decrease was the result of increases of \$21 million and decreases of \$27 million noted below.

Increases in general revenues of \$21 million were mainly due to the following:

- \$19 million increase in other revenue primarily due to: \$6 million for additional treatment costs not funded by the Federal Individuals with Disabilities Education Act (IDEA), paid directly by the San Diego County Office of Education, \$5 million of Firestorm 2007 insurance proceeds used to reimburse costs associated with the capital renewal of San Pasqual Academy following the fires in 2007. (This money helped to fund 30 buildings on the campus including residence facilities and administrative facilities and related infrastructure such as roads), \$5 million of new funding for the defense of indigent criminal cases administered by County Counsel, and \$3 million in donations for the renovation of the San Diego Downtown Law Library, and,
- \$2 million increase in sales and use taxes.

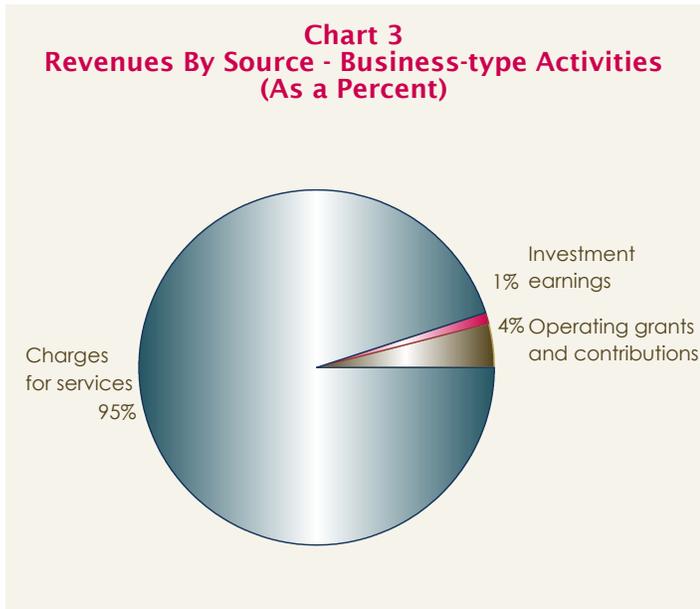
Decreases in general revenues of \$27 million were primarily due to the following:

- \$13 million decrease in property taxes due in part to a 1.7% decrease in secured assessed values;
- \$9 million decrease in investment earnings due to the 37% decrease in annualized interest rates earned by the County Treasury Pool; and,
- \$5 million in decrease in property taxes in lieu of vehicle license fees.

The County's governmental activities rely on several sources of revenue to finance ongoing operations. As shown in **Chart 2**, operating grants and contributions of \$2.21 billion accounted for 59%, the largest share of this revenue. These monies are received from parties outside the County and are generally restricted to one or more specific programs. Examples of operating grants and contributions include State and Federal revenue for public assistance programs and health and sanitation programs.

Property taxes and property taxes in lieu of vehicle license fees are not shown by program, but are effectively used to support program activities county-wide. Combined, these general revenues equaled \$884 million and accounted for 23% of governmental activities. Additionally, charges for services were \$488 million and accounted for 13% of revenues applicable to governmental activities.

Other factors concerning the finances of the County's major governmental funds are discussed in the governmental funds section of the "Financial Analysis of County's Funds."



Business-type Activities:

Business-type activities, which are exclusively comprised of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. As shown in **Chart 3**, charges for services represent \$38 million or 95%, while

operating grants and contributions (\$1.5 million) and investment earnings (\$0.5 million) represent 4% and 1% of total revenues respectively.

Net assets of business-type activities increased by \$.8 million or 0.3%. This net increase primarily included the following:

- \$1.8 million decrease in capital assets principally due to the completion of various airport projects and improvements, resulting in a corresponding increase in accumulated depreciation;
- \$3.9 million decrease in current and other assets due to: i) a \$7 million decrease in airport receivables, chiefly as a result of aid received from the Federal Aviation Administration for improvements to the McClellan-Palomar airport; and, ii) a \$4 million increase in pooled cash and investments; and
- \$6.5 million decrease in long-term and other liabilities, principally due to decreases in accounts payable.

Financial Analysis of County Funds

The County uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds:

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of major governmental funds reported by the County include the General Fund, the Public Safety Special Revenue Fund and the Tobacco Endowment Special Revenue Fund. Nonmajor governmental funds include special revenue funds, debt service funds, and capital projects funds.

At June 30, 2011, the County's governmental funds had combined ending fund balances of \$2.24 billion, an increase of \$48.8 million in comparison to the prior fiscal year. Of the total June 30, 2011 amount, \$612.81 million constituted unassigned fund balance, which is available for spending at the County's discretion. \$40.6 million of fund balance is assigned, \$982.7 million is committed, \$587.7 is restricted, and \$16.4 million is nonspendable. (Please refer to Note 1 in the notes to the financial statements for more details regarding fund balance classifications.)

Governmental revenues overall totaled \$3.74 billion representing a 1% increase. Governmental expenditures totaled \$3.69 billion, a 1.3% decrease from the fiscal year ended June 30, 2010.

General Fund:

The General Fund is the chief operating fund of the County. At the end of fiscal year 2011, its unassigned fund balance was \$612.81 million, while total fund balance was \$1.39 billion, an increase of \$174 million from fiscal year 2010.

This \$174 million increase in fund balance was composed of \$265 million in increases and \$91 million in decreases as follows:

Increases to fund balance of \$265 million were composed of:

- \$55 million decrease in pension obligation bond payments charged to departments attributable to a decrease in pension obligation bond required debt service payments;
- \$50 million one-time transfer to the General Fund to close out the remaining activities of the Housing and Community Development Fund. (The Housing and Community Development Fund is no longer in operation);
- \$25 million increase in federal grant revenues as follows: \$7 million in Special Education Grants to States (passed through to the County), \$5 million in Home Investment Partnerships Program, \$5 million in Special Programs for the Aging Title III, Part C Nutrition Services, \$5 million in Homeland Security Grant Program, and, \$3 million in Community Development Block Grants/Entitlement Grants;
- \$24 million decrease in transfers out attributable to one-time fiscal year 2010 pay down of 2008B variable rate Pension Obligation Bonds;
- \$24 million increase in CalWorks program revenues;
- \$18 million increase in Proposition 63 Mental Health Services Act state aid;
- \$16 million increase in federal health and human services substance abuse prevention and treatment revenue;
- \$11 million increase in federal health care coverage initiative revenue;
- \$11 million increase in federal Southwest Border Prosecution Initiative program revenues;
- \$9 million increase in state aid reimbursement senate bill 90 revenues;
- \$6 million increase in other revenue is related to the additional mental treatment cost reimbursement paid by the San Diego County Office of Education;
- \$6 million increase in Medi-Cal reimbursements due to an increase in Medi-Cal eligible patients along with an increase in Supplemental Plan Amendment revenue accruals;
- \$5 million increase in recording fees; and,
- \$5 million decrease in capital outlay expenditures.

Decreases to fund balance of \$91 million were composed of:

- \$62 million increase in contracted services expenditures made up of: \$18 million increase in various health related contracts, \$16 million for the implementation of the Oracle Financial system and related consulting services, \$10 million in fire protection services contracts, \$9 million in mental health related contracts, and, \$9 million in CalWorks contracts providing temporary financial assistance and employment focused services to families with minor children who have income and property below State maximum limits for their family size; and
- \$29 million increase in overall salaries and benefits due to a two percent negotiated wage increase for most employees in fiscal year 2010-11.

Public Safety Special Revenue Fund:

This fund was established to account for Proposition 172 half-cent sales taxes collected and apportioned to the County by the State Board of Equalization to fund public safety activities. Per Government Code Section 30052, a "maintenance of effort" (pre-Proposition (Prop) 172 public safety funding level) must be maintained by the County to comply with the statute's spending requirements. In accordance with the Code, funds are allocated to the Sheriff, District Attorney and Probation departments. Transfers-out of this fund subsidize the following types of public safety activities: juvenile detention services; facilities maintenance and support; capital projects, equipment and other one-time expenditures; on-going technology initiatives; and various region-wide services.

As of June 30, 2011, the total (restricted) fund balance in the Public Safety Special Revenue Fund was \$21.7 million, a \$16.9 million increase from the previous fiscal year. This increase was mainly due to a \$13.4 million increase in Prop 172 revenues due to improvements in the local economy; offset by a \$2.3 million decrease in transfers of these monies to the General Fund in fiscal year 2011.

Tobacco Endowment Special Revenue Fund:

This special revenue fund is used to account for the \$411 million the County received from the Tobacco Asset Securitization Corporation (Corporation) related to the sale of 25 years of tobacco settlement revenue in fiscal year 2002; and an additional \$123 million the County received from the Corporation resulting from the issuance of the San Diego County Tobacco Asset Securitization Corporation refunding bonds in fiscal year 2006. At the end of fiscal year 2011, fund balance was \$393 million, a decrease of \$19.7 million from fiscal year 2010, principally due to investment income of \$4.7 million offset by \$24.2 million in transfers out to the General Fund for the support of health related program expenditures.

Other Governmental Funds:

Other governmental funds consist of nonmajor funds, which include special revenue funds, debt service funds, and capital project funds. Individual fund data for each of these nonmajor governmental funds is provided in the combining and individual fund information and other supplementary information section in this report.

As of the end of fiscal year 2011, the fund balances of the other governmental funds totaled \$432 million, a net decrease of \$123 million from the prior year. This \$123 million net decrease consisted of \$9.5 million in increases, offset by decreases of \$132.5 million as follows:

\$9.5 million increase to Other Governmental Funds' fund balance:

- \$5.5 million increase in the Capital Outlay Fund's fund balance chiefly attributable to a \$13 million net increase in monies transferred in from the General Fund to fund various capital projects consisting of a \$10 million increase in various capital

outlay projects' funding, a \$7 million increase in multiple species conservation program funding offset by \$3 million and \$1 million decreases in justice facility project and library project funding, respectively; coupled with an overall \$8 million increase in capital project capital outlay expenditures.

- \$4 million increase to the Road Fund's fund balance due to the introduction of a new \$21 million highway user tax revenue source (streets and highways code section 2103), the decrease of \$11 million in capital outlay expenditures due to the project close out of Valley Center North and major Right of Way acquisitions for South Santa Fe during fiscal year 2010, a decrease of \$2 million in operating transfers out attributable to a decline in charges to departments for pension obligation bond payments due to a reduction in pension obligation bond required debt service payments, an increase of \$2 million on sale of capital assets, offset by the decrease of \$32 million in Proposition 1B monies.

\$132.5 million decrease to Other Governmental Funds' fund balance:

- \$50 million decrease to the Housing and Community Development Special Revenue Fund's fund balance due to the one-time \$50 million transfer to the General Fund to close out the remaining activities of the Housing and Community Development Fund. The Housing and Community Development Fund is no longer in operation.
- \$10 million decrease to the Edgemoor Development Fund's fund balance principally attributable to a \$9 million transfer out to reimburse the General Fund for annual Edgemoor facility debt service payments.
- \$64 million decrease to the San Diego Regional Building Authority Capital Projects Fund's fund balance mainly due to \$54.5 million incurred in capital outlay expenditures related to the ongoing construction of the County Operations Center; coupled with a \$9.5 million incurred in minor equipment expenditures.
- \$8.5 million decrease to the San Diego Regional Building Authority Debt Service Fund's fund balance chiefly due to activities associated with the issuance of the 2011 Metropolitan Transit System Towers Refunding Certificates of Participation including a \$22 million payment to the refunded bond escrow agent, offset by a \$19.3 million in refunding bonds issued, and a \$1.2 million issuance premium; coupled with a \$7 million payment of debt related interest.

Proprietary Funds:

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The nonmajor enterprise funds and the internal service funds are combined into single, aggregated presentations in the proprietary fund financial statements. Individual proprietary fund data is presented in the combining financial statements/schedules and supplemental information section of this report.

Enterprise Funds:

See previous discussion above regarding Business-type activities.

Internal Service Funds:

Net Assets of the internal service funds (ISF) totaled \$103 million, a net decrease of \$10 million from the prior year. This \$10 million net decrease consisted of \$7 million in increases, offset by decreases of \$17 million as follows:

\$7 million increases to internal service funds' net assets:

- \$3 million increase in Facilities Management Fund's net assets mainly attributable to a \$7.4 million decrease in operating revenue coupled with a decrease in operating expenses offset by a \$1.15 increase in grants, a \$400 thousand increase in capital contributions and an \$800 thousand increase in transfers out.
- \$3 million increase in Information Technology Fund's net assets chiefly due to transfers in from the General Fund for various information technology activities.
- \$1 million increase in Fleet Services Fund's net assets chiefly due to transfers in from the General Fund for various fleet services activities.

\$17 million decreases to internal service funds' net assets:

- \$9 million decrease Employee Benefits Fund's net assets due to a \$6 million increase in claims and judgments coupled with a \$3 million decrease in charges for services.
- \$8 million decrease in Public Liability Fund's net assets mainly due to a \$10 million increase in claims and judgments offset by a \$1 million decrease in operating revenues.

Fiduciary Funds:

The County maintains fiduciary funds for the assets of the *Investment Trust Funds* and the *Agency Funds*.

Investment Trust Funds:

These funds were established for the purpose of reporting pooled and specific investments. The Investment Trust Funds' net assets totaled \$3.43 billion, an increase of \$285 million, from the previous year. This increase was substantially due to contributions to investments of \$6.123 billion coupled with investment earnings of \$19 million, offset by distributions from investments of \$5.857 billion.

Agency Funds:

Agency funds maintain assets held in an agent capacity for other governments, organizations and individuals. These assets do not support the County's programs or services. Any portion of the agency funds' assets held at fiscal year end for other County funds are reported in those funds rather than in the agency funds.

General Fund Budgetary Highlights

The County's final budget differs from the original budget (see Notes to required supplementary information) in that it contains supplemental appropriations approved during the fiscal year for various programs and projects, as well as transfers of appropriations, budget corrections, re-budgets, and account reclassifications. For the fiscal year ended June 30, 2011 net expenditure appropriations increased by \$36.3 million and appropriations for transfers-out decreased by \$2.3 million for a net increase of \$34 million.

Appropriation changes of note to the original budget were the following:

- \$12.4 million appropriation increase in the Housing and Community Development General Fund Department. The functions of the Housing and Community Development (HCD) Special Revenue Fund were transferred to the HCD General Fund department resulting in the dissolution of the HCD Special Revenue fund.
- \$9.7 million of appropriations were cancelled in the Office of the Public Defender due to the loss of funding from the State of California Administrative Office of the Courts to provide Dependency Representation services.
- \$9.1 million in various departments including Office of Emergency Services, Sheriff Department, Health and Human Services Agency, Department of Planning and Land Use, Department of General Services for emergency planning, the continued development of a disaster preparedness exercise program, equipment purchases, regional projects and grant administration due to the award of a Homeland Security Grant.
- \$8.8 million in the Sheriff Department to increase coordination and enhance local law enforcement presence along the border based on grant funds from the federal Department of Homeland Security.
- \$3.5 million for the Sheriff's Rancho San Diego Station capital project based on Public Safety Group's Fund Balance available. The new Rancho San Diego Sheriff Station will be located on a vacant County owned parcel and will be approximately 20,000- 25,000 square feet.

Actual revenues fell short of the final budgeted amounts by \$113.7 million, while actual expenditures were less than the budgeted amount by \$472.0 million. The combination of the revenue and expenditure shortfalls resulted in a revenue/expenditure operating variance of \$358.3 million. Other financing sources and uses of funds resulted in a net sources versus uses variance from budget of \$345.5 million and there was no variance in the increase to the nonspendable inventories. These combined amounts resulted in a variance in the net change in fund balance of \$703.8 million.

Highlights of actual expenditures compared to final budgeted amounts are as follows:

Salaries and Benefits:

The final budget over expenditure variance across all functions in this category was \$62.7 million. A significant portion of these savings were in the Public Safety Group and the Health and Human Services Agency but also in the Land Use and Environment Group, Community Services Group and Finance and General Government Group from lower than budgeted salaries and employee benefit costs due to staff turnover and department management of vacancies.

Health and Human Services Agency Programs:

Funded by a combination of State, federal, and County revenues, most Health and Human Services Agency programs are carried out in the functional areas of health and sanitation and public assistance, with final budget over expenditure variances of \$60.1 million and \$79.6 million, respectively. Overall, these expenditure variances primarily resulted from a lower demand for services than budgeted levels in the following areas:

- Un-awarded Mental Health Services Act and Alcohol and Drug Services contracts;
- Lower than anticipated growth trends in In-Home Supportive Services Individual Provider costs;
- Lower than anticipated service levels in Early Periodic Screening, Diagnosis and Treatment and MediCal;
- State funding reductions in contracts for Immunization services; and,
- Bio-terrorism emergency appropriation savings.

Delayed expenditures:

Many County projects, such as maintenance and information technology, take place over more than one fiscal year. However, at inception they are budgeted at full expected cost, resulting in budgeted over expenditure variances that are rebudgeted in the new fiscal year. For example:

- A positive expenditure variance of approximately \$41.3 million due to delays in the Integrated Property Tax System procurement process.
- Department of Public Works rebudgeted \$5.4 million of one-time funding for the Woodside Avenue Drainage project in the community of Lakeside. These funds will be used for construction costs for culvert installation.

Management and Contingency Appropriations:

The County annually sets up management and contingency appropriations based on both ongoing general purpose revenues and prior years' fund balance for a variety of one-time capital and operating expenditures as well as potential emergencies. Unexpended Management and Contingency Reserve appropriations resulted in budget over actual variances of \$29.2 million and \$20 million, respectively. Note that the Management Reserves are included within various functional activities.

Capital Assets and Commitments

Capital Assets

At June 30, 2011, the County's capital assets for both governmental and business-type activities were \$3.06 billion and \$165 million, respectively, net of accumulated depreciation/amortization. Investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure (including roads, bridges, flood channels, and traffic signals), equipment, software and easements. Significant increases to capital assets in fiscal year 2011 included:

Governmental Activities:

- \$51.6 million towards construction at the County Operations Center Phase 1A. Total project costs are estimated at \$179.5 million.
- \$40.2 million towards the construction and improvement of County maintained roads, bridges and other road related infrastructure.
- \$19.8 million towards construction at the County Operations Center Phase 1B. Total project costs are estimated at \$119.8 million
- 17.9 million towards the construction of various miscellaneous capital outlay fund projects
- \$9.2 million towards various land acquisitions.
- \$9.1 million in land donations
- \$6.1 million towards the construction of the Medical Examiner Building at the County Operation Center in Kearny Mesa. Total project costs are estimated at \$68.7 million.
- \$5.9 million towards park improvements
- \$5.8 million towards the construction of the Ramona Branch Library. Total project costs are estimated at \$12.1 million
- \$4.4 million towards construction of the San Pasqual Academy Residences. Total project costs are estimated at \$9.1 million.
- \$3.9 million towards development of various software applications.
- \$3.4 million towards the construction of the Fallbrook Branch Library. Total project costs are estimated at \$10.6 million.
- \$2.4 million towards purchase of software licenses.
- \$2 million in infrastructure donated by developers.

Business-type Activities:

- \$2.6 million towards improvements at various Sanitation Districts.

For government-wide financial statement presentation, governmental funds depreciable capital assets are depreciated from the acquisition date to the end of the current fiscal year. Governmental funds financial statements record capital asset purchases as expenditures.

Capital Commitments:

As of June 30, 2011, capital commitments included the following:

Governmental Activities:

- \$100.6 million for the construction of: the County Operations Center, South Santa Fe Ave., roadway assets replacements, San Pasqual Academy Housing, Women's Detention Facility, Spring Valley traffic Signal, Jamacha Boulevard, and purchase of license agreements and upgrade of Oracle Enterprise Resources.

Business-type Activities:

- \$750 thousand for construction of Rancho Del Campo Wastewater.

(Please refer to Note 7 in the notes to the financial statements for more details concerning capital assets and capital commitments.)

Long-Term Liabilities

Governmental Activities:

At June 30, 2011, the County's governmental activities had outstanding long-term liabilities of \$2.07 billion.

Of this amount, approximately \$1.82 billion pertained to long-term debt outstanding. Principal debt issuances included: \$841 million in taxable pension obligation bonds; \$575 million in Tobacco Settlement Asset-Backed Bonds; and \$392 million in certificates of participation (COPs) and lease revenue bonds (LRBs).

Other long-term liabilities included \$136 million in claims and judgments; \$98 million in compensated absences; \$20 million for landfill closure and postclosure costs and \$212 thousand in capital leases.

During fiscal year 2011, the County's total principal amount of COPs and lease revenue bonds, other bonds, and loans for governmental activities decreased by \$56.631 million.

The \$56.631 million decrease was due to the following increases and decreases:

Increases to debt were \$33.631 million and included:

- \$19.260 million of fixed rate serial certificates of participation issued by the San Diego Regional Building Authority to advance refund \$22.115 million of outstanding 2001 Metropolitan Transit System Towers Refunding Certificates of Participation;
- \$655 thousand of California Energy Conservation loans;
- \$4.320 million of principal was accreted (added) to the outstanding Tobacco Settlement Asset-Backed Bonds' Capital Appreciation Bonds principal balances outstanding;
- \$3.591 million of principal was accreted (added) to the outstanding Taxable Pension Obligation Bonds' principal balances outstanding; and,
- \$5.805 million due to the effects of arbitrage, unamortized issuance premiums, unamortized issuance discounts, and unamortized deferred amounts on refundings.

Decreases to debt were \$90.262 million and included:

- \$22.115 to advance refund the outstanding 2001 Metropolitan Transit System Towers Refunding Certificates of Participation referred to above; and,
- \$68.147 million in principal debt service payments.

Business-type Activities:

Long-term liabilities for business-type activities totaled \$1.994 million and consisted of \$1.566 million for capital loans and \$428 thousand for compensated absences.

Long-term liabilities for business-type activities decreased by \$275 thousand. This was due to a combination of \$243 thousand in debt service payments on capital loans and a net decrease of \$32 thousand in compensated absences.

(Please refer to Notes 13 through 15 in the notes to the financial statements for more details concerning long-term debt; changes in long-term liabilities; and funds used to liquidate liabilities.)

Credit Ratings

The County's issuer and credit ratings on its bonded program are as follows:

Table 3

Credit Ratings			
	Moody's	Standard & Poor's	Fitch
Issuer Rating	Aa1	AAA	AAA
Certificates of Participation San Diego Capital Asset Leasing Corporation (SANCAL)	Aa3	AA+	AA+
Certificates of Participation San Diego Regional Building Authority (SDRBA) Metropolitan Transit System Towers	Aa3	AA+	AA+
Lease Revenue Bonds SDRBA County Operations Center 1A	Aa3	AA+	AA+
Refunding Lease Revenue Bonds SDRBA San Miguel	A1	not rated	not rated
Pension Obligation Bonds	Aa2	AA+	AA+
Tobacco Settlement Asset-Backed Bonds - Series 2006A (Senior)	Baa3	BBB	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006B (First Subordinate)	not rated	BB-	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C (Second Subordinate)	not rated	B+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D (Third Subordinate)	not rated	B-	not rated
County Redevelopment Agency Bonds	not rated	not rated	not rated

The County's ratings on its lease financings and its pension obligation bonds were reaffirmed in 2011. While Standard and Poor's affirmed its ratings on the County's remaining outstanding debt, and AAA County issuer credit rating, it lowered its ratings on the outstanding subordinate obligations of the Tobacco Securitization Authority of Southern California: Tobacco Settlement Asset-Backed Bonds (TSAB) - Series 2006B First Subordinate (BBB- to BB-), TSAB Series C Second Subordinate (BB+ to B+) and TSAB Series 2006D Third Subordinate (BB- to B-).

In reaffirming the County's ratings, all three rating agencies referenced the County's strong financial management practices in the face of economic challenges. In its analysis dated July 19, 2011, Moody's Investors Service states, "the County's long-term ratings are based on its sizable tax base and resident socioeconomic profile. The County's economy has experienced challenges in the recent recession but nonetheless remains large and diverse. The County's ratings also incorporate its sound financial position and strong, conservative financial management."

Economic Factors and Next Year's Budget and Rates

- The fiscal year 2012 General Fund adopted budget utilizes as funding sources for one-time expenditures \$210.1 million out of \$612.814 million in unassigned fund balance and \$5.9 million out of \$514.739 million committed fund balance.
- The fiscal year 2012 General Fund adopted budget contains total appropriations of \$3.74 billion. This is an increase of \$3.8 million or 0.1% from the fiscal year 2011 General Fund adopted budget. A number of risk factors continue to be tracked closely: the state of the economy, which is suffering from high unemployment, a struggling real estate market and consumer spending weakness, and the State of California's projected budget imbalances for fiscal years 2013, 2014 and beyond.
- The U.S. economy's revised Gross Domestic Product (GDP) for 2010 showed an increase of 3.0% compared to a decline of 3.5% in 2009, a 0.3% decline in 2008 after a 1.9% gain in 2007. GDP is expected to grow in 2011, with a current growth projection of 1.5%, and GDP growth for 2012 is forecasted to be 1.4%.
- California's economy has been negatively impacted by the same financial market, housing and real estate, employment and personal income trends experienced at the national level. In 2010, key indicators of California's economy showed mixed results. Payroll employment declined by 1.4%, real personal income improved by 1.7%, and adjusted taxable sales is estimated to have grown by 1.8%. California's 2011 economy is expected to show continued gradual improvement with payroll employment expected to improve by 1.1%, real personal income is expected to increase by 2.3%, and taxable sales is expected to increase by 1.7%.
- The State's budget outlook continues to be strained, with the slow pace of economic recovery contributing significantly to the ongoing structural imbalance between revenues and expenditures. In fiscal year 2012, the State of California's adopted budget also realigned various criminal justice, mental health and social service programs, representing a long term change in state and county responsibilities.
- San Diego certainly shared the pain of the recession along with the rest of Southern California. 2011 continues to be another unsettled year for our region's economy with unemployment still above 10%. San Diego's index of leading economic indicators has trended higher since April 2009, despite recent weakness, indicating gradual economic

improvement overall. While the pace of the economic recovery has remained slow, 2012 should see continued signs of improvement for the region.

- The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. There continues to be an increased demand for public assistance, while at the same time the State and local resources available to fund those services are not able to keep pace with the demand. The real estate market slump has continued to impact the County's general purpose revenue (GPR), although GPR is expected to increase marginally in fiscal year 2012 from fiscal year 2011. GPR is relied upon to fund local discretionary services, as well as to fund the County's share of costs for services that are provided in partnership with the State and federal government.

As discussed below, the County's GPR is projected to increase by 1.1% (with budgeted revenue of \$964.4 million in fiscal year 2012 compared to \$954.4 million budgeted in fiscal year 2011).

- The largest source of general purpose revenue is property taxes (\$505.8 million budgeted in fiscal year 2012), representing 52.4% of the total. For the last eleven years, property tax growth has been high (6.1% average annual growth) due to the County's overall stable economy and healthy real estate market. In 2012, property taxes are budgeted to increase by \$8.2 million, or 1.7%, from the 2011 budget. The budgeted property tax revenue factors in the current soft commercial and residential real estate conditions as evidenced by the continued low but improving level of building permits; marginally declining median price of homes; the continued relatively high level of foreclosures; and the gradual improvement in total deeds recorded. Current property taxes consist of three components: current secured property taxes, current supplemental property taxes, and current unsecured property taxes.
- The budgeted amount of current secured property tax revenues (\$487.1 million) assumes a net local assessed secured property value decline of 0.5% from the actual local assessed secured property value figure for 2011, and 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. The actual change in the net local assessed secured property value was better than assumed for the fiscal year 2012 budget, increasing by 0.5%. Consequently, the actual current secured property tax revenues in fiscal year 2012 will likely come in higher than budget. In fiscal year 2013, the projected amount of revenues from current secured property taxes assumes no growth in local assessed secured property values.
- Current supplemental property taxes (\$1.9 million budgeted in fiscal year 2012) are derived from net increases to the 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. 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 2006, supplemental refunds countywide totaled \$4.0 million. They increased to \$6.2 million in fiscal year 2007, increased to \$15.0 million in 2008, and increased again to \$38.3 million in 2009. Supplemental refunds exceeded \$21.6 million in fiscal year 2010 and dropped to \$15.3 million in 2011. They are anticipated to decline gradually in fiscal year 2012. Current supplemental property tax revenues were \$29.5 million in fiscal year 2006. They dropped to \$23.4 million in fiscal year 2007, to \$14.0 million in fiscal year 2008, to \$2.4 million in 2009, and to \$1.9 million in 2010. In fiscal year 2011, current supplemental property tax revenues were \$3.9 million. The Adopted Operational Plan assumes that this weakness will continue through the next two fiscal years.

- Current unsecured property tax revenues (\$16.8 million budgeted in fiscal year 2012) are forecasted based on trends and available information at the time the budget is developed. A decline of 3.2% is budgeted for fiscal year 2012 over the fiscal year 2011 adopted budget.
- Property taxes in lieu of vehicle license fees (VLF) comprises 31.3% (an estimated \$302.2 million) of budgeted general purpose revenue in fiscal year 2012. This revenue source was established by the State in fiscal year 2005 to replace the previous distribution of vehicle license fees to local governments. Growth in this revenue source is based on the growth in the County's gross taxable assessed value. The certified rate of increase for 2012 is 0.33%. Similar to current secured property tax revenue, no growth is expected for fiscal year 2013.
- Teeter revenues represent 3.4% (an estimated \$32.9 million) of budgeted general purpose revenue. In fiscal year 1994, 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"). Under this plan, the County advances funds to these 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 also due once the delinquent taxes are paid. 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 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 2012,

collections from previous years' receivables are budgeted to decrease by \$4.8 million based on the size of the outstanding annual receivables and based on anticipated collection trends and market conditions. In fiscal year 2012, excess amounts from the Teeter Tax Loss Reserve Fund decrease from the \$21.5 million that was budgeted in fiscal year 2011 to \$19.0 million budgeted in fiscal year 2012, based on the change in the expected level of Teetered taxes. These revenues are expected to decrease by \$1.2 million in fiscal year 2013.

- Sales and use tax revenue and in lieu local sales and use tax (\$21.7 million in fiscal year 2012) represents about 2.3% of budgeted general purpose revenue. These revenues are 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 growth in this funding source is generally impacted by population growth, new retail business formation and consumer spending trends. The in lieu local sales and use tax revenue replaces regular sales and use tax revenue with monies transferred from the Educational Revenue Augmentation Fund (ERAF) under the provisions of AB7 X1, one of the 2004 State budget bills. This legislation enabled the State to redirect one-quarter cent of the local sales and use tax to the state to repay up to \$15 billion in bonds authorized by Proposition 57 (March 2004) to help the State refinance its past debt. In turn, the redirected local sales and use tax revenues are replaced on a dollar-for-dollar basis with countywide property tax revenues shifted back from the ERAF. This funding mechanism is known as the "triple flip."
- Sales and Use Tax revenue grew moderately from fiscal year 2006 through fiscal year 2008 in concert with population growth and new retail business formation in the unincorporated area. However, the recent economic volatility, housing market declines, and unemployment trends have impacted retail sales at the statewide, southern California and San Diego regional levels. Sales tax revenues improved in all four quarters of 2010 compared to 2009 and this trend has continued into 2011. The amount of budgeted revenue in fiscal year 2012 is approximately \$1.7 million (8.5%) above the fiscal year 2011 budgeted revenue. Growth of \$0.4 million or 2.0% is projected for fiscal year 2013.
- Intergovernmental Revenue (\$40.8 million budgeted in fiscal year 2012) is approximately 4.2% of the total GPR in fiscal year 2012 and represents funding the County receives from

various intergovernmental sources including Redevelopment Agencies, the City of San Diego (pursuant to a Memorandum Of Understanding 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). The largest portion of this funding is from redevelopment agencies based on the provisions of Article 16, Section 16 of the California Constitution, and Health and Safety Code Section 33670 which provides for the division of certain portions of property tax revenues between redevelopment projects and other taxing agencies. The amount of budgeted revenue in fiscal year 2012 is approximately \$5.2 million (14.6%) above the fiscal year 2011 budgeted revenue. The anticipated increase in Aid from Redevelopment Agencies is primarily associated with additional funding from the Redevelopment Agency of the City of San Diego, Centre City Redevelopment Project. Pursuant to an agreement, the County will receive a percentage increase of total tax increment generated in the project are upon meeting certain tax increment thresholds. Growth of \$0.2 million or 0.4% is projected for fiscal year 2013.

