A nighttime photograph of the County Administration Center in San Diego. The building is illuminated with warm yellow lights, and its reflection is visible in the water of a fountain in the foreground. The fountain has several jets of water spraying upwards. In the background, other city buildings are visible under a dark blue sky. A decorative white curved line is on the left side of the image.

County of San Diego, California
Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2014

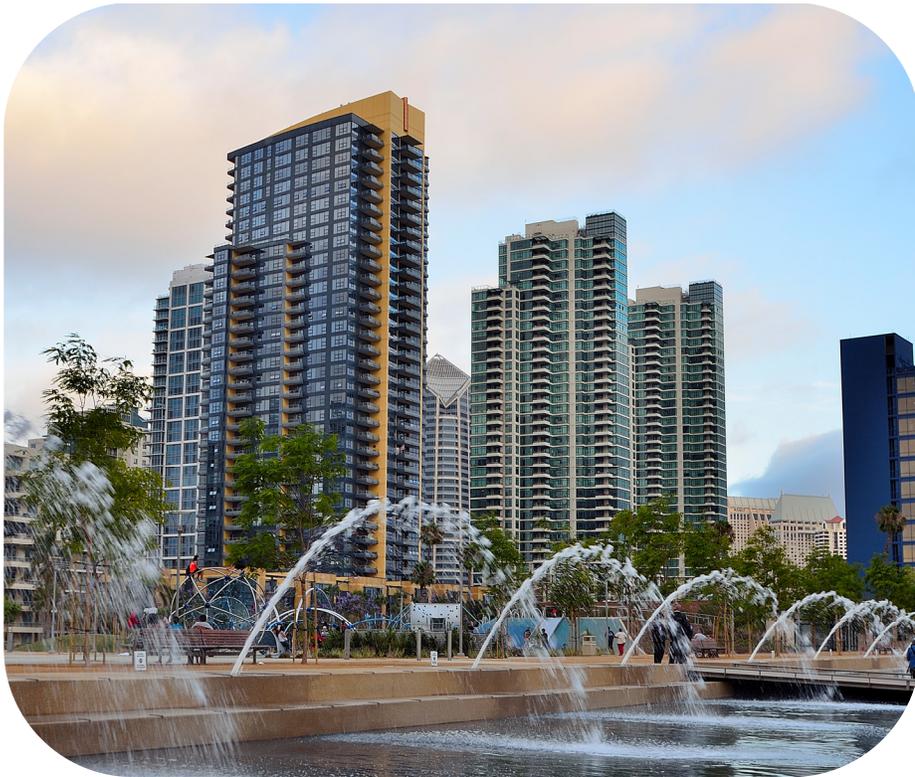
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County of San Diego, California

Comprehensive Annual Financial Report



*For the fiscal year ended
June 30, 2014*

Board of Supervisors

<i>Greg Cox</i>	District 1
<i>Dianne Jacob</i>	District 2
<i>Dave Roberts</i>	District 3
<i>Ron Roberts</i>	District 4
<i>Bill Horn</i>	District 5

Helen N. Robbins-Meyer
Chief Administrative Officer
(CAO)

Donald F. Steuer
Assistant CAO/
Chief Operating Officer

Compiled under the direction of:

Tracy M. Sandoval
Deputy CAO/
Auditor & Controller

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County of San Diego

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FINANCE & GENERAL GOVERNMENT GROUP
1600 PACIFIC HIGHWAY, SUITE 166, SAN DIEGO, CA 92101-2422

November 14, 2014

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, 2014, 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.

Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of San Diego's financial statements for the year ended June 30, 2014. The independent auditors' report is located at the front of the financial section of this report.

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

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 rainfall in the

ASSESSOR/RECORDER/COUNTY CLERK
AUDITOR AND CONTROLLER
CHIEF ADMINISTRATIVE OFFICE
CIVIL SERVICE COMMISSION

CLERK OF THE BOARD
COUNTY COMMUNICATIONS OFFICE
COUNTY COUNSEL
COUNTY TECHNOLOGY OFFICE

GRAND JURY
HUMAN RESOURCES
RETIREMENT ASSOCIATION
TREASURER-TAX COLLECTOR

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 showing the County's revised population estimate for January 1, 2013 was 3,150,178 and the County's population estimate for January 1, 2014 was 3,194,362. San Diego is the second largest county by population in California and the fifth largest county by population in the nation, as measured by the U.S. Census Bureau. There are 18 incorporated cities in the County; the City of San Diego being the largest, with a population of approximately 1,345,895; and Del Mar is the smallest, with a population of approximately 4,234.

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 final series as of October 2011. SANDAG projects that in 2030 San Diego's population breakdown will be 41.9% White, 37.0% Hispanic, 11.4% Asian and Pacific Islander, 5.4% African American, and 4.3% all other groups. A significant growth in the Hispanic population is seen in this projection.

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 Assistant Chief Administrative Officer/Chief Operating Officer, the Deputy Chief Administrative Officer/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 who reports to the CAO.

Economy and Outlook

Despite a sluggish pace of the national economic recovery which started more than four years ago, the U.S. Economy not only made significant progress but an improved outlook is projected in the coming year. In 2013, real gross domestic product (GDP) increased by 1.9% compared to a

2.8% increase for 2012. According to U.S. Department of Commerce Bureau of Economic Analysis (BEA), the decrease in federal government spending, slowdown in business investment, mainly in power, communication and equipment and consumer spending on services, contributed to the slowdown in real GDP growth in 2013. This was offset by acceleration in consumer spending on goods, slowdown on imports and less decline in local government spending. For the second quarter of 2014, the U.S. economy increased at an annual rate of 4.0% compared to an increase of 2.1% in the first quarter of 2014. This upturn in the percent change in real GDP primarily reflected upturns in private inventory investment and in exports, an acceleration in Personal Consumption Expenditures (PCE), an upturn in state and local government spending, an acceleration in nonresidential fixed investment, and an upturn in residential fixed investment that were partly offset by an acceleration in imports.

It should be noted that in July 2013, the BEA issued a comprehensive revision of GDP figures for 1929 through the first quarter of 2013. Revisions included a change in the reference year from 2005 to 2009, an upward revision of current-dollar GDP for all years, and the revision of 2012 from 2.2% to 2.8%.

Minutes from the Federal Open Market Committee meeting on July 29 and 30, 2014, indicated that real GDP projection would expand at a faster pace in the second half of the year and over the next two years than in 2013. Factors contributing to the acceleration include: further anticipated waning of the restraint on spending growth from changes in fiscal policy, continued improvement in credit availability, increases in consumer and business confidence, and a pickup in foreign economic growth. The Committee lowered its forecast for the unemployment rate over their projection period. The rebound in real GDP in the second quarter and the ongoing improvement in labor market conditions support the expectations for continued moderate economic expansion.

In the housing sector, existing home sales rose 8.9% in 2013 and more expansion is ahead for the housing market during the second half of 2014 after a gloomy first quarter. Both building starts and sales (new and existing) are expected to show additional growth. For existing home sales, headwinds include rising home values, slim wage gains, tight mortgage lending, fewer first-time buyers and less interest from investors. For new home sales, less desirable lot locations and affordability resulted in dim performance. As the economy picks up and lending to builders increases, more favorable lots should become more accessible (Source: Kiplinger's Economic Outlooks, August 2014 release).

According to Moody's Analytics, economic recovery has kicked into higher gear mainly due to the wind-down of fiscal austerity as situations are improving especially among state and local governments. Private economy has also been growing as evidenced by additional jobs. Jobs are being added fast enough to eliminate slack in the labor market, estimated at 1.5% to 2%, by late 2016. (Source: Moody's Analytics: US Macro Outlook: Back in Stride, August 5, 2014).

The June 2014 UCLA Anderson Forecast forecasts real GDP to grow 3.6% in the second quarter, with a 3% economy that gets a little healthier in 2016. UCLA indicates that this growth is not a recovery but instead normal growth. The forecast assumes the rate of unemployment continues to trend downward to 5.4% in 2016.

The U.S. Office of Travel and Tourism Industries, September 30, 2014 news announced that spending of international visitors in the United States continues to ascend showing a jump of more than 9% in June 2014 over June 2013. For the first six months of 2014, visitation was up 9% compared to the same period in 2013, resulting in six consecutive monthly increases for the year. This is another example of continuing growth after the Great Recession.

Now, after more than four years of recovery, California is on a more solid footing and is back on track to reclaim its status as the Golden State according to Kyser Center for Economic

Research. The recovery is accelerating in just about every part of the State. Despite the recovery being slow, more people are finding jobs, there is improvement in housing and the State budget situation is improving. In 2013, California had regained about 70% of jobs lost during the recession. The steep decline of the California economy during the recession was worsened by the fiscal challenges that began well before the downturn. Although the recovery continues to be very slow, the unemployment rate is falling, more people are finding jobs, the housing market is improving and for the first time in years, budget surpluses are in sight. (Source: Los Angeles County Economic Development Corporation, The Kyser Center for Economic Research: 2014-2015 Economic Forecast and Industry Outlook, February 2014). The State unemployment rate continued to improve and fell modestly from 10.5% in 2012 to 8.9% in calendar year 2013. The August 2014 unemployment rate showed continued improvement to 7.4% (seasonally adjusted rate). Nonfarm payroll employment in California during the month of August 2014 increased by 44,200 for a total gain of 1,418,600 jobs since the recovery began in February 2010 (Source: California Employment Development Department, News Release, September 19, 2014).

The average monthly employment in California's Aerospace and Technology sector in 2013 was 1.03 million workers, an increase of 23,400 or 2.3% compared with 2012. Agriculture jobs had an increase of 11,900 workers or 3.1% in 2013 compared with a year earlier. The health care industry in California has been a steady source of employment, adding jobs even during the recession, with year-over-year gains averaging 2.1% from 2009 through the first half of 2013. The second half of 2013, however, had a slowdown in hiring due to federal government sequestration and Patient Protection and Affordable Care Act limitations on Medicare reimbursement to providers. International trade continues to play an important role in the State's economy. California ranks as the second largest exporting State in the country, with imports outweighing exports by a

two-to-one margin. Tourism and hospitality jobs increased as all of the major California metropolitan areas experienced gains in both occupancy rates and average daily rates due to rising demand for hotel rooms. Construction activity and employment have both experienced noteworthy gains in 2013 after struggling for several years. New home permits are expected to show significant gains of 41.4% in 2014 and 35.0% in 2015. (Source: Los Angeles County Economic Development Corporation, The Kyser Center for Economic Research: 2014-2015 Economic Forecast and Industry Outlook, February 2014).

In 2009, real personal income declined 3.7%, but since that time real personal income grew by 1.5% in 2010, 4.6% in 2011 and 2.8% in 2012. It is forecasted to grow by 1.3% in 2013, 3.1% in 2014 and 4.1% in 2015. Taxable sales declined 14.2% in 2009, and then grew by 3.1% in 2010, by 7.0% in 2011, by 5.0% in 2012, and are estimated to grow by 3.7% in 2013, by 2.7% in 2014, by 2.3% in 2015 and by 2.9% in 2016. California's economy is expected to have a continued slow to no-growth in inland areas and above average growth for coastal areas. Nonfarm employment grew by 2.4% in 2012, by 3.0% in 2013 and is projected to grow by 2.1% in 2014 and 2.3% in 2015. (Source: UCLA Anderson Forecast, June 2014).

San Diego's economic outlook continues to be moderately positive. The region's economic stability is based on federal spending, innovation clusters, tourism and real estate. Government operations account for 18% of the region's GDP. Since the end of the Cold War, the military's presence has diminished but remains an important driver of the region's economy. San Diego is a thriving hub for technology-oriented industries and an important manufacturing center as well as a popular travel destination. The quality of life attracts a well-educated, talented workforce and well-off retirees which contributes to a positive outlook in consumer spending.

Another indicator of economic health is county taxable sales. Taxable sales began to decline overall in the county in 2007 and continued through 2009. In 2010, taxable sales showed

moderate growth which continued in 2011. 2012 has shown continued improvement although not as great as 2011. Moderate growth in taxable sales is expected to continue in 2013 and 2014 in 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. The real estate market has impacted the County's general purpose revenue (GPR), although GPR is expected to increase in fiscal year 2015 from fiscal year 2014. 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 County is continuing to adjust to new roles and responsibilities in the areas of health, public safety, and redevelopment. The County has been a Statewide model of collaboration and leadership in the implementation of healthcare reform through the federal Patient Protection and Affordable Care Act.

County management continuously evaluates and responds 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 2015 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 stability is based on a significant manufacturing presence and innovation clusters (e.g. energy storage, cybersecurity, and clean technology), a large tourist industry attracted by the favorable climate of the region, a considerable defense-related presence related to federal spending; and the region is a thriving hub for biotech and telecommunications industries. Highlights of County employment as of August 2014 are listed below:

- Non-agricultural, industry employment totaled 1,347,200 jobs. This represents a gain of 34,200 jobs from the unadjusted August 2013 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 49.4% of non-agricultural employment, with a total of 670,100 employed.
- The wholesale and retail trade industries were the second largest non-government sector, comprising approximately 13.9% of non-agricultural employment totaling 189,200 jobs.
- Government accounted for approximately 16.4% of non-agricultural employment (222,100). San Diego's military presence contributes to this significant component.
- Manufacturing accounted for an additional 7.1% of non-agricultural employment (96,900), up 2,200 jobs from the unadjusted employment figures for August 2013.
- 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 5.1% of total non-agricultural employment or 69,300 jobs, was up 6,800 from the unadjusted August 2013 employment figures.
- The financial sector, including finance, insurance, real estate and related employment, represents 5.2% of non-agriculture employment (71,100). Financial activities experienced a decrease of 700 jobs from the unadjusted employment figures for August 2013.
- Transportation, Warehousing and Public Utilities accounts for 2.1% of non-agricultural employment (28,100).
- Agriculture (9,900) and mining (400) accounted for approximately 0.7% of total employment.
- The San Diego County region experienced a net job gain of 15,900 from the August 2013 unadjusted employment figure of 1,592,000 (representing civilian labor force data by place of residence including self-employed,

household domestic workers, unpaid family workers and workers on strike), to the August 2014 level of 1,607,900.

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. Short and long-term interest rates are low by historical standards.

In the second quarter of 2014, lower interest rates were not enough to offset increasing home prices. Housing affordability statewide declined in 19 of 26 counties from 33% in the first quarter of 2014 to 30% in the second quarter 2014, which is a 36% decline compared to second quarter of 2013. The percentage of home buyers who could afford to purchase a median-priced, existing single-family home in San Diego dropped to 26% in the second quarter of 2014, from 32% in second quarter of 2012. (Source: California Association of Realtors affordability index). The rate of first-time buyers in second quarter 2014 was 50% compared to 51% in first quarter 2014. The median home price of existing single family homes sold also increased to \$510,860 in August 2014 compared to \$482,470 in August of 2013. During 2009 and 2010, median home sales started to rebound from the low experienced at the end of 2008 and early 2009. Median home prices declined marginally in 2011 but showed significant improvement in June 2013.

Overall, there seems to be a general view that the pace of economic recovery at the national, state and local levels will continue to be gradual.

Sources: State of California Department of Finance, U.S. Census Bureau, U.S. Department of Commerce Bureau of Economic Analysis, 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 General Management System (GMS) is the County's strategic framework that guides operations and service delivery to residents, businesses and visitors. The GMS identifies how the County sets goals, prioritizes the use of resources, evaluates performance, ensures collaboration and recognizes accomplishments in a structured, coordinated way. By communicating and adhering to this strategic framework, the County of San Diego is able to create and maintain an organizational culture that values transparency, accountability, innovation, and fiscal discipline and that provides focused, meaningful public services.

At the heart of the GMS are five overlapping components which ensure that the County asks and answers crucial questions, as well as completes required deliverables:

- Strategic Planning
- Operational Planning
- Monitoring and Control
- Functional Threading
- Motivation, Rewards and Recognition

These 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. More information about the GMS and the Strategic Plan is available online at: www.sdcountry.ca.gov/cao/.

Context for Strategic and Operational Planning

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

A county that is safe, healthy and thriving.

By establishing a clear Vision, the County can articulate the strategies it will take to carry out its Mission. The Mission reflects the County's commitment to understand and respond to the critical issues that affect county residents:

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

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

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

Strategic and Operational Planning (Budgetary) Process

A five-year Strategic Plan is updated annually to provide long-term direction to County managers and staff. The Strategic Plan is developed by the Chief Administrative Officer and the County Executive Team, based on the policies and priorities set by the Board of Supervisors and an enterprise-wide review of the issues, risks and opportunities facing the region and the County organization. The Strategic Initiatives and their supporting objectives include:

Safe Communities: Promote safe communities,

Sustainable Environments: Support environments that foster viable, livable communities while bolstering economic growth, and

Healthy Families: Make it easier for residents to lead healthy lives while improving opportunities for children and adults.

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

during the year with approval by the Board of Supervisors, or in certain instances, by the Deputy Chief Administrative Officer/Auditor and Controller. 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 (GC) Sections 29000 through 29144 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 Contracts - Department Responsibility for Cost Recovery: 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.

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 chaptered 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 Responsibilities: The Auditor and Controller is 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.

0030-23 Use of the Capital Program Funds (CPFs), Capital Project Development and Budget Procedures: Establishes procedures for developing the scope of capital projects, monitoring the expenditure of funds for capital projects, timely capitalization of assets and closure of capital projects within the Capital Program Funds.

Strategic Initiatives and Achievements

The County ensures operations are strategically aligned across the organization by developing a five-year Strategic Plan that sets forth its priorities and what it will accomplish with its resources. The Strategic Plan is developed by the Chief Administrative Officer and the County Executive Team, based on the policies and initiatives set by the Board of Supervisors and an enterprise review of the issues, risks and opportunities facing the region. All County programs support at least one of these three Strategic Initiatives or the Required Disciplines for Excellence through objectives that make achievement of the initiatives possible. The Strategic Initiatives and their supporting objectives include:

Safe Communities: Promote safe communities.

- Protect residents from crime and abuse.
- Provide for a strong, collaborative criminal justice system that holds offenders accountable and protects victims' rights.
- Reduce recidivism and help offenders successfully reenter society.
- Make neighborhoods safe to live, work and play.
- Help communities prepare, respond, and recover from natural disasters, public health threats, environmental hazards and other emergencies.

Sustainable Environments: Support environments that foster viable, livable communities while bolstering economic growth.

- Provide for planning, development, infrastructure and services that support the local economy and are fundamental to a strong, vibrant region.

- Implement strategies that protect our natural and agricultural resources, diverse habitats and sensitive species, and promote energy efficiency and conservation.
- Promote an environment where communities can prosper and residents can enjoy parks, open spaces, clean air and water, and outdoor experiences.
- Encourage residents to engage in community life, civic activities, volunteering, and recreational interests.

Healthy Families: Make it easier for residents to lead healthy lives while improving opportunities for children and adults.

- Help residents adopt a healthy lifestyle.
- Make neighborhoods healthy places to live, work and play.
- Improve access to high-quality and efficient health care that leads to improved physical and behavioral health.
- Assist families in achieving and maintaining self-sufficiency and promote the future well-being and prospects of residents.

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

- **Accountability, Transparency and Ethical Conduct:** Ensure accountability to ourselves and the public by upholding the highest ethical, financial and legal standards in addition to requiring that County business be conducted as openly as possible.
- **Customer Satisfaction:** Ensure customers are provided with superior services, while continually seeking opportunities for an improved experience.
- **Fiscal Stability:** Maintain fiscal stability through key management practices, including financial planning and forecasting, to ensure a structurally balanced budget and the availability of services for customers.
- **Regional Leadership:** The County forges cooperative partnerships, educates, and leverages resources to optimize services for residents.

- **Skilled, Adaptable and Diverse Workforce:** Develop and maintain a skilled, adaptable and diverse workforce that turns plans and resources into success while providing opportunities for well-being.
- **Continuous Improvement and Innovation:** Achieve operational efficiency through continuous efforts to improve and innovate, thereby maximizing value for taxpayers.
- **Essential Infrastructure:** Provide the facilities and structures to ensure superior service delivery to our residents.
- **Information Services:** The County will be the center of Information Services innovation for advancing the delivery of County services, anytime and anywhere.

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:

Strategic Initiative: Safe Communities

- Protected residents from crime and abuse:
 - Monitored offenders subject to community supervision to mitigate new crimes.
 - Employed information-led policing strategies to crime problems at the local and regional levels.
 - Reduced recidivism through evidence-based practices and services in collaboration with community and justice partners.
 - Continued proactive law enforcement activities in the unincorporated area and in cities that contracted with the Sheriff's Department for law enforcement services.
 - Expanded services to offenders in custody and increased detention capacity; supported the opening of Phase I of the Las Colinas Detention and Reentry Facility and completed construction of the East Mesa Reentry Facility.
- Ensured neighborhoods are safe places to live, work and play:
 - Created safer parks, preserves and recreation centers by using volunteers to assist with park patrols, operations, and

maintenance, contributing more than 106,500 volunteer hours annually, exceeding goal of 96,000.

- Reduced risks to lives by ensuring buildings and improvements were designed and constructed in accordance with building safety codes.
- Reviewed 10,628 proposed building plans to ensure structures are properly and safely designed.
- Helped 52,966 customers navigate the building permit and inspection process by explaining code requirements and explored options to achieve compliance.
- Conducted 31,926 building inspections during construction to ensure structures were built in accordance with approved building plans.
- Communities were resilient to disasters and emergencies.
 - Coordinated with local and regional agencies' emergency services and critical first responder agencies to strengthen the regional emergency notification system.
 - Collaborated with regional fire service agencies to improve fire protection and emergency response services.
 - Winner of the San Diego County Taxpayers Association's 2014 Grand Golden Watchdog Award with the City of San Diego, the U.S. Navy and the U.S. Marine Corps for mutual cooperation in fighting and quickly suppressing the May 2014 Wildfires and minimizing damage to taxpayers. The Bernardo, Cocos and Poinsettia fires scorched 26,000 acres and destroyed an estimated 65 structures.
 - Incorporated disaster preparedness into programs and services that target vulnerable populations and encourage self-sufficiency during and after an adverse event.
 - Worked with the U.S. Environmental Protection Agency (EPA) and Baja California, Mexico as the U.S. Co-Chair of the Border 2020 Emergency Preparedness and Response Group for the San Diego-Tijuana region:

- Coordinated and conducted binational emergency training with the goal of ensuring that responders in the region use the same equipment, procedures and have the same training.

- Integrated the Office of Emergency Services Operational Area Emergency Operations Center and the Tijuana Protection Civil's Emergency Operations Center into binational exercises.

- County Communications Office participated in two drills this fiscal year to prepare for and respond to major natural or man-made disasters impacting the San Diego County region. Provided accurate and timely emergency and recovery information to the public and media, using a wide variety of traditional and new media tools, such as the County's new emergency website, social media, news releases, video and mobile technology.

Strategic Initiative: Sustainable Environments

- Promoted green building, including sustainable building practices, renewable energy and energy efficiency through economic incentives, such as waivers for 4,621 renewable energy permits.
- Partnered with East Otay Mesa property owners, the San Diego Association of Governments (SANDAG), the California Department of Transportation (Cal Trans) and the City of San Diego to plan and construct a regional sanitary sewer network to support the phased implementation of the East Otay Mesa Specific Plan while safeguarding public health and the environment.
- Saved 30 million gallons of water at 19 park facilities that have converted to smart irrigation controllers, resulting in water conservation.
- Reduced air pollution emissions and health risk from freight movement by providing 36 grant awards from Proposition 1B Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, Goods Movement Emission Reduction Program funds to award grants to

equipment owners to replace 150 older, higher emitting heavy-duty diesel equipment with newer, cleaner models.

- Protected the health of the public by reducing exposure to hazardous air pollutants by testing natural gas fired reciprocating internal combustion engines for initial compliance with the National Emissions Standards for Hazardous Air Pollutants; expanding the network of air monitors for carbonyl compounds (toxic air pollutants) to include the Environmental Justice area of Barrio Logan and the Otay Mesa border crossing; and developing the capability to deploy an emergency network of two fine particulate matter (PM2.5) monitors within 48 hours of any wildfire threatening a wide area of the County and provide real-time data delivery to the public.
- Ensured that regulated agricultural commodities met international shipping requirements for Light Brown Apple Moth by inspecting 90 cropland traps once every 30 days to meet export requirements for Canada and Mexico.
- Celebrated 100 years of the County Library with branches as centers of communities, while looking ahead to the use of technology in service delivery.

Strategic Initiative: Healthy Families

Advanced the County's Strategic Initiatives and Live Well San Diego to provide the right services, to the right people, at the right time for the best possible outcome.

- Built a better service delivery system that is innovative, impactful, and outcome driven.
 - County Counsel provided effective legal services to the Health and Human Service Agency (HHSA) in matters relating to children who were dependents of the Juvenile Court.
 - Prevailed in 99% or more of Juvenile Dependency petitions filed in Superior Court.
 - Prevailed in 100% of Juvenile Dependency appeals and writs filed.

- Protected public health and the environment by minimizing the risk of sanitary sewer spills.
- Cleaned 402 miles of sanitary sewer collector mains within the sanitary sewer system.
- Inspected 21 miles of targeted sewer mains within the sanitary sewer system to identify sewer defects and facilitate proactive facility repairs.
- Planned and completed a draft detailed design for a major upgrade of the Rancho San Diego wastewater pump station facility.
- Continued implementation of the multi-year Community Transformation Grant (CTG) to support public health efforts to reduce chronic diseases, promote healthier lifestyles, reduce health disparities, and decrease health care costs, including changing the San Diego Unified School District procurement practices to improve the nutrition of school meals for 132,000 students.
- Promoted the well-being of children and the self-sufficiency of families through the success of the child support program.
- Provided 1,089 public health nurse home visits to participants in the Community Based Care Transitions Programs (CCTP) to help them proactively manage their chronic medical conditions and avoid costly hospital readmissions.
- Expanded trauma-informed practices among Child Welfare Services staff by including trauma information to help foster parents, relatives, non-relative extended family members, and group homes build trust with the children who are leaving the Polinsky Children's Center to be in their care.
- Ensured that all construction work by utility companies and private developers in the County's right-of-way that is within 1,000 feet of a school site provided safe access to schools for families and children.
- Supported positive choices that empowered residents to take responsibility for their own health and well-being.

- Continued implementation of the multi-year Supplemental Nutrition Assistance Program Education (SNAP-Ed) project to promote nutrition education and obesity prevention services to 30,484 low-income families that are potentially eligible for the federally funded Cal Fresh food assistance program. This project is a continuation of the grant formerly known as the Community Nutrition Education program.
- Provided nutrition education for 525 low-income families with children, emphasizing healthful nutrition practices, food resource management and food safety. Additionally, over 3,000 youth received nutrition education via a train-the-trainer method whereby teachers are taught the curricula and then teach their students.
- Supported regional efforts to reduce homelessness among families and veterans and increase self-sufficiency through the Veterans Affairs Supportive Housing vouchers for rental assistance and Emergency Solutions Grant funds for security and utility deposits.
- Promoted healthy lifestyles for 2,000 adults and seniors through participation in 66 recreation programs.
- Educated over 9,000 children on awareness of and protection from mosquito-borne diseases and other vector-related diseases, household hazardous waste/source reduction, environmental health careers, and food and pool safety by conducting outreach presentations to primary and/or secondary school children at schools or other outreach events throughout the year.
- Pursue policy and environmental changes that make it easier for people to engage in healthy and safe behaviors.
 - Identified various community projects including creating walkable neighborhoods and community gardens. These projects will be conducted by, and with, graduates from the Resident Leadership Academy (RLA) in support of the regional community health improvement plans. RLA graduates are community members who have received

training on how to advocate for improvements to the health, safety and quality of life within their own neighborhoods.

- Supported the Department of Human Resources employee wellness initiatives that promoted healthy and safe behaviors in the workplace, including employee volunteers who served as Wellness Champions on the Wellness Committee to promote activities such as the Stairwell Campaign, and the blood and bone marrow drive.
- Developed the third phase of the succession plan to advance Live Well San Diego.

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, 2013. 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

The County of San Diego is always looking for ways to improve the lives of residents and save taxpayer dollars by cutting costs, streamlining processes, incorporating the latest technology and expanding services. We do it to improve communities, but it's an added bonus when people take notice!

Here's a look at the recognition the County received during the past fiscal year for its leadership and excellence in operations.

San Diego County Taxpayers Association

The San Diego County Taxpayers Association gives organizations that employ cost-efficient, smart governing decisions and innovative initiatives its Watchdog Awards. Of those winners, one is selected as the Grand Golden Watchdog Award. San Diego County has taken home that honor three years in a row now.

- In 2014, the County was named along with the City of San Diego, the U.S. Navy and the U.S. Marine Corps for working together to fight wildfires that had taken place only months before the ceremony. This cooperation among local, state and federal governments enabled firefighters, the military, emergency medical service providers and law enforcement to put the fires out quickly, minimize damage and help residents stay safe.

National Association of Counties (NACo)

The National Association of Counties recognizes innovative county government programs from across the nation each year. In 2014, the County of San Diego received 34 NACo awards - the highest number of awards in California and tied with another county for the most in the nation. Two programs, "AlertSanDiego" and "Community Transition Center" not only won awards, but were judged "Best in Category." See below for highlights and learn more about the awards on County News Center at <http://www.countynewscenter.com/news/san-diego-county-wins-34-achievement-awards-outstanding-programs>.

- AlertSanDiego (Office of Emergency Services): The Office of Emergency Services was honored for teaming up with the Target Corporation to give free tents donated by the company to the first 2,000 local residents who filled out Family Disaster Plans and registered with AlertSanDiego, the County's emergency alert system for cell phones. Learn more at <http://www.countynewscenter.com/news/pledge-prepare-win-tent>.
- Community Transition Center (San Diego County Probation Department): Probation created a new County unit to help deal with

"Public Safety Realignment" - the State's 2011 move to shift responsibility for thousands of prisoners from state prisons to counties - by making sure offenders undergo assessments, treatment and case-plan development before being released into the community.

- Operations Center Redevelopment for Consolidation and Effectiveness (Department of General Services): The redevelopment project used a creative public-private approach to create a government center that consolidated public and internal services in a walkable, energy-efficient and model campus. The multi-year phased project replaced outdated and inefficient one and two-story buildings.
- San Diego Legends (San Diego County Library): The Legends project lets San Diego elders lead selected youth by example. The elders exemplify lifestyles that embrace the community's diversity, spiritual integrity, humanism and healthy living. Their lives and accomplishments are a testament to the nobility of hard work, respect for each other, commitment and a 'greater good.'
- Family Advocate Program (San Diego County Probation): Retired probation officers serve as Family Advocates to help reduce language and cultural barriers for Hispanic youth and others involved in the juvenile justice system. Probation employs two bilingual Family Advocates who work at the Juvenile Court and help steer youth and their parents through the complex legal process to help address court and probation requirements.
- First 5 San Diego Quality Preschool Initiative (First 5 Commission): The initiative implements high-quality preschool programs that will help reduce the school readiness gap and improve children's school achievements in San Diego County. It is designed to ensure access to a high-quality preschool experience at no cost to families in 17 targeted high-need communities. The program promotes high standards for the delivery of early childhood education program services and learning environments based on state and nationally recognized best practices.

Letter of Transmittal

- **Workers Compensation e-Billing (Department of Human Resources):** An initiative that expanded the use of current vendor software to drastically reduce the volume of paper used for workers compensation medical bills. The project came at no cost to the County and has significantly improved staff efficiency in processing and paying medical bills.
- **E-Notification (Treasurer-Tax Collector):** A program designed specifically to remind taxpayers that their property tax payment will soon be due.
- **Property Tax Drive-Thru "Drop-n-Go" Payment Program (Treasurer-Tax Collector):** Property tax payments made by vehicle drive-through during peak periods.
- **Behavioral Health Court (Public Defender):** Behavioral Health Court is a collaborative program that helps formally diagnosed mentally ill offenders receive treatment, supervision and guidance on reaching life goals rather than jail time. It holds individuals accountable while helping them change for the better. The pioneering, innovative program helps offenders develop skills, receive appropriate mental health services and support in maintaining stable lives. The County of San Diego established the program to end the jail/prison revolving door many mentally ill offenders find themselves in. Defendants in this program are required to plead guilty to their crimes, but then receive treatment to reduce criminal activity.
- **Community Resource Directory (San Diego County Probation):** The San Diego County Probation Department has created a web-based Community Resource Directory to assist in linking probationers to appropriate community based intervention services based on their assessed needs via a customized case plan. The directory is a catalog of countywide services to which adults and juveniles can be referred in pursuit of their rehabilitation. The service provider reports back to probation officers on offender progress toward meeting program goals.
- **DNA CODIS Hit/CMS Integration Program (District Attorney):** The DNA CODIS Hit/CMS Integration Program is an innovative effort to enhance public safety by making DNA data automatically accessible for prosecutors. The real-time notifications allow the deputy district attorneys to connect a defendant to a new crime scene, even if it is someone they have prosecuted in the past.
- **San Diego Electronic Probable Cause Declaration (Sheriff's Department):** The project streamlines the presentation of probable cause declarations from arresting officers, via the jail to the courts for judicial review to determine if an arrestee shall remain in County Jail pending arraignment. It was a joint initiative between the San Diego County Sheriff and the Superior Court. This information technology project was internally developed by the Sheriff Department's Data Services Division.
- **Tsunami Inundation Zone Mailing Project (Office of Emergency Services):** The County of San Diego spearheaded a project to create tsunami evacuation zone maps for each of its coastal cities, employing common terminology and symbology to ensure message consistency regardless of where members of the public may be along San Diego's coast. City-specific tsunami information and evacuation brochures were then mailed to every single resident and business within the worst-case scenario tsunami inundation zones as identified by the USGS.
- **Autoscore (Department of Human Resources):** Human Resources implemented autoscore, which looks at applicants' answers to a series of questions and screens out those who do not meet minimum qualifications. This enables staff to maintain timely hiring processes. The County receives over 90,000 online applications annually.
- **Lead Gradient Study of Ambient Air Surrounding the McClellan-Palomar Airport (Air Pollution Control District (APCD)/ Department of Public Works):** The Air Pollution Control District collaborated with the County Department of Public Works Airports Division and conducted a special "Lead Gradient Study" of the ambient air surrounding the McClellan-Palomar Airport in which levels of the heavy metal lead were measured from April to May 2013 and determined to be well

below national limits. The study is of special significance because the EPA has been testing for lead in the air at more than 15 airports nationwide using the single-location sampling protocols and the APCD-Public Works study developed proper testing protocols for airport lead levels to ensure the public is appropriately informed of actual lead levels in the air they breathe.

- Beach and Bay Mobile Website (Department of Environmental Health): To meet growing demands in the use of mobile devices and provide timely public health protection information, the Department of Environmental Health launched its Beach Water Quality Monitoring Mobile Website. The site provides up-to-date beach water quality information to protect public health.
- Chemical Suicide Risk Assessment for First Responders and the Public (Department of Environmental Health): The County of San Diego, Department of Environmental Health, Hazardous Materials Division conducted an extensive risk assessment to evaluate the hazards associated with responding to hydrogen sulfide suicides and the subsequent disposal of the hazardous wastes. This risk assessment has been presented and well-received by fire, law and medical professionals at local, regional, national and international conferences.
- Love Your Heart (Health and Human Services Agency): Love Your Heart is a Valentine's Day event during which the County and its partners provide free blood pressure screenings to the public at select sites throughout the San Diego region. The goal of Love Your Heart is to activate San Diegans to "know their numbers" and take charge of their own heart health.
- Protecting Our Hospitals From Contamination (Department of Environmental Health): The Department of Environmental Health, Hazardous Materials Division has trained over 400 hospital workers at 19 area hospitals to use Homeland Security equipment for decontamination. Hazardous materials incident victims that arrive at an area hospital potentially can close that hospital if not handled properly. The classes were conducted using adjunct instructors from multiple hospitals to standardize the hospitals and improve interoperability.
- Safe Pain Medication Patient Handout (Behavioral Health): The San Diego County Prescription Drug Abuse Task Force developed a colorful Safe Pain Medicine Prescribing handout printed in English and Spanish. The handout is given to all patients who are discharged from any emergency department in San Diego County.
- Plan to Eliminate Homelessness for Families With Children (Housing and Community Development): The Department of Housing and Community Development created a Special Local Preference for Homeless Families for the Housing Choice Voucher Rental Assistance Program (commonly referred to as "Section 8"). This preference is aimed at breaking the cycle of homelessness by providing a resource to prevent homeless individuals and families with children from returning to the streets or shelters once they have graduated from a federally funded transitional housing program.
- Fall Risk Screenings for Older Adults in Community Settings (Aging and Independence Services): Aging and Independence Services developed a screening to determine older adults' risk of falling.
- Grandparents Raising Grandchildren (Aging and Independence Services): Aging and Independence Services has been working with community partners and service providers to identify needed resources and support for grandparents raising grandchildren and other kinship caregivers in the community. Their combined efforts have resulted in annual "Grandparents Raising Grandchildren" symposiums held at various regional locations and in the creation of "Handbook for Grandparents and Other Relatives Raising Children," which is available in English and Spanish, and online as well.
- County Government Jobs Makeover (Department of Human Resources): Redesigned the external website to meet industry trends for design. The department included a promotional video to educate

potential employees on available County opportunities, created a user-friendly experience and considered millennials in the design.

