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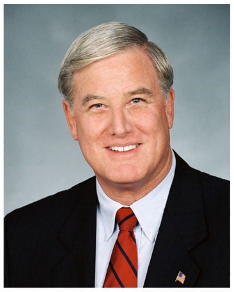
County of San Diego

Board of Supervisors



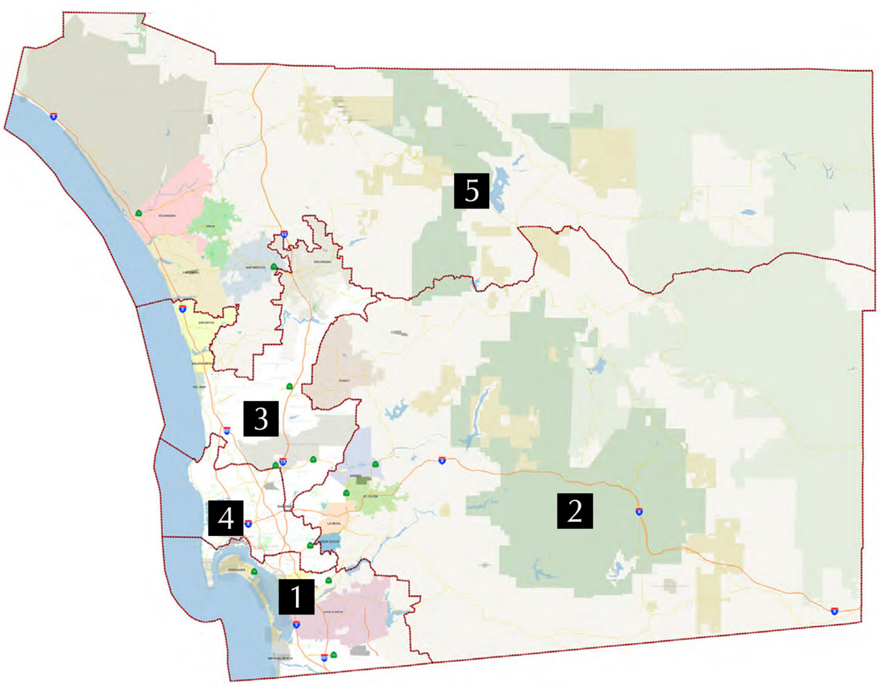
Greg Cox
Supervisor
District One

Dianne Jacob
Supervisor
District Two

Dave Roberts
Supervisor
District Three

Ron Roberts
Supervisor
District Four

Bill Horn
Supervisor
District Five



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

Organizational Chart

- Citizens of San Diego County
  - Board of Supervisors*
    - Chief Administrative Officer
      - **Public Safety Group**
        - Child Support Services
        - Citizens' Law Enforcement Review Board
        - District Attorney*
        - Emergency Services
        - Executive Office
        - Medical Examiner
        - Probation
        - Public Defender
        - San Diego County Fire Authority
        - Sheriff*
      - **Health & Human Services Agency**
        - Administrative Support
        - Aging & Independence Services
        - Behavioral Health Services
        - Child Welfare Services
        - Public Health Services
        - Regional Operations
      - **Land Use & Environment Group**
        - Agriculture, Weights & Measures
        - Air Pollution Control District
        - Environmental Health
        - Executive Office
        - Farm & Home Advisor
        - Parks & Recreation
        - Planning & Development Services
        - Public Works
      - **Community Services Group**
        - Animal Services
        - County Library
        - Executive Office
        - General Services
        - Housing & Community Development
        - Purchasing & Contracting
        - County Successor Agency
        - Registrar of Voters
      - **Finance & General Government Group**
        - Assessor/Recorder/ County Clerk*
        - Auditor & Controller
        - Civil Service Commission
        - Clerk of the Board of Supervisors
        - County Communications Office
        - County Counsel
        - County Technology Office
        - Executive Office
        - Grand Jury
        - Human Resources
        - Treasurer - Tax Collector*

*Elected Official(s)

Rev. 2/2013

Message from the Chief Administrative Officer

A County in Motion

The best organizations in the nation evolve. They don't stand still. A world class organization knows what it does better than anyone else and keeps advancing its strategy and challenging its operations to reflect the ever-changing environment. The County of San Diego is maturing into a world class organization precisely because it is a County in Motion. The County continues to focus on character, fiscal stability, a positive customer experience, operational excellence and a commitment to service improvement.

A County in Motion sets audacious goals for the greater good. Our vision—a region that is Building Better Health, Living Safely and Thriving: *Live Well San Diego*—embodies our culture. Over the last year, the County increased momentum and built stronger partnerships across the region to help realize our vision and stay grounded in the communities we serve.

Highly respected governments do not shy away from difficult topics like Alzheimer's, mental health treatment shortages, substance abuse, domestic violence, veterans' homelessness, human trafficking and affordable health care. The County's Board of Supervisors formed collaborative partnerships throughout the region to tackle all of these issues to ensure we are building better health as a community.

As the face of public safety changed following the implementation of Assembly Bill 109, *Public Safety Realignment (2011)*; the passage of Proposition 47, *Criminal Sentences. Misdemeanor Penalties. Initiative Statute. (2014)*, kicked off new challenges. Our outstanding public safety team jumped on those challenges to keep our communities safe. Legal changes downgrading certain crimes from felonies to misdemeanors required a smooth transition for those in custody as well as our citizenry. Additionally, County juvenile populations experienced radical changes. Benchmarks and best practices led us to a team approach with community partners assisting us in wraparound treatment and family strengthening to keep young people out of juvenile hall and on to a more productive path to adulthood. The County's commitment to living safely continues to be a number one priority.

