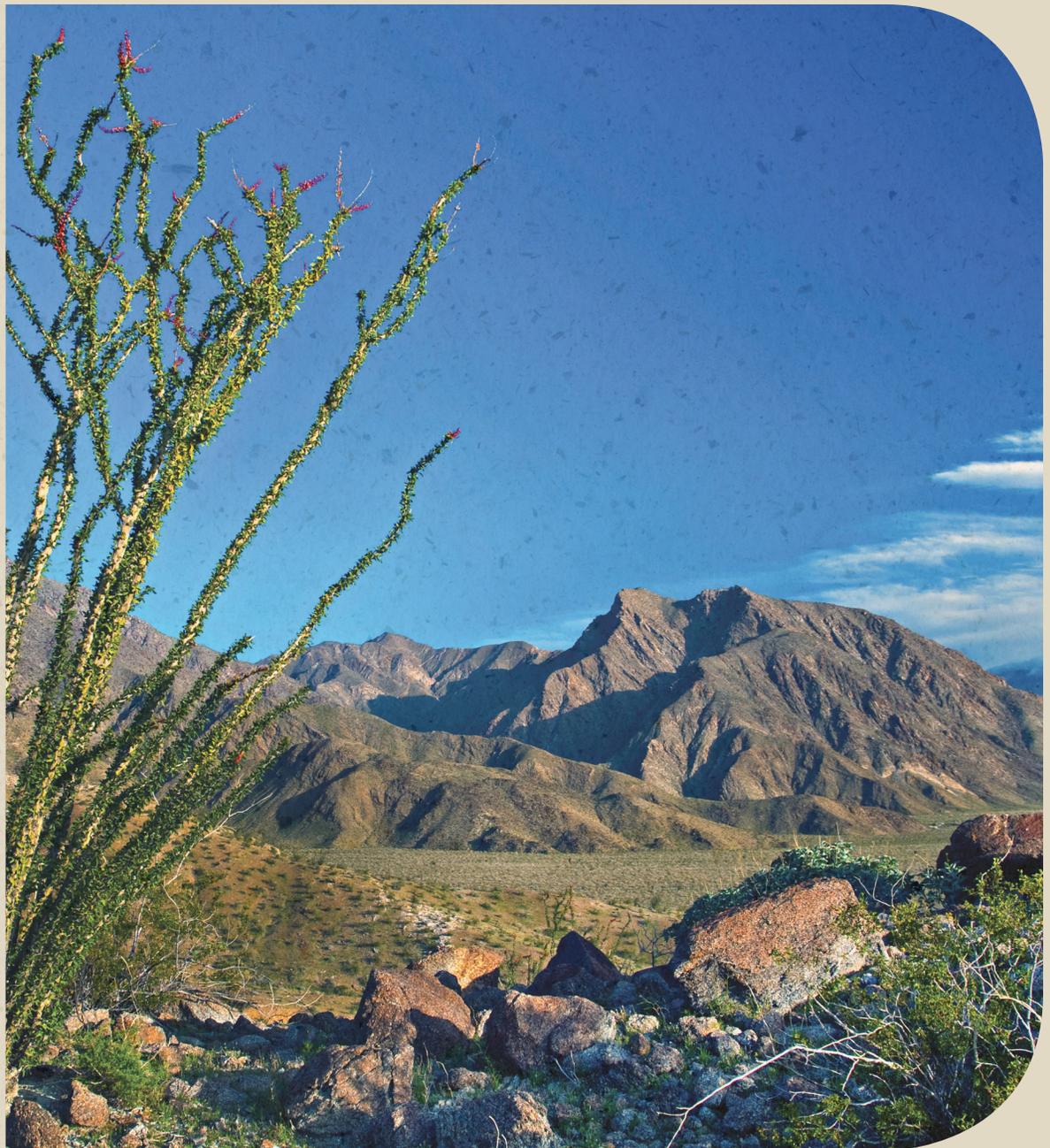


County of San Diego, California
Popular Annual Financial Report
Fiscal year ended June 30, 2011



About this Report



Citizens of San Diego County:

Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2011 was prepared by the Auditor and Controller's office to provide readers of interest an easy to understand summary of our financial activities. The data from this report was taken from our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. Both reports are available online at www.sdcounty.ca.gov/auditor/cafr.html.

The information included in this report contains an overview of the County's economy and outlook, an analysis of the County's financial position and key financial information concerning the County's investments, capital assets and debt. It also includes a summary of our General Management System, around which we have built a culture of operational excellence, and highlights the five County business groups. It also provides summaries of how the County's monies were received and spent and includes significant statistical and demographic data.

It is important to note that the financial data in this report is unaudited, includes information exclusively on primary government funds and is presented on a non-GAAP (Generally Accepted Accounting Principles) basis. This means that it excludes discrete component unit and fiduciary fund information, contains condensed financial information and does not provide all of the necessary financial statements and note disclosures required by GAAP.

We hope you enjoy reading this report and invite you to access our audited CAFR online for more detailed information on your County finances. We welcome your questions, comments and suggestions regarding the information in this report. You can contact our office at (619) 531-5413.



Donald F. Steuer
Donald F. Steuer
Chief Financial Officer



Tracy M. Sandoval
Tracy M. Sandoval
Auditor & Controller



About San Diego County

Board of Supervisors



From left to right:

Ron Roberts (District 4) Vice-Chairman,
Dianne Jacob (District 2), Greg Cox (District
1), Pam Slater-Price (District 3), and Bill
Horn (District 5) Chairman

County Mission

*"To efficiently provide public
services that build strong and
sustainable communities."*

The County was incorporated on February 18, 1850, and functions under a charter adopted in July 1933. A five-member Board of Supervisors elected to four-year terms in district nonpartisan elections governs the County. 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. Elected officials include the Assessor/Recorder/County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

It 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 and Del Mar is the smallest. Tijuana, Mexico is a substantial urban neighbor with a shared border, workforce, and economy.



San Diego County Population*

| | | | |
|-----------------------|-------------------------|------------------------|--------------------------|
| Carlsbad - 105,328 | Encinitas - 59,518 | National City - 58,582 | Santee - 53,413 |
| Chula Vista - 243,916 | Escondido - 143,911 | Oceanside - 167,086 | Solana Beach - 12,867 |
| Coronado - 18,912 | Imperial Beach - 26,324 | Poway - 47,811 | Vista - 93,834 |
| Del Mar - 4,161 | La Mesa - 57,065 | San Diego - 1,307,402 | Unincorporated - 486,604 |
| El Cajon - 99,478 | Lemon Grove - 25,320 | San Marcos - 83,781 | Total - 3,095,313 |

*Note: In March 2011, U.S. Census Bureau estimated the County's population for 2010 to be 3,095,313.
Source: Adopted Operational Plan Fiscal Years 2011-2012 & 2012-2013

About San Diego County



County 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. 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. 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. Labor earnings rose in the second quarter, but increases in consumer prices offset much of the gain in nominal income.