- **Electronic Performance Appraisal Notification (Department of Human Resources):** The Department of Human Resources improved the administration of performance appraisals in the County by implementing paperless delivery of notifications of performance appraisals due to departments. This saved the County significant annual printing costs and eliminated the labor costs of sorting and mailing the bi-weekly performance appraisal forms to departments.
- **Improved Access to Immunization Services (Health and Human Services Agency):** The South Region Public Health team successfully designed, implemented and evaluated a web-based immunization scheduling pilot that has improved access to important public health services. Evaluation data demonstrated a 96.7% high customer satisfaction rating and a significant reduction in wait time for services.
- **Job Applicant Self-Scheduling (Department of Human Resources):** Human Resources implemented the self-scheduling component of NEOGOV for written exams and interviews for applicants. This provided more convenience and flexibility for applicants and resulted in a reduction of staff time spent scheduling exams and interviews.
- **Legal Paperless System (Department of Child Support Services):** The Department of Child Support Services' Legal Paperless System is an application that eliminated the need for paper files in court. The system reduced costs associated with generating paper files and increased the efficiency of the court hearing process.
- **Wireless Radio Alarm Transmission System (Department of General Services):** The Department of General Services developed a Wireless Radio Alarm Transmission System to ensure the continuous, fast, and reliable transmission of critical alarm signals from County facilities. The goal was to improve the performance of the existing alarm communication system, minimize/eliminate reliance on older analog phone lines and, where possible, reduce costs associated with the use of dedicated phone land lines.
- **Community Design Guideline Checklists and Streamlined Process (Planning and Development Services):** The program establishes a new ministerial process for the design review of multi-family, commercial and industrial projects within nine unincorporated County village areas with adopted Community Design Guidelines. The new ministerial process is implemented through standardized Design Review Checklists that streamlined the design review process. By complying with the Design Review Checklists, applicants avoid going through the lengthier discretionary process while continuing to ensure that Community Design Guidelines are appropriately applied and community character is maintained.
- **Live Well San Diego Initiative Focuses on Population Health, Safety and Quality of Life (Health and Human Services Agency):** Live Well San Diego is an initiative that promotes a vision of healthy, safe and thriving communities in which every resident across the county can "live well." It marks an evolution in how local government connects with and energizes the public to make positive choices for their own well-being. Live Well San Diego involves every department in County government, formally recognized partners across every sector, and five regional leadership teams that drive change at the community level. The backbone or infrastructure of this initiative includes a new website-LiveWellSD.org-and Top 10 Indicators to capture progress and focus efforts, as well as a process for enlisting and recognizing organizations as Live Well San Diego partners.
- **Online Building Permits for Roof-Mount Solar (Planning and Development Services):** The Department of Planning and Development Services developed an online application for roof top solar (photovoltaic) permits, and heating / air conditioning. Collectively, the department is processing over 25% of total permit volume online. This is a 400% increase

from a year ago. It saves the customer and County a significant amount of time and money.

- **Fleet Mobile Maintenance (Department of General Services):** The Fleet Mobile Maintenance Program offers an efficient and cost-effective method in providing routine preventive maintenance and repair of County vehicles and equipment operating in remote areas and where there is no fleet maintenance facility within close proximity. The benefits include a reduction in fuel cost, vehicle mileage and staff downtime associated with transporting vehicles to and from Fleet Maintenance Facilities.

California State Association of Counties (CSAC)

San Diego County led the state in the CSAC annual awards program which honors the most innovative programs developed and implemented by California counties each year. CSAC recognized the County of San Diego with one Challenge Award and six Merit Awards in 2014.

- **A Challenge Award** went to the County's Accela Automation Implementation, a new website to streamline a wide variety of permitting operations and allows you to apply for and pay for certain permits online. People can submit plans, ask to schedule an inspection and conduct research on permits and property information on the new website.

San Diego received Merit Awards for the following:

- **Embedding Eligibility Workers at Local Food Banks:** County Health and Human Services Agency had staff work at two food bank agencies to enhance access to nutrition assistance and health coverage. This partnership helps provide Cal Fresh (food stamps) and Medi-Cal application assistance.
- **Online Building Permits:** To reduce the time and cost of processing, as well as to improve customer service, the County's Planning and Development Services department developed an online application process for roof-mounted solar panels that has cut the processing time in half and eliminated the

need for customers to spend time and money driving to County offices to get their building permits.

- **Paperless Performance Appraisals:** The County's Department of Human Resources improved the administration of performance appraisals by implementing a paperless system. This electronic system has saved the County significant annual printing costs and eliminated the labor costs of sorting and mailing forms.
- **Plan to Eliminate Homelessness for Families:** The County established a Special Local Preference for Homeless Families applying for a Housing Choice Voucher Rental Assistance Program - commonly referred to as Section 8. This preference is aimed at breaking the cycle of homelessness.
- **San Diego Emergency Smartphone Application:** This mobile application allows users to access critical information to prepare for, respond to and recover from disasters in San Diego County, including wildfires. The application is accessible on iPhone, iPad or Android phone and tablet.
- **Sheriff's Analysis Driven Law Enforcement (SADLE):** The Sheriff's Analysis Driven Law Enforcement team uses traditional investigative techniques along with computer-aided analysis to anticipate and respond to crime trends and hot spots. Overall, the approach has spread through the department and is credited with contributing to a 5% reduction in crime in the Sheriff's service areas.

Additional Honors

- **First 5 San Diego** received a Bronze award in the Campaign-Not-for-Profit category of the Telly Awards. The Telly Awards honor outstanding local, regional, and cable TV commercials and programs, video and film productions, web commercials, videos and films. First 5 won for its Early Childhood Health and Education Campaign.
- **The SD Emergency mobile application**, available at www.sdcounty.ca.gov/appcenter, received the International

Association of Emergency Managers 2013 Global Technology and Innovation Award for a local government.

- The Department of Purchasing and Contracting received an Achievement of Excellence in Procurement Award for the 13th year in a row from the National Procurement Institute. The department was among 179 agencies to win the award, which recognizes organizational excellence in procurement by measuring innovation, professionalism, e-procurement, productivity and leadership attributes.
- Two County projects won the Center for Digital Government Best of California Awards. The Department of Child Support Services won for its Legal Paperless System in the "Best Application Serving an Agency's Business Needs" category. Learn more about the application at <http://countynewscenter.com/video?v=152554>. The Office of Emergency Services won for its SD Emergency mobile application (available at www.sdcounty.ca.gov/appcenter) in the "Best Mobile/Wireless Project" category.
- The County was recognized with the Distinguished Budget Presentation Award for the Adopted Operational Plan Fiscal Years 2013-2014 & 2014-2015. This makes 12 consecutive years that the Government Finance Officers Association (GFOA) has recognized the County's commitment to the highest standards of governmental budgeting.
- Aging and Independence Services received two Achievement Awards from the National Association for Area Agencies on Aging for the More on the Menu (MOM) program and the Peer Educator Development and Leadership (PEDAL) program. MOM provides fresh produce to homebound older adults. Learn more at <http://countynewscenter.com/news/helping-seniors-put-more-menu>. PEDAL is an innovative program designed to support chronic disease self-management.
- Supervising Environmental Health Specialist, Nick Vent, was given a Fire and Life Safety Educator of the Year award from the Fire Prevention Officers Section of the San Diego County Fire Chiefs' Association. The award is presented to a public educator, fire inspector or firefighter who is selflessly dedicated to public fire safety education. Vent was nominated because of the extensive hazardous materials response and terrorism awareness training he has provided over the years in his role with the Department of Environmental Health.
- The Edgemoor Skilled Nursing Facility in Santee was honored by the American Health Care Association/National Center for Assisted Living with the 2013 Not-for-Profit Program of the Year award for the Sierra Stroll Program. The program helps patients who suffer from dementia, mental illness and aggression by allowing them to engage in social and physical activities to improve their physical and mental health.
- The Help and Outreach to Protect the Elderly (HOPE) Team received one of 10 prestigious national Community Partnership Awards from Mutual of America. The team is a partnership of health, social service and law enforcement agencies focused on helping the most vulnerable victims of elder abuse get back on their feet and avoid being re-victimized.
- County Communications Office videographer Suzanne Bartole was awarded an Emmy for her profile of mountain bikers who volunteer with the Sheriff's Department Search and Rescue Team. The story is featured on County News Center and also ran on the CNC-TV's "County Chronicles" program. Bartole received the award from the National Academy of Television Arts and Sciences Pacific Southwest chapter. Watch <http://countynewscenter.com/video?v=152269>
- The San Diego County Investment Pool's comprehensive annual report received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting.
- County News Center (<http://countynewscenter.com/>) was named the best in the nation in local government multimedia. It was honored by the National

Association of Telecommunications Officers and Advisors with the distinction of First Place for Overall Excellence.

- The County earned two Gold Beacon Spotlight awards from the California State Association of Counties for its efforts to reduce energy consumption and practice sustainability. The first award was for "Sustainability Best Practice Activities" after the County implemented 20 best practices in 10 different areas. The second was for "Energy Savings at Facilities" for reducing electricity and natural gas use in County buildings by more than 10% between 2006 and 2012. The Beacon Awards recognize cities and counties for reducing greenhouse emissions, saving energy and adopting policies and programs that promote sustainability.
- A project to update the County Transportation Impact Fee (TIF) won a Small Firm Merit Award in the 2014 Engineering Excellence Awards competition, sponsored by the American Counsel of Engineering Companies. A TIF is a fee that developers pay to mitigate the cumulative impacts of development.
- The California Park and Recreation Society presented the Creating Community Award of Excellence for Environmental Stewardship to the County for its efforts in involving the community in beautification projects, community cleanups and environmental education. Learn more at <http://countynewscenter.com/news/celebrating-milestone-regional-park>.
- The top passport official in the United States presented the Clerk of the Board with a Leadership Award for his exceptional commitment to the passport program in San Diego County, outstanding customer service and adherence to rigorous standards.
- The Department of General Services received the 2013 Public Facility Award of Excellence from the California Counties Facilities Services Association. DGS demonstrated exceptional dedication to facilities excellence through best practices, process innovation, staff development, department automation and energy program improvements.
- Two County of San Diego projects, the Rancho San Diego Sheriff Station and the Registrar of Voters building at the County Operations Center, received the Construction Management Association of America's Project Achievement Awards, which recognize excellence in construction management. The American Public Works Association also recognized both projects as representing the best in the public works profession.
- The City of San Diego's Environmental Services Department selected the County as a Director's Recycling Award winner. The 2014 Waste Reduction and Recycling Awards recognized the County as an environmental leader through our combined efforts in waste reduction and recycling.
- County News Center won five first place honors at the Annual Conference for the California & Nevada Region of the National Association of Telecommunications Officers & Advisors. The awards were for Best Website, Best Use of Social Media, Magazine Program (for "County Chronicles"), Public Safety (for our Realignment video) and Documentary-Profile.
- Sheriff's Deputy William Dunford recently received the Charles "Bud" Meeks Valor Award for Deputy Sheriff of the Year, one of the highest honors a deputy sheriff can receive in the nation from the National Sheriff's Association. He is credited for helping save the lives of two fellow deputies. Read his story: <http://countynewscenter.com/news/deputy%E2%80%99s-aid-wounded-partners-earns-top-honor>
- The Fire Safe Council of San Diego County, a nonprofit agency promoting fire prevention and management, presented the County Fire Authority with an Agency Award for providing exceptional service within the community. The award recognized the Fire Authority for funding work that better prepared more than 200 properties in the East County for the 2014 fire season.

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 Vavrinek, Trine, Day & Co., 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
Assistant CAO/
Chief Operating Officer



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

TRACY M. SANDOVAL
Deputy CAO/
Auditor and Controller



Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**County of San Diego
California**

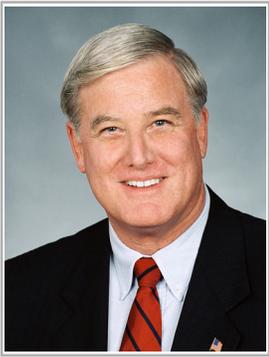
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO

Board of Supervisors



Greg Cox
District 1



Dianne Jacob
District 2
Chair



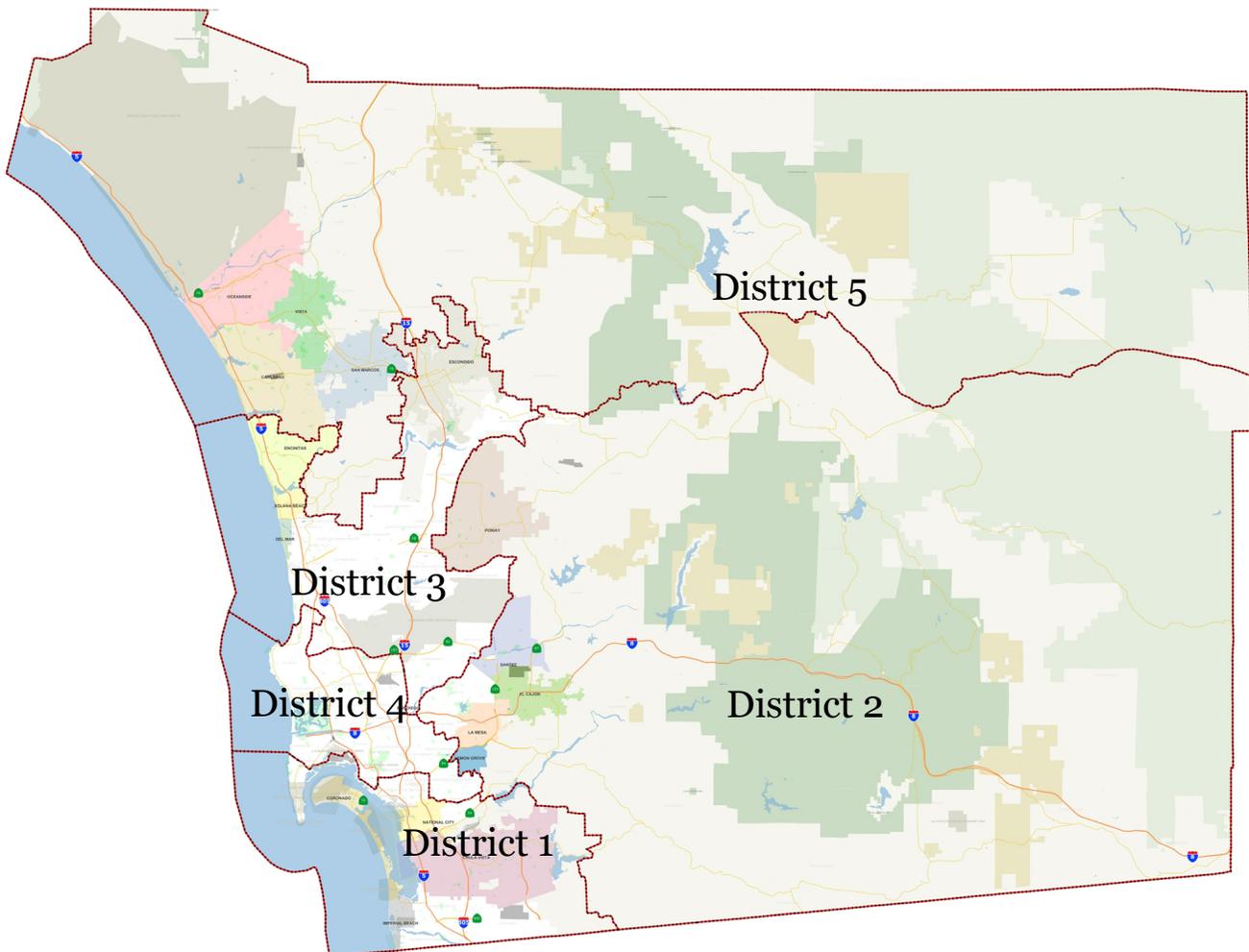
Dave Roberts
District 3

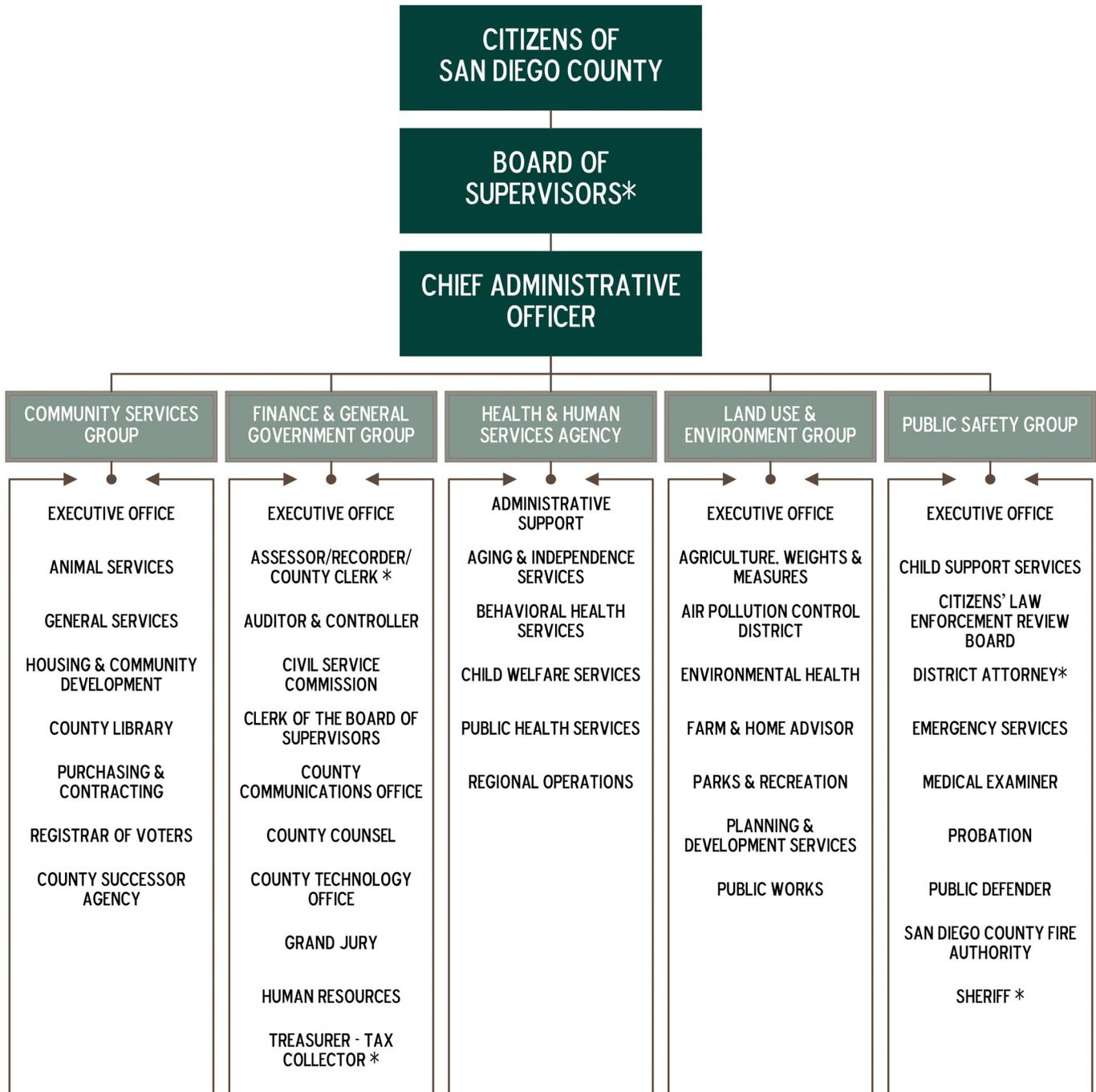


Ron Roberts
District 4



Bill Horn
District 5
Vice Chair





* ELECTED OFFICIALS

Other Elected and Appointed Officials

Chief Administrative Office

Chief Administrative Officer	Helen N. Robbins-Meyer
Assistant Chief Administrative Officer/Chief Operating Officer	Donald F. Steuer

Elected Officials

Assessor/Recorder/County Clerk	Ernest Dronenburg
District Attorney	Bonnie Dumanis
Treasurer - Tax Collector	Dan McAllister
Sheriff	Bill Gore

General Managers

Community Services Group	David Estrella
Finance & General Government Group	Tracy Sandoval
Health & Human Services Agency	Nick Macchione
Land Use & Environment Group	Sarah Aghassi
Public Safety Group	Ron Lane

Department Heads

Agriculture, Weights & Measures	Ha Dang
Air Pollution Control District	Bob Kard
Animal Services	Dawn Danielson
Auditor and Controller	Tracy Sandoval
Behavioral Health Services	Alfredo Aguirre
Chief of Staff - CAO	Nicole J. Alejandro
Child Support Services	Jeff Grissom
Child Welfare Services	Debra Zanders-Willis
Civil Service Commission	Patt Zamary
Clerk of the Board of Supervisors	Thomas J. Pastuszka
County Communications Office	Michael Workman
County Counsel	Tom Montgomery
County Technology Office	Mikel D. Haas
Emergency Services	Holly Crawford
Environmental Health	Elizabeth Pozzebon
Ethics & Compliance	Joe Cordero
Farm & Home Advisor	James Bethke
General Services	April Heinze
Health & Human Services Agency (HHS) Operations	Dean Arabatzis
HHS - East Region & North Central	Marie Brown-Mercadal
HHS - Aging & Independent Services, Public Administrator/Guardian/Conservator	Ellen Schmeding
HHS - Central & South Regions/ACCESS	Barbara Jimenez
HHS - North Inland & North Coastal Regions	Chuck Matthews
HHS - Strategy & Innovation	Dale Fleming
Housing & Community Development	Todd Henderson
Human Resources	Susan Brazeau
Library	Jose Aponte
Medical Examiner	Glenn Wagner
Parks & Recreation	Brian Albright
Planning & Development Services	Mark Wardlaw
Probation	Mack Jenkins
Public Defender	Henry C. Coker
Public Health Services	Wilma Wooten, M.D.
Public Works	Rich Crompton
Purchasing & Contracting	Jack Pellegrino
Registrar of Voters	Michael Vu
Strategy & Intergovernmental Affairs	Geoff Patnoe



Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
County of San Diego, California

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Commission, is based solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 31 and 35 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 28 through 50, the schedule of revenues, expenditures, and changes in fund balance - budget to actual for the General Fund, Public Safety Fund, Tobacco Endowment Fund, and related notes on pages 120 through 125, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual non-major fund information and other supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund information and other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund information and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014, 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* in considering the County's internal control over financial reporting and compliance.



Rancho Cucamonga, California
November 14, 2014

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, 2014.

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 and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources at the close of the fiscal year 2014 by \$4.59 billion (net position). Of this amount, \$3.19 billion represents net investment in capital assets (capital assets net of related debt); \$670 million is restricted for specific purposes (restricted net position); and the remaining portion represents unrestricted net position of \$734 million.
- Total net position increased by \$348.1 million. For governmental activities, current and other assets, capital assets, and deferred outflows of resources increased by \$169.8 million, \$151.6 million, and \$4.9 million respectively; long-term liabilities decreased by \$33.5 million, while other liabilities and deferred inflows of resources increased by \$4.2 million and \$9.3 million, respectively. For business-type activities, capital assets increased by \$4.2 million, offset by a decrease in current and other assets of \$3.9 million, while other liabilities and long-term liabilities decreased by \$1.3 million and approximately \$200 thousand, respectively.
- General revenues for governmental activities were \$1.14 billion. Of this amount, property taxes and property taxes in lieu of vehicle license fees accounted for \$942 million or 83%; while transient occupancy tax, real property transfer tax, miscellaneous taxes, sales and use taxes, investment earnings and other general revenues accounted for \$198 million or 17%.

- Program revenues for governmental activities were \$3.1 billion. Of this amount, \$2.52 billion or 81% was attributable to operating grants and contributions while charges for services accounted for \$510 million or 16%.
- Total expenses for governmental activities were \$3.93 billion. Public assistance accounted for \$1.42 billion or 36%, while public protection accounted for \$1.31 billion or 33% of this amount. Additionally, health and sanitation accounted for \$632 million or 16%.

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 Position presents information on all County assets and deferred outflows of resources, offset by liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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).

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



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, jail stores commissary operations and sanitation districts.

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, jail stores commissary operations, and sanitation services. 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; and for the financing of information technology services. 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 Position						
June 30, 2014 and 2013						
(In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and other assets	\$ 3,451,265	3,281,461	80,628	84,566	3,531,893	3,366,027
Capital assets	3,364,716	3,213,097	172,677	168,476	3,537,393	3,381,573
Total assets	6,815,981	6,494,558	253,305	253,042	7,069,286	6,747,600
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows of resources	4,883				4,883	
LIABILITIES						
Long-term liabilities	1,990,919	2,024,442	1,204	1,470	1,992,123	2,025,912
Other liabilities	479,411	475,185	1,643	2,957	481,054	478,142
Total liabilities	2,470,330	2,499,627	2,847	4,427	2,473,177	2,504,054
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflows of resources	9,343				9,343	
NET POSITION						
Net investment in capital assets	3,015,405	2,861,061	171,911	167,430	3,187,316	3,028,491
Restricted	669,832	619,855			669,832	619,855
Unrestricted	655,954	514,015	78,547	81,185	734,501	595,200
Total net position	\$ 4,341,191	3,994,931	250,458	248,615	4,591,649	4,243,546

(Note that the 2013 columns have not been restated.)

Analysis of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources by \$4.59 billion at the close of fiscal year 2014, an increase of \$348.1 million or 8.2% over fiscal year 2013. This included an increase of approximately \$189.3 million in the County's restricted and unrestricted net position (a 16% increase over fiscal year 2013) and an increase of \$158.8 million in net investment in capital assets (a 5% increase over fiscal year 2013).

The aforementioned increase of \$348.1 million in net position was composed of the following changes in total assets, deferred outflows of resources, liabilities and deferred inflows of resources:

- Total assets increased by \$321.6 million. This included an increase of \$165.8 million in current and other assets and a \$155.8 million increase in capital assets. The net increase of \$165.8 million 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 \$228.8 million, a decrease of \$39.7 million in receivables, net (excluding property taxes), a \$9.2 million decrease in property taxes receivables, net, a decrease in deferred charges of \$11.6 million and a \$2.5 million decrease in other assets. The \$228.8 million net increase in cash is principally due to a \$39.7 million decrease in receivables, net (excluding property taxes), a \$9.2 million decrease in property taxes receivables, net, a \$1.6 million decrease in lease receivable, a \$13.1 million decrease in accounts payable, an \$8 million increase in accrued payroll, an \$8.7 million increase in unearned revenue, all of which have the net effect of increasing cash; coupled with increases to cash mainly attributable to \$86 million in state aid for corrections from the State principally to reimburse the County for construction costs incurred for the Las Colinas Detention and Reentry Facility, \$58.4 million in the sale of capital assets, principally consisting of the \$57.2 million proceeds from the sale of the County Operations Center Annex, \$43.6 million one-time payment from the Successor Agency of the City of

Management's Discussion and Analysis

San Diego attributable to a due diligence review - all other funds obligation, offset by a \$13.3 million increase of various cash outlays. The \$39.7 million decrease in receivables, net is principally due to a decrease of \$45.6 million in amounts due from other governments, coupled with a \$1.3 million decrease in investment earnings receivable and a \$9 million decrease in other accounts receivable, offset by a \$16.2 million increase in loans receivable for affordable housing development loans. The \$9.2 million decrease in property taxes receivables, net was principally attributable to a decrease in delinquent secured taxes. The \$11.6 million decrease in deferred charges was the result of the fiscal year 2014 implementation of Governmental Accounting Standards Board Statement No. 65, *"Items Previously Reported as Assets and Liabilities"* which requires that such costs be expensed in the period incurred. The \$155.8 million increase in capital assets was due in part to \$98.5 million towards construction of the Las Colinas Detention and Reentry Facility in Santee; \$28.9 million towards the construction of the County Administration Center Waterfront Park Development Project, \$25.8 million for the acquisition of equipment, and \$2.6 million in various other capital asset increases.

- Deferred outflows of resources (unamortized loss on refunding of long-term debt) increased by \$4.9 million attributable to the fiscal year 2014 implementation of Governmental Accounting Standards Board Statement No. 65, *"Items Previously Reported as Assets and Liabilities"*. This item was previously required to be reported as a portion of long-term liabilities.
- Total liabilities decreased by \$30.9 million. This included a decrease in long-term liabilities of \$33.8 million offset by an increase in other liabilities of \$2.9 million. The decrease of \$33.8 million in long-term liabilities was mainly due to a \$54.8 million decrease in long-term debt (see Long-Term Liabilities discussion), offset by a net \$21 million increase in other long-term liabilities (including a \$28.1 million increase in claims and judgments, offset by a \$4.5 million decrease in pollution remediation liabilities, and a \$2.6 million decrease in other long-term liabilities). The increase in other liabilities of \$2.9 million was primarily due to a \$13.1 million decrease in accounts payable (\$10.2 million decrease in vendors payable, coupled with a \$2.9 million decrease in due to other government agencies and other payables), and a \$700 thousand decrease in accrued interest, offset by an \$8.7 million increase in unearned revenue coupled with an \$8 million increase in accrued payroll.
- Deferred inflows of resources increased by \$9.3 million attributable to the fiscal year 2014 implementation of Governmental Accounting Standards Board Statement No. 65, *"Items Previously Reported as Assets and Liabilities"*. These deferred inflows of resources include \$9.1 million in property taxes received in advance (previously required to be reported as unearned revenue), and \$200 thousand in other deferred inflows of resources.

The largest portion of the County's net position (69%) reflects its investment of \$3.19 billion in capital assets, net of related debt (which includes: land, easements, buildings and improvements, equipment, software and infrastructure; 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 position (restricted net position), equaled \$670 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 position includes \$734 million in unrestricted net position.

Table 2

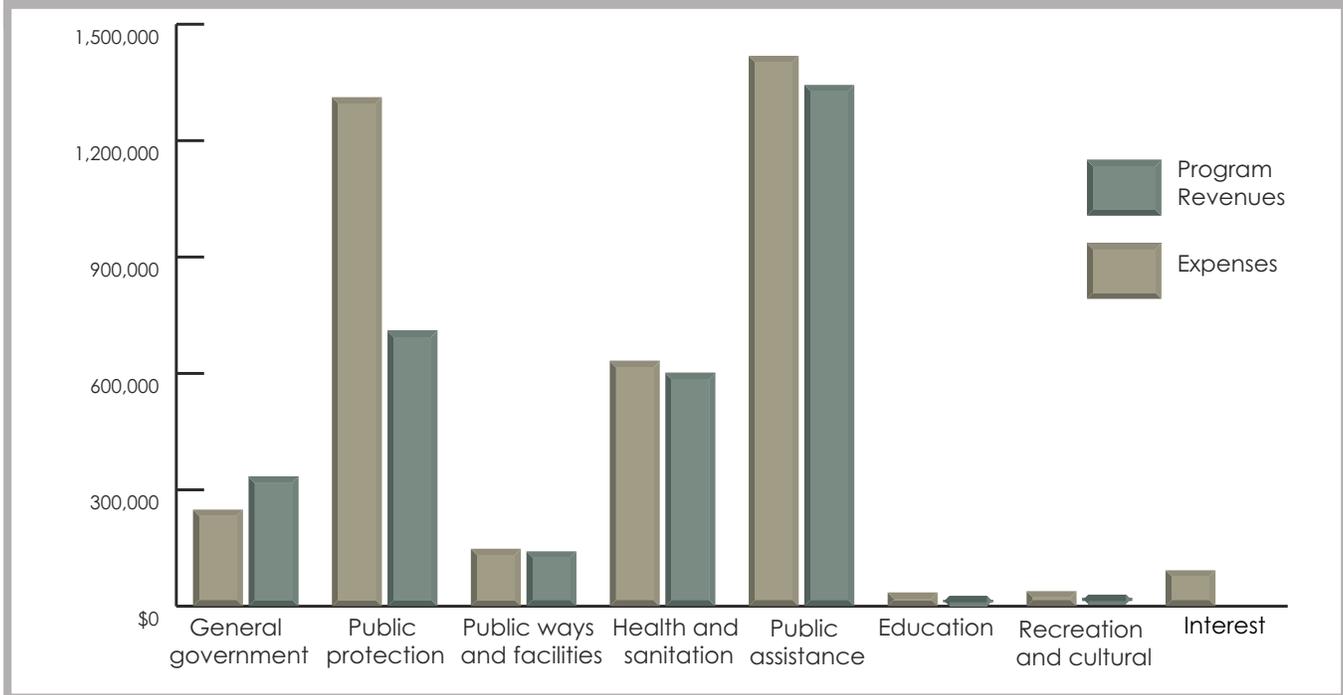
Changes in Net Position						
For the years ended June 30, 2014 and 2013						
(In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues						
Charges for services	\$ 510,452	496,775	43,343	36,202	553,795	532,977
Operating grants and contributions	2,519,619	2,467,966	3,793	4,933	2,523,412	2,472,899
Capital grants and contributions	114,310	32,728			114,310	32,728
General Revenues						
Property taxes	627,709	587,145			627,709	587,145
Other taxes		20,912				20,912
Transient occupancy tax	3,404				3,404	
Real property transfer tax	20,074				20,074	
Miscellaneous taxes	14				14	
Property taxes in lieu of vehicle license fees	313,844	303,646			313,844	303,646
Sales and use taxes	24,871	24,809			24,871	24,809
Investment earnings	16,635	3,504	502	46	17,137	3,550
Other	132,612	90,789	2,565	123	135,177	90,912
Total revenues	4,283,544	4,028,274	50,203	41,304	4,333,747	4,069,578
Expenses:						
Governmental Activities:						
General government	249,066	240,409			249,066	240,409
Public protection	1,312,074	1,236,708			1,312,074	1,236,708
Public ways and facilities	148,209	135,432			148,209	135,432
Health and sanitation	631,543	851,246			631,543	851,246
Public assistance	1,418,703	1,183,923			1,418,703	1,183,923
Education	35,647	34,104			35,647	34,104
Recreation and cultural	38,903	34,204			38,903	34,204
Interest	92,709	95,801			92,709	95,801
Business-type Activities:						
Airport			14,118	14,107	14,118	14,107
Jail stores commissary			4,816		4,816	
Sanitation district			28,291	22,936	28,291	22,936
Wastewater management				5,754		5,754
Total expenses	3,926,854	3,811,827	47,225	42,797	3,974,079	3,854,624
Changes in net position before transfers	356,690	216,447	2,978	(1,493)	359,668	214,954
Transfers	7,086	114	(7,086)	(114)		
Change in net position	363,776	216,561	(4,108)	(1,607)	359,668	214,954
Net position at beginning of year (restated)	3,977,415	3,778,370	254,566	250,222	4,231,981	4,028,592
Net position at end of year	\$ 4,341,191	3,994,931	250,458	248,615	4,591,649	4,243,546

(Note that the 2013 columns have not been restated.)

Analysis of Changes in Net Position

At June 30, 2014, changes in net position before transfers equaled \$359.7 million, a \$144.7 million or 67% increase from the previous year. Principal revenue sources contributing to the change in net position were operating grants and contributions of \$2.52 billion and taxes of \$942 million (including: property taxes and property taxes in lieu of vehicle license fees.) These revenue categories accounted for 80% of total revenues. Principal expenses were in the following areas: public assistance, \$1.42 billion; public protection, \$1.31 billion; and health and sanitation, \$632 million. These expense categories accounted for 85% of total expenses.

Chart 1
Expenses and Program Revenues –
Governmental Activities (In Thousands)



Governmental activities

At the end of fiscal year 2014, total revenues for the governmental activities were \$4.28 billion, while total expenses were \$3.93 billion. Governmental activities increased the County's net position by \$363.8 million, while the business-type activities' change in net position equaled \$(4.1 million).

Expenses:

Total expenses for governmental activities were \$3.93 billion, an increase of \$115 million or 3% (\$118 million increase in functional expenses and \$3 million decrease in interest expense). Public protection (34%), and public assistance (37%) were the largest functional expenses, followed by health and sanitation (16%).