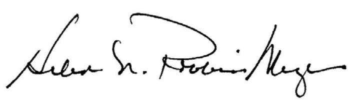
A region that is healthy and safe is crucial. But so is the environment and focusing on the quality of life for our residents. Energy efficiency, open space, trails, libraries, parks, solar power usage, air and water quality, and smart growth are just a few of the areas where we continue to push innovation and resource focus. We recognize that we must remain vigilant in our efforts to provide community enhancements that ensure our region is thriving.

Fiscal discipline is the foundation upon which the best governments in the nation are built. Financial excellence is at the center of everything we do. From our healthy reserves, to our AAA credit rating, to our low debt/pay-as-you-go capital philosophy, to our disciplined approach to addressing our maintenance needs, and early risk identification and management, we maintain an unwavering commitment to being good stewards of the public's money. The Fiscal Year 2015–16 CAO Recommended Operational Plan totals $5.40 billion, an increase of 6.1% over the prior fiscal year, and includes 17,036.50 staff years. The County remains focused on improving services to meet community needs, remaining strident in addressing our ongoing obligation to the San Diego County Employees Retirement Association while sustaining our fiscal strength.

The coming fiscal year will keep us in motion. A few of our enhancements include expanding language services during disasters, increasing support for veterans and their families, implementing Laura's Law, adding advanced life support personnel and EMS services in the back country, rolling out another helicopter to our firefighting capability, upgrading the Regional Communications System, completing the design of a new crime lab to deliver cutting edge forensic services to the region, and tackling road infrastructure repairs in the unincorporated area.

I invite you to read this Operational Plan for a better understanding of each department's contribution to the Enterprise-Wide Goals that support the County of San Diego's four Strategic Initiatives of Healthy Families, Safe Communities, Sustainable Environments and Operational Excellence.

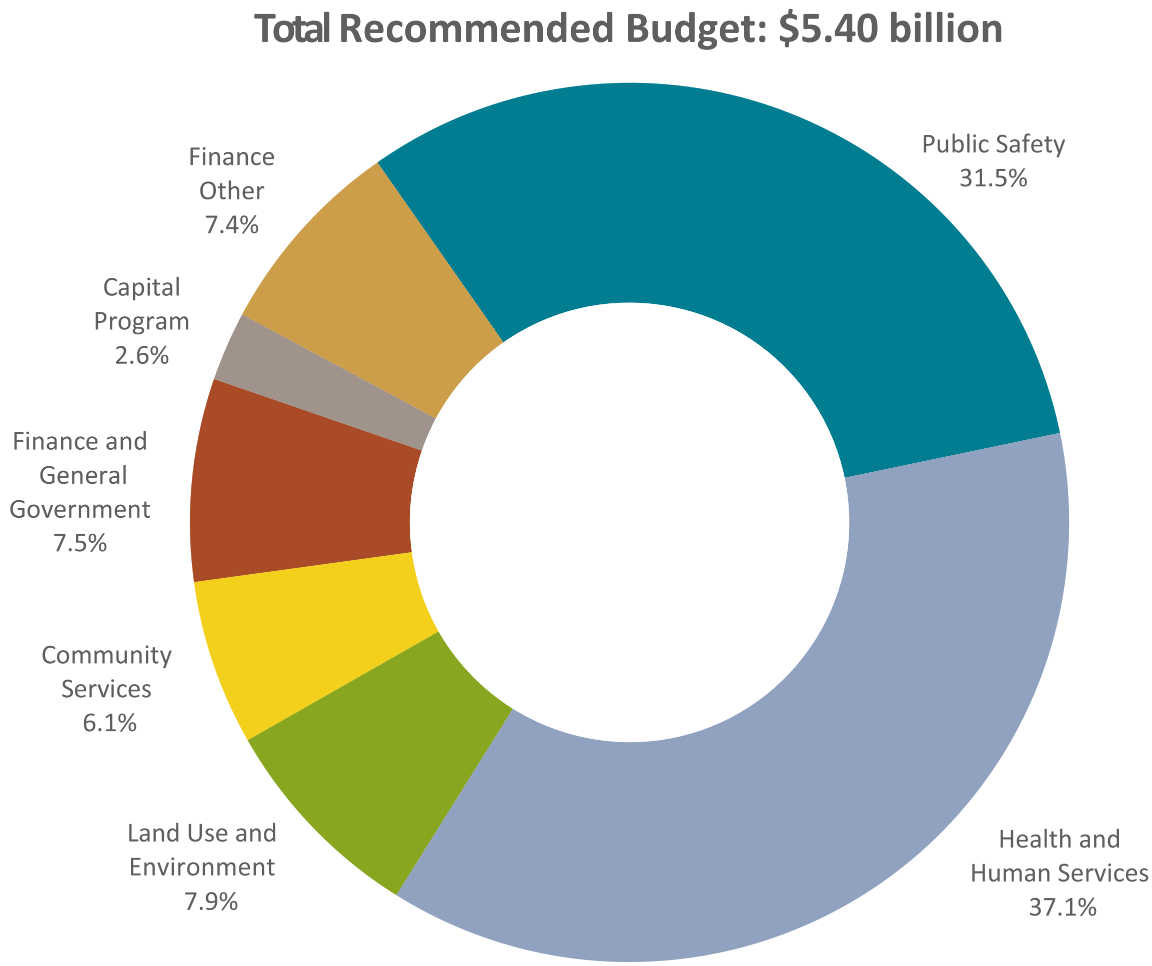
The best organizations in the nation evolve. This evolution takes place through bold vision, sharing objectives, making tough choices and an unwavering commitment to being a County in Motion today and every day into the future.