- Other revenues budgeted for fiscal year 2012 total \$61.0 million, and comprise 6.3% of budgeted general purpose revenue. The fiscal year 2012 amount represents a 3.2% or \$1.9 million increase over the fiscal year 2011 Adopted Budget total. Various revenue sources make up this category including Real Property Transfer Tax (RPTT), interest on deposits, fines, fees and forfeitures, prior year property taxes, penalty and cost delinquency taxes, franchise revenue, cable and video licenses and other miscellaneous revenues.

The County's Operational Plan for fiscal year 2012 and for fiscal year 2013 can be found on the internet at <http://www.sdcounty.ca.gov/auditor/budinfo.html>.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's *accountability* for the money it receives. If you have questions about this report or need additional financial information, please contact the Auditor and Controller's Office, County of San Diego, located at 1600 Pacific Highway, San Diego, California 92101.



Basic Financial Statements

STATEMENT OF NET ASSETS

June 30, 2011 (In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
ASSETS				
Pooled cash and investments	\$ 1,869,417	82,420	1,951,837	128,251
Cash with fiscal agents	20		20	
Investments with fiscal agents	383,774		383,774	36,086
Receivables, net	579,090	5,808	584,898	6,326
Property taxes receivables, net	150,621		150,621	
Internal balances	(2,965)	2,965		
Inventories	12,904	1	12,905	
Deposits with others	15		15	
Prepaid items	379		379	2
Deferred charges	13,396		13,396	
Restricted assets:				
Cash with fiscal agents	490		490	1,288
Investments with fiscal agents	68,082		68,082	
Lease receivable	14,306		14,306	
Capital assets:				
Land, easements and construction in progress	485,857	24,152	510,009	
Other capital assets, net of accumulated depreciation/ amortization	2,571,006	140,682	2,711,688	
Total assets	6,146,392	256,028	6,402,420	171,953
LIABILITIES				
Accounts payable	162,900	896	163,796	102,532
Accrued payroll	43,338	219	43,557	
Accrued interest	25,473		25,473	
Unearned revenue	270,760	49	270,809	
Non-current liabilities:				
Due within one year	144,090	430	144,520	55
Due in more than one year	1,929,618	1,564	1,931,182	19
Total liabilities	2,576,179	3,158	2,579,337	102,606
NET ASSETS				
Invested in capital assets, net of related debt	2,675,240	163,268	2,838,508	
Restricted for:				
Creditors - Capital projects	24,550		24,550	
Grantors - Housing assistance	76,504		76,504	
Donations	3,363		3,363	
Laws or regulations of other governments:				
Future road improvements	121,180		121,180	
Maintenance, operation and construction of criminal justice facilities and courthouses	24,411		24,411	
Defray administrative costs, other general restrictions	16,208		16,208	
Teeter tax loss	22,264		22,264	
Mental health	27,603		27,603	
Vector control	13,227		13,227	
Fingerprinting equipment purchase and operation	8,526		8,526	
Improvement and maintenance of recorded document systems	14,300		14,300	
Housing repairs and improvements	164		164	
Other purposes	177,508		177,508	
First 5 Commission				69,347
Unrestricted	365,165	89,602	454,767	
Total net assets	\$ 3,570,213	252,870	3,823,083	69,347

STATEMENT OF ACTIVITIES

For the year ended June 30, 2011 (In Thousands)

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit First 5 Commission Fund
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business- Type Activities		
Governmental Activities:								
General government	\$ 229,767	92,085	40,043	22,822	(74,817)		(74,817)	
Public protection	1,128,967	235,913	383,097	40	(509,917)		(509,917)	
Public ways and facilities	130,239	21,022	80,672	2,074	(26,471)		(26,471)	
Health and sanitation	721,939	111,300	536,949		(73,690)		(73,690)	
Public assistance	1,191,559	19,105	1,168,204		(4,250)		(4,250)	
Education	35,734	1,064	2,337	393	(31,940)		(31,940)	
Recreation and cultural	36,699	7,576	644		(28,479)		(28,479)	
Interest expense	106,381				(106,381)		(106,381)	
Total governmental activities	3,581,285	488,065	2,211,946	25,329	(855,945)		(855,945)	
Business-type activities:								
Airport	12,876	11,301	1,513			(62)	(62)	
Sanitation Districts	21,699	20,431				(1,268)	(1,268)	
Wastewater Management	5,806	6,509	31			734	734	
Total business-type activities	40,381	38,241	1,544			(596)	(596)	
Total primary government	3,621,666	526,306	2,213,490	25,329	(855,945)	(596)	(856,541)	
Component Unit:								
First 5 Commission	\$ 144,550		35,289					(109,261)

Continued

STATEMENT OF ACTIVITIES

For the year ended June 30, 2011 (In Thousands)

(Continued)	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
Changes in net assets:				
Net (expense) revenue	\$ (855,945)	(596)	(856,541)	(109,261)
General revenues				
Taxes:				
Property taxes	580,570		580,570	
Other taxes	16,207		16,207	
Property taxes in lieu of vehicle license fees	303,625		303,625	
Sales and use taxes	22,457		22,457	
Total general tax revenues	922,859		922,859	
Investment earnings	22,024	582	22,606	1,958
Other	104,260	7	104,267	
Total general revenues	1,049,143	589	1,049,732	1,958
Transfers	(778)	778		
Total general revenues and transfers	1,048,365	1,367	1,049,732	1,958
Change in net assets	192,420	771	193,191	(107,303)
Net assets at beginning of year	3,377,793	252,099	3,629,892	176,650
Net assets at end of year	\$ 3,570,213	252,870	3,823,083	69,347

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2011 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	\$ 1,286,610	4,712	4,935	382,299	1,678,556
Cash with fiscal agents	20				20
Investments with fiscal agents	2		383,772		383,774
Receivables, net	465,866	36,214	4,873	68,272	575,225
Property taxes receivables, net	149,980			641	150,621
Due from other funds	34,625			21,545	56,170
Inventories	10,187			1,385	11,572
Deposits with others				15	15
Prepaid items	48			331	379
Restricted assets:					
Cash with fiscal agents	156			334	490
Investments with fiscal agents				68,082	68,082
Lease receivable	6,299			8,007	14,306
Total assets	1,953,793	40,926	393,580	550,911	2,939,210
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	101,157			33,007	134,164
Accrued payroll	39,890			2,363	42,253
Due to other funds	36,813	19,237	967	19,707	76,724
Deferred revenues	128,164			47,438	175,602
Unearned revenue	253,389			16,870	270,259
Total liabilities	559,413	19,237	967	119,385	699,002
Fund Balances					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	1,070			3,748	4,818
Inventories and deposits with others	10,187			1,400	11,587
Restricted for:					
Creditors - Debt service				77,454	77,454
Creditors - Capital projects				24,550	24,550
Grantors - Housing assistance	55,338			21,166	76,504
Donations	3,363				3,363
Laws or regulations of other governments:					
Future road improvements				118,781	118,781
Maintenance, operation and construction of criminal justice facilities and courthouses	24,411				24,411
Fund purpose		21,689		87,127	108,816
Other purposes	131,844			21,963	153,807
Committed to:					
Realignment health, mental health and social services	69,297				69,297
Unforeseen catastrophic events	55,500				55,500
Capital projects' funding	353,165			6,971	360,136
Health			392,613		392,613
Other purposes	36,777			68,366	105,143
Assigned to:					
Other purposes	40,614				40,614
Unassigned	612,814				612,814
Total fund balances	1,394,380	21,689	392,613	431,526	2,240,208
Total liabilities and fund balances	\$ 1,953,793	40,926	393,580	550,911	2,939,210

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET ASSETS
June 30, 2011
(In Thousands)**

Total fund balances - governmental funds	\$ 2,240,208
Capital assets used in governmental activities (excluding internal service funds) are not current financial resources and, therefore, are not reported in the balance sheet. This amount represents capital assets net of accumulated depreciation.	2,995,149
Unamortized issuance costs - bonds, notes and loans payable deferred charges (to be amortized over the life of the debt).	13,396
Accrued interest on long-term debt.	(25,469)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenue in the statement of activities.	175,602
Long-term liabilities, including bonds, notes, and loans payable, are not due and payable in the current period and, therefore, are not reported in the balance sheet.	(1,931,002)
Internal service funds are used by management to charge the costs of information technology, vehicle operations and maintenance, employee benefits, public liability, road and communications services, materials and supplies (purchasing), and facilities services to individual funds; to make loans for start-up services for new and existing county service districts; and for the financing of clothing and personal sundry items for persons institutionalized at various county facilities. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	102,329
Net assets of governmental activities	\$ 3,570,213

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2011 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 894,222			40,515	934,737
Licenses, permits and franchise fees	42,643			8,501	51,144
Fines, forfeitures and penalties	51,826			2,441	54,267
Revenue from use of money and property	24,479		4,709	10,357	39,545
Aid from other governmental agencies:					
State	904,749	202,809		84,843	1,192,401
Federal	818,217			126,951	945,168
Other	57,874			14,197	72,071
Charges for current services	320,966			38,273	359,239
Other revenue	51,542			38,944	90,486
Total revenues	3,166,518	202,809	4,709	365,022	3,739,058
Expenditures:					
Current:					
General government	209,293		171	13,826	223,290
Public protection	1,079,836			8,541	1,088,377
Public ways and facilities	5,543			56,424	61,967
Health and sanitation	671,276			42,746	714,022
Public assistance	1,055,530			129,102	1,184,632
Education	957			33,642	34,599
Recreation and cultural	30,637			2,417	33,054
Capital outlay	21,965			164,377	186,342
Debt service:					
Principal	26,735			37,281	64,016
Interest and fiscal charges	15,044			82,246	97,290
Bond issuance costs				349	349
Payment to refunded bond escrow agent				3,437	3,437
Total expenditures	3,116,816		171	574,388	3,691,375
Excess (deficiency) of revenues over (under) expenditures	49,702	202,809	4,538	(209,366)	47,683
Other financing sources (uses):					
Sale of capital assets	414			2,259	2,673
Issuance of bonds and loans:					
Premium on issuance of refunding bonds				1,237	1,237
Refunding bonds issued				19,260	19,260
Payment to refunded bond escrow agent				(18,774)	(18,774)
Transfers in	274,448			152,163	426,611
Transfers out	(151,061)	(185,919)	(24,200)	(69,347)	(430,527)
Total other financing sources (uses)	123,801	(185,919)	(24,200)	86,798	480
Net change in fund balances	173,503	16,890	(19,662)	(122,568)	48,163
Fund balances at beginning of year	1,220,108	4,799	412,275	554,221	2,191,403
Increase (decrease) in					
Nonspendable inventories	769			(127)	642
Fund balances at end of year	\$ 1,394,380	21,689	392,613	431,526	2,240,208

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011
(In Thousands)**

Net change in fund balances - total governmental funds	\$ 48,163
Governmental funds accrue property tax revenue which is deemed collectible within 60 days. However, for the statement of activities the total amount estimated to ultimately be collected is accrued.	(11,878)
Revenues that do not provide current financial resources are not reported as revenues in the funds (deferred revenue) but are recognized as revenue in the statement of activities.	11,643
Adjustment to nonspendable inventories.	642
Change in accounting estimate for closure and postclosure costs - (public protection function) - San Marcos Landfill.	492
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	83,607
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	11,616
The issuance of long-term debt (e.g. bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	69,678
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(11,507)
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (or expense) of internal service funds is reported within governmental activities.	(10,036)
Change in net assets - governmental activities	\$ 192,420

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2011 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
ASSETS		
Current assets:		
Pooled cash and investments	\$ 82,420	190,861
Receivables, net	5,808	3,865
Due from other funds	259	22,871
Inventories	1	1,332
Total current assets	88,488	218,929
Noncurrent assets:		
Due from other funds	3,363	60
Capital assets:		
Land	11,565	
Construction in progress	12,587	
Buildings and improvements	114,787	
Equipment	1,169	133,183
Software		67,137
Road infrastructure	6,445	
Sewer infrastructure	85,764	
Accumulated depreciation/amortization	(67,483)	(138,606)
Total noncurrent assets	168,197	61,774
Total assets	256,685	280,703
LIABILITIES		
Current liabilities:		
Accounts payable	896	28,736
Accrued payroll	219	1,085
Accrued interest		4
Due to other funds	1,055	4,944
Unearned revenue	49	501
Loans payable	254	855
Capital lease payable		27
Compensated absences	176	938
Claims and judgments		36,352
Total current liabilities	2,649	73,442
Noncurrent liabilities:		
Loans payable	1,312	3,766
Capital lease payable		185
Compensated absences	252	1,336
Claims and judgments		99,247
Total noncurrent liabilities	1,564	104,534
Total liabilities	4,213	177,976
NET ASSETS		
Invested in capital assets, net of related debt	163,268	61,502
Unrestricted net assets	89,204	41,225
Total net assets	\$ 252,472	102,727

Reconciliation between net assets - enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets

Total net assets	\$ 252,472
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	398
Net assets of business-type activities	\$ 252,870

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended June 30, 2011 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for current services	\$ 38,241	300,321
Other revenue	7	4,764
Total operating revenues	38,248	305,085
Operating expenses:		
Salaries and employee benefits	7,043	35,342
Repairs and maintenance	6,982	30,225
Equipment rental	991	1,054
Sewage processing	13,517	
Contracted services	4,151	151,279
Depreciation/amortization	5,377	15,899
Utilities	249	21,457
Cost of material		5,818
Claims and judgments		47,657
Fuel	2	11,614
Other	1,845	5,478
Total operating expenses	40,157	325,823
Operating income (loss)	(1,909)	(20,738)
Nonoperating revenues (expenses):		
Grants	1,544	6,315
Investment earnings	582	810
Interest expense	(102)	(325)
Gain (loss) on disposal of assets	(29)	265
Total nonoperating revenues (expenses)	1,995	7,065
Income (loss) before capital contributions and transfers	86	(13,673)
Capital contributions		406
Transfers in	1,109	6,759
Transfers out	(331)	(3,621)
Change in net assets	864	(10,129)
Net assets (deficits) at beginning of year	251,608	112,856
Net assets (deficits) at end of year	\$ 252,472	102,727

Reconciliation between changes in net assets - enterprise funds and changes in net assets of business-type activities as reported in the government-wide statement of activities

Change in net assets	\$ 864
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(93)
Change in net assets of business-type activities	\$ 771

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended June 30, 2011 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 31,586	12,052
Cash received from other funds	6,885	302,922
Cash payments to suppliers	(27,396)	(226,614)
Cash payments to employees	(7,055)	(35,193)
Cash payments to other funds	(1,010)	(13,566)
Cash paid for claims and judgments		(30,157)
Net cash provided (used) by operating activities	3,010	9,444
Cash flows from noncapital financing activities:		
Operating grants	9,173	7,055
Transfers from other funds	1,109	6,759
Transfers to other funds	(331)	(3,621)
Payments received on advances to other funds		47
Principal paid on long-term debt		(767)
Interest paid on long-term debt		(275)
Proceeds from loans		655
Net cash provided (used) by noncapital financing activities	9,951	9,853
Cash flows from capital and related financing activities:		
Capital contributions		3
Acquisition of capital assets	(9,121)	(9,433)
Proceeds from sale of assets		834
Principal paid on long-term debt	(243)	
Principal paid on capital lease		(30)
Interest paid on long-term debt	(102)	(36)
Interest paid on capital lease		(14)
Net cash provided (used) by capital and related financing activities	(9,466)	(8,676)
Cash flows from investing activities:		
Investment earnings	628	872
Net increase (decrease) in cash and cash equivalents	4,123	11,493
Cash and cash equivalents - beginning of year	78,297	179,368
Cash and cash equivalents - end of year	82,420	190,861
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(1,909)	(20,738)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Decrease (increase) in accounts receivables	(121)	(2,613)
Decrease (increase) in due from other funds	7	8,457
Decrease (increase) in inventory	(1)	18
Increase (decrease) in accounts payable	(695)	(9,135)
Increase (decrease) in accrued payroll	20	118
Increase (decrease) in due to other funds	352	4
Increase (decrease) in unearned revenue	12	(140)
Increase (decrease) in compensated absences	(32)	74
Increase (decrease) in claims and judgments		17,500
Depreciation/amortization	5,377	15,899
Total adjustments	4,919	30,182
Net cash provided (used) by operating activities	3,010	9,444
Non-cash investing and capital financing activities:		
Capital acquisitions included in accounts payable	441	440
Governmental contributions of capital assets	\$	403

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

June 30, 2011 (In Thousands)

	Investment Trust Funds	Agency Funds
ASSETS		
Pooled cash and investments	\$ 3,425,355	355,515
Cash with fiscal agents		1,325
Investments with fiscal agents	353	
Receivables:		
Accounts receivable		3,144
Investment earnings receivable	5,243	7,354
Total assets	3,430,951	367,338
LIABILITIES		
Accounts payable		21,763
Warrants outstanding		191,227
Accrued payroll		33
Due to other governments		154,315
Total liabilities		367,338
NET ASSETS		
Held in trust for pool participants	3,430,597	
Held in trust for individual investment accounts	354	
Total held in trust	\$ 3,430,951	

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

For the Year Ended June 30, 2011 (In Thousands)

	Investment Trust Funds
ADDITIONS	
Contributions:	
Contributions to investments	\$ 6,122,777
Total contributions	6,122,777
Investment earnings:	
Net increase (decrease) in fair value of investments	(5,467)
Investment earnings	24,913
Total investment earnings	19,446
Total additions	6,142,223
DEDUCTIONS	
Distributions from investments	5,856,824
Total deductions	5,856,824
Change in net assets	285,399
Net assets at beginning of year	3,145,552
Net assets at end of year	\$ 3,430,951

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NOTE 1 Summary of Significant Accounting Policies

The Reporting Entity

The County of San Diego (the “County” or “CoSD”), is a political subdivision of the State of California (the “State”) and as such can exercise the powers specified by the Constitution and laws of the State of California. The County operates under a charter and is governed by an elected five-member Board of Supervisors (the “Board”).

The County provides a full range of general government services including police protection, detention and correction, public assistance, health and sanitation, recreation, library, flood control, public ways and facilities, inactive waste management, airport management and general financial and administrative support.

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered to be financially accountable. The component units discussed below are included in the County’s reporting entity because of the significance of their operational and financial relationships with the County. As required by generally accepted accounting principles in the United States of America (GAAP), the financial statements present the financial position of the County and its component units (entities for which the County is considered to be financially responsible).

Blended component units, although legally separate entities are, in substance, part of the County’s operations and data from these component units are combined with the data from the primary government.

A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Blended Component Units

The blended component units listed below are agencies and special districts whose governing board is the County Board of Supervisors. These component units are fiscally dependent on the County and as such financial actions including the setting of rates, issuance of debt and the adoption of the annual budget remain with the County.

Air Pollution Control District (APCD) - The APCD was established to protect the people and the environment from the harmful effects of air pollution. Air quality is continuously monitored throughout the San Diego Air Basin, and programs are developed to bring about the emission reductions necessary to achieve clean air. The APCD issues permits to limit air pollution, ensures that air pollution control laws are followed, and administers funding that is used to reduce regional mobile source emissions. APCD is reported as a *special revenue fund*.

County of San Diego In-Home Supportive Services Public Authority (IHSSPA) - The IHSSPA was established to assist eligible low-income elderly and persons with disabilities in San Diego County

to live high quality lives in their own homes. The IHSSPA program is mandated by the State. As the employer of record, IHSSPA recruits, screens, and trains home care workers who are available to assist eligible consumers in their own homes. IHSSPA is reported as a *special revenue fund*.

County Service Area Districts (CSAD) - The CSADs were established to provide authorized services such as road, park, fire protection and ambulance to specific areas in the County. They are financed by ad valorem property taxes in the area benefited or by special assessments levied on specific properties. The CSADs are reported as *special revenue funds*.

Flood Control District (FCD) - The FCD was established to provide flood control in the County’s unincorporated area. It is financed primarily by ad valorem property taxes and charges to property owners. The FCD is reported as a *special revenue fund*.

Lighting Maintenance District (LMD) - The LMD was established to provide street and road lighting services to specified areas of the County. Revenue sources include ad valorem taxes, benefit fees, state funding and charges to property owners. The LMD is reported as a *special revenue fund*.

San Diego County Housing Authority (SDCHA) - The SDCHA was established to provide decent housing in a suitable environment for individuals who cannot afford standard private housing. Contracts with the U.S. Department of Housing and Urban Development provide the major funding sources. SDCHA is reported as a *special revenue fund*.

San Diego County Redevelopment Agency (SDCRA) - SDCRA was established to provide a method of eliminating slums and blighted areas, improving housing, expanding employment opportunities, and providing an environment for the social, economic and psychological growth, and well-being of all citizens of the County. SDCRA financial activities are reported in a *special revenue fund* and a *debt service fund*.

Sanitation Districts (SD) - The SDs were established to construct, operate and maintain reliable and sustainable sanitary sewer systems. Revenue sources include charges to property owners and grants. The SDs are reported as *enterprise funds*.

Blended component units governed by boards other than the CoSD Board of Supervisors are listed below. These component units are, in substance, part of the County’s operations due to their relationship with the County and the nature of their operations. Specifically, the CoSD Board appoints either all or a majority of their board members and the services they provide solely benefit the County.

San Diego County Capital Asset Leasing Corporation (SANCAL) - SANCAL was established to finance the acquisition of County buildings and equipment. It is a nonprofit corporation governed by a five-member Board of Directors, which is appointed by the CoSD Board. SANCAL financial activities are reported in a *debt service fund*.

San Diego County Tobacco Asset Securitization Corporation (SDCTASC) - The SDCTASC was created under the California Nonprofit Public Benefit Corporation Law and was established to

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

Comprehensive Annual Financial Report for the Year Ended June 30, 2011 ~ County of San Diego

purchase tobacco settlement payments allocated to the County from the State of California, pursuant to a Tobacco Master Settlement Agreement.

SDCTASC is governed by a Board of Directors consisting of three members, two of which are employees of the County and one independent director who is not an employee of the County. The *SDCTASC* is reported as a *special revenue fund*.

San Diego Regional Building Authority (SDRBA) - The *SDRBA* was established under the Mark-Roos Local Bond Pooling Act of 1985 and authorized to issue bonds for the purpose of acquiring and constructing public capital improvements and to lease them to its members, the County and the San Diego Metropolitan Transit Development Board (MTDB). The services provided by the *SDRBA* to the MTDB are insignificant.

The *SDRBA* is governed by a Commission consisting of three members, two of which are County Supervisors appointed by the County Board of Supervisors and concurrently serve on the Board of Directors of the San Diego Trolley, Inc and the Board of Directors of MTDB. The third Commissioner is a member of MTDB and is appointed by the MTDB Board. The *SDRBA*'s financial activities are reported in a *debt service fund* and a *capital projects fund*.

The Tobacco Securitization Joint Powers Authority of Southern California (TSJPA) - The *TSJPA* was created by a joint exercise of powers agreement between the County and the County of Sacramento pursuant to Government Code Sections 6500 et seq. The *TSJPA*'s purpose is to finance a loan to the San Diego County Tobacco Asset Securitization Corporation (the Corporation) via the sale of tobacco asset-backed bonds. The Corporation in turn uses the loan proceeds to purchase the County's future tobacco settlement revenues under a purchase and sale agreement. The *TSJPA* is administered by a Board of Directors consisting of three members, two members who are appointed by the CoSD Board and the third member is appointed by the Sacramento County Board of Supervisors. The *TSJPA* is reported as a *special revenue fund*.

Separately issued financial reports of the County's blended component units can be obtained from the County Auditor and Controller's Office located at 1600 Pacific Highway, Room 166, San Diego, California 92101.

Discrete Component Unit

The *First 5 Commission of San Diego (Commission)* was established by the Board as a separate legal entity under the authority of the California Children and Families First Act and Sections 130100 et seq. of the Health and Safety Code. It administers the County's share of tobacco taxes levied by the State for the purpose of implementing early childhood development programs. The County appoints all of the Commission's board and can remove appointed members at will.

The Commission is discretely presented because its Board is not substantively the same as the County's and it does not provide services entirely or almost entirely to the County. A separately issued financial report can be obtained by writing to The First 5 Commission, 1495 Pacific Highway, Suite 201, (MS-A211), San

Diego, CA, 92101-6466.

Financial Reporting Structure

Basic Financial Statements

The basic financial statements include both government-wide financial statements and fund financial statements. The reporting model, based on GASB Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*," focuses on the County as a whole in the government-wide financial statements and major individual funds in the fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) display information about the County as a whole and the change in aggregate financial position resulting from the activities of the fiscal period, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the County (including its blended component units) as well as its discretely presented component unit. In the statement of net assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resource basis, which incorporates capital assets as well as long-term debt and obligations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the primary government total column. The statement of activities presents function revenue and expenses of governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of activities, internal service funds' revenue and expenses related to interfund services have been eliminated. Revenue and expenses related to services provided to external customers have not been eliminated and are presented within governmental activities.

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural activities. The business type activities of the County include airport, sanitation, and wastewater management.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements are presented after the government-wide financial statements. They display information about major funds individually and in the aggregate for governmental and proprietary funds. In governmental and fiduciary funds, assets and liabilities are presented in order of relative liquidity. In proprietary funds, assets and liabilities are presented in a classified format that distinguishes between all current and noncurrent assets and liabilities. Current assets in the classified format are those considered available to generate or use cash within twelve months of the end of the fiscal period. Examples include cash, various receivables and short-term investments. All other assets are considered noncurrent. Current liabilities are obligations to be paid within the next fiscal year. Examples include payables and the current portion of long-term liabilities.

Major individual governmental funds are reported as separate columns in the fund financial statements and are presented on a current financial resources and modified accrual basis of accounting. Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for and reports all financial resources of the County not accounted for and reported in another fund. Revenues are primarily derived from taxes; licenses, permits and franchises; fines, forfeitures and penalties; use of money and property; intergovernmental revenues; charges for services; and other revenues. Expenditures are expended for functions of general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural activities. Expenditures also include capital outlay and debt service.

The *Public Safety Special Revenue Fund* accounts for Proposition 172 half-cent sales taxes collected and apportioned to the County by the State Board of Equalization and are restricted for funding public safety activities. Per Government Code Section 30052, a "maintenance of effort" (pre-Proposition 172 public safety funding level) must be maintained by the County to comply with the statute's spending requirements. In accordance with the Code, these funds are allocated to the Sheriff, District Attorney and Probation departments. Transfers out of this fund

subsidize the following types of public safety activities: juvenile detention services; facilities maintenance and support; capital projects, equipment and other one-time expenditures; on-going technology initiatives; and various region-wide services.

The *Tobacco Endowment Special Revenue Fund* accounts for tobacco settlement payments allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states (including California), the District of Columbia and four U.S. Territories. According to Board of Supervisors Policy E-14, tobacco settlement monies are to be used for healthcare-based programs.

The County reports the following additional funds and fund types:

Enterprise Funds account for airport, sanitation district and wastewater management activities, including operations and maintenance, sewage collection and treatment services.

Internal Service Funds account for the financing of public works and communications equipment; the financing of materials and supplies (purchasing); start up services for new and existing County service districts; the County's public liability and employee benefits activities; the financing of fleet services; facilities management activities; the financing of information technology services; and the financing of clothing and personal sundry items for persons institutionalized at various county facilities. Goods or services provided by servicing County departments are paid for on a cost reimbursement basis by receiving departments.

The following fiduciary funds account for resources that are held by the County as a trustee or agent for outside parties and cannot be used to support the County's programs.

Agency Funds are custodial in nature, do not involve measurement of results of operations and account for assets held by the County as an agent for various local governments, organizations and individuals. Included are funds for child support payments; payroll taxes; public administrator and public guardian accounts; and apportioned taxes for other local governments.

Investment Trust Funds account for two types of investment activities on behalf of external entities and include: the portion of the County Treasurer's investment pool applicable to external entities (Pool Investments- Investment Trust Fund); and the total amount of individual investment accounts held on behalf of external entities by the Treasurer (Specific Investments - Investment Trust Fund). In general, external entities include school districts, independent special districts and various other governments. The Specific Investments - Investment Trust Fund accounts for individual external entities investments which are offered as an alternative to a pooled position.

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

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Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 revenues in the fiscal year for which they 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 susceptible to accrual when measurable and available. Sales taxes, investment earnings, state and federal grants, and charges for services are accrued when their receipt occurs within 180 days following the end of the fiscal year. 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 assets 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 cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For government-wide (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 pronouncements 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 for 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 GAAP for governmental users.

When both *restricted and unrestricted resources* are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Assets or Fund Balance

Cash and Investments

The County's cash and cash equivalents for cash flow reporting purposes are considered to be cash on hand, demand deposits, restricted cash, and investments held in the County's Pool.

The Pool is available for use by all funds. Each fund type's portion of the Pool is displayed on the statements of net assets/balance sheets as "pooled cash and investments." The share of each fund's pooled cash and investments account is separately accounted for and interest earned, net of related expenses, is apportioned quarterly based on the fund's average daily balance in proportion to the total pooled cash and investments based on amortized cost. In accordance with Government Code Section 53647, apportionments applicable to certain agency funds accrue to the benefit of the General Fund.

Investments are stated at fair value. The fair value of investments is determined monthly and is based on quoted market prices.

Receivables and Payables

The major receivables for governmental and business-type activities are taxes, due from other governmental agencies and loans. All property taxes and accounts receivable are shown net of an allowance for uncollectibles (\$10.597 million and \$1.369 million, respectively). Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent interfund receivables between funds are reported as a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable financial resources.

Secured property taxes are levied based upon the assessed valuation as of the previous January 1st, (lien date) and the tax levy is recorded on July 1st (levy date). They are payable in two equal installments due on November 1st and February 1st and are considered delinquent with ten percent penalties after December 10th and April 10th, respectively. An additional penalty of one and one-half percent per month begins to accrue on July 1st and November 1st on delinquent secured property taxes. Unsecured property taxes are due as of the January 1st lien date and become delinquent, with 10 percent penalties, after August 31st. An additional penalty of one and one-half percent per month begins to accrue on October 31st on delinquent unsecured property taxes.

Governmental funds' property tax revenues are recognized in the fiscal year for which they are levied, provided they are due within the fiscal year and collected within 60 days after the fiscal year

end. Property tax revenues are also recognized for unsecured and supplemental property taxes that are due at year end, and are collected within 60 days after the fiscal year end, but will not be apportioned until the next fiscal year due to the timing of the tax apportionment schedule.

County Leased Property

The County and its blended component units lease real property to the private sector and other governmental agencies. Direct financing lease receivables are shown as restricted assets on the government-wide statement of net assets - governmental activities and governmental funds balance sheets. Revenue from direct financing and non-cancelable operating leases is reported in the applicable government-wide statement of activities - governmental activities, governmental funds statements of revenues, expenditures, and changes in fund balances and proprietary funds, statements of revenues, expenses, and changes in fund net assets, as applicable.

Inventories and Prepaid Items

Inventories include both inventories on hand for sale and consumable inventories. Inventories are valued at average cost. They are accounted for as expenditures at the time of purchase and reported in governmental funds as an asset with an offsetting nonspendable amount. Proprietary fund types are carried at average cost and are expended when consumed. Prepaid items reflect payments for costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements, with expenditures recorded when consumed. Inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is reported as nonspendable.

Deferred Charges

Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. In the government-wide financial statements, deferred charges are reported as assets in the governmental activities.

Capital Assets

Capital assets are of a long-term character and include: land, buildings and improvements, construction in progress, equipment, infrastructure, software and easements.

Infrastructure assets include roads, bridges and sewers.

Capital assets are recorded at *historical cost* if purchased or constructed. Donated capital assets are recorded at *estimated fair value* at the date of donation. Capital assets with original unit costs equal to or greater than the *capitalization thresholds* shown in **Table 1** are reported in the applicable *governmental activities* or *business-type activities* columns in the government-wide financial statements.

Table 1

Capitalization Thresholds

Land	\$ 0
Buildings and improvements	50
Infrastructure	25-50
Equipment	5
Software	50-100
Easements	50

Depreciation and amortization are charged over the capital assets' estimated useful lives using the straight-line method for proprietary and governmental fund types. Governmental fund type depreciation and amortization are only shown in the statement of activities. Proprietary fund type depreciation and amortization are shown both in the fund statements and the statement of activities. Estimated useful lives are shown in **Table 2**.