The \$118 million net increase in functional expenses consisted of the following:

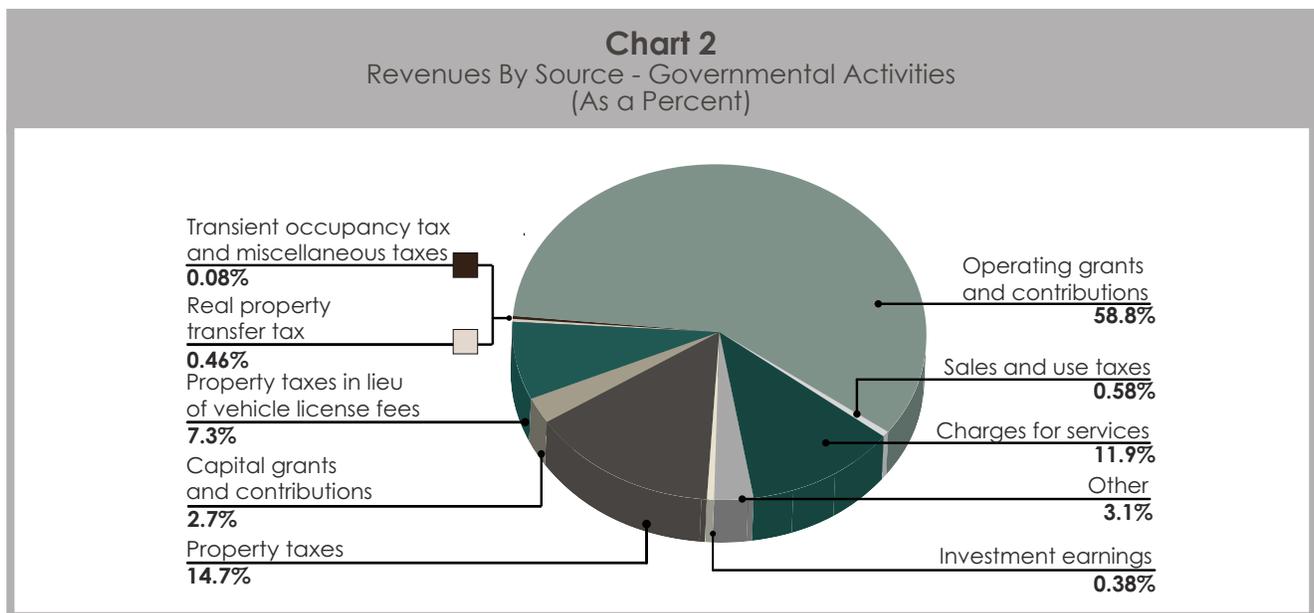
- \$114 million increase in overall salaries and benefit costs principally due to approximately \$58 million in overall increases in salaries and wages, of which approximately \$49 million is

attributed to one-time and ongoing negotiated labor agreements and position changes and \$9 million in increased overtime incurred in various departments; while retirement costs increased \$40 million, coupled with a \$10 million increase in flexible benefits and \$6 million increase in workers compensation;

- \$12 million net decrease in contracted services including: a \$59 million decrease in the Low Income Health Program (LIHP) due to the conclusion of the program in December 2013, offset by increases in various other contracted services, including: \$9 million attributable to caseload and wage increases for the In-Home Supportive Services providers, \$6 million in Support and Care of Persons contracts, \$5 million due to California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) costs to provide access to health care coverage under the federal Affordable Care Act (ACA), \$5 million in Cedar-Kettner 2012 Development Project contract costs, \$4 million in Flood Control contracted road services, \$4 million due to

increased contract spending in the Supplemental Nutrition Assistance Program Education (SNAP-Ed) project, Community Transformation Grant, San Diego Beacon and Black Infant Health programs, \$3 million in AFDC - unemployment parent contract costs, \$3 million in polygraph services contract for high risk offenders and residential re-entry for other offenders, \$2 million in inactive waste site management contracts, \$2 million in Planning and Development Services advance planning contracts, \$2 million Probation adult field services contract costs, \$1 million in Sheriff law

- enforcement support contracts, and, \$1 million in temporary contract help contracts;
- \$7 million increase in depreciation and amortization;
- \$4 million increase in equipment rentals;
- \$2 million increase in utility costs;
- \$1 million increase in maintenance costs;
- \$1 million increase in medicines, drugs and pharmaceuticals; and,
- \$1 million increase in printing and postage costs.



Revenues:

Total revenues for governmental activities were \$4.28 billion, an increase of 6.3% or \$255 million from the previous year. This increase consisted of an increase in program revenue of \$147 million and an increase in general revenues of \$108 million as follows:

The \$147 million increase in program revenue was chiefly due to increases of \$182.6 million and decreases of \$35.6 million noted below:

Increases in program revenues of \$182.6 million were principally composed of the following:

- \$86 million in state aid for corrections from the State principally to reimburse the County for

construction costs incurred for the Las Colinas Detention and Reentry Facility;

- \$43.6 million one-time payment from the Successor Agency of the City of San Diego attributable to a due diligence review - all other funds obligation;
- \$20 million in Assembly Bill (AB)109 public safety realignment revenues;
- \$17 million in CalWORKs assistance revenues due to AB 85 Redirection of 1991 State Health Realignment;
- \$15 million in Proposition 172 revenues; and,
- \$1 million in emergency medical services penalty assessment revenues.

Management's Discussion and Analysis

Decreases in program revenue of \$35.6 million were principally attributable to:

- \$22 million in behavioral and mental health State revenues primarily due to lower eligible expenses and one-time prior year audit and accrual adjustments;
- \$3 million in behavioral and mental health federal revenues primarily due to one-time prior year audit and accrual adjustments offset (mitigated) by higher eligible expenses;
- \$2.6 million in federal aid mental health Medi-Cal care;
- \$2 million in federal American Recovery and Reinvestment Act;
- \$2 million in the State revenue allocation of the county's share of the statewide juvenile population and juvenile felony dispositions;
- \$2 million in federal HUD Section 8 choice vouchers revenue; and,
- \$2 million in public health emergency preparedness revenues.

General revenues increased overall by approximately \$108 million. This increase was the result of increases of approximately \$112 million and decreases of \$4 million noted below.

Increases in general revenues of approximately \$112 million were mainly due to the following:

- \$44 million gain on sale of disposal of capital assets;
- \$23 million in current secured property taxes attributable to the countywide growth in assessed valuation;
- \$13 million in investment earnings principally attributed to earnings on the Tobacco Securitization Joint Special Revenue Fund investments;
- \$11 million in current secured unitary – qualified electric attributable to the Sunrise Power Link which became operational in fiscal year 2014;
- \$10.2 million in property taxes in lieu of vehicle

license fees;

- \$4.3 million in supplemental property tax collections, attributable to the sale, construction, or ownership transfers of property;
- \$2 million in real property transfer taxes;
- \$1.5 million in third party recovery revenues;
- \$1 million in transient occupancy taxes;
- \$1 million in flexible benefit plan forfeitures; and,
- \$1 million in Section 8 fraud recovery.

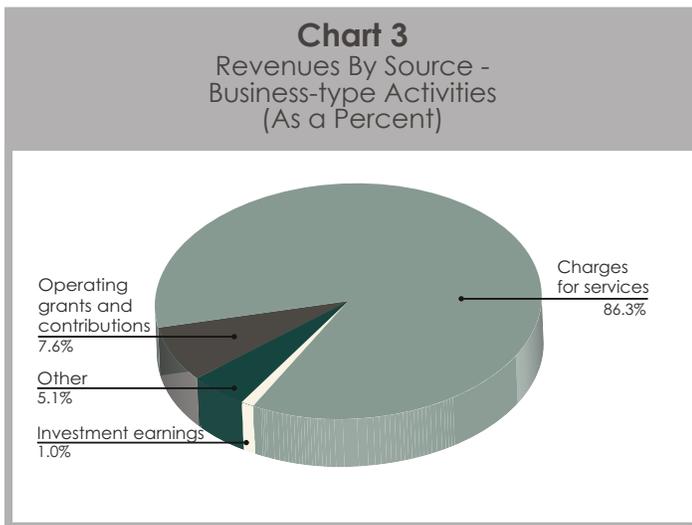
Decreases in general revenues of \$4 million were primarily due to the following:

- \$3 million in delinquent Teeter property taxes; and,
- \$1 million in unsecured property taxes.

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 \$2.52 billion accounted for 58.8%, 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 \$942 million and accounted for 22% of governmental activities. Additionally, charges for services were \$510 million and accounted for 11.9% 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 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 \$43.3 million or 86.3% of total revenues, while operating grants and contributions (\$3.8 million) represent 7.6% of total revenues and other revenues (\$2.6 million) represent 5.1% of total revenues.

Net position of business-type activities increased by \$1.8 million (.7%). This net increase primarily included the following:

- \$5.9 million increase as a result of the reclassification of the Jail Stores Commissary Fund to the Enterprise Funds from the Internal Service Funds;
- \$5.6 million of charges for services earned in the Jail Stores Commissary Fund during fiscal year 2014;
- \$4.7 million decrease in internal balances primarily as a result of a \$4.6 million increase in operating transfers out mainly due to a transfer from the Jail Stores Commissary Fund to the Inmate Welfare Special Revenue Fund;
- \$2.3 million of contracted services incurred in the Jail Stores Commissary Fund during fiscal year 2014;

- \$2.3 million of cost of materials incurred in the Jail Stores Commissary Fund during fiscal year 2014;
- \$1.5 million increase in charges for services for the Airport Fund;
- \$1.1 million decrease in Airport Fund operating grants;
- \$550 thousand increase in Sanitation District Fund repairs and maintenance;
- \$300 thousand increase in salaries and benefits (\$223 thousand for the Airport Fund and \$77 thousand for the Sanitation District Fund); and,
- \$50 thousand decrease in contracted services for the Airport Fund.

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, 2014, the County's governmental funds had combined ending fund balances of \$2.59 billion, an increase of \$137 million in comparison to the prior fiscal year. Of the total June 30, 2014 amount, \$713.05 million constituted unassigned fund balance, which is available for spending at the County's discretion. \$217.6 million of fund balance is assigned, \$887.5 million is committed, \$756.1 million is restricted, and \$17.1

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 \$4.18 billion representing a 5.2% increase. Governmental expenditures totaled \$4.10 billion, a 5.1% increase from the fiscal year ended June 30, 2013.

General Fund:

The General Fund is the chief operating fund of the County. At the end of fiscal year 2014, its unassigned fund balance was \$713 million, while total fund balance was \$1.73 billion, an increase of \$130.3 million from fiscal year 2013.

This \$130.3 million increase in fund balance was composed of \$270.9 million in increases and \$140.6 million in decreases as follows:

Increases to fund balance of \$270.9 million were composed of:

- \$58.2 million in the sale of capital assets, principally consisting of the \$57.2 million in proceeds from the sale of the County Operations Center Annex;
- \$56 million in administration revenues primarily due to implementation of the Affordable Care Act (ACA) and passage of Assembly Bill (AB) 12, the California Fostering Connections to Success Act;
- \$43.6 million one-time payment from the Successor Agency of the City of San Diego attributable to a due diligence review - all other funds obligation;
- \$20 million in AB 109 public safety realignment revenues;
- \$18 million net decrease in contracted services including: a \$59 million decrease in the Low Income Health Program (LIHP) due to the conclusion of the program in December 2013, offset by increases in various other contracted services, including: \$9 million attributable to caseload and wage increases for the In-Home Supportive Services providers, \$6 million in Support and Care of Persons contracts, \$5 million due to California

Healthcare Eligibility, Enrollment and Retention System (CalHEERS) costs to provide access to health care coverage under the federal Affordable Care Act (ACA), \$5 million in Cedar-Kettner 2012 Development Project contract costs, \$4 million due to increased contract spending in the Supplemental Nutrition Assistance Program Education (SNAP-Ed) project, Community Transformation Grant, San Diego Beacon and Black Infant Health programs, \$3 million in AFDC - unemployment parent contract costs, \$3 million in polygraph services contract for high risk offenders and residential re-entry for other offenders, \$2 million in Planning and Development Services advance planning contracts, \$2 million Probation adult field services contract costs, \$1 million in Sheriff law enforcement support contracts, and, \$1 million in temporary contract help contracts;

- \$17 million in CalWORKs assistance revenues due to Assembly Bill (AB) 85 Redirection of 1991 State Health Realignment;
- \$17 million in current secured property taxes attributable to the county-wide growth in assessed valuation;
- \$11 million in current secured unitary – qualified electric attributable to the Sunrise Power Link which became operational in fiscal year 2014;
- \$10.2 million in property taxes in lieu of vehicle license fees;
- \$9.1 million increase in Proposition 172 ½% sales tax revenue transferred in from the Public Safety Special Revenue Fund to be used for public safety activities;
- \$4.3 million in supplemental property tax collections, attributable to the sale, construction, or ownership transfers of property;
- \$2 million in real property transfer taxes;
- \$1.5 million in construction permits;
- \$1 million in transient occupancy taxes;
- \$1 million in hazardous material base fees; and,

- \$1 million in emergency medical services penalty assessment revenues.

Decreases to fund balance of \$140.6 million were composed of:

- \$120 million increase in salaries and benefit costs;
- \$5 million increase in equipment rental expenditures;
- \$3 million in Behavioral and Mental Health revenues primarily due to one-time prior year audit and accrual adjustments offset by higher eligible expenditures;
- \$3 million increase in repairs and maintenance expenditures;
- \$2.6 million in federal aid mental health Medi-Cal care;
- \$2 million in federal American Recovery and Reinvestment Act;
- \$2 million in the State revenue allocation of the county's share of the statewide juvenile population and juvenile felony dispositions;
- \$1 million increase in safety clothing and uniform allowance expenditures;
- \$1 million in medicines, drugs and pharmaceuticals; and,
- \$1 million in printing and postage costs.

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, 2014, the total (restricted) fund balance in the Public Safety Special Revenue Fund was \$66.2 million, a \$10.8 million increase from the previous fiscal year. This increase was mainly due to a \$10.3 million increase in Prop 172 revenues due to improvements in the local economy in fiscal year 2014.

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 2014, fund balance was \$325 million, a decrease of \$22 million from fiscal year 2013, principally due to investment income of \$2.3 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 projects 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 2014, the fund balances of the other governmental funds totaled \$468 million, a net increase of \$18 million from the prior year. This \$18 million net increase consisted of \$45 million in increases, offset by decreases of \$27 million as follows:

\$45 million increase to Other Governmental Funds' fund balance:

- \$17 million increase in the Road Special Revenue Fund's fund balance as a result of the receipt of \$20 million in the highway user tax revenue; offset by a \$1 million decrease in Federal aid for construction, a \$1 million decrease in Federal Housing and Urban

Management's Discussion and Analysis

Development community development block grants, and a \$1 million decrease in Indian Gaming Special Distribution Fund grants;

- \$10 million increase in the Tobacco Securitization Joint Special Revenue Fund's fund balance primarily resulting from an \$11 million increase in revenue from the sale of an investment contract;
- \$5 million increase in the Inmate Welfare Program Special Revenue Fund's fund balance chiefly due to an increase in profits transferred to this fund from the Jail Store Commissary Enterprise Fund;
- \$4 million increase in the Inactive Wastesites Special Revenue Fund's fund balance due to a \$1 million increase in State aid from reimbursable costs received from a 50% matching grant for the Fallbrook Mitigation Project coupled with a one-time \$9 million transfer from the General Fund for the operation and maintenance of inactive waste sites and burn sites, offset by \$6 million in San Marcos landfill postclosure project expenditures;
- \$3 million increase in the County Library Special Revenue Fund's fund balance resulting from a \$1 million increase in post dissolution redevelopment revenue from Successor Agencies including residual payments, one-time payments, assets sales and pass-through payments, coupled with a \$2 million increase in transfers from the General Fund for library enhancements and additional monies for the Neighborhood Reinvestment Program for Bonita Library and the new Imperial Beach Library;
- \$2 million increase in the Air Pollution Special Revenue Fund's fund balance resulting from a \$9 million decrease in revenue related to State reimbursements for the Air Quality GMERP Heavy Duty Trucks Program (Proposition 1B) offset by a \$10 million decrease in expenditures related to the Air Quality GMERP Heavy Duty Trucks Program (Proposition 1B), coupled with a \$1 million increase in revenue from Air Pollution fine and penalty payments;
- \$2 million increase in the County Service District Special Revenue Funds' fund balance resulting from a \$2 million decrease in operating transfers out to the General Fund for expenditures incurred for the 4S Ranch Artificial Turf and Sweetwater Lane Turf projects;
- \$1 million increase in the Housing Authority - Other Special Revenue Fund's fund balance resulting from the incurrence of \$1 million in contracted services expenditures for maintenance, utilities and management fees, coupled with a \$2 million decrease in Federal Aid for Section 8 Housing Choice Vouchers, offset by a \$4 million decrease in Housing assistance payment expenditures due to suspension of the leasing process of new tenants; and,
- \$1 million increase in the Parkland Dedication Special Revenue Fund's fund balance mainly due to an increase in park land dedication fees.

\$27 million decrease to Other Governmental Funds' fund balance:

- \$18 million decrease in the San Diego County Capital Asset Leasing Corporation Capital Projects Fund's fund balance resulting from the incurrence of \$13 million in capital outlay expenditures for the construction of the County Administration Center Waterfront Park Development Project and \$5 million in capital outlay expenditures for the 2012 Cedar and Kettner Development Project;
- \$5 million decrease to the Edgemoor Development Special Revenue Fund's fund balance principally attributable to the decrease in the sale of capital assets; and,
- \$4 million decrease in the Flood Control Special Revenue Fund's fund balance resulting from a \$4 million increase in capital outlay chiefly due to construction costs incurred for the Pepper Wing project which began in fiscal year 2014.

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 positions of the internal services funds (ISF) totaled \$83.7 million, a net decrease of \$19.6 million from the prior year. This \$19.6 million net decrease was partially the result of the reclassification of the Jail Stores Commissary Fund (\$5.9 million) to the Enterprise Funds. The remaining decrease of \$13.7 million consisted of \$5.5 million of increases, offset by decreases of \$19.2 million as follows:

\$5.5 million increases to internal service funds' net positions were comprised of:

- \$2.3 million increase in the Fleet Services Fund chiefly due to an increase of \$900 thousand in operating revenues, a \$500 thousand increase in capital contributions, a \$700 thousand decrease in fuel costs and a \$200 thousand decrease in depreciation;
- \$1.4 million increase in the Road and Communication Equipment Fund primarily due to approximately \$1 million in transfers in from other nonmajor funds coupled with a gain on the disposal of assets of \$400 thousand;
- \$1.3 million increase in the Purchasing Fund consisting of a \$1.5 million decrease in other operating expenses offset by a \$200 thousand increase in contracted services; and,
- \$500 thousand increase in the Facilities Management Fund primarily due to a \$2.6

million increase in charges for services, a decrease of \$800 thousand in grants and an increase of \$1.3 million in repairs and maintenance.

\$19.2 million of decreases to internal service funds' net positions were comprised of:

- \$13 million decrease in Employee Benefits Fund's net position principally due to an \$8 million increase in cash principally attributed to an increase in charges for services along with an increase in total claims and judgments liability for reported and unreported workers' compensation claims of \$21 million as calculated by an actuary for the reporting period ending June 30, 2014;
- \$6 million decrease in the Public Liability Insurance Fund primarily due to a \$6 million increase claims liability as prepared by an actuary for the fiscal year ending June 30, 2014; and,
- \$200 thousand decrease in the Information Technology Fund primarily due to a \$7.0 million increase in charges for services, offset by a \$7.2 million increase in professional and special contracted services.

Fiduciary Funds

The County maintains fiduciary funds for the assets of the *Pooled Investments-Investment Trust Funds, Private Purpose Trust Fund and the Agency Funds.*

Pooled Investments - Investment Trust Funds:

These funds were established for the purpose of reporting pooled investments. The Pooled Investments - Investment Trust Funds' net position totaled \$4.41 billion, an increase of \$370 million, from the previous year. This increase was substantially due to contributions to investments of \$8.23 billion coupled with investment earnings of \$20 million, offset by distributions from investments of \$7.88 billion.

Private Purpose Trust Fund:

The private purpose trust fund reports the assets, liabilities, and activities of the County of San Diego Successor Agency formed pursuant to

California Assembly Bill x1 26 on February 1, 2012 upon dissolution of the San Diego County Redevelopment Agency (SDCRA). The County of San Diego Successor Agency Private Purpose Trust Fund's net position had a deficit balance of approximately \$14.8 million at June 30, 2014, an increase of \$200 thousand. This increase was mainly due to \$1.8 million of property taxes - Successor Agency Redevelopment Property Tax Trust Fund distribution; offset by contributions to other agencies and interest charges of approximately \$1.3 million, coupled with a \$300 thousand decrease in deferred charges. This decrease in deferred charges was the result of the fiscal year 2014 implementation of Governmental Accounting Standards Board Statement 65, "Items Previously Reported as Assets and Liabilities" which requires that such costs be expensed in the period incurred.

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, 2014, net expenditure appropriations increased by \$72.3 million and appropriations for transfers-out increased by \$7.0 million for a net increase of \$79.3 million.

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

- Increases in all Groups resulting from negotiated one-time salary and benefit payments.
- \$10.5 million appropriation increase in the

Health and Human Services Agency for the implementation of the Patient Protection and Affordable Care Act (ACA).

- \$5.3 million appropriation increase in the Registrar of Voters for special elections funded by the City of San Diego and City of Solana Beach.
- \$3.8 million increase in the Sheriff's Department for implementation of the Operation Stonegarden grant.
- \$2.0 million increase in Capital Outlay for the CAC Waterfront Park Development Project.

Actual revenues fell short of the final budgeted amounts by \$78.8 million, while actual expenditures were less than the budgeted amount by \$454.6 million. The combination of the revenue and expenditure shortfalls resulted in a revenue/expenditure operating variance of \$375.8 million. Other financing sources and uses of funds resulted in a net sources versus uses variance from budget of \$272.6 million. These combined amounts resulted in a variance in the net change in fund balance of \$648.4 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 \$54.8 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 \$67.4 million and \$110.2 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 contracts and other unspent service contracts;
- Lower than estimated growth in In-Home Supportive Services Individual Provider costs and in the Community Based Care Transitions Program; and,
- Lower than anticipated caseload levels, growth trends and service utilization.

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. Examples of rebudgets include a positive expenditure variance of approximately \$1.85 million for Purchase of Agriculture Conservation Easements (PACE) and \$1.46 million associated with the General Plan Amendment for Property Specific Requests.

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 \$29.4 million and \$15.0 million, respectively. Note that the Management Reserves are included within various functional activities.

Capital Assets and Commitments

Capital Assets

At June 30, 2014, the County's capital assets for both governmental and business-type activities were \$3.36 billion and \$173 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 2014 included:

Governmental Activities:

- \$98.5 million towards construction of the Las Colinas Detention and Reentry Facility in Santee. Total project costs are estimated at \$303.6 million.
- \$30.1 million towards the construction of the East Mesa Detention Facility. Total project costs are estimated at \$38.8 million.
- \$28.9 million towards construction of the County Administration Center Waterfront Park. Total project costs are estimated at \$49.4 million.
- \$27.5 million towards the construction and improvement of County maintained roads, bridges and other road related infrastructure.
- \$25.8 million towards acquisition of equipment.
- \$20.2 million towards the construction of the Registrar of Voters Building. Total project costs are estimated at \$74.1 million.
- \$18 million in infrastructure donated by developers.
- \$10.5 million towards development of various software applications.
- \$8.1 million towards various land acquisitions.
- \$8.1 million towards improvements of various capital projects.
- \$7 million towards the construction of the County Operations Center Phase 1B. Total project costs are estimated at \$113 million.
- \$5.2 million towards the construction of the Rancho San Diego Sheriff Station. Total project costs are estimated at \$15.4 million.
- \$5 million towards construction of the parking garage at Cedar and Kettner. Total project costs are estimated at \$36.1 million.
- \$3.1 million in donated structures.
- \$2.6 million towards construction of the Pine Valley Sheriff's Substation. Total project costs

are estimated at \$3.7 million.

Business-type Activities:

- \$2.4 million towards improvements at the Jamacha pump station.
- \$2.1 million towards improvements of sewer pipelines.
- \$1.9 million towards improvements at Borrego Airport runway.
- \$1.4 million towards construction of an access road at Gillespie Field Airport.

For the government-wide governmental activities financial statement presentation, 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, 2014, capital commitments included the following:

Governmental Activities:

- \$166 million for the construction of: Women's Detention Facility, parking garage at Cedar & Kettner, East Mesa Detention Facility, Registrar of Voters Building, Boulevard Fire Station, San Vicente Road, Regional Communications System, Conventional Radio System, development of the Integrated Property Tax System and development of Re-entry Case Management System.

Business-type Activities:

- \$2.8 million for improvements at various Airports and Sanitation District sewers.

(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, 2014, the County's governmental activities had outstanding long-term liabilities of \$1.99 billion.

Of this amount, approximately \$1.69 billion pertained to long-term debt outstanding. Principal debt issuances included: \$732 million in taxable pension obligation bonds; \$564 million in Tobacco Settlement Asset-Backed Bonds; \$384 million in certificates of participation (COPs) and lease revenue bonds (LRBs); and, \$5 million in loans.

Other long-term liabilities included: \$185 million in claims and judgments; \$98 million in compensated absences; \$19 million for landfill postclosure costs; \$4 million in pollution remediation; and, \$119 thousand in capital leases.

During fiscal year 2014, the County's total principal amount of COPs and lease revenue bonds, other bonds, and loans for governmental activities decreased by \$54.510 million.

The \$54.510 million decrease was due to the following increases and decreases:

Increases to debt were \$12.892 million and included:

- \$5.257 million of principal was accreted (added) to the outstanding Tobacco Settlement Asset-Backed Bonds' Capital Appreciation Bonds principal;
- \$1.575 million of principal was accreted (added) to the outstanding Taxable Pension Obligation Bonds' principal balances outstanding;
- \$4.828 million due to the effects of unamortized issuance premiums, unamortized issuance discounts, and the reclassification of the unamortized deferred amounts on refundings to deferred outflows of resources (unamortized loss on refunding of long-term debt) attributable to the fiscal year 2014 implementation of Governmental Accounting Standards Board Statement No. 65, *"Items Previously Reported as Assets and Liabilities"*; and,
- \$1.232 million of San Diego Gas and Electric On-bill Financing loans.

Decreases to debt were due to \$67.402 million in debt service payments.

Business-type Activities:

Long-term liabilities for business-type activities totaled \$1.204 million and consisted of \$766 thousand for capital loans and \$438 thousand for compensated absences.

Long-term liabilities for business-type activities decreased by \$266 thousand. This was due to a combination of \$280 thousand in debt service payments on capital loans and a net increase of \$14 thousand in compensated absences.

(Please refer to Notes 14 through 16 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			
Issuer Rating	Moody's	Standard & Poor's	Fitch
Certificates of Participation San Diego County Capital Asset Leasing Corporation (SANCAL)	Aa1	AAA	AAA
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	A2	AA+	not rated
Pension Obligation Bonds Tobacco Settlement Asset-Backed Bonds - Series 2006A1 (Senior)	Ba3	BBB	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006A2 (Senior)	B2	BB+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006A3 (Senior)	B2	B+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006B (First Subordinate)	not rated	CCC+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C (Second Subordinate)	not rated	CCC	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D (Third Subordinate)	not rated	CCC	not rated
San Diego County Redevelopment Agency Bonds	not rated	not rated	not rated

The County's ratings, assigned by three of the major rating agencies, Moody's Investors Service (Moody's), Standard and Poor's Ratings Services (Standard & Poor's), and Fitch Ratings (Fitch), remained the same through Fiscal Year 2014.

Effective August, 2014, the County of San Diego's Issuer Rating was upgraded to a triple A from Aa1 by Moody's, which also then performed the attendant upgrade on the County's individual financings from Aa3 to Aa2. The County now holds triple A Issuer Ratings from Moody's, Standard & Poor's, and Fitch. All three rating agencies noted the County's strong financial management, which effects a very strong fiscal position, and large and diverse tax base, which bolsters the County's strong economy.

Economic Factors and Next Year's Budget and Rates

- The fiscal year 2015 General Fund adopted budget utilizes as funding sources for one-time expenditures \$168.1 million out of \$713.045 million in unassigned fund balance and \$1.4 million out of \$492.175 million committed fund balance.
- The fiscal year 2015 General Fund adopted budget contains total appropriations of \$3.86 billion. This is an increase of \$10.6 million or 0.3% from the fiscal year 2014 General Fund adopted budget. Although there are indicators that the economy is recovering from the great recession, a number of risk factors continue to be tracked closely: employment growth, continued recovery in the housing market, and the effect of the Affordable Care Act implementation.
- The U.S. economy's revised Gross Domestic Product (GDP) for 2013 increased by 1.9% compared to 2.8% increase for 2012. The Federal Open Market Committee met on July 29 - 30, 2014 and according to the minutes of the meeting, real GDP projection would expand at a faster pace in the second half of the year and over the next two years than 2013. The contributing factors to the acceleration include: further anticipated waning of the restraint on spending growth from fiscal policy changes; continued improvement in credit availability; increases in consumer and business confidence; and, a pickup in foreign economic growth. Staff viewed the second quarter rebound in GDP and the ongoing improvement in labor market conditions as supporting their expectations for continued moderate expansion of the economy. According to Moody's Analytics, economic recovery has kicked into higher gear mainly due to the wind-down of fiscal austerity as situations are improving especially among state and local governments. Private companies are growing, as evidenced by additional jobs. Jobs are being added fast enough to eliminate slack in the labor market, estimated at 1.5% to 2.0%, by late 2016. (Source: Moody's Analytics: U.S. Macro Outlook: Back in Stride, August 5, 2014). However, the June 2014 UCLA Anderson Forecast indicated that these are not signs of recovery but rather they are normal growth. UCLA forecasted real GDP to grow 3.6% in the second quarter with a 3% economy that gets a little healthier in 2016. They project that unemployment would continue to trend downward to 5.4% in 2016.
- California's economy continues to recover from the impact of the recession. California is on a more solid footing and is back on track to reclaim its status as the Golden State according to The Kyser Center for Economic Research. The recovery is accelerating in just about every part of the State. Despite the recovery being slow, more people are finding jobs, there is improvement in housing and the State budget situation is improving. In 2013, California had regained about 70% of jobs lost during the recession. The steep decline of the California economy during the recession was worsened by the fiscal challenges that began well before the downturn. Although the recovery continues to be very slow, the unemployment rate is falling, more people are finding jobs, the housing market is improving and for the first time in years, budget surpluses are in sight. (Source: Los Angeles County Economic Development Corporation, The Kyser Center for Economic Research: 2014-2015 Economic Forecast and Industry Outlook, February 2014). The State unemployment rate continued to improve and fell modestly from

10.5% in 2012 to 8.9% in calendar year 2013. (Source: California Employment Development Department, News Release, August 15, 2014). In 2009, real personal income declined 3.7%, but since that time real personal income grew by 1.5% in 2010 and is forecasted to grow by 1.3% in 2013. Taxable sales are estimated to grow by 3.7% in 2013 and by 2.7% in 2014. The June 2014 UCLA Anderson Forecast anticipates total employment growth (payroll, farm and self-employed) of 1.8%; and 2.4% and 2.1% for 2015 and 2016 respectively. Non-farm payroll employment will grow similarly, at 2.1%, 2.3% and 2.1% for the three forecast years. Real personal income growth is forecast to be 3.1% in 2014. Unemployment will decline through 2014, averaging approximately 7.7% for this year. In 2015 the unemployment rate is expected to drop to 6.8% on average, a percent higher than the U.S. forecast, and then to 5.9% in 2016.

- San Diego's economic outlook continues to be moderately positive. The region's economic stability is based on federal spending, innovation clusters, tourism and real estate. Government operations account for 18% of the region's GDP. Since the end of the Cold War, the military's presence has diminished but remains an important driver of the region's economy. San Diego is a thriving hub for the technology-oriented industries and an important manufacturing center as well as a popular travel destination. The quality of life attracts a well-educated, talented workforce and well-off retirees which contribute to a positive outlook in consumer spending. An indicator of economic health is county taxable sales. Taxable sales began to decline overall in the county in 2007 through 2009 and improved in 2010 and 2011. 2012 has shown continued improvement although not as great as 2011. Moderate growth in taxable sales is expected to continue in 2013 and 2014 in the region. San Diego's median household income has remained relatively flat in recent years, after declines in 2009 through 2010 due to high unemployment and constrained

consumer spending. There was a slight increase in 2011 then a slight decrease in 2012. Median household income for 2013 is estimated to be 0.6% lower than 2012.

- The state of the economy plays a significant role in the County's ability to fund and provide many of the services that county residents have come to expect. The real estate market which impacts the County's general purpose revenue (GPR) is expected to show moderate improvement in June 2013 compared to June 2012. 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 5.7% (with budgeted revenue of \$1.03 billion in fiscal year 2015 compared to \$978.0 million budgeted in fiscal year 2014).

- The largest source of general purpose revenue is property taxes (\$563.6 million budgeted in fiscal year 2015), representing 54.5% of the total. In 2015, property taxes are expected to increase by \$40.0 million, or 7.6%, from 2014. The budgeted property tax revenue factors in the current commercial and residential real estate conditions as evidenced by the improving level of building permits; improving median price of homes; the relatively low level of foreclosures; and, the improvement in total deeds recorded. Current property tax revenue consists of four components: current secured property taxes, current supplemental property taxes, current unsecured property taxes and current unsecured supplemental property taxes.
- The budgeted amount of current secured property tax revenue (\$543.9 million) assumes a net local assessed secured property value increase of 4.0% from the actual local assessed secured property value figure for 2014, 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. In fiscal year 2016, the projected amount of revenues from current secured property taxes assumes a 3.0% increase in local assessed secured property values.

- Current supplemental property tax revenue (\$2.5 million budgeted in fiscal year 2015) is 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 began increasing in fiscal year 2007 to \$6.2 million until it reached \$38.3 million in fiscal year 2009. In fiscal year 2010, supplemental refunds decreased to \$21.6 million then to \$15.3 million in fiscal year 2011. In fiscal year 2012, they increased to \$18.3 million and went back down to \$13.9 million in fiscal year 2013. They are anticipated to continue to decline gradually over time as residential and commercial assessed values improve.
- Current unsecured property tax revenue (\$17.1 million budgeted in fiscal year 2015), increased slightly from fiscal year 2013. Based on trends and most up-to-date information, projection is relatively flat for the next two fiscal years.
- Current unsecured supplemental property tax revenue (\$0.1 million budgeted in fiscal year 2015) remains unchanged from fiscal year 2014. It is derived from supplemental bills that are transferred to the unsecured roll when a change of ownership occurs and a tax payment is due from the prior owner. Or, there

may be a subsequent change in ownership following the initial change in ownership which occurs prior to the mailing of the initial supplemental tax bill. Historically, this revenue category has not been budgeted because the actual amount of revenue received has been low.

- Property tax in lieu of vehicle license fees (VLF) comprises 31.6% (an estimated \$326.3 million) of budgeted general purpose revenue in fiscal year 2015. This revenue source was established by the State in fiscal year 2005 to replace the previous distribution of vehicle license fees to local governments. The annual change in this revenue source is based on the growth or decline in the net taxable unsecured and local secured assessed value. A 4% increase is projected in the combined taxable unsecured and local secured assessed value in fiscal year 2015 which is \$19.8 million higher than budgeted for fiscal year 2014.
- Teeter revenue represents 1.8% (an estimated \$19.1 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 participating 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 2015, collections from previous years' receivables are budgeted to decrease by \$2.8 million based on the size of the outstanding annual receivables, anticipated collection trends and market conditions. In fiscal year 2015, excess amounts from the Teeter Tax Loss Reserve Fund are budgeted to decrease from \$15.1 million in the fiscal year 2014 budget to \$13.1 million due to the size of the outstanding annual receivables and market conditions. Excess amounts from the Teeter Tax Loss Reserve Fund are projected at \$13.1 million in fiscal year 2016.

- Sales and use tax revenue and in lieu local sales and use tax (\$24.4 million in fiscal year 2015) represents about 2.4% 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."

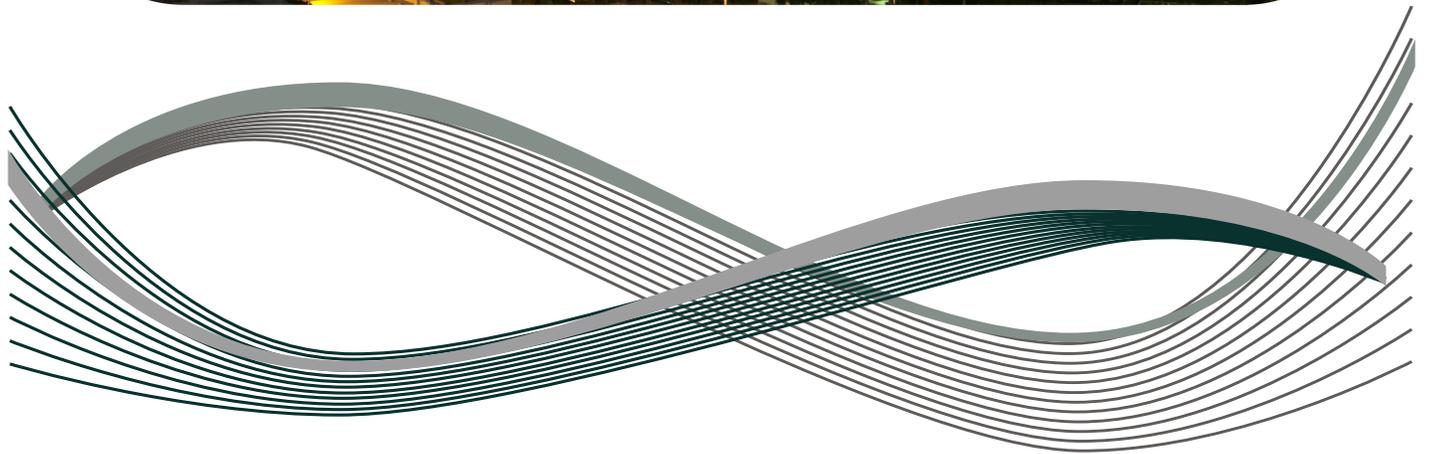
- Sales and Use Tax revenue in the county had been growing moderately through fiscal year 2008 in concert with population growth and new retail business formation in the unincorporated areas of the county. The recent recession, housing market declines and unemployment trends negatively impacted taxable sales at the Statewide, Southern California and San Diego regional levels. Sales and Use Tax revenue began to improve in calendar years 2010 and 2011 and increased very slightly in 2012. Fiscal year 2014 Sales and Use Tax revenue is projected to decrease by \$0.2 million or 1.1% compared to budget and \$0.5 million or 2.8% compared to fiscal year 2013 actuals. For fiscal year 2015, the amount is budgeted to increase by \$0.5 million or 2.1% above the fiscal year 2014 Adopted Operational Plan. Sales and Use Tax revenue growth in fiscal year 2016 is anticipated to be \$0.7 million or 3.0% over fiscal year 2015.
- Intergovernmental revenue (\$40.9 million budgeted in fiscal year 2015) is approximately 4.0% of the total GPR in fiscal year 2015 and represents funding the County receives from various intergovernmental sources including Redevelopment Successor 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 successor agencies. Redevelopment agencies were dissolved by the California legislature in ABx1 26 on June 28, 2011. The California Supreme Court upheld the constitutionality of the dissolution on December 29, 2011. The Court extended the date of dissolution to February 1, 2012. Based on Section 34183 of the Health and Safety Code, the county auditor-

controller shall remit from the Redevelopment Property Tax Trust Fund to each local agency and school entity an amount of property tax revenues in an amount equal to that which would have been received under Section 33401, 33492.14, 33607, 33607.6, 33607.7 or 33676. Residual funds not allocated for specific purposes will be distributed to local taxing agencies under Section 34183 of the Health and Safety Code. The County General Fund and Library Fund, as affected taxing entities, receive a share of this tax distribution but this has not been included in the projection for fiscal year 2014. For fiscal year 2015, the amount budgeted in intergovernmental revenue is \$0.3 million or 0.7% lower than what was projected for fiscal year 2014.