Helen N. Robbins-Meyer
Chief Administrative Officer

2015–16 Recommended Budget at a Glance

Recommended Budget by Functional Area: All Funds

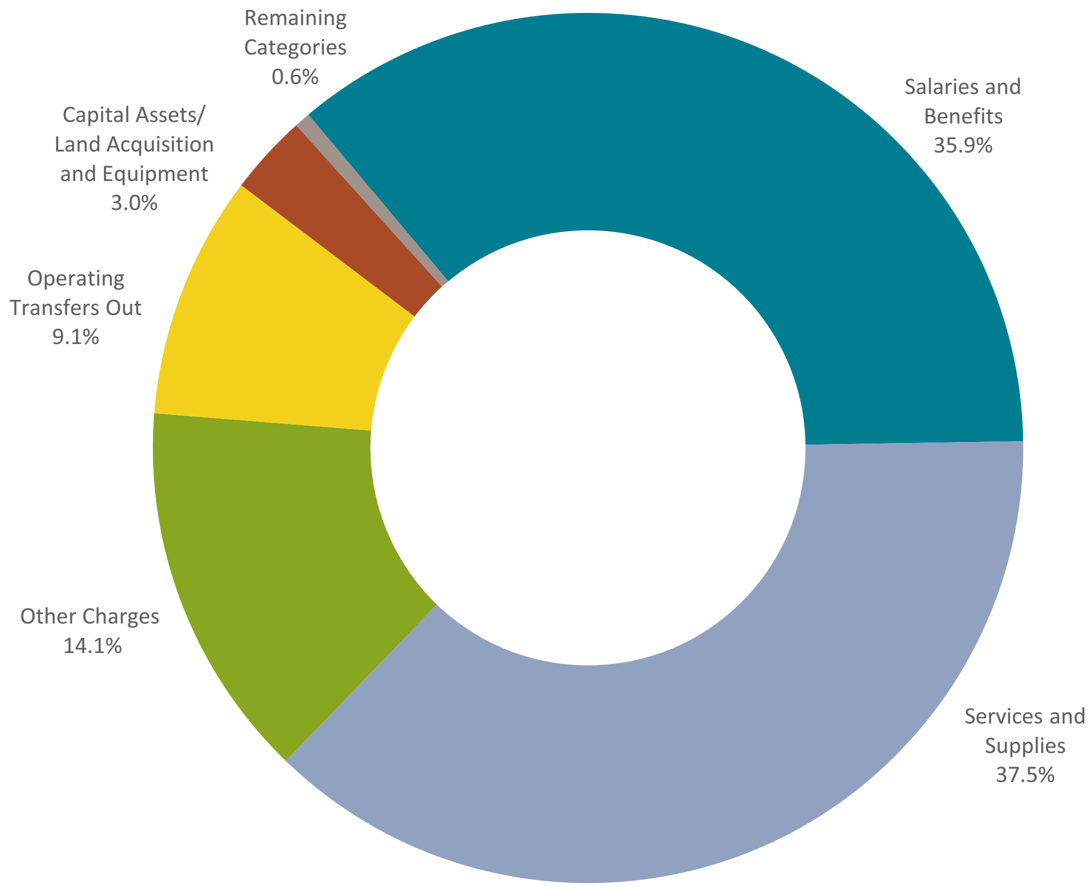


Recommended Budget by Functional Area: All Funds

	Budget in Millions	Percent of Total Budget
Public Safety	$ 1,697.1	31.5
Health and Human Services	2,004.2	37.1
Land Use and Environment	423.9	7.9
Community Services	328.4	6.1
Finance and General Government	402.2	7.5
Capital Program	139.2	2.6
Finance Other	400.9	7.4
Total	**$ 5,395.9**	**100.0**