Table 2

Estimated Useful Lives

Buildings and improvements	10-50 years
Infrastructure	10-50 years
Equipment	5-20 years
Software	3-10 years

Deferred and Unearned Revenue

Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. Unearned revenue can be found in government-wide financial reporting as well as in governmental fund, proprietary fund, and fiduciary fund financial statements.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual, it must be both measurable and available to finance expenditures of the current fiscal period. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue. This type of deferred revenue is unique to governmental funds, since it is tied to the modified accrual basis of accounting, which is used only in connection with governmental funds.

Lease Obligations

The County leases various assets under both operating and capital lease agreements. In the government-wide and proprietary funds financial statements, capital lease obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net assets.

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

Comprehensive Annual Financial Report for the Year Ended June 30, 2011 ~ County of San Diego

Long-Term Obligations

Long-term liabilities reported in the statement of net assets include the amount due in one year (current) and the amount due in more than one year (noncurrent).

General long-term liabilities consist of the noncurrent portion of claims and judgments, compensated absences, landfill closure and post closure and other noncurrent liabilities. General long-term liabilities are not reported as liabilities in governmental funds but are reported in the governmental activities column in the government-wide statement of net assets. General long-term debt is not limited to liabilities arising from debt issuances but may also include noncurrent liabilities on other commitments that are not current liabilities properly recorded in governmental funds.

Debt may be issued at par (face) value, with a premium (applicable to debt issued in excess of face value) or at a discount (applicable to debt issued at amounts less than the face value). Occasionally, the County also refunds some of its existing debt. When this occurs, the difference between the funds required to retire (reacquisition price of) the refunded debt and the net carrying amount of refunded debt results in a deferred amount on refunding.

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Deferred issuance costs are reported as deferred charges and amortized over the term of the debt.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of the debt issued and premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Appreciation Bonds (CABs) issued by the County represent bonds that are issued at a deep discount, pay no current interest but accrete or compound in value from the date of issuance to the date of maturity. CABs are presented at their maturity value less the unaccreted appreciation. Unaccreted appreciation represents the difference between the maturity value of the debt and their par (face) value. The unaccreted appreciation is accreted as interest over the life of the CABs.

Employees' Compensated Absences

The County's policy is to permit employees to accumulate *earned* but *unused* vacation, compensatory time, holiday and sick leave benefits. Each of these benefits is subject to certain limits based on employee class, except for sick leave and compensatory time that is subject to Fair Labor Standards Act (FLSA) rules or the California Labor Code. All vacation pay and a certain portion of compensatory and sick pay for specified employee classes is accrued in the government-wide and proprietary funds financial statements. Except for specified employee classes, there is no

liability for *unpaid accumulated* sick leave since the County does not cash out unused sick leave when employees separate from service with the County. However, employees eligible for retirement benefits that meet minimum balance requirements may apply unused sick leave toward determining their length of service for the purpose of calculating retirement benefits.

Accumulated leave benefits including vacation, sick leave, and compensatory time worked are recorded in the government-wide statement of net assets. Amounts recorded as accumulated leave benefits include the employer's share of Social Security and Medicare taxes. These amounts would not be expected to be liquidated from expendable available financial resources, but would be expected to be liquidated in future years as employees elect to use these benefits as prescribed by Civil Service rules and regulations.

County employees in the unclassified service and certain employees hired prior to 1979 may receive up to 50% and 25%, respectively, of the cash value of all or a portion of their sick leave balances upon termination or retirement. The cash value of these benefits is included in the accumulated leave benefits noted above. This liability has been recorded in the current and long-term portion of compensated absences in the appropriate proprietary funds and government-wide statement of net assets.

California Labor Code Section 4850 entitles safety officers who meet certain criteria to receive full salary in lieu of temporary disability payments for the period of disability, not exceeding 365 days, or until such earlier date as he or she is retired on permanent disability pension. This liability is accrued in the current and long-term portion of compensated absences.

All County employees who have completed at least five years of continuous service in the County retirement system, and have a sick leave balance of at least one hundred hours, may convert, at retirement, all or a portion of their sick leave balance to retirement service credits on a hour-for-hour basis. The conversion of these balances to retirement service credits is included in the County's actuarial accrued liability, as part of the annual actuarial valuation which includes assumptions regarding employee terminations, retirement, death, etc.

General Budget Policies

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 expenditures within departments. Annual budgets are not required to be adopted for the Tobacco Securitization Joint Special Revenue Fund; and the Debt Service and Capital Projects Funds (other governmental funds). Please refer to the notes to required supplementary information for more details regarding the County's general budget policies.

Fund Balance

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These classifications include: nonspendable;

restricted; and the unrestricted classifications of committed, assigned and unassigned. When both restricted and unrestricted resources are available for use, fund balance is generally depleted by restricted resources first, followed by unrestricted resources in the following order: committed, assigned and unassigned. The fund balance classifications are defined as follows:

Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Supervisors). Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Supervisors establishes, modifies or rescinds fund balance commitments by passage of an ordinance, resolution, or by taking actions via minute orders. This is accomplished through adoption of the County's operational plan and subsequent budget amendments that occur throughout the year as necessary.

Assigned fund balance - amounts that are constrained by the County's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the highest level of decision making authority (the Board of Supervisors), or by a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. In the County, the intent is generally expressed by the Board of Supervisors.

Unassigned fund balance - the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance

Net Assets

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation reduced by the outstanding principal of capital related debt (adjusted by any unamortized premiums, discounts, deferred amounts on

refundings, and unspent proceeds related to debt), incurred by the County to buy or construct capital assets shown in the statement of net assets. Capital assets cannot readily be sold and converted to cash.

The County reports net assets as restricted when constraints placed on net assets are externally imposed by creditors, grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Unrestricted net assets consist of net assets that do not meet the definition of invested in capital assets, net of related debt or restricted net assets.

Indirect Costs

County indirect costs are allocated to benefiting departments and are included in the program expense reported for individual functions and activities. Cost allocations are based on the annual *County-wide Cost Allocation Plan* which is prepared in accordance with Federal Office of Management and Budget Circular A-87.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates made in preparing the financial statements are described in the applicable notes.

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

NOTE 2

Reconciliation of Government-Wide and Fund Financial Statements

Balance Sheet/Net Assets

Explanations of certain differences between the governmental funds balance sheet and the government-wide statement of net assets are detailed below:

Table 3

Governmental Funds Balance Sheet / Government-Wide Statement of Net Assets Reconciliation At June 30, 2011

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$(1,931,002) difference are as follows:	
Bonds, notes and loans payable	
Certificates of participation and lease revenue bonds	\$ (392,100)
Taxable pension obligation bonds	(841,337)
Tobacco settlement asset-backed bonds	(575,482)
San Diego County Redevelopment Agency revenue refunding bonds	(14,280)
Loans - non-internal service funds	(2,541)
Subtotal	(1,825,740)
Unamortized issuance premiums	(14,793)
Unamortized issuance discounts (to be amortized as interest expense)	15,055
Unamortized deferred amounts on refundings:	
Beginning balance - Unamortized deferred amounts on refundings	16,502
Remaining unamortized cost of issuance on refunded debt	371
Remaining unamortized premium on refunded debt	(778)
Deferred amount on refunding attributable to reacquisition price of new debt in excess of outstanding debt refunded	96
Amortization of deferred amount on refunding (as shown on Table 4)	(5,364)
Ending balance - Unamortized deferred amounts on refundings (to be amortized as interest expense)	10,827
Arbitrage	(220)
Compensated absences (excluding Internal Service Funds)	(95,706)
Landfill closure and postclosure - San Marcos landfill	(20,425)
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$ (1,931,002)
Internal Service Funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets. The details of this \$102,329 difference are as follows:	
Net assets of the internal service funds	\$ 102,727
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(491)
Add: Internal payable representing charges in excess of cost to business-type activities - current year	93
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	\$ 102,329

Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities

Explanations of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities are detailed below:

Table 4

**Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances
and the Government-Wide Statement of Activities Reconciliation
For the Year Ended June 30, 2011**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$83,607 difference are as follows:

Capital outlay	\$	186,342
Depreciation/amortization expense		(102,735)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$	83,607

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. The details of this \$11,616 difference are as follows:

The proceeds from the sale of capital assets provide current financial resources but have no effect on net assets	\$	(2,673)
The gain on the disposal of capital assets does not affect current financial resources but increases net assets		2,699
Donations of assets to the County do not provide current financial resources but resources increase net assets		11,590
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$	11,616

The issuance of long-term debt (e.g. bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$69,678 difference are as follows:

Debt issued or incurred:		
Refunding bonds issued	\$	(19,260)
Plus: Premiums		(1,237)
Less: Issuance costs		349
Payment to refunded bond escrow agent		22,211
Principal repayments		64,016
Accreted interest paid		3,364
Arbitrage		235
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$	69,678

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$(11,507) difference are as follows:

Compensated absences	\$	2,060
Accrued interest		817
Accretion of capital appreciation bonds		(7,911)
Amortization of premiums		1,165
Amortization of discounts		(1,071)
Amortization of deferred amounts on refundings		(5,364)
Amortization of issuance costs		(1,203)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$	(11,507)

Internal Service Funds. The net revenue of certain activities of internal service funds is reported with governmental activities. The details of this \$(10,036) difference are as follows:

Change in net assets of the internal service funds	\$	(10,129)
Add: Gain from charges to business activities		93
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$	(10,036)

NOTE 3

Deposits and Investments

The Treasurer is responsible for authorizing all County bank accounts and pursuant to Government Code Sections 27000.1 - 27000.5, 27130 - 27137, and 53600 - 53686 is responsible for conducting County investment activities of the County's investment pool (the Pool) as well as various individual investment accounts outside of the Pool. Additionally, the Treasurer has oversight responsibilities for investments with fiscal agents.

The Pool is a County sponsored "external investment pool" wherein moneys of the County and other legally separate external entities, which are not part of the County Reporting Entity, are commingled (pooled) and invested on the participants' behalf.

Pursuant to Sections 27130-27137 of the California Government Code, the Board of Supervisors has established the Treasurer's Oversight Committee ("TOC") that monitors and reviews the Investment Policy. The TOC consists of members appointed from the districts or offices that they represent, and up to five members of the public, having expertise in, or an academic background in public finance. This Committee requires a financial audit to be conducted annually on a fiscal year basis, which includes limited tests of compliance with laws and regulations. The Investment Pool is not registered with the Securities and Exchange Commission ("SEC") as an investment company. The Investment Pool does not have any legally binding guarantees of share values.

A separately issued annual financial report for the Pool can be obtained from the Treasurer-Tax Collector at 1600 Pacific Highway, Room 162, San Diego, California, 92101 and can also be accessed at <http://www.sdtreastax.com>.

Total pooled cash and investments totaled \$5,860,958 consisting of: \$5,856,303 investments in the County pool; \$3.007 million in demand deposits; \$1.125 million of collections in transit; and, \$523 thousand in imprest cash.

Deposits

Government Code Section 53652 et. seq. and the Treasurer's Pool Investment Policy (Pool Policy) prescribe the amount of collateral that is required to secure the deposit of public funds.

Federal Depository Insurance (FDIC) is available for funds deposited at any one financial institution up to a maximum of \$250,000 for demand deposits, time and savings deposits. The aforementioned Government Code and Pool Policy require that depositories collateralize public funds with securities having a market value of at least 10% in excess of the total amount of the deposits. These securities shall be placed in the institution's pooled collateral account and monitored by the State Treasurer of California or a mutually agreed upon third party custodian bank.

Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized.

The Investment Pool does not have a formal policy regarding sweep (deposit) accounts, but the practice is to utilize national or state chartered banks where the excess over FDIC insurance is invested in repurchase agreements that are collateralized by U.S. Treasury and Federal Agency securities equal to or greater than the deposit amount in accordance with California Government Code.

California Government Code Section 53652 et. seq. requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. At June 30, 2011, the County's deposits were not exposed to custodial credit risk as these deposits were either covered by FDIC insurance or collateralized with securities held by a named agent depository as noted below:

a. Cash in banks is defined as short-term, highly liquid deposits with an original maturity of three months or less. At year-end, the carrying amount of the Investment Pool's deposits was \$3.007 million, and the bank balance at June 30, 2011 was \$6.92 million, consisting of demand deposits with various financial institutions. The difference between the carrying amount and the bank balance includes temporary reconciling items such as cash on hand, outstanding checks, and deposits in transit. Of the bank balance, \$431 thousand was covered by federal deposit insurance and \$6.489 million was collateralized with securities held by a named agent depository on behalf of the Investment Pool as required by California Government Code Section 53656. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

b. The carrying amount of demand deposits with Fiscal Agents (outside of the Pool) was \$1.835 million and the bank balance per various financial institutions was \$2.308 million. Of the total bank balance, \$540 thousand was covered by federal deposit insurance and \$1.768 million was collateralized by a named agent depository.

Investments

Government Code Section 53601 governs the types of investments that may be purchased and makes certain restrictions on investment maturity, maximum portfolio percentages, term, value, credit quality and timing to minimize the risk of loss.

Permitted types of investments and financial instruments include: U.S. treasuries, Federal agencies, and local agency obligations; banker's acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; medium-term notes; collateralized certificates of deposit; money market mutual funds; mortgage pass-through securities; mortgage backed securities; and

mortgage collateralized obligations.

Investments in the Investment Pool are stated at fair value. Securities, which are traded on a national exchange, are valued at the last reported sales price at current exchange rates. The fair value of investments is determined monthly and is provided by the custodian bank. Repurchase agreements and institutional money market funds are carried at portfolio book value (carrying cost). Open-end institutional money market funds are not categorized as to custodial credit risk because the investment in these funds is not evidenced by specific securities. All purchases of investments are accounted for on a trade-date basis. Unrealized gains or losses of securities are determined by taking the difference between amortized cost and the fair value of investments. Realized gains and losses on investments that were held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

In addition to the above, the Board annually adopts a Pooled Money Fund Investment Policy. This policy is based on the criteria in Government Code Section 53601 but adds further specificity and restrictions to permitted investments.

No policies have been established for investments with fiscal agents, however, moneys held by trustees on behalf of the County may generally only be invested in permitted investments specified in trustee or indenture agreements.

In conjunction with the discussion below concerning investment risks, please refer to **Tables 7** and **8** respectively, which provide details on pooled investments and those held with fiscal agents at fiscal year-end. Additionally, **Table 9** provides a comparison of Investment Pool policy restrictions with Government Code Section 53601 requirements.

Interest Rate Risk - Investments

This is the risk that changes in interest rates will adversely affect the fair value of an investment.

Declines in the fair value of investments are managed by limiting the length of the maturity of securities. In general, the maximum maturity allowed is five years unless the Board has granted express authority either specifically or as part of an investment program. The policy related to the maturity structure of the Investment Pool requires at least 25 percent of securities to mature within 90 days, and at least 50 percent of securities to mature within one year. In addition, the Investment Pool limits the maximum effective duration of the portfolio to 18 months. As of June 30, 2011, the Investment Pool was in full compliance with its own more restrictive Investment Policy, and therefore was also in compliance with California Government Code. Actual weighted average days to maturity by investment type is presented in **Table 7**.

Generally, investments with fiscal agents are structured in such a way that securities mature at the times and in the amounts that are necessary to meet scheduled expenditures and withdrawals.

Credit Risk - Investments

This is the risk that an issuer or other counterparty to an investment may not fulfill its obligations.

The Investment Pool's Investment Policy, which is more restrictive than the Government Code, places a minimum standard on the ratings of investments held in the Investment Pool. Investments in securities other than those guaranteed by the U.S. Treasury or Government Sponsored Enterprises must have a credit rating of no less than "A" for long-term or "A1" for short term investments. Non-rated securities include sweep accounts, collateralized certificates of deposit and repurchase agreements. Sweep accounts and collateralized certificates of deposit must be FDIC insured or collateralized with securities held by a named agent of the depository. Repurchase agreements are collateralized by securities, authorized by California Government Code section 53601, having a fair market value of at least 102% of the amount of the repurchase agreement. Credit quality based on Standard and Poor's Fund Credit Quality Rating is noted below:

Table 5		
S & P Investment Rating		
	Investment Pool	Investments with Fiscal Agents
Overall credit rating	AAAf/S1	
Short-term		A-1
Long-term		A

Concentration of Credit Risk - Investments

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Investment Policy limits the amount of exposure to any one single issuer to the percentages listed in **Table 9**. As noted in **Table 9**, the Investment Pool's Investment Policy is more restrictive, in most cases, than the California Government Code. As of June 30, 2011, all Pool investments were in compliance with State law and with the Investment Policy.

The Investment Pool's investment in the securities of the Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA) are issued by agencies that remain under conservatorship by the Director of the Federal Housing Agency. The U.S. government does not guarantee, directly or indirectly, the securities of the FHLMC, Federal Home Loan Bank (FHLB), FNMA, or Federal Farm Credit Bank (FFCB). The Investment Pool's investments in FHLMC, FHLB, FNMA and FFCB securities as of June 30, 2011 comprised 15%, 9%, 24%, and 8% of the total County Investment Pool's investments, respectively.

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

No general policies have been established to limit the amount of exposure to any one single issuer, however, moneys held by trustees on behalf of the County may generally only be invested in permitted investments specified in trustee or indenture agreements. Instruments in any one issuer that represent 5% or more of the County investments with fiscal agents by individual major fund or nonmajor funds in the aggregate at June 30, 2011 are shown in **Table 6**.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of outside party.

The investment policy does not permit investments in uninsured and unregistered securities not held by the County. The County of San Diego utilizes third party delivery versus payment custodian which mitigates any custodial credit risk. Securities purchased by the County Investment Pool are held by a third-party custodian, the Bank of New York Mellon Corporation, in their trust department to mitigate custodial credit risk.

Foreign Currency Risk - Investments

This is the risk that investments are exposed to foreign currency risk.

The County's investments do not have any foreign currency risk as all investments are in U.S. dollar-denominated assets.

Table 6

Concentration of Credit Risk - Investment With Fiscal Agents

Issuer	Tobacco Endowment Fund	Percent	Nonmajor Governmental Funds	Percent
BlackRock MuniFund	\$ 25,970	7		
Abbey National North America LLC			\$ 34,152	50
Federal national mortgage association			15,055	22
Federated treasury obligation			14,069	21

Table 7

Pooled Investments At June 30, 2011

	Fair Value	Amortized Cost	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
US government agencies:							
Federal home loan mortgage corporation notes	\$ 874,677	872,216	0.12% - 5.50%	7/11 - 3/16	399	AAA	14.94%
Federal home loan bank notes	554,345	550,692	0.25% - 5.75%	8/11 - 3/16	936	AAA	9.47%
Federal national mortgage association notes	1,407,919	1,404,907	0.11% - 5.00%	9/11 - 5/16	763	AAA	24.04%
Federal farm credit bank notes	768,243	767,404	0.20% - 4.45%	8/11 - 11/15	385	AAA	13.12%
US treasury notes	284,271	275,417	1.00% - 4.88%	7/11 - 11/15	647	AAA	4.85%
Commercial paper	1,411,418	1,411,569	0.02% - 0.18%	7/11 - 8/11	17	A-1/A-1+	24.10%
Corporate medium-term notes	25,770	25,177	4.38% - 5.88%	2/12 - 3/12	237	AA+	0.44%
Repurchase agreements collateralized by:							
Government securities	774	774	0.05%	7/11	1	N/A	0.01%
Money market mutual funds	58,585	58,585	0.01%	7/11	17	AAA	1.00%
Certificates of deposit	435,161	435,161	0.11% - 1.00%	7/11 - 5/12	47	N/A	7.43%
Bond funds	35,140	35,000	0.53%	1/13	577	AA	0.60%
Total investments	\$ 5,856,303	5,836,902			425		100.00%

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

Table 8

**Investments with Fiscal Agents
At June 30, 2011**

	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
County investments with fiscal agents						
Unrestricted:						
Fixed income tax exempt bonds	\$ 5,019	0% - 5.13%	9/12 - 8/22	3394	A	1.11%
Fixed income tax exempt bonds	3,494	0.00%	9/11	63	A-	0.77%
Fixed income tax exempt bonds	22,528	0% - 5.25%	8/12 - 7/33	5645	A+	4.99%
Fixed income tax exempt bonds	55,531	4% - 6.50%	7/11 - 12/28	1697	AA	12.29%
Fixed income tax exempt bonds	22,749	4.50% - 5.75%	5/15 - 11/28	3489	AA-	5.03%
Fixed income tax exempt bonds	66,343	4% - 5.50%	7/11 - 1/34	3678	AA+	14.68%
Fixed income tax exempt bonds	128,166	0% - 8.95%	7/11 - 10/33	4196	AAA	28.36%
Fixed income tax exempt bonds	2,510	5.75%	11/11	6713	BBB+	0.56%
Fixed income tax exempt bonds	51,464	4% - 7.38%	11/11 - 06/41	2663	NR	11.39%
MuniFunds	25,970	0.00%	08/11	34	AAA	5.75%
Subtotal	383,774					
Restricted:						
Federal national mortgage association notes	15,055	2.75% - 4.63%	2/14 - 10/14	1031	AAA	3.33%
Federal national mortgage association strip	1,854	0.00%	7/11	15	NA	0.41%
Federal home loan mortgage corporation strip	269	0.00%	7/11	18	NR	0.06%
Commercial paper	34,152	0.00%	8/11	60	A-1+	7.56%
Money market funds	16,752	0% - 02%	8/11	36 - 54	AAA/A-1+	3.71%
Subtotal	68,082					
Total County investments with fiscal agents	451,856					100.00%
External specific investments:						
Federal home loan bank notes	353	4.88%	6/12	344	AAA	100.00%
Total external specific investments	353					100.00%
Total investments with fiscal agents	\$ 452,209					

Table 9

Investment Pool Policy Restrictions versus California Government (Gov) Code Section 53601 Requirements

Investment Type	Maximum Maturity		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating	
	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
US Treasury obligations	5 years	5 years	None	None	None	None	None	None
Agency obligations	5 years	5 years	None	None	None	25%	None	None
Local agency obligations	5 years	5 years	None	15%	None	10%	None	A
Bankers' acceptances	180 days	180 days	40%	40%	30%	5%	None	A-1
Commercial paper (1)	270 days	270 days	40%	40%	10%	5%	A	A
Certificates of deposit	5 years	5 years	30%	30%	30%	5%	None	A
Repurchase agreements	1 year	1 year	None	40%	None	(2)	None	None
Reverse repurchase agreements	92 days	92 days	20%	20%	None	10%	None	None
Corporate medium-term notes	5 years	5 years	30%	30%	30%	5%	A	A
Money market mutual funds	N/A	N/A	20%	15%	10%	10%	AAAf	AAAf
Bond funds	N/A	N/A	None	2.5%	None	2.5%	None	None
Pass-through securities (3)	5 years	5 years	20%	20%	None	5%	A/AA	A/AA

(1) Government code Section 53635 (a) (1-2) specifies percentage limitations for this security type for county investment pools.

(2) Maximum exposure per issue - The maximum exposure to a single Repurchase Agreement (RP) issue shall be 10% of the portfolio value for RP's with maturities greater than 5 days, and 15% of the portfolio for RP's maturing in 5 days or less.

(3) Rating of "A" required for issuer, if rated; and rating of "AA" required for issue.

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

NOTE 4 Restricted Assets

Restricted assets include monies or other resources required to be set aside to repay principal and interest under debt covenants; and to comply with other legal or contractual requirements. For fiscal year 2011 restricted assets were as follows:

Table 10

Restricted Assets			
Fund	Legal or Contractual Requirements	Debt Covenants	
General Fund	\$ 156	\$ 6,299	
Nonmajor Governmental Funds			
Housing Authority Special Revenue Fund	580		
Tobacco Securitization Joint Special Revenue Fund		47,065	
Pension Obligation Bonds Debt Service Fund		2	
Redevelopment Agency Debt Service Fund		1,155	
San Diego Regional Building Authority Debt Service Fund		22,837	
SANCAL Debt Service Fund		4,784	

NOTE 5 Receivables

Details of receivables reported in the government-wide Statement of Net Assets are presented in **Table 11**. Amounts that are not expected to be collected within the next fiscal year are identified below:

Due from Other Governmental Agencies - Governmental activities - \$61.496 million.

This amount represents Senate Bill (SB) 90 cost reimbursements due the County for the provision of State mandated programs and services mostly for fiscal years prior to 2004. The State Constitution requires reimbursement for these costs and interest will accrue on the reimbursement claims until they are paid according to Government Code Section 17617 over a period not more than 15 years beginning in fiscal year 2007. The State began to reimburse the County for these programs and services in fiscal year 2007, but has not budgeted appropriations in the current year.

Loans - Governmental activities- \$68.477 million

This amount includes: \$40.374 million in housing rehabilitation loan programs for low-income or special need residents, loans for low income housing downpayments, and redevelopment agencies; and \$28.103 million in community development block grant loans.

Loans- Business-type activities- \$3.559 million

This amount represents Airport Enterprise Fund (AEF) loans to Airport lessees for the purchase of AEF reversionary interests in leasehold improvements existing at the expiration of previous leases.

Table 11

Receivables Primary Government and Discretely Presented Component Unit At June 30, 2011								
	Accounts	Investment Income	Due From Other Government Agencies	Loans	Other	Total Receivables	Allowance For Doubtful Accounts	Receivables Net
Governmental activities:								
General Fund	\$ 4,981	1,937	403,715	56,458	144	467,235	(1,369)	465,866
Public Safety Special Revenue Fund			36,214			36,214		36,214
Tobacco Endowment Fund		4,873				4,873		4,873
Other Governmental Funds	18,254	959	36,870	12,019	170	68,272		68,272
Internal Service Funds	2,364	221	1,271		9	3,865		3,865
Total governmental activities	\$ 25,599	7,990	478,070	68,477	323	580,459	(1,369)	579,090
Business-type activities:								
Enterprise Funds	\$ 395	111	1,743	3,559		5,808		5,808
Component Unit:								
First 5 Commission	\$	527	5,760		39	6,326		6,326

NOTE 6 County Property on Lease to Others

The County's blended component unit - SDRBA has a direct financing lease with the San Miguel Consolidated Fire Protection District (District) for two District fire stations. Additionally, the County has a sublease of a share of the Metropolitan Transit System (MTS) Towers. The share of the County's property under the MTS Towers' sub lease is an estimated \$12.74 million in structures and improvements with accumulated depreciation of \$5.76 million at June 30, 2011. The lease revenue received by the SDRBA and the County for the year ended June 30, 2011 was approximately \$864 thousand and \$891 thousand, respectively.

The County also has noncancelable operating leases for certain properties which are not material to the County's governmental operations. Additionally, the Airport Enterprise Fund derives a substantial portion of its revenues from noncancelable operating leases with air carriers and concessionaires. The Airport Enterprise Fund's property under operating leases includes an estimated \$2.46 million in land at June 30, 2011.

Lease revenue from noncancelable operating leases for the year ended June 30, 2011 was approximately \$16.7 million. Future minimum lease payments to be received under the direct financing and noncancelable operating leases are noted in **Table 12**.

Lease Revenue County Property Leased To Others		
Fiscal Year	Direct Financing Leases	Operating Leases
2012	\$ 1,621	\$ 16,725
2013	1,640	16,132
2014	1,626	15,370
2015	1,637	11,055
2016	1,624	9,602
2017-2021	6,158	42,049
2022-2026		37,633
2027-2031		35,306
2032-2036		26,814
2037-2041		16,560
2042-2046		10,680
2047-2051		6,829
2052-2056		4,934
2057-2061		1,614
2062-2064		393
Total	\$ 14,306	\$ 251,696

NOTE 7 Capital Assets

Changes in Capital Assets

Increases and decreases in the County's capital assets for governmental and business-type activities during the fiscal year were as follows:

Capital Assets - Governmental Activities				
	Beginning Balance at July 1, 2010	Increases	Decreases	Ending Balance at June 30, 2011
Capital assets, not being depreciated/amortized:				
Land	\$ 322,085	19,678	(71)	\$ 341,692
Easements	4,581	1,059		5,640
Construction in progress	236,436	127,098	(225,009)	138,525
Total capital assets, not being depreciated/amortized	563,102	147,835	(225,080)	485,857
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,147,962	213,661	(4,107)	1,357,516
Software	74,833	8,757	(400)	83,190
Equipment	241,205	19,729	(9,584)	251,350
Road infrastructure	2,417,546	36,982		2,454,528
Bridge infrastructure	60,781	6,253	(6)	67,028
Total capital assets, being depreciated/amortized	3,942,327	285,382	(14,097)	4,213,612
Less accumulated depreciation/amortization for:				
Buildings and improvements	(328,367)	(23,845)	3,755	(348,457)
Software	(61,829)	(5,569)	233	(67,165)
Equipment	(130,561)	(21,552)	8,516	(143,597)
Road infrastructure	(999,123)	(66,494)		(1,065,617)
Bridge infrastructure	(16,596)	(1,174)		(17,770)
Total accumulated depreciation/amortization	(1,536,476)	(118,634)	12,504	(1,642,606)
Total capital assets, being depreciated/amortized, net	2,405,851	166,748	(1,593)	2,571,006
Governmental activities capital assets, net	\$ 2,968,953	314,583	(226,673)	\$ 3,056,863

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

Table 14

Capital Assets - Business-type Activities

	Beginning Balance at July 1, 2010	Increases	Decreases	Ending Balance at June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 11,565			\$ 11,565
Construction in progress	21,186	3,533	(12,132)	12,587
Total capital assets, not being depreciated	32,751	3,533	(12,132)	24,152
Capital assets, being depreciated:				
Buildings and improvements (1)	102,942	11,845		114,787
Equipment (1)	1,239	124	(194)	1,169
Road infrastructure	6,362	83		6,445
Sewer infrastructure	85,632	132		85,764
Total capital assets, being depreciated	196,175	12,184	(194)	208,165
Less accumulated depreciation for:				
Buildings and improvements (1)	(27,412)	(3,500)		(30,912)
Equipment (1)	(1,057)	(33)	166	(924)
Road infrastructure	(27)	(167)		(194)
Sewer infrastructure	(33,776)	(1,677)		(35,453)
Total accumulated depreciation	(62,272)	(5,377)	166	(67,483)
Total capital assets, being depreciated, net	133,903	6,807	(28)	140,682
Business-type activities capital assets, net	\$ 166,654	10,340	(12,160)	\$ 164,834

(1) Beginning balances recast to present \$68 thousand of Buildings and Improvements formerly reported as Equipment.

Depreciation/Amortization

Depreciation/amortization expense was charged to governmental activities and business-type activities as shown below.

Table 15

Depreciation/Amortization Expense - Governmental Activities

General government	\$ 2,815
Public protection	22,154
Public ways and facilities	66,945
Health and sanitation	5,709
Public assistance	1,193
Education	795
Recreation and cultural	3,124
Internal Service Funds	15,899
Total	\$ 118,634

Table 16

Depreciation Expense - Business-type Activities

Airport Fund	\$ 3,595
Sanitation Districts Fund	1,765
Wastewater Management Fund	17
Total	\$ 5,377

Capital and Other Commitments

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used in the governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year or years. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned are included within committed or assigned fund balance, as appropriate. At June 30, 2011, the County General Fund's outstanding encumbrances totaled \$399.793 million while the Public Safety Fund's outstanding encumbrances totaled \$3.605 million. Non-major governmental funds' outstanding encumbrances totaled \$31.240 million.

At June 30, 2011, major contracts entered into for structures and improvements and other commitments within governmental and business-type activities were as follows:

Table 17

Capital Commitments At June 30, 2011

	Remaining Commitments
Governmental Activities	
Other Governmental Funds:	
Construction of County Operations Center	\$ 58,082
Construction of South Santa Fe Ave.	10,987
Upgrade of Oracle Enterprise Resources	10,664
Construction of Roadway Asset replacement	3,752
Construction of Jamacha Blvd.	3,647
Construction of San Pasqual Academy Housing	3,547
Construction of Women's Detention Facility	2,495
Acquisition of Automated Fingerprinting Identification System	2,420
Construction of Spring Valley Traffic Signal	2,261
Acquisition of Records MGT & Field Reprinting Software	1,605
Acquisition of Software AG License Agreement	1,091
Subtotal	100,551
Business-type Activities	
Enterprise Funds:	
Construction of Rancho Del Campo Wastewater Treatment	750
Subtotal	750
Total	\$ 101,301

NOTE 8 Interfund Balances

Interfund balances at fiscal year-end consisted of the following amounts:

Table 18

Interfund Balances At June 30, 2011

		DUE FROM						Total
		General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
DUE TO	General Fund	\$	19,237	967	10,156	93	4,172	\$ 34,625
	Nonmajor Governmental		16,345		4,521	645	34	21,545
	Nonmajor Enterprise		32		3,366	224		3,622
	Internal Service		20,436		1,664	93	738	22,931
	Total	\$	36,813	19,237	967	19,707	1,055	4,944

Descriptions of amounts not due to be repaid in the subsequent year are discussed below:

a. \$1.022 million is due to the General Fund from the Redevelopment Agency Special Revenue Fund (Upper San Diego River Project) as a result of a loan to provide funding for Project improvements. \$929 thousand of this balance is not scheduled to be collected in the subsequent year.

b. \$3.363 million is due from the Redevelopment Agency Special Revenue Fund to the Airport Enterprise Fund as a result of a loan to fund airport projects. Loans repayments are based on the condition that the collection of property tax revenue per Health and Safety Code Section 33670 is sufficient to allow the payment of the loan. \$3.363 million of the balance is not scheduled to be

collected in the subsequent year.

c. \$98 thousand is due to the Special District Loans Internal Service Fund from the County Service District Special Revenue Funds as a result of a loan to improve and maintain County roads. Loan repayments are made from property tax collections. \$60 thousand of the balance is not scheduled to be collected in the subsequent year.