The County's Operational Plan for fiscal years 2015 and 2016 can be found on the internet: <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

Basic Financial Statements

STATEMENT OF NET POSITION

June 30, 2014
(In Thousands)

	Primary Government			Component Unit First 5 Commission of San Diego
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Pooled cash and investments	\$ 2,360,353	77,871	2,438,224	100,452
Cash with fiscal agents	17		17	
Investments with fiscal agents	312,336		312,336	9,946
Receivables, net	582,740	7,370	590,110	5,526
Property taxes receivables, net	104,080		104,080	
Internal balances	4,844	(4,844)		
Due from primary government				103
Inventories	13,324	231	13,555	
Deposits with others	27		27	
Prepaid items	471		471	2
Restricted assets:				
Cash with fiscal agents	558		558	
Investments with fiscal agents	63,096		63,096	
Lease receivable	9,419		9,419	
Capital assets:				
Land, easements and construction in progress	623,907	27,975	651,882	
Other capital assets, net of accumulated depreciation/ amortization	2,740,809	144,702	2,885,511	
Total assets	6,815,981	253,305	7,069,286	116,029
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of long-term debt	4,883		4,883	
Total deferred outflows of resources	4,883		4,883	

Continued on next page ►►►

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

STATEMENT OF NET POSITION

June 30, 2014
(In Thousands)

(Continued)	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
LIABILITIES				
Accounts payable	174,013	1,234	175,247	14,727
Accrued payroll	58,246	277	58,523	
Accrued interest	24,294		24,294	
Due to primary government				314
Unearned revenue	222,858	132	222,990	
Noncurrent liabilities:				
Due within one year	147,610	467	148,077	69
Due in more than one year	1,843,309	737	1,844,046	21
Total liabilities	2,470,330	2,847	2,473,177	15,131
DEFERRED INFLOWS OF RESOURCES				
Property taxes received in advance	9,174		9,174	
Deferred housing loans	147		147	
Housing program advances	22		22	
Total deferred inflows of resources	9,343		9,343	
NET POSITION				
Net investment in capital assets	3,015,405	171,911	3,187,316	
Restricted for:				
Creditors - Capital projects	2,511		2,511	
Grantors - Housing assistance	83,855		83,855	
Donations	4,453		4,453	
Laws or regulations of other governments:				
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	54,251		54,251	
Future road improvements	131,869		131,869	
Construction, maintenance and other costs for justice, health, and social facilities and programs	60,472		60,472	
Defray administrative costs, other general restrictions	22,221		22,221	
Teeter tax loss	8,563		8,563	
Mental health	1,701		1,701	
Vector control	14,289		14,289	
Improvement and maintenance of recorded document systems	22,384		22,384	
Flood Control future drainage improvements	28,867		28,867	
Public safety activities	66,222		66,222	
Housing Authority housing activities	16,260		16,260	
Other purposes	151,914		151,914	
First 5 Commission of San Diego				100,898
Unrestricted	655,954	78,547	734,501	
Total net position	\$ 4,341,191	250,458	4,591,649	100,898

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

Basic Financial Statements

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014
(In Thousands)

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit First 5 Commission of San Diego
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Governmental Activities:								
General government	\$ 249,066	100,328	229,154	3,924	84,340		84,340	
Public protection	1,312,074	240,850	376,335	92,439	(602,450)		(602,450)	
Public ways and facilities	148,209	18,773	104,753	17,947	(6,736)		(6,736)	
Health and sanitation	631,543	106,309	494,551		(30,683)		(30,683)	
Public assistance	1,418,703	34,927	1,308,743		(75,033)		(75,033)	
Education	35,647	852	5,808		(28,987)		(28,987)	
Recreation and cultural	38,903	8,413	275		(30,215)		(30,215)	
Interest	92,709				(92,709)		(92,709)	
Total governmental activities	3,926,854	510,452	2,519,619	114,310	(782,473)		(782,473)	
Business-type activities:								
Airport	14,118	12,647	3,793			2,322	2,322	
Jail Stores Commissary	4,816	5,659				843	843	
Sanitation District	28,291	25,037				(3,254)	(3,254)	
Total business-type activities	47,225	43,343	3,793			(89)	(89)	
Total primary government	3,974,079	553,795	2,523,412	114,310	(782,473)	(89)	(782,562)	
Component Unit:								
First 5 Commission of San Diego	\$ 61,710		34,647					(27,063)

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

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014
(In Thousands)

(Continued)	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
Changes in net position:				
Net (expense) revenue	\$ (782,473)	(89)	(782,562)	(27,063)
General Revenues				
Taxes:				
Property taxes	627,709		627,709	
Transient occupancy tax	3,404		3,404	
Real property transfer tax	20,074		20,074	
Miscellaneous taxes	14		14	
Property taxes in lieu of vehicle license fees	313,844		313,844	
Sales and use taxes	24,871		24,871	
Total general tax revenues	989,916		989,916	
Investment earnings	16,635	502	17,137	584
Other	132,612	2,565	135,177	
Total general revenues	1,139,163	3,067	1,142,230	584
Transfers	7,086	(7,086)		
Total general revenues and transfers	1,146,249	(4,019)	1,142,230	584
Change in net position	363,776	(4,108)	359,668	(26,479)
Net position at beginning of year (restated, see Note 31 to the financial statements)	3,977,415	254,566	4,231,981	127,377
Net position at end of year	\$ 4,341,191	250,458	4,591,649	100,898

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

Basic Financial Statements

BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2014
(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	\$ 1,691,282	28,647	17,331	390,343	2,127,603
Cash with fiscal agents	17				17
Investments with fiscal agents	2		307,359	4,975	312,336
Receivables, net	442,871	44,955	2,689	90,100	580,615
Property taxes receivables, net	103,561			519	104,080
Due from other funds	22,020			32,935	54,955
Inventories	11,149			1,053	12,202
Deposits with others				27	27
Prepaid items	84			387	471
Restricted assets:					
Cash with fiscal agents	150			408	558
Investments with fiscal agents				63,096	63,096
Lease receivable	4,082			5,337	9,419
Total assets	2,275,218	73,602	327,379	589,180	3,265,379

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

**BALANCE SHEET
GOVERNMENTAL FUNDS**
**June 30, 2014
(In Thousands)**

(Continued)	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	101,972			29,746	131,718
Accrued payroll	54,197			2,677	56,874
Due to other funds	53,095	7,381	2,033	9,557	72,066
Unearned revenue	214,486			7,921	222,407
Total liabilities	423,750	7,381	2,033	49,901	483,065
DEFERRED INFLOWS OF RESOURCES					
Property taxes received in advance	8,663			511	9,174
Deferred housing loans	147				147
Housing program advances				22	22
Unavailable revenue	110,986			70,559	181,545
Total deferred inflows of resources	119,796			71,092	190,888
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	1,127			3,804	4,931
Inventories and deposits with others	11,149			1,080	12,229
Restricted for:					
Creditors - Debt service				86,057	86,057
Creditors - Capital projects				24,111	24,111
Grantors - Housing assistance	54,875			28,980	83,855
Donations	4,453				4,453
Laws or regulations of other governments:					
Public safety activities	1	66,221			66,222
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	54,251				54,251
Improvement and maintenance of recorded document systems	22,384				22,384
Defray administrative costs, other general restrictions	22,221				22,221
Future road improvements				131,869	131,869
Construction, maintenance and other costs for justice, health, and social facilities and programs	60,472				60,472
Fund purpose				103,011	103,011
Other purposes	77,891			19,330	97,221
Committed to:					
Realignment health, mental health and social services	65,297				65,297
Landfill postclosure and landfill maintenance				63,825	63,825
Unforeseen catastrophic events	55,500				55,500
Capital projects' funding	314,463			6,120	320,583
Health			325,346		325,346
Other purposes	56,915				56,915
Assigned to:					
Subsequent one-time expenditures	168,089				168,089
Other purposes	49,539				49,539
Unassigned	713,045				713,045
Total fund balances	1,731,672	66,221	325,346	468,187	2,591,426
Total liabilities, deferred inflows of resources and fund balances	\$ 2,275,218	73,602	327,379	589,180	3,265,379

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2014
(In Thousands)

Total fund balances - governmental funds	\$ 2,591,426
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.	3,305,198
Unamortized loss on refundings (to be amortized as interest expense).	4,883
Accrued interest on long-term debt.	(24,292)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds and recognized as revenue in the statement of activities.	181,545
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. (See Note 2 to the financial statements; Table 3 .)	(1,800,924)
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; and, to make loans for start-up services for new and existing county service districts. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. (See Note 2 to the financial statements; Table 3 .)	83,355
Net position of governmental activities	\$ 4,341,191

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**
**For the Year Ended June 30, 2014
(In Thousands)**

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 950,007			37,054	987,061
Licenses, permits and franchise fees	45,930			9,889	55,819
Fines, forfeitures and penalties	43,742			3,383	47,125
Revenue from use of money and property	10,805	23	2,305	21,722	34,855
Aid from other governmental agencies:					
State	1,090,275	248,040		175,291	1,513,606
Federal	790,643			128,508	919,151
Other	139,503			30,221	169,724
Charges for current services	349,691			39,533	389,224
Other	22,089			39,320	61,409
Total revenues	3,442,685	248,063	2,305	484,921	4,177,974
Expenditures:					
Current:					
General government	223,560		129	7,681	231,370
Public protection	1,266,644			11,054	1,277,698
Public ways and facilities	12,517			63,048	75,565
Health and sanitation	575,829			44,490	620,319
Public assistance	1,276,786			134,139	1,410,925
Education	907			32,524	33,431
Recreation and cultural	29,680			1,924	31,604
Capital outlay	18,337			245,678	264,015
Debt service:					
Principal	19,945			39,590	59,535
Interest	19,357			73,875	93,232
Total expenditures	3,443,562		129	654,003	4,097,694
Excess (deficiency) of revenues over (under) expenditures	(877)	248,063	2,176	(169,082)	80,280
Other financing sources (uses):					
Sale of capital assets	58,364			56	58,420
Transfers in	272,657			205,876	478,533
Transfers out	(199,824)	(237,219)	(24,200)	(18,993)	(480,236)
Total other financing sources (uses)	131,197	(237,219)	(24,200)	186,939	56,717
Net change in fund balances	130,320	10,844	(22,024)	17,857	136,997
Fund balances at beginning of year	1,601,422	55,377	347,370	450,601	2,454,770
Increase (decrease) in nonspendable inventories	(70)			(271)	(341)
Fund balances at end of year	\$ 1,731,672	66,221	325,346	468,187	2,591,426

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

Basic Financial Statements

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

(In Thousands)

Net change in fund balances - total governmental funds	\$	136,997
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.		2,855
Revenues that do not provide current financial resources are not reported as revenues in the funds (deferred inflows) but are recognized as revenue in the statement of activities.		19,264
Adjustment to nonspendable inventories.		(341)
Change in accounting estimate for postclosure costs - (public protection function) - San Marcos landfill.		366
Change in accounting estimate for pollution remediation - (general function).		4,532
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/amortization expense. (See Note 2 to the financial statements; Table 4.)		139,602
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (See Note 2 to the financial statements; Table 4.)		11,708
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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (See Note 2 to the financial statements; Table 4.)		66,268
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. (See Note 2 to the financial statements; Table 4.)		(3,958)
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. (See Note 2 to the financial statements; Table 4.)		(13,517)
Change in net position - governmental activities	\$	363,776

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**
**June 30, 2014
(In Thousands)**

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
ASSETS		
Current assets:		
Pooled cash and investments	\$ 77,871	232,750
Receivables, net	3,508	1,082
Due from other funds	50	29,647
Inventories	231	1,122
Total current assets	81,660	264,601
Noncurrent assets:		
Due from other funds	3,862	15
Capital assets:		
Land	11,593	
Construction in progress	16,382	235
Buildings and improvements	119,494	
Equipment	1,543	139,148
Software		13,727
Road infrastructure	9,569	
Sewer infrastructure	96,165	
Accumulated depreciation/amortization	(82,069)	(93,592)
Total noncurrent assets	176,539	59,533
Total assets	258,199	324,134
LIABILITIES		
Current liabilities:		
Accounts payable	1,234	42,295
Accrued payroll	277	1,372
Accrued interest		2
Due to other funds	5,202	6,356
Unearned revenue	132	451
Loans payable	291	1,260
Capital lease payable		34
Compensated absences	176	888
Claims and judgments		41,349
Total current liabilities	7,312	94,007
Noncurrent liabilities:		
Loans payable	475	1,747
Capital lease payable		85
Compensated absences	262	1,318
Claims and judgments		143,314
Total noncurrent liabilities	737	146,464
Total liabilities	8,049	240,471
NET POSITION		
Net investment in capital assets	171,911	59,399
Unrestricted net position	78,239	24,264
Total net position	\$ 250,150	83,663

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

Total net position	\$ 250,150
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	308
Net position of business-type activities	\$ 250,458

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

Basic Financial Statements

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended June 30, 2014
(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for current services	\$ 43,343	343,542
Other	2,565	2,997
Total operating revenues	45,908	346,539
Operating expenses:		
Salaries and employee benefits	7,609	38,560
Repairs and maintenance	6,190	32,405
Equipment rental	1,182	186
Sewage processing	14,418	
Contracted services	7,534	185,906
Depreciation/amortization	5,493	13,460
Utilities	319	24,012
Cost of material	2,279	4,529
Claims and judgments		56,455
Fuel	6	13,254
Other	2,002	5,543
Total operating expenses	47,032	374,310
Operating income (loss)	(1,124)	(27,771)
Nonoperating revenues (expenses):		
Grants	3,793	3,235
Investment earnings	502	908
Interest expense	(59)	(121)
Gain (loss) on disposal of assets		715
Total nonoperating revenues (expenses)	4,236	4,737
Income (loss) before capital contributions and transfers	3,112	(23,034)
Capital contributions		594
Transfers in	359	10,550
Transfers out	(7,445)	(1,761)
Change in net position	(3,974)	(13,651)
Net position (deficits) at beginning of year (restated, see Note 31 to the financial statements)	254,124	97,314
Net position (deficits) at end of year	\$ 250,150	83,663

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

Change in net position	\$ (3,974)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(134)
Change in net position of business-type activities	\$ (4,108)

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**
**For the Year Ended June 30, 2014
(In Thousands)**

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 39,777	6,079
Cash received from other funds	6,830	334,864
Cash payments to suppliers	(33,144)	(245,434)
Cash payments to employees	(7,565)	(38,516)
Cash payments to other funds	(3,546)	(28,669)
Cash paid for claims and judgments		(28,343)
Other payments	(4)	
Net cash provided (used) by operating activities	2,348	(19)
Cash flows from noncapital financing activities:		
Operating grants	6,669	3,198
Transfers from other funds	359	10,550
Transfers to other funds	(2,877)	(1,761)
Principal paid on long-term debt		(1,134)
Interest paid on long-term debt		(113)
Proceeds from loans		1,232
Other noncapital increases		15
Other noncapital (decreases)	(12)	
Net cash provided (used) by noncapital financing activities	4,139	11,987
Cash flows from capital and related financing activities:		
Capital contributions		594
Acquisition of capital assets	(9,387)	(13,491)
Proceeds from sale of assets		1,495
Principal paid on long-term debt	(280)	
Principal paid on capital lease		(33)
Interest paid on long-term debt	(59)	(8)
Net cash provided (used) by capital and related financing activities	(9,726)	(11,443)
Cash flows from investing activities:		
Investment earnings	490	860
Net increase (decrease) in cash and cash equivalents	(2,749)	1,385
Cash and cash equivalents - beginning of year	80,620	231,365
Cash and cash equivalents - end of year	77,871	232,750
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(1,124)	(27,771)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Decrease (increase) in accounts receivables	358	83
Decrease (increase) in due from other funds	275	(5,381)
Decrease (increase) in inventory	(24)	65
Increase (decrease) in accounts payable	(2,144)	(10,307)
Increase (decrease) in accrued payroll	30	154
Increase (decrease) in due to other funds	(596)	1,926
Increase (decrease) in unearned revenue	66	(297)
Increase (decrease) in compensated absences	14	(62)
Increase (decrease) in claims and judgments		28,111
Depreciation/amortization	5,493	13,460
Total adjustments	3,472	27,752
Net cash provided (used) by operating activities	2,348	(19)
Non-cash investing and capital financing activities:		
Capital acquisitions included in accounts payable	304	1,060
Operating transfer due to other funds	(4,434)	

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

Basic Financial Statements

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

June 30, 2014
(In Thousands)

	Pooled Investments - Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS			
Pooled cash and investments	\$ 4,401,850	1,963	348,659
Cash with fiscal agents			839
Investments with fiscal agents		1,155	
Receivables:			
Accounts receivable			13
Investment earnings receivable	4,698	1	2,340
Due from other government agencies		159	
Other receivables	750		
Total assets	4,407,298	3,278	351,851
LIABILITIES			
Accounts payable	738	11	19,543
Warrants outstanding			158,429
Accrued interest		60	
Noncurrent liabilities:			
Due within one year		428	
Due in more than one year		12,636	
Due to other funds		4,905	
Due to other governments			173,879
Total liabilities	738	18,040	351,851
NET POSITION			
Held in trust for pool participants	4,406,560		
Held in trust for private purpose		(14,762)	
Total net position held in trust (deficit)	\$ 4,406,560	(14,762)	

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**
**For the Year Ended June 30, 2014
(In Thousands)**

	Pooled Investments - Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Contributions to investments	\$ 8,226,574	
Total contributions	8,226,574	
Investment earnings:		
Net increase (decrease) in fair value of investments	3,998	2
Investment earnings	15,809	1
Total investment earnings	19,807	3
Property taxes - Successor Agency Redevelopment Property Tax Trust Fund distribution		1,828
Total additions	8,246,381	1,831
DEDUCTIONS		
Administrative expenses		31
Distributions from investments	7,876,325	
Contributions to other agencies		550
Interest		744
Total deductions	7,876,325	1,325
Change in net position	370,056	506
Net position at beginning of year, (restated, see Note 31 to the financial statements)	4,036,504	(15,268)
Net position (deficit) at end of year	\$ 4,406,560	(14,762)

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

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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.

These are entities for which the County is considered to be financially responsible and has a potential financial benefit/burden relationship.

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. The County Board of Supervisors therefore has the ability to impose its will. These component units have a direct financial benefit/burden relationship with the County, 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

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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 in two *special revenue funds*.

Sanitation District (SD) - The *SD* was established to construct, operate and maintain reliable and sustainable sanitary sewer systems. Revenue sources include charges to property owners and grants. The *SD* is reported as an *enterprise fund*.

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* and a *capital projects 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 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 for IHSSPA, *SDCTASC*, *SDRBA*, and *TSJPA* 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. The Commission 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, 2750 Womble Road, Suite 201, (MS-A211), San Diego, CA 92106.

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 position 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 position,

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 position 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 functional 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, jail stores commissary, and sanitation.

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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. For all fund types, deferred outflows of resources are presented after assets; and deferred inflows of resources are presented following 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, jail stores commissary and sanitation district activities; including operations and maintenance, financing of clothing and personal sundry items for persons institutionalized at various county facilities, and 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; and the financing of information technology services. 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.

Pooled Investments - Investment Trust Funds account for investment activities on behalf of external entities and include the portion of the County Treasurer's investment pool applicable to external entities. In general, external entities include school districts, independent special districts and various other governments.

County of San Diego Successor Agency Private Purpose Trust Fund is a fiduciary fund type used by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the County of San Diego Successor Agency; formed pursuant to California Assembly Bill ABx1 26.

Agency Funds are custodial in nature, and have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Agency funds 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.

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 principal payments on general long-term debt 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

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position 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 Investment Pool (the "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 position/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. \$765 thousand of interest earned by certain funds has been assigned to and reported as revenue of another fund. For fiscal year 2014, the General Fund was assigned \$652 thousand and the Other Governmental Funds were assigned \$113 thousand.

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 (\$11.043 million and \$3.034 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 the General Fund; and as a restricted, committed or assigned fund balance account in other governmental funds, as applicable.

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 on defaulted 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 after 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 position - 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 net position, 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 are not in spendable form and thus, an equivalent portion of fund balance is reported as nonspendable.

Capital Assets

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

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
Easements		50
Buildings and improvements		50
Equipment		5
Software		50-100
Infrastructure		25-50

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 government-wide statement of activities. Estimated useful lives are shown in **Table 2**.

Table 2

Estimated Useful Lives

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

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 the governmental, proprietary, and fiduciary funds' financial statements.

Deferred Outflows and Inflows of Resources

The County reports deferred outflows and inflows of resources. A deferred outflow of resources is a consumption of net position by the government

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position by the government that is applicable to a future period.

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 deferred inflow of resources. This type of deferred inflow 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.

Occasionally, the County 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. If there is an excess of the reacquisition price of refunded debt over its net carrying amount, it is treated as a deferred outflow of resources (a deferred loss on refunding). If there is an excess net carrying value amount of refunded debt over its reacquisition price, it is treated as a deferred inflow of resources (a deferred gain on refunding).

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 position.

Long-Term Obligations

Long-term liabilities reported in the statement of net position 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 postclosure 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 position. 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).

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts 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.

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 position. 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 position.

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:

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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 Board of Supervisors. The Board of Supervisors may establish fund balance commitments by adoption of an ordinance, resolution, or formal board action memorialized by minute orders as may be required by law. All are equally binding. 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.

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. This intent is expressed by the Board of Supervisors approval of the use of fund balance to fund non-capital related expenditures and via Board Policy B-71, which provides that fund balance may be committed by the Board and/or assigned by the Chief Administrative Officer for specific purposes.

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 Position

Net investment in capital assets - consists of capital assets net of accumulated depreciation reduced by the outstanding principal of capital related debt (adjusted by any unamortized premiums, discounts and unspent proceeds related to debt), incurred by the County to buy or construct capital assets shown in the statement of net position. Capital assets cannot readily be sold and converted to cash.

Restricted net position - consists of restricted assets reduced by liabilities related to those assets. Constraints placed on net position 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 position - consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

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.

NOTE 2**Reconciliation of Government-Wide and Fund Financial Statements****Balance Sheet/Statement of Net Position**

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

Table 3

Governmental Funds Balance Sheet / Government-Wide Statement of Net Position Reconciliation
At June 30, 2014

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 \$(1,800,924) difference are as follows:

Bonds, notes and loans payable	
Certificates of participation and lease revenue bonds	\$ (384,410)
Taxable pension obligation bonds	(732,330)
Tobacco settlement asset-backed bonds	(563,737)
Loans - non-internal service funds	(2,117)
Unamortized issuance premiums (to be amortized as interest expense)	(11,927)
Unamortized issuance discounts (to be amortized as interest expense)	12,459
Compensated absences (excluding Internal Service Funds)	(96,092)
Landfill postclosure - San Marcos landfill	(18,992)
Pollution remediation	(3,778)
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (1,800,924)</u>

Internal Service Funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. The details of this \$83,355 difference are as follows:

Net position of the internal service funds	\$ 83,663
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(442)
Add: Internal payable representing costs in excess of charges to business-type activities - current year	134
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 83,355</u>

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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, 2014

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/amortization expense. The details of this \$139,602 difference are as follows:

Capital outlay	\$ 264,015
Depreciation/amortization expense	(124,413)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	<u>\$ 139,602</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. The details of this \$11,708 difference are as follows:

The proceeds from the sale of capital assets provide current financial resources but have no effect on net position	\$ (58,420)
The loss on the disposal of capital assets does not affect current financial resources but decreases net position	(480)
The gain on the disposal of capital assets does not affect current financial resources but increases net position	49,152
Donations of assets to the County do not provide current financial resources but resources increase net position	21,456
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	<u>\$ 11,708</u>

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 position. 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 \$66,268 difference are as follows:

Principal repayments	\$ 59,535
Accreted interest paid	6,733
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	<u>\$ 66,268</u>

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 \$(3,958) difference are as follows:

Compensated absences	\$ 2,131
Accrued interest	688
Accretion of capital appreciation bonds	(6,832)
Amortization of premiums	1,152
Amortization of discounts	(591)
Amortization of loss on refundings	(506)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	<u>\$ (3,958)</u>

Internal Service Funds. The net revenue (or expense) of certain activities of internal service funds is reported with governmental activities. The details of this \$(13,517) difference are as follows:

Change in net position of the internal service funds	\$ (13,651)
Add: Gain from charges to business activities	134
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	<u>\$ (13,517)</u>

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 Treasury 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. The TOC 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 152, San Diego, California, 92101 and can also be accessed at <http://www.sdtreastax.com>.

Total pooled cash and investments totaled \$7,291,148 consisting of: \$7,198,002 investments in the County pool; \$85.201 million in demand deposits; \$7.422 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, 2014, 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

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of the Investment Pool's deposits was \$85.201 million, and the bank balance at June 30, 2014 was \$81.686 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, \$9.613 million was covered by federal deposit insurance and \$72.073 million was collateralized with securities held by a depository agent on behalf of the Investment Pool as required by California Government Code Section 53656. The California Government Code 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. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Also, a financial institution may, in accordance with the California Government Code, secure local agency deposits using first trust deed mortgages; however, the fair value of the first trust deed mortgages collateral must be at least 150% of the total amount deposited.

b. The carrying amount of demand deposits with Fiscal Agents (outside of the Pool) was \$1.414 million and the bank balance per various financial institutions was \$2.005 million. Of the total bank balance, \$696 thousand was covered by federal deposit insurance and \$1.309 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, U.S. Federal agencies and local agency obligations; registered treasury notes or bonds of all 50 states; 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; local agency investment funds; mortgage collateralized obligations; and shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7.

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). 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. The calculation of realized gains and losses is independent of the calculation of net change in 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 market interest rates will adversely affect the fair value of an investment. Generally, investments of longer maturities are more sensitive to changes in market interest rates.

To mitigate the effect of interest rate risk, the Investment Pool maintains a laddered portfolio in compliance with the Investment Policy, which requires at least 25% of securities to mature within 90 days, and at least 50% of securities to mature within one year, and no more than 50% of securities to mature within one to five years. In addition, the Investment Pool limits the maximum effective duration of the portfolio to 18 months. As of June 30, 2014, 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**.

California Government Code Section 53601 indicates where the Code does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

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. Non-rated securities include sweep accounts, collateralized certificates of deposit and repurchase agreements. Sweep accounts and collateralized certificates of deposit must be FDIC insured and 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 and on **Table 7**.

	Investment Pool	Investments with Fiscal Agents
Overall credit rating	AAAf / S1	
Short-term	A-1	A-1
Long-term	A	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.

To mitigate this risk, 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, 2014, all Pool investments were in compliance with State law and with the Investment Policy.

The Investment Pool's holdings of the securities of the Federal National Mortgage Association

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(Amounts expressed in thousands unless otherwise noted)

(FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) 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 Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), FNMA, or FHLMC. The Investment Pool's investments in FHLB, FNMA and FHLMC securities as of June 30, 2014 comprised 15.02%, 14.08%, and 9.01% of the total County Investment Pool's investments, respectively.

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, 2014 are shown in **Table 6**.

Table 6
Concentration of Credit Risk -
Investments With Fiscal Agents

Issuer	Tobacco Endowment Fund	Percent	Nonmajor Governmental Funds	Percent
BlackRock MuniFund	\$ 114,000	37		
Federal farm credit bank			\$ 4,975	7
Federal national mortgage association			4,355	6
Federal national mortgage association discount			34,154	50

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 another party.

The investment policy requires securities, not insured by FDIC insurance, including appropriate collateral, be placed with an independent third party for custodial safekeeping. Securities purchased by the 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.

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

Table 7

Pooled Investments
At June 30, 2014

	Fair Value	Book Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
US government agencies:							
Federal home loan mortgage corporation notes	\$ 649,293	648,664	0.25% - 5.00%	7/14 - 2/19	679	A-1+/AA+	9.01%
Federal home loan bank notes	1,081,195	1,079,879	0.13% - 5.50%	7/14 - 6/18	402	A-1+/AA+	15.02%
Federal national mortgage association notes	1,013,302	1,014,977	0.38% - 5.00%	8/14 - 11/18	1002	AA+	14.08%
Federal farm credit bank notes	135,368	135,002	0.30% - 1.97%	8/14 - 6/19	1191	AA+	1.88%
US treasury notes	430,300	429,855	0.25% - 4.50%	8/14 - 5/19	815	A-1+/AA+	5.98%
Repurchase agreement	807	808	0.02%	7/14	7	A-1	0.01%
Commercial paper	1,371,990	1,372,412	0.05% - 0.24%	7/14 - 2/15	80	A-1/A-1+	19.06%
Money market mutual funds	516,600	516,600	0.003% - 0.02%	N/A	26	A-1+/AAA	7.18%
Negotiable certificates of deposit	1,964,007	1,964,007	0.12% - 0.23%	7/14 - 1/15	70	A-1/A-1+	27.29%
CalTRUST	35,140	35,000	0.40%	N/A	500	AA	0.49%
Total investments	\$ 7,198,002	7,197,204			372		100.00%

Table 8

Investments with Fiscal Agents
At June 30, 2014

	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	\$ 6,908	5.00%	6/18	1446	A	1.84%
Fixed income tax exempt bonds	5,491	5.00%	7/23	3302	A+	1.46%
Fixed income tax exempt bonds	37,605	0% - 7%	8/15 - 12/28	3454	AA	10.02%
Fixed income tax exempt bonds	9,469	5.00%	8/27 - 2/28	4860	AA-	2.52%
Fixed income tax exempt bonds	67,362	0% - 8%	12/14 - 11/36	2344	AA+	17.94%
Fixed income tax exempt bonds	11,041	5.00%	7/17 - 11/19	1737	AAA	2.94%
Fixed income tax exempt bonds	2,232	5.25%	11/29	5617	BBB+	0.59%
Fixed income tax exempt bonds	53,253	5% - 7.50%	7/16 - 2/37	4059	NR	14.18%
Federal farm credit bank notes	4,975	0.69%	5/17	1051	AA+	1.33%
MuniFunds	114,000	0.02%	8/14	40	AAA	30.37%
Subtotal	312,336					
Restricted:						
Federal national mortgage association notes	4,355	4.62%	10/14	107	AA+	1.16%
Federal national mortgage association discount notes	34,154	0.00%	11/14	149	NA	9.10%
Money market mutual funds	24,587	0% - 0.1%	7/14 - 8/14	24-55	AAA	6.55%
Subtotal	63,096					
Total County investments with fiscal agents	375,432					100.00%
Private Purpose investments:						
Money market mutual funds	1,155	0.01%	8/14	40	AAA	100.00%
Total Private Purpose investments	1,155					100.00%
Total investments with fiscal agents	\$ 376,587					

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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	No limit	No limit	No limit	No limit	No limit	No limit
Agency obligations	5 years	5 years	No limit	No limit	No limit	35%	No limit	No limit
Local agency obligations	5 years	5 years	No limit	15%	No limit	10%	No limit	A
Bankers' acceptances	180 days	180 days	40%	40%	30%	5%	No limit	A-1
Commercial paper (1)	270 days	270 days	40%	40%	10%	5%	A	A
Negotiable certificates of deposit	5 years	5 years	30%	30%	30%	5%	No limit	A
Repurchase agreements	1 year	1 year	No limit	40%	No limit	Note (2)	No limit	No limit
Reverse repurchase agreements	92 days	92 days	20%	20%	No limit	10%	No limit	No limit
Corporate medium-term notes	5 years	5 years	30%	30%	30%	5%	A	A
Collateralized certificates of deposits	N/A	13 months	No limit	10%	No limit	No limit	No limit	No limit
Money market mutual funds	N/A	N/A	20%	15%	10%	10%	AAAm	AAAm
JPA pools	N/A	N/A	No limit	2.5%	No limit	2.5%	No limit	No limit
Mortgage or other asset backed pass-through securities (3)	5 years	5 years	20%	20%	No limit	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 RPs with maturities greater than 5 days, and 15% of the portfolio for RP's maturing in 5 days or less. The maximum exposure to a single broker/dealer of Repurchase Agreements shall be 10% of the portfolio value for maturities greater than 5 days, and 15% of the portfolio value for maturities of 5 days or less.

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

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 2014 restricted assets were as follows:

Table 10

Restricted Assets

Fund	Legal or Contractual Requirements	Debt Covenants
General Fund	\$ 150	\$ 4,082
Nonmajor Governmental Funds		
Housing Authority - Other Special Revenue Fund	408	
Tobacco Securitization Joint Special Revenue Fund		57,727
Pension Obligation Bonds Debt Service Fund		17
San Diego Regional Building Authority Debt Service Fund		6,334
SANCAL Debt Service Fund		4,355

NOTE 5 Receivables

Details of receivables reported in the government-wide Statement of Net Position 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 - \$57.357 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.

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

Loans - Governmental activities- \$84.281 million

This amount includes: \$36.939 million in housing rehabilitation loan programs for low-income or special need residents, and loans for low income housing down payments; \$26.622 million in community development block grant loans; \$16.260 million owed to the Housing Authority - Low and Moderate Income Housing Asset Fund for Affordable Housing Development and Single-Family Rehabilitation Loans; \$3.417 million in low income housing developers loans; and \$1.043 million owed to the General Fund from the County of San Diego Successor Agency Private Purpose Trust Fund as a result of a loan to provide funding for project improvements for the Upper San Diego River Project. At the fund level, in the

General Fund, this loan is presented as "Due From Other Funds". See Note 8 to the financial statements, "Interfund Balances".

Loans- Business-type activities- \$6.460 million

This amount includes \$2.598 million in 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; and \$3.862 million owed to the AEF from the County of San Diego Successor Agency Private Purpose Trust Fund as a result of a loan to fund airport projects. In the Airport Enterprise Fund, this loan is presented as "Due From Other Funds". See Note 8 to the financial statements, "Interfund Balances".

Table 11

Receivables

Primary Government and Discretely Presented Component Unit

At June 30, 2014

	Accounts	Investment Earnings	Due From Other Government Agencies	Loans	Other	Total Receivables	Allowance For Doubtful Accounts	Receivables Net
Governmental activities:								
General Fund	\$ 5,475	1,710	379,793	54,875	1,018	442,871		\$ 442,871
Public Safety Special Revenue Fund			44,955			44,955		44,955
Tobacco Endowment Fund		2,689				2,689		2,689
Other Governmental Funds	20,713	929	43,182	28,310		93,134	(3,034)	90,100
Internal Service Funds	116	198	675	53	40	1,082		1,082
Total governmental activities - fund level	\$ 26,304	5,526	468,605	83,238	1,058	584,731	(3,034)	\$ 581,697
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund				1,043		1,043		1,043
Total governmental activities - Statement of Net Position	\$ 26,304	5,526	468,605	84,281	1,058	585,774	(3,034)	\$ 582,740
Business-type activities:								
Enterprise Funds	\$ 213	70	621	2,598	6	3,508		\$ 3,508
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund				3,862		3,862		3,862
Total business-type activities - Statement of Net Position	\$ 213	70	621	6,460	6	7,370		\$ 7,370
Component Unit:								
First 5 Commission of San Diego	\$		5,526			5,526		\$ 5,526

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

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

and improvements with accumulated depreciation of \$6.45 million at June 30, 2014. The lease revenue received by the SDRBA and the County for the year ended June 30, 2014 was approximately \$737 thousand and \$889 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 \$2.49 million in land at June 30, 2014.

Lease revenue from noncancelable operating leases for the year ended June 30, 2014 was approximately \$17.63 million. Future minimum lease payments to be received under the direct financing and noncancelable operating leases are noted in **Table 12**.