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

Recommended Budget by Categories of Expenditure: All Funds

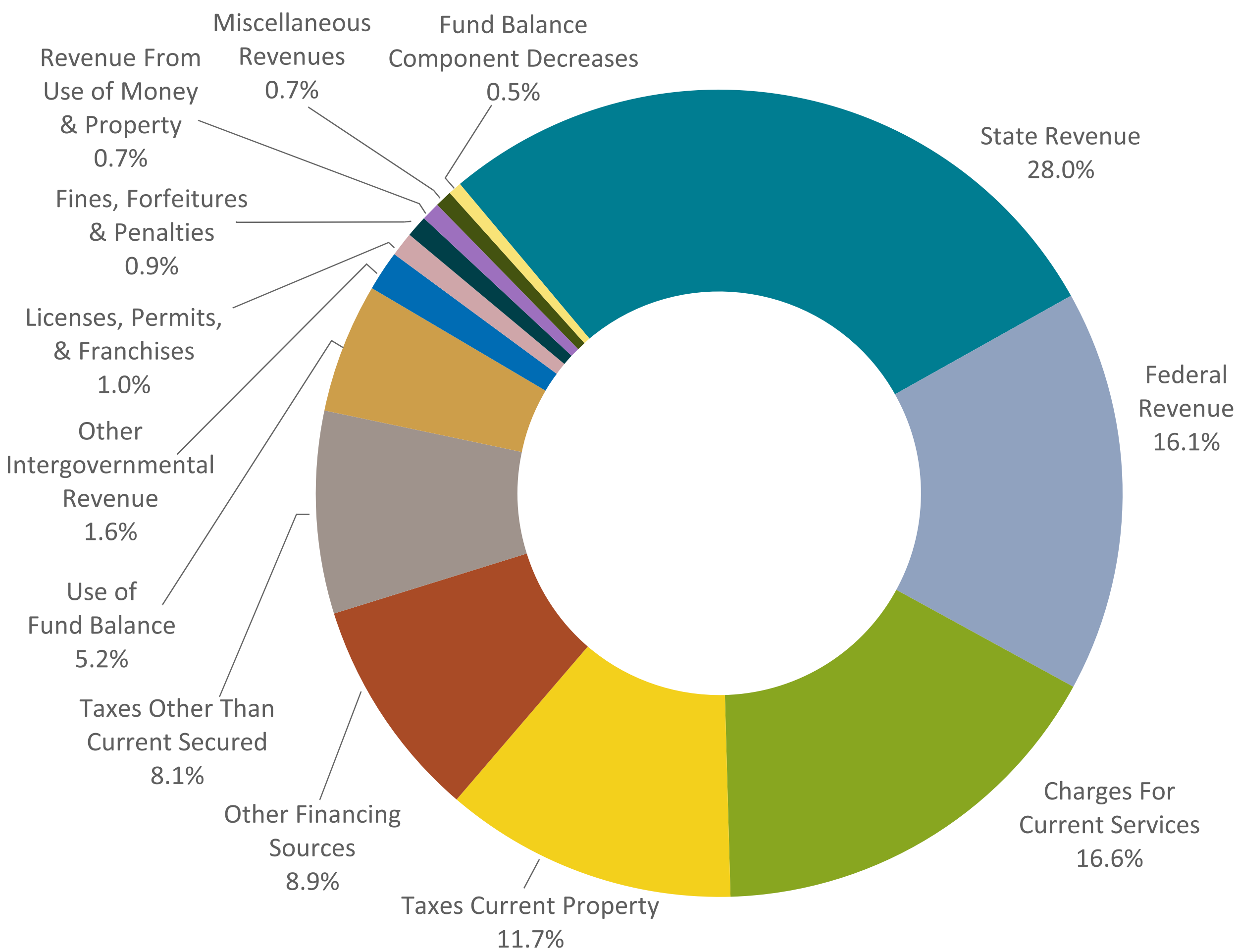


Recommended Budget by Categories of Expenditures: All Funds

	Budget in Millions		Percent of Total Budget
Salaries & Benefits	$	1,935.4	35.9
Services & Supplies		2,021.4	37.5
Other Charges		758.2	14.1
Operating Transfers Out		488.4	9.1
Capital Assets/Land Acquisition and Equipment		134.3	2.5
Capital Assets Equipment		26.6	0.5
Remaining Categories:			
Fund Balance Component Increases		0.4	0.0
Management Reserves		36.3	0.7
Contingency Reserves		26.7	0.5
Expenditure Transfer and Reimbursements		(31.6)	(0.6)
Total	$	**5,395.9**	**100.0**