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.

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. This 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.

County management continues to evaluate and respond to the changing economic environment and its impact on the cost and the demand for County services.

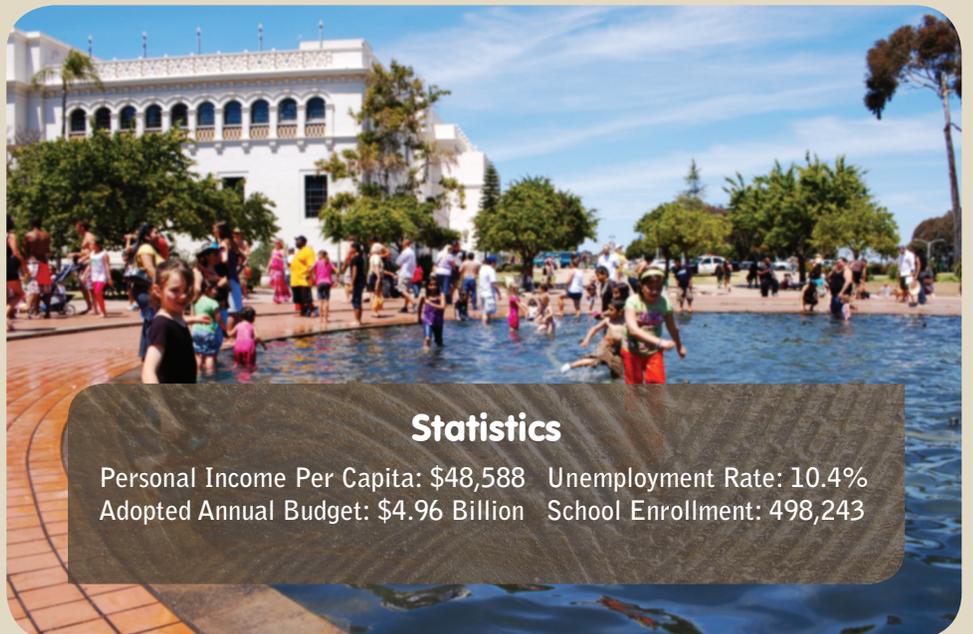
Sources: State of California Department of Finance; San Diego Association of Governments (SANDAG) - San Diego's Regional Planning Agency; the State of California Employment Development Department; the California Association of Realtors; and Los Angeles County Economic Development Corporation - The Kyser Center for Economic Research: 2011-12 Economic Forecast and Industry Outlook, Mid-Year Update

Employment Mix {Industry¹}

| | Number of employees | Percent of total |
|-----------------------------------|---------------------|------------------|
| Government | 219,700 | 17.6% |
| Professional & business services | 217,200 | 17.4% |
| Trade, transportation & utilities | 198,700 | 15.9% |
| Leisure & hospitality | 165,500 | 13.2% |
| Educational & health services | 151,600 | 12.1% |
| Manufacturing | 92,400 | 7.4% |
| Financial activities | 68,800 | 5.5% |
| Construction | 54,500 | 4.4% |
| Other services | 46,500 | 3.7% |
| Information | 24,900 | 2.0% |
| Farming | 9,700 | 0.8% |
| Mining & Logging | 400 | <0.1% |

¹ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers.

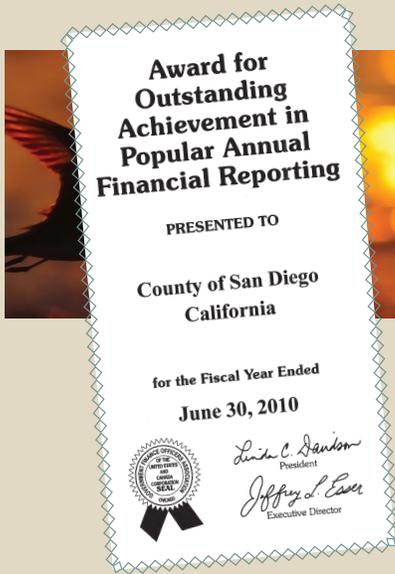
Source: Adopted Operational Plan Fiscal Years 2011-2012 & 2012-2013



Statistics

Personal Income Per Capita: \$48,588 Unemployment Rate: 10.4%
 Adopted Annual Budget: \$4.96 Billion School Enrollment: 498,243

Sources: 2011 CAFR Statistical Table 13 and Adopted Operational Plan Fiscal Years 2010-2011 & 2011-2012



Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the County of San Diego for its Popular Annual Financial Report for the fiscal year ended June 30, 2010. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Other Awards and Recognitions

Various County programs received awards for operational and service delivery achievements, technological innovations, and prudent fiscal management.

- 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 County programs were recognized for excellence in 2011. These programs operate within all five County business groups and consist of programs that serve children, youth and seniors and promote: the protection of the environment, public safety and efficient, effective county administration. Award-winning programs included: Families as Partners, Camp Connect San Diego, Prescription Drug Abuse Task Force and Collaborative Action Plan, Responsible Pet Ownership Program, Air Pollution Control District's Compliance Inspection Videos, Energy Saving Adventures Program, Partner/Sponsor Cross-Promotions, San Diego Probation Department Leadership Academy, County ARRA Funds' Accountability and Transparency, and Transcending to be a Government Without Walls.
- The County received national recognition for its "Workforce Academy for Youth (WAY)". Generations United, a national organization declared WAY a Program of Distinction.
- 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 exhibiting the service philosophy and dedication to community that signifies a Library of the Year.
- The County received an honorary mention from the GFOA for its Management Controls Initiative in the 2010 Awards for Excellence in Government Finance. This County-wide 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 its 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 National Center for Digital Government presented the District Attorney's office with an Achievement Award for their 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.

Note: Other Awards and Recognitions are listed in the 2011 CAFR Letter of Transmittal.