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:

	Beginning Balance at July 1, 2013	Increases	Decreases	Ending Balance at June 30, 2014
Capital assets, not being depreciated/amortized:				
Land	\$ 392,067	8,419	(2,198)	\$ 398,288
Easements	7,449	636		8,085
Construction in progress	163,537	219,642	(165,645)	217,534
Total capital assets, not being depreciated/amortized	563,053	228,697	(167,843)	623,907
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,485,806	153,824	(15,436)	1,624,194
Equipment (1)	265,167	25,991	(14,940)	276,218
Software	58,793	11,303		70,096
Road infrastructure	2,537,428	44,436		2,581,864
Bridge infrastructure	72,071	1,039	(1,702)	71,408
Total capital assets, being depreciated/amortized	4,419,265	236,593	(32,078)	4,623,780
Less accumulated depreciation/amortization for:				
Buildings and improvements	(365,260)	(33,538)	8,450	(390,348)
Equipment (1)	(154,611)	(22,303)	13,974	(162,940)
Software	(28,602)	(11,579)		(40,181)
Road infrastructure	(1,200,356)	(69,056)		(1,269,412)
Bridge infrastructure	(20,395)	(1,397)	1,702	(20,090)
Total accumulated depreciation/amortization	(1,769,224)	(137,873)	24,126	(1,882,971)
Total capital assets, being depreciated/amortized, net	2,650,041	98,720	(7,952)	2,740,809
Governmental activities capital assets, net (restated) (1)	\$ 3,213,094	327,417	(175,795)	\$ 3,364,716

(1) Effective July 1, 2013, the Other Miscellaneous Internal Service Fund (Jail Stores Commissary Fund) - Governmental Activities including its Equipment of \$236 and Equipment Accumulated Depreciation of \$(233) was moved to the Enterprise Fund Type - Business Type Activities. Please also see Note 31, "Restatements".

Table 12

Lease Revenue

County Property Leased To Others

Fiscal Year	Direct Financing Leases	Operating Leases
2015	\$ 1,637	\$ 12,093
2016	1,624	10,914
2017	1,627	9,758
2018	1,632	9,425
2019	1,633	8,381
2020 - 2024	1,266	32,015
2025 - 2029		28,047
2030 - 2034		25,006
2035 - 2039		18,073
2040 - 2044		14,171
2045 - 2049		9,996
2050 - 2054		8,975
2055 - 2059		4,777
2060 - 2064		3,194
2065 - 2069		900
Total	\$ 9,419	\$ 195,725

Table 14**Capital Assets - Business-type Activities**

	Beginning Balance at July 1, 2013	Increases	Decreases	Ending Balance at June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 11,565	28		\$ 11,593
Construction in progress	15,808	9,274	(8,700)	16,382
Total capital assets, not being depreciated	27,373	9,302	(8,700)	27,975
Capital assets, being depreciated:				
Buildings and improvements	113,942	5,552		119,494
Equipment (1)	1,126	417		1,543
Road infrastructure	6,449	3,120		9,569
Sewer infrastructure	96,165			96,165
Total capital assets, being depreciated	217,682	9,089		226,771
Less accumulated depreciation for:				
Buildings and improvements	(36,436)	(3,363)		(39,799)
Equipment (1)	(894)	(52)		(946)
Road infrastructure	(528)	(193)		(721)
Sewer infrastructure	(38,718)	(1,885)		(40,603)
Total accumulated depreciation	(76,576)	(5,493)		(82,069)
Total capital assets, being depreciated, net	141,106	3,596		144,702
Business-type activities capital assets, net (restated) (1)	\$ 168,479	12,898	(8,700)	\$ 172,677

(1) Effective July 1, 2013, the Other Miscellaneous Internal Service Fund (Jail Stores Commissary Fund) - Governmental Activities including its Equipment of \$236 and Equipment Accumulated Depreciation of \$(233) was moved to the Enterprise Fund Type - Business Type Activities. Please also see Note 31, "Restatements".

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	\$ 10,729
Public protection	24,339
Public ways and facilities	70,478
Health and sanitation	7,296
Public assistance	2,919
Education	1,832
Recreation and cultural	6,820
Internal Service Funds	13,460
Total	\$ 137,873

Table 16**Depreciation Expense - Business-type Activities**

Airport Fund	\$ 3,506
Sanitation District Fund	1,987
Total	\$ 5,493

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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, 2014, the County General Fund's outstanding encumbrances totaled \$306.791 million; the Public Safety Fund's outstanding encumbrances totaled \$175 thousand; and, Nonmajor governmental funds' outstanding encumbrances totaled \$34.534 million.

At June 30, 2014, major contracts entered into for structures and improvements and other commitments within governmental and business-type activities are noted in **Table 17**.

Table 17

Capital Commitments At June 30, 2014

	Remaining Commitments
Governmental Activities	
General Fund:	
Construction of Women's Detention Facility	\$ 82,138
Development of Integrated Property Tax System	21,668
Construction of parking garage at Cedar and Kettner	20,664
Regional Communications System replacement	3,500
Construction of Registrar of Voters building	2,430
Construction of Boulevard fire station	2,387
Conventional Radio System upgrade	1,921
Construction of East Mesa Detention Facility	1,676
Development of Re-Entry Case Management System	1,471
Subtotal	<u>137,855</u>
Nonmajor Governmental Funds:	
Construction of San Vicente Road	25,615
Improvement to County Roads	2,052
Subtotal	<u>27,667</u>
Governmental Activities Subtotal	<u>165,522</u>
Business-type Activities	
Enterprise Funds:	
Improvements at various airports	1,511
Sanitation District sewer improvements	1,263
Business-Type Activities Subtotal	<u>2,774</u>
Total	<u>\$ 168,296</u>

NOTE 8

Interfund Balances

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

Table 18

Interfund Balances At June 30, 2014

		DUE FROM							Total
		General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Private Purpose Trust Fund	
DUE TO	General Fund		7,381	2,033	6,262	402	4,899	1,043	\$ 22,020
	Nonmajor Governmental	\$ 26,287			1,901	4,714	33		32,935
	Nonmajor Enterprise	46			2	2		3,862	3,912
	Internal Service	26,762			1,392	84	1,424		29,662
	Total	\$ 53,095	7,381	2,033	9,557	5,202	6,356	4,905	\$ 88,529

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

a) \$30 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. \$15 thousand of the balance is not scheduled to be collected in the subsequent year.

b) \$1.043 million is due to the General Fund from the County of San Diego Successor Agency Private Purpose Trust Fund (Upper San Diego River Project) as a result of a loan to provide funding for Project improvements.

c) \$3.862 million is due from the County of San Diego Successor Agency Private Purpose Trust Fund to the Airport Enterprise Fund as a result of a loan to fund airport projects.

For further discussion of the loans to the County of San Diego Successor Agency Private Purpose Trust Fund, refer to Note 33 to the financial statements, "County of San Diego Successor Agency Private Purpose Trust Fund for Assets of Former San Diego County Redevelopment Agency". Note that on the Statement of Net Position, the "Due from other funds" for the General Fund's \$1.043 million Upper San Diego River Project loan and the "Due from other funds" for the \$3.862 million Airport Enterprise Fund's airport projects loan, are included in the governmental activities' and business-type activities' "Receivables, net", respectively. See Note 5 to the financial statements, "Receivables."

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, 2014

		TRANSFERS OUT						Total
		General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
TRANSFERS IN	General Fund		233,789	24,200	13,867	720	81	\$ 272,657
	Nonmajor Governmental	\$ 189,874	3,430		4,167	6,725	1,680	205,876
	Nonmajor Enterprise	309			50			359
	Internal Service	9,641			909			10,550
	Total	\$ 199,824	237,219	24,200	18,993	7,445	1,761	\$ 489,442

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.

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, enterprise funds, and the discrete component unit:

Table 20

Payables

At June 30, 2014

	Vendors	Due to Other Government Agencies	Other	Total Payables
Governmental Activities:				
General Fund	\$ 85,956	12,924	3,092	\$101,972
Other Governmental Funds	28,011	1,467	268	29,746
Internal Service Funds	41,179	1,110	6	42,295
Total governmental activities	\$155,146	15,501	3,366	\$174,013
Business-type activities:				
Enterprise Funds	\$ 1,130	101	3	\$ 1,234
Component Unit:				
First 5 Commission of San Diego	\$ 4,184	9,683	860	\$ 14,727

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:

Table 21

Short-Term Obligations

	Beginning Balance at July 1, 2013	Issued	Redeemed	Ending Balance at June 30, 2014
Tax and revenue anticipation notes \$		60,000	60,000	\$

NOTE 12

Deferred Inflows of Resources: Unavailable Revenue

Table 22

Deferred Inflows of Resources

Unavailable Revenue	General Fund	Other Governmental Funds	Total
Unavailable revenue-property and miscellaneous local taxes	\$ 44,854	662	\$ 45,516
Unavailable revenue-aid from other governmental agencies	61,928	29,945	91,873
Unavailable revenue-charges for services	4,204	5,942	10,146
Unavailable revenue-other		34,010	34,010
Total	\$ 110,986	70,559	\$ 181,545

A large portion of the Unavailable revenue - aid from other governmental agencies consists primarily of \$29.4 million of TransNet one-half cent sales revenue to be used for projects in the Road Fund and \$57.4 million of California Senate Bill 90 (SB 90) revenues. In 1972, SB90 established a requirement that the State reimburse local government agencies for the costs of new programs or increased levels of service on programs mandated by the State. The remaining \$5.1 million represents various other unavailable aid from other governmental agencies revenues.

Of the \$34.01 million of Unavailable revenue - other, approximately \$16.7 million are Tobacco Settlement Revenues, \$16.7 million are low and moderate income housing assistance receivables, and the remaining \$566 thousand are receivables in the Road Fund.

NOTE 13

Lease Obligations

Operating Leases

Real Property

The County has obligations under long-term operating lease agreements through fiscal year 2024 (**Table 23**). 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, 2014 was approximately \$33.11 million, including \$20.77 million for non-cancelable leases.

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

Fiscal Year	Minimum Lease Payments	
2015	\$	20,770
2016		18,113
2017		16,215
2018		12,413
2019		10,387
2020-2024		20,259
Total	\$	98,157

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, 2014, was approximately \$3.8 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 position; 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 shown in **Table 24**.

Fiscal Year	Amount	
2015	\$	40
2016		40
2017		40
2018		10
Total minimum lease payments		130
Less: Amount representing interest		(11)
Net lease payments	\$	119

Book Value

The book value of the equipment capital lease is as follows:

Capital Lease Property	Original Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 310	204	106

The accumulated amortization of this equipment capital lease was \$204 thousand as of June 30, 2014. The current year's portion is included in the Internal Service Funds' depreciation/amortization of \$13.460 million in **Table 15**.

NOTE 14

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 County Capital Asset Leasing Corporation (SANCAL), and the San Diego Regional Building Authority (SDRBA); both

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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.

Details of the COPs and LRBs outstanding at June 30, 2014 are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2014
2003 San Miguel Consolidated Fire Protection District Refunding LRB	\$ 10,005	2.00 - 5.00%	2020	\$ 4,575
2005 Edgemoor Project COP	83,510	3.00 - 5.00%	2030	66,530
2005 Regional Communications System Refunding COP	28,885	3.00 - 5.00%	2019	6,180
2005 North & East Justice Facilities Refunding COP	28,210	3.25 - 5.00%	2020	14,130
2006 Edgemoor Completion Project COP	42,390	4.00 - 5.00%	2030	35,495
2009 Series A COC and Annex Project LRB	136,885	3.00 - 5.50%	2036	127,210
2009 Justice Facilities Refunding of 1998 Courthouse COP	32,640	2.00 - 5.00%	2023	19,565
2009 Justice Facilities Refunding of 1997 Central Jail COP	48,300	2.00 - 5.00%	2026	37,385
2011 Metropolitan Transit System Towers Refunding COP	19,260	1.00 - 5.00%	2020	13,090
2011 CAC Waterfront Park Project COP	32,665	3.00 - 5.00%	2042	31,500
2012 Cedar-Kettner Development Project COP	29,335	2.00 - 5.00%	2042	28,750
Total	\$ 492,085			\$ 384,410

Annual debt service requirements to maturity for COPs and Lease Revenue Bonds are as follows:

Table 27

Certificates of Participation and Lease Revenue Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2015	\$ 19,880	17,861	\$ 37,741
2016	20,645	17,009	37,654
2017	21,565	16,073	37,638
2018	22,565	15,069	37,634
2019	22,740	14,025	36,765
2020 - 2024	91,170	56,484	147,654
2025 - 2029	84,180	35,759	119,939
2030 - 2034	58,620	17,562	76,182
2035 - 2039	32,720	5,129	37,849
2040 - 2042	10,325	751	11,076
Subtotal	\$ 384,410	195,722	\$ 580,132
Add:			
Unamortized issuance premium	11,927		
Less:			
Unamortized discount	(164)		
Total	\$ 396,173		

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, 2014 are as follows:

Table 28

Taxable Pension Obligation Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2014
2002 Series A	\$ 132,215	3.88 - 4.95%	2016	\$ 33,635
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	27,940
2004 Series C Unaccreted Interest CABs				(1,350)
2008 Series A	343,515	3.33 - 6.03%	2027	311,410
Total	\$ 929,843			\$ 732,330

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

Annual debt service requirements to maturity for POBs are shown below in **Table 29**.

Table 29
Taxable Pension Obligation Bonds -
Debt Service Requirements to Maturity

Fiscal Year	Principal	Unaccrued Appreciation	Interest	Total
2015	\$ 41,195	1,202	39,556	\$ 81,953
2016	32,755	148	38,380	71,283
2017	44,340		36,065	80,405
2018	46,995		33,413	80,408
2019	49,760		30,585	80,345
2020 - 2024	297,540		102,848	400,388
2025 - 2027	211,225		13,974	225,199
Subtotal	\$ 723,810	1,350	294,821	\$1,019,981
Add:				
Accrued appreciation through June 30, 2014	33,892			
Less:				
Accrued appreciation paid through fiscal year 2014	(22,417)			
Less:				
Accrued appreciation to be paid in fiscal year 2015 (already included in the 2015 principal shown above)	(2,955)			
Total	\$ 732,330			

As shown in **Table 29**, the unpaid Taxable Pension Obligation Bonds' accreted appreciation as of June 30, 2014 was \$11,475 (accreted appreciation through June 30 of \$33,892 less \$22,417 accretion paid through fiscal year 2014). Of this amount, \$2,955 will be paid in fiscal year 2015 and \$8,520 will be paid in fiscal year 2016.

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 (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 (MOU) and a supplemental agreement (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 County 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. 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, and do not secure the repayment of the TSAB.

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 proceeds were placed into the endowment fund for the aforementioned purposes. The Series 2006 Bonds are limited obligations of the Authority.

Through fiscal year 2013, the County used a debt service to maturity on the bonds incorporating an assumption of the ability to continue making turbo debt service payments. Based on that

assumption, the bonds were anticipated to reach final maturity in fiscal year 2036 based on receipts of future TSRs as projected in the May 2006 Global Insight Base Case analysis (Base Case) performed in conjunction with the issuance of the Series 2006 TSAB.

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

The minimum payments under the TSAB are based on the indenture and the Series 2006 Supplement, both dated as of May 1, 2006. However, actual payments on the TSAB depend on the amount of TSRs received by the County. The amount of these TSRs is affected by cigarette consumption and the financial capability of the participating manufacturers. There are a number of risks associated with the amount of actual TSRs the County receives each year, including litigation affecting the participating manufacturers and possible bankruptcy as a result thereof, increased growth of non-participating manufacturer's market share, disputed payments set-aside by the participating manufacturers into an escrow account, a decline in cigarette consumption materially beyond forecasted levels, reduction in investment earnings due to unforeseen market conditions, and other future adjustments to the calculation of the TSRs.

No assurance can be given that actual cigarette consumption in the United States during the term of the TSAB will be as assumed in the Base Case, or that the other assumptions underlying these Base Case assumptions, including that certain adjustments and offsets will not apply to payments due under the MSA, will be consistent with future events. If actual events deviate from one or more of the assumptions underlying the Base Case, the amount of TSRs available to make payments, including Turbo Redemption Payments will be affected. No assurance can be given that these structuring assumptions, upon which the projections of the TSAB payments and Turbo

Redemptions are based, will be realized.

Based on the information above and the under realization of TSRs, in fiscal year 2014, the County decided to present the bonds debt service to maturity assuming no further turbo payments.

Details of TSAB outstanding at June 30, 2014 are as follows:

Table 30
Tobacco Settlement Asset-Backed Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2014
Series 2006A Senior Current Interest Bonds	\$ 534,610	4.75 - 5.125%	2025-2046	\$ 480,610
Series 2006B CABs	19,770	6.25%	2046	231,820
2006B unaccreted appreciation CABs				(199,301)
Series 2006C CABs	8,686	6.40%	2046	107,950
2006C unaccreted appreciation CABs				(93,495)
Series 2006D CABs	20,565	7.10%	2046	335,105
2006D unaccreted appreciation CABs				(298,952)
Total	\$ 583,631			\$ 563,737

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(Amounts expressed in thousands unless otherwise noted)

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

Table 31

Tobacco Settlement Asset-Backed Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Unaccrued Appreciation	Interest	Total
2015	\$ -	5,617	24,181	\$ 29,798
2016		5,998	24,181	30,179
2017		6,402	24,181	30,583
2018		6,842	24,181	31,023
2019		7,302	24,181	31,483
2020 - 2024	46,785	44,661	116,621	208,067
2025 - 2029	61,285	62,048	103,829	227,162
2030 - 2034	78,670	86,238	86,810	251,718
2035 - 2039	101,085	119,901	64,894	285,880
2040 - 2044	130,480	166,771	36,155	333,406
2045 - 2046	111,326	79,968	4,565	195,859
Subtotal	\$ 529,631	591,748	533,779	\$ 1,655,158
Add:				
Accrued appreciation through June 30, 2014	34,106			
Subtotal	563,737			
Less:				
Unamortized issuance discount	(12,295)			
Total	\$ 551,442			

As shown in **Table 31**, the unpaid Tobacco Settlement Asset-Backed Bonds' accreted appreciation as of June 30, 2014 was \$34,106, which will be paid in 2046.

TSAB pledged revenue for the year ended June 30, 2014 was as follows:

Table 32

Tobacco Settlement Asset-Backed Bonds - Pledged Revenues

Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2014	
			Debt Principal & Interest Paid	Pledged Revenue Received
Series 2006 Tobacco Settlement Asset-Backed Bonds	2046	\$ 1,689,265	\$ 30,203	\$ 27,061

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.

In November 2011, the County Board of Supervisors authorized the use of San Diego Gas & Electric (SDG&E) On Bill Financing (OBF) program to fund energy efficiency and demand response projects. This program finances installations, modifications and upgrades at County-owned facilities such as lighting retrofits and controls and mechanical system upgrades with the goal of reducing utility costs. The financing is a zero percent interest loan which is repaid from energy savings generated by each San Diego Gas and Electric meter. The County received its first OBF loan in 2013; and received \$1.232 million in additional OBF loans during 2014. As of June 30, 2014, twelve OBF loans are outstanding, with remaining balances totaling \$1.063 million.

Details of loans outstanding at June 30, 2014 for governmental activities are as follows:

Table 33

Loans - Governmental Activities

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2014
Loans - non internal service funds (ISF)				
Firebird Manor	\$ 4,486	1.00%	2028	\$ 2,117
Total loans - non-ISF	4,486			2,117
Loans - ISF				
California Energy Comm Loan 1 (Facilities ISF)	1,977	4.00%	2015	117
California Energy Comm Loan 2 (Facilities ISF)	3,001	3.95%	2016	401
California Energy Comm Loan 3 (Facilities ISF)	2,565	4.50%	2018	1,426
San Diego Gas and Electric On Bill Financing (Facilities ISF)	1,271	0.00%	2022	1,063
Total loans - ISF	8,814			3,007
Total	\$ 13,300			\$ 5,124

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

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

Table 34
Loans - Governmental Activities
Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2015	\$ 1,403	95	\$ 1,498
2016	794	65	859
2017	766	48	814
2018	589	29	618
2019	160	15	175
2020 - 2024	793	54	847
2025 - 2028	619	15	634
Total	\$ 5,124	321	\$ 5,445

Table 36
Loans - Business-type Activities
Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2015	\$ 291	43	\$ 334
2016	304	27	331
2017	171	10	181
Total	\$ 766	80	\$ 846

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, 2014 for business-type activities are as follows:

Table 35
Loans - Business-type Activities

Loan	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2014
2001 Airport Development Loan - Ramona Sewer Line	\$ 2,388	5.63%	2017	\$ 511
2001 Airport Development Loan - Ramona Control Tower	1,196	5.63%	2017	255
Total	\$ 3,584			\$ 766

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, 2014, the probable arbitrage rebate was zero.

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

NOTE 15

Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2014 were as follows:

Table 37

Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2013	Additions	Reductions	Accreted Interest	Ending Balance at June 30, 2014	Amounts Due Within One Year
Governmental Activities:						
COPs, bonds & loans						
Certificates of participation and lease revenue bonds	\$ 405,010		(20,600)		384,410	\$ 19,880
Taxable pension obligation bonds	770,530		(39,775)	1,575	732,330	41,195
Tobacco settlement asset-backed bonds	564,230		(5,750)	5,257	563,737	
Loans - non-internal service funds	2,260		(143)		2,117	143
Loans - internal service funds (ISF)	2,909	1,232	(1,134)		3,007	1,260
Unamortized issuance premiums	13,079		(1,152)		11,927	1,152
Unamortized issuance discounts	(13,050)		591		(12,459)	(590)
Unamortized deferred amounts on refundings (1)	(5,389)		5,389			
Total COPs, bonds & loans	\$ 1,739,579	1,232	(62,574)	6,832	1,685,069	\$ 63,040
Other long-term liabilities:						
Capital Leases - ISF	\$ 152		(33)		119	\$ 34
Claims and judgments - ISF	156,552	56,454	(28,343)		184,663	41,349
Compensated absences - non-ISF	98,223	65,759	(67,890)		96,092	40,864
Compensated absences - ISF	2,268	1,688	(1,750)		2,206	888
Landfill postclosure	19,358		(366)		18,992	803
Pollution remediation	8,310	200	(4,732)		3,778	632
Total Other long-term liabilities	284,863	124,101	(103,114)		305,850	84,570
Total Governmental Activities	\$ 2,024,442	125,333	(165,688)	6,832	1,990,919	\$ 147,610
Business-type activities:						
Loans	\$ 1,046		(280)		766	\$ 291
Compensated absences	424	328	(314)		438	176
Total Business-type Activities	\$ 1,470	328	(594)		1,204	\$ 467

(1) The reduction of the Unamortized deferred amounts on refundings of \$5,389 is due to the reclassification from Noncurrent Liabilities to Deferred Outflows of Resources on the Statement of Net Position to comply with Governmental Accounting Standards Board Statement No. 65.

NOTE 16**Funds Used to Liquidate Liabilities**

The following funds presented in **Table 38** below have typically been used to liquidate other long-term obligations in prior years:

Table 38

Liquidated Liabilities	
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, Inactive Wastesites and Air Pollution; Internal Service Funds - Facilities Management, Fleet Services and Purchasing; and, Enterprise Funds - Airport and Sanitation
Landfill Postclosure Pollution Remediation	Special Revenue Fund: Inactive Wastesites General Fund, Special Revenue Funds: Inactive Wastesites, Road Fund

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) eight certificates of participation (COPs) for the acquisition, construction, capital improvement and equipping of various facilities and b) three 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, 2014, the aggregate conduit debt principal amount outstanding was \$144.071 million.

NOTE 18**Landfill Site 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. Postclosure maintenance began in April 2007.

The projected landfill postclosure care liability at June 30, 2014 for the San Marcos Landfill was \$18.992 million. This estimated amount is based on what it would cost to perform all postclosure care in calendar year 2014 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

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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.

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.

NOTE 19

Pollution Remediation

Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, establishes accounting and reporting guidelines for the recognition and measurement of pollution remediation obligations (liabilities).

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide

with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., California Regional Water Quality Control Board) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing, and/or cleanup activities, and recognizes pollution remediation obligations when estimates can reasonably be determined.

The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, removal of storage tanks and other hazardous materials.

As of June 30, 2014, the County's estimated pollution remediation obligations totaled \$3.778 million. These obligations were all associated with the County's government-wide governmental activities. The estimated liabilities were determined by project managers and/or consultants, based on historical cost information for projects of the same type, size and complexity and measured at their current value or current quotes from outside service providers. In subsequent periods, the County will adjust estimated obligations when new information indicates that such changes are required, including technology and changes in applicable laws or regulations. At this time, the County has determined there are no estimated recoveries reducing the obligations.

NOTE 20

Fund Balance Policy - General Fund

In 2013 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 Section 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 Section 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 Recommended 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.

Other Commitments and Assignments of Fund Balance: From time to time fund balance may be committed by the Board and/or assigned by the Chief Administrative Officer for specific purposes.

Restoration of Fund Balances: In the event that the fund balance Committed to 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.

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

NOTE 21

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

At June 30, 2014, the fund balances restricted for laws or regulations of other governments: fund purpose are presented in **Table 39** as follows:

Table 39

Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose
At June 30, 2014

Fund Type:	Purpose	Amount
Nonmajor Funds		
Special Revenue Funds		
Air Pollution Fund	Air pollution activities	\$ 22,767
Asset Forfeiture Program Fund	Law enforcement	8,591
County Library Fund	Library services	12,146
County Service District Funds	Road, park lighting maintenance, fire protection and ambulance services	19,675
Edgemoor Development Fund	Edgemoor development	9,471
In Home Supportive Services Public Authority Fund	In home supportive services	82
Inmate Welfare Fund	Benefit, education, and welfare of jail inmates	15,632
Lighting Maintenance District Fund	Street and road lighting maintenance	1,312
Other Special Revenue Funds	Retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas	519
Park Land Dedication Fund	Developing new or rehabilitating existing neighborhood or community park or recreational facilities	12,816
Total Nonmajor Funds (Special Revenue Funds)		\$ 103,011

NOTE 22

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

At June 30, 2014, the fund balances restricted for laws or regulations of other governments: other purposes are presented in **Table 40** as follows:

Table 40	
Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes At June 30, 2014	
Major Fund	
General Fund	
Vector control	\$ 14,289
Teeter tax loss	8,563
Fingerprinting equipment purchase and operation	8,095
Mental health	6,283
Fire safety projects and equipment	6,054
Sheriff automated warrant system	4,827
Parks and Recreation land acquisition, improvements, stewardship and other activities	3,999
Public Defender defense of indigent cases	3,904
Emergency medical services, various construction costs	3,707
Real estate fraud prosecution	3,573
Domestic violence and child abuse prevention	2,760
Sheriff law enforcement	2,226
Parole revocation hearings	2,010
Probation Department activities	2,005
Sheriff vehicle maintenance and replacement	1,921
Equipment replacement/system enhancement Caller ID Remote Access Network	1,073
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region	884
Probation community transition unit activities	763
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles	552
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities	289
Social services child safety education	101
Improvement, maintenance and operation of the Waterfront Park	13
Total General Fund	<u>\$ 77,891</u>
Nonmajor Funds	
Special Revenue Funds	
Flood Control District Fund	
Flood control future drainage improvements	\$ 19,183
Housing Authority - Other Fund	
Housing repairs and improvements	102
Disaster related administration	44
Total Nonmajor Special Revenue Funds	<u>\$ 19,329</u>
Capital Projects Funds	
Capital Outlay Fund	
Capital Projects	1
Total Nonmajor Capital Projects Funds	<u>\$ 1</u>
Total Nonmajor Funds	<u>\$ 19,330</u>
Total Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes	<u>\$ 97,221</u>

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

NOTE 23

Fund Balances Committed to Other Purposes

At June 30, 2014, the fund balances committed to other purposes are presented in **Table 41** as follows:

Major Fund	
General Fund	
Replacement and upgrade of Public Safety Communication System	\$ 16,300
Regional communication system infrastructure enhancements	16,050
Health based programs reducing adult/youth smoking	8,156
Sheriff's Department future capital expenditures	4,000
Department of Environmental Health services	3,005
Sheriff's Department helicopter replacement	2,667
San Diego Fire Authority equipment replacement	2,133
Future replacement of Health and Human Services Agency public health clinic	1,574
Parks and Recreation land acquisition	1,122
Department of Planning and Development Services activities	659
Management of conduit financing programs	560
Registrar of Voters equipment acquisition	445
Assessor/Recorder/County Clerk services	111
South County Shelter capital improvements	54
Future lease payments	49
Capital Improvement	12
Senior Volunteer Patrols Program in the unincorporated communities	9
Clerk of the Board services	5
Parks and Recreation turf replacement Sweetwater Valley	4
Total General Fund	\$ 56,915

NOTE 24

Fund Balances Assigned to Other Purposes

At June 30, 2014, the fund balances assigned to other purposes are presented in **Table 42** as follows:

Major Fund	
General Fund	
Legislative and administrative services	\$ 22,952
Law enforcement, detention, legal and other protection services	6,576
Health, mental health and social services	5,841
Planning, land use, agriculture, watershed and other public services	4,807
Park and recreation services	2,589
Fire protection	2,572
Maintenance	1,896
Assessor/Recorder/County Clerk services	1,141
Treasurer-Tax Collector services	760
Animal Services	375
Registrar of Voters services	30
Total General Fund	\$ 49,539

NOTE 25

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

At June 30, 2014, the net position restricted for laws or regulations of other governments: other purposes are presented in **Table 43** as follows:

Table 43	
Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes	
At June 30, 2014	
Air Pollution activities	\$ 22,767
Road, park lighting maintenance, fire protection and ambulance services	19,675
Benefit, education, and welfare of jail inmates	15,632
Developing new or rehabilitating existing neighborhood or community park or recreational facilities	12,816
Library services	12,146
Edgemoor development	9,471
Law enforcement	8,591
Fingerprinting equipment purchase and operation	8,095
Fire safety projects and equipment	6,054
Sheriff automated warrant system	4,827
Parks and Recreation land acquisition, improvements, stewardship and other activities	3,999
Public Defender defense of indigent cases	3,904
Emergency medical services, various construction costs	3,707
Real estate fraud prosecution	3,573
Domestic violence and child abuse prevention	2,760
Sheriff law enforcement	2,226
Parole revocation proceedings	2,010
Probation Department activities	2,005
Sheriff vehicle maintenance and replacement	1,921
Street and road lighting maintenance	1,312
Equipment replacement/system enhancement Caller ID Remote Access Network	1,073
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region	884
Probation community transition unit activities	763
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles	552
Retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas	519
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities	289
Housing repair and improvements	102
Social Services child safety education	101
In home supportive services	82
Disaster related administration	44
Improvements, maintenance and operation of the Waterfront Park	13
Capital projects	1
Total Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes	\$ 151,914

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

NOTE 26

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, 2014, these liabilities discounted for anticipated investment return (public liability of 1% and workers' compensation of 2.5%), totaled \$184.7 million, including \$30.9 million in public liability and \$153.8 million in workers' compensation. Changes in the balances of claim liabilities for fiscal year 2014 and 2013 are shown in

Table 44.

Table 44

Risk Management - Changes in Claim Liabilities

	2014	2013
Employee Benefits Fund		
Unpaid claims, July 1	\$ 132,504	\$ 112,960
Incurred claims	45,207	46,323
Claim payments	(23,900)	(26,779)
Unpaid claims, June 30	<u>\$ 153,811</u>	<u>\$ 132,504</u>
Public Liability Insurance Fund		
Unpaid claims, July 1	\$ 24,048	\$ 25,879
Incurred claims	11,247	(448)
Claim payments	(4,443)	(1,383)
Unpaid claims, June 30	<u>\$ 30,852</u>	<u>\$ 24,048</u>

NOTE 27

Contingencies

Litigation

The County has a potential liability of \$13.1 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.

Housing Authority - Low and Moderate Income Housing Asset Fund

Pursuant to Health and Safety Code (HSC) 34176 (b), the City of Santee elected to transfer the housing functions of the Successor Agency to the Community Development Commission of the City of Santee (Santee Successor Agency), to the County of San Diego Housing Authority (Housing Authority). Documents identifying the assets elected to be transferred were received by the Housing Authority on March 21, 2014. On May 21, 2014, the Board of Commissioners of the Housing Authority authorized acceptance of the Santee Successor Agency assets contingent on: 1. Santee Successor Agency providing the case files for each of the listed assets; and 2. Santee Successor Agency remitting the housing administrative allowance as required by law. To date, Santee Successor Agency has only met item number 1.

Unrecorded Leave Benefits

County employees have unrecorded accumulated benefits of approximately \$183.77 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 position.

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 28

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 City Manager and the Chief Administrative Officer. SanGIS relies mostly on an annual budget of \$1.2 million shared equally by the City and the County to supplement its operating revenues. In its latest report, SanGIS reported an increase in

net position of \$12.9 thousand and ending net position of \$333 thousand for the fiscal year ended June 30, 2013. The financial report may be obtained by writing to SanGIS at 5510 Overland Ave., Suite 230, 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 the 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 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 an increase in net position of \$336 thousand and ending net position of \$641 thousand for the fiscal year ended June 30, 2013. Separate financial statements may be obtained from the Office of Emergency Services, 5580 Overland Ave., Suite 100, San Diego CA 92123 or by calling (858) 565-3490 or by E-mail at oes@sdcounty.ca.gov.

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,

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

Inc. as 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, 2013, the Partnership reported an increase in net position of \$28 thousand and ending net position of \$463 thousand. Complete financial reports may be obtained by writing to the San Diego Workforce Partnership, 3910 University Ave., Suite 400, San Diego CA 92105 or by calling (619) 228-2900 or by E-mail at contact@workforce.org.

In November 2011, the County of San Diego, which oversees the San Diego County Regional Fire Authority, agreed to be a participant in the Heartland Fire Training Authority, to be effective July 1, 2012. The Authority includes eight other member agencies and was formed for the purposes of jointly equipping, maintaining, operating, and staffing to provide training of fire-fighting and emergency response personnel to member agencies. It is governed by a Commission that consists of elected officials from each agency and also a Board of Chiefs from each respective agency. The District 2 County Supervisor serves as the County appointee on the Heartland Fire Training Authority Commission and the County's Fire Warden serves as the County appointee on the Heartland Fire Training Authority Board of Fire Chiefs. The training facility will be funded and operated by the joint powers agreement to supply shared resources of equipment, maintenance, operations, and training. In its latest report, Heartland Fire Training Authority reported an increase in net position of \$197 thousand and ending net position of \$275 thousand for the fiscal year ended June 30, 2013. The financial report may be obtained by writing to Heartland Fire Training Authority at 1301 North Marshall Ave., El Cajon CA 92020 or by calling (619) 441-1693.

NOTE 29

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 five Tiers and provides retirement, disability, death and survivor benefits to its General and Safety members. Tier C is the current open plan for all newly hired employees. Tiers I, A, and B are generally 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 10.59% for General Tiers I, A, and B; and Safety Tiers A and B members, combined, and set the employer contribution rate for the above categories combined at

34.26%. The General Tier C average member and employer contribution rates were established at 7.05% and 25.14%, respectively. The Safety Tier C average member and employer contribution rates were established at 12.58% and 37.73%, respectively.

CoSD employer contributions to SDCERA-PP for the three years ended June 30, 2014, are noted in **Table 45**.

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contributions Made	Percentage of ARC Contributed
2014	\$ 327,171	\$ 327,171	100.0%
2013	273,852	281,548	102.8%
2012	249,891	255,233	102.1%

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 for members with at least 10 years SDCERA credit, to \$400 per month for members with 20 or more years of SDCERA service credit. (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, 2014, were the following:

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contributions Made	Percentage of ARC Contributed
2014	\$ 18,548	\$ 18,581	100.2%
2013	17,236	17,272	100.2%
2012	17,429	17,600	101.0%

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 30 Fund Deficit

Internal Service Fund:	
Employee Benefits Fund	\$ (41,587)

The Employee Benefits Fund deficit of \$41.6 million resulted primarily 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, 2014. The liability increased to \$153.8 million from the prior year's estimate of \$132.5 million. Offsetting this increase in the liability was an increase in premiums of \$6

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

million. The County intends to reduce the deficit through increased premium rate charges to County departments by \$4 million per year in excess of projected operating expenses beginning in fiscal year 2014 for a 10 year period.

NOTE 31 Restatements

Change in Fund Type and Reporting - In fiscal year 2014, the County reviewed the activities of its Jail Stores Commissary Fund, entitled "Other Miscellaneous Internal Service Funds" which was previously reported as an internal service fund and determined that it does not meet the requirements to be treated as such; and therefore in 2014 it was reported as an enterprise fund. The results of this change decreased the total internal service funds at the fund level and the governmental activities at the government-wide level; and increased the total enterprise funds at the fund level and the business-type activities at the government-wide level. The County also reviewed the activities of its Wastewater Management Enterprise Fund and determined that it was more appropriate to treat this fund as part of the Sanitation District Enterprise Fund since its primary activity was to provide support to the Sanitation District. The results of this change had no effect on the overall balance of the enterprise funds.

Change in Accounting Principle - Pursuant to GASB Statement Number 65 (GASB 65), *Items Previously Reported as Assets and Liabilities*, the County no longer amortizes the costs of debt issuance. These amounts should be expensed in the year they are incurred. The County made adjustments for these items as a cumulative effect of a change in accounting principle in 2014. This resulted in beginning net positions for governmental activities and the fiduciary funds to be reduced by \$11,565 and \$300, respectively.