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

Recommended Budget by Categories of Revenue: All Funds

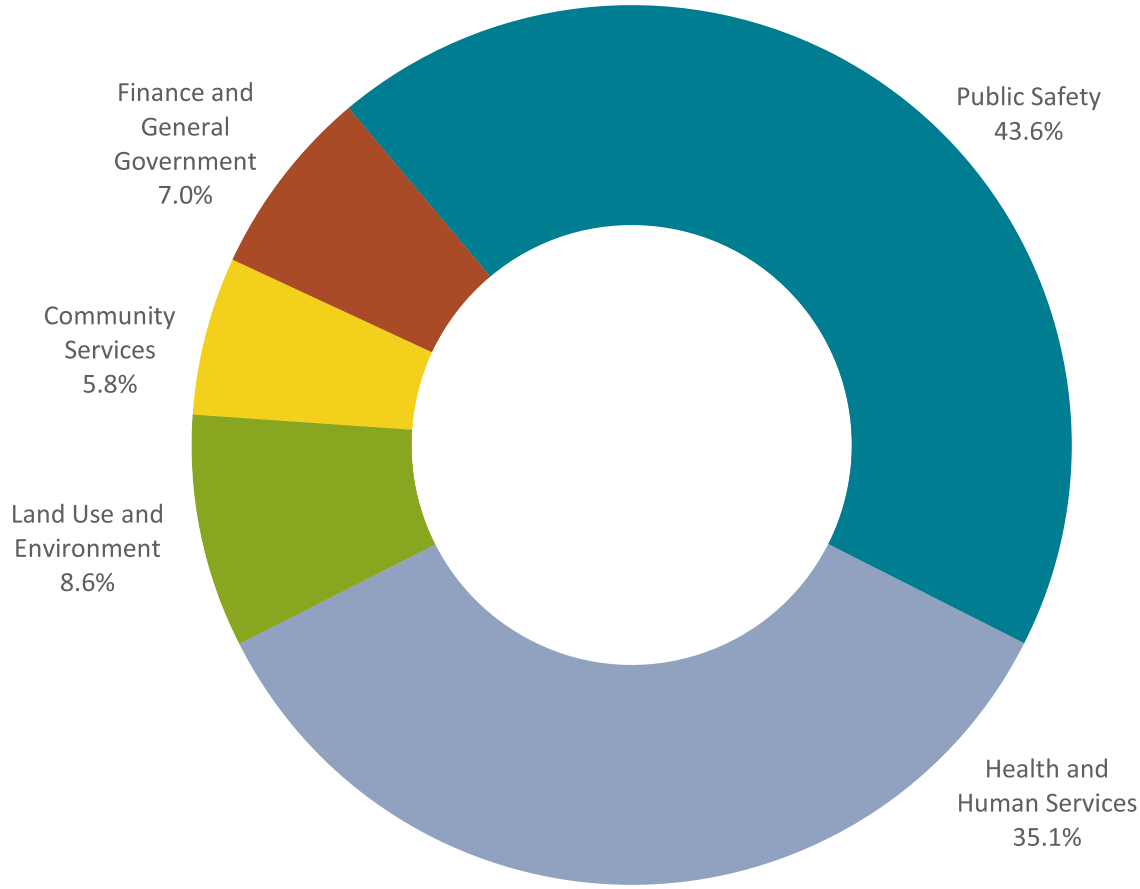


Recommended Budget by Categories of Revenues: All Funds		
	Budget in Millions	Percent of Total Budget
State Revenue	$ 1,509.2	28.0
Federal Revenue	868.5	16.1
Charges For Current Services	895.8	16.6
Taxes Current Property	632.9	11.7
Other Financing Sources	479.8	8.9
Taxes Other Than Current Secured	437.7	8.1
Use of Fund Balance	280.5	5.2
Other Intergovernmental Revenue	86.6	1.6
Licenses, Permits and Franchises	52.6	1.0
Fines, Forfeitures and Penalties	46.4	0.9
Revenue From Use of Money & Property	40.4	0.7
Miscellaneous Revenues	37.0	0.7
Fund Balance Component Decreases	28.4	0.5
Total	**$ 5,395.9**	**100.0**

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

Recommended Staffing by Group/Agency: All Funds

Total Recommended Staffing: 17,036.50



Recommended Staffing by Group/Agency: All Funds

	Staff Years[1]	Percent of Total Staffing
Public Safety	7,421.00	43.6
Health and Human Services	5,976.50	35.1
Land Use and Environment	1,461.00	8.6
Community Services	991.50	5.8
Finance and General Government	1,186.50	7.0
Total	**17,036.50**	**100.0**

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

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

San Diego County Facts and Figures

FOUNDED — February 18, 1850

Size:	4,261 square miles
Coastline:	70 miles
Elevation:	Lowest = Sea Level Highest = 6,535 ft Hot Springs Mountain

POPULATION[1]:

Year:	2012	2013	2014
Total:	3,128,734	3,154,574	3,194,362

[1]San Diego County is the second most populous county in California and fifth most populous in the United States.

Source: California Department of Finance, 2013 estimates and 2014 estimates. Sacramento, California, April 2014.

INCORPORATED CITIES: 18

CIVILIAN LABOR FORCE:

Year:	2013	2014
Total:	1,590,000	1,600,400

Source: California Employment Development Department, Historical Data for Labor Force, annual average (for the months of January to December) for 2013 and 2014.

UNEMPLOYMENT RATE:

Year:	2013	2014
Percentage:	7.5%	6.2%

Source: California Employment Development Department, Historical Data for Unemployment Rate, annual average (for the months of January to December) for 2013 and 2014 (data not seasonally adjusted).

EMPLOYMENT MIX: (Industry)[1]

	2014 Employees	2015 Employees
Government[2]	229,300	233,000
Professional and Business Services	224,200	235,500
Trade, Transportation and Utilities	213,600	214,000
Educational and Health Services	182,600	189,600
Leisure and Hospitality	166,300	174,900
Manufacturing	95,600	96,600
Financial Activities	70,100	70,700
Construction	61,400	65,600
Other Services	50,000	53,200
Information Technology	24,400	24,800
Farming	8,800	9,700
Mining and Logging	400	400
Total	**1,326,700**	**1,368,000**

[1]Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers.
[2]Excludes the U.S. Department of Defense.
Source: California Employment Development Department, Labor Market Information Division - March 6, 2015 News release.

TEN LARGEST EMPLOYERS:

	2013 Employees	2014 Employees
State of California	40,900	40,100
University of California San Diego	27,832	28,341
County of San Diego[1]	16,627	17,044
Sharp Healthcare	15,960	16,477
Scripps Health	13,771	13,717
Qualcomm Inc.	13,400	13,700
City of San Diego	10,306	10,584
UC San Diego Health System	6,132	7,726
Kaiser Permanente	7,800	7,549
General Atomics (and affiliated companies)	6,295	6,714

[1]County of San Diego Fiscal Year 2014-16 Adopted Operational Plan.
Source: San Diego Business Journal Book of Lists (2014).

CONSUMER PRICE INDEX:

Year:	2012	2013	2014
Amount:	256.96	260.32 (1.3% increase)	265.15 (1.9% increase)

Source: U.S. Department of Labor, Bureau of Labor Statistics - February 2015 (Not seasonally adjusted - annual).