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

NOTE 9 Interfund Transfers

Interfund transfers at fiscal year-end consisted of the following amounts:

Table 19

Transfers In/Transfers Out At June 30, 2011

		TRANSFERS OUT						Total
		General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
TRANSFERS IN	General Fund	\$	185,919	24,200	63,612		717	\$ 274,448
	Nonmajor Governmental		143,299		5,629	331	2,904	152,163
	Nonmajor Enterprise		1,059		50			1,109
	Internal Service		6,703		56			6,759
	Total	\$	151,061	185,919	24,200	69,347	331	3,621

In general, transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance programs accounted for in other funds in accordance with budgetary authorizations.

Transfers made in fiscal year 2011 for purposes other than those described above included a one-time \$49.878 million transfer to the General Fund to close out the remaining activities of the Housing and Community Development Fund. The Housing and Community Development Fund is no longer in operation.

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

NOTE 10 Payables

The County's payables at fiscal year-end are shown below for the General Fund, other governmental funds, internal service funds, business-type activities funds, and the discrete component unit:

	Vendors	Due to Other Government Agencies	Other	Total Payables
Governmental Activities:				
General Fund	\$ 56,804	39,586	4,767	\$ 101,157
Other Governmental Funds	30,602	1,625	780	33,007
Internal Service Funds	27,592	1,144		28,736
Total governmental activities	\$ 114,998	42,355	5,547	\$ 162,900
Business-type activities:				
Enterprise Funds	\$ 894	1	1	\$ 896
Component Unit:				
First 5 Commission	\$ 4,682	97,673	177	\$ 102,532

NOTE 11 Short-Term Obligations

The County issues tax anticipation notes in advance of property tax collections, depositing the proceeds in the General Fund. These notes are necessary to fund the County's annual cash flow needs. The majority of property tax collections are received in December and April.

Short-term debt activity for the fiscal year was as follows:

	Beginning Balance at July 1, 2010	Issued	Redeemed	Ending Balance at June 30, 2011
Tax and revenue anticipation notes	\$	140,000	140,000	\$

NOTE 12 Lease Obligations

Operating Leases

Real Property

The County has obligations under long-term operating lease agreements through fiscal year 2022 (**Table 22**). The County is the lessee under the terms of several non-cancelable operating leases for real property used to house certain County operations. The total rental expense for all real property leases for the year ended June 30, 2011 was approximately \$31.35 million, including \$22.9 million for non-cancelable leases.

The future minimum lease payments for these non-cancelable leases are as follows:

Fiscal Year	Minimum Lease Payments
2012	\$ 21,616
2013	15,556
2014	12,486
2015	8,600
2016	5,876
2017-2021	17,455
2022	1,644
Total	\$ 83,233

Personal Property

The County has also entered into operating leases for personal property, a large portion of which represents duplicating and heavy duty construction equipment. Many of these leases are subject to annual adjustment based upon negotiations. Management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases. Total rental expense for these operating leases for the year ended June 30, 2011, was approximately \$2.3 million.

Capital Lease

Minimum Lease Payments

Equipment has been leased from the Bowe Bell and Howell Company. The present value of the minimum lease obligation has been capitalized in the Facilities Management internal service fund statement of net assets; and is reflected as a liability in those statements. The County assumes responsibility for all maintenance and repair of the equipment under the terms of the lease agreement. Future minimum lease payments under the capital lease are as follows:

Fiscal Year	Amount
2012	\$ 37
2013	40
2014	40
2015	40
2016	40
2017-2018	54
Total minimum lease payments	251
Less: Amount representing interest	(39)
Net lease payments	\$ 212

Book Value

The book value of capital lease property consists of the following:

Table 24

**Capital Leases - Book Value
At June 30, 2011**

Capital Lease Property	Original Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 310	111	199
Total	\$ 310	111	199

The accumulated amortization of this capital leased asset was \$111 thousand as of June 30, 2011, and is included in the Internal Service Funds' depreciation/amortization of \$15.899 million in **Table 15**.

NOTE 13**Long-Term Debt****Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs)**

Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) provide funds for the acquisition and construction of major capital facilities and equipment. The repayment of these COPs and LRBs is secured by a lease structure where the borrowing entity, such as the County or the San Miguel Consolidated Fire Protection District (SMCFPD) (not a component unit of the County), leases certain properties to another entity, a lessor, which in turn leases the properties back to the County or the SMCFPD. These lessors are the San Diego Capital Asset Leasing Corporation (SANCAL), and the San Diego Regional Building Authority (SDRBA); both blended component units of the County. (See discussion of Blended Component Units under Note 1 "Summary of Significant Accounting Policies".)

COPs and LRBs are secured by: a) (lease) base rental payments, for the use of certain facilities or equipment and b) encumbrances on the facilities. The leased premises are typically facilities or equipment purchased with proceeds of the COPs or LRBs. In the case of the County, the base rental payments are made primarily from the County General Fund to the SANCAL or SDRBA; in the case of the SDRBA's financing for the SMCFPD, base rental payments are made from SMCFPD to the SDRBA. Under lease terms, the County and the SMCFPD are required to make the necessary annual appropriations for lease payments, except to the extent those payments are eligible to be abated in accordance with the terms of the leases.

COPs and LRBs evidence a pro rata share in a specific pledged revenue stream of lease payments, and investors in the certificates or bonds are entitled to receive a share in these lease payments from a particular project. Lease payments are passed through the lessor to the investors. The lessor assigns the lease and lease payments to a trustee, which distributes the lease payments to the investors.

In May 2011, the San Diego Regional Building Authority (SDRBA) issued \$19.260 million of fixed rate serial certificates of

participation titled, 2011 MTS Tower Refunding (the "Certificates"). These certificates have maturity dates beginning on November 1, 2011 with a final maturity of November 1, 2019. Each maturity date carries a different fixed interest rate beginning in November 2011 at a fixed rate of 1 percent with fixed rates ranging to 5 percent.

These Certificates were issued with a premium of \$1.237 million. The \$20.497 million in proceeds of the Certificates along with \$3.437 million of funds held by the 2001 MTS Refunding trustee (trustee) were distributed as follows: 1) \$22.211 million (consisting of \$18.774 million of new Certificate proceeds plus \$3.437 million of funds held by the trustee) was transferred to an escrow agent to advance refund the entire \$22.115 million 2001 Metropolitan Transit System Towers Refunding Certificates of Participation outstanding and to pay future interest payments; 2) \$1.359 million to fund a Certificate reserve fund; 3) \$364 thousand was set aside to pay certain costs of issuance.

The \$22.211 million transfer referred to above was placed in an irrevocable trust with an escrow agent to provide for the payment of the remaining principal and interest due on the 2001 MTS COPs. As a result, the 2001 MTS COPs are considered legally defeased and the liability for those certificates has been removed from the government-wide statement of net assets governmental activities' liabilities due within one year and due in more than one year.

This advance refunding will result in reducing the County's principal and interest payments by \$2.754 million over the next 9 years to obtain an economic gain of \$2.142 million (i.e. difference between the present values of the debt service payments on the refunded debt and the refunding debt). The interest on the Certificates is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes.

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

Details of COPs and LRBs outstanding at June 30, 2011 are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2011
1993 Master Refunding COP	\$ 203,400	2.50 - 5.625%	2013	\$ 7,400
2003 San Miguel Consolidated Fire Protection District Refunding LRB	10,005	2.00 - 5.00%	2020	6,450
2005 Edgemoor Project COP	83,510	3.00 - 5.00%	2030	74,265
2005 Regional Communications System Refunding COP	28,885	3.00 - 5.00%	2019	13,455
2005 North & East Justice Facilities Refunding COP	28,210	3.25 - 5.00%	2020	19,915
2006 Edgemoor Completion Project COP	42,390	4.00 - 5.00%	2030	39,790
2009 Series A COC and Annex Project LRB	136,885	3.00 - 5.50%	2036	136,885
2009 Justice Facilities Refunding of 1998 Courthouse COP	32,640	2.00 - 5.00%	2023	29,130
2009 Justice Facilities Refunding of 1997 Central Jail COP	48,300	2.00 - 5.00%	2026	45,550
2011 Metropolitan Transit System Towers Refunding COP	19,260	1.00 - 5.00%	2020	19,260
Total	\$ 633,485			\$ 392,100

Annual debt service requirements to maturity for COPs and LRBs are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$ 23,795	17,820	\$ 41,615
2013	24,720	16,875	41,595
2014	19,425	16,095	35,520
2015	18,675	15,324	33,999
2016	19,405	14,508	33,913
2017-2021	97,950	58,539	156,489
2022-2026	80,260	37,883	118,143
2027-2031	65,550	19,534	85,084
2032-2036	42,320	6,115	48,435
Subtotal	\$ 392,100	202,693	\$ 594,793
Add:			
Arbitrage	220		
Unamortized issuance premium	14,793		
Less:			
Unamortized deferred amounts on refundings	(4,717)		
Total	\$ 402,396		

Taxable Pension Obligation Bonds (POBs)

POBs are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the San Diego County Employees Retirement Association's (SDCERA) pension plan. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of the proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis.

Details of POBs outstanding at June 30, 2011 are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2011
2002 Series A	\$ 132,215	3.88 - 4.95%	2016	\$ 86,225
2004 Series A	241,360	3.28 - 5.86%	2023	212,870
2004 Series B1-2	147,825	5.91%	2025	147,825
2004 Series C CABs	64,928	4.66 - 5.76%	2016	75,410
2004 Series C Unaccreted Interest CABs				(8,363)
2008 Series A	343,515	3.33 - 6.03%	2027	327,370
Total	\$ 929,843			\$ 841,337

Annual debt service requirements to maturity for POBs are shown below in **Table 28**.

Fiscal Year	Principal	Unaccrued Appreciation	Interest	Total
2012	\$ 37,545	3,053	43,391	\$ 83,989
2013	33,215	2,386	42,313	77,914
2014	33,042	1,575	41,233	75,850
2015	38,240	1,202	39,556	78,998
2016	32,755	147	38,380	71,282
2017-2021	249,735		151,853	401,588
2022-2026	334,975		64,541	399,516
2027-2028	65,150		491	65,641
Subtotal	\$ 824,657	8,363	421,758	\$1,254,778
Add:				
Accrued appreciation through June 30, 2011	26,879			
Less:				
Accrued appreciation paid through fiscal year 2011	(5,830)			
Less:				
Accrued appreciation to be paid in fiscal year 2012	(4,369)			
Subtotal	841,337			
Less:				
Unamortized deferred amounts on refundings	(1,685)			
Total	\$ 839,652			

Tobacco Settlement Asset-Backed Bonds (TSAB)

TSAB are issued by the Tobacco Securitization Joint Powers Authority of Southern California (Authority) to securitize future revenue streams available to the County pursuant to the agreements described below.

A 1998 Master Settlement Agreement (MSA) was originally entered into by the four major cigarette manufacturers, 46 states and six other U.S. jurisdictions (the "Settling States") to provide state governments (including California) with compensation for smoking related medical costs and to help reduce smoking in the United States. There is no limit to the yearly settlement payments, they are perpetual. Also, a Memorandum of Understanding (the "MOU") and a supplemental agreement (the "ARIMOU") was agreed to by the State of California and all California counties and four California cities, granting those California municipalities the right to receive tobacco settlement allocation payments (also known as Tobacco Settlement Revenues - TSRs).

In fiscal year 2002, the Authority issued \$446.86 million 2001 Tobacco Settlement Asset-Backed Bonds (Bonds), to fund the Authority's loan to the San Diego Tobacco Asset Securitization Corporation (Corporation), pursuant to a loan agreement between the Authority and the Corporation. (Both entities are blended component units of the County). According to the loan agreement, the Corporation has pledged, assigned and granted

to the Authority, a first priority perfected security interest in all rights, title and interest of the Corporation, to the TSRs the Corporation purchased from the County, and future TSRs. The Corporation used the net proceeds of the loan, \$411.913 million, to pay the County, in exchange for the County's transfer to the Corporation of all the County's rights, title and interest in the TSRs. Net proceeds have been placed in an endowment fund to fund healthcare-based programs pursuant to Board Policy E-14 and IRS regulations.

In May 2006, the Authority issued Series 2006 TSAB in the amount of \$583.631 million to refund the outstanding principal of the original 2001 bonds noted above and to loan an additional \$123.515 million to the Corporation. The Series 2006 Bonds are limited obligations of the Authority, maturing in fiscal year 2035-36. The proceeds were placed into the endowment fund for the aforementioned purposes.

Under the terms of bond indentures, TSRs are pledged to the repayment of the bonds. Accordingly, the bonds are payable solely from certain funds held under the indenture, including payments of TSRs, and earnings on such funds (collections).

Details of TSAB outstanding at June 30, 2011 are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2011
Series 2006A Senior Current Interest Bonds	\$ 534,610	4.75 - 5.125%	2018-2031	\$ 507,150
Series 2006B CABs	19,770	6.25%	2032	95,035
2006B unaccrued appreciation CABs				(67,997)
Series 2006C CABs	8,686	6.40%	2033	47,590
2006C unaccrued appreciation CABs				(35,624)
Series 2006D CABs	20,565	7.10%	2036	154,993
2006D unaccrued appreciation CABs				(125,665)
Total	\$ 583,631			\$ 575,482

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

Annual debt service requirements to maturity for TSAB are as follows:

Fiscal Year	Principal	Unaccrued Appreciation	Interest	Total
2012	\$ 10,360	4,613	25,401	\$ 40,374
2013	11,265	4,926	24,905	41,096
2014	12,195	5,260	24,366	41,821
2015	13,165	5,617	23,783	42,565
2016	14,245	5,998	23,154	43,397
2017-2021	100,660	36,674	103,370	240,704
2022-2026	149,410	50,938	73,228	273,576
2027-2031	205,686	70,540	29,352	305,578
2032-2036	39,185	44,721		83,906
Subtotal	\$ 556,171	229,287	327,559	\$ 1,113,017
Add:				
Accrued appreciation through June 30, 2011	19,311			
Subtotal	575,482			
Less:				
Unamortized issuance discount	(15,018)			
Unamortized deferred amounts on refundings	(4,425)			
Total	\$ 556,039			

TSAB pledged revenue for the year ended June 30, 2011 was as follows:

Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2011	
			Debt Principal & Interest Paid	Pledged Revenue Received
Series 2006 Tobacco Settlement Asset-Backed Bonds	2036	\$ 1,132,328	\$ 28,579	\$ 26,818

San Diego County Redevelopment Agency (CRA) Revenue Refunding Bonds

In December 2005, the San Diego County Redevelopment Agency (CRA) issued \$16 million Revenue Refunding Bonds Series 2005A that mature in fiscal year 2033. The CRA has pledged property tax increment revenues generated within the Gillespie Field Project Area to pay for the bonds. Gillespie Field Airport revenues may also be used to fund debt service payments if there are insufficient property tax increment revenues to cover a particular fiscal year's debt service requirement. Bonds are also payable from funds held under the indenture, including earnings on such funds.

CRA revenue refunding bonds outstanding at June 30, 2011 were the following:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2011
Revenue Refunding Bonds Series 2005A	\$ 16,000	3.65 - 5.75%	2033	\$ 14,280
Total	\$ 16,000			\$ 14,280

Annual debt service requirements to maturity for CRA bonds are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$ 375	766	\$ 1,141
2013	395	748	1,143
2014	415	728	1,143
2015	430	708	1,138
2016	455	686	1,141
2017-2021	2,635	3,046	5,681
2022-2026	3,405	2,247	5,652
2027-2031	4,475	1,138	5,613
2032-2033	1,695	91	1,786
Total	\$ 14,280	10,158	\$ 24,438
Less:			
Unamortized issuance discount	(37)		
Total	\$ 14,243		

CRA pledged revenue for the year ended June 30, 2011 was as follows:

Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2011	
			Debt Principal & Interest Paid	Pledged Revenue Received
Series 2005A Revenue Refunding Bonds	2033	\$ 24,438	\$ 1,143	\$ 1,063

Loans - Governmental Activities

Loans for various governmental activities included a United States Department of Agriculture Farmers Home Administration loan for the construction of low income housing; and California Energy Commission loans to fund various projects in County facilities to increase energy efficiency.

As of June 30, 2011, the County has received \$2.565 million from the California Energy Commission (CEC Loan 3) from an existing authorized loan amount of \$3 million. The loan amount of \$2.565 million represents costs to fund multiple energy efficient projects

in County facilities incurred as of the authorized date of completion of June 30, 2010. Semi-annual interest and principal payments will be made in twenty equal installments at a fixed interest rate of 4.50% with the first loan repayment having occurred on December 22, 2010 and every June 22 and December 22 thereafter.

Details of loans outstanding at June 30, 2011 for governmental activities are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2011
Loans - non internal service funds (ISF)				
Firebird Manor	\$ 4,486	1.00%	2028	\$ 2,541
Total loans - non-ISF	4,486			2,541
Loans - ISF				
California Energy Comm Loan 1 (Facilities ISF)	1,977	4.00%	2015	769
California Energy Comm Loan 2 (Facilities ISF)	3,001	3.95%	2016	1,511
California Energy Comm Loan 3 (Facilities ISF)	2,565	4.50%	2018	2,341
Total loans - ISF	7,543			4,621
Total	\$ 12,029			\$ 7,162

Annual debt service requirements to maturity for loans - governmental activities are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$ 994	212	\$ 1,206
2013	1,034	174	1,208
2014	1,071	136	1,207
2015	993	95	1,088
2016	493	65	558
2017-2021	1,491	126	1,617
2022-2026	784	38	822
2027-2028	302	4	306
Total	\$ 7,162	850	\$ 8,012

Loans - Business-Type Activities

Loans for business-type activities included California Department of Transportation loans for the construction of a sewer line and the installation of a control tower at the Ramona Airport.

Details of loans outstanding at June 30, 2011 for business-type activities are as follows:

Loan	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2011
2001 Airport Development Loan - Ramona Sewer Line	\$ 2,388	5.63%	2017	\$ 1,043
2001 Airport Development Loan - Ramona Control Tower	1,196	5.63%	2017	523
Total	\$ 3,584			\$ 1,566

Annual debt service requirements to maturity for loans - business-type activities are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$ 254	88	\$ 342
2013	267	74	341
2014	279	59	338
2015	292	43	335
2016	304	27	331
2017	170	10	180
Total	\$ 1,566	301	\$ 1,867

Prior Year Defeasance of Long-Term Debt

In prior years, the County defeased TSAB by placing the proceeds of the original issue plus additional County contributions in an irrevocable trust to provide for all future debt service payments on the old obligation. Accordingly, the trust account assets and the liability for the defeased obligation are not included in the County's financial statements. At June 30, 2011, \$412.535 million of bonds were legally defeased and remain outstanding.

Arbitrage

In compliance with the Tax Reform Act of 1986 and subsequent U.S. Treasury Regulations, the County performed arbitrage rebate calculations via a third party to determine probable amounts due to the Federal government. At June 30, 2011, \$220 of arbitrage rebate liability has been included in the statement of net assets.

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

NOTE 14 Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2011 were as follows:

	Beginning Balance at July 1, 2010	Additions	Reductions	Accreted Interest	Ending Balance at June 30, 2011	Amounts Due Within One Year
Governmental Activities:						
COPs, bonds & loans						
Certificates of participation and lease revenue bonds	\$ 422,260	19,260	(49,420)		392,100	\$ 23,795
Taxable pension obligation bonds	874,336		(36,590)	3,591	841,337	37,545
Tobacco settlement asset-backed bonds	574,157		(2,995)	4,320	575,482	10,360
CRA revenue refunding bonds	14,640		(360)		14,280	375
Loans - non-internal service funds	2,671		(130)		2,541	139
Loans - internal service funds (ISF)	4,733	655	(767)		4,621	855
Arbitrage	455	220	(455)		220	220
Unamortized issuance premiums	15,499	1,237	(1,943)		14,793	1,139
Unamortized issuance discounts	(16,126)		1,071		(15,055)	(1,071)
Unamortized deferred amounts on refundings	(16,502)	(49)	5,724		(10,827)	(4,931)
Total COPs, bonds & loans	1,876,123	21,323	(85,865)	7,911	1,819,492	68,426
Other long-term liabilities:						
Capital Leases - ISF	\$ 242		(30)		212	\$ 27
Claims and judgments - ISF	118,099	47,657	(30,157)		135,599	36,352
Compensated absences -non-ISF	97,766	66,930	(68,990)		95,706	37,708
Compensated absences - ISF	2,200	1,704	(1,630)		2,274	938
Landfill closure and postclosure	20,917		(492)		20,425	639
Total Other long-term liabilities	239,224	116,291	(101,299)		254,216	75,664
Total Governmental Activities	\$ 2,115,347	137,614	(187,164)	7,911	2,073,708	\$ 144,090
Business-type activities:						
Loans	\$ 1,809		(243)		1,566	\$ 254
Compensated absences	460	321	(353)		428	176
Total Business-type Activities	\$ 2,269	321	(596)		1,994	\$ 430

NOTE 15 Funds Used to Liquidate Liabilities

The following funds presented in **Table 40** below have typically been used to liquidate other long-term obligations in prior years:

Liability	Fund(s) Used to Liquidate in Prior Years
Claims & Judgments	Internal Service Funds - Employee Benefits Fund and Public Liability Insurance Fund
Compensated Absences	General Fund; Special Revenue Funds - County Library, Road, and Air Pollution; Internal Service Funds - Facilities Management, Fleet Services and Purchasing; and, Enterprise Funds - Airport and Wastewater Management
Landfill Closure and Postclosure	General Fund

NOTE 16 Reassessment District Improvement Bonds

In July of 1991, the County issued \$28.804 million of 4-S Ranch bonds to finance the acquisition and construction of various public improvements required for the development of land located in north San Diego County west of Interstate 15 and the community of Rancho Bernardo. In July of 1997 the 4-S Ranch bonds were refunded. The County Treasurer-Tax Collector acts as an agent for property owners and bondholders in collecting and forwarding special assessment monies. The County is not obligated to pay for any special assessment bonds. Special assessment debt is solely the obligation of various separate governmental agencies. The County has covenanted to initiate judicial foreclosure in the event of a delinquency in the payment of reassessments. The amount of the 4-S Ranch special assessment debt outstanding for which the County is a fiduciary is \$3.885 million at June 30, 2011.

NOTE 17 Conduit Debt Obligations

From time to time, the County has issued tax-exempt conduit debt under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California on behalf of qualified borrowers to provide financial assistance for projects deemed to be of public interest.

Conduit debt consisted of the following: a) fourteen certificates of participation (COPs) for the acquisition, construction, capital improvement and equipping of various facilities and b) four mortgage revenue bonds for the construction and permanent financing of multi-family residential rental projects located in the County to be partially occupied by persons of low or moderate incomes. Conduit debt is secured by the property that is financed and is payable from the respective COPs' base rentals; and underlying payments on mortgage loans. Upon repayment of the debt, ownership of the acquired facilities transfers to the private-sector entity served by the debt issuance.

The County is not obligated in any manner for repayment of this debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

As of June 30, 2011, the aggregate conduit debt principal amount outstanding was \$323.176 million.

NOTE 18 Landfill Site Closure and Postclosure Care Costs

State laws and regulations require the placement of final covers on all landfill sites that stopped accepting solid waste after October 9, 1991 and the performance of certain maintenance and monitoring functions at these sites for a minimum of 30 years after closure. Closure and postclosure care costs are paid near or after the date a landfill stops accepting waste. The San Marcos Landfill is the sole waste disposal site owned by the County that is subject to these regulations. It was operational and accepted solid waste from 1979 until March 11, 1997. Formal closure of this landfill spanned from July 2004 through March 2007. Post closure maintenance began in April 2007.

The projected landfill closure and postclosure care liability at June 30, 2011 for the San Marcos Landfill was \$20.425 million. This estimated amount is based on what it would cost to perform all closure and postclosure care in calendar year 2011 dollars and is subject to change as a result of such factors including but not limited to: inflation; deflation; advancements in technology; and amendments to laws and regulations.

In addition to the above, state regulations require that landfill closure and postclosure maintenance costs be fully funded at the time of closure, unless a landfill owner/operator can demonstrate financial responsibility towards these activities by using other approved financial assurance alternatives. A pledge of revenue is one of various alternatives allowed to fund estimated postclosure costs. Under this alternative, the Board of Supervisors, on February 3, 1998, approved Minute Order No. 5

“Postclosure Maintenance Funding for the San Marcos Landfill”, wherein the County entered into a pledge of revenue agreement with the California Integrated Waste Management Board (CIWMB). Pursuant to Resolution No. 98-24, adopted under Minute Order No. 5, the Board directed that the amount of pledged revenue shall be equal to \$790 thousand per year for the 30 year period of postclosure maintenance commencing upon completion of the final closure of the San Marcos Landfill. The pledged amount is a promise of existing funds rather than future revenues and may increase or decrease to match any adjustment to identified cost estimates that are mutually agreed to by the County and the CIWMB.

As of June 30, 2011, \$24.885 million has been spent on closure costs, including revegetation. As part of final closure requirements, the County was required to vegetate the cover surface of the landfill. As of June 30, 2011 the work was substantially complete, however, \$835 thousand of net assets of the government-wide statement of net assets has been restricted for potential remaining closure costs of the San Marcos Landfill until the Notice of Completion is considered final by all interested entities.

Regulations governing solid waste management are promulgated by government agencies on the federal and state levels. These regulations address the design, construction, operation, maintenance, closure and postclosure maintenance of various types of facilities; acceptable and prohibited waste types; and inspection, permitting, environmental monitoring and solid waste recycling requirements. Regulations at both the state and federal levels could impose retroactive liability, particularly with respect to cleanup activities relating to any landfill site ever operated by the County, whether or not owned by the County. Thus, the County has potential liability with respect to every landfill ever owned, operated, contracted to be operated, or into which the County disposed waste. Compliance with these regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs could increase.

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

NOTE 19

Fund Balance Policy - General Fund

In 2011 the Board of Supervisors adopted the updated Policy B-71 "Fund Balance and Reserves" to establish guidelines regarding the maintenance of General Fund fund balance levels that will help to protect the fiscal health and stability of the County. This policy includes:

Fund Balance Committed To Unforeseen Catastrophic Events: The amount of fund balance committed to unforeseen catastrophic events shall be targeted at the equivalent of 5% of the total amount of budgeted general purpose revenue. The establishment of this fund balance commitment is governed by Government Code §29085-29086, which allows the amount to be increased or decreased at the time the budget is adopted, but once the budget is adopted, it may only be used for legally declared emergencies as defined in Government Code §29127. The Board may waive the requirement to maintain the fund balance at the targeted level specified if it finds that it is in the best interest of the residents of the County to so do. This commitment is reported on the General Fund's Balance Sheet.

General Fund Minimum Fund Balance: In order to be prepared for broader levels of economic uncertainty, the minimum level of Unassigned fund balance in the General Fund shall be targeted at the equivalent of 10% of the total amount of budgeted general purpose revenue. The Board may waive the requirement to maintain the fund balance at the targeted level specified if it finds that it is in the best interest of the residents of the County to so do. To the extent that fund balance is available in excess of that amount, the Chief Administrative Officer (CAO) may recommend the appropriation or commitment of the available balance for one time purposes. The recommendations may appear in the CAO Proposed Operational Plan or as an agenda item for a regularly scheduled meeting of the Board. In fiscal year 2010 the County Board of Supervisors took action to set aside \$100 million of the General Fund's fund balance for future economic uncertainty. This amount is included in the Unassigned fund balance classification on the General Fund's Balance Sheet.

Restoration of Fund Balances: In the event that the fund balance commitment for unforeseen catastrophic events or the General Fund Minimum Unassigned fund balance falls below targeted levels, the CAO will present a plan to the Board of Supervisors for restoration of those targeted levels.

NOTE 20

Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose

At June 30, 2011, the fund balances restricted for laws or regulations of other governments: fund purpose are presented in **Table 41** as follows:

Fund Type:	Purpose	Amount
Major Fund		
Public Safety Fund	Public safety activities	\$ 21,689
Nonmajor Funds		
Special Revenue Funds		
Air Pollution Fund	Air pollution activities	\$ 13,223
Asset Forfeiture Program Fund	Law enforcement	9,416
County Library Fund	Library services	7,584
County Service District Funds	Road, park lighting maintenance, fire protection and ambulance services	18,153
Edgemoor Development Fund	Edgemoor development	2,015
Housing Authority Fund	Housing authority activities	13,792
In Home Supportive Services Public Authority Fund	In home supportive services	86
Inmate Welfare Program Fund	Benefit, education, and welfare of jail inmates	9,260
Lighting Maintenance District Fund	Street and road lighting maintenance	1,210
Other Special Districts Funds	Retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes capital improvements and repairs	676
Park Land Dedication Fund	Developing new or rehabilitating existing neighborhood or community park or recreational facilities	10,470
Redevelopment Agency Fund	Redevelopment activities	1,242
Total Nonmajor Funds (Special Revenue Funds)		\$ 87,127
Total Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose		\$ 108,816

NOTE 21**Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes**

At June 30, 2011, the fund balances restricted for laws or regulations of other governments: other purposes are presented in **Table 42** as follows:

Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes	
At June 30, 2011	
Major Fund	
General Fund	
Teeter tax loss	\$ 22,264
Justice, health, social and other facilities	19,654
Defray administrative costs, other general restrictions	16,208
Improvement and maintenance of recorded document systems	14,300
Vector control	13,227
Mental health	16,793
Fingerprinting equipment purchase and operation	8,526
Sheriff automated warrant system	5,170
Public Defender defense of indigent cases	3,922
Emergency medical services, various construction costs	3,307
Domestic violence and child abuse prevention	2,905
Sheriff vehicle maintenance and replacement	1,501
Real estate fraud prosecution	1,464
Equipment replacement/system enhancement Caller ID Remote Access Network	1,163
Landfill closure costs	835
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles	504
Social Services child safety education	101
Total General Fund	\$ 131,844
Nonmajor Funds	
Special Revenue Funds	
Flood Control District Fund	
Flood control future drainage improvements	\$ 21,799
Housing Authority Fund	
Housing repairs and improvements	164
Total Special Revenue Funds	\$ 21,963
Total Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes	\$ 153,807

NOTE 22**Fund Balances Committed to Other Purposes**

At June 30, 2011, the fund balances committed to other purposes are presented in **Table 43** as follows:

Fund Balances Committed To Other Purposes	
At June 30, 2011	
Major Fund	
General Fund	
Regional communication system infrastructure enhancements	\$ 15,221
Health based programs reducing adult/youth smoking	8,084
Sheriff Department future capital expenditures	4,000
Sheriff Department helicopter replacement	2,674
Registrar of Voters services	1,260
Future lease payments	1,250
Department of Environmental Health services	1,170
Landfill closure, postclosure and landfill maintenance	857
Department of Planning and Land Use services	659
Management of conduit financing programs	531
Registrar of Voters equipment acquisition	445
Future replacement of HHSA public health clinic	275
Assessor/Recorder/County Clerk services	111
Parks and Recreation land acquisition	84
South County Shelter capital improvements	60
Housing Authority future lease payments	41
Senior Volunteer Patrols Program in the unincorporated communities	38
Capital Improvement	12
Clerk of the Board services	5
Total General Fund	\$ 36,777
Nonmajor Funds	
Special Revenue Funds	
Inactive Wastesites Fund	
Landfill closure, postclosure and landfill maintenance	\$ 68,366
Total Special Revenue Funds	\$ 68,366
Total Fund Balances Committed to Other Purposes	\$ 105,143

Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

NOTE 23

Fund Balances Assigned to Other Purposes

At June 30, 2011, the fund balances assigned to other purposes are presented in **Table 44** as follows:

Major Fund	
General Fund	
Health, mental health and social services	\$ 10,503
Law enforcement, detention, legal and other protection services	8,476
Legislative and administrative services	7,186
Park and Recreation services	3,532
Planning, land use, agriculture, watershed and other public services	3,170
Assessor/Recorder/County Clerk services	2,633
Fire protection	2,304
Maintenance	1,307
Treasurer-Tax Collector services	945
Registrar of Voters services	280
Animal Services	278
Total General Fund	\$ 40,614

NOTE 24

Net Assets Restricted for Laws or Regulations of Other Governments: Other Purposes

At June 30, 2011, the net assets restricted for laws or regulations of other governments: other purposes are presented in **Table 45** as follows:

Flood control future drainage improvements	\$ 21,799
Public safety activities	21,689
Justice, health, social and other facilities	19,654
Road, park lighting maintenance, fire protection and ambulance services	18,153
Housing Authority activities	13,792
Air pollution activities	13,223
Developing new or rehabilitating existing neighborhood or community park or recreational facilities	10,470
Law enforcement	9,416
Benefit, education, and welfare of jail inmates	9,260
Edgemoor development	8,382
Library services	7,584
Sheriff automated warrant system	5,170
Public Defender defense of indigent cases	3,922
Emergency medical services, various construction costs	3,307
Domestic violence and child abuse prevention	2,905
Sheriff vehicle maintenance and replacement	1,501
Real estate fraud prosecution	1,464
Redevelopment activities	1,242
Street and road lighting maintenance	1,210
Equipment replacement/system enhancement Caller ID Remote Access Network	1,163
Landfill closure costs	835
Retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purpose capital improvements and repairs	676
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles	504
Social services child safety education	101
In home supportive services	86
Total Net Assets Restricted for Laws or Regulations of Other Governments: Other Purposes	\$ 177,508

NOTE 25 Risk Management

The County operates a Risk Management Program, whereby it is self-insured for general liability (California Government Code Section 990), medical malpractice (California Government Code Section 990.9), automobile liability (California Vehicle Code Section 16020(b)(4)) and workers' compensation (California Code of Regulations, Title 8, Section 15203.4). The County purchases insurance coverage for all risk property losses, government crime insurance, including employee dishonesty and faithful performance, airport comprehensive liability, and aircraft hull and liability insurance. Settlements in the areas covered have not exceeded insurance coverage for each of the past three fiscal years.