The effects of these two restatements are shown in **Tables 48** and **49**. The effect of the adoption of GASB 65 on fiscal year 2013 is shown in **Tables 50** and **51**.

Table 48

Restatement of Beginning Fund Balances/Net Positions

	Fund Financial Statements				Primary Government	
	Jail Stores Commissary Fund	Sanitation District Fund	Wastewater Management Fund	Total Enterprise Funds	Business-type Activities	
Restatement - Enterprise Funds						
Total net position at June 30, 2013		128,257	3,210	248,173	\$	248,615
Adjustment for reclassification	\$ 5,951	3,210	(3,210)	5,951		5,951
Total net position, restated June 30, 2013	\$ 5,951	131,467		254,124	\$	254,566
			Other Miscellaneous Internal Service Funds	Total Internal Service Funds	Governmental Activities	Total
Restatement - Internal Service Funds						
Total net position at June 30, 2013			5,951	103,265	3,994,931	4,243,546
Adjustment for reclassification			(5,951)	(5,951)	(5,951)	
Change in accounting principle					(11,565)	(11,565)
Total net position, restated June 30, 2013				\$ 97,314	\$ 3,977,415	\$ 4,231,981

Table 49

Restatement of Beginning Net Position - Fiduciary Funds

Restatement - Fiduciary Funds	CoSD Successor Agency Private Purpose Trust Fund
Net Position (deficit) at June 30, 2013	\$ (14,968)
Change in accounting principle	(300)
Net Position (deficit), restated June 30, 2013	\$ (15,268)

Table 50

Government-wide

Governmental Activities	2013 Previously Presented	Restatement	2013 Restated
Deferred charges	\$ 11,565	\$ (11,565)	
Net position	3,994,931	(11,565)	\$ 3,983,366
General government expenses	240,409	(1,138)	239,271
Changes in net position	216,561	745	217,306
Net position, beginning of year	3,778,370	(12,310)	3,766,060

Table 51

Fiduciary Funds

County of San Diego Successor Agency Private Purpose Trust Fund	2013 Previously Presented	Restatement	2013 Restated
Deferred charges	\$ 300	\$ (300)	
Net position	(14,968)	(300)	\$ (15,268)
Administrative expenses	618	(15)	603
Changes in net position	(2,189)	15	(2,174)
Net position, beginning of year	(12,779)	(315)	(13,094)

NOTE 32

Subsequent Events

San Diego County Capital Asset Leasing Corporation - "County of San Diego Certificates of Participation (Edgemoor and RCS Refunding) Series 2014A and Series 2014B (Taxable)"

In September 2014, the San Diego County Capital Asset Leasing Corporation issued \$91.675 million of fixed rate certificates of participation titled, "County of San Diego Certificates of Participation (Edgemoor and RCS Refunding) Series 2014A (the 2014A Certificates)," and \$2.075 million of fixed rate certificates of participation titled, "County of San Diego Certificates of Participation (Edgemoor

and RCS Refunding) Series 2014B (Taxable) (the 2014B Certificates)." The 2014A Certificates were issued at fixed interest rates ranging from 2.00% to 5.00% with maturity dates ranging from October 15, 2015 to October 15, 2029. The 2014B Certificates were issued at fixed interest rates ranging from 0.415% to 1.920% with maturity dates ranging from October 15, 2015 to October 15, 2018.

The 2014A Certificates were issued with a premium of \$15.070 million. Certificate proceeds of \$106.745 million along with \$6.820 million of funds held by the 2005 and 2006 Edgemoor and RCS Refunding trustee (trustee) were distributed as follows: 1) approximately \$105.898 million

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

(consisting of \$101.708 million of new 2014A Certificate proceeds plus \$4.190 million of funds held by the trustee) was transferred to an escrow agent to advance refund the entire \$102.025 million of outstanding 2005 and 2006 Edgemoor Refunding certificates of participation; 2) \$2.630 million to pay interest on the 2014A Certificates due on April 15, 2014; 3) \$4.460 million to fund a 2014A Certificate reserve fund; 4) approximately \$577 thousand was set aside to pay certain costs of issuance.

The 2014B Certificate proceeds of \$2.075 million along with \$4.372 million of funds held by the trustee were distributed as follows: 1) approximately \$6.334 million (consisting of \$2.063 million of new 2014B Certificate proceeds plus \$4.271 million of funds held by the trustee) was transferred to an escrow agent to advance refund the entire \$6.180 million of outstanding 2005 RCS Refunding certificates of participation; 2) \$14 thousand to pay interest on the 2014B Certificates due on April 15, 2014; 3) \$87 thousand to fund a 2014B Certificate reserve fund; 4) approximately \$12 thousand was set aside to pay costs of issuance.

NOTE 33

County of San Diego Successor Agency Private Purpose Trust Fund for Assets of Former San Diego County Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill x1 26 ("the Bill") that provided for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the County that previously had reported the San Diego County Redevelopment Agency (SDCRA) as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the County or another unit of local government would agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, via Minute Order 14, the County Board of

Supervisors designated the County as the successor agency to the SDCRA; in accordance with the Bill.

Subject to the control of an established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will continue to only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of dissolution, as allowed in the Bill, the County elected to retain the housing assets and functions previously performed by the former SDCRA. These assets and activities are accounted for in the County Housing Fund and are reported in the County's governmental fund financial statements. The remaining assets, liabilities, and activities of the dissolved SDCRA are reported in the County of San Diego Successor Agency Private Purpose Trust Fund (fiduciary fund) financial statements of the County.

Due To Other Funds

The County of San Diego Successor Agency Private Purpose Trust Fund's "Due To Other Funds" consists of the \$1.043 million Upper San Diego River Project and \$3.862 million Airport Projects loans made from the County's General Fund and Airport Enterprise Fund, respectively, to the former San Diego County Redevelopment Agency (SDCRA). Upon dissolution of the SDCRA on February 1, 2012, these loans were transferred to the County of San Diego Successor Agency Private Purpose Trust Fund. As of June 30, 2014,

interest accrues on the average quarterly outstanding balance, at a rate equal to the average County earned investment rate as determined by the County Treasurer. Under California Assembly Bills ABx1 26 and AB 1484, it is expected that the County Successor Agency will pay principal and interest on the loans outstanding when funds are available for this purpose. The timing and total amount of any repayment is subject to applicable law.

NOTE 34

San Diego County Redevelopment Agency (SDCRA) Revenue Refunding Bonds

In December 2005, the San Diego County Redevelopment Agency (SDCRA) issued \$16 million Revenue Refunding Bonds Series 2005A that mature in fiscal year 2033. The SDCRA 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. Pursuant to California Assembly Bill ABx1 26, the responsibility for the payment of this debt was transferred to the County of San Diego Successor Agency Private Purpose Trust Fund.

SDCRA revenue refunding bonds outstanding at June 30, 2014 were the following:

Table 52
SDCRA Revenue Refunding Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2014
Revenue Refunding Bonds Series 2005A	\$ 16,000	3.65 - 5.75%	2033	\$ 13,095
Total	\$ 16,000			\$ 13,095

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

Table 53
SDCRA Revenue Refunding Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2015	\$ 430	708	\$ 1,138
2016	455	686	1,141
2017	475	662	1,137
2018	500	637	1,137
2019	525	611	1,136
2020 - 2024	3,070	2,596	5,666
2025 - 2029	4,000	1,626	5,626
2030 - 2033	3,640	389	4,029
Total	\$ 13,095	7,915	\$ 21,010
Less:			
Unamortized issuance discount	(31)		
Total	\$ 13,064		

SDCRA pledged revenue for the year ended June 30, 2014 was as follows:

Table 54
SDCRA Revenue Refunding Bonds -Pledged Revenues

Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2014	
			Debt Principal & Interest Paid	Pledged Revenue Received
Series 2005A Revenue Refunding Bonds	2033	\$ 21,010	\$ 1,145	\$ 1,145

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(Amounts expressed in thousands unless otherwise noted)

Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2014 were as follows:

Table 55

SDCRA Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2013	Additions	Reductions	Ending Balance at June 30, 2014	Amounts Due Within One Year
SDCRA revenue refunding bonds Series 2005A	\$ 13,510		(415)	13,095 \$	430
Unamortized issuance discounts	(33)		2	(31)	(2)
Total	\$ 13,477		(413)	13,064 \$	428

NOTE 35

New Governmental Accounting Standards

Implementation Status

In March 2012, GASB issued Statement No. 65: *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of

resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

This Statement is effective for periods beginning after December 15, 2012.

The County has implemented this Statement for the current fiscal year.

In March 2012, GASB issued Statement No. 66: *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to resolve conflicting accounting and financial reporting guidance that resulted from the issuance of two recent standards-Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement provides guidance on how to address conflicts in those pronouncements with Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*,

Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*.

The provisions of this Statement are effective for periods beginning after December 15, 2012.

The County has implemented this Statement for the current fiscal year.

In June 2012, GASB issued Statement No. 67: *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

This Statement is effective for fiscal years beginning after June 15, 2013.

This Statement does not apply to the basic financial statements of the County. The County contributes to a cost-sharing multiple-employer defined benefit pension plan.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment

requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

Except for disclosures related to cumulative amounts paid or received in relation to a financial

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively.

The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

The County does not currently have any nonexchange financial guarantees, consequently this Statement is not currently applicable.

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 June 2012, GASB issued Statement No. 68: *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement establishes a definition of a pension plan that reflects the primary activities

associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.

Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans - pension plans in

which pensions are provided to the employees of only one employer.

Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans - pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans - pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of

legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined

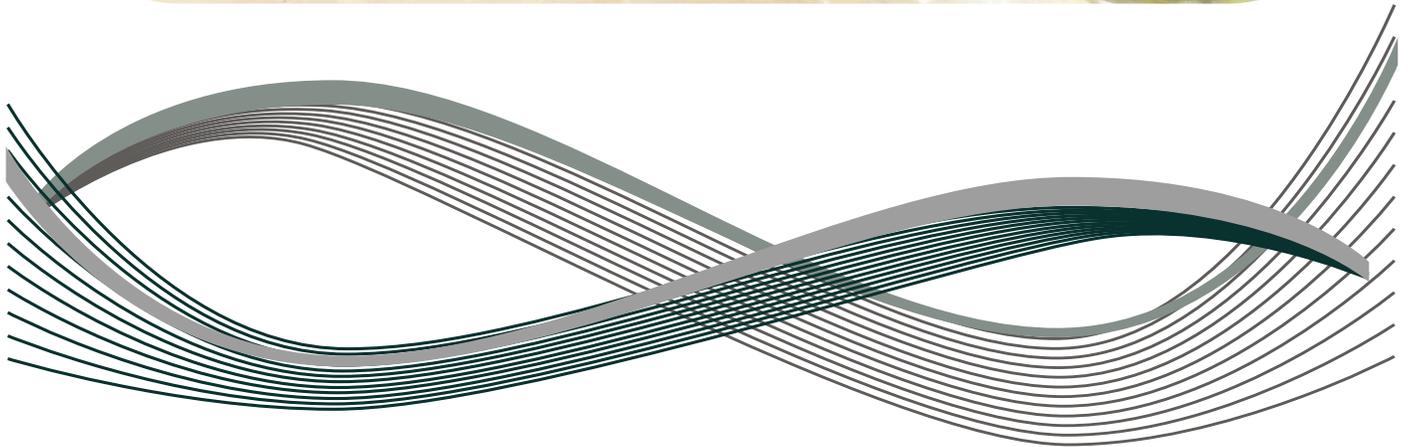
Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that

beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.



*Required
Supplementary
Information*

Required Supplementary Information

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

For the Year Ended June 30, 2014
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 906,571	906,571	950,007
Licenses, permits and franchise fees	42,297	42,297	45,930
Fines, forfeitures and penalties	51,268	51,267	43,742
Revenue from use of money and property	12,175	12,175	10,805
Aid from other governmental agencies:			
State	1,106,128	1,113,500	1,090,275
Federal	927,695	949,770	790,643
Other	61,272	60,781	139,503
Charges for current services	338,889	347,269	349,691
Other	28,100	37,880	22,089
Total revenues	3,474,395	3,521,510	3,442,685
Expenditures:			
Current:			
General government:			
Assessor/recorder/county clerk - finance	37,693	39,973	37,214
Auditor and controller	26,690	26,102	24,305
Auditor and controller - information technology management services	12,094	13,131	8,254
Board of supervisors district #1	1,363	1,587	1,319
Board of supervisors district #2	1,321	1,468	1,258
Board of supervisors district #3	1,319	1,542	1,257
Board of supervisors district #4	1,306	1,529	1,187
Board of supervisors district #5	1,417	1,629	1,340
Board of supervisors general office	1,099	1,103	1,043
Chief administrative office - legislative and administrative	4,424	4,473	4,195
Civil service commission	593	604	500
Clerk of the board of supervisors - legislative and administrative	3,396	3,451	3,051
Community enhancement	2,680	2,684	2,662
Community projects	5,601	5,382	4,196
Community services	8,492	8,518	2,684
Contributions to capital outlay			
County communications office	2,710	2,761	2,625
County counsel	23,291	23,810	22,481
County technology office	18,421	18,480	11,852
Countywide general expense	26,108	26,108	2,712
Finance and general government - legislative and administrative	10,317	8,014	2,021
Finance and general government - other general	36,436	38,505	9,724
Finance and general government group - CAC major maintenance	4,120	4,378	4,103
Finance and general government group - finance	2,544	2,544	2,807
Health and human services - legislative and administrative	415	420	204
Human resources - other general government	5,171	5,170	4,274
Human resources - personnel	18,670	18,949	16,102
Land use and environment - legislative and administrative	7,660	7,694	3,181
Public safety - legislative and administrative	8,962	9,019	6,608
Registrar of voters	16,478	23,356	20,698
Treasurer - tax collector	22,661	22,855	19,703
Total general government	313,452	325,239	223,560
Public protection:			
Agriculture, weights and measures	\$ 15,644	15,842	14,232

Continued on next page ►►►

► See notes to required supplementary information. ◀

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

**For the Year Ended June 30, 2014
(In Thousands)**

(Continued)

	Original Budget	Final Budget	Actual
Agriculture, weights and measures - sealer	\$ 3,652	3,707	3,902
Assessor/recorder/county clerk - other protection	23,290	21,690	14,581
Child support	49,972	49,966	45,684
Citizens law enforcement review board	596	607	587
Contributions for trial courts	71,015	71,016	68,467
Department of animal services	15,692	15,871	15,027
District attorney-judicial	156,758	158,806	148,077
Grand jury	588	590	506
Local agency formation commission administration	413	413	399
Medical examiner	9,192	9,316	8,877
Office of emergency services	6,914	13,307	6,569
Planning and development services	31,890	33,163	25,645
Probation - detention and correction	153,935	153,651	145,231
Probation - juvenile detention	45,386	45,126	43,189
Public defender	73,115	74,122	69,914
Public safety - fire protection	25,147	26,451	18,196
Public works, flood control, soil and water, general	10,591	12,850	11,165
Public works, general - other protection	911	911	
Sheriff - adult detention	231,597	233,393	229,492
Sheriff - other protection	3,053	3,095	2,352
Sheriff - police protection	415,720	437,813	394,552
Total public protection	1,345,071	1,381,706	1,266,644
Public ways and facilities:			
Public works, dept of gen	9,457	9,456	9,141
Public works, general - public ways	3,930	4,051	3,376
Total public ways and facilities	13,387	13,507	12,517
Health and sanitation:			
Environmental health	43,654	44,182	38,470
Health and human services agency - drug and alcohol abuse services	62,831	62,869	52,116
Health and human services agency - health	167,459	169,698	142,291
Health and human services agency - health administration	1,444	1,455	937
Health and human services agency - medical care	47,989	48,526	43,769
Health and human services agency - mental health	321,311	322,239	298,246
Total health and sanitation	644,688	648,969	575,829
Public assistance:			
Health and human services agency - medical services	163,563	163,629	167,517
Health and human services agency - other assistance	405,510	406,108	369,027
Health and human services agency - social administration	772,226	785,920	708,802
Health and human services agency - veterans' services	952	964	1,027
Housing authority	29,945	30,001	16,686
Probation - care of court wards	10,239	13,155	13,727
Total public assistance	1,382,435	1,399,777	1,276,786
Education:			
Agriculture, weights and measures	884	884	907
Total education	884	884	907
Recreation and cultural:			
Parks and recreation	34,791	36,867	29,680
Total recreation and cultural	34,791	36,867	29,680
Contingency reserve	20,000	15,000	

Continued on next page ►►►

► See notes to required supplementary information. ◀

Required Supplementary Information

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

For the Year Ended June 30, 2014
(In Thousands)

(Continued)	Original Budget	Final Budget	Actual
Capital Outlay	24,676	29,737	18,337
Debt Service:			
Principal	21,755	21,755	19,945
Interest	24,730	24,730	19,357
Total expenditures	3,825,869	3,898,171	3,443,562
Excess (deficiency) of revenues over (under) expenditures	(351,474)	(376,661)	(877)
Other financing sources (uses)			
Sale of capital assets			58,364
Transfers in	\$ 277,815	275,405	272,657
Transfers out	(409,793)	(416,808)	(199,824)
Total other financing sources (uses)	(131,978)	(141,403)	131,197
Net change in fund balances	(483,452)	(518,064)	130,320
Fund balances at beginning of year	1,601,422	1,601,422	1,601,422
Increase (decrease) in nonspendable inventories		(70)	(70)
Fund balances at end of year	\$ 1,117,970	1,083,288	1,731,672

▶ See notes to required supplementary information. ◀

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

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$		23
Aid from other governmental agencies:			
State	236,027	235,852	248,040
Total revenues	236,027	235,852	248,063
Expenditures:			
Current:			
Public protection:			
Public safety (Prop 172)	6,048	3,358	
Total public protection	6,048	3,358	
Total expenditures	6,048	3,358	
Excess (deficiency) of revenues over (under) expenditures	229,979	232,494	248,063
Other financing sources (uses):			
Transfers out	(234,880)	(237,395)	(237,219)
Total other financing sources (uses)	(234,880)	(237,395)	(237,219)
Net change in fund balances	(4,901)	(4,901)	10,844
Fund balances at beginning of year	55,377	55,377	55,377
Fund balances at end of year	\$ 50,476	50,476	66,221

▶ See notes to required supplementary information. ◀

Required Supplementary Information

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

For the Year Ended June 30, 2014
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 6,000	6,000	2,305
Total revenues	6,000	6,000	2,305
Expenditures:			
Current:			
General government:			
Tobacco settlement	3,300	3,300	129
Total general government	3,300	3,300	129
Total expenditures	3,300	3,300	129
Excess (deficiency) of revenues over (under) expenditures	2,700	2,700	2,176
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	(21,500)	(21,500)	(22,024)
Fund balances at beginning of year	347,370	347,370	347,370
Fund balances at end of year	\$ 325,870	325,870	325,346

▶ See notes to required supplementary information. ◀

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 Deputy Chief Administrative Officer/Auditor and Controller 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.



▶ See notes to required supplementary information. ◀



*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 the proceeds of the assets that were seized and forfeited by law enforcement agencies during the investigation of criminal activities. These monies and the investment income derived therefrom are used for activities that enhance public safety and security and for the prevention, investigation, and apprehension of 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 Low and Moderate Income Housing Asset Fund

Pursuant to Health and Safety Code 34176, the County elected to assume the housing functions of the housing assets of the former San Diego

County Redevelopment Agency, along with the related rights, powers, liabilities, duties and obligations. As a result, this fund was created on February 1, 2012, and the use of this fund is restricted for housing activities.

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 other facilities. 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 - Low and Moderate Income Housing Asset Fund

Pursuant to Health and Safety Code (HSC) 34176 (b) and (b)(2), the City of Santee elected to transfer the housing functions of the Successor Agency to the Community Development Commission of the City of Santee, to the County of San Diego Housing Authority (Housing Authority). Documents identifying the assets elected to be transferred were received by the Housing Authority on March 21, 2014. On May 21, 2014, the Board of Commissioners of the Housing Authority authorized acceptance of the assets contingent on two items. To date, one item has been satisfied and one item has not. This fund was created in fiscal year 2013-14 and the use of this fund is restricted for housing activities.

Housing Authority - Other Fund

This fund was established to account for revenues and expenditures of programs administered by the Housing Authority. These programs assist individuals and families to reside in decent, safe, and sanitary housing. The U.S. Department of Housing and Urban Development (HUD) provides the majority of the funding for the Housing Authority's program expenditures.

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 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 jails. 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 Revenue 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 purposes capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas. In 2013, this fund was titled "Other Special Districts Funds".

Park Land Dedication Fund

This fund was established to receive and expend special park land dedication fees from developers of land as a condition for approval of any development. The fees may be used for the purchase of land and the development of land for active park or recreational facilities. These facilities serve the future residents of such developments and the greater county at large. In lieu of the payment of these fees, the developer may dedicate land for active park or recreational facilities. This fund is restricted, as per the Park Land Dedication Ordinance, to developing new or rehabilitating existing neighborhood or community park or recreational facilities.

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.

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 grants; and contributions from other funds when approved by the Board of Supervisors. 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 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.

SANCAL Fund

This fund is used to account for the expenditures of the proceeds from the sale of certificates of participation of the San Diego County Capital Asset Leasing Corporation used to pay construction costs for the County Administration Center Waterfront Park. This fund is restricted for capital projects per various debt covenants.

Combining Financial Statements/Schedules - Nonmajor Governmental Funds

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Pooled cash and investments	\$ 336,221	22,466	31,656	390,343
Investments with fiscal agents	4,975			4,975
Receivables, net	89,044	87	969	90,100
Property taxes receivables, net	519			519
Due from other funds	10,788	236	21,911	32,935
Inventories	1,053			1,053
Deposits with others	27			27
Prepaid items	387			387
Restricted assets:				
Cash with fiscal agents	408			408
Investments with fiscal agents	57,727	5,369		63,096
Lease receivable		5,337		5,337
Total assets	501,149	33,495	54,536	589,180

Continued on next page ►►►

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014
(In Thousands)

(Continued)	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	9,008	7	20,731	29,746
Accrued payroll	2,677			2,677
Due to other funds	6,498		3,059	9,557
Unearned revenue	7,921			7,921
Total liabilities	26,104	7	23,790	49,901
DEFERRED INFLOWS OF RESOURCES				
Property taxes received in advance	511			511
Housing program advances	22			22
Unavailable revenue	64,708	5,337	514	70,559
Total deferred inflows of resources	65,241	5,337	514	71,092
FUND BALANCES				
Nonspendable:				
Not in spendable form:				
Loans, due from other funds and prepaids	3,804			3,804
Inventories and deposits with others	1,080			1,080
Restricted for:				
Creditors - Debt service	57,906	28,151		86,057
Creditors - Capital projects			24,111	24,111
Grantors - Housing assistance	28,980			28,980
Laws or regulations of other governments:				
Future road improvements	131,869			131,869
Fund purpose	103,011			103,011
Other purposes	19,329		1	19,330
Committed to:				
Capital projects' funding			6,120	6,120
Landfill postclosure and landfill maintenance	63,825			63,825
Total fund balances	409,804	28,151	30,232	468,187
Total liabilities, deferred inflows of resources and fund balances	\$ 501,149	33,495	54,536	589,180

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

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

June 30, 2014
(In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	County Library Fund	County Low and Moderate Income Housing Asset Fund	County Service District Funds	Edgemoor Development Fund
ASSETS						
Pooled cash and investments	\$ 28,298	8,637	14,405		21,577	4,976
Investments with fiscal agents						
Receivables, net	2,607	8	240	3,932	524	11
Property taxes receivables, net			404		51	
Due from other funds	2	5	358		64	4,543
Inventories	202	64	47		46	
Deposits with others						
Prepaid items				196		
Restricted assets:						
Cash with fiscal agents						
Investments with fiscal agents						
Total assets	31,109	8,714	15,454	4,128	22,262	9,530

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

**June 30, 2014
(In Thousands)**

(Continued)	Air Pollution Fund	Asset Forfeiture Program Fund	County Library Fund	County Low and Moderate Income Housing Asset Fund	County Service District Funds	Edgemoor Development Fund
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	1,567	56	883		2,115	55
Accrued payroll	539		726			
Due to other funds	492	3	688		330	4
Unearned revenue	5,532		15			
Total liabilities	8,130	59	2,312		2,445	59
DEFERRED INFLOWS OF RESOURCES						
Property taxes received in advance			391		50	
Housing program advances						
Unavailable revenue	10		558	515	46	
Total deferred inflows of resources	10		949	515	96	
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids				3,613		
Inventories and deposits with others	202	64	47		46	
Restricted for:						
Creditors - Debt service						
Grantors - Housing assistance						
Laws or regulations of other governments:						
Future road improvements						
Fund purpose	22,767	8,591	12,146		19,675	9,471
Other purposes						
Committed to:						
Landfill postclosure and landfill maintenance						
Total fund balances	22,969	8,655	12,193	3,613	19,721	9,471
Total liabilities, deferred inflows of resources and fund balances	\$ 31,109	8,714	15,454	4,128	22,262	9,530

Continued on next page ►►►

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

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

June 30, 2014
(In Thousands)

(Continued)	Flood Control District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund
ASSETS						
Pooled cash and investments	\$ 19,887		24,368	658	60,046	11,797
Investments with fiscal agents					4,975	
Receivables, net	20	16,260	8,132	1	715	566
Property taxes receivables, net	51					
Due from other funds	250		43	67	11	4,592
Inventories						86
Deposits with others			16			
Prepaid items	52		1			
Restricted assets:						
Cash with fiscal agents			408			
Investments with fiscal agents						
Total assets	20,260	16,260	32,968	726	65,747	17,041

Continued on next page ►►►

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

June 30, 2014
(In Thousands)

(Continued)	Flood Control District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	435		398	1	465	883
Accrued payroll					68	
Due to other funds	488		1,831	643	102	440
Unearned revenue			1,324		841	
Total liabilities	923		3,553	644	1,476	1,323
DEFERRED INFLOWS OF RESOURCES						
Property taxes received in advance	56					
Housing program advances			22			
Unavailable revenue	46	16,260			446	
Total deferred inflows of resources	102	16,260	22		446	
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids	52		1			
Inventories and deposits with others			16			86
Restricted for:						
Creditors - Debt service			250			
Grantors - Housing assistance			28,980			
Laws or regulations of other governments:						
Future road improvements						
Fund purpose				82		15,632
Other purposes	19,183		146			
Committed to:						
Landfill postclosure and landfill maintenance					63,825	
Total fund balances	19,235		29,393	82	63,825	15,718
Total liabilities, deferred inflows of resources and fund balances	\$ 20,260	16,260	32,968	726	65,747	17,041

Continued on next page ►►►

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

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

June 30, 2014
(In Thousands)

(Continued)	Lighting Maintenance District Fund	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
ASSETS						
Pooled cash and investments	\$ 1,466	526	12,806	126,774		336,221
Investments with fiscal agents						4,975
Receivables, net	1	1	13	39,344	16,669	89,044
Property taxes receivables, net	13					519
Due from other funds		4		849		10,788
Inventories	11			597		1,053
Deposits with others				11		27
Prepaid items				138		387
Restricted assets:						
Cash with fiscal agents						408
Investments with fiscal agents					57,727	57,727
Total assets	1,491	531	12,819	167,713	74,396	501,149

Continued on next page ►►

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

**June 30, 2014
(In Thousands)**

(Continued)	Lighting Maintenance District Fund	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	126			1,953	71	9,008
Accrued payroll				1,344		2,677
Due to other funds	16	12	3	1,446		6,498
Unearned revenue				209		7,921
Total liabilities	142	12	3	4,952	71	26,104
DEFERRED INFLOWS OF RESOURCES						
Property taxes received in advance	14					511
Housing program advances						22
Unavailable revenue	12			30,146	16,669	64,708
Total deferred inflows of resources	26			30,146	16,669	65,241
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids				138		3,804
Inventories and deposits with others	11			608		1,080
Restricted for:						
Creditors - Debt service					57,656	57,906
Grantors - Housing assistance						28,980
Laws or regulations of other governments:						
Future road improvements				131,869		131,869
Fund purpose	1,312	519	12,816			103,011
Other purposes						19,329
Committed to:						
Landfill postclosure and landfill maintenance						63,825
Total fund balances	1,323	519	12,816	132,615	57,656	409,804
Total liabilities, deferred inflows of resources and fund balances	\$ 1,491	531	12,819	167,713	74,396	501,149

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

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

June 30, 2014
(In Thousands)

	Pension Obligation Bonds Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
ASSETS				
Pooled cash and investments	\$ 170	11,720	10,576	22,466
Receivables, net		12	75	87
Due from other funds	236			236
Restricted assets:				
Investments with fiscal agents	17	997	4,355	5,369
Lease receivable		5,337		5,337
Total assets	423	18,066	15,006	33,495
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable		2	5	7
Total liabilities		2	5	7
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		5,337		5,337
Total deferred inflows of resources		5,337		5,337
FUND BALANCES				
Restricted for:				
Creditors - Debt service	423	12,727	15,001	28,151
Total fund balances	423	12,727	15,001	28,151
Total liabilities, deferred inflows of resources and fund balances	\$ 423	18,066	15,006	33,495

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Capital Projects Funds**

**June 30, 2014
(In Thousands)**

	Capital Outlay Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Capital Projects Funds
ASSETS				
Pooled cash and investments	\$ 5,759	2,643	23,254	31,656
Receivables, net	966	3		969
Due from other funds	21,911			21,911
Total assets	28,636	2,646	23,254	54,536
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	19,331		1,400	20,731
Due to other funds	2,670	135	254	3,059
Total liabilities	22,001	135	1,654	23,790
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	514			514
Total deferred inflows of resources	514			514
FUND BALANCES				
Restricted for:				
Creditors - Capital projects		2,511	21,600	24,111
Laws or regulations of other governments:				
Other purposes	1			1
Committed to:				
Capital projects' funding	6,120			6,120
Total fund balances	6,121	2,511	21,600	30,232
Total liabilities, deferred inflows of resources and fund balances	\$ 28,636	2,646	23,254	54,536

Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2014
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 37,054			37,054
Licenses, permits and franchise fees	9,889			9,889
Fines, forfeitures and penalties	3,383			3,383
Revenue from use of money and property	19,716	1,517	489	21,722
Aid from other governmental agencies:				
State	88,986		86,305	175,291
Federal	128,163		345	128,508
Other	24,611		5,610	30,221
Charges for current services	39,533			39,533
Other	31,386	6,188	1,746	39,320
Total revenues	382,721	7,705	94,495	484,921
Expenditures:				
Current:				
General government	920	330	6,431	7,681
Public protection	11,054			11,054
Public ways and facilities	63,048			63,048
Health and sanitation	44,490			44,490
Public assistance	134,139			134,139
Education	32,524			32,524
Recreation and cultural	1,924			1,924
Capital outlay	29,753		215,925	245,678
Debt service:				
Principal	5,893	33,697		39,590
Interest	24,477	49,398		73,875
Total expenditures	348,222	83,425	222,356	654,003
Excess (deficiency) of revenues over (under) expenditures	34,499	(75,720)	(127,861)	(169,082)
Other financing sources (uses):				
Sale of capital assets	56			56
Transfers in	21,292	75,570	109,014	205,876
Transfers out	(18,993)			(18,993)
Total other financing sources (uses)	2,355	75,570	109,014	186,939
Net change in fund balances	36,854	(150)	(18,847)	17,857
Fund balances at beginning of year	373,221	28,301	49,079	450,601
Increase (decrease) in nonspendable inventories	(271)			(271)
Fund balances at end of year	\$ 409,804	28,151	30,232	468,187

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

**For the Year Ended June 30, 2014
(In Thousands)**

	Air Pollution Fund	Asset Forfeiture Program Fund	County Library Fund	County Low and Moderate Income Housing Asset Fund	County Service District Funds	Edgemoor Development Fund
Revenues:						
Taxes	\$		27,652		4,380	
Licenses, permits and franchise fees	7,935					
Fines, forfeitures and penalties	1,465	1,827				
Revenue from use of money and property	111	37	46		232	358
Aid from other governmental agencies:						
State	6,876		295		34	
Federal	2,608		1		489	4,513
Other	10,635		5,483		4,983	
Charges for current services	492		847		8,063	
Other	35	41	501		54	33
Total revenues	30,157	1,905	34,825		18,235	4,904
Expenditures:						
Current:						
General government					197	528
Public protection		751			1,392	
Public ways and facilities					1,855	
Health and sanitation	26,631				9,851	
Public assistance				38		
Education			32,524			
Recreation and cultural					1,704	
Capital outlay	609	143	553			
Debt service:						
Principal						
Interest					2	
Total expenditures	27,240	894	33,077	38	15,001	528
Excess (deficiency) of revenues over (under) expenditures	2,917	1,011	1,748	(38)	3,234	4,376
Other financing sources (uses):						
Sale of capital assets	4					50
Transfers in			1,644		460	
Transfers out	(678)	(351)	(896)		(1,722)	(9,281)
Total other financing sources (uses)	(674)	(351)	748		(1,262)	(9,231)
Net change in fund balances	2,243	660	2,496	(38)	1,972	(4,855)
Fund balances at beginning of year	20,713	7,991	9,687	3,651	17,738	14,326
Increase (decrease) in nonspendable inventories	13	4	10		11	
Fund balances at end of year	\$ 22,969	8,655	12,193	3,613	19,721	9,471

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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, 2014
(In Thousands)

(Continued)	Flood Control District Fund	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund
Revenues:						
Taxes	\$ 4,043					979
Licenses, permits and franchise fees						
Fines, forfeitures and penalties				80		
Revenue from use of money and property	65	1,157	5	580	3,538	5
Aid from other governmental agencies:						
State	36			891		9
Federal	2,956	113,529		6		
Other	87	3,421				2
Charges for current services	867	2,568	760	10,547		724
Other		1,546		2	889	
Total revenues	8,054	122,221	765	12,106	4,427	1,719
Expenditures:						
Current:						
General government						
Public protection	5,497				3,143	
Public ways and facilities						1,776
Health and sanitation				8,008		
Public assistance		120,946	13,155			
Education						
Recreation and cultural						
Capital outlay	6,886					
Debt service:						
Principal		143				
Interest		22				
Total expenditures	12,383	121,111	13,155	8,008	3,143	1,776
Excess (deficiency) of revenues over (under) expenditures	(4,329)	1,110	(12,390)	4,098	1,284	(57)
Other financing sources (uses):						
Sale of capital assets					2	
Transfers in			12,389		6,388	
Transfers out				(82)	(2,630)	
Total other financing sources (uses)			12,389	(82)	3,760	
Net change in fund balances	(4,329)	1,110	(1)	4,016	5,044	(57)
Fund balances at beginning of year	23,564	28,283	83	59,809	10,655	1,387
Increase (decrease) in nonspendable inventories					19	(7)
Fund balances at end of year	\$ 19,235	29,393	82	63,825	15,718	1,323

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

For the Year Ended June 30, 2014
(In Thousands)

(Continued)	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
Revenues:					
Taxes	\$				37,054
Licenses, permits and franchise fees		1,950	4		9,889
Fines, forfeitures and penalties	11				3,383
Revenue from use of money and property	2	58	541	12,981	19,716
Aid from other governmental agencies:					
State	50		80,795		88,986
Federal			4,061		128,163
Other					24,611
Charges for current services	110		14,555		39,533
Other			1,029	27,256	31,386
Total revenues	173	2,008	100,985	40,237	382,721
Expenditures:					
Current:					
General government				195	920
Public protection	271				11,054
Public ways and facilities			59,417		63,048
Health and sanitation					44,490
Public assistance					134,139
Education					32,524
Recreation and cultural		220			1,924
Capital outlay			21,562		29,753
Debt service:					
Principal				5,750	5,893
Interest				24,453	24,477
Total expenditures	271	220	80,979	30,398	348,222
Excess (deficiency) of revenues over (under) expenditures	(98)	1,788	20,006	9,839	34,499
Other financing sources (uses):					
Sale of capital assets					56
Transfers in			411		21,292
Transfers out	(50)	(656)	(2,647)		(18,993)
Total other financing sources (uses)	(50)	(656)	(2,236)		2,355
Net change in fund balances	(148)	1,132	17,770	9,839	36,854
Fund balances at beginning of year	667	11,684	115,166	47,817	373,221
Increase (decrease) in nonspendable inventories			(321)		(271)
Fund balances at end of year	\$ 519	12,816	132,615	57,656	409,804

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

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

**For the Year Ended June 30, 2014
(In Thousands)**

	Pension Obligation Bonds Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
Revenues:				
Revenue from use of money and property	\$ 58	1,256	203	1,517
Other	6,188			6,188
Total revenues	6,246	1,256	203	7,705
Expenditures:				
Current:				
General government		330		330
Debt service:				
Principal	33,042	655		33,697
Interest	48,413	542	443	49,398
Total expenditures	81,455	1,527	443	83,425
Excess (deficiency) of revenues over (under) expenditures	(75,209)	(271)	(240)	(75,720)
Other financing sources (uses):				
Transfers in	75,471	29	70	75,570
Total other financing sources (uses)	75,471	29	70	75,570
Net change in fund balances	262	(242)	(170)	(150)
Fund balances at beginning of year	161	12,969	15,171	28,301
Fund balances at end of year	\$ 423	12,727	15,001	28,151

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Capital Projects Funds

For the Year Ended June 30, 2014
(In Thousands)