The General Management System

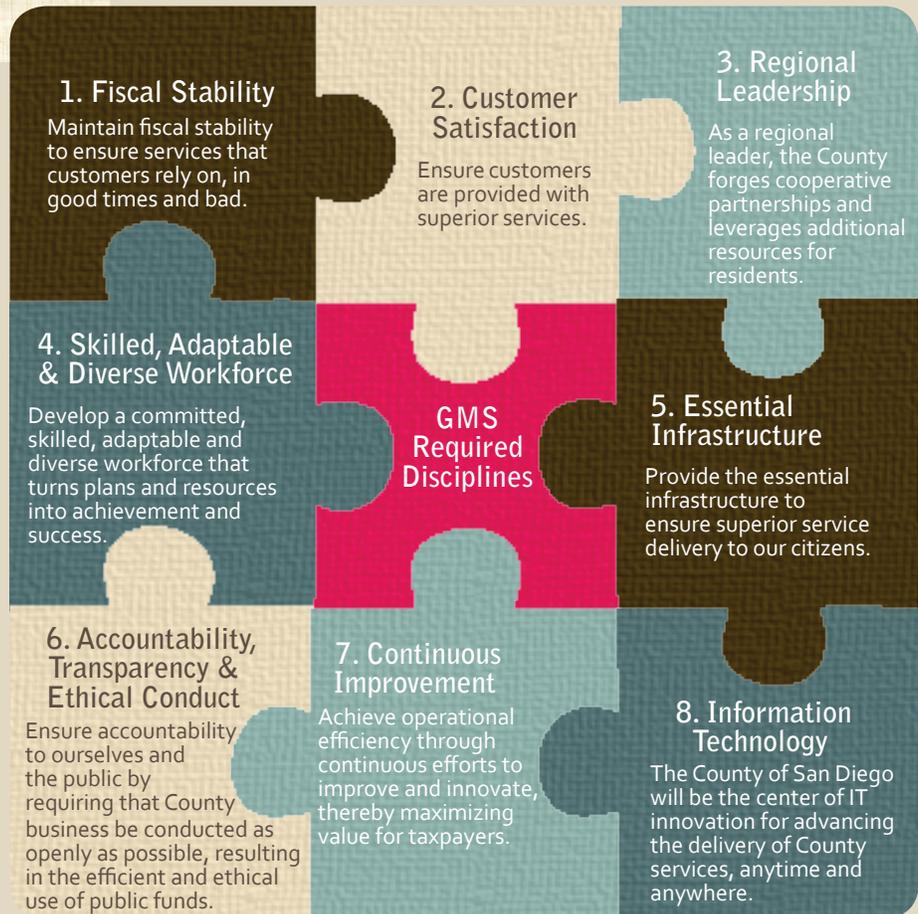


The County of San Diego works to provide the best possible services to residents while serving as responsible stewards of public dollars. We have built a culture of operational excellence through the adoption of the General Management System (GMS). The GMS guides planning, implementation and monitoring of all County functions that affect how we deliver services to County residents, businesses and visitors. It is a closed loop of five overlapping elements that form an ongoing cycle of sound fiscal management and operational excellence.

Required Disciplines

The Strategic Plan is the first element of the GMS and is composed of the County's three Strategic Initiatives that address the County's external priorities, and these eight Required Disciplines that set the standards for the County's continued operational excellence.

Source: GMS Strategic Plan - Fiscal Years 2011-2016



Public Safety Group

The Public Safety Group (PSG) provides leadership throughout the region in public safety, criminal justice administration, emergency preparedness and public accountability. The PSG departments operate both independently and collaboratively to support the region by investigating crime, prosecuting and defending persons accused of crimes, holding offenders in custody, and supervising sentenced offenders. PSG departments also provide programs and services promoting opportunities for children and young adults.

Public Safety Group Departments:

District Attorney, Sheriff, Child Support Services, Citizens' Law Enforcement Review Board, Office of Emergency Services, Medical Examiner, Probation, Public Defender, and San Diego County Fire Authority

Mission Statement:

Provide all county residents with the highest levels of public safety and security.



Source: Adopted Operational Plan Fiscal Years 2010-2011 & 2011-2012

Government-Wide Statement of Net Assets

June 30, 2011 and 2010
{In thousands}

| | Total Primary Government | |
|---|--------------------------|------------------|
| | 2011 | 2010 |
| Assets | | |
| Current and other assets | \$ 3,180,723 | 3,084,796 |
| Capital assets | 3,221,697 | 3,135,607 |
| Total assets | 6,402,420 | 6,220,403 |
| Liabilities | | |
| Long-term liabilities | 2,075,702 | 2,117,616 |
| Other liabilities | 503,635 | 472,895 |
| Total liabilities | 2,579,337 | 2,590,511 |
| Net Assets | | |
| Invested in capital assets, net of related debt | 2,838,508 | 2,759,950 |
| Restricted | 529,808 | 247,585 |
| Unrestricted | 454,767 | 622,357 |
| Total net assets | \$ 3,823,083 | 3,629,892 |

Source: 2011 CAFR Management's Discussion and Analysis Table 1

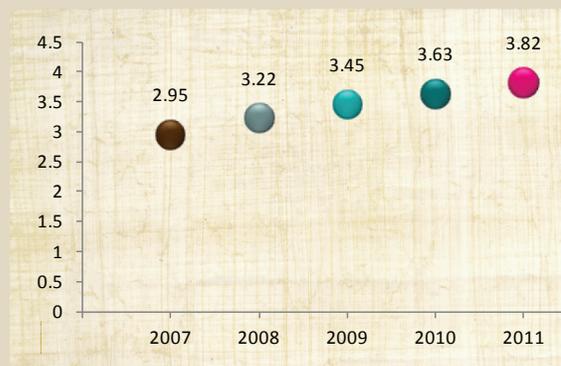
Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$3.82 billion at the close of fiscal year 2011, an increase of \$193.2 million or 5.3% over fiscal year 2010. This included an increase of \$115 million 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 largest portion of the net assets (74%) reflects its investment of \$2.84 billion in capital assets, net of related debt (which includes: land, construction in progress, buildings, infrastructure, 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 and laws or regulations of other governments. The remaining portion of net assets includes \$454 million in unrestricted net assets.

Total Net Assets
for Fiscal Years 2007-2011
{In billions}



Key Terms

Here are some definitions that will take the mystery out of the accounting terms you will find throughout the financial sections of this report.

Government-Wide: This PAFR presents the balance sheet (statement of net assets) which includes assets, liabilities and net assets. It also presents the income statement (statement of changes in net assets) which includes revenue and expense information.

Governmental Funds: The County maintains various governmental funds that are used to account for tax, program and other miscellaneous revenues.

Business-type Funds: The County maintains various business-type funds that are used to account for activities for which a fee is charged to external users for goods or services.

Primary Government: Includes all of the governmental and business-type activities belonging to the County but excludes the discrete component unit and fiduciary funds.

Assets: What is owned by the County.

Liabilities: What the County owes.

Net Assets: The difference between the County's assets and liabilities. It is the net worth of the County.

Current and other assets: Includes such items as pooled cash and investments, cash and investments with fiscal agents, receivables, internal balances, inventories, deposits with others, prepaid items and deferred charges.

Capital assets: Includes such items as County land, easements, construction in progress, buildings and improvements, software, equipment, infrastructure, and accumulated depreciation, if applicable.