The County's Employee Benefits and Public Liability Insurance Internal Service Funds (ISF) are used to report all of its uninsured risk management activities. Risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Actuarial evaluations were obtained which determine estimates of known and projected public liability and workers compensation claim liabilities. These evaluations include estimates for claims incurred but not reported; allocated and unallocated loss adjustment expenses; and amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

At June 30, 2011, these liabilities discounted for anticipated investment return (public liability of 1% and workers' compensation of 3%), totaled \$135.6 million, including \$29 million in public liability and \$106.6 million in workers' compensation. Changes in the balances of claim liabilities for fiscal year 2011 and 2010 are shown below:

Risk Management - Changes in Claim Liabilities			
	2011	2010	
Employee Benefits Fund			
Unpaid claims, July 1	\$ 94,973	\$ 88,563	
Incurred claims	32,707	26,376	
Claim payments	(21,117)	(19,966)	
Unpaid claims, June 30	\$ 106,563	\$ 94,973	
Public Liability Insurance Fund			
Unpaid claims, July 1	\$ 23,126	\$ 19,965	
Incurred claims	14,950	4,175	
Claim payments	(9,040)	(1,014)	
Unpaid claims, June 30	\$ 29,036	\$ 23,126	

NOTE 26 Contingencies

Litigation

The County has a potential liability of \$15.7 million that could result if unfavorable final decisions are rendered in numerous lawsuits to which the County is a named defendant.

Appropriations are budgeted annually for those portions of obligations coming due that fiscal year.

Unrecorded Leave Benefits

County employees have unrecorded accumulated benefits of approximately \$173.96 million in sick leave, holiday and compensatory time. With the exception of sick leave for eligible employees, these benefits are not payable to employees upon termination and are normally liquidated at year end or as employees elect to use their benefits per Civil Service rules and regulations. Accumulated vacation, sick leave, and compensatory time-off for which employees are eligible for payment upon separation have been recorded as liabilities in the appropriate proprietary funds and the statement of net assets.

Federal and State Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 27 Joint Ventures

The San Diego Geographic Information Source (SanGIS) was created in July 1997 as a joint powers agreement between the City of San Diego and the County of San Diego. SanGIS objectives are to create and maintain a geographic information system; marketing and licensing compiled digital geographic data and software; providing technical services; and publishing geographic and land related information for the City and the County, other public agencies, and the private sector. It is governed by a Board of Directors consisting of the Chief Operating Officer and the Chief Administrative Officer. SanGIS relies mostly on an annual budget of \$1.3 million shared equally by the City and the County to supplement its operating revenues. In its latest report, SanGIS reported a decrease in net assets of \$1 thousand and ending net assets of \$149 thousand for the fiscal year ended June 30, 2010. The financial report may be obtained by writing to SanGIS at 5201 Ruffin Road, Suite E, San Diego CA 92123 or by calling (858) 874-7000 or by e-mail at webmaster@sangis.org.

The County is a participant with eighteen incorporated cities to operate the Unified San Diego County Emergency Services Organization for the purpose of providing regional planning and mutual assistance in the event of an emergency in the region including accidents involving hazardous waste. The organization is governed by the Unified Disaster Council (UDC) with one voting member from San Diego County Board of Supervisors who serves as Chair of the Council, and a representative from each of the 18 incorporated cities. The County of San Diego Office of Emergency Services (OES) serves as staff to the UDC. OES is a liaison between the incorporated cities, the State Office of Emergency Services, the Federal Emergency Management Agency, and the American

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Red Cross. A contractual agreement requires that the cities and the County provide the total required funding each year; one half from the cities and the other half from the County. In its latest report, the organization reported a decrease in net assets of \$72 thousand and ending net assets of \$306 thousand for the fiscal year ended June 30, 2010. Separate financial statements may be obtained from the Operational Area Emergency Operations Center, 5555 Overland Avenue, Suite 1911, San Diego CA 92123 or by calling (858) 565-3490.

The City of San Diego and the County of San Diego jointly formed a Consortium under the Workforce Investment Act of 1998 to provide regional employment and training services. The Consortium is governed by a five member board consisting of two members designated from the County Board of Supervisors, two members designated from the San Diego City Council and one member from the Board of Directors of United Way, a charitable organization. The board assigned the San Diego Workforce Partnership, Inc. as the grant recipient and the administrative entity to operate the San Diego Consortium. The City and the County agreed to share equally any debt or liability incurred with respect to State and Federal grants. For the year ended June 30, 2010, the Partnership reported an increase in net assets of \$73 thousand and ending net assets of \$182 thousand. Complete financial reports may be obtained by writing to the San Diego Workforce Partnership, 3910 University Avenue, Suite 400, San Diego CA 92105-1326 or by calling (619) 228-2900.

NOTE 28

Pension and Retiree Health Plans

Pension Plan

Plan Description

The County contributes to the San Diego County Employees Retirement Association pension plan, (SDCERA-PP), a cost-sharing multiple-employer defined benefit pension plan that is administered by SDCERA. The SDCERA-PP has four Tiers and provides retirement, disability, death and survivor benefits to its General and Safety members. Tier B is the current open system. Tier I and Tier A are closed to new entrants but have active members and Tier II was eliminated for active members. The Retirement Act, (also referred to as the Retirement Law of 1937 and Government Code Section 31450 et.seq.) assigns the County Board of Supervisors, the authority to establish and amend benefit provisions and assigns the SDCERA Board of Retirement the authority to approve retiree members and beneficiaries cost-of-living increases. (See note below regarding SDCERA Financial Report information.)

Funding Policy

The Retirement Act requires that County and member contributions be actuarially determined to provide a specific level of benefit. Contribution rates are expressed as a percentage of covered payroll and member rates vary according to age at entry, benefit tier level and certain negotiated contracts that provide for the County to pay a portion of members' contributions. California Government Code Section 31454 requires the Board of

Supervisors to adjust the rates of the San Diego County employer and employee retirement contributions in accordance with the recommendations of the Board of Retirement of SDCERA.

The actuarially determined rates adopted by SDCERA established the average member contribution rate at 10.28% for all categories combined (General Tier I, General Tier A, General Tier B, Safety Tier A and Safety Tier B members) and set the employer contribution rate for all categories combined at 20.46%. However, the Board of Supervisors chose to adopt employer contribution rates at a level higher than the levels recommended by the actuary in order to accelerate the pay down of the unfunded actuarial accrued liability (UAAL) of the retirement fund and to help position the County and other member employers for an expected further increase in rates in Fiscal Year 2011-12. The average employer contribution rate for all categories combined adopted by the Board of Supervisors was 23.5%.

CoSD employer contributions to SDCERA-PP for the three years ended June 30, 2011, which equaled or exceeded the required contributions, were the following:

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contributions Made	Percentage of ARC Contributed
2011	\$ 186,979	\$ 214,978	115.0%
2010	172,453	176,243	102.2%
2009	200,146	200,146	100.0%

Retiree Health Plan

Plan Description

Effective July 1, 2007, the County commenced contributing to the SDCERA retiree health plan, (SDCERA-RHP) a cost-sharing multiple-employer defined benefit health plan administered by SDCERA. The Retirement Act assigns the authority to establish and amend health allowance benefits to the SDCERA Board of Retirement. The retiree health plan provides a non-taxable health insurance allowance to Tier I and Tier II retirees. Health insurance allowances range from \$200 per month to \$400 per month based on members' service credits. (See note below regarding SDCERA Financial Report information.)

Funding Policy

The SDCERA-RHP was established and is administered as an Internal Revenue Code Section 401(h) account within the defined benefit pension plan under the authority granted by the Retirement Act to the SDCERA Board of Retirement. The SDCERA-RHP is funded by employer contributions that are based on an actuarially determined 20 year level dollar amortization schedule. The health insurance allowance is not a vested benefit and may be reduced or discontinued at any time by the SDCERA Board of Retirement. Additionally, the total amount of employer contributions are limited by the provisions of 401(h).

CoSD's employer contributions to SDCERA-RHP for the three years ended June 30, 2011, which equaled or exceeded the required contributions, were the following:

Table 48

COSD Employer Contributions - SDCERA-RHP

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contributions Made	Percentage of ARC Contributed
2011	\$ 16,239	\$ 16,239	100.0%
2010	16,886	16,886	100.0%
2009	20,838	20,838	100.0%

SDCERA Financial Report

SDCERA issues a publicly available financial report that includes financial statements and required supplementary information for the SDCERA-PP and the SDCERA-RHP. The financial report may be obtained by writing to San Diego County Employees Retirement Association, 2275 Rio Bonito Way, Suite 200, San Diego, California 92108-1685 or by calling (619) 515-6800.

NOTE 29
Fund Deficit

Table 49

Fund Deficit
At June 30, 2011

Internal Service Fund:	
Employee Benefits Fund	\$ (6,821)

The Employee Benefits Fund deficit of \$6.8 million resulted from the accrual of the estimated liability and costs associated with the reported and unreported workers' compensation claims as prepared by an actuary for the reporting period ending June 30, 2011. The liability increased to \$106.5 million from the prior year's estimate of \$95.0 million. The County intends to reduce the deficit through increased premium rate charges to County departments by \$1.7 million per year in excess of projected operating expenses beginning in fiscal year 2012.

NOTE 30
Subsequent Events

Tax and Revenue Anticipation Notes

In July 2011, the County issued tax and revenue anticipation notes (TRANS) totaling \$50 million due June 29, 2012 at a coupon rate of 2.00% and a yield of 0.26%. Proceeds from the notes will be used to meet fiscal year 2012 cash flow requirements. Fiscal year 2012 unrestricted revenues collateralize the notes.

San Diego County Capital Asset Leasing Corporation - "County of San Diego Certificates of Participation (County Administration Center Waterfront Park)"

In August 2011, the San Diego County Capital Asset Leasing Corporation issued \$32.665 million of fixed rate Certificate of Participation titled "County of San Diego Certificates of Participation (County Administration Center Waterfront Park (the

Series 2011 Certificates)". The Series 2011 Certificates were issued at fixed interest rates ranging from 3.00% to 5.125% with maturity dates ranging from February 1, 2013 to February 1, 2042.

These Certificates were issued with a discount of \$182 thousand. Certificate proceeds of \$32.483 million along with the County's contribution of \$14.2 million were distributed as follows: 1) \$30.004 million was transferred to the construction fund used to pay construction costs on the County Administration Center Waterfront Park project; 2) \$14.2 million was transferred to the County's capital project fund; 3) \$2.094 million of proceeds were used to fund the Certificates' debt service reserve fund; 4) \$151 thousand was used to pay the underwriter's discount; and 5) \$234 thousand was set aside to pay certain costs of issuance.

NOTE 31
New Governmental Accounting Standards

Implementation Status

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible.

In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements.

The provisions of Statement No. 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial

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statements for periods beginning after June 15, 2011.

The County of San Diego is not an agent employer. It contributes to SDCERA's cost-sharing multiple-employer defined benefit health plan administered by SDCERA which is not an agent multiple employer plan; consequently this Statement is not applicable.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective for the County's fiscal year ending June 30, 2011.

Please refer to Note 1, "Summary of Significant Accounting Policies - Assets, Liabilities, and Net Assets or Fund Balance - Fund Balance"; and Notes 19 through 23.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

This Statement provides for the following amendments:

National Council on Governmental Accounting Statement No. 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, is updated to be consistent with the amendments to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, regarding certain financial guarantees.

Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Statement No. 31, is clarified to indicate that a 2a7-like pool, as described in Statement No. 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended.

Statement No. 40, *Deposit and Investment Risk Disclosures*, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools-such as bond mutual funds and external bond investment pools-that do not meet the requirements to be reported as a 2a7-like pool.

Statement No. 53 is amended to clarify that the net settlement characteristic of Statement No. 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance.

This statement is effective for the County's fiscal year ending June 30, 2011.

The application of the revised guidance for financial reporting and disclosures of investments did not have a material impact on the County's basic financial statements.

Under Analysis

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

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. A transferor reports the facility subject to an SCA as its capital asset, generally following existing measurement, recognition, and disclosure guidance for capital assets. New facilities constructed or acquired by the operator or improvements to existing facilities made by the operator are reported at fair value by the transferor. A liability is recognized, for the present value of significant contractual obligations to sacrifice financial resources imposed on the transferor, along with a corresponding deferred inflow of resources. Revenue is recognized by the transferor in a systematic and rational manner over the term of the arrangement.

This Statement also provides guidance for governments that are operators in an SCA. The governmental operator reports an intangible asset at cost for its right to access the facility and collect third-party fees; it amortizes the intangible asset over the term of the arrangement in a systematic and rational manner. For existing facilities, a governmental operator's cost may be the amount of an up-front payment or the present value of installment payments. For new or improved facilities, a governmental operator's cost may be its cost of improving an existing facility or constructing or acquiring a new facility.

For revenue sharing arrangements, this Statement requires governmental operators to report all revenues and expenses. A transferor reports its portion of the shared revenues.

This Statement requires disclosures about an SCA including a

general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments.

This Statement is effective for periods beginning after December 15, 2011.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset.

The provisions of this Statement are effective for financial

statements for periods beginning after June 15, 2012.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

Financial Accounting Standards Board (FASB) Statements and Interpretations

Accounting Principles Board Opinions

Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements."

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

In June 2011, GASB issued Statement No. 63: *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather

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than net assets.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*

Some governments have entered into interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty's credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty's credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen

regarding the application of the termination of hedge accounting provisions in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income.

The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.



Required Supplementary Information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

General Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 880,811	880,811	894,222
Licenses, permits and franchise fees	40,189	40,189	42,643
Fines, forfeitures and penalties	58,133	58,773	51,826
Revenue from use of money and property	17,269	17,269	24,479
Aid from other governmental agencies:			
State	940,930	940,711	904,749
Federal	880,153	919,504	818,217
Other	99,507	58,460	57,874
Charges for current services	290,769	323,194	320,966
Other revenue	39,734	41,356	51,542
Total revenues	3,247,495	3,280,267	3,166,518
Expenditures:			
Current:			
General government:			
Assessor/recorder/county clerk - finance	34,166	34,155	32,368
Auditor and controller	26,691	26,794	23,781
Auditor and controller - information technology management services	6,031	5,917	4,813
Board of supervisors district #1	1,254	1,454	1,192
Board of supervisors district #2	1,256	1,256	1,137
Board of supervisors district #3	1,230	1,245	1,191
Board of supervisors district #4	1,174	1,374	1,211
Board of supervisors district #5	1,355	1,555	1,204
Board of supervisors general office	1,075	1,076	1,024
CAC major maintenance	1,138	1,138	624
Chief administrative office - legislative and administrative	4,330	4,330	3,991
Civil service commission	536	536	521
Clerk of the board of supervisors - legislative and administrative	3,037	3,037	2,898
Clerk of the board of supervisors - property management	3,292	3,389	2,836
Community enhancement	2,751	2,751	2,724
Community projects	6,847	6,219	5,509
Community services	8,892	7,905	2,519
County communications office	2,550	2,549	2,371
County counsel	21,877	21,877	20,438
County technology office	11,730	11,729	8,184
Countywide general expense	45,668	45,668	3,713
Finance and general government - legislative and administrative	3,517	3,516	
Finance and general government - other general	76,011	77,529	24,818
Health and human services - legislative and administrative	425	425	417
Human resources - other general government	4,343	4,343	4,114
Human resources - personnel	18,365	18,359	14,581
Land use and environment - legislative and administrative	4,075	4,524	3,791
Public safety - legislative and administrative	7,582	7,582	5,479
Registrar of voters	19,991	19,991	14,929
Treasurer-tax collector	19,705	19,705	16,915
Total general government	\$ 340,894	341,928	209,293

Continued

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
General Fund**

For the Year Ended June 30, 2011 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
Public protection:			
Agriculture weights and measures	\$ 15,973	16,286	13,893
Agriculture weights and measures - sealer	3,012	2,975	3,002
Assessor/recorder/county clerk - other protection	18,687	18,675	14,839
Child support	48,878	48,878	45,826
Citizens law enforcement review board	538	538	484
Contributions for trial courts	72,113	72,113	70,263
Department of animal services	14,244	14,244	13,694
District attorney-judicial	136,730	140,560	128,912
Grand jury	578	578	529
LAFCO administration	342	342	342
Medical examiner	8,304	8,422	7,996
Office of emergency services	8,698	12,718	6,452
Planning and land use - fire protection	30,534	2,762	2,681
Planning and land use - other protection	32,630	35,607	23,815
Probation - adult detention	2,824	2,824	3,111
Probation - detention and correction	107,157	106,610	100,141
Probation - juvenile detention	44,236	44,236	42,544
Probation - police protection	944	944	555
Public defender	74,560	65,284	61,960
Public safety - fire protection		28,745	15,241
Public works, flood control, soil and water, general	14,185	14,705	8,198
Public works, general - other protection	1,077	1,099	142
Sheriff - adult detention	191,089	189,387	177,769
Sheriff - other protection	2,586	1,604	1,359
Sheriff - police protection	352,980	371,863	336,088
Total public protection	1,182,899	1,201,999	1,079,836
Public ways and facilities:			
Public Works, dept of gen	4,752	4,953	4,171
Public works, general - public ways	2,151	2,026	1,372
Total public ways and facilities	6,903	6,979	5,543
Health and sanitation:			
Environmental health	49,330	49,426	36,278
Health and human services agency - drug and alcohol abuse services	44,591	44,591	38,096
Health and human services agency - health	105,038	104,975	99,454
Health and human services agency - health administration	53,875	53,388	33,414
Health and human services agency - medical care	143,453	165,354	166,717
Health and human services agency - mental health	326,555	326,555	297,107
Public works, general - sanitation	1,189	439	210
Total health and sanitation	724,031	744,728	671,276
Public assistance:			
Health and human services agency - other assistance	322,316	301,128	293,369
Health and human services agency - social administration	803,817	803,087	731,353
Health and human services agency - veterans' services	908	908	834
Housing authority	26,205	40,374	18,925
Probation - care of court wards	9,661	10,489	11,049
Total public assistance	1,162,907	1,155,986	1,055,530
Education:			
Agriculture weights and measures	934	940	957
Total education	934	940	957
Recreation and cultural:			
Parks and recreation	37,135	37,248	30,637
Total recreation and cultural	\$ 37,135	37,248	30,637

Continued

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL General Fund

For the Year Ended June 30, 2011 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
Contingency reserve	\$ 20,000	20,000	
Capital outlay	30,138	32,334	21,965
Debt service:			
Principal	26,765	26,765	26,735
Interest and fiscal charges	19,948	19,948	15,044
Total expenditures	3,552,554	3,588,855	3,116,816
Excess (deficiency) of revenues over (under) expenditures	(305,059)	(308,588)	49,702
Other financing sources (uses):			
Sale of capital assets			414
Transfers in	236,213	275,799	274,448
Transfers out	(499,790)	(497,481)	(151,061)
Total other financing sources (uses)	(263,577)	(221,682)	123,801
Net change in fund balances	(568,636)	(530,270)	173,503
Fund balances at beginning of year	1,220,108	1,220,108	1,220,108
Increase (decrease) in			
Nonspendable inventories		769	769
Fund balances at end of year	\$ 651,472	690,607	1,394,380

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

Public Safety Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Aid from other governmental agencies:			
State	\$ 185,919	185,919	202,809
Total revenues	185,919	185,919	202,809
Excess (deficiency) of revenues over (under) expenditures	185,919	185,919	202,809
Other financing sources (uses):			
Transfers out	(189,525)	(189,524)	(185,919)
Total other financing sources (uses)	(189,525)	(189,524)	(185,919)
Net change in fund balances	(3,606)	(3,605)	16,890
Fund balances at beginning of year	4,799	4,799	4,799
Fund balances at end of year	\$ 1,193	1,194	21,689

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Tobacco Endowment Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 10,500	10,500	4,709
Total revenues	10,500	10,500	4,709
Expenditures:			
Current:			
General government:			
Tobacco settlement	3,300	3,300	171
Total general government	3,300	3,300	171
Total expenditures	3,300	3,300	171
Excess (deficiency) of revenues over (under) expenditures	7,200	7,200	4,538
Other financing sources (uses):			
Transfers out	(24,200)	(24,200)	(24,200)
Total other financing sources (uses)	(24,200)	(24,200)	(24,200)
Net change in fund balances	(17,000)	(17,000)	(19,662)
Fund balances at beginning of year	412,275	412,275	412,275
Fund balances at end of year	\$ 395,275	395,275	392,613

Budgetary Information

General Budget Policies

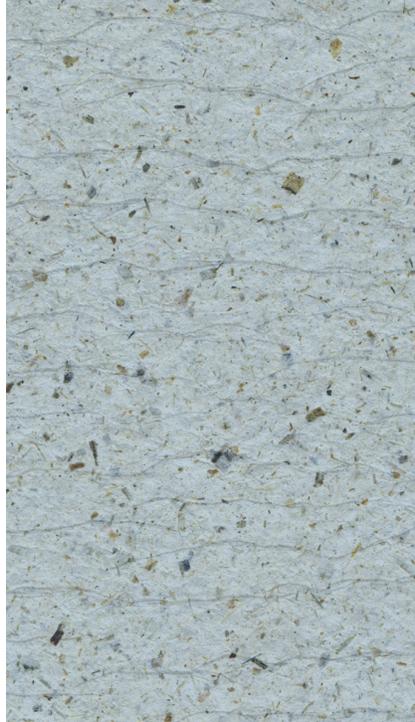
An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditures within departments. Annual budgets are not required to be adopted for the Tobacco Securitization Joint Special Revenue Fund; and the Debt Service and Capital Projects Funds (other governmental funds). 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.

Appropriations may also be adjusted during the year with the approval of the Board of Supervisors. Additionally, the Chief Financial Officer is authorized to approve certain transfers and revisions of appropriations within a department. Such adjustments are reflected in the final budgetary data. Accordingly, the legal level of budgetary control by the Board of Supervisors is the department level.

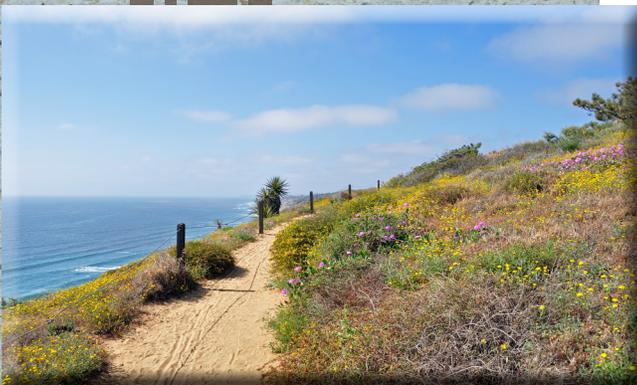
The schedule of revenues, expenditures, and changes in fund balance - budget and actual for the General Fund, Public Safety Fund and the Tobacco Endowment Fund that is presented as Required Supplementary Information was prepared in accordance with generally accepted accounting principles (GAAP).

The Original Budget consists of the adopted budget plus the budget carried forward from the prior fiscal year. Accordingly, encumbrances that are subject to automatic re-appropriation are included as part of the original budget. The County adopts its budget subsequent to the start of the each new fiscal year by mid-August. The final budget includes the original budget plus amended budget changes occurring during the fiscal year.

The Actual column represents the actual amounts of revenue and expenditures reported on a GAAP basis which is the same basis that is used to present the aforementioned original and final budget.



*Combining &
Individual Fund
Information
and Other
Supplementary
Information*



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Air Pollution Fund

This fund was established to provide for control of air pollution from motor vehicles and other sources in order to attain health based air quality standards. Revenue sources include license and permit fees, fines, state and federal funds, charges to property owners and vehicle registration fees. This fund is restricted for air pollution activities.

Asset Forfeiture Program Fund

This fund was established to account for assets which have been seized by law enforcement agencies during the investigation of criminal activities. These monies and the investment income derived therefrom are used for the prevention, investigation, apprehension and prosecution of drug and other criminal law violators. This fund is restricted for law enforcement activities.

County Library Fund

This fund was established to provide library services for the unincorporated area as well as 11 of the incorporated cities within the county. Property taxes provide most of the fund's revenues; aid from other governmental agencies, grants and revenues from library services provide the remaining principal revenues. This fund is restricted for library services.

County Service District Funds

These special district funds were established to provide authorized services such as road, park, lighting maintenance, fire protection or ambulance service to specific areas in the county. They are financed by ad valorem property taxes in the area benefited or by special assessments levied on specific properties. They also derive revenue from cities and from services provided to property owners. This fund is restricted for Road, park lighting maintenance, fire protection and ambulance services.

Edgemoor Development Fund

This fund was established pursuant to Board Policy F-38, which provides guidelines for the use, development and disposition of the County's 326 acres of property located in the City of Santee, known as the Edgemoor Property. Future development plans of the Edgemoor Property may include parks, a library, housing, a fire station, post office and others. Revenues are derived from the sale or lease of land within the Edgemoor property, and these revenues are to be used for the reconstruction of the Edgemoor Skilled Nursing Facility. A portion of these reconstruction costs

include an annual transfer to reimburse the General Fund for annual lease payments associated with two series of certificates of participation, one sold in 2005 and the other in 2006, to fund the redevelopment of the Edgemoor Skilled Nursing Facility, which was completed in 2009. The federal reimbursements with the SB 1128 program are also deposited into this fund. This fund is restricted for Edgemoor development.

Flood Control District Fund

This fund was established to account for revenues and expenditures related to providing flood control in the county. It is financed primarily by ad valorem property taxes. This fund is restricted for flood control future drainage improvements.

Housing Authority Fund

This fund was established to account for revenues and expenditures related to providing decent housing in a suitable environment for individuals who cannot afford standard private housing. Contracts with the U.S. Department of Housing and Urban Development provide the major funding sources. This fund is restricted for Housing Authority activities.

Housing and Community Development Fund

The Housing and Community Development Fund was established to receive federal community development block grants as well as state grants. Expenditures are for special projects related to various housing programs within the county. This fund was closed at the end of fiscal year 2010-11 and its activities will be accounted for in the General Fund going forward.

In Home Supportive Services Public Authority Fund (IHSSPA)

This authority was established for the administration of the IHSSPA registry, investigation of the qualifications and background of potential registry personnel, referral of registry personnel to IHSSPA recipients and the provision for training of providers and recipients. The authority is funded by the State's social services realignment fund, federal and state programs. The monies are initially deposited into the County's General Fund, and transferred to the IHSSPA fund. This fund is restricted for in home supportive services.

Inactive Wastesites Fund

This fund was established to receive one-time homeowner association deposits and residual funds from the sale of the County's Solid Waste System. Expenditures include repairs, maintenance and care for the County's inactive landfill sites in accordance with all applicable governmental regulations, laws and guidelines. This fund is committed to landfill closure, postclosure and inactive landfill maintenance.

Inmate Welfare Program Fund

This fund was established to receive telephone and other vending commissions and profits from stores operated in connection with the county jail and probation facilities. Fund expenditures, by law, must be solely for the benefit, education and welfare of confined inmates. This fund is restricted for the benefit, education, and welfare of jail inmates.

Lighting Maintenance District Fund

This fund was established to provide street and road lighting services to specified areas of the County. Revenue sources include ad valorem taxes, benefit fees, state funding and charges to property owners. This fund is restricted for street and road lighting maintenance

Other Special Districts Funds

These funds were established to receive user fees, land lease revenues and fines. The activities (expenditures) of this fund are restricted for retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purpose capital improvements and repairs.

Park Land Dedication Fund

This fund was established to receive and expend special park land dedication fees to developers of land as a condition for approval of any development. The fees are then used for the purchase of land and the development of land for park or recreational facilities. These facilities serve the future residents of such developments. In lieu of the payment of these fees, the developer may dedicate land for park or recreational facilities. This fund is restricted for developing new or rehabilitating existing neighborhood or community park or recreational facilities

Redevelopment Agency Fund

This fund was established to account for the financial resources obtained and used for pass-through payments to taxing entities located in the Gillespie Field and Upper San Diego River project areas. Mandatory payments of the twenty percent set-aside to the Gillespie Field and Upper San Diego River Housing funds are made through interfund operating transfers. The interfund activity is eliminated to minimize the doubling effect between the funds. Revenues primarily consist of incremental property taxes collected within the project areas. Financial resources received are also used to make operating transfers to the Redevelopment Agency - Debt Service Fund for payment of principal and interest on revenue bonds. This fund is restricted for redevelopment activities.

Road Fund

This fund was established to provide for maintenance and construction of roadways and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of state highway user taxes and are supplemented by federal funds, vehicle code fines, and fees and reimbursements for engineering services provided. This fund is restricted for future road improvements.

Tobacco Securitization Joint Special Revenue Fund

The Tobacco Securitization Joint Special Revenue Fund accounts for the transactions of the San Diego County Tobacco Asset Securitization Corporation and Tobacco Securitization Authority of Southern California, two component units, that are blended into the County's financial statements. This fund is funded by restricted tobacco settlement revenues.

DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated.

Pension Obligation Bonds Fund

This fund receives payments from the County and other agencies for payment of principal and interest due on taxable pension obligation bonds. The debt issue was used to satisfy the County's requirement to amortize the unfunded actuarial accrued liability with respect to retirement benefits accruing to members of the San Diego County Employees Retirement Association. This fund is restricted for debt service.

Redevelopment Agency Fund

This fund's primary source of income are operating transfers from the Redevelopment Agency - Special Revenue Fund and investment income based on a trust agreement between the agency and a trustee bank for payment of principal and interest due on revenue bonds. Pledged installments from the county airport system are deposited with a trustee and are available if taxes and investment income are insufficient to pay debt service payments. In addition to the pledged amounts, a bond reserve was funded with bond proceeds. This fund is restricted for debt service.

San Diego Regional Building Authority Fund

This fund receives rental payments based on the lease purchase agreement from the San Miguel Consolidated Fire Protection District (SMCFPD) for payment of principal and interest due on lease revenue bonds issued for the SMCFPD; secured by the lease purchase payments. This fund also receives interest on monies invested in permissible investments as directed by each San

Diego Regional Building Authority (SDRBA) financing's Trust indenture. Debt service payments made in this fund also include payments not accounted for in the County's General Fund related to SDRBA debt issuances; and are secured by interest earnings on the aforementioned permissible investments. This fund is restricted for debt service.

