



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	

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► 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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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

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**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

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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)

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**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)	

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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)	

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**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)

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