Long-Term liabilities: Includes such items as bonds, loans, compensated absences, and other County obligations.

Other Liabilities: Includes such items as payables, payroll, accrued interest and unearned revenue.

Invested in capital assets, net of related debt: Represents amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire these assets.

Restricted: What is not available for use by the County because it is set aside for a particular use.

Unrestricted: One-time funds available for the County to use for operations.

2011 CAFR is available at www.sdcounty.ca.gov/auditor/cafr.html.

County Financials

Government-Wide Statement of Changes in Net Assets

Program revenues are those that derive directly from the program itself or from other parties, not the taxpayers; while general revenues are those not required to be reported as program revenues. All expenses are reported under a specific function - a group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.

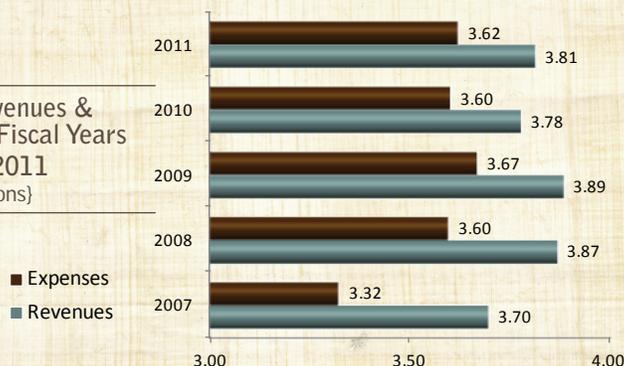
Notable changes in revenues between fiscal years 2010 and 2011 are attributable in part to: increases in revenue consisting of \$24 million resulting from an increase in CalWORKs program federal case counts, \$18 million for Proposition 63 Mental Health Services Act state aid, and \$16 million from federal health and human services substance abuse prevention/ treatment revenue; coupled with a \$13 million decrease in property taxes due in part to a 1.7% decrease in secured assessed values; and a \$10 million decrease in donated assets (capital grants and contributions).

For the Years Ended
June 30, 2011 and 2010
{In thousands}

| | Total Primary Government | |
|--|--------------------------|-----------|
| | 2011 | 2010 |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 526,306 | 510,928 |
| Operating grants and contributions | 2,213,490 | 2,178,100 |
| Capital grants and contributions | 25,329 | 33,246 |
| General revenues: | | |
| Property taxes | 580,570 | 593,553 |
| Other taxes | 16,207 | 15,991 |
| Property taxes in lieu of vehicle license fees | 303,625 | 308,842 |
| Sales and use taxes | 22,457 | 20,576 |
| Investment earnings | 22,606 | 31,987 |
| Other | 104,267 | 85,711 |
| Total revenues | 3,814,857 | 3,778,934 |
| Expenses: | | |
| Governmental Activities: | | |
| General government | 229,767 | 304,305 |
| Public protection | 1,128,967 | 1,091,910 |
| Public ways and facilities | 130,239 | 131,982 |
| Health and sanitation | 721,939 | 681,448 |
| Public assistance | 1,191,559 | 1,171,603 |
| Education | 35,734 | 39,165 |
| Recreation and cultural | 36,699 | 33,629 |
| Interest expense | 106,381 | 111,942 |
| Business-type Activities: | | |
| Airport | 12,876 | 12,389 |
| Sanitation districts | 21,699 | 18,831 |
| Wastewater management | 5,806 | 5,523 |
| Total expenses | 3,621,666 | 3,602,727 |
| Change in net assets | 193,191 | 176,207 |
| Net assets at beginning of year | 3,629,892 | 3,453,685 |
| Net assets at end of year | \$ 3,823,083 | 3,629,892 |

Source: 2011 CAFR Management's Discussion and Analysis Table 2

County Revenues & Expenses for Fiscal Years 2007-2011
(In billions)



Revenues and Expenses Defined

Revenues:

Charges for services - Fees charged for licenses, permits and franchises, fines, forfeitures, penalties and other fees.

Operating grants and contributions - Aid from local, state and federal agencies.

Capital grants and contributions - Federal and state grants for capital activities and donations made from external entities e.g. developers.

Property taxes - County property taxes levied.

Other taxes - Other taxes levied such as transit occupancy tax and real property transfer tax.

Property taxes in lieu of vehicle license fees - Property taxes collected in lieu of vehicle license fees.

Sales and use taxes - A consumption tax charged at the point of purchase for certain goods and services.

Investment earnings - Earnings on County investments.

Other - Includes various miscellaneous revenue types that are not reported in aforementioned categories.

Expenses:

General government - Services provided by support departments such as the Assessor/Recorder/County Clerk, Auditor & Controller, Treasurer-Tax Collector, County Counsel, Board of Supervisors and the County Technology Office.

Public protection - Services provided by departments such as Agriculture Weights and Measures, District Attorney, Department of Animal Services, Office of Emergency Services, fire protection Permanent Road Divisions, Medical Examiner, Probation, and Sheriff.

Public ways and facilities - Services provided by departments such as roads Permanent Road Divisions, Public Works, Aviation and the San Diego Lighting Maintenance District.

Health & sanitation - Services provided by departments such as Air Pollution Control, ambulance and paramedic County Service Areas, Environmental Health, Health and Human Services Agency, Public Works, Inactive Waste Site Management and various Sanitation Districts.

Public assistance - Services provided by departments such as Health and Human Services, Housing Authority, Probation and In Home Supportive Services Public Authority.

Education - Services provided by departments such as the County Library, and Farm & Home Advisor.

Recreation and cultural - Services provided by departments such as park County Service Areas, Local Park Planning Areas and Parks and Recreation.

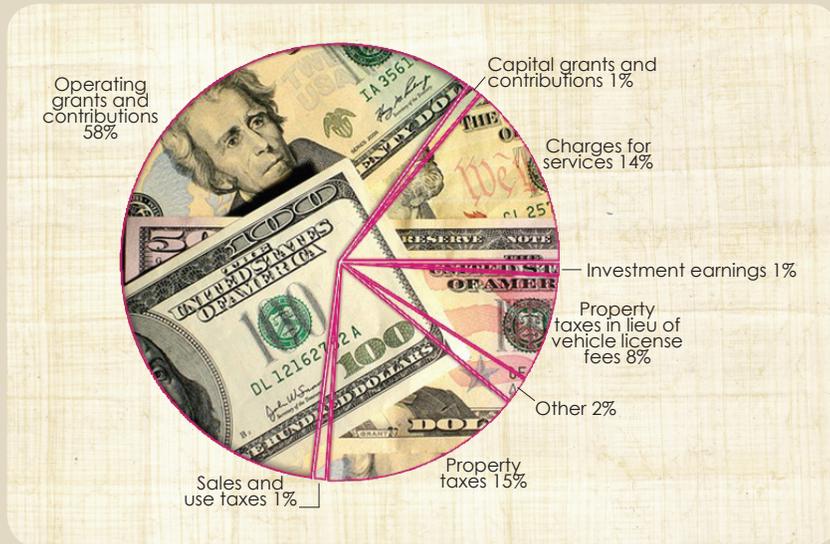
Interest expense - Expenses associated with County debt.