SANCAL Fund

This fund receives interest on monies invested in permissible investments as directed by each San Diego County Capital Asset Leasing Corporation (SANCAL) financing's Trust indenture. Debt service payments made in this fund are secured by the aforementioned interest earnings and represent payments not accounted for in the County's General Fund related to SANCAL debt issuances. This fund is restricted for debt service.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Capital Outlay Fund

This fund is used exclusively to finance the acquisition, construction and completion of permanent public improvements including public buildings and for the costs of acquiring land and permanent improvements. Revenues are obtained from the sale of fixed assets, from lease or rental of county-owned facilities, and from other funds such as grants and contributions when allocated by the Board of Supervisors to the fund. This fund is committed to capital projects.

San Diego Regional Building Authority Fund

This fund is used to account for the expenditures of the proceeds from the sale of certificates of participation and lease revenue bonds of the San Diego Regional Building Authority used for the acquisition and construction of permanent buildings by the County. This fund is restricted for capital projects per various debt covenants.

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

County of San Diego ~ Comprehensive Annual Financial Report for the Year Ended June 30, 2011

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2011 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Pooled cash and investments	\$ 331,599	8,911	41,789	382,299
Receivables, net	65,140	166	2,966	68,272
Property taxes receivables, net	641			641
Due from other funds	5,741	326	15,478	21,545
Inventories	1,385			1,385
Deposits with others	15			15
Prepaid items	331			331
Restricted assets:				
Cash with fiscal agents	334			334
Investments with fiscal agents	47,311	20,771		68,082
Lease receivable		8,007		8,007
Total assets	452,497	38,181	60,233	550,911
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	11,307	7	21,693	33,007
Accrued payroll	2,363			2,363
Due to other funds	12,972	28	6,707	19,707
Deferred revenues	39,119	8,007	312	47,438
Unearned revenue	16,870			16,870
Total liabilities	82,631	8,042	28,712	119,385
Fund Balances				
Nonspendable:				
Not in spendable form:				
Loans, due from other funds and prepaids	3,748			3,748
Inventories and deposits with others	1,400			1,400
Restricted for:				
Creditors - Debt service	47,315	30,139		77,454
Creditors - Capital projects			24,550	24,550
Grantors - Housing assistance	21,166			21,166
Laws or regulations of other governments:				
Future road improvements	118,781			118,781
Fund purpose	87,127			87,127
Other purposes	21,963			21,963
Committed to:				
Capital projects' funding			6,971	6,971
Other purposes	68,366			68,366
Total fund balances	369,866	30,139	31,521	431,526
Total liabilities and fund balances	\$ 452,497	38,181	60,233	550,911

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds**

June 30, 2011 (In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	County Library Fund	County Service District Funds	Edgemoor Development Fund	Flood Control District Fund
ASSETS						
Pooled cash and investments	\$ 23,734	9,718	9,341	19,957	2,067	22,249
Receivables, net	1,582	13	598	127	10,654	32
Property taxes receivables, net			355	52		47
Due from other funds	8	77	4	50		47
Inventories	251	77	50	29		
Deposits with others						
Prepaid items						
Restricted assets:						
Cash with fiscal agents						
Investments with fiscal agents						
Total assets	25,575	9,885	10,348	20,215	12,721	22,375
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	1,690	41	512	1,231	17	223
Accrued payroll	433		619			
Due to other funds	324	351	804	699	38	249
Deferred revenues			355	48	10,651	43
Unearned revenue	9,654		424	55		61
Total liabilities	12,101	392	2,714	2,033	10,706	576
Fund Balances						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids						
Inventories and deposits with others	251	77	50	29		
Restricted for:						
Creditors - Debt service						
Grantors - Housing assistance						
Laws or regulations of other governments:						
Future road improvements						
Fund purpose	13,223	9,416	7,584	18,153	2,015	
Other purposes						21,799
Committed to:						
Other purposes						
Total fund balances	13,474	9,493	7,634	18,182	2,015	21,799
Total liabilities and fund balances	\$ 25,575	9,885	10,348	20,215	12,721	22,375

Continued

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds**

June 30, 2011 (In Thousands)

(Continued)	Housing Authority Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund
ASSETS					
Pooled cash and investments	\$ 32,877	301	69,323	10,025	1,365
Receivables, net	9,854	1	540	284	2
Property taxes receivables, net					15
Due from other funds	50	67	53	3	
Inventories				132	6
Deposits with others	15				
Prepaid items	1				
Restricted assets:					
Cash with fiscal agents	334				
Investments with fiscal agents	246				
Total assets	43,377	369	69,916	10,444	1,388
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	972	73	325	438	125
Accrued payroll			46		
Due to other funds	1,132	210	80	614	18
Deferred revenues	1,155		40		14
Unearned revenue	4,730		1,059		15
Total liabilities	7,989	283	1,550	1,052	172
Fund Balances					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	1				
Inventories and deposits with others	15			132	6
Restricted for:					
Creditors - Debt service	250				
Grantors - Housing assistance	21,166				
Laws or regulations of other governments:					
Future road improvements					
Fund purpose	13,792	86		9,260	1,210
Other purposes	164				
Committed to:					
Other purposes			68,366		
Total fund balances	35,388	86	68,366	9,392	1,216
Total liabilities and fund balances	\$ 43,377	369	69,916	10,444	1,388

Continued

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds**

June 30, 2011 (In Thousands)

(Continued)	Other Special Districts Funds	Park Land Dedication Fund	Redevelopment Agency Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
ASSETS						
Pooled cash and investments	\$ 681	10,465	6,237	113,259		331,599
Receivables, net	1	14	3,772	21,537	16,129	65,140
Property taxes receivables, net			172			641
Due from other funds				5,382		5,741
Inventories				840		1,385
Deposits with others						15
Prepaid items			330			331
Restricted assets:						
Cash with fiscal agents						334
Investments with fiscal agents					47,065	47,311
Total assets	682	10,479	10,511	141,018	63,194	452,497
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable		8	611	5,041		11,307
Accrued payroll				1,265		2,363
Due to other funds	6	1	4,388	4,058		12,972
Deferred revenues			474	10,210	16,129	39,119
Unearned revenue			49	823		16,870
Total liabilities	6	9	5,522	21,397	16,129	82,631
Fund Balances						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids			3,747			3,748
Inventories and deposits with others				840		1,400
Restricted for:						
Creditors - Debt service					47,065	47,315
Grantors - Housing assistance						21,166
Laws or regulations of other governments:						
Future road improvements				118,781		118,781
Fund purpose	676	10,470	1,242			87,127
Other purposes						21,963
Committed to:						
Other purposes						68,366
Total fund balances	676	10,470	4,989	119,621	47,065	369,866
Total liabilities and fund balances	\$ 682	10,479	10,511	141,018	63,194	452,497

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Debt Service Funds**

June 30, 2011 (In Thousands)

	Pension Obligation Bonds Fund	Redevelopment Agency Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
ASSETS					
Pooled cash and investments	\$ 1,814		216	6,881	8,911
Receivables, net	3		111	52	166
Due from other funds	326				326
Restricted assets:					
Investments with fiscal agents	2	1,155	14,830	4,784	20,771
Lease receivable			8,007		8,007
Total assets	2,145	1,155	23,164	11,717	38,181
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable			2	5	7
Due to other funds	28				28
Deferred revenues			8,007		8,007
Total liabilities	28		8,009	5	8,042
Fund Balances					
Restricted for:					
Creditors - Debt service	2,117	1,155	15,155	11,712	30,139
Total fund balances	2,117	1,155	15,155	11,712	30,139
Total liabilities and fund balances	\$ 2,145	1,155	23,164	11,717	38,181

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

Capital Projects Funds

June 30, 2011 (In Thousands)

	Capital Outlay Fund	San Diego Regional Building Authority Fund	Total Capital Projects Funds
ASSETS			
Pooled cash and investments	\$ 6,348	35,441	41,789
Receivables, net	2,910	56	2,966
Due from other funds	15,478		15,478
Total assets	24,736	35,497	60,233
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	11,718	9,975	21,693
Due to other funds	5,735	972	6,707
Deferred revenues	312		312
Total liabilities	17,765	10,947	28,712
Fund Balances			
Restricted for:			
Creditors - Capital projects		24,550	24,550
Committed to:			
Capital projects' funding	6,971		6,971
Total fund balances	6,971	24,550	31,521
Total liabilities and fund balances	\$ 24,736	35,497	60,233

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2011 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 40,515			40,515
Licenses, permits and franchise fees	8,501			8,501
Fines, forfeitures and penalties	2,441			2,441
Revenue from use of money and property	8,544	1,813		10,357
Aid from other governmental agencies:				
State	79,042		5,801	84,843
Federal	126,002		949	126,951
Other	13,010		1,187	14,197
Charges for current services	38,273			38,273
Other revenue	31,128	6,973	843	38,944
Total revenues	347,456	8,786	8,780	365,022
Expenditures:				
Current:				
General government	4,054	310	9,462	13,826
Public protection	8,541			8,541
Public ways and facilities	56,424			56,424
Health and sanitation	42,746			42,746
Public assistance	129,102			129,102
Education	33,642			33,642
Recreation and cultural	2,417			2,417
Capital outlay	42,859		121,518	164,377
Debt service:				
Principal	3,125	34,156		37,281
Interest and fiscal charges	25,620	56,626		82,246
Bond issuance costs		349		349
Payment to refunded bond escrow agent		3,437		3,437
Total expenditures	348,530	94,878	130,980	574,388
Excess (deficiency) of revenues over (under) expenditures	(1,074)	(86,092)	(122,200)	(209,366)
Other financing sources (uses):				
Sale of capital assets	2,070		189	2,259
Issuance of bonds and loans:				
Premium on issuance of refunding bonds		1,237		1,237
Refunding bonds issued		19,260		19,260
Payment to refunded bond escrow agent		(18,774)		(18,774)
Transfers in	14,115	74,442	63,606	152,163
Transfers out	(69,347)			(69,347)
Total other financing sources (uses)	(53,162)	76,165	63,795	86,798
Net change in fund balances	(54,236)	(9,927)	(58,405)	(122,568)
Fund balances at beginning of year	424,229	40,066	89,926	554,221
Increase (decrease) in				
Nonspendable inventories	(127)			(127)
Fund balances at end of year	\$ 369,866	30,139	31,521	431,526

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2011 (In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	County Library Fund	County Service District Funds	Edgemoor Development Fund	Flood Control District Fund
Revenues:						
Taxes	\$		27,486	4,174		3,869
Licenses, permits and franchise fees	6,801					
Fines, forfeitures and penalties	1,110	1,220				
Revenue from use of money and property	121	44	41	154	244	21
Aid from other governmental agencies:						
State	5,470		917	50		39
Federal	3,707			57		1
Other	8,816		1,385	2,775		
Charges for current services	682		1,054	7,572		752
Other revenue	149	1	2,705	26		
Total revenues	26,856	1,265	33,588	14,808	244	4,682
Expenditures:						
Current:						
General government				873	614	
Public protection		670		944		4,395
Public ways and facilities				1,386		
Health and sanitation	27,959			8,062		
Public assistance						
Education			33,642			
Recreation and cultural				1,748		
Capital outlay	200	34	562			925
Debt service:						
Principal						
Interest and fiscal charges				7		
Total expenditures	28,159	704	34,204	13,020	614	5,320
Excess (deficiency) of revenues over (under) expenditures	(1,303)	561	(616)	1,788	(370)	(638)
Other financing sources (uses):						
Sale of capital assets	3		2			
Transfers in			350	159		
Transfers out	(649)	(373)	(1,547)	(2,420)	(9,278)	
Total other financing sources (uses)	(646)	(373)	(1,195)	(2,261)	(9,278)	
Net change in fund balances	(1,949)	188	(1,811)	(473)	(9,648)	(638)
Fund balances at beginning of year	15,352	9,289	9,488	18,655	11,663	22,437
Increase (decrease) in						
Nonspendable inventories	71	16	(43)			
Fund balances at end of year	\$ 13,474	9,493	7,634	18,182	2,015	21,799

Continued

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

County of San Diego ~ Comprehensive Annual Financial Report for the Year Ended June 30, 2011

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2011 (In Thousands)

(Continued)	Housing Authority Fund	Housing and Community Development Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund
Revenues:						
Taxes	\$					919
Licenses, permits and franchise fees						
Fines, forfeitures and penalties				102		
Revenue from use of money and property	1,133		11	654	3,606	7
Aid from other governmental agencies:						
State				758	11	9
Federal	115,943					
Other	34					
Charges for current services	3,391			4,377		725
Other revenue	235			4	825	
Total revenues	120,736		11	5,895	4,442	1,660
Expenditures:						
Current:						
General government						
Public protection					2,433	
Public ways and facilities						1,568
Health and sanitation				6,725		
Public assistance	116,505	254	12,343			
Education						
Recreation and cultural						
Capital outlay					34	
Debt service:						
Principal	130					
Interest and fiscal charges	25					
Total expenditures	116,660	254	12,343	6,725	2,467	1,568
Excess (deficiency) of revenues over (under) expenditures	4,076	(254)	(12,332)	(830)	1,975	92
Other financing sources (uses):						
Sale of capital assets						
Transfers in			12,331		1,275	
Transfers out		(49,878)		(77)	(1,779)	
Total other financing sources (uses)		(49,878)	12,331	(77)	(504)	
Net change in fund balances	4,076	(50,132)	(1)	(907)	1,471	92
Fund balances at beginning of year	31,312	50,132	87	69,273	7,867	1,118
Increase (decrease) in						
Nonspendable inventories					54	6
Fund balances at end of year	\$ 35,388		86	68,366	9,392	1,216

Continued

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2011 (In Thousands)

(Continued)	Other Special Districts Funds	Park Land Dedication Fund	Redevelopment Agency Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
Revenues:						
Taxes	\$		4,067			40,515
Licenses, permits and franchise fees		1,301		399		8,501
Fines, forfeitures and penalties	9					2,441
Revenue from use of money and property		47	22	651	1,788	8,544
Aid from other governmental agencies:						
State	50			71,738		79,042
Federal				6,294		126,002
Other						13,010
Charges for current services	119			19,601		38,273
Other revenue			3	204	26,976	31,128
Total revenues	178	1,348	4,092	98,887	28,764	347,456
Expenditures:						
Current:						
General government			2,409		158	4,054
Public protection	99					8,541
Public ways and facilities				53,470		56,424
Health and sanitation						42,746
Public assistance						129,102
Education						33,642
Recreation and cultural		669				2,417
Capital outlay				41,104		42,859
Debt service:						
Principal					2,995	3,125
Interest and fiscal charges			4		25,584	25,620
Total expenditures	99	669	2,413	94,574	28,737	348,530
Excess (deficiency) of revenues over (under) expenditures	79	679	1,679	4,313	27	(1,074)
Other financing sources (uses):						
Sale of capital assets				2,065		2,070
Transfers in						14,115
Transfers out	(50)	(160)	(1,143)	(1,993)		(69,347)
Total other financing sources (uses)	(50)	(160)	(1,143)	72		(53,162)
Net change in fund balances	29	519	536	4,385	27	(54,236)
Fund balances at beginning of year	647	9,951	4,453	115,467	47,038	424,229
Increase (decrease) in						
Nonspendable inventories				(231)		(127)
Fund balances at end of year	\$ 676	10,470	4,989	119,621	47,065	369,866

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS**

For the Year Ended June 30, 2011 (In Thousands)

	Pension Obligation Bonds Fund	Redevelopment Agency Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
Revenues:					
Revenue from use of money and property	\$		1,564	249	1,813
Other revenue	6,973				6,973
Total revenues	6,973		1,564	249	8,786
Expenditures:					
Current:					
General government			297	13	310
Debt service:					
Principal	33,226	360	570		34,156
Interest and fiscal charges	48,225	783	7,098	520	56,626
Bond issuance costs			349		349
Payment to refunded bond escrow agent			3,437		3,437
Total expenditures	81,451	1,143	11,751	533	94,878
Excess (deficiency) of revenues over (under) expenditures	(74,478)	(1,143)	(10,187)	(284)	(86,092)
Other financing sources (uses):					
Issuance of bonds and loans:					
Premium on issuance of refunding bonds			1,237		1,237
Refunding bonds issued			19,260		19,260
Payment to refunded bond escrow agent			(18,774)		(18,774)
Transfers in	73,231	1,143	23	45	74,442
Total other financing sources (uses)	73,231	1,143	1,746	45	76,165
Net change in fund balances	(1,247)		(8,441)	(239)	(9,927)
Fund balances at beginning of year	3,364	1,155	23,596	11,951	40,066
Fund balances at end of year	\$ 2,117	1,155	15,155	11,712	30,139

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS**

For the Year Ended June 30, 2011 (In Thousands)

	Capital Outlay Fund	San Diego Regional Building Authority Fund	Total Capital Projects Funds
Revenues:			
Aid from other governmental agencies:			
State	\$ 5,801		5,801
Federal	949		949
Other	1,187		1,187
Other revenue	843		843
Total revenues	8,780		8,780
Expenditures:			
Current:			
General government		9,462	9,462
Capital outlay	67,082	54,436	121,518
Total expenditures	67,082	63,898	130,980
Excess (deficiency) of revenues over (under) expenditures	(58,302)	(63,898)	(122,200)
Other financing sources (uses):			
Sale of capital assets	189		189
Transfers in	63,606		63,606
Total other financing sources (uses)	63,795		63,795
Net change in fund balances	5,493	(63,898)	(58,405)
Fund balances at beginning of year	1,478	88,448	89,926
Fund balances at end of year	\$ 6,971	24,550	31,521

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Air Pollution Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 8,280	7,580	6,801
Fines, forfeitures and penalties	900	900	1,110
Revenue from use of money and property	50	50	121
Aid from other governmental agencies:			
State	11,442	17,222	5,470
Federal	4,044	4,519	3,707
Other	10,000	10,000	8,816
Charges for current services	353	353	682
Other revenue	158	158	149
Total revenues	35,227	40,782	26,856
Expenditures:			
Current:			
Health and sanitation:			
Air pollution control	18,471	19,540	17,750
Air pollution control, air quality GMER program early grant	370	370	370
Air pollution control, air quality Proposition 1B GMER program	4,631	6,576	5,229
Air pollution control, air quality State LESB program	5,600	5,447	313
Air pollution control, GMERP match fund	580	580	151
Air pollution control, improvement trust	4,410	4,144	269
Air pollution control, moyer program	4,634	8,106	1,655
Air pollution control, power general mitigation	2,371	2,371	1,082
Air pollution control, school bus program	1,741	1,741	1,140
Total health and sanitation	42,808	48,875	27,959
Capital outlay	242	242	200
Total expenditures	43,050	49,117	28,159
Excess (deficiency) of revenues over (under) expenditures	(7,823)	(8,335)	(1,303)
Other financing sources (uses):			
Sale of capital assets			3
Transfers in	6,225	328	
Transfers out	(7,290)	(1,393)	(649)
Total other financing sources (uses)	(1,065)	(1,065)	(646)
Net change in fund balances	(8,888)	(9,400)	(1,949)
Fund balances at beginning of year	15,352	15,352	15,352
Increase (decrease) in			
Nonspendable inventories		71	71
Fund balances at end of year	\$ 6,464	6,023	13,474

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Asset Forfeiture Program Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$ 1,000	1,000	1,220
Revenue from use of money and property	100	100	44
Other revenue			1
Total revenues	1,100	1,100	1,265
Expenditures:			
Current:			
Public protection:			
District attorney asset forfeiture program - federal	509	509	182
District attorney asset forfeiture program - state	25	25	5
Probation asset forfeiture program	85	85	72
Sheriff's asset forfeiture program	1,056	933	411
Total public protection	1,675	1,552	670
Capital outlay		48	34
Total expenditures	1,675	1,600	704
Excess (deficiency) of revenues over (under) expenditures	(575)	(500)	561
Other financing sources (uses):			
Transfers out	(3,544)	(3,619)	(373)
Total other financing sources (uses)	(3,544)	(3,619)	(373)
Net change in fund balances	(4,119)	(4,119)	188
Fund balances at beginning of year	9,289	9,289	9,289
Increase (decrease) in			
Nonspendable inventories		16	16
Fund balances at end of year	\$ 5,170	5,186	9,493

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

County Library Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 28,611	28,611	27,486
Revenue from use of money and property	123	123	41
Aid from other governmental agencies:			
State	488	595	917
Federal	5	5	
Other	656	656	1,385
Charges for current services	1,655	1,655	1,054
Other revenue	3,914	3,914	2,705
Total revenues	35,452	35,559	33,588
Expenditures:			
Current:			
Education:			
County library	39,283	38,593	33,642
Total education	39,283	38,593	33,642
Capital outlay		575	562
Total expenditures	39,283	39,168	34,204
Excess (deficiency) of revenues over (under) expenditures	(3,831)	(3,609)	(616)
Other financing sources (uses):			
Sale of capital assets			2
Transfers in	350	350	350
Transfers out	(970)	(1,643)	(1,547)
Total other financing sources (uses)	(620)	(1,293)	(1,195)
Net change in fund balances	(4,451)	(4,902)	(1,811)
Fund balances at beginning of year	9,488	9,488	9,488
Increase (decrease) in			
Nonspendable inventories		(43)	(43)
Fund balances at end of year	\$ 5,037	4,543	7,634

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

County Service District Funds

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 4,880	4,874	4,174
Revenue from use of money and property	165	165	154
Aid from other governmental agencies:			
State	25	25	50
Federal			57
Other	2,274	2,274	2,775
Charges for current services	7,701	7,672	7,572
Other revenue			26
Total revenues	15,045	15,010	14,808
Expenditures:			
Current:			
General government:			
Regional Communication System CSA 135	623	623	623
Regional Communication System CSA 135 Zone B Del Mar	50	50	50
Regional Communication System CSA 135 Zone F Poway	156	156	156
Regional Communication System CSA 135 Zone H Solana Beach	45	50	44
Total general government	874	879	873
Public protection:			
Fire protection, PRD 107 Elfin Forest	615	616	299
Fire protection, PRD 109 MT Laguna	76	76	73
Fire protection, PRD 110 MT Palomar	134	134	127
Fire protection, PRD 111 Boulevard	87	87	38
Fire protection, PRD 112 Campo Fire	80	80	47
Fire protection, PRD 113 San Pasqual	151	151	78
Fire protection, PRD 115 Pepper Drive	364	364	282
Total public protection	1,507	1,508	944
Public ways and facilities:			
PRD 10 Davis Dr	31	31	4
PRD 100 Viejas View	28	28	4
PRD 1001 Capra Way		14	4
PRD 1002 Sunny Acres	16	16	3
PRD 1003 Alamo Way	13	13	4
PRD 1005 Eden Valley	55	55	4
PRD 1007 Tumbler Creek		48	5
PRD 1008 Canter	26	26	4
PRD 1009 Golf Drive	2	2	
PRD 101 A Hi-Ridge R	32	32	26
PRD 101 Johnson LK	141	141	5
PRD 1010 Alpine Highlands ZN	223	223	6
PRD 1011 La Cuesta ZN	37	37	4
PRD 1012 8112 Millar	33	33	4
PRD 1013 Singing Trails	79	79	4
PRD 1014 Lavender PT Lane	87	87	3
PRD 1015 Landavo Drive ET AL	83	83	4
PRD 1016 El Sereno Way	70	69	4
PRD 102 MTN Meadow	\$ 200	200	11

Continued

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

County Service District Funds

For the Year Ended June 30, 2011 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
PRD 103 Alto Drive	\$ 253	253	9
PRD 104 Artesian RO	92	92	5
PRD 105 A Alta Loma D	79	79	4
PRD 105 Alta Loma D	61	61	4
PRD 106 Garrison Ay	88	88	4
PRD 11 A Bernardo RD	36	36	4
PRD 11 C Bernardo RD	29	29	4
PRD 11 D Bernardo RD	28	28	4
PRD 117 Legend Rock	17	17	9
PRD 12 Lomair	240	240	11
PRD 123 Mizpah Lane	54	54	4
PRD 125 Wrightwood	68	68	4
PRD 126 Sandhurst W	35	35	4
PRD 127 Singing Trails	48	48	4
PRD 13 A Pala Mesa	313	313	45
PRD 13 B Stewart Canyon	43	43	12
PRD 130 Wilkes Road	131	131	13
PRD 133 Rnch Creek Rd	77	77	7
PRD 134 Kenora Lane	52	52	3
PRD 14 Rancho Diego	1	1	
PRD 16 Wynola	113	113	6
PRD 18 Harrison Park	282	282	15
PRD 20 Daily Road	807	807	584
PRD 21 Pauma Heights	431	431	374
PRD 22 W Dougherty St	19	19	3
PRD 23 Rock Terrce RD	11	11	4
PRD 24 MT Whitney RD	52	52	4
PRD 30 Royal Oaks-CAR	43	43	5
PRD 38 Gay Rio Terrace	79	79	6
PRD 39 Sunbeam Lane	14	14	3
PRD 45 Rincon Springs	51	51	4
PRD 46 Rocosso Road	52	52	10
PRD 49 Sunset Knls RD	44	44	4
PRD 50 Knoll Park LN	125	125	4
PRD 53 Knoll Park LN EX	238	238	4
PRD 54 MT Helix	143	143	5
PRD 55 Rainbow Crest	187	187	7
PRD 6 Pauma Valley	287	287	7
PRD 60 River Drive	109	109	4
PRD 61 GRN Meadow Way	187	187	4
PRD 63 Hillview Road	\$ 263	262	4

Continued

Combining Financial Statements/Schedules - Nonmajor Governmental Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2011 ~ County of San Diego

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

County Service District Funds

For the Year Ended June 30, 2011 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
PRD 64 Lila Lane	\$ 3	3	
PRD 70 El Camino Cort	53	53	4
PRD 75 A Gay Rio Drive	151	151	8
PRD 75 B Gay Rio Drive	361	361	4
PRD 76 Kingford CT	28	28	4
PRD 77 Montiel TRK TR	219	219	5
PRD 78 Gardena Ay	41	41	3
PRD 8 Magee RD-PAL	137	137	9
PRD 80 Harris TRK TRL	257	257	5
PRD 88 East Fifth St	67	67	3
PRD 9 B Santa Fe	91	91	5
PRD 90 South Cordov	48	48	4
PRD 94 Roble Grnde	463	463	4
PRD 95 Valle Del Sol	242	242	4
PRD 99 Via Allndra	47	47	6
Total public ways and facilities	8,646	8,706	1,386
Health and sanitation:			
CSA 17 San Dieguito Ambulance	2,708	2,708	2,643
CSA 69 Heartland Paramedics	5,497	5,497	5,380
PRD 122 Otay Mesa East	38	38	23
PRD 136 Sundance Detention Basin	49	49	16
Total health and sanitation	8,292	8,292	8,062
Recreation and cultural:			
CSA 128 San Miguel Park	432	449	409
CSA 26 LMD Zone 2 Julian	35	35	33
CSA 26 Rancho San Diego	60	60	58
CSA 26 San Diego landscape maintenance	91	146	142
CSA 81 Fallbrook Park	225	225	213
CSA 83 San Dieguito	494	494	342
CSA 83A 4S Ranch Park	298	298	298
PRD 26 A Cottonwood Village	155	155	86
PRD 26 B Monte Vista	351	352	167
Total recreation and cultural	2,141	2,214	1,748
Capital outlay	56		
Debt service:			
Principal	48	50	
Interest and fiscal charges	8	8	7
Total expenditures	21,572	21,657	13,020
Excess (deficiency) of revenues over (under) expenditures	(6,527)	(6,647)	1,788
Other financing sources (uses):			
Transfers in	191	161	159
Transfers out	(2,700)	(2,711)	(2,420)
Total other financing sources (uses)	(2,509)	(2,550)	(2,261)
Net change in fund balances	(9,036)	(9,197)	(473)
Fund balances at beginning of year	18,655	18,655	18,655
Fund balances at end of year	\$ 9,619	9,458	18,182

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Edgemoor Development Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 430	430	244
Aid from other governmental agencies:			
Federal	5,709	5,709	
Total revenues	6,139	6,139	244
Expenditures:			
Current:			
General government:			
Edgemoor development fund	949	949	614
Total general government	949	949	614
Total expenditures	949	949	614
Excess (deficiency) of revenues over (under) expenditures	5,190	5,190	(370)
Other financing sources (uses):			
Transfers out	(9,285)	(9,285)	(9,278)
Total other financing sources (uses)	(9,285)	(9,285)	(9,278)
Net change in fund balances	(4,095)	(4,095)	(9,648)
Fund balances at beginning of year	11,663	11,663	11,663
Fund balances at end of year	\$ 7,568	7,568	2,015

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Flood Control District Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 4,359	3,859	3,869
Revenue from use of money and property	100	100	21
Aid from other governmental agencies:			
State			39
Federal			1
Charges for current services	3,073	3,073	752
Total revenues	7,532	7,032	4,682
Expenditures:			
Current:			
Public protection:			
Flood control district	7,353	7,353	4,311
Stormwater maintenance	221	221	84
Total public protection	7,574	7,574	4,395
Capital outlay	925	925	925
Total expenditures	8,499	8,499	5,320
Excess (deficiency) of revenues over (under) expenditures	(967)	(1,467)	(638)
Net change in fund balances	(967)	(1,467)	(638)
Fund balances at beginning of year	22,437	22,437	22,437
Fund balances at end of year	\$ 21,470	20,970	21,799

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Housing Authority Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 795	795	1,133
Aid from other governmental agencies:			
Federal	118,790	118,544	115,943
Other			34
Charges for current services	3,765	3,973	3,391
Other revenue	843	666	235
Total revenues	124,193	123,978	120,736
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	124,078	123,864	116,505
Total public assistance	124,078	123,864	116,505
Debt service:			
Principal	136	136	130
Interest and fiscal charges	32	32	25
Total expenditures	124,246	124,032	116,660
Excess (deficiency) of revenues over (under) expenditures	(53)	(54)	4,076
Net change in fund balances	(53)	(54)	4,076
Fund balances at beginning of year	31,312	31,312	31,312
Fund balances at end of year	\$ 31,259	31,258	35,388

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Housing and Community Development Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Aid from other governmental agencies:			
Federal	\$ 12,397		
Other	36		
Total revenues	12,433		
Expenditures:			
Current:			
Public assistance:			
Housing and community development	12,433		254
Total public assistance	12,433		254
Total expenditures	12,433		254
Excess (deficiency) of revenues over (under) expenditures			(254)
Other financing sources (uses):			
Transfers out		(49,878)	(49,878)
Total other financing sources (uses)		(49,878)	(49,878)
Net change in fund balances		(49,878)	(50,132)
Fund balances at beginning of year	50,132	50,132	50,132
Fund balances at end of year	\$ 50,132	254	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

In Home Supportive Services Public Authority Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$		11
Total revenues			11
Expenditures:			
Current:			
Public assistance:			
IHSS public authority	13,799	13,799	12,343
Total public assistance	13,799	13,799	12,343
Total expenditures	13,799	13,799	12,343
Excess (deficiency) of revenues over (under) expenditures	(13,799)	(13,799)	(12,332)
Other financing sources (uses):			
Transfers in	13,799	13,799	12,331
Total other financing sources (uses)	13,799	13,799	12,331
Net change in fund balances			(1)
Fund balances at beginning of year	87	87	87
Fund balances at end of year	\$ 87	87	86

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Inactive Wastesites Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$		102
Revenue from use of money and property	414	414	654
Aid from other governmental agencies:			
State	525	794	758
Charges for current services	5,556	5,357	4,377
Other revenue			4
Total revenues	6,495	6,565	5,895
Expenditures:			
Current:			
Health and sanitation:			
Duck pond landfill cleanup	16	16	11
Hillsborough maintenance	103	207	145
Inactive waste site management	7,003	7,450	6,569
Total health and sanitation	7,122	7,673	6,725
Total expenditures	7,122	7,673	6,725
Excess (deficiency) of revenues over (under) expenditures	(627)	(1,108)	(830)
Other financing sources (uses):			
Transfers out	(87)	(87)	(77)
Total other financing sources (uses)	(87)	(87)	(77)
Net change in fund balances	(714)	(1,195)	(907)
Fund balances at beginning of year	69,273	69,273	69,273
Fund balances at end of year	\$ 68,559	68,078	68,366