	Capital Outlay Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Capital Projects Funds
Revenues:				
Revenue from use of money and property	\$ 428	16	45	489
Aid from other governmental agencies:				
State	86,305			86,305
Federal	345			345
Other	5,610			5,610
Other	1,746			1,746
Total revenues	94,434	16	45	94,495
Expenditures:				
Current:				
General government	6,289	142		6,431
Capital outlay	197,655		18,270	215,925
Total expenditures	203,944	142	18,270	222,356
Excess (deficiency) of revenues over (under) expenditures	(109,510)	(126)	(18,225)	(127,861)
Other financing sources (uses):				
Transfers in	109,014			109,014
Total other financing sources (uses)	109,014			109,014
Net change in fund balances	(496)	(126)	(18,225)	(18,847)
Fund balances at beginning of year	6,617	2,637	39,825	49,079
Fund balances at end of year	\$ 6,121	2,511	21,600	30,232

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

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

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 7,834	8,150	7,935
Fines, forfeitures and penalties	980	980	1,465
Revenue from use of money and property	30	30	111
Aid from other governmental agencies:			
State	12,700	15,117	6,876
Federal	2,590	2,590	2,608
Other	10,000	10,000	10,635
Charges for current services	581	581	492
Other			35
Total revenues	34,715	37,448	30,157
Expenditures:			
Current:			
Health and sanitation:			
Air pollution control	21,067	21,371	19,856
Air pollution control, air quality Proposition 1B GMER program	6,175	8,582	840
Air pollution control, air quality State AQIP program	173	185	185
Air pollution control, improvement trust	1,818	1,818	122
Air pollution control, moyer program	5,289	5,336	4,755
Air pollution control, power general mitigation	882	1,231	873
Total health and sanitation	35,404	38,523	26,631
Capital outlay	624	1,239	609
Total expenditures	36,028	39,762	27,240
Excess (deficiency) of revenues over (under) expenditures	(1,313)	(2,314)	2,917
Other financing sources (uses):			
Sale of capital assets			4
Transfers in	8,786	165	
Transfers out	(9,521)	(900)	(678)
Total other financing sources (uses)	(735)	(735)	(674)
Net change in fund balances	(2,048)	(3,049)	2,243
Fund balances at beginning of year	20,713	20,713	20,713
Increase (decrease) in nonspendable inventories		13	13
Fund balances at end of year	\$ 18,665	17,677	22,969

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

Asset Forfeiture Program Fund

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$ 1,000	1,000	1,827
Revenue from use of money and property	100	100	37
Other			41
Total revenues	1,100	1,100	1,905
Expenditures:			
Current:			
Public protection:			
District attorney asset forfeiture program - federal	500	500	112
District attorney asset forfeiture program - state	15	15	
Probation asset forfeiture program	51	51	49
Sheriff's asset forfeiture program	1,172	823	590
Total public protection	1,738	1,389	751
Capital outlay		971	143
Total expenditures	1,738	2,360	894
Excess (deficiency) of revenues over (under) expenditures	(638)	(1,260)	1,011
Other financing sources (uses):			
Transfers out	(247)	(424)	(351)
Total other financing sources (uses)	(247)	(424)	(351)
Net change in fund balances	(885)	(1,684)	660
Fund balances at beginning of year	7,991	7,991	7,991
Increase (decrease) in nonspendable inventories		4	4
Fund balances at end of year	\$ 7,106	6,311	8,655

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

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

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 28,614	28,614	27,652
Revenue from use of money and property	105	105	46
Aid from other governmental agencies:			
State	267	315	295
Federal			1
Other	1,471	1,478	5,483
Charges for current services	1,138	1,138	847
Other	554	1,706	501
Total revenues	32,149	33,356	34,825
Expenditures:			
Current:			
Education:			
County library	35,460	37,777	32,524
Total education	35,460	37,777	32,524
Capital outlay	364	814	553
Total expenditures	35,824	38,591	33,077
Excess (deficiency) of revenues over (under) expenditures	(3,675)	(5,235)	1,748
Other financing sources (uses):			
Transfers in	935	1,644	1,644
Transfers out	(924)	(925)	(896)
Total other financing sources (uses)	11	719	748
Net change in fund balances	(3,664)	(4,516)	2,496
Fund balances at beginning of year	9,687	9,687	9,687
Increase (decrease) in nonspendable inventories		10	10
Fund balances at end of year	\$ 6,023	5,181	12,193

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

County Low and Moderate Income Housing Asset Fund

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Expenditures:			
Current:			
Public assistance:			
CSHAF Gillespie housing	\$ 18	18	13
CSHAF USDRIP housing	45	45	25
Total public assistance	63	63	38
Total expenditures	63	63	38
Excess (deficiency) of revenues over (under) expenditures	(63)	(63)	(38)
Net change in fund balances	(63)	(63)	(38)
Fund balances at beginning of year	3,651	3,651	3,651
Fund balances at end of year	\$ 3,588	3,588	3,613

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, 2014
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 4,494	4,494	4,380
Revenue from use of money and property	213	214	232
Aid from other governmental agencies:			
State	27	27	34
Federal			489
Other	3,941	3,941	4,983
Charges for current services	8,486	8,486	8,063
Other			54
Total revenues	17,161	17,162	18,235
Expenditures:			
Current:			
General government:			
Regional Communication System CSA 135	623	623	
Regional Communication System CSA 135 Zone B Del Mar	53	53	39
Regional Communication System CSA 135 Zone F Poway	160	159	131
Regional Communication System CSA 135 Zone H Solana Beach	49	49	27
Total general government	885	884	197
Public protection:			
Fire mitigation fees, CSA 135		58	
Fire protection and emerg med svcs, CSA135	711	1,193	628
Fire protection, PRD 107 Elfin Forest	549	553	402
Fire protection, PRD 115 Pepper Drive	364	364	362
Total public protection	1,624	2,168	1,392
Public ways and facilities:			
PRD 6 Pauma Valley	372	372	28
PRD 8 Magee RD-PAL	209	209	69
PRD 9 B Santa Fe	82	82	4
PRD 10 Davis Dr	18	18	3
PRD 11 A Bernardo RD	41	41	27
PRD 11 C Bernardo RD	25	25	3
PRD 11 D Bernardo RD	39	39	3
PRD 12 Lomair	237	237	64
PRD 13 A Pala Mesa	394	394	10
PRD 13 B Stewart Canyon	29	29	6
PRD 16 Wynola	108	108	9
PRD 18 Harrison Park	290	290	8
PRD 20 Daily Road	550	550	145
PRD 21 Pauma Heights	335	335	9
PRD 22 W Dougherty St	10	10	4
PRD 23 Rock Terce RD	25	25	4
PRD 24 MT Whitney RD	36	36	4
PRD 30 Royal Oaks-CAR	38	38	4
PRD 38 Gay Rio Terrace	78	78	60
PRD 45 Rincon Springs	69	69	4
PRD 46 Rocosco Road	37	37	3

Continued on next page ►►►

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
County Service District Funds**

**For the Year Ended June 30, 2014
(In Thousands)**

(Continued)	Original Budget	Final Budget	Actual
PRD 49 Sunset Knls RD	\$ 33	33	3
PRD 50 Knoll Park LN	130	130	51
PRD 53 Knoll Park LN EX	269	269	107
PRD 54 MT Helix	171	171	63
PRD 55 Rainbow Crest	326	326	39
PRD 60 River Drive	138	138	73
PRD 61 GRN Meadow Way	206	206	7
PRD 63 Hillview Road	398	398	8
PRD 70 El Camino Cort	58	58	4
PRD 75 A Gay Rio Drive	218	218	88
PRD 75 B Gay Rio Drive	404	404	213
PRD 76 Kingford CT	41	41	3
PRD 77 Montiel TRK TR	268	268	202
PRD 78 Gardena Ay	52	52	15
PRD 80 Harris TRK TRL	213	213	5
PRD 88 East Fifth St	71	71	7
PRD 90 South Cordov	40	40	4
PRD 94 Roble Grnde	707	707	41
PRD 95 Valle Del Sol	303	303	4
PRD 99 Via Allndra	35	35	4
PRD 100 Viejas View	29	29	4
PRD 101 A Hi-Ridge R	13	13	4
PRD 101 Johnson LK	149	149	107
PRD 102 MTN Meadow	162	162	9
PRD 103 Alto Drive	264	264	4
PRD 104 Artesian RO	127	127	17
PRD 105 A Alta Loma D	31	31	3
PRD 105 Alta Loma D	25	25	3
PRD 106 Garrison Ay	98	98	12
PRD 117 Legend Rock	9	9	5
PRD 123 Mizpah Lane	73	73	54
PRD 125 Wrightwood	84	84	4
PRD 126 Sandhurst W	35	35	3
PRD 127 Singing Trails	41	41	15
PRD 130 Wilkes Road	190	190	6
PRD 133 Rnch Creek Rd	27	27	10
PRD 134 Kenora Lane	78	78	5
PRD 1002 Sunny Acres	21	21	5
PRD 1003 Alamo Way	16	16	3
PRD 1005 Eden Valley	70	70	4
PRD 1008 Canter	23	23	3
PRD 1010 Alpine Highlands ZN	134	134	6
PRD 1011 La Cuesta ZN	57	57	18
PRD 1012 8112 Millar	50	50	6
PRD 1013 Singing Trails	78	78	44

Continued on next page ►►►

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, 2014

(In Thousands)

(Continued)

	Original Budget	Final Budget	Actual
PRD 1014 Lavender PT Lane	\$ 78	78	25
PRD 1015 Landavo Drive ET AL	61	61	49
PRD 1016 El Sereno Way	68	67	15
Total public ways and facilities	9,194	9,193	1,855
Health and sanitation:			
CSA 17 San Dieguito Ambulance	4,186	4,185	3,932
CSA 69 Heartland Paramedics	6,501	6,501	5,902
PRD 122 Otay Mesa East	12	12	
PRD 136 Sundance Detention Basin	49	49	17
Total health and sanitation	10,748	10,747	9,851
Recreation and cultural:			
CSA 26 LMD Zone 2 Julian	56	56	48
CSA 26 Rancho San Diego	112	112	105
CSA 26 San Diego landscape maintenance	108	108	108
CSA 81 Fallbrook Park	204	204	191
CSA 83 San Dieguito	471	470	286
CSA 128 San Miguel Park	434	434	414
CSA 83A 4S Ranch Park	326	325	325
PRD 26 A Cottonwood Village	229	229	105
PRD 26 B Monte Vista	299	299	122
Total recreation and cultural	2,239	2,237	1,704
Debt service:			
Principal	15	15	
Interest	3	3	2
Total expenditures	24,708	25,247	15,001
Excess (deficiency) of revenues over (under) expenditures	(7,547)	(8,085)	3,234
Other financing sources (uses):			
Transfers in	431	498	460
Transfers out	(1,874)	(1,873)	(1,722)
Total other financing sources (uses)	(1,443)	(1,375)	(1,262)
Net change in fund balances	(8,990)	(9,460)	1,972
Fund balances at beginning of year	17,738	17,738	17,738
Increase (decrease) in nonspendable inventories		11	11
Fund balances at end of year	\$ 8,748	8,289	19,721

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

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 4,518	4,518	358
Aid from other governmental agencies:			
Federal	4,506	4,506	4,513
Other			33
Total revenues	9,024	9,024	4,904
Expenditures:			
Current:			
General government:			
Edgemoor development fund	885	885	528
Total general government	885	885	528
Total expenditures	885	885	528
Excess (deficiency) of revenues over (under) expenditures	8,139	8,139	4,376
Other financing sources (uses):			
Sale of capital assets			50
Transfers out	(9,281)	(9,281)	(9,281)
Total other financing sources (uses)	(9,281)	(9,281)	(9,231)
Net change in fund balances	(1,142)	(1,142)	(4,855)
Fund balances at beginning of year	14,326	14,326	14,326
Fund balances at end of year	\$ 13,184	13,184	9,471

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, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 3,906	3,906	4,043
Revenue from use of money and property	50	50	65
Aid from other governmental agencies:			
State			36
Federal	8,000	8,000	2,956
Other			87
Charges for current services	3,341	3,341	867
Total revenues	15,297	15,297	8,054
Expenditures:			
Current:			
Public protection:			
Flood control district	13,743	13,743	5,353
Stormwater maintenance, Blackwolf	11	11	
Stormwater maintenance, Lake Rancho Viejo	260	260	144
Stormwater maintenance, Ponderosa Estates	23	23	
Total public protection	14,037	14,037	5,497
Capital outlay	6,886	6,886	6,886
Total expenditures	20,923	20,923	12,383
Excess (deficiency) of revenues over (under) expenditures	(5,626)	(5,626)	(4,329)
Net change in fund balances	(5,626)	(5,626)	(4,329)
Fund balances at beginning of year	23,564	23,564	23,564
Fund balances at end of year	\$ 17,938	17,938	19,235

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Housing Authority - Other Fund**

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 1,220	1,098	1,157
Aid from other governmental agencies:			
Federal	114,898	112,740	113,529
Other	1,800	4,120	3,421
Charges for current services	4,373	3,945	2,568
Other	231	233	1,546
Total revenues	122,522	122,136	122,221
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	128,415	128,037	120,946
Total public assistance	128,415	128,037	120,946
Debt service:			
Principal	146	143	143
Interest	32	27	22
Total expenditures	128,593	128,207	121,111
Excess (deficiency) of revenues over (under) expenditures	(6,071)	(6,071)	1,110
Net change in fund balances	(6,071)	(6,071)	1,110
Fund balances at beginning of year	28,283	28,283	28,283
Fund balances at end of year	\$ 22,212	22,212	29,393

**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, 2014

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$		5
Charges for current services	603	603	760
Total revenues	603	603	765
Expenditures:			
Current:			
Public assistance:			
IHSS public authority	13,799	13,800	13,155
Total public assistance	13,799	13,800	13,155
Total expenditures	13,799	13,800	13,155
Excess (deficiency) of revenues over (under) expenditures	(13,196)	(13,197)	(12,390)
Other financing sources (uses):			
Transfers in	13,196	13,196	12,389
Total other financing sources (uses)	13,196	13,196	12,389
Net change in fund balances		(1)	(1)
Fund balances at beginning of year	83	83	83
Fund balances at end of year	\$ 83	82	82

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

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$		80
Revenue from use of money and property	249	249	580
Aid from other governmental agencies:			
State	1,050	1,050	891
Federal			6
Charges for current services	7,086	7,086	10,547
Other	28	28	2
Total revenues	8,413	8,413	12,106
Expenditures:			
Current:			
Health and sanitation:			
Duck pond landfill cleanup	17	17	
Inactive waste site management	8,483	8,518	8,008
Total health and sanitation	8,500	8,535	8,008
Total expenditures	8,500	8,535	8,008
Excess (deficiency) of revenues over (under) expenditures	(87)	(122)	4,098
Other financing sources (uses):			
Transfers out	(84)	(84)	(82)
Total other financing sources (uses)	(84)	(84)	(82)
Net change in fund balances	(171)	(206)	4,016
Fund balances at beginning of year	59,809	59,809	59,809
Fund balances at end of year	\$ 59,638	59,603	63,825

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Inmate Welfare Program Fund**

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 3,460	3,460	3,538
Other	236	236	889
Total revenues	3,696	3,696	4,427
Expenditures:			
Current:			
Public protection:			
Probation inmate welfare	95	95	58
Sheriff's inmate welfare - adult detention	3,481	4,557	3,082
Sheriff's inmate welfare - police protection	14	14	3
Total public protection	3,590	4,666	3,143
Capital outlay		96	
Total expenditures	3,590	4,762	3,143
Excess (deficiency) of revenues over (under) expenditures	106	(1,066)	1,284
Other financing sources (uses):			
Sale of capital assets			2
Transfers in	1,900	1,900	6,388
Transfers out	(2,700)	(2,904)	(2,630)
Total other financing sources (uses)	(800)	(1,004)	3,760
Net change in fund balances	(694)	(2,070)	5,044
Fund balances at beginning of year	10,655	10,655	10,655
Increase (decrease) in nonspendable inventories		19	19
Fund balances at end of year	\$ 9,961	8,604	15,718

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Lighting Maintenance District Fund**

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 930	930	979
Revenue from use of money and property	6	6	5
Aid from other governmental agencies:			
State	9	9	9
Other			2
Charges for current services	706	706	724
Total revenues	1,651	1,651	1,719
Expenditures:			
Current:			
Public ways and facilities:			
San Diego lighting maintenance	2,060	2,060	1,776
Total public ways and facilities	2,060	2,060	1,776
Total expenditures	2,060	2,060	1,776
Excess (deficiency) of revenues over (under) expenditures	(409)	(409)	(57)
Net change in fund balances	(409)	(409)	(57)
Fund balances at beginning of year	1,387	1,387	1,387
Increase (decrease) in nonspendable inventories		(7)	(7)
Fund balances at end of year	\$ 978	971	1,323

Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Other Special Revenue Funds**

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$ 16	16	11
Revenue from use of money and property			2
Aid from other governmental agencies:			
State	50	50	50
Charges for current services	325	325	110
Total revenues	391	391	173
Expenditures:			
Current:			
Public protection:			
Agriculture, weights and measures - fish and game	18	18	9
Public works, survey	325	325	262
Total public protection	343	343	271
Total expenditures	343	343	271
Excess (deficiency) of revenues over (under) expenditures	48	48	(98)
Other financing sources (uses):			
Transfers out	(50)	(50)	(50)
Total other financing sources (uses)	(50)	(50)	(50)
Net change in fund balances	(2)	(2)	(148)
Fund balances at beginning of year	667	667	667
Fund balances at end of year	\$ 665	665	519

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Park Land Dedication Fund**

**For the Year Ended June 30, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 624	624	1,950
Revenue from use of money and property	43	43	58
Total revenues	667	667	2,008
Expenditures:			
Current:			
Recreation and cultural:			
Local Park Planning Area 4 Lincoln Acres	1	1	
Local Park Planning Area 15 Sweetwater	16	16	7
Local Park Planning Area 16 Otay	1	1	
Local Park Planning Area 19 Jamul	18	18	1
Local Park Planning Area 20 Spring Valley	28	28	14
Local Park Planning Area 25 Lakeside	47	47	18
Local Park Planning Area 26 Crest	17	17	1
Local Park Planning Area 27 Alpine	37	37	20
Local Park Planning Area 28 Ramona	146	146	106
Local Park Planning Area 29 Escondido	38	38	
Local Park Planning Area 30 San Marcos	3	3	
Local Park Planning Area 31 San Dieguito	140	140	8
Local Park Planning Area 35 Fallbrook	128	128	
Local Park Planning Area 36 Bonsall	12	12	
Local Park Planning Area 37 Vista	26	26	
Local Park Planning Area 38 Valley Center	43	43	8
Local Park Planning Area 39 Pauma	6	6	
Local Park Planning Area 40 Palomar-Julian	24	24	4
Local Park Planning Area 41 Mount Empire	7	7	
Local Park Planning Area 42 Anza-Borrego	8	8	1
Local Park Planning Area 43 Central Mountain	38	38	23
Local Park Planning Area 44 Oceanside	1	1	
Local Park Planning Area 45 Valle de Oro	28	28	9
Total recreation and cultural	813	813	220
Total expenditures	813	813	220
Excess (deficiency) of revenues over (under) expenditures	(146)	(146)	1,788
Other financing sources (uses):			
Transfers out	(2,123)	(2,236)	(656)
Total other financing sources (uses)	(2,123)	(2,236)	(656)
Net change in fund balances	(2,269)	(2,382)	1,132
Fund balances at beginning of year	11,684	11,684	11,684
Fund balances at end of year	\$ 9,415	9,302	12,816

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, 2014
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$		4
Revenue from use of money and property	429	429	541
Aid from other governmental agencies:			
State	69,880	103,626	80,795
Federal	9,368	10,719	4,061
Charges for current services	12,605	21,395	14,555
Other	733	5,062	1,029
Total revenues	93,015	141,231	100,985
Expenditures:			
Current:			
Public ways and facilities:			
Public works, road	88,434	154,933	59,417
Total public ways and facilities	88,434	154,933	59,417
Capital outlay	21,593	21,593	21,562
Total expenditures	110,027	176,526	80,979
Excess (deficiency) of revenues over (under) expenditures	(17,012)	(35,295)	20,006
Other financing sources (uses):			
Sale of capital assets	107		
Transfers in		411	411
Transfers out	(2,729)	(2,729)	(2,647)
Total other financing sources (uses)	(2,622)	(2,318)	(2,236)
Net change in fund balances	(19,634)	(37,613)	17,770
Fund balances at beginning of year	115,166	115,166	115,166
Increase (decrease) in nonspendable inventories		(321)	(321)
Fund balances at end of year	\$ 95,532	77,232	132,615

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 develop airport property utilizing federal and state grants in order to enhance the value of public assets, generate new revenues and be a catalyst for aviation and business development.

Jail Stores Commissary Fund

This fund was established to provide for the financing of a Sheriff's commissary store allowing persons incarcerated at various County detention facilities to purchase a variety of goods, including food, snacks, stationery, personal care items and telephone time.

Sanitation District Fund

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

Combining Financial Statements – Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION ENTERPRISE FUNDS

June 30, 2014
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
ASSETS				
Current assets:				
Pooled cash and investments	\$ 13,798	6,688	57,385	77,871
Receivables, net	2,925	134	449	3,508
Due from other funds	1	1	48	50
Inventories		230	1	231
Total current assets	16,724	7,053	57,883	81,660
Noncurrent assets:				
Due from other funds	3,862			3,862
Capital assets:				
Land	10,504		1,089	11,593
Construction in progress	4,449		11,933	16,382
Buildings and improvements	114,559		4,935	119,494
Equipment	969	236	338	1,543
Road infrastructure	9,569			9,569
Sewer infrastructure			96,165	96,165
Accumulated depreciation/amortization	(39,314)	(233)	(42,522)	(82,069)
Total noncurrent assets	104,598	3	71,938	176,539
Total assets	121,322	7,056	129,821	258,199
LIABILITIES				
Current liabilities:				
Accounts payable	353	283	598	1,234
Accrued payroll	132		145	277
Due to other funds	384	4,679	139	5,202
Unearned revenue	132			132
Loans payable	291			291
Compensated absences	87		89	176
Total current liabilities	1,379	4,962	971	7,312
Noncurrent liabilities:				
Loans payable	475			475
Compensated absences	130		132	262
Total noncurrent liabilities	605		132	737
Total liabilities	1,984	4,962	1,103	8,049
NET POSITION				
Net investment in capital assets	99,970	3	71,938	171,911
Unrestricted net position	19,368	2,091	56,780	78,239
Total net position	\$ 119,338	2,094	128,718	250,150

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

**For the Year Ended June 30, 2014
(In Thousands)**

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
Operating revenues:				
Charges for current services	\$ 12,647	5,659	25,037	43,343
Other	163	2,402		2,565
Total operating revenues	12,810	8,061	25,037	45,908
Operating expenses:				
Salaries and employee benefits	3,663		3,946	7,609
Repairs and maintenance	1,050	13	5,127	6,190
Equipment rental	510	10	662	1,182
Sewage processing			14,418	14,418
Contracted services	4,317	2,301	916	7,534
Depreciation/amortization	3,506		1,987	5,493
Utilities	301		18	319
Cost of material		2,279		2,279
Fuel		6		6
Other	680	207	1,115	2,002
Total operating expenses	14,027	4,816	28,189	47,032
Operating income (loss)	(1,217)	3,245	(3,152)	(1,124)
Nonoperating revenues (expenses):				
Grants	3,793			3,793
Investment earnings	230	6	266	502
Interest expense	(59)			(59)
Total nonoperating revenues (expenses)	3,964	6	266	4,236
Income (loss) before capital contributions and transfers	2,747	3,251	(2,886)	3,112
Transfers in	50		309	359
Transfers out	(165)	(7,108)	(172)	(7,445)
Change in net position	2,632	(3,857)	(2,749)	(3,974)
Net position (deficits) at beginning of year (restated, see Note 31 to the financial statements)	116,706	5,951	131,467	254,124
Net position (deficits) at end of year	\$ 119,338	2,094	128,718	250,150

Combining Financial Statements – Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS ENTERPRISE FUNDS

For the Year Ended June 30, 2014
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 13,236	8,034	18,507	39,777
Cash received from other funds			6,830	6,830
Cash payments to suppliers	(6,390)	(4,922)	(21,832)	(33,144)
Cash payments to employees	(3,634)		(3,931)	(7,565)
Cash payments to other funds	(2,218)	(496)	(832)	(3,546)
Other payments	(4)			(4)
Net cash provided (used) by operating activities	990	2,616	(1,258)	2,348
Cash flows from noncapital financing activities:				
Operating grants	6,669			6,669
Transfers from other funds	50		309	359
Transfers to other funds	(165)	(2,540)	(172)	(2,877)
Other noncapital (decreases)	(12)			(12)
Net cash provided (used) by noncapital financing activities	6,542	(2,540)	137	4,139
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(4,137)		(5,250)	(9,387)
Principal paid on long-term debt	(280)			(280)
Interest paid on long-term debt	(59)			(59)
Net cash provided (used) by capital and related financing activities	(4,476)		(5,250)	(9,726)
Cash flows from investing activities:				
Investment earnings	224	6	260	490
Net increase (decrease) in cash and cash equivalents	3,280	82	(6,111)	(2,749)
Cash and cash equivalents - beginning of year	10,518	6,606	63,496	80,620
Cash and cash equivalents - end of year	13,798	6,688	57,385	77,871
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(1,217)	3,245	(3,152)	(1,124)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivables	360	(26)	24	358
Decrease (increase) in due from other funds		(1)	276	275
Decrease (increase) in inventory		(24)		(24)
Increase (decrease) in accounts payable	(1,906)	(146)	(92)	(2,144)
Increase (decrease) in accrued payroll	17		13	30
Increase (decrease) in due to other funds	151	(432)	(315)	(596)
Increase (decrease) in unearned revenue	66			66
Increase (decrease) in compensated absences	13		1	14
Depreciation/amortization	3,506		1,987	5,493
Total adjustments	2,207	(629)	1,894	3,472
Net cash provided (used) by operating activities	990	2,616	(1,258)	2,348
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	\$ 211		93	304
Operating transfer due to other funds		(4,434)		(4,434)

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 workers' compensation and unemployment insurance. Specifically, for workers' compensation the fund includes: claims payment, the actuarial liability, insurance costs and contributions by various departments.

Facilities Management Fund

This fund was established to account for the financing of facilities maintenance, public service utilities, property management, project management, architectural and engineering services, real estate acquisition and leasing, and mail services provided to County departments on a cost reimbursement basis.

Fleet Services Fund

This fund was established to account for the maintenance, repair, fuel, and financing of Fleet vehicles provided to County departments on a cost reimbursement basis.

Information Technology Fund

This fund was established to account for telecommunications services provided to County departments on a cost reimbursement basis.

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 was established to account for the procurement of services, 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 the following funds: Road, Airport, and Flood Control District; 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 POSITION INTERNAL SERVICE FUNDS

June 30, 2014
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
ASSETS					
Current assets:					
Pooled cash and investments	\$ 116,449	10,594	20,949	22,033	40,820
Receivables, net	114	357	409	140	42
Due from other funds	2,245	6,974	3,620	16,287	
Inventories		46	1,075		
Total current assets	118,808	17,971	26,053	38,460	40,862
Noncurrent assets:					
Due from other funds					
Capital assets:					
Construction in progress					
Equipment		6,864	101,837		
Software		440	213	12,912	
Accumulated depreciation/ amortization		(1,562)	(64,403)	(11,445)	
Total noncurrent assets		5,742	37,647	1,467	
Total assets	118,808	23,713	63,700	39,927	40,862
LIABILITIES					
Current liabilities:					
Accounts payable	5,175	4,927	3,192	28,874	10
Accrued payroll		968	197		
Accrued interest		2			
Due to other funds	1,409	732	413	1,917	1,187
Unearned revenue		450	1		
Loans payable		1,260			
Capital lease payable		34			
Compensated absences		665	101		
Claims and judgments	28,174				13,175
Total current liabilities	34,758	9,038	3,904	30,791	14,372
Noncurrent liabilities:					
Loans payable		1,747			
Capital lease payable		85			
Compensated absences		986	151		
Claims and judgments	125,637				17,677
Total noncurrent liabilities	125,637	2,818	151		17,677
Total liabilities	160,395	11,856	4,055	30,791	32,049
NET POSITION					
Net investment in capital assets		5,623	37,647	1,467	
Unrestricted net position	(41,587)	6,234	21,998	7,669	8,813
Total net position	\$ (41,587)	11,857	59,645	9,136	8,813

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

**June 30, 2014
(In Thousands)**

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
ASSETS				
Current assets:				
Pooled cash and investments	\$ 4,956	16,073	876	232,750
Receivables, net	4	16		1,082
Due from other funds	494	12	15	29,647
Inventories	1			1,122
Total current assets	5,455	16,101	891	264,601
Noncurrent assets:				
Due from other funds			15	15
Capital assets:				
Construction in progress	235			235
Equipment	214	30,233		139,148
Software	162			13,727
Accumulated depreciation/amortization	(137)	(16,045)		(93,592)
Total noncurrent assets	474	14,188	15	59,533
Total assets	5,929	30,289	906	324,134
LIABILITIES				
Current liabilities:				
Accounts payable	10	107		42,295
Accrued payroll	207			1,372
Accrued interest				2
Due to other funds	182	516		6,356
Unearned revenue				451
Loans payable				1,260
Capital lease payable				34
Compensated absences	122			888
Claims and judgments				41,349
Total current liabilities	521	623		94,007
Noncurrent liabilities:				
Loans payable				1,747
Capital lease payable				85
Compensated absences	181			1,318
Claims and judgments				143,314
Total noncurrent liabilities	181			146,464
Total liabilities	702	623		240,471
NET POSITION				
Net investment in capital assets	474	14,188		59,399
Unrestricted net position	4,753	15,478	906	24,264
Total net position	\$ 5,227	29,666	906	83,663

Combining Financial Statements – Internal Service Funds

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

For the Year Ended June 30, 2014
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
Operating revenues:					
Charges for current services	\$ 41,891	95,861	37,043	140,681	13,784
Other	133	1,687	266	3	
Total operating revenues	42,024	97,548	37,309	140,684	13,784
Operating expenses:					
Salaries and employee benefits		27,055	5,697		
Repairs and maintenance		21,817	7,702		
Equipment rental		45	107		
Contracted services	10,500	20,283	1,120	143,495	8,739
Depreciation/amortization		503	8,964	1,725	
Utilities		23,754	195		
Cost of material		4,417	112		
Claims and judgments	45,207				11,248
Fuel		351	11,436		
Other		3,284	1,805		5
Total operating expenses	55,707	101,509	37,138	145,220	19,992
Operating income (loss)	(13,683)	(3,961)	171	(4,536)	(6,208)
Nonoperating revenues (expenses):					
Grants		3,235			
Investment earnings	505	14	101	17	188
Interest expense		(121)			
Gain (loss) on disposal of assets		(15)	390		
Total nonoperating revenues (expenses)	505	3,113	491	17	188
Income (loss) before capital contributions and transfers	(13,178)	(848)	662	(4,519)	(6,020)
Capital contributions			594		
Transfers in	239	2,603	1,239	4,299	
Transfers out		(1,179)	(234)		
Change in net position	(12,939)	576	2,261	(220)	(6,020)
Net position (deficits) at beginning of year (restated, see Note 31 to the financial statements)	(28,648)	11,281	57,384	9,356	14,833
Net position (deficits) at end of year	\$ (41,587)	11,857	59,645	9,136	8,813

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

**For the Year Ended June 30, 2014
(In Thousands)**

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Operating revenues:				
Charges for current services	\$ 7,104	7,178		343,542
Other	908			2,997
Total operating revenues	8,012	7,178		346,539
Operating expenses:				
Salaries and employee benefits	5,808			38,560
Repairs and maintenance	19	2,867		32,405
Equipment rental	34			186
Contracted services	1,276	493		185,906
Depreciation/amortization	29	2,239		13,460
Utilities	63			24,012
Cost of material				4,529
Claims and judgments				56,455
Fuel		1,467		13,254
Other	449			5,543
Total operating expenses	7,678	7,066		374,310
Operating income (loss)	334	112		(27,771)
Nonoperating revenues (expenses):				
Grants				3,235
Investment earnings	19	63	1	908
Interest expense				(121)
Gain (loss) on disposal of assets		340		715
Total nonoperating revenues (expenses)	19	403	1	4,737
Income (loss) before capital contributions and transfers	353	515	1	(23,034)
Capital contributions				594
Transfers in	1,261	909		10,550
Transfers out	(348)			(1,761)
Change in net position	1,266	1,424	1	(13,651)
Net position (deficits) at beginning of year (restated, see Note 31 to the financial statements)	3,961	28,242	905	97,314
Net position (deficits) at end of year	\$ 5,227	29,666	906	83,663

Combining Financial Statements – Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2014
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
Cash flows from operating activities:					
Cash received from customers	\$ 133	3,147	1,518	370	
Cash received from other funds	41,577	93,259	35,109	136,852	13,784
Cash payments to suppliers	(848)	(70,970)	(19,430)	(150,918)	(2,129)
Cash payments to employees		(27,021)	(5,649)		
Cash payments to other funds	(9,100)	(3,234)	(2,885)		(7,009)
Cash paid for claims and judgments	(23,900)				(4,443)
Net cash provided (used) by operating activities	7,862	(4,819)	8,663	(13,696)	203
Cash flows from noncapital financing activities:					
Operating grants		3,198			
Transfers from other funds	239	2,603	1,239	4,299	
Transfers to other funds		(1,179)	(234)		
Principal paid on long-term debt		(1,134)			
Interest paid on long-term debt		(113)			
Proceeds from loans		1,232			
Other noncapital increases					
Net cash provided (used) by noncapital financing activities	239	4,607	1,005	4,299	
Cash flows from capital and related financing activities:					
Capital contributions			594		
Acquisition of capital assets		(26)	(11,766)		
Proceeds from sale of assets			773		
Principal paid on capital lease		(33)			
Interest paid on long-term debt		(8)			
Net cash provided (used) by capital and related financing activities		(67)	(10,399)		
Cash flows from investing activities:					
Investment earnings	476	14	96	18	178
Net increase (decrease) in cash and cash equivalents	8,577	(265)	(635)	(9,379)	381
Cash and cash equivalents - beginning of year	107,872	10,859	21,584	31,412	40,439
Cash and cash equivalents - end of year	116,449	10,594	20,949	22,033	40,820
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(13,683)	(3,961)	171	(4,536)	(6,208)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Decrease (increase) in accounts receivables		218	(137)	2	
Decrease (increase) in due from other funds	(314)	(1,062)	(545)	(3,464)	
Decrease (increase) in inventory		233	(168)		
Increase (decrease) in accounts payable	478	(566)	137	(9,337)	(34)
Increase (decrease) in accrued payroll		110	31		
Increase (decrease) in due to other funds	74	46	191	1,914	(359)
Increase (decrease) in unearned revenue		(297)			
Increase (decrease) in compensated absences		(43)	19		
Increase (decrease) in claims and judgments	21,307				6,804
Depreciation/amortization		503	8,964	1,725	
Total adjustments	21,545	(858)	8,492	(9,160)	6,411
Net cash provided (used) by operating activities	7,862	(4,819)	8,663	(13,696)	203
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable	\$		957		

Continued on next page ►►►

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

**For the Year Ended June 30, 2014
(In Thousands)**

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 911			6,079
Cash received from other funds	7,117	7,166		334,864
Cash payments to suppliers	(123)	(1,016)		(245,434)
Cash payments to employees	(5,846)			(38,516)
Cash payments to other funds	(1,683)	(4,758)		(28,669)
Cash paid for claims and judgments				(28,343)
Net cash provided (used) by operating activities	376	1,392		(19)
Cash flows from noncapital financing activities:				
Operating grants				3,198
Transfers from other funds	1,261	909		10,550
Transfers to other funds	(348)			(1,761)
Principal paid on long-term debt				(1,134)
Interest paid on long-term debt				(113)
Proceeds from loans				1,232
Other noncapital increases			15	15
Net cash provided (used) by noncapital financing activities	913	909	15	11,987
Cash flows from capital and related financing activities:				
Capital contributions				594
Acquisition of capital assets	(280)	(1,419)		(13,491)
Proceeds from sale of assets		722		1,495
Principal paid on capital lease				(33)
Interest paid on long-term debt				(8)
Net cash provided (used) by capital and related financing activities	(280)	(697)		(11,443)
Cash flows from investing activities:				
Investment earnings	19	58	1	860
Net increase (decrease) in cash and cash equivalents	1,028	1,662	16	1,385
Cash and cash equivalents - beginning of year	3,928	14,411	860	231,365
Cash and cash equivalents - end of year	4,956	16,073	876	232,750
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	334	112		(27,771)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivables				83
Decrease (increase) in due from other funds	16	(12)		(5,381)
Decrease (increase) in inventory				65
Increase (decrease) in accounts payable	8	(993)		(10,307)
Increase (decrease) in accrued payroll	13			154
Increase (decrease) in due to other funds	14	46		1,926
Increase (decrease) in unearned revenue				(297)
Increase (decrease) in compensated absences	(38)			(62)
Increase (decrease) in claims and judgments				28,111
Depreciation/amortization	29	2,239		13,460
Total adjustments	42	1,280		27,752
Net cash provided (used) by operating activities	376	1,392		(19)
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	\$	103		1,060