Airport - Expenses related to 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 - Expenses related to the operations of the sanitation districts governed under the Board of Supervisors.

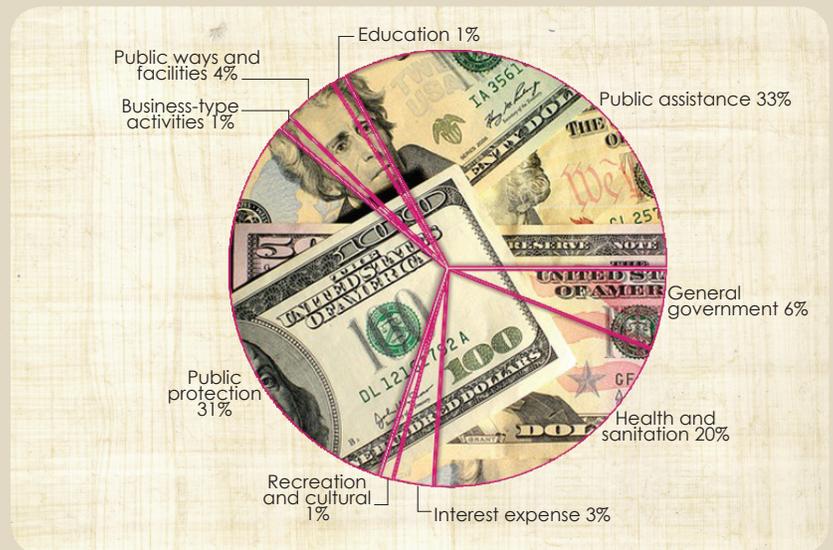
Wastewater Management - Expenses related to the operations and support provided to sanitation districts governed by the Board of Supervisors.

County Financials



Where the money comes from...

Where the money goes...



Health and Human Services Agency

The Health and Human Services Agency (HHS) is committed to Building Better Health, Fostering Safe Communities and Promoting Thriving Families through its Live Well, San Diego! initiative. Its services include preventive health care, access to publicly funded health care coverage and self-sufficiency services, and mental health and substance abuse programs. Additionally, protective services are provided to abused and neglected children and vulnerable adults, including seniors, the disabled and indigent adults. The Agency also works to reduce the burden of chronic diseases and contributing factors, such as childhood obesity, and helps the community prepare to respond to health emergencies and disasters.

Through six geographic regions, the Agency provides services through a public-private partnership of County staff and more than 900 contracts representing over 470 community-based providers. Although the six regions are geographically and socially diverse, business continuity is assured through the administrative support divisions.

Health and Human Services Agency Departments:

Regional Operations, Strategic Planning and Operational Support, Aging and Independence Services, Behavioral Health Services, Child Welfare Services, Public Health Services, Public Administrator/Public Guardian, and Administrative Support

Mission Statement:

To make people's lives healthier, safer and self-sufficient by delivering essential services in San Diego County.



Source: Adopted Operational Plan Fiscal Years 2010-2011 & 2011-2012

Key Financial Information

County Pooled Investments

The County investment practices and policies are based upon state law and prudent money management. The objectives of the Pooled Investment Policy are:

To safeguard the principal of the funds under the Treasurer's control.

To meet the liquidity needs of the participants.

To achieve an investment return on the funds under control of the Treasurer within the parameters of prudent risk management.

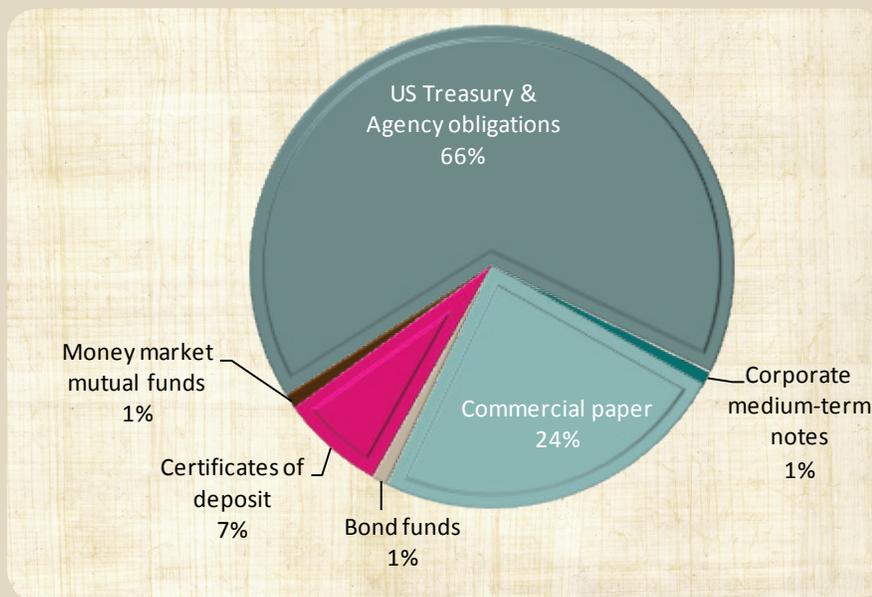
Pooled Investments

{In thousands}

| Investment | Fair Value | Standard & Poor's Rating |
|--|---------------------|--------------------------|
| US Treasury & Agency obligations | \$ 3,889,455 | AAA |
| Commercial paper | 1,411,418 | A-1/A-1+ |
| Corporate medium-term notes | 25,770 | AA+ |
| Repurchase agreements | 774 | N/A |
| Money market mutual funds | 58,585 | AAA |
| Certificates of deposit | 435,161 | N/A |
| Bond funds | 35,140 | AA |
| Total investments and demand deposits | \$ 5,856,303 | |

Note: Data presented in this chart excludes investments with fiscal agents.

Source: 2011 CAFR Notes to the Financial Statements Table 7



Credit ratings are forward-looking opinions about credit risk. This year the County pool (Pool) remained rated AAf/S1 by Standard & Poor's (S&P). The 'AAf' rating indicates the highest level of protection against losses from credit defaults, whereas the 'S1' volatility rating indicates that the Pool possesses low-sensitivity to changing market conditions.

The County's Pooled Money Fund Investment Policy and California State Law set minimum credit ratings for each type of investment held by the Pool. AAA is the highest quality S&P rating an investment can receive.