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Inmate Welfare Program Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 3,195	3,195	3,606
Aid from other governmental agencies:			
State	29	29	11
Other revenue	150	150	825
Total revenues	3,374	3,374	4,442
Expenditures:			
Current:			
Public protection:			
Probation inmate welfare	95	95	60
Sheriff's inmate welfare - adult detention	2,746	2,754	2,372
Sheriff's inmate welfare - police protection	14	14	1
Total public protection	2,855	2,863	2,433
Capital outlay	410	402	34
Total expenditures	3,265	3,265	2,467
Excess (deficiency) of revenues over (under) expenditures	109	109	1,975
Other financing sources (uses):			
Transfers in	1,700	1,700	1,275
Transfers out	(1,841)	(1,841)	(1,779)
Total other financing sources (uses)	(141)	(141)	(504)
Net change in fund balances	(32)	(32)	1,471
Fund balances at beginning of year	7,867	7,867	7,867
Increase (decrease) in			
Nonspendable inventories		54	54
Fund balances at end of year	\$ 7,835	7,889	9,392

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Lighting Maintenance District Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 1,034	1,034	919
Revenue from use of money and property	9	9	7
Aid from other governmental agencies:			
State	5	5	9
Charges for current services	616	616	725
Total revenues	1,664	1,664	1,660
Expenditures:			
Current:			
Public ways and facilities:			
San Diego lighting maintenance	1,679	1,679	1,568
Total public ways and facilities	1,679	1,679	1,568
Total expenditures	1,679	1,679	1,568
Excess (deficiency) of revenues over (under) expenditures	(15)	(15)	92
Net change in fund balances	(15)	(15)	92
Fund balances at beginning of year	1,118	1,118	1,118
Increase (decrease) in			
Nonspendable inventories		6	6
Fund balances at end of year	\$ 1,103	1,109	1,216

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Other Special Districts Funds

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$ 16	16	9
Aid from other governmental agencies:			
State	50	50	50
Charges for current services	300	300	119
Total revenues	366	366	178
Expenditures:			
Current:			
Public protection:			
Agriculture weights and measures - fish and game	37	37	10
Public works, survey	300	300	89
Total public protection	337	337	99
Total expenditures	337	337	99
Excess (deficiency) of revenues over (under) expenditures	29	29	79
Other financing sources (uses):			
Transfers out	(50)	(50)	(50)
Total other financing sources (uses)	(50)	(50)	(50)
Net change in fund balances	(21)	(21)	29
Fund balances at beginning of year	647	647	647
Fund balances at end of year	\$ 626	626	676

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Park Land Dedication Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 479	479	1,301
Revenue from use of money and property	85	85	47
Total revenues	564	564	1,348
Expenditures:			
Current:			
Recreation and cultural:			
Local Park Planning Area 15 Sweetwater	10	10	4
Local Park Planning Area 16 Otay	2	2	
Local Park Planning Area 19 Jamul	26	26	
Local Park Planning Area 20 Spring Valley	5	5	5
Local Park Planning Area 25 Lakeside	24	69	60
Local Park Planning Area 26 Crest	11	11	
Local Park Planning Area 27 Alpine	17	17	2
Local Park Planning Area 28 Ramona	44	194	2
Local Park Planning Area 29 Escondido	33	33	
Local Park Planning Area 30 San Marcos	8	8	
Local Park Planning Area 31 San Dieguito	135	135	9
Local Park Planning Area 32 Carlsbad	1	1	
Local Park Planning Area 35 Fallbrook	104	104	19
Local Park Planning Area 36 Bonsall	23	23	
Local Park Planning Area 37 Vista	22	22	1
Local Park Planning Area 38 Valley Center	305	570	527
Local Park Planning Area 39 Pauma	14	14	
Local Park Planning Area 4 Lincoln Acres	5	5	
Local Park Planning Area 40 Palomar-Julian	15	55	32
Local Park Planning Area 41 Mount Empire	7	7	4
Local Park Planning Area 42 Anza-Borrego	5	5	3
Local Park Planning Central Mountain	7	7	
Local Park Planning Oceanside	1	1	
Local Park Planning Valle de Oro	26	26	1
Total recreation and cultural	850	1,350	669
Total expenditures	850	1,350	669
Excess (deficiency) of revenues over (under) expenditures	(286)	(786)	679
Other financing sources (uses):			
Transfers out	(796)	(996)	(160)
Total other financing sources (uses)	(796)	(996)	(160)
Net change in fund balances	(1,082)	(1,782)	519
Fund balances at beginning of year	9,951	9,951	9,951
Fund balances at end of year	\$ 8,869	8,169	10,470

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

Redevelopment Agency Fund

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 4,516	4,516	4,067
Revenue from use of money and property	82	82	22
Other revenue	688	688	3
Total revenues	5,286	5,286	4,092
Expenditures:			
Current:			
General government:			
Gillespie field	937	937	807
Plant acquisition, CP CO Redevelopment Agy-Gillespie Field	142	142	110
Plant acquisition, CP CO Redevelopment Agy-Upper SD River	2,464	2,464	1,410
Plant acquisition, Redevelopment Agy Gillespie Housing	746	746	34
Plant acquisition, Redevelopment Agy USDRVR Housing	408	408	48
Total general government	4,697	4,697	2,409
Debt service:			
Principal	100	100	
Interest and fiscal charges			4
Total expenditures	4,797	4,797	2,413
Excess (deficiency) of revenues over (under) expenditures	489	489	1,679
Other financing sources (uses):			
Transfers out	(1,153)	(1,153)	(1,143)
Total other financing sources (uses)	(1,153)	(1,153)	(1,143)
Net change in fund balances	(664)	(664)	536
Fund balances at beginning of year	4,453	4,453	4,453
Fund balances at end of year	\$ 3,789	3,789	4,989

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 Road Fund**

For the Year Ended June 30, 2011 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 56	56	399
Revenue from use of money and property	642	642	651
Aid from other governmental agencies:			
State	88,646	87,884	71,738
Federal	8,381	12,131	6,294
Charges for current services	19,883	19,883	19,601
Other revenue	3,623	4,048	204
Total revenues	121,231	124,644	98,887
Expenditures:			
Current:			
Public ways and facilities:			
Public works, road	125,024	128,470	53,470
Total public ways and facilities	125,024	128,470	53,470
Capital outlay	41,111	41,130	41,104
Total expenditures	166,135	169,600	94,574
Excess (deficiency) of revenues over (under) expenditures	(44,904)	(44,956)	4,313
Other financing sources (uses):			
Sale of capital assets			2,065
Transfers out	(2,597)	(2,597)	(1,993)
Total other financing sources (uses)	(2,597)	(2,597)	72
Net change in fund balances	(47,501)	(47,553)	4,385
Fund balances at beginning of year	115,467	115,467	115,467
Increase (decrease) in			
Nonspendable inventories		(231)	(231)
Fund balances at end of year	\$ 67,966	67,683	119,621

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Airport Fund

This fund is used to account for the maintenance, operations and development of County airports. A major objective of the airport program is to purchase and develop airport property in order to create tax revenues and create jobs in the private sector.

Sanitation Districts Fund

This fund is used to account for the activities of all individual sanitation districts governed by the County Board of Supervisors.

Wastewater Management Fund

This fund is used to account for operational services and support provided to sanitation districts governed by the County Board of Supervisors.

Combining Financial Statements - Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS ENTERPRISE FUNDS

June 30, 2011 (In Thousands)

	Airport Fund	Sanitation Districts Fund	Wastewater Management Fund	Total Enterprise Funds
ASSETS				
Current assets:				
Pooled cash and investments	\$ 7,414	72,737	2,269	82,420
Receivables, net	4,913	860	35	5,808
Due from other funds	2	1	256	259
Inventories	1			1
Total current assets	12,330	73,598	2,560	88,488
Noncurrent assets:				
Due from other funds	3,363			3,363
Capital assets:				
Land	10,476	1,069	20	11,565
Construction in progress	3,958	8,629		12,587
Buildings and improvements	109,783	4,283	721	114,787
Equipment	563	446	160	1,169
Road infrastructure	6,445			6,445
Sewer infrastructure		85,764		85,764
Accumulated depreciation	(30,123)	(36,795)	(565)	(67,483)
Total noncurrent assets	104,465	63,396	336	168,197
Total assets	116,795	136,994	2,896	256,685
LIABILITIES				
Current liabilities:				
Accounts payable	260	625	11	896
Accrued payroll	98		121	219
Due to other funds	195	720	140	1,055
Unearned revenue	49			49
Loans payable	254			254
Compensated absences	79		97	176
Total current liabilities	935	1,345	369	2,649
Noncurrent liabilities:				
Loans payable	1,312			1,312
Compensated absences	113		139	252
Total noncurrent liabilities	1,425		139	1,564
Total liabilities	2,360	1,345	508	4,213
NET ASSETS				
Invested in capital assets, net of related debt	99,536	63,396	336	163,268
Unrestricted net assets	14,899	72,253	2,052	89,204
Total net assets	\$ 114,435	135,649	2,388	252,472

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 ENTERPRISE FUNDS**

For the Year Ended June 30, 2011 (In Thousands)

	Airport Fund	Sanitation Districts Fund	Wastewater Management Fund	Total Enterprise Funds
Operating revenues:				
Charges for current services	\$ 11,301	20,431	6,509	38,241
Other revenue	1		6	7
Total operating revenues	11,302	20,431	6,515	38,248
Operating expenses:				
Salaries and employee benefits	3,208		3,835	7,043
Repairs and maintenance	1,618	5,346	18	6,982
Equipment rental	445		546	991
Sewage processing		13,517		13,517
Contracted services	3,064		1,087	4,151
Depreciation	3,595	1,765	17	5,377
Utilities	236		13	249
Fuel	2			2
Other	558	1,003	284	1,845
Total operating expenses	12,726	21,631	5,800	40,157
Operating income (loss)	(1,424)	(1,200)	715	(1,909)
Nonoperating revenues (expenses):				
Grants	1,513		31	1,544
Investment earnings	257	313	12	582
Interest expense	(102)			(102)
Gain (loss) on disposal of assets	(6)	(18)	(5)	(29)
Total nonoperating revenues (expenses)	1,662	295	38	1,995
Income (loss) before capital contributions and transfers	238	(905)	753	86
Transfers in	50	1,059		1,109
Transfers out	(154)		(177)	(331)
Change in net assets	134	154	576	864
Net assets (deficits) at beginning of year	114,301	135,495	1,812	251,608
Net assets (deficits) at end of year	\$ 114,435	135,649	2,388	252,472

Combining Financial Statements - Nonmajor Enterprise Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2011 ~ County of San Diego

COMBINING STATEMENT OF CASH FLOWS ENTERPRISE FUNDS

For the Year Ended June 30, 2011 (In Thousands)

	Airport Fund	Sanitation Districts Fund	Wastewater Management Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 11,339	20,222	25	31,586
Cash received from other funds	65	327	6,493	6,885
Cash payments to suppliers	(5,819)	(19,952)	(1,625)	(27,396)
Cash payments to employees	(3,229)		(3,826)	(7,055)
Cash payments to other funds	(679)	(87)	(244)	(1,010)
Net cash provided (used) by operating activities	1,677	510	823	3,010
Cash flows from noncapital financing activities:				
Operating grants	9,173			9,173
Transfers from other funds	50	1,059		1,109
Transfers to other funds	(154)		(177)	(331)
Net cash provided (used) by noncapital financing activities	9,069	1,059	(177)	9,951
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(6,847)	(2,274)		(9,121)
Principal paid on long-term debt	(243)			(243)
Interest paid on long-term debt	(102)			(102)
Net cash provided (used) by capital and related financing activities	(7,192)	(2,274)		(9,466)
Cash flows from investing activities:				
Investment earnings	253	363	12	628
Net increase (decrease) in cash and cash equivalents	3,807	(342)	658	4,123
Cash and cash equivalents - beginning of year	3,607	73,079	1,611	78,297
Cash and cash equivalents - end of year	7,414	72,737	2,269	82,420
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(1,424)	(1,200)	715	(1,909)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivables	89	(210)		(121)
Decrease (increase) in due from other funds	1	2	4	7
Decrease (increase) in inventory	(1)			(1)
Increase (decrease) in accounts payable	(540)	(163)	8	(695)
Increase (decrease) in accrued payroll	7		13	20
Increase (decrease) in due to other funds	(34)	316	70	352
Increase (decrease) in unearned revenue	12			12
Increase (decrease) in compensated absences	(28)		(4)	(32)
Depreciation	3,595	1,765	17	5,377
Total adjustments	3,101	1,710	108	4,919
Net cash provided (used) by operating activities	1,677	510	823	3,010
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	\$ 90	351		441

INTERNAL SERVICE FUNDS

Internal service funds are established to account for services furnished to other County departments and are financed primarily by these service charges. Because they are exempt from budgetary control, they are free to employ commercial accounting techniques, and are often used in situations where a more accurate determination of operating results is desired.

Employee Benefits Fund

This fund was established to account for the County's workers' compensation, unemployment insurance and medical insurance activities.

Facilities Management Fund

This fund was established to account for the financing of public service utilities, property management, architectural and engineering services and mail services provided to other County departments on a cost reimbursement basis.

Fleet Services Fund

This fund was established to account for the financing of General Services' Fleet vehicles provided to other County departments on a cost reimbursement basis.

Information Technology Fund

This fund was established to account for the financing of software applications for human resources, payroll, and financial systems as well as telecommunications services provided to other County departments on a cost reimbursement basis.

Other Miscellaneous Internal Service Funds

This fund was established to provide for the financing of clothing and personal sundry items for persons institutionalized at various County facilities.

Public Liability Insurance Fund

This fund was established to account for all of the County's public liability claims and related expenses in compliance with the applicable provisions of the law.

Purchasing Fund

This fund accounts for the financing of materials and supplies provided to County departments and provides record storage services; all on a cost reimbursement basis.

Road and Communication Equipment Fund

This fund was established to account for the financing of public works and communications equipment provided to other County departments on a cost reimbursement basis.

Special District Loans Fund

This fund was established to provide financing for start up services for new and existing County Service Districts on a cost reimbursement basis.

Combining Financial Statements - Internal Service Funds

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS

June 30, 2011 (In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Other Miscellaneous Internal Service Funds
ASSETS					
Current assets:					
Pooled cash and investments	\$ 103,669	7,065	17,718	14,137	4,751
Receivables, net	140	1,056	227	2,315	70
Due from other funds	1,521	5,408	2,756	12,389	425
Inventories		313	871		146
Total current assets	105,330	13,842	21,572	28,841	5,392
Noncurrent assets:					
Due from other funds					
Capital assets:					
Equipment		1,467	100,537		275
Software		440		63,819	
Accumulated depreciation/amortization		(567)	(58,450)	(60,859)	(272)
Total noncurrent assets		1,340	42,087	2,960	3
Total assets	105,330	15,182	63,659	31,801	5,395
LIABILITIES					
Current liabilities:					
Accounts payable	3,321	4,378	1,848	18,632	480
Accrued payroll		766	152		
Accrued interest		4			
Due to other funds	2,267	625	159	1	80
Unearned revenue		500	1		
Loans payable		855			
Capital lease payable		27			
Compensated absences		697	87		
Claims and judgments	24,783				
Total current liabilities	30,371	7,852	2,247	18,633	560
Noncurrent liabilities:					
Loans payable		3,766			
Capital lease payable		185			
Compensated absences		993	124		
Claims and judgments	81,780				
Total noncurrent liabilities	81,780	4,944	124		
Total liabilities	112,151	12,796	2,371	18,633	560
NET ASSETS					
Invested in capital assets, net of related debt		1,128	42,087	2,960	3
Unrestricted net assets (deficits)	(6,821)	1,258	19,201	10,208	4,832
Total net assets (deficits)	\$ (6,821)	2,386	61,288	13,168	4,835

Continued

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

June 30, 2011 (In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
ASSETS					
Current assets:					
Pooled cash and investments	\$ 32,716	2,173	7,823	809	190,861
Receivables, net	45	3	9		3,865
Due from other funds		332		40	22,871
Inventories		2			1,332
Total current assets	32,761	2,510	7,832	849	218,929
Noncurrent assets:					
Due from other funds				60	60
Capital assets:					
Equipment		227	30,677		133,183
Software		2,878			67,137
Accumulated depreciation/amortization		(1,916)	(16,542)		(138,606)
Total noncurrent assets		1,189	14,135	60	61,774
Total assets	32,761	3,699	21,967	909	280,703
LIABILITIES					
Current liabilities:					
Accounts payable	51	6	20		28,736
Accrued payroll		167			1,085
Accrued interest					4
Due to other funds	1,217	178	417		4,944
Unearned revenue					501
Loans payable					855
Capital lease payable					27
Compensated absences		154			938
Claims and judgments	11,569				36,352
Total current liabilities	12,837	505	437		73,442
Noncurrent liabilities:					
Loans payable					3,766
Capital lease payable					185
Compensated absences		219			1,336
Claims and judgments	17,467				99,247
Total noncurrent liabilities	17,467	219			104,534
Total liabilities	30,304	724	437		177,976
NET ASSETS					
Invested in capital assets, net of related debt		1,189	14,135		61,502
Unrestricted net assets (deficits)	2,457	1,786	7,395	909	41,225
Total net assets (deficits)	\$ 2,457	2,975	21,530	909	102,727

Combining Financial Statements - Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2011 (In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Other Miscellaneous Internal Service Funds
Operating revenues:					
Charges for current services	\$ 31,831	87,859	33,734	114,950	4,163
Other revenue	133	1,248	280	380	2,031
Total operating revenues	31,964	89,107	34,014	115,330	6,194
Operating expenses:					
Salaries and employee benefits		25,044	4,891		
Repairs and maintenance		20,296	6,826		6
Equipment rental		61	91		
Contracted services	8,757	18,734	900	111,761	1,988
Depreciation/amortization		98	10,094	2,420	
Utilities		21,118	331		
Cost of material		3,998	122		1,697
Claims and judgments	32,707				
Fuel		298	10,012		2
Other		3,611	896		86
Total operating expenses	41,464	93,258	34,163	114,181	3,779
Operating income (loss)	(9,500)	(4,151)	(149)	1,149	2,415
Nonoperating revenues (expenses):					
Grants		6,314			
Investment earnings	491		114		
Interest expense		(289)		(36)	
Gain (loss) on disposal of assets		2	396		
Total nonoperating revenues (expenses)	491	6,027	510	(36)	
Income (loss) before capital contributions and transfers	(9,009)	1,876	361	1,113	2,415
Capital contributions		403	3		
Transfers in	258	1,415	1,322	1,998	
Transfers out		(1,153)	(215)		(1,992)
Change in net assets	(8,751)	2,541	1,471	3,111	423
Net assets (deficits) at beginning of year	1,930	(155)	59,817	10,057	4,412
Net assets (deficits) at end of year	\$ (6,821)	2,386	61,288	13,168	4,835

Continued

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2011 (In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Operating revenues:					
Charges for current services	\$ 14,250	5,702	7,832		300,321
Other revenue	229	458	5		4,764
Total operating revenues	14,479	6,160	7,837		305,085
Operating expenses:					
Salaries and employee benefits		5,407			35,342
Repairs and maintenance		27	3,070		30,225
Equipment rental		902			1,054
Contracted services	7,636	1,046	457		151,279
Depreciation/amortization		981	2,306		15,899
Utilities		8			21,457
Cost of material		1			5,818
Claims and judgments	14,950				47,657
Fuel			1,302		11,614
Other	6	879			5,478
Total operating expenses	22,592	9,251	7,135		325,823
Operating income (loss)	(8,113)	(3,091)	702		(20,738)
Nonoperating revenues (expenses):					
Grants		1			6,315
Investment earnings	167	6	32		810
Interest expense					(325)
Gain (loss) on disposal of assets			(133)		265
Total nonoperating revenues (expenses)	167	7	(101)		7,065
Income (loss) before capital contributions and transfers	(7,946)	(3,084)	601		(13,673)
Capital contributions					406
Transfers in		1,766			6,759
Transfers out		(261)			(3,621)
Change in net assets	(7,946)	(1,579)	601		(10,129)
Net assets (deficits) at beginning of year	10,403	4,554	20,929	909	112,856
Net assets (deficits) at end of year	\$ 2,457	2,975	21,530	909	102,727

Combining Financial Statements - Internal Service Funds

Comprehensive Annual Financial Report for the Year Ended June 30, 2011 ~ County of San Diego

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2011 (In Thousands)

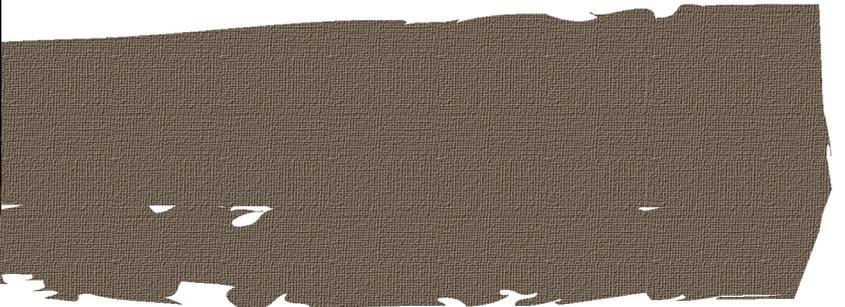
	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Other Miscellaneous Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 132	2,961	1,188	897	6,183
Cash received from other funds	33,514	87,720	32,087	120,892	38
Cash payments to suppliers	(8,829)	(65,449)	(16,721)	(122,555)	(3,745)
Cash payments to employees		(24,899)	(4,849)		
Cash payments to other funds		(4,266)	(1,874)	(1,259)	(97)
Cash paid for claims and judgments	(21,117)				
Net cash provided (used) by operating activities	3,700	(3,933)	9,831	(2,025)	2,379
Cash flows from noncapital financing activities:					
Operating grants		7,054			
Transfers from other funds	258	1,415	1,322	1,998	
Transfers to other funds		(1,153)	(215)		(1,992)
Payments received on advances to other funds					
Principal paid on long-term debt		(767)			
Interest paid on long-term debt		(275)			
Proceeds from loans		655			
Net cash provided (used) by noncapital financing activities	258	6,929	1,107	1,998	(1,992)
Cash flows from capital and related financing activities:					
Capital contributions			3		
Acquisition of capital assets		(99)	(8,166)		
Proceeds from sale of assets		2	729		
Principal paid on capital lease		(30)			
Interest paid on long-term debt				(36)	
Interest paid on capital lease		(14)			
Net cash provided (used) by capital and related financing activities		(141)	(7,434)	(36)	
Cash flows from investing activities:					
Investment earnings	550		88		
Net increase (decrease) in cash and cash equivalents	4,508	2,855	3,592	(63)	387
Cash and cash equivalents - beginning of year	99,161	4,210	14,126	14,200	4,364
Cash and cash equivalents - end of year	103,669	7,065	17,718	14,137	4,751
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(9,500)	(4,151)	(149)	1,149	2,415
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Decrease (increase) in accounts receivables		(455)	(55)	(2,091)	(12)
Decrease (increase) in due from other funds	33	2,168	(682)	6,446	38
Decrease (increase) in inventory		(3)	19		2
Increase (decrease) in accounts payable	(73)	(745)	555	(8,690)	24
Increase (decrease) in accrued payroll		72	36		
Increase (decrease) in due to other funds	1,650	(876)	5	(1,259)	(88)
Increase (decrease) in unearned revenue		(140)			
Increase (decrease) in compensated absences		99	8		
Increase (decrease) in claims and judgments	11,590				
Depreciation/amortization		98	10,094	2,420	
Total adjustments	13,200	218	9,980	(3,174)	(36)
Net cash provided (used) by operating activities	3,700	(3,933)	9,831	(2,025)	2,379
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable			425		
Governmental contributions of capital assets	\$	403			

Continued

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2011 (In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 228	458	5		12,052
Cash received from other funds	14,685	5,929	8,057		302,922
Cash payments to suppliers	(7,720)	(1,443)	(152)		(226,614)
Cash payments to employees		(5,445)			(35,193)
Cash payments to other funds		(1,333)	(4,737)		(13,566)
Cash paid for claims and judgments	(9,040)				(30,157)
Net cash provided (used) by operating activities	(1,847)	(1,834)	3,173		9,444
Cash flows from noncapital financing activities:					
Operating grants		1			7,055
Transfers from other funds		1,766			6,759
Transfers to other funds		(261)			(3,621)
Payments received on advances to other funds				47	47
Principal paid on long-term debt					(767)
Interest paid on long-term debt					(275)
Proceeds from loans					655
Net cash provided (used) by noncapital financing activities		1,506		47	9,853
Cash flows from capital and related financing activities:					
Capital contributions					3
Acquisition of capital assets			(1,168)		(9,433)
Proceeds from sale of assets			103		834
Principal paid on capital lease					(30)
Interest paid on long-term debt					(36)
Interest paid on capital lease					(14)
Net cash provided (used) by capital and related financing activities			(1,065)		(8,676)
Cash flows from investing activities:					
Investment earnings	193	8	33		872
Net increase (decrease) in cash and cash equivalents	(1,654)	(320)	2,141	47	11,493
Cash and cash equivalents - beginning of year	34,370	2,493	5,682	762	179,368
Cash and cash equivalents - end of year	32,716	2,173	7,823	809	190,861
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(8,113)	(3,091)	702		(20,738)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Decrease (increase) in accounts receivables					(2,613)
Decrease (increase) in due from other funds		229	225		8,457
Decrease (increase) in inventory					18
Increase (decrease) in accounts payable	(79)	1	(128)		(9,135)
Increase (decrease) in accrued payroll		10			118
Increase (decrease) in due to other funds	435	69	68		4
Increase (decrease) in unearned revenue					(140)
Increase (decrease) in compensated absences		(33)			74
Increase (decrease) in claims and judgments	5,910				17,500
Depreciation/amortization		981	2,306		15,899
Total adjustments	6,266	1,257	2,471		30,182
Net cash provided (used) by operating activities	(1,847)	(1,834)	3,173		9,444
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable			15		440
Governmental contributions of capital assets	\$				403



INVESTMENT TRUST FUNDS

Investment trust funds are used to account for investments held on behalf of external entities in either the County pool or specific investments. These assets are held in a fiduciary capacity and accordingly, net assets reported in the Investment Trust funds are held in trust for pool participants and individual investment accounts.

Pooled Investments - Investment Trust Fund

This fund was established to account for the external portion of the County Treasurer's investment pool in which the County, its component units and legally separate governments commingle or pool their resources in an investment pool.

Specific Investments - Investment Trust Fund

This fund was created for the purpose of reporting individual investments which are offered as an alternative to a pooled position. It includes specific investments for external entities.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
Investment Trust Funds

June 30, 2011 (In Thousands)

	Pooled Investments - Investment Trust	Specific Investments - Investment Trust	Total
ASSETS			
Pooled cash and investments	\$ 3,425,355		3,425,355
Investments with fiscal agents		353	353
Receivables:			
Investment earnings receivable	5,242	1	5,243
Total assets	3,430,597	354	3,430,951
NET ASSETS			
Held in trust for pool participants	3,430,597		3,430,597
Held in trust for individual investment accounts		354	354
Total held in trust	\$ 3,430,597	354	3,430,951

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Investment Trust Funds

For the Year Ended June 30, 2011 (In Thousands)

	Pooled Investments - Investment Trust	Specific Investments - Investment Trust	Total
ADDITIONS			
Contributions:			
Contributions to investments	\$ 6,122,777		6,122,777
Total contributions	6,122,777		6,122,777
Investment earnings:			
Net increase (decrease) in fair value of investments	(5,396)	(71)	(5,467)
Investment earnings	22,924	1,989	24,913
Total investment earnings	17,528	1,918	19,446
Total additions	6,140,305	1,918	6,142,223
DEDUCTIONS			
Distributions from investments	5,699,199	157,625	5,856,824
Total deductions	5,699,199	157,625	5,856,824
Change in net assets	441,106	(155,707)	285,399
Net assets at beginning of year	2,989,491	156,061	3,145,552
Net assets at end of year	\$ 3,430,597	354	3,430,951



AGENCY FUNDS

Agency funds are used to account for situations where the County's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, assets reported in the agency funds are offset by a liability to the party on whose behalf they are held.

Property Tax Collection Funds

These funds are used for recording the collection and distribution of property taxes.

Other Agency Funds

These funds maintain assets held in an agent capacity for other governments, organizations and individuals. These assets do not support the County's programs or services. Any portion of agency fund assets held at fiscal year end for other funds are reported in those funds rather than in the agency funds.

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Agency Funds

For the Year Ended June 30, 2011 (In Thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
PROPERTY TAX COLLECTION FUNDS				
ASSETS				
Pooled cash and investments	\$ 56,459	14,961,966	14,969,333	49,092
Accounts receivable		3,778	1,229	2,549
Investment earnings receivable	522	4,006	4,198	330
Taxes receivable		5,485,229	5,485,229	
Total assets	56,981	20,454,979	20,459,989	51,971
LIABILITIES				
Accounts payable	133	1,974,884	1,972,914	2,103
Due to other governments	56,848	19,754,730	19,761,710	49,868
Total liabilities	56,981	21,729,614	21,734,624	51,971
OTHER AGENCY FUNDS				
ASSETS				
Pooled cash and investments	295,388	18,739,060	18,728,025	306,423
Cash with fiscal agents	1,685	12,139	12,499	1,325
Accounts receivable	282	612	299	595
Investment earnings receivable	6,123	69,895	68,994	7,024
Other receivables		21,210	21,210	
Total assets	303,478	18,842,916	18,831,027	315,367
LIABILITIES				
Accounts payable	23,018	2,326,353	2,329,711	19,660
Warrants outstanding	171,207	9,122,333	9,102,313	191,227
Accrued payroll	38	17,046	17,051	33
Due to other governments	109,215	2,018,052	2,022,820	104,447
Total liabilities	303,478	13,483,784	13,471,895	315,367
TOTAL AGENCY FUNDS				
ASSETS				
Pooled cash and investments	351,847	33,701,026	33,697,358	355,515
Cash with fiscal agents	1,685	12,139	12,499	1,325
Accounts receivable	282	4,390	1,528	3,144
Investment earnings receivable	6,645	73,901	73,192	7,354
Taxes receivable		5,485,229	5,485,229	
Other receivables		21,210	21,210	
Total assets	360,459	39,297,895	39,291,016	367,338
LIABILITIES				
Accounts payable	23,151	4,301,237	4,302,625	21,763
Warrants outstanding	171,207	9,122,333	9,102,313	191,227
Accrued payroll	38	17,046	17,051	33
Due to other governments	166,063	21,772,782	21,784,530	154,315
Total liabilities	\$ 360,459	35,213,398	35,206,519	367,338

Statistical

Section



INTRODUCTION

Government Accounting Standards Board (GASB) Statement 44 “Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1)” requires that certain detailed statistical information be presented in this section, typically in ten-year trends, to assist users in utilizing the basic financial statements, notes to the financial statements, and required supplementary information in order to assess the economic condition of the County. Provisions of this Statement require that governments preparing this statistical section are encouraged but not required, to report all years of information retroactively.

In this regard, when available, ten year trend information has been provided. When accounting data or other information is unavailable, statistical tables are footnoted to indicate as such. Generally, information was unavailable due to the following:

- Accounting data used in the preparation of the Comprehensive Annual Financial Reports prior to the County’s implementation of changes in accounting and presentation called for in GASB Statement 34 “Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments,” (implemented by the County in Fiscal Year 2002) was not archived in such a manner to enable a retroactive restatement of previous years accounting data.
- Non-accounting trend data called for by Statement 44 which was significantly different than data reported in previous fiscal years’ statistical tables was either not available from external sources in the format required or was not available in internal archived data.

Financial Trends 142

These Tables contain information to help the reader understand how the County’s financial performance and well-being have changed over time.

Revenue Capacity 147

These Tables contain information to help the reader assess the County’s most significant local revenue source, the property tax.

Debt Capacity 151

These Tables present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.

Demographic and Economic Information 155

These Tables offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.

Operating Information..... 157

These Tables contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in the following tables is derived from the comprehensive annual financial reports for the relevant year.