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 Financial Statements – Agency Funds

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES Agency Funds

For the Year Ended June 30, 2014
(In Thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
PROPERTY TAX COLLECTION FUNDS				
ASSETS				
Pooled cash and investments	\$ 67,711	16,651,678	16,663,845	55,544
Receivables:				
Investment earnings receivable	373	2,538	2,432	479
Taxes receivable		5,740,376	5,740,376	
Total assets	68,084	22,394,592	22,406,653	56,023
LIABILITIES				
Accounts payable	129	1,725,734	1,725,712	151
Due to other governments	67,955	19,893,936	19,906,019	55,872
Total liabilities	68,084	21,619,670	21,631,731	56,023
OTHER AGENCY FUNDS				
ASSETS				
Pooled cash and investments	279,768	19,442,220	19,428,873	293,115
Cash with fiscal agents	752	9,348	9,261	839
Receivables:				
Accounts receivable	406	51	444	13
Investment earnings receivable	5,662	15,201	19,002	1,861
Other receivables		2,531	2,531	
Total assets	286,588	19,469,351	19,460,111	295,828
LIABILITIES				
Accounts payable	18,166	2,372,214	2,370,988	19,392
Warrants outstanding	178,657	9,383,101	9,403,329	158,429
Accrued payroll	6	12,415	12,421	
Due to other governments	89,759	2,389,424	2,361,176	118,007
Total liabilities	286,588	14,157,154	14,147,914	295,828
TOTAL AGENCY FUNDS				
ASSETS				
Pooled cash and investments	347,479	36,093,898	36,092,718	348,659
Cash with fiscal agents	752	9,348	9,261	839
Receivables:				
Accounts receivable	406	51	444	13
Investment earnings receivable	6,035	17,739	21,434	2,340
Taxes receivable		5,740,376	5,740,376	
Other receivables		2,531	2,531	
Total assets	354,672	41,863,943	41,866,764	351,851
LIABILITIES				
Accounts payable	18,295	4,097,948	4,096,700	19,543
Warrants outstanding	178,657	9,383,101	9,403,329	158,429
Accrued payroll	6	12,415	12,421	
Due to other governments	157,714	22,283,360	22,267,195	173,879
Total liabilities	\$ 354,672	35,776,824	35,779,645	351,851

INTRODUCTION

Government Accounting Standards Board (GASB) Statement No. 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 because non-accounting trend data called for by Statement No. 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 Trends180

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

Revenue Capacity 188

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

Debt Capacity.....192

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 Information196

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..... 198

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 Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Net position					
Governmental activities					
Net investment in capital assets	\$ 2,341,126	2,367,442	2,409,050	2,468,142	2,582,854
Restricted	223,565	224,635	162,318	181,198	314,107
Unrestricted	(541,048)	(197,916)	178,231	351,326	319,669
Total governmental activities net position	2,023,643	2,394,161	2,749,599	3,000,666	3,216,630
Business-type activities					
Net investment in capital assets	84,416	97,212	112,549	126,237	148,146
Restricted					
Unrestricted	76,310	81,125	84,779	92,686	88,909
Total business-type activities net position	160,726	178,337	197,328	218,923	237,055
Primary government					
Net investment in capital assets	2,425,542	2,464,654	2,521,599	2,594,379	2,731,000
Restricted	223,565	224,635	162,318	181,198	314,107
Unrestricted	(464,738)	(116,791)	263,010	444,012	408,578
Total primary government net position	\$ 2,184,369	2,572,498	2,946,927	3,219,589	3,453,685

	Fiscal Year				
	2010	2011	2012	2013	2014
Net position					
Governmental activities					
Net investment in capital assets	\$ 2,595,105	2,675,240	2,770,556	2,861,061	3,015,405
Restricted	247,585	529,808	553,249	619,855	669,832
Unrestricted	535,103	365,165	454,565	514,015	655,954
Total governmental activities net position	3,377,793	3,570,213	3,778,370	3,994,931	4,341,191
Business-type activities					
Net investment in capital assets	164,845	163,268	162,874	167,430	171,911
Restricted					
Unrestricted	87,254	89,602	87,348	81,185	78,547
Total business-type activities net position	252,099	252,870	250,222	248,615	250,458
Primary government					
Net investment in capital assets	2,759,950	2,838,508	2,933,430	3,028,491	3,187,316
Restricted	247,585	529,808	553,249	619,855	669,832
Unrestricted	622,357	454,767	541,913	595,200	734,501
Total primary government net position	\$ 3,629,892	3,823,083	4,028,592	4,243,546	4,591,649

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses					
Governmental activities					
General government	\$ 232,826	240,158	249,993	298,607	275,508
Public protection	960,227	1,021,464	1,079,320	1,180,114	1,158,162
Public ways and facilities	122,797	128,268	133,148	144,452	151,125
Health and sanitation	545,805	559,709	580,384	638,869	678,217
Public assistance	972,592	1,015,481	1,043,454	1,114,453	1,177,320
Education	27,394	32,488	33,223	36,355	42,424
Recreation and cultural	21,405	23,376	28,469	33,941	34,542
Interest on long-term debt	106,612	116,692	146,997	119,138	118,927
Total governmental activities expenses	2,989,658	3,137,636	3,294,988	3,565,929	3,636,225
Business-type activities					
Airport	8,117	7,699	8,209	8,848	10,614
Wastewater management	5,076	4,733	4,422	5,320	16,666
Sanitation district	20,564	15,133	15,620	17,574	5,794
Total business-type activities expenses	33,757	27,565	28,251	31,742	33,074
Total primary government expenses	3,023,415	3,165,201	3,323,239	3,597,671	3,669,299
Program revenues					
Governmental activities					
Charges for services:					
General government	84,769	99,083	98,365	130,645	93,939
Public protection	229,150	202,941	201,332	217,953	215,343
Other activities	100,465	153,535	153,717	137,020	133,834
Operating grants and contributions	1,867,829	2,067,803	2,113,585	2,152,380	2,181,366
Capital grants and contributions	32,303	5,283	7,559	24,474	60,703
Total governmental activities program revenues	2,314,516	2,528,645	2,574,558	2,662,472	2,685,185
Business-type activities					
Charges for services:					
Airport	8,345	7,433	9,367	16,097	9,397
Wastewater management	5,357	4,322	4,662	5,318	6,567
Sanitation district	16,949	17,251	17,995	20,060	20,114
Operating grants and contributions	3,700	9,994	8,257	7,725	12,974
Capital grants and contributions	1,036	58	464		
Total business-type program revenues	35,387	39,058	40,745	49,200	49,052
Total primary government program revenues	2,349,903	2,567,703	2,615,303	2,711,672	2,734,237
Net (Expense) Revenue					
Governmental activities	(675,142)	(608,991)	(720,430)	(903,457)	(951,040)
Business-type activities	1,630	11,493	12,494	17,458	15,978
Total primary government net (expense) revenue	\$ (673,512)	(597,498)	(707,936)	(885,999)	(935,062)

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

(Continued)

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities					
General government	\$ 304,305	229,767	271,485	240,409	249,066
Public protection	1,091,910	1,128,967	1,179,815	1,236,708	1,312,074
Public ways and facilities	131,982	130,239	132,166	135,432	148,209
Health and sanitation	681,448	721,939	790,907	851,246	631,543
Public assistance	1,171,603	1,191,559	1,175,678	1,183,923	1,418,703
Education	39,165	35,734	34,669	34,104	35,647
Recreation and cultural	33,629	36,699	36,128	34,204	38,903
Interest on long-term debt	111,942	106,381	102,338	95,801	92,709
Total governmental activities expenses	3,565,984	3,581,285	3,723,186	3,811,827	3,926,854
Business-type activities					
Airport	12,389	12,876	12,736	14,107	14,118
Wastewater management	5,523	5,806	5,980	22,936	
Sanitation district	18,831	21,699	22,335	5,754	28,291
Jail Stores Commissary					4,816
Total business-type activities expenses	36,743	40,381	41,051	42,797	47,225
Total primary government expenses	3,602,727	3,621,666	3,764,237	3,854,624	3,974,079
Program revenues					
Governmental activities					
Charges for services:					
General government	90,503	92,085	99,872	98,205	100,328
Public protection	204,405	235,913	237,632	244,612	240,850
Other activities	150,461	160,067	168,851	153,958	169,274
Operating grants and contributions	2,192,591	2,211,946	2,317,522	2,467,966	2,519,619
Capital grants and contributions	33,246	25,329	11,005	32,728	114,310
Total governmental activities program revenues	2,671,206	2,725,340	2,834,882	2,997,469	3,144,381
Business-type activities					
Charges for services:					
Airport	9,299	11,301	11,568	11,077	12,647
Wastewater management	6,616	6,509	6,502	6,561	
Sanitation district	19,823	20,431	18,406	18,564	25,037
Jail Stores Commissary					5,659
Operating grants and contributions	15,330	1,544	539	4,933	3,793
Capital grants and contributions					
Total business-type program revenues	51,068	39,785	37,015	41,135	47,136
Total primary government program revenues	2,722,274	2,765,125	2,871,897	3,038,604	3,191,517
Net (Expense) Revenue					
Governmental activities	(894,778)	(855,945)	(888,304)	(814,358)	(782,473)
Business-type activities	14,325	(596)	(4,036)	(1,662)	(89)
Total primary government net (expense) revenue	\$ (880,453)	(856,541)	(892,340)	(816,020)	(782,562)

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

(Continued)

	Fiscal Year				
	2005	2006	2007	2008	2009
General revenues and other changes in net position					
Governmental activities					
Taxes:					
Property taxes	\$ 441,716	516,569	559,726	637,491	618,048
Other taxes	96,927	34,219	26,760	20,374	15,167
Transient occupancy tax					
Real property transfer tax					
Miscellaneous taxes					
Intergovernmental unrestricted:					
Property taxes in lieu of VLF (1)	203,788	261,695	277,930	303,348	316,925
Sales and use taxes	8,524	23,475	26,534	24,872	22,435
Investment earnings	38,066	63,810	88,974	87,554	57,859
Other general revenues	83,079	78,651	95,343	80,804	118,929
Total governmental general revenues	872,100	978,419	1,075,267	1,154,443	1,149,363
Special Item: gain or loss on sale of properties					
Transfers	764	1,090	601	81	151
Total governmental activities	872,864	979,509	1,075,868	1,154,524	1,149,514
Business-type activities					
Investment earnings	1,730	7,048	4,189	4,113	2,237
Other general revenues	287	160	2,909	105	68
Total business-type general revenues	2,017	7,208	7,098	4,218	2,305
Transfers	(764)	(1,090)	(601)	(81)	(151)
Total business-type activities	1,253	6,118	6,497	4,137	2,154
Total primary government	874,117	985,627	1,082,365	1,158,661	1,151,668
Change in net position					
Governmental activities	197,722	370,518	355,438	251,067	198,474
Business-type activities	2,883	17,611	18,991	21,595	18,132
Total change in net position	\$ 200,605	388,129	374,429	272,662	216,606

(1) In 2005, the County's share of vehicle license fee (VLF) was eliminated and replaced with property tax revenue.

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

(Continued)

	Fiscal Year				
	2010	2011	2012	2013	2014
General revenues and other changes in net position					
Governmental activities					
Taxes:					
Property taxes	\$ 593,553	580,570	616,183	587,145	627,709
Other taxes	15,991	16,207	17,200	20,912	
Transient occupancy tax					3,404
Real property transfer tax					20,074
Miscellaneous taxes					14
Intergovernmental unrestricted:					
Property taxes in lieu of VLF (1)	308,842	303,625	304,614	303,646	313,844
Sales and use taxes	20,576	22,457	25,055	24,809	24,871
Investment earnings	30,941	22,024	12,338	3,504	16,635
Other general revenues	85,693	104,260	110,676	90,789	132,612
Total governmental general revenues	1,055,596	1,049,143	1,086,066	1,030,805	1,139,163
Transfers	345	(778)	(28)	114	7,086
Extraordinary gain			10,423		
Total governmental activities	1,055,941	1,048,365	1,096,461	1,030,919	1,146,249
Business-type activities					
Investment earnings	1,046	582	1,151	46	502
Other general revenues	18	7	209	123	2,565
Total business-type general revenues	1,064	589	1,360	169	3,067
Transfers	(345)	778	28	(114)	(7,086)
Total business-type activities	719	1,367	1,388	55	(4,019)
Total primary government	1,056,660	1,049,732	1,097,849	1,030,974	1,142,230
Change in net position					
Governmental activities	161,163	192,420	208,157	216,561	363,776
Business-type activities	15,044	771	(2,648)	(1,607)	(4,108)
Total change in net position	\$ 176,207	193,191	205,509	214,954	359,668

(1) 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				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 291,832	272,936	410,244	273,231	266,434
Unreserved	375,626	625,949	744,838	947,235	923,604
Total general fund	667,458	898,885	1,155,082	1,220,466	1,190,038
All Other Governmental Funds					
Reserved	284,316	278,878	274,024	199,472	213,984
Unreserved, reported in:					
Special Revenue Funds (1)	481,792	633,430	624,996	672,652	668,626
Capital Projects Funds	84,389	65,452	73,923	30,210	157,221
Total other governmental funds	\$ 850,497	977,760	972,943	902,334	1,039,831
	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund					
Reserved	\$ 162,257				
Unreserved	1,057,851				
Nonspendable(2)		11,257	12,443	12,347	12,276
Restricted (2)		214,956	245,713	295,264	296,548
Committed (2)		514,739	515,234	464,831	492,175
Assigned (2)		40,614	51,325	184,526	217,628
Unassigned (2)		612,814	663,132	644,454	713,045
Total general fund	1,220,108	1,394,380	1,487,847	1,601,422	1,731,672
All Other Governmental Funds					
Reserved	175,900				
Unreserved, reported in:					
Special Revenue Funds (1)	705,469				
Capital Projects Funds	89,926				
Nonspendable (2)		5,148	5,281	5,600	4,884
Restricted (2)		372,730	424,512	433,952	459,579
Committed (2)		467,950	440,767	413,796	395,291
Total other governmental funds	\$ 971,295	845,828	870,560	853,348	859,754

(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 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				
	2005	2006	2007	2008	2009
Revenues:					
Taxes	\$ 717,174	1,102,032	1,146,937	971,616	973,899
Licenses, permits and franchise fees	42,954	41,824	43,807	45,257	49,990
Fines, forfeitures and penalties	55,538	60,071	58,355	63,014	59,348
Revenue from use of money and property	50,811	76,608	93,246	137,963	70,911
Aid from other governmental agencies:					
State	1,080,663	867,063	927,850	1,169,642	1,161,312
Federal	729,725	793,039	820,851	908,582	858,066
Other	74,272	94,866	100,323	79,066	144,205
Charges for current services	286,631	314,021	325,049	312,018	316,214
Other	84,410	67,419	76,680	73,745	111,431
Total revenues	3,122,178	3,416,943	3,593,098	3,760,903	3,745,376
Expenditures:					
General government	211,521	199,349	233,471	277,286	249,324
Public protection	939,070	1,014,653	1,065,984	1,145,807	1,133,843
Public ways and facilities	84,560	67,145	74,319	80,051	85,802
Health and sanitation	541,921	556,165	577,389	633,382	669,725
Public assistance	970,208	1,011,315	1,043,293	1,111,701	1,172,400
Education	27,119	32,043	32,961	35,569	41,461
Recreation and cultural	19,614	22,964	26,774	32,042	32,561
Total CAFR Governmental functions	2,794,013	2,903,634	3,054,191	3,315,838	3,385,116
Capital outlay	54,157	109,897	138,017	157,818	179,662
Debt service:					
Principal	60,849	57,245	73,816	184,614	112,275
Interest	94,556	109,491	116,095	107,631	103,831
Bond issuance costs	1,915	6,172	885		3,959
Payment to refunded bond escrow agent		24,256			
Total expenditures	3,005,490	3,210,695	3,383,004	3,765,901	3,784,843
Excess (deficiency) of revenues over (under) expenditures	116,688	206,248	210,094	(4,998)	(39,467)
Other financing sources (uses)					
Sale of capital assets	18,400	12,355	1,601	68	31
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
Long-term debt proceeds					
Refunding bonds issued	28,885	461,230			443,515
Payment to refunded bond escrow agent	(31,633)	(467,458)			(441,038)
Transfers in	819,490	867,973	512,386	594,512	525,424
Transfers (out)	(819,627)	(868,908)	(514,680)	(594,882)	(525,689)
Total other financing sources (uses)	105,145	152,610	42,765	(302)	140,303
Net change in fund balances	\$ 221,833	358,858	252,859	(5,300)	100,836
Debt service as a percentage of noncapital expenditures	5.27%	5.38%	5.85%	8.10%	5.99%

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Table 4
County of San Diego
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues:					
Taxes	946,324	934,737	966,512	941,644	987,061
Licenses, permits and franchise fees	47,578	51,144	51,823	52,746	55,819
Fines, forfeitures and penalties	57,869	54,267	53,818	50,070	47,125
Revenue from use of money and property	46,100	39,545	29,765	21,918	34,855
Aid from other governmental agencies:					
State	1,136,756	1,192,401	1,276,289	1,374,266	1,513,606
Federal	963,285	945,168	969,818	946,356	919,151
Other	102,708	72,071	82,292	138,575	169,724
Charges for current services	318,283	359,239	369,586	366,442	389,224
Other	81,219	90,486	104,647	78,455	61,409
Total revenues	3,700,122	3,739,058	3,904,550	3,970,472	4,177,974
Expenditures:					
General government	205,456	223,290	210,375	226,648	231,370
Public protection	1,063,890	1,088,377	1,149,575	1,187,848	1,277,698
Public ways and facilities	66,393	61,967	64,922	66,514	75,565
Health and sanitation	675,256	714,022	782,504	840,735	620,319
Public assistance	1,169,287	1,184,632	1,171,662	1,178,112	1,410,925
Education	37,422	34,599	32,210	32,034	33,431
Recreation and cultural	29,982	33,054	33,302	31,092	31,604
Total CAFR Governmental functions	3,247,686	3,339,941	3,444,550	3,562,983	3,680,912
Capital outlay	205,512	186,342	212,304	165,737	264,015
Debt service:					
Principal	169,059	64,016	61,241	75,687	59,535
Interest	101,036	97,290	94,320	93,678	93,232
Bond issuance costs	739	349	374	393	
Payment to refunded bond escrow agent	15,377	3,437			
Total expenditures	3,739,409	3,691,375	3,812,789	3,898,478	4,097,694
Excess (deficiency) of revenues over (under) expenditures	(39,287)	47,683	91,761	71,994	80,280
Other financing sources (uses)					
Sale of capital assets	365	2,673	740	5,997	58,420
Issuance of bonds and loans:					
Face value of bonds issued			32,665	29,335	
Face value of loans issued					
Discount on issuance of bonds			(182)		
Premium on issuance of bonds	7,803	1,237		574	
Long-term debt proceeds					
Refunding bonds issued	80,940	19,260			
Payment to refunded bond escrow agent	(83,173)	(18,774)			
Transfers in	452,018	426,611	460,192	460,931	478,533
Transfers (out)	(457,683)	(430,527)	(465,106)	(472,183)	(480,236)
Total other financing sources (uses)	270	480	28,309	24,654	56,717
Extraordinary loss			(3,126)		
Net change in fund balances	(39,017)	48,163	116,944	96,648	136,997
Debt service as a percentage of noncapital expenditures	7.64%	4.60%	4.32%	4.54%	3.98%

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		
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
2012	387,715,176	3,326,188	3,604,459	10,878,963	10,959,285	1,578,206	392,987,295	1.00000
2013	388,067,793	3,362,102	3,785,463	10,908,493	11,532,649	1,632,359	392,958,843	1.00000
2014	401,174,212	3,471,163	3,857,452	11,337,598	12,195,985	1,660,818	405,983,622	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
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Direct Rates (1)										
County of San Diego	0.130	0.133	0.140	0.139	0.138	0.140	0.140	0.140	0.140	0.139
Cities (3)	0.199	0.2	0.219	0.225	0.229	0.232	0.232	0.231	0.232	0.233
Schools (4)	0.642	0.637	0.605	0.600	0.597	0.594	0.594	0.595	0.594	0.594
Special Districts	0.029	0.03	0.036	0.036	0.036	0.034	0.034	0.034	0.034	0.034
Total Direct Rates	1.000									
Overlapping Rates (2)										
Cities (3)	0.004	0.004	0.005	0.005	0.004	0.004	0.004	0.004	0.004	0.004
Schools	0.062	0.059	0.055	0.058	0.050	0.063	0.066	0.073	0.073	0.103
Special Districts	0.006	0.008	0.009	0.009	0.007	0.008	0.008	0.009	0.009	0.009
Total Overlapping Rates	0.072	0.071	0.069	0.072	0.061	0.075	0.078	0.086	0.086	0.116
Total Direct and Overlapping Rates	1.072	1.071	1.069	1.072	1.061	1.075	1.078	1.086	1.086	1.116

(1) The \$1.00 per \$100 of Assessed Value (Proposition 13) tax rate beginning in Fiscal Year 1978-79 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.

(3) Includes property tax revenue that is distributed in the Redevelopment Property Tax Trust Fund (RPTTF) starting in fiscal year 2012 (RDA dissolution was February 1, 2012) to present. Prior to dissolution, property tax revenue was distributed to the redevelopment agencies.

(4) Includes property tax revenue that is distributed in the Educational Revenue Augmentation Fund (ERAF).

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

Table 7
County of San Diego
Principal Property Taxpayers
Current Year and Nine Years Ago
(In Thousands)

Taxpayer	2014			2005		
	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	\$ 6,547,890	1	1.67%	\$ 3,115,007	1	1.15%
Southern California Edison Company	2,688,053	2	0.68%	1,479,493	2	0.55%
Irvine Company	1,702,047	3	0.43%			
Qualcomm Inc	1,568,842	4	0.40%	512,482	6	0.19%
Kilroy Realty LP	1,403,549	5	0.36%	598,910	5	0.22%
Pacific Bell Telephone Company	796,735	6	0.20%	803,538	4	0.30%
Host Hotels and Resorts	781,415	7	0.20%			
O C/S D Holdings LLC	644,687	8	0.16%			
One Park Boulevard LLC	612,551	9	0.16%			
B S K Del Partners LLC	585,017	10	0.15%			
San Diego Family Housing LLC				1,054,005	3	0.39%
Manchester Resorts LP				443,514	7	0.16%
Fashion Valley Mall				419,625	8	0.16%
CNL Hotel Del Partners LP				379,567	9	0.14%
Sea World Inc				349,403	10	0.13%
Totals	\$ 17,330,786		4.41%	\$ 9,155,544		3.39%

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
2005	\$ 2,808,178	\$ 2,759,201	98.26%	\$ 42,083	\$ 2,801,284	99.75%
2006	3,179,585	3,110,799	97.84%	62,341	3,173,140	99.80%
2007	3,559,982	3,454,709	97.04%	95,977	3,550,686	99.74%
2008	3,892,955	3,739,090	96.05%	137,277	3,876,367	99.57%
2009	4,063,749	3,903,633	96.06%	129,324	4,032,957	99.24%
2010	3,962,945	3,821,278	96.43%	90,157	3,911,435	98.70%
2011	3,907,770	3,795,900	97.14%	53,606	3,849,506	98.51%
2012	3,929,873	3,819,892	97.20%	41,871	3,861,763	98.27%
2013	3,929,588	3,871,591	98.52%	24,257	3,895,848	99.14%
2014	4,059,836	4,011,889	98.82%	N/A	4,011,889	98.82%

(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 9
County of San Diego
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	\$ 394,655	360,625	369,685	335,532	475,913
San Diego County Redevelopment Agency Revenue Refunding Bonds	4,260	15,955	15,597	15,279	14,945
Tobacco Settlement Asset-Backed Bonds	424,520	523,123	541,108	543,687	543,374
Pension Obligation Bonds	1,241,689	1,231,369	1,203,698	1,068,200	1,003,490
Capital and retrofit loans	7,316	8,098	7,920	7,043	7,043
Capitalized Leases	34,625	31,894	29,623	27,590	
Business-type Activities:					
Capital Loans	2,926	2,745	2,551	2,255	2,038
Sanitation Loans					
Total Primary Government	\$ 2,109,991	2,173,809	2,170,182	1,999,586	2,046,803
Percentage of Personal Income (1)	1.78%	1.72%	1.63%	1.39%	1.52%
Per Capita (1)	\$ 717	737	730	636	643

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	\$ 432,760	402,396	410,126	413,992	396,173
San Diego County Redevelopment Agency Revenue Refunding Bonds (2)	14,602	14,243			
Tobacco Settlement Asset-Backed Bonds	548,817	556,039	562,391	551,350	551,442
Pension Obligation Bonds	872,540	839,652	805,272	769,068	732,330
Capital and retrofit loans	7,404	7,162	6,167	5,169	5,124
Capitalized Leases	242	212	185	152	119
Business-type Activities:					
Capital Loans	1,809	1,566	1,313	1,046	766
Total Primary Government	\$ 1,878,174	1,821,270	1,785,454	1,740,777	1,685,954
Percentage of Personal Income (1)	1.37%	1.20%	1.15%	1.11%	0.99%
Per Capita (1)	\$ 582	585	571	553	528

(1) See table 13 Demographic and Economic Statistics

(2) Pursuant to California Assembly Bill ABx1 26, the responsibility for the payment of this debt was transferred to the County of San Diego Successor Agency Private Purpose Trust Fund.

Table 10
County of San Diego
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2005	2006	2007	2008	2009
Certificates of Participation & Lease Revenue Bonds	\$ 394,655	360,625	369,685	335,532	475,913
Less: Amounts Available in Debt Service Fund	29,085	29,380	35,238	26,474	50,513
Net Certificates of Participation & Lease Revenue Bonds	365,570	331,245	334,447	309,058	425,400
Pension Obligation Bonds	1,241,689	1,231,369	1,203,698	1,068,200	1,003,490
Less: Amounts Available in Debt Service Fund	66,550	50,822	27,328	15,248	15,741
Net Pension Obligation Bonds	1,175,139	1,180,547	1,176,370	1,052,952	987,749
Total Net Bonded Debt	\$ 1,540,709	1,511,792	1,510,817	1,362,010	1,413,149
Percentage of Actual Taxable Value of Property (1)	0.55%	0.48%	0.42%	0.35%	0.35%
Per Capita (2)	\$ 524	513	508	433	444

	Fiscal Year				
	2010	2011	2012	2013	2014
Certificates of Participation & Lease Revenue Bonds	\$ 432,760	402,396	410,126	413,992	396,173
Less: Amounts Available in Debt Service Fund	35,547	26,867	26,860	28,140	27,728
Net Certificates of Participation & Lease Revenue Bonds	397,213	375,529	383,266	385,852	368,445
Pension Obligation Bonds	872,540	839,652	805,272	769,068	732,330
Less: Amounts Available in Debt Service Fund	3,364	2,117	629	161	423
Net Pension Obligation Bonds	869,176	837,535	804,643	768,907	731,907
Total Net Bonded Debt	\$ 1,266,389	1,213,064	1,187,909	1,154,759	1,100,352
Percentage of Actual Taxable Value of Property (1)	0.32%	0.31%	0.30%	0.29%	0.27%
Per Capita (2)	\$ 393	389	380	366	345

(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
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%
2012	4,912,341		4,912,341	100%
2013	4,911,986		4,911,986	100%
2014	5,074,795		5,074,795	100%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 405,983,622
Debt limit (1.25% of total assessed value) (2)	5,074,795
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	<u>\$ 5,074,795</u>

(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 (2)	Net Available Revenue	Principal (3)	Interest	Coverage	
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	
2012	27,509	165	27,344	3,755	25,442	0.94	
2013	41,460	111	41,349	17,035	25,263	0.98	
2014	27,256	195	27,061	5,750	24,453	0.90	

(1) Data for fiscal years 2005-2006 applies to the Series 2001 Tobacco Settlement Asset-Backed (Tobacco) bonds that were issued in 2002. In May 2006, the Series 2001 Tobacco bonds were refunded and the Series 2006 Tobacco Settlement Asset-Backed bonds were issued.

(2) Operating expenses do not include interest.

(3) Tobacco Principal Debt Service requirements include Turbo Principal payments.

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)	School Enrollment (3)	Unemployment Rate (4)
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	5.9
2009	3,185,462	134,696,000	42,285	496,702	10.0
2010	3,224,432	137,525,000	42,651	496,995	10.6
2011	3,115,810	151,539,000	48,635	498,243	10.5
2012	3,128,734	155,500,000	49,701	498,263	9.3
2013	3,150,178	156,600,000	49,711	499,850	7.8
2014	3,194,362	170,300,000	53,313	503,096	6.1

Sources:

Primary

- (1) California Department of Finance
- (2) Los Angeles County Economic Development Corporation, The Kyser Center for Economic Research
- (3) California Department of Education
- (4) U.S. Department of Labor, Bureau of Labor Statistics

Secondary

- (1) U.S. Department of Commerce, Bureau of Economic Analysis

Table 14
County of San Diego
Principal Employers
Current Year and Nine Years Ago

Employer	2014			2005		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (1)	Rank	Percentage of Total County Employment (3)
State of California	40,100	1	2.69%	38,800	2	2.72%
University of California, San Diego	28,341	2	1.90%	27,200	3	1.91%
County of San Diego (4)	16,627	3	1.11%	16,837	5	1.18%
Sharp HealthCare	16,477	4	1.10%	13,377	6	0.94%
Scripps Health	13,717	5	0.92%	10,932	8	0.77%
Qualcomm Inc.	13,700	6	0.92%			
City of San Diego	10,584	7	0.71%	11,777	7	0.83%
UC San Diego Health System	7,726	8	0.52%			
Kaiser Permanente	7,549	9	0.51%	7,432	9	0.52%
General Atomics (and affiliated companies)	6,714	10	0.45%			
Federal Government				39,100	1	2.74%
San Diego Unified School District				19,777	4	1.39%
U.S. Postal Service, San Diego District				6,937	10	0.49%
Total	161,535		10.83%	192,169		13.49%

Sources:

(1) San Diego Business Journal

(2) California Labor Market Info

Percentage is calculated by dividing employees by total employment of 1,491,600 as of June 2014

(3) California Labor Market Info

Percentage is calculated by dividing employees by total employment of 1,427,400 as of June 2005

(4) County of San Diego 2014 and 2005 Adopted Operational Plans

Table 15
County of San Diego
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2005	2006	2007	2008	2009
General	1,495	1,486	1,505	1,538	1,515
Public protection	7,506	7,673	7,804	8,027	7,879
Public ways and facilities	350	366	373	393	405
Health and sanitation	2,130	2,127	2,188	2,242	2,222
Public assistance	3,567	3,761	3,659	3,781	3,659
Education	265	275	295	297	312
Recreation and cultural	154	158	168	180	176
Total	15,467	15,846	15,992	16,458	16,168

Function	Fiscal Year				
	2010	2011	2012	2013	2014
General	1,487	1,477	1,451	1,485	1,479
Public protection	7,575	7,362	7,430	7,638	7,859
Public ways and facilities	390	374	367	369	366
Health and sanitation	2,136	2,088	2,045	2,068	2,029
Public assistance	3,497	3,321	3,440	3,728	4,160
Education	293	277	256	251	246
Recreation and cultural	173	169	171	162	172
Total	15,551	15,068	15,160	15,701	16,311

Source: County of San Diego Auditor and Controller, Central Payroll Administration

Table 16
County of San Diego
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2005	2006	2007	2008	2009
General					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	74.00%	96.10%	94.50%	99.80%	94.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	(1)	100.00%	100.00%	100.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	99.00%	98.00%	97.20%	96.00%	96.30%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	42.10%	49.00%	50.00%	51.00%	50.00%
Sheriff: Deputy Initiated Actions (DIA)	221,732	215,346	243,118	263,626	270,666
Sheriff: Number of jail bookings	145,180	144,727	146,566	142,357	144,756
Sheriff: Daily average – number of inmates	5,102	5,184	5,118	5,209	5,141
District Attorney: Felony defendants received	31,150	31,182	30,357	27,849	28,150
District Attorney: Misdemeanor defendants received	25,443	28,068	28,081	28,458	29,512
Planning and Land Use: Percent of building inspections completed next day	100.00%	100.00%	100.00%	100.00%	100.00%
Animal Services: Percentage euthanized animals that were treatable	12.90%	12.90%	13.80%	15.80%	15.90%
Public ways and facilities					
Public Works: Protect water quality through Department of Public Works roads/ drainage waste debris removal (cubic yards removed)	42,000	51,287	28,700	29,580	29,180
Health and sanitation					
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Regional Operations: Children age 0-18years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Behavioral Health Services: Wait time for children's mental health outpatient treatment	5 days	4 days	4 days	4 days	7 days
Public assistance					
Strategic Planning and Operational Support: Welfare to work participants have paid employment	(1)	(1)	(1)	(1)	(1)
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	94.00%	96.00%	96.00%	95.00%	96.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	76.00%	79.00%	83.00%	86.00%	87.00%
Education					
County Library: Annual average circulation per item	2.51	2.57	3.08	3.10	5.44
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and managed	40,000	40,600	41,100	41,500	45,043
Parks and Recreation: Number of miles of trails managed in the County trails program	(1)	275	305	315	320
(1) Trend data not available					
Source: Various County departments					

Continued on next page ►►►

Table 16
County of San Diego
Operating Indicators by Function
Last Ten Fiscal Years

(Continued)

Function	Fiscal Year				
	2010	2011	2012	2013	2014
General					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	93.00%	94.00%	98.00%	74.30%	99.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	100.00%	100.00%	99.00%	99.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	97.00%	98.00%	97.00%	98.00%	99.10%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	53.00%	59.00%	64.00%	67.00%	68.00%
Sheriff: Deputy Initiated Actions (DIA)	333,924	322,753	300,774	309,604	227,992
Sheriff: Number of jail bookings	139,314	136,451	130,044	126,836	89,936
Sheriff: Daily average – number of inmates	4,751	4,622	4,846	5,274	5,706
District Attorney: Felony defendants received	27,744	26,619	25,983	27,745	27,424
District Attorney: Misdemeanor defendants received	28,896	28,926	26,800	25,080	27,441
Planning and Land Use: Percent of building inspections completed next day	100.00%	100.00%	100.00%	100.00%	98.00%
Animal Services: Percentage euthanized animals that were treatable	24.00%	26.40%	25.30%	28.00%	20.00%
Public ways and facilities					
Public Works: Protect water quality through Department of Public Works roads/ drainage waste debris removal (cubic yards removed)	28,802	27,680	25,404	25,000	60,045
Health and sanitation					
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	99.00%	99.00%	99.00%	99.50%	(1)
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	97.00%	97.00%	99.00%	99.40%	(1)
Regional Operations: Children age 0-18years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	99.00%
Behavioral Health Services: Wait time for children's mental health outpatient treatment	5 days	5 days	5 days	4 days	3.5 days
Public assistance					
Strategic Planning and Operational Support: Welfare to work participants have paid employment	26.45%	16.00%	20.00%	25.00%	23.16%
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	95.00%	96.00%	96.00%	97.00%	95.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	85.20%	82.00%	79.00%	83.00%	79.00%
Education					
County Library: Annual average circulation per Item	6.46	9.95	7.98	7.52	6.84
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and managed	44,616	45,187	45,661	47,270	47,907
Parks and Recreation: Number of miles of trails managed in the County trails program	325	326	329	330	336

(1) Trend data not available

Source: Various County departments

Table 17
County of San Diego
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Fleet vehicles	1,608	1,797	1,492	2,186	1,841	1,608	1,664	1,872	1,762	1,762
Buildings	1,038	1,029	1,108	1,131	1,135	1,092	1,096	1,085	1,126	1,136
Land	884	896	917	940	989	1,015	1,042	1,073	1,090	1,124
Public protection										
Building - sub stations	5	5	9	12	12	11	12	12	12	15
Patrol units	922	920	1,415	1,491	1,519	1,806	1,404	1,310	1,402	1,473
Detention facilities	9	9	10	10	10	10	10	10	9	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	1,932.83	1,938.63	1,938.71
Bridges	174	174	174	178	178	178	178	196	200	200
Airports	8	8	8	7	7	7	7	7	7	7
Road stations	32	32	15	15	15	15	14	14	13	13
Health and sanitation										
Inactive landfills	11	11	18	17	17	23	23	23	23	23
Sewer lines miles	376.32	379.31	379.83	406.00	425.10	427.00	432.00	432.00	432.00	432.00
Water pollution control facilities	2	2	3	3	3	4	5	5	5	6
Wastewater Treatment Plants								3	3	3
Wastewater Pump Stations								8	8	8
Public assistance										
Administration building	1	1	1	1	1	1	1	0	1	1
Housing facilities	6	6	6	6	6	6	6	6	6	6
Education										
Libraries	27	27	20	20	20	20	20	20	20	20
Recreation and cultural										
Parks/Open space area	90	90	92	95	92	92	91	91	91	91
Camp grounds	9	9	9	9	8	8	8	8	8	8

Source: Various County departments



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Ocotillo and badlands-Borrego Desert
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San Diego at sunrise
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Morning rest on the beach
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Evening view of suburban San Diego
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Back Cover:

County Administration Center
Waterfront Park
Cecilia Trinidad



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