Key Financial Information



Capital Assets

This chart depicts the outstanding capital assets, net of depreciation, as of June 30, 2011 for both Business-type and Governmental funds.

At June 30, 2011, the County's capital assets, net of depreciation totaled \$3.22 billion. Capital assets are used to provide services to county residents. Some of the significant capital asset activity in fiscal year 2011 was as follows:

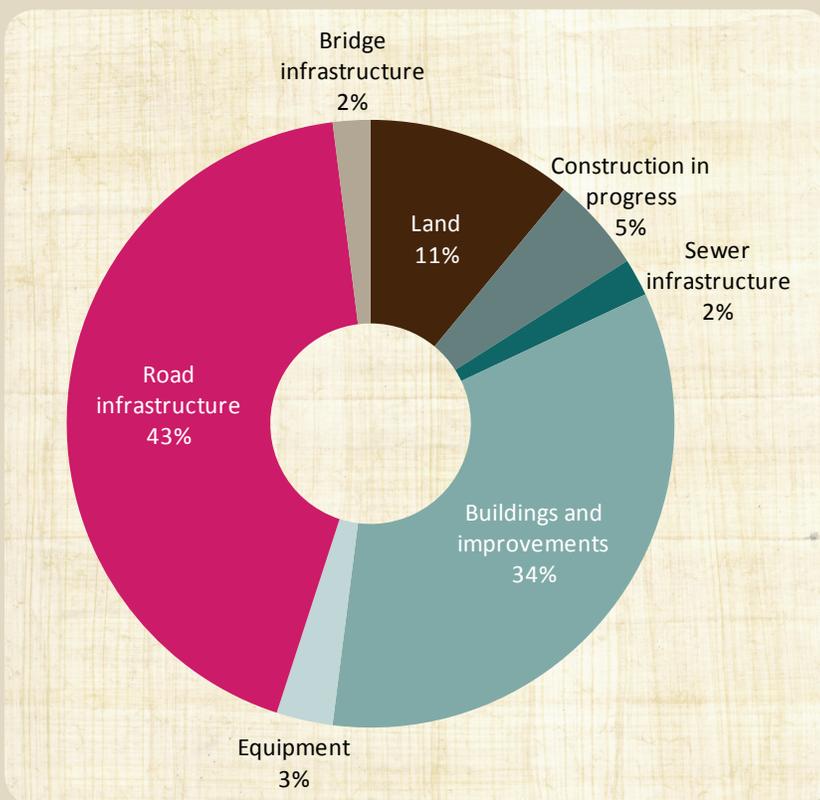
\$71.4 million towards construction at the County Operations Center: \$51.6 million for Phase 1A and \$19.8 million for Phase 1B.

\$40.2 million towards the construction and improvement of County maintained roads, bridges and other road related infrastructure.

\$17.9 million towards the construction of various miscellaneous capital outlay fund projects.

\$6.1 million towards the construction of the Medical Examiner Building at the County Operation Center in Kearny Mesa.

\$2.6 million towards improvements at various Sanitation Districts.



Land Use and Environment Group

Public health and safety and environmental protection are the goals of the Land Use and Environment Group (LUEG). LUEG accomplishes these critical tasks by balancing the needs for land use planning, habitat conservation, environmental safety, public health protection and infrastructure development. LUEG encourages sustainable development, preserves and enhances the environment, provides recreational opportunities, constructs and maintains critical roadway infrastructure, improves air and water quality and enforces local, state and federal laws that protect the public's health, safety and quality of life.

Land Use and Environment Group Departments:

Agriculture, Weights & Measures, Air Pollution Control District, Environmental Health, Farm and Home Advisor, Parks and Recreation, Planning and Land Use, and Public Works

Mission Statement:

The Land Use and Environment Group protects the health and safety of residents and the environment in which they live by unifying the County's efforts in land use, environmental protection and preservation, recreation and infrastructure development and maintenance.

Source: Adopted Operational Plan Fiscal Years 2010-2011 & 2011-2012

Key Financial Information

Credit Ratings

| Issuer Rating | Moody's | Standard & Poor's | Fitch |
|--|-----------|-------------------|-----------|
| 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 |

Source: 2011 CAFR Management's Discussion and Analysis Table 3

Community Services Group

The Community Services Group provides a wide variety of public services to County residents and offers internal support services to County departments. Public services include animal protection, sheltering and adoption; 33 branch libraries and two mobile libraries with collections and programs; housing assistance such as rental and first-time homebuyer programs; community and economic development; and voter and election services. Internal support services include managing County facilities, major maintenance projects, capital improvements, fleet management, County-wide contracting oversight and procurement, and energy usage management. Management direction is also provided to the San Diego County Redevelopment Agency.

Community Services Group Departments:

Animal Services, Housing and Community Development, County Library, Registrar of Voters, General Services, and Purchasing and Contracting

Mission Statement:

To provide cost-effective and responsive services to our customers: the public, client cities and County departments. These services are provided with an emphasis on customer satisfaction, quality and value.



Source: Adopted Operational Plan Fiscal Years 2010-2011 & 2011-2012

Long-Term Liabilities

Certificates of Participation and Lease Revenue Bonds (COP/LRB)

COP/LRB provide funds for the acquisition and construction of major capital facilities and equipment. The repayment of these COP/LRB is secured by a lease structure where the borrowing entity leases certain properties to another entity, a lessor, which in turn leases the properties back to the borrower. These lessors are the San Diego Capital Asset Leasing Corporation (SANCAL), and the San Diego Regional Building Authority (SDRBA).

Taxable Pension Obligation Bonds (POB)

POB 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 pension plan. They are also issued to refund previously issued Pension Obligation debt.

Tobacco Settlement Asset-Backed Bonds (TSAB)

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

San Diego County Redevelopment Agency Revenue Refunding Bonds (CRA)

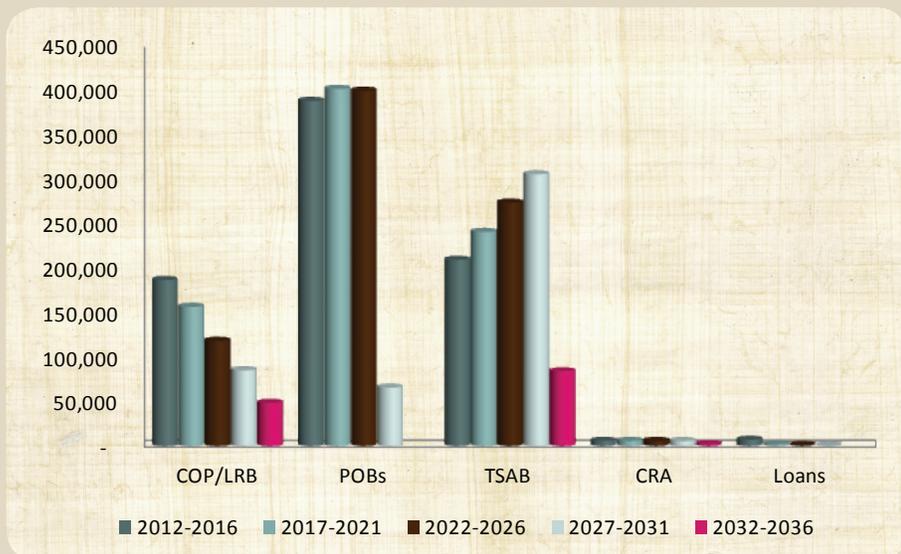
CRA were issued by the San Diego County Redevelopment Agency to fund project activities in the Gillespie Field Airport.