MEDIAN HOUSEHOLD INCOME[1]:

Year:	2011	2012	2013
Amount:	$ 60,699	$ 60,330	$ 62,962

[1]Adjusted for inflation to 2013 dollars.
Source: US Census Bureau, American Community Survey San Diego County QuickFacts 2009-2013 Estimate, Last revised Dec 4, 2014.

MEDIAN HOME PRICE[1]:

Year:	January 2013	January 2014	January 2015
Amount:	$ 350,000	$ 405,000	$ 435,000

[1]Median price of all existing homes sold in January of each year.
Source: California Association of Realtors/DataQuick Information System.

FISCAL YEAR 2014-15 TOP TEN PROPERTY TAXPAYERS (as of July 2014):

	Amount of Tax
San Diego Gas & Electric Company	$ 97,225,032
Southern California Edison Co.	$ 23,082,794
Qualcomm Inc.	$ 23,191,769
Irvine Co.	$ 20,276,138
Kilroy Realty, LP	$ 14,118,274
Pacific Bell Telephone Company	$ 10,616,074
Host Hotels and Resorts	$ 9,211,521
OC/SD Holdings, LLC	$ 7,132,141
Prebys Conrad Trust	$ 6,246,220
BSK Del Partners, LLC	$ 6,157,794

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

FISCAL YEAR 2015-16 ASSESSED VALUATION: $420.9 billion

Source: San Diego County Assessor/Recorder/County Clerk (Gross less regular exemptions).

2011 ESTIMATED TOTAL HOUSING UNITS: 1,186,100

Source: US Census Bureau, 2011 American Housing Survey (AHD).

LAND USE: (in descending order)[1]

	2014 Acres
Parkland	1,243,945
Vacant or Undeveloped Land	708,048
Residential	361,855
Public/Government	156,050
Agriculture	117,640
Other Transportation	106,019
Commercial/Industrial	33,657
Total	**2,727,214**

[1]The acres available for land use may vary year to year due to survey updates that include tide level changes.
Source: San Diego Association of Governments, 2014.

AGRICULTURAL PRODUCTION:

	2013 Value	2013 Acres
Nursery & Flower Crops (e.g., indoor plants, trees & shrubs, bedding plants, cut flowers, etc.)	$ 1,139,427,462	12,748
Fruit & Nut Crops (e.g., avocados, citrus, berries, etc.)	$ 415,645,774	37,910
Vegetable Crops (e.g., tomatoes, herbs, mushrooms, etc.)	$ 170,676,812	5,107
Livestock & Poultry Products (e.g., chicken eggs, milk, etc.)	$ 84,710,748	N/A
Livestock & Poultry (e.g., cattle & calves, chickens, hogs & pigs, etc.)	$ 28,797,952	N/A
Field Crops (e.g., pastures, ranges, hay, etc.)	$ 7,644,047	249,780
Apiary (e.g., honey, pollination, bees & queens, etc.)	$ 2,517,936	N/A
Timber Products (e.g., firewood and timber)	$ 886,560	N/A
Grand Totals	**$ 1,850,307,291**	**305,573***

*The sum of Acres does not equal the grand total due to rounding.
Source: San Diego Agricultural Commissioner / Sealer of Weights & Measures 2013 San Diego County Crop Statistics & Annual Report.

MAJOR MILITARY BASES AND INSTALLATIONS:

	City
United States Coast Guard Sector San Diego	San Diego
Marine Corps Air Station Miramar (3rd Marine Aircraft Wing)	San Diego
Marine Corps Base Camp Pendleton (largest West Coast expeditionary training facility)	North County
Marine Corps Recruit Depot San Diego	San Diego
Naval Base Coronado (including Naval Air Station North Island and Naval Amphibious Base)	Coronado
Naval Base Point Loma (including Space and Naval Warfare Systems Command-SPAWAR)	San Diego
Naval Medical Center San Diego	San Diego
Naval Base San Diego (principal homeport of the Pacific Fleet)	San Diego

Source: U.S. Department of Defense Base Structure Report, 2014.

TOURIST ATTRACTIONS:

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

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

TOTAL VISITORS 2014: 33,771,000

Source: San Diego Tourism Authority. San Diego Visitor Industry Summary (Calendar Year through 2014).

San Diego County Profile and Economic Indicators

History & Geography

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

The original territory of nearly 40,000 square miles was gradually reduced until 1907, when the present boundaries were established. Today, San Diego County covers 4,261 square miles, approximately the size of the state of Connecticut, extending 70 miles along the Pacific Coast from Mexico to Orange County and inland 75 miles to Imperial County along the international border shared with Mexico. Riverside and Orange counties form the northern border. It is the southwestern most county in the contiguous 48 states.

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

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

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

County Population

San Diego County is the southernmost major metropolitan area in the State. According to the State of California Department of Finance, the county's population estimate for January 1, 2013 was 3,154,574 and the county's population estimate for January 1, 2014 was 3,194,362. San Diego County is the second largest county by population in California and the fifth largest county by population in the nation, as measured by the U.S. Census Bureau.