Table 1
County of San Diego
Net Assets by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Net assets					
Governmental activities					
Invested in capital assets, net of related debt	\$ 2,178,892	2,261,697	2,324,806	2,341,126	2,367,442
Restricted	148,489	243,815	169,983	223,565	224,635
Unrestricted	271,909	(317,357)	(668,868)	(541,048)	(197,916)
Total governmental activities net assets	2,599,290	2,188,155	1,825,921	2,023,643	2,394,161
Business-type activities					
Invested in capital assets, net of related debt	66,026	71,293	78,485	84,416	97,212
Restricted	34,151	15			
Unrestricted	44,495	80,359	79,358	76,310	81,125
Total business-type activities net assets	144,672	151,667	157,843	160,726	178,337
Primary government					
Invested in capital assets, net of related debt	2,244,918	2,332,990	2,403,291	2,425,542	2,464,654
Restricted	182,640	243,830	169,983	223,565	224,635
Unrestricted	316,404	(236,998)	(589,510)	(464,738)	(116,791)
Total primary government net assets	\$ 2,743,962	2,339,822	1,983,764	2,184,369	2,572,498
	2007	2008	2009	2010	2011
Net assets					
Governmental activities					
Invested in capital assets, net of related debt	\$ 2,409,050	2,468,142	2,582,854	2,595,105	2,675,240
Restricted	162,318	181,198	314,107	247,585	529,808
Unrestricted	178,231	351,326	319,669	535,103	365,165
Total governmental activities net assets	2,749,599	3,000,666	3,216,630	3,377,793	3,570,213
Business-type activities					
Invested in capital assets, net of related debt	112,549	126,237	148,146	164,845	163,268
Restricted					
Unrestricted	84,779	92,686	88,909	87,254	89,602
Total business-type activities net assets	197,328	218,923	237,055	252,099	252,870
Primary government					
Invested in capital assets, net of related debt	2,521,599	2,594,379	2,731,000	2,759,950	2,838,508
Restricted	162,318	181,198	314,107	247,585	529,808
Unrestricted	263,010	444,012	408,578	622,357	454,767
Total primary government net assets	\$ 2,946,927	3,219,589	3,453,685	3,629,892	3,823,083

Table 2
County of San Diego
Changes in Net Assets
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities										
General government	\$ 170,908	234,062	234,759	232,826	240,158	249,993	298,607	275,508	304,305	229,767
Public protection	823,520	1,140,484	1,173,532	960,227	1,021,464	1,079,320	1,180,114	1,158,162	1,091,910	1,128,967
Public ways and facilities	168,202	142,356	160,344	122,797	128,268	133,148	144,452	151,125	131,982	130,239
Health and sanitation	547,200	598,189	564,796	545,805	559,709	580,384	638,869	678,217	681,448	721,939
Public assistance	825,028	1,035,065	1,052,911	972,592	1,015,481	1,043,454	1,114,453	1,177,320	1,171,603	1,191,559
Education	24,119	30,850	31,722	27,394	32,488	33,223	36,355	42,424	39,165	35,734
Recreation and cultural	18,021	23,520	26,493	21,405	23,376	28,469	33,941	34,542	33,629	36,699
Interest on long-term debt	68,771	87,627	91,897	106,612	116,692	146,997	119,138	118,927	111,942	106,381
Total governmental activities expenses	2,645,769	3,292,153	3,336,454	2,989,658	3,137,636	3,294,988	3,565,929	3,636,225	3,565,984	3,581,285
Business-type activities										
Airport	7,973	7,125	7,373	8,117	7,699	8,209	8,848	10,614	12,389	12,876
Wastewater Management	3,808	4,357	4,005	5,076	4,733	4,422	5,320	16,666	5,523	5,806
Transit (1)	17,085									
Sanitation Districts	15,306	15,216	15,828	20,564	15,133	15,620	17,574	5,794	18,831	21,699
Total business-type activities expenses	44,172	26,698	27,206	33,757	27,565	28,251	31,742	33,074	36,743	40,381
Total primary government expenses	2,689,941	3,318,851	3,363,660	3,023,415	3,165,201	3,323,239	3,597,671	3,669,299	3,602,727	3,621,666
Program revenues										
Governmental activities										
Charges for services:										
General government	94,805	121,070	93,143	84,769	99,083	98,365	130,645	93,939	90,503	92,085
Public protection	166,900	170,221	206,679	229,150	202,941	201,332	217,953	215,343	204,405	235,913
Other activities	119,291	117,569	122,139	100,465	153,535	153,717	137,020	133,834	150,461	160,067
Operating grants and contributions	1,724,847	1,873,493	1,914,614	1,867,829	2,067,803	2,113,585	2,152,380	2,181,366	2,192,591	2,211,946
Capital grants and contributions	30,128	40,587	67,357	32,303	5,283	7,559	24,474	60,703	33,246	25,329
Total governmental activities program revenues	2,135,971	2,322,940	2,403,932	2,314,516	2,528,645	2,574,558	2,662,472	2,685,185	2,671,206	2,725,340
Business-type activities										
Charges for services:										
Airport	5,479	7,396	6,734	8,345	7,433	9,367	16,097	9,397	9,299	11,301
Wastewater management	4,106	4,496	5,447	5,357	4,322	4,662	5,318	6,567	6,616	6,509
Transit (1)	17,047									
Sanitation districts	15,713	15,444	15,765	16,949	17,251	17,995	20,060	20,114	19,823	20,431
Operating grants and contributions	5,763	3,769	4,153	3,700	9,994	8,257	7,725	12,974	15,330	1,544
Capital grants and contributions	501	839	1,539	1,036	58	464				
Total business-type program revenues	48,609	31,944	33,638	35,387	39,058	40,745	49,200	49,052	51,068	39,785
Total primary government program revenues	2,184,580	2,354,884	2,437,570	2,349,903	2,567,703	2,615,303	2,711,672	2,734,237	2,722,274	2,765,125
Net (Expense) Revenue										
Governmental activities	(509,798)	(969,213)	(932,522)	(675,142)	(608,991)	(720,430)	(903,457)	(951,040)	(894,778)	(855,945)
Business-type activities	4,437	5,246	6,432	1,630	11,493	12,494	17,458	15,978	14,325	(596)
Total primary government net (expense) revenue	\$ (505,361)	(963,967)	(926,090)	(673,512)	(597,498)	(707,936)	(885,999)	(935,062)	(880,453)	(856,541)

(Continued)

Table 2

County of San Diego
Changes in Net Assets
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General revenues and other changes in net assets										
Governmental activities										
Taxes:										
Property taxes	\$ 412,400	459,340	496,917	441,716	516,569	559,726	637,491	618,048	593,553	580,570
Other taxes	5,011	3,964	4,200	96,927	34,219	26,760	20,374	15,167	15,991	16,207
Intergovernmental unrestricted:										
Property taxes in lieu of VLF (2)				203,788	261,695	277,930	303,348	316,925	308,842	303,625
Sales and use taxes	48,414	50,898	50,046	8,524	23,475	26,534	24,872	22,435	20,576	22,457
Investment earnings	38,166	30,213	18,452	38,066	63,810	88,974	87,554	57,859	30,941	22,024
Other general revenues				83,079	78,651	95,343	80,804	118,929	85,693	104,260
Total governmental general revenues	503,991	544,415	569,615	872,100	978,419	1,075,267	1,154,443	1,149,363	1,055,596	1,049,143
Special Item: gain or loss on sale of properties	1,054	474								
Transfers	359	(160)	673	764	1,090	601	81	151	345	(778)
Total governmental activities	505,404	544,729	570,288	872,864	979,509	1,075,868	1,154,524	1,149,514	1,055,941	1,048,365
Business-type activities										
Investment earnings	2,694	1,437	417	1,730	7,048	4,189	4,113	2,237	1,046	582
Other general revenues		27		287	160	2,909	105	68	18	7
Total business-type general revenues	2,694	1,464	417	2,017	7,208	7,098	4,218	2,305	1,064	589
Special Item: gain or loss on sale of properties	(5,145)									
Transfers	(359)	160	(673)	(764)	(1,090)	(601)	(81)	(151)	(345)	778
Total business-type activities	(2,810)	1,624	(256)	1,253	6,118	6,497	4,137	2,154	719	1,367
Total primary government	502,594	546,353	570,032	874,117	985,627	1,082,365	1,158,661	1,151,668	1,056,660	1,049,732
Change in net assets										
Governmental activities	(4,394)	(424,484)	(362,234)	197,722	370,518	355,438	251,067	198,474	161,163	192,420
Business-type activities	1,627	6,870	6,176	2,883	17,611	18,991	21,595	18,132	15,044	771
Total change in net assets	\$ (2,767)	(417,614)	(356,058)	200,605	388,129	374,429	272,662	216,606	176,207	193,191

(1) County Transit System was divested on June 28, 2002 to the San Diego Metropolitan Transit Development Board

(2) In 2005, the County's share of vehicle license fee (VLF) was eliminated and replaced with property tax revenue

Table 3

County of San Diego
Fund Balances Governmental Funds
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 215,197	210,277	213,292	291,832	\$ 272,936
Unreserved	355,155	388,384	337,708	375,626	625,949
Total general fund	570,352	598,661	551,000	667,458	898,885
All Other Governmental Funds					
Reserved	251,704	294,793	208,900	284,316	278,878
Unreserved, reported in:					
Special Revenue Funds (1)	485,565	447,612	523,399	481,792	633,430
Capital Projects Funds	14,418	9,771	10,864	84,389	65,452
Total other governmental funds	\$ 751,687	752,176	743,163	850,497	\$ 977,760
	Fiscal Year				
	2007	2008	2009	2010	2011
General Fund					
Reserved	\$ 410,244	273,231	266,434	162,257	
Unreserved	744,838	947,235	923,604	1,057,851	
Nonspendable(2)					11,257
Restricted (2)					214,956
Committed (2)					514,739
Assigned (2)					40,614
Unassigned (2)					612,814
Total general fund	1,155,082	1,220,466	1,190,038	1,220,108	1,394,380
All Other Governmental Funds					
Reserved	274,024	199,472	213,984	175,900	
Unreserved, reported in:					
Special Revenue Funds	624,996	672,652	668,626	705,469	
Capital Projects Funds	73,923	30,210	157,221	89,926	
Nonspendable (2)					5,148
Restricted (2)					372,730
Committed (2)					467,950
Total other governmental funds	\$ 972,943	902,334	1,039,831	971,295	845,828

(1) The increase in the unreserved fund balance of special revenue funds was principally due to the proceeds received from the issuance of San Diego County Tobacco Securitization Corporation Series Tobacco Settlement Asset Backed Bonds in 2002 and 2006.

(2) Beginning in fiscal year 2011, governmental fund balances are required to be reported as nonspendable, restricted, committed, assigned, and unassigned.

Table 4

County of San Diego
 Changes in Fund Balances Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (In Thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	\$ 409,969	446,835	497,178	717,174	1,102,032	1,146,937	971,616	973,899	946,324	934,737
Licenses, permits and franchise fees	37,808	39,335	42,252	42,954	41,824	43,807	45,257	49,990	47,578	51,144
Fines, forfeitures and penalties	39,691	41,236	46,495	55,538	60,071	58,355	63,014	59,348	57,869	54,267
Revenue from use of money and property	45,567	40,733	25,867	50,811	76,608	93,246	137,963	70,911	46,100	39,545
Aid from other governmental agencies:										
State	1,139,344	1,231,904	1,201,278	1,080,663	867,063	927,850	1,169,642	1,161,312	1,136,756	1,192,401
Federal	574,002	632,241	701,057	729,725	793,039	820,851	908,582	858,066	963,285	945,168
Other	57,777	66,116	69,860	74,272	94,866	100,323	79,066	144,205	102,708	72,071
Charges for current services	251,018	266,574	277,637	286,631	314,021	325,049	312,018	316,214	318,283	359,239
Other revenue	70,203	70,065	65,913	84,410	67,419	76,680	73,745	111,431	81,219	90,486
Total revenues	2,625,379	2,835,039	2,927,537	3,122,178	3,416,943	3,593,098	3,760,903	3,745,376	3,700,122	3,739,058
Expenditures:										
General government	156,517	209,874	216,183	211,521	199,349	233,471	277,286	249,324	205,456	223,290
Public protection	809,185	1,145,171	1,216,276	939,070	1,014,653	1,065,984	1,145,807	1,133,843	1,063,890	1,088,377
Public ways and facilities	95,936	123,202	115,426	84,560	67,145	74,319	80,051	85,802	66,393	61,967
Health and sanitation	548,627	600,525	562,657	541,921	556,165	577,389	633,382	669,725	675,256	714,022
Public assistance	827,229	1,037,467	1,053,545	970,208	1,011,315	1,043,293	1,111,701	1,172,400	1,169,287	1,184,632
Education	24,005	31,013	31,308	27,119	32,043	32,961	35,569	41,461	37,422	34,599
Recreation and cultural	16,514	20,805	24,702	19,614	22,964	26,774	32,042	32,561	29,982	33,054
Total CAFR Governmental functions	2,478,013	3,168,057	3,220,097	2,794,013	2,903,634	3,054,191	3,315,838	3,385,116	3,247,686	3,339,941
Capital outlay	72,341	83,748	54,958	54,157	109,897	138,017	157,818	179,662	205,512	186,342
Debt service:										
Principal	101,538	88,846	69,839	60,849	57,245	73,816	184,614	112,275	169,059	64,016
Interest and fiscal charges	67,773	73,747	92,503	94,556	109,491	116,095	107,631	103,831	101,036	97,290
Bond issuance costs			4,095	1,915	6,172	885		3,959	739	349
Payment to refunded bond escrow agent					24,256				15,377	3,437
Total expenditures	2,719,665	3,414,398	3,441,492	3,005,490	3,210,695	3,383,004	3,765,901	3,784,843	3,739,409	3,691,375
Excess (deficiency) of revenues over (under) expenditures	(94,286)	(579,359)	(513,955)	116,688	206,248	210,094	(4,998)	(39,467)	(39,287)	47,683
Other financing sources (uses)										
Sale of capital assets	2,230	474	4,044	18,400	12,355	1,601	68	31	365	2,673
Issuance of bonds and loans:										
Face value of bonds issued				83,510	166,611	42,390		136,885		
Face value of loans issued				160		462				
Discount on issuance of bonds					(20,501)					
Premium on issuance of bonds				5,960	1,308	606		1,175	7,803	1,237
Long-term debt proceeds	411,913	560,886	454,179							
Refunding bonds issued	65,319	176,890		28,885	461,230			443,515	80,940	19,260
Payment to refunded bond escrow agent	(66,254)	(176,890)		(31,633)	(467,458)			(441,038)	(83,173)	(18,774)
Transfers in	1,188,505	768,997	776,167	819,490	867,973	512,386	594,512	525,424	452,018	426,611
Transfers (out)	(1,196,995)	(773,145)	(777,180)	(819,627)	(868,908)	(514,680)	(594,882)	(525,689)	(457,683)	(430,527)
Total other financing sources (uses)	404,718	557,212	457,210	105,145	152,610	42,765	(302)	140,303	270	480
Net change in fund balances	\$ 310,432	(22,147)	(56,745)	221,833	358,858	252,859	(5,300)	100,836	(39,017)	48,163
Debt service as a percentage of noncapital expenditures										
	6.40%	4.88%	4.79%	5.27%	5.38%	5.85%	8.10%	5.99%	7.64%	4.60%

Table 5

County of San Diego
Assessed Value of Taxable Property
Last Ten Fiscal Years (1)
(In Thousands)

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured		
2002	\$ 205,354,845	\$ 2,127,362	\$ 3,926,419	\$ 8,749,368	\$ 4,872,712	\$ 801,613	\$ 214,483,669	1.00000
2003	224,113,067	2,450,811	3,263,353	8,509,857	5,121,115	353,596	232,862,377	1.00000
2004	247,063,576	2,728,490	3,007,787	8,941,840	5,961,964	780,078	254,999,651	1.00000
2005	273,700,150	2,645,348	2,951,588	8,852,828	6,504,638	827,514	280,817,762	1.00000
2006	310,318,786	2,748,781	3,273,999	9,533,091	6,958,731	957,441	317,958,485	1.00000
2007	347,969,648	3,380,284	2,461,837	10,739,964	7,500,343	1,053,199	355,998,191	1.00000
2008	381,485,632	3,321,363	3,528,453	10,387,757	8,219,783	1,207,922	389,295,500	1.00000
2009	398,804,220	3,411,110	3,604,712	10,891,875	9,043,072	1,293,899	406,374,946	1.00000
2010	389,083,154	3,261,524	3,597,697	11,596,968	9,779,505	1,465,316	396,294,522	1.00000
2011	384,566,788	3,361,476	3,642,380	10,997,174	10,332,112	1,458,658	390,777,048	1.00000

(1) Due to the passage of Proposition 13 (Prop 13) in 1978, the County does not track the estimated actual value of real and personal properties; therefore, assessed value as a percentage of actual value is not applicable. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value.

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

Table 6

County of San Diego
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Overlapping Rates(2)				Total Direct & Overlapping Rates
	County of San Diego (1)	Cities	Schools	Special Districts	
2002	1.000	0.004	0.048	0.009	1.061
2003	1.000	0.004	0.054	0.008	1.066
2004	1.000	0.003	0.062	0.007	1.072
2005	1.000	0.004	0.062	0.006	1.072
2006	1.000	0.004	0.059	0.008	1.071
2007	1.000	0.005	0.055	0.009	1.069
2008	1.000	0.005	0.058	0.009	1.072
2009	1.000	0.004	0.050	0.007	1.061
2010	1.000	0.004	0.063	0.008	1.075
2011	1.000	0.004	0.066	0.008	1.078

(1) The \$1.00 per \$100 of Assessed Value (Proposition 13) tax rate beginning in Fiscal Year 1979 is distributed according to State Law on a percentage basis to each of the eligible taxing agencies in the County.

(2) Overlapping rates for cities, schools and special districts are chargeable to property owners within their respective tax rate areas (TRA). Overlapping rates do not apply to all property owners (e.g., the rates for special districts apply only to property owners whose property is located within the geographic boundary (TRA) of the special district).

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

Table 7

County of San Diego
Principal Property Taxpayers
June 30, 2011
(In Thousands)

Taxpayer	2011			2002		
	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value
San Diego Gas & Electric Company	\$ 4,909,449	1	1.30%	\$ 2,546,874	1	1.25%
Southern California Edison Co.	2,217,581	2	0.59%	1,244,408	3	0.61%
Irvine Co.	1,567,992	3	0.41%			
Kilroy Realty LLP	1,436,577	4	0.38%	539,637	4	0.26%
San Diego Family Housing LLC	1,349,732	5	0.36%	319,510	7	0.16%
Qualcomm Inc	1,201,871	6	0.32%	465,566	6	0.23%
Camp Pendleton & Quantico Housing	1,099,420	7	0.29%			
Arden Realty LLP	785,373	8	0.21%			
Pacific Bell Telephone Company	744,525	9	0.20%	1,290,726	2	0.63%
O C/S D Holdings LLC	602,274	10	0.16%			
Fashion Valley Mall LLC				530,665	5	0.26%
L-O Coronado Holding II Inc				308,912	8	0.15%
Cabrillo Power I LLC				305,158	9	0.15%
Sea World Inc				280,063	10	0.14%
Totals	\$ 15,914,794		4.22%	\$ 7,831,519		3.84%

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

Table 8

County of San Diego
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Collections within the Fiscal Year of the Levy			Total Collections to Date		
	Total Tax Levy for Fiscal Year (1)	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2002	\$ 2,144,837	\$ 2,110,686	98.41%	\$ 27,611	\$ 2,138,297	99.70%
2003	2,328,624	2,291,331	98.40%	27,585	2,318,916	99.58%
2004	2,549,997	2,512,209	98.52%	28,018	2,540,227	99.62%
2005	2,808,178	2,759,201	98.26%	41,255	2,800,456	99.73%
2006	3,179,585	3,110,799	97.84%	61,036	3,171,835	99.76%
2007	3,559,982	3,454,709	97.04%	92,739	3,547,448	99.65%
2008	3,892,955	3,739,090	96.05%	130,042	3,869,132	99.39%
2009	4,063,749	3,903,633	96.06%	115,279	4,018,912	98.90%
2010	3,962,945	3,821,278	96.43%	68,877	3,890,155	98.16%
2011	3,907,770	3,795,900	97.14%	N/A	3,795,900	97.14%

(1) Includes secured, unsecured and unitary tax levy for the County and school districts, cities and special districts under the supervision of independent governing boards.

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

Table 10

County of San Diego
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

Fiscal Year	Certificates of Participation & Lease Revenue Bonds	Less: Amounts Available in Debt Service Fund	Net Certificates of Participation & Lease Revenue Bonds	Pension Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Pension Obligation Bonds	Total Net Bonded Debt	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2002	\$ 433,790	\$ 26,162	\$ 407,628	\$ 282,900	\$ 220	\$ 282,680	\$ 690,308	0.32%	238
2003	395,285	25,957	369,328	824,395	2,369	822,026	1,191,354	0.51%	408
2004	344,365	21,798	322,567	1,268,878	14,966	1,253,912	1,576,479	0.62%	537
2005	393,395	29,085	364,310	1,252,243	66,550	1,185,693	1,550,003	0.55%	527
2006	356,690	29,380	327,310	1,238,405	50,822	1,187,583	1,514,893	0.48%	514
2007	364,355	35,238	329,117	1,206,887	27,328	1,179,559	1,508,676	0.42%	507
2008	330,055	26,474	303,581	1,068,200	15,248	1,052,952	1,356,533	0.35%	431
2009	469,970	50,513	419,457	1,005,955	15,741	990,214	1,409,671	0.35%	443
2010	422,260	35,547	386,713	874,336	3,364	870,972	1,257,685	0.32%	390
2011	392,100	26,867	365,233	841,337	2,117	839,220	1,204,453	0.31%	386

(1) See Total Assessed Value on Statistical Table 5.

(2) See population data on Statistical Table 13.

Table 11

County of San Diego
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (In Thousands)

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit (1)	Legal Debt Margin	Legal Debt Margin/ Debt Limit
2002	\$ 2,681,046		\$ 2,681,046	100%
2003	2,910,780		2,910,780	100%
2004	3,187,496		3,187,496	100%
2005	3,510,222		3,510,222	100%
2006	3,974,481		3,974,481	100%
2007	4,449,977		4,449,977	100%
2008	4,866,194		4,866,194	100%
2009	5,079,687		5,079,687	100%
2010	4,953,682		4,953,682	100%
2011	4,884,713		4,884,713	100%
Legal Debt Margin Calculation for Fiscal Year 2010-2011				
Assessed value	\$ 390,777,048			
Debt limit (1.25% of total assessed value) (2)	4,884,713			
Debt applicable to limit:				
General obligation bonds				
Less: Amount set aside for repayment of general obligation debt				
Total net debt applicable to limit				
Legal debt margin	\$ 4,884,713			
(1) For the fiscal years presented, the County had no debt that qualified as indebtedness subject to the bonded debt limit under the California Constitution.				
(2) Under California State law, the total amount of bonded indebtedness shall not at any time exceed 1.25% of the taxable property of the County as shown by the last equalized assessment roll.				

Table 12

County of San Diego
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Tobacco Settlement Asset-Backed Bonds (1)						
Fiscal Year	Tobacco Settlement Revenues	Less: Operating Expenses (3)	Net Available Revenue	Principal (2)	Interest	Coverage
2002	\$ 26,205	\$ 50	\$ 26,155	\$ 8,045	\$ 18,160	1.00
2003	35,444	113	35,331	9,560	25,351	1.01
2004	29,961	131	29,830	8,930	24,830	0.88
2005	30,415	172	30,243	9,955	24,446	0.88
2006	27,915	173	27,742	1,550	11,975	2.05
2007	29,219	164	29,055	3,100	26,820	0.97
2008	31,106	146	30,960	6,865	26,599	0.93
2009	34,181	156	34,025	10,000	26,273	0.94
2010	28,503	151	28,352	4,500	25,798	0.94
2011	26,976	158	26,818	2,995	25,584	0.94
Redevelopment Agency Refunding Bonds (Gillespie Field Series Bonds)						
Fiscal Year	Property Tax Incremental Revenues	Less: Operating Expenses (3)	Net Available Revenue	Principal	Interest	Coverage
2002	\$ 2,129	\$ 668	\$ 1,461	\$ 115	\$ 305	3.48
2003	2,237	958	1,279	125	299	3.02
2004	3,133	2,129	1,004	130	292	2.38
2005	2,135	1,262	873	140	284	2.06
2006	2,089	5,485	(3,396)	150	513	(5.12)
2007	1,976	791	1,185	360	837	0.99
2008	2,181	1,123	1,058	320	825	0.92
2009	2,281	1,105	1,176	335	812	1.03
2010	2,750	1,957	793	345	798	0.69
2011	2,521	1,458	1,063	360	783	0.93

(1) Data for fiscal years 2002-2006 applies to the Series 2001 Tobacco Asset-Backed bonds that were issued in 2002. In May 2006, the Series 2001 Tobacco bonds were refunded and the Series 2006 Tobacco Asset-Backed bonds were issued.

(2) Tobacco Principal Debt Service requirements include Turbo Principal payments.

(3) Operating expenses do not include interest.

Table 13

County of San Diego
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (in dollars) (2)	School Enrollment (3)	Unemployment Rate (4)
2002	2,901,719	\$ 100,655,726	\$ 34,688	494,588	5.3
2003	2,921,810	104,630,453	35,810	499,750	5.7
2004	2,933,929	113,062,259	38,536	499,356	5.1
2005	2,941,658	118,793,000	40,383	498,186	4.5
2006	2,948,362	126,194,000	42,801	495,228	4.2
2007	2,974,861	133,369,000	44,832	496,699	4.6
2008	3,146,274	143,873,000	45,728	494,016	6.0
2009	3,185,462	134,696,000	42,285	496,702	10.2
2010	3,224,432	137,525,000	42,651	496,995	11.0
2011	3,118,876	151,539,000	48,588	498,243	10.4

Sources:

Primary

- (1) DOF - The California Department of Finance
- (2) LAEDC- Los Angeles County Economic Development Corporation, the Kyser Center for Economic Research
- (3) California Department of Education & Education Data Partnership
- (4) U.S. Department of Labor, Bureau of Labor Statistics

Secondary

- (1) BEA - Bureau of Economic Analysis, U.S. Department of Commerce

Table 14

County of San Diego
Principal Employers
Current Year and Nine Years Ago

Employer	2011			2002		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (1)	Rank	Percentage of Total County Employment (3)
Federal Government	46,300	1	3.30%	40,600	1	2.95%
State of California	45,500	2	3.24%	38,500	2	2.80%
University of California, San Diego	27,393	3	1.95%	21,266	4	1.55%
County of San Diego (4)	15,842	4	1.13%	16,894	5	1.23%
Sharp HealthCare	14,969	5	1.07%	12,167	8	0.88%
Scripps Health	13,830	6	0.99%	10,435	9	0.76%
San Diego Unified School District	13,730	7	0.98%	24,240	3	1.76%
Qualcomm Inc.	10,509	8	0.75%			
City of San Diego	10,211	9	0.73%	12,656	6	0.92%
Kaiser Permanente	8,200	10	0.58%			
U.S. Postal Service, San Diego District				12,336	7	0.90%
SBC Pacific Bell				6,988	10	0.51%
Total	206,484		14.72%	196,082		14.26%

Sources:

(1) San Diego Business Journal

(2) California Labor MarketInfo
Percentage is calculated by dividing employees by total employment of 1,402,900 as of June 2011

(3) California Labor MarketInfo
Percentage is calculated by dividing employees by total employment of 1,375,600 as of June 2002

(4) County of San Diego 2011 and 2002 Adopted Operational Plans

Table 15

County of San Diego
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Years				
	2002	2003	2004	2005	2006
General	1,567	1,605	1,578	1,495	1,486
Public protection	7,910	8,006	7,667	7,506	7,673
Public ways and facilities	373	380	351	350	366
Health and sanitation	2,287	2,315	2,250	2,130	2,127
Public assistance	4,141	4,027	3,737	3,567	3,761
Education	278	281	265	265	275
Recreation and cultural	143	145	154	154	158
Total	16,699	16,759	16,002	15,467	15,846
Function	Fiscal Years				
	2007	2008	2009	2010	2011
General	1,505	1,538	1,515	1,487	1,477
Public protection	7,804	8,027	7,879	7,575	7,362
Public ways and facilities	373	393	405	390	374
Health and sanitation	2,188	2,242	2,222	2,136	2,088
Public assistance	3,659	3,781	3,659	3,497	3,321
Education	295	297	312	293	277
Recreation and cultural	168	180	176	173	169
Total	15,992	16,458	16,168	15,551	15,068

Source: County of San Diego, Auditor and Controller, Central Payroll Division

Table 16

County of San Diego
Operating Indicators by Function
Last Eight Fiscal Years (1)

Function	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
General								
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	(2)	74.00%	96.10%	94.50%	99.80%	94.00%	93.00%	94.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	(2)	(2)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	(2)	99.00%	98.00%	97.20%	96.00%	96.30%	97.00%	98.00%
Public protection								
Child support services: Percent of current support collected (federal performance measure #3)	41.00%	42.10%	49.00%	50.00%	51.00%	50.00%	53.00%	59.00%
Sheriff: Deputy Initiated Actions (DIA)	(2)	221,732	215,346	243,118	263,626	270,666	333,924	322,753
Sheriff: Number of jail bookings	139,019	145,180	144,727	146,566	142,357	144,756	139,314	136,451
Sheriff: Daily average – number of inmates	5,009	5,102	5,184	5,118	5,209	5,141	4,751	4,622
District Attorney: Felony defendants received	30,108	31,150	31,182	30,357	27,849	28,150	27,744	26,619
District attorney: Misdemeanor defendants received	27,575	25,443	28,068	28,081	28,458	29,512	28,896	28,926
Planning and land use: Percent of building inspections completed next day	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Animal services: Percentage euthanized animals that were treatable	(2)	12.90%	12.90%	13.80%	15.80%	15.90%	24.00%	26.40%
Public ways and facilities								
Public works: Protect water quality through DPW roads/drainage waste debris removal (cubic yards removed)	(2)	42,000	51,287	28,700	29,580	29,180	28,802	27,680
Health and sanitation								
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	(2)	(2)	(2)	(2)	(2)	(2)	99.00%	99.00%
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	(2)	(2)	(2)	(2)	(2)	(2)	97.00%	97.00%
Behavioral Health Services: Wait time for children's mental health outpatient treatment	9 days	5 days	4 days	4 days	4 days	7 days	5 days	5 days
Public assistance								
Strategic Planning and Operational Support: Welfare to work participants have paid employment	(2)	(2)	(2)	(2)	(2)	(2)	26.45%	16.00%
Strategic Planning and Operational Support: Welfare to work participants participating in work activities	(2)	(2)	(2)	(2)	(2)	(2)	42.00%	24.00%
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	93.00%	94.00%	96.00%	96.00%	95.00%	96.00%	95.00%	96.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equiv.)	74.00%	76.00%	79.00%	83.00%	86.00%	87.00%	85.20%	82.00%
Education								
County library: Annual average circulation per Item	(2)	2.51	2.57	3.08	3.10	5.44	6.46	9.95
Recreation and cultural								
Parks and Recreation: Number of parkland acres owned and managed	37,326	40,000	40,600	41,100	41,500	45,043	44,616	45,187
Parks and Recreation: Number of miles of trails managed in the county trails program	(2)	(2)	275	305	315	320	325	326

(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section

(2) Trend data not available

Source: Various County departments

Table 17

County of San Diego
Capital Asset Statistics by Function
Last Seven Fiscal Years (1)

Function	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
General government							
Fleet vehicles	1,608	1,797	1,492	2,186	1,841	1,608	1,664
Buildings	1,038	1,029	1,108	1,131	1,135	1,092	1,096
Land	884	896	917	940	989	1,015	1,042
Public protection							
Building - sub stations	5	5	9	12	12	11	12
Patrol units	922	920	1,415	1,491	1,519	1,806	1,404
Detention facilities	9	9	10	10	10	10	10
Public ways and facilities							
Road miles	1,905.79	1,911.18	1,921.25	1,927.99	1,929.40	1,930.70	1,932.05
Bridges	174	174	174	178	178	178	178
Airports	8	8	8	7	7	7	7
Road stations	32	32	15	15	15	15	14
Health and sanitation							
Inactive landfills	11	11	18	17	17	23	23
Sewer lines miles	376.32	379.31	379.83	406.00	425.10	427.00	432.00
Water pollution control facilities	2	2	3	3	3	4	5
Public assistance							
Administration building	1	1	1	1	1	1	1
Housing facilities	6	6	6	6	6	6	6
Education							
Libraries	27	27	20	20	20	20	20
Recreation and cultural							
Parks/Open space area	90	90	92	95	92	92	91
Camp grounds	9	9	9	9	8	8	8

(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section

Source: Various County departments



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County of San Diego

1600 Pacific Highway,
San Diego, CA 92101
www.sdcounty.ca.gov