Loans

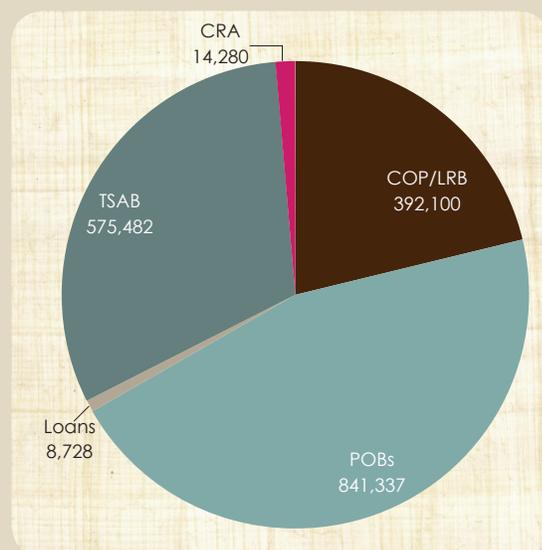
Loans provide funds for the construction of low income housing, for various projects in County facilities to increase energy efficiency; and for the construction of a sewer line and installation of a control tower, at the Ramona Airport.

Key Financial Information

County Debt Service Requirements to Maturity {In thousands}



County Principal Debt Outstanding {In thousands}



At June 30, 2011 the County's total long-term liabilities totaled \$1.832 billion in certificates of participation, bonds and loans. Other long-term liabilities that include capital leases, claims & judgments, compensated absences, landfill closure and postclosure, arbitrage and unamortized premiums, discounts and deferred amounts on refundings totaled \$244 million for a total of \$2.076 billion in long-term liabilities.

Note: The charts in this section exclude other long-term liabilities.



Finance and General Government Group

The Finance and General Government Group provides essential support services and infrastructure to external customers and the County organization that enables achievement of the goals laid out in the County's Strategic Plan and adherence to the General Management System (GMS). The Finance and General Government Group maintains and continually strengthens the financial backbone of County operations and bears responsibility for human resources, technology, communications, legal, legislative and other key government functions. Services are provided to internal and external customers based on the following principles that align with the Required Disciplines:

Consistent and fair administration of laws, regulations and policies; Targeted and effective training and support to ensure that employees are informed of laws and regulations; Genuine respect for fiduciary duties as stewards of taxpayer resources; Maintenance of a skilled, adaptable and diverse workforce focused on employee development and growth as knowledge workers prepared to serve the needs of today and tomorrow; Use of enabling technologies to improve business processes and operational excellence; Commitment to demonstrating the value of the services provided to County departments and the public, through performance monitoring and management; and, Active efforts to identify significant needs, challenges and risks through long-range strategic planning.

Finance and General Government Group Departments:

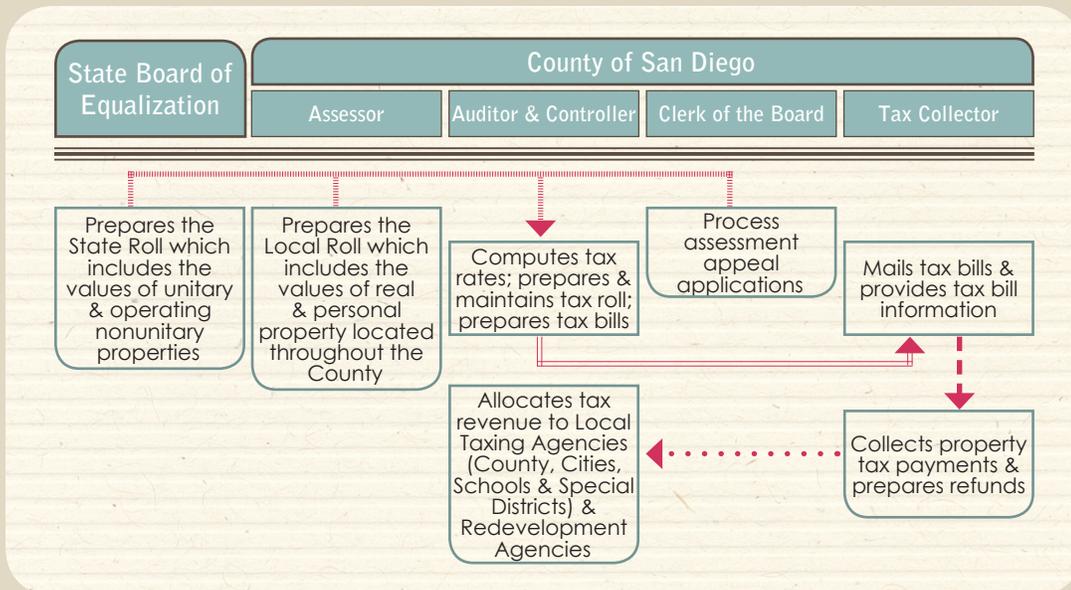
Assessor/Recorder/County Clerk, Treasurer-Tax Collector, Chief Financial Officer, Auditor and Controller, County Technology Office, Civil Service Commission, Clerk of the Board of Supervisors, County Counsel, Grand Jury, Human Resources, and County Communications Office

Mission Statement:

To provide timely, accurate, efficient and effective financial, legislative and general government services to residents, local public agencies, County departments and individual County employees that are consistent with federal, State and local requirements.