SAN DIEGO COUNTY POPULATION:

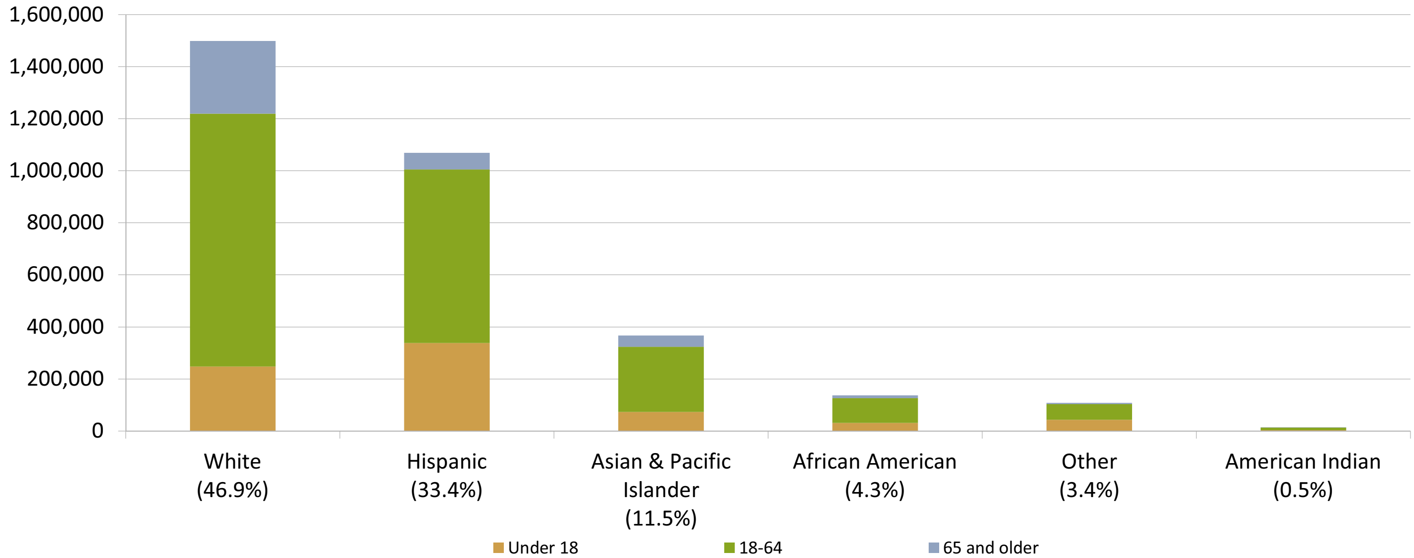
	2000	2013	2014	Year Incorporated
Carlsbad	78,247	108,401	110,169	1952
Chula Vista	173,556	251,973	256,139	1911
Coronado	24,100	23,201	23,419	1890
Del Mar	4,389	4,205	4,234	1959
El Cajon	94,869	100,602	101,256	1912
Encinitas	58,014	60,568	61,204	1986
Escondido	133,559	146,115	147,102	1888
Imperial Beach	26,992	26,533	26,675	1956
La Mesa	54,749	58,328	58,769	1912
Lemon Grove	24,918	25,590	25,928	1977
National City	54,260	58,915	59,381	1887
Oceanside	161,029	169,593	171,183	1888
Poway	48,044	48,628	48,979	1980
San Diego	1,223,400	1,328,073	1,345,895	1850
San Marcos	54,977	87,165	90,179	1963
Santee	52,975	55,110	55,806	1980
Solana Beach	12,979	13,006	13,099	1986
Vista	89,857	95,398	96,122	1963
Unincorporated	442,919	493,170	498,823	
Total	**2,813,833**	**3,154,574**	**3,194,362**	

Source: US Census - 2010 data and California Department of Finance 2013 and 2014 estimates.

The first chart on the following page shows for 2014 the most recent race, ethnicity and age composition for the regional population. Data for 2035 indicates that the San Diego regional population will be approximately 3.9 million according to the San Diego Association of Governments (SANDAG) based on the Series 13 Regional Growth Forecast as of October 2013, a 37% increase from calendar year 2000.