Source: Adopted Operational Plan Fiscal Years 2010-2011 & 2011-2012

Property Tax



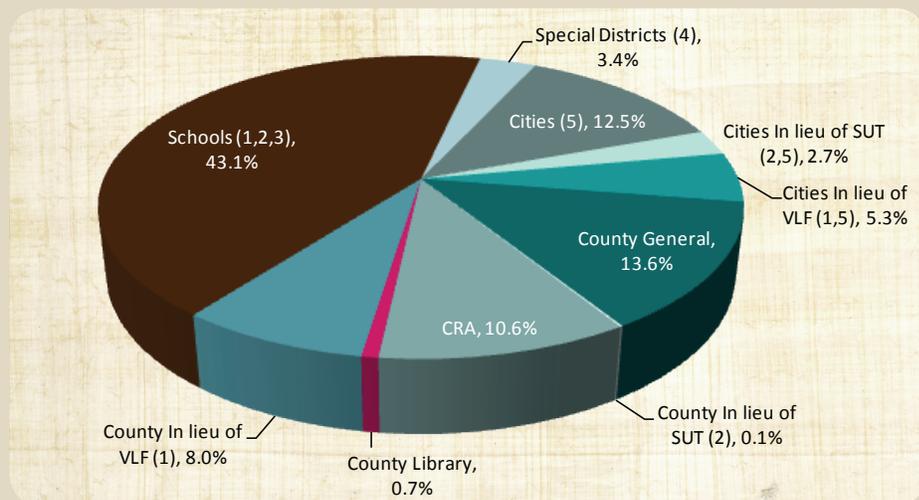
Administration of property taxes is the responsibility of four departments of the County of San Diego: the Assessor, Auditor & Controller, Clerk of the Board and Tax Collector. This diagram depicts the property tax process.

Source: 2011 Property Valuations, Tax Rates, Useful Information for Taxpayers

Property Tax Allocation

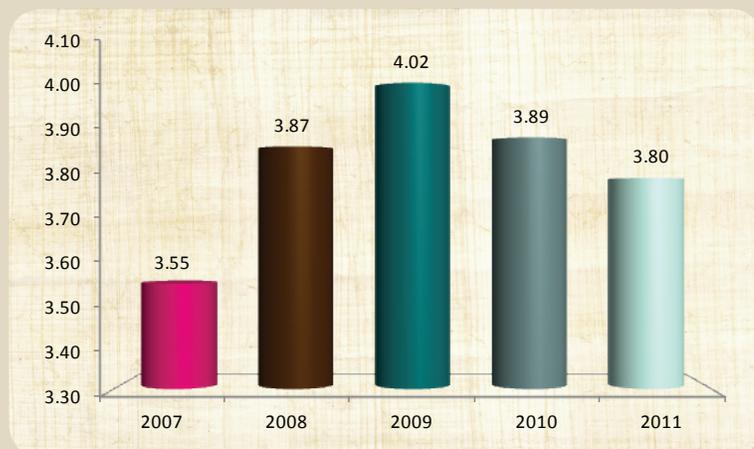
Proposition 13, enacted in 1978, set the maximum ad valorem property tax rate at one percent (1%) of a property's cash value plus voter approved debt service tax rates, and it limited annual increases in assessed value to two percent (2%). The County collected \$3.80 billion of the 1% property tax as of June 30, 2011.

This pie chart shows the Fiscal Year 2011 Property Tax Collection Allocation.



- (1) Represents the exchange of Property Tax for Cities and County Vehicle License Fee as authorized under Senate Bill 1096, chaptered August 5, 2004.
- (2) Represents the exchange of Property Tax for Cities and County Sales and Use Tax as authorized under Assembly Bill 1766, chaptered August 2, 2003.
- (3) The collection allocated to the Educational Revenue Augmentation Fund (ERAF) was used to pay the in lieu of vehicle license fee (VLF) and in lieu of sales and use tax (SUT) to the County and Cities.
- (4) Includes districts under the Board of Supervisors.
- (5) Cities' 1% Collection Allocation report.

Sources: 2011 CAFR Statistical Table 8; Details of the Property Tax Collection Allocation were provided by the County Auditor and Controller's Property Tax Services Division.



Source: 2011 CAFR Statistical Table 8

Property Tax Collections 5 year trend {In billions}

More about San Diego County

County Treasures



The Antique Gas & Steam Engine Museum sits on 55 acres of rolling farm ground located in the city of Vista. The Museum's collections focus on the 1849 through the early 1960's era with exhibits that actively demonstrate farm equipment and tools. www.agsem.com

The Tijuana River Valley Regional Park, with more than 1,800 acres of diverse habitats is the home to two dozen sensitive species, and more than 340 bird species representing more than two-thirds of the total species seen in the entire county! Its extensive system of trails offers hiking, horseback trails, and one of the best bird watching spots in the county. www.co.san-diego.ca.us/parks/openspace/tjrv.html



San Elijo Lagoon Ecological Reserve, one of the few remaining coastal wetlands in San Diego County, is home to an exceptional number of plants and animals. Within its 915 acres and 5 miles of trails, it is the home to a wide variety of flora and fauna, including more than 300 species of plants, 18 of which are considered rare or endangered; 26 mammal species; 300 bird species; at least 20 species of fish, 16 reptiles and amphibians; and more than 80 invertebrates. www.co.san-diego.ca.us/parks/openspace/selr.html

The Julian Pioneer Museum, built in the mid-1880s to serve as a brewery for Peter Meyerhofer, and later converted to a blacksmith shop which operated there until the mid-1930s; now boasts the finest lace collection in California, and exhibits Native American artifacts and other items indigenous to the area such as clothing from 1896-1913, photographs, and an original buggy and sleigh. www.julianca.com



Los Penasquitos Canyon Preserve, located northeast of downtown San Diego, features 3,700 acres of open space; including 10 miles of multi-use non-motorized hiking, biking, and equestrian trails; and an historic adobe ranch house built in 1823 by the recipients of the first Mexican land grant in the county. The Preserve also offers a wedding and reception area. www.co.san-diego.ca.us/parks/openspace/penasquitos.html

Rancho Guajome Adobe is a State and National historic landmark that features an eclectic mixture of architectural features common to the 1850s and 1860s and stands today as an authentic representation of two cultures - Hispanic and American. Cave & Ysidora Coutts began construction of their home in 1852 and over the years the family made modifications and renovations to the property. In 1973, the County acquired the historic adobe along with 566 acres of the original land grant and in 1994 began the restoration process. It was opened to the public in 1996. www.co.san-diego.ca.us/parks/ranchoguajomeadobe.html



The Vallecito State Station is a testimony to the most dynamic decade of this area's history. First used as an army supply depot, then as a rest stop on the mail run between San Antonio and San Diego, the building was busiest during the lifetime of the Butterfield Overland Stage (1858-61). The stage line carried mail and passengers over the 2,800 miles separating Tipton, Missouri and San Francisco in 25 days. It was said to be the longest stage ride in the world. www.co.san-diego.ca.us/parks/camping/vallecito.html

The Whaley House located in Old Town was designed by Thomas Whaley and constructed in 1857 with bricks made from his own brickyard. Between 1868 and 1871, the House served as the Whaley's residence, the County courthouse, San Diego's first commercial theatre, and the Whaley and Crosthwaite General Store. www.whaleyhouse.org



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