San Diego County Population Distribution by Race, Ethnicity and Age

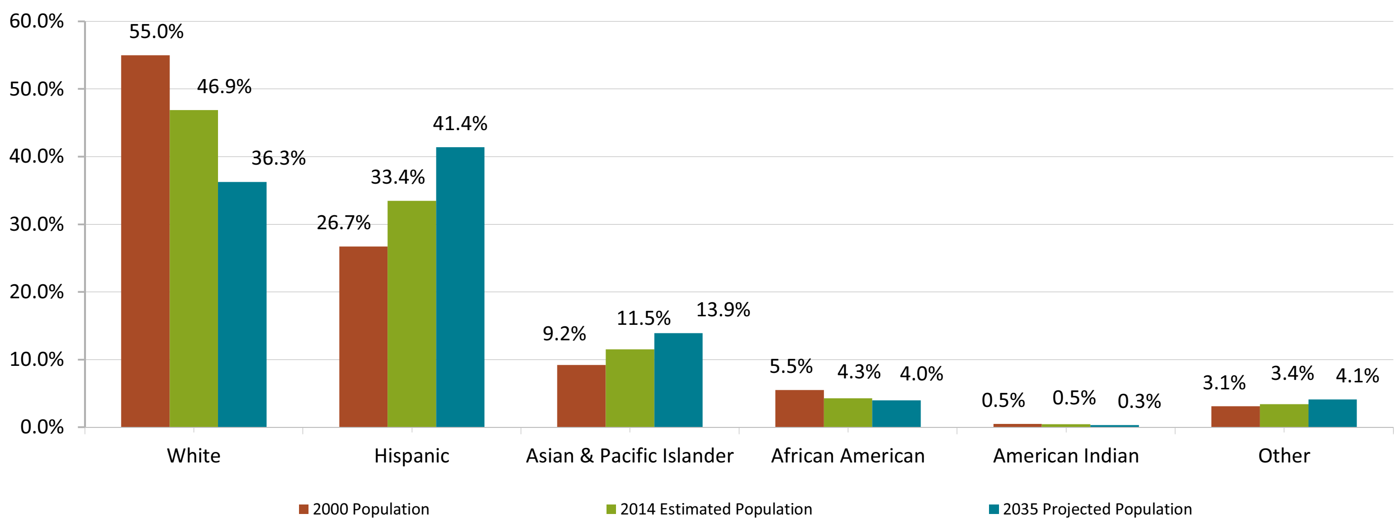
2014 Total Population: 3,194,362



Source: San Diego Association of Governments 2014 Demographic & Socio Economic Estimates.

San Diego County Population Distribution by Race and Ethnicity 2000, 2014, and 2035 Projection

Percentage of Total Population



Note: Percentages represent the share of each group compared to the total population.
Sources: U.S. Census - 2000; San Diego Association of Governments 2014 Demographic & Socio Economic Estimates; San Diego Association of Governments Series 13 Regional Growth Forecast (Oct 2013) 2035 Projection.

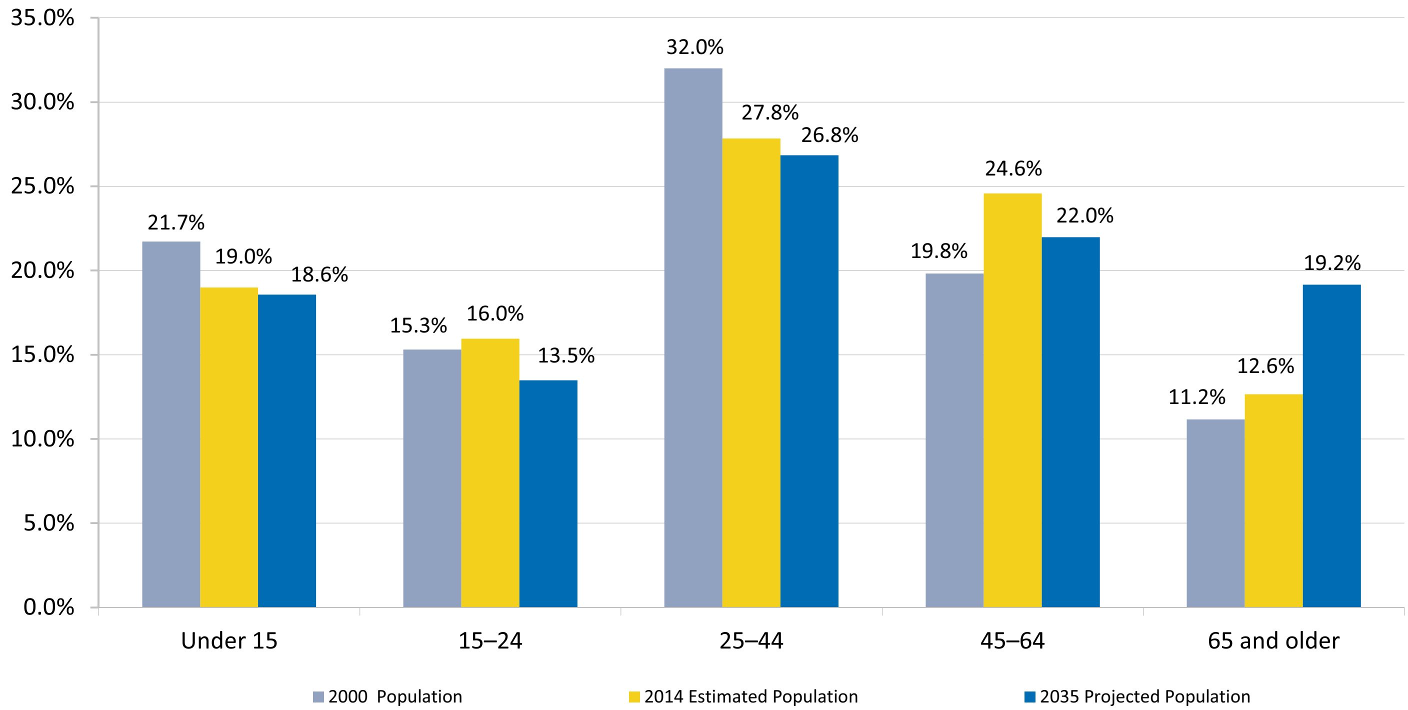
Note: In these charts, the sum of individual percentages may not total 100.0% due to rounding.

The second chart on the previous page shows that San Diego County's racial and ethnic composition is as diverse as its geography. SANDAG projects that in 2035, San Diego's population breakdown will be: 36.3% White; 41.4% Hispanic; 13.9% Asian and Pacific Islander; 4.0% African American; and 4.1% all other groups. A significant growth in the Hispanic population is seen in this projection.

The chart below indicates the regional population trends are also anticipated to show changes to the population in several age segments with individuals under 65 years of age declining gradually and those individuals 65 and older estimated to increase approximately 135% in 2035 from 2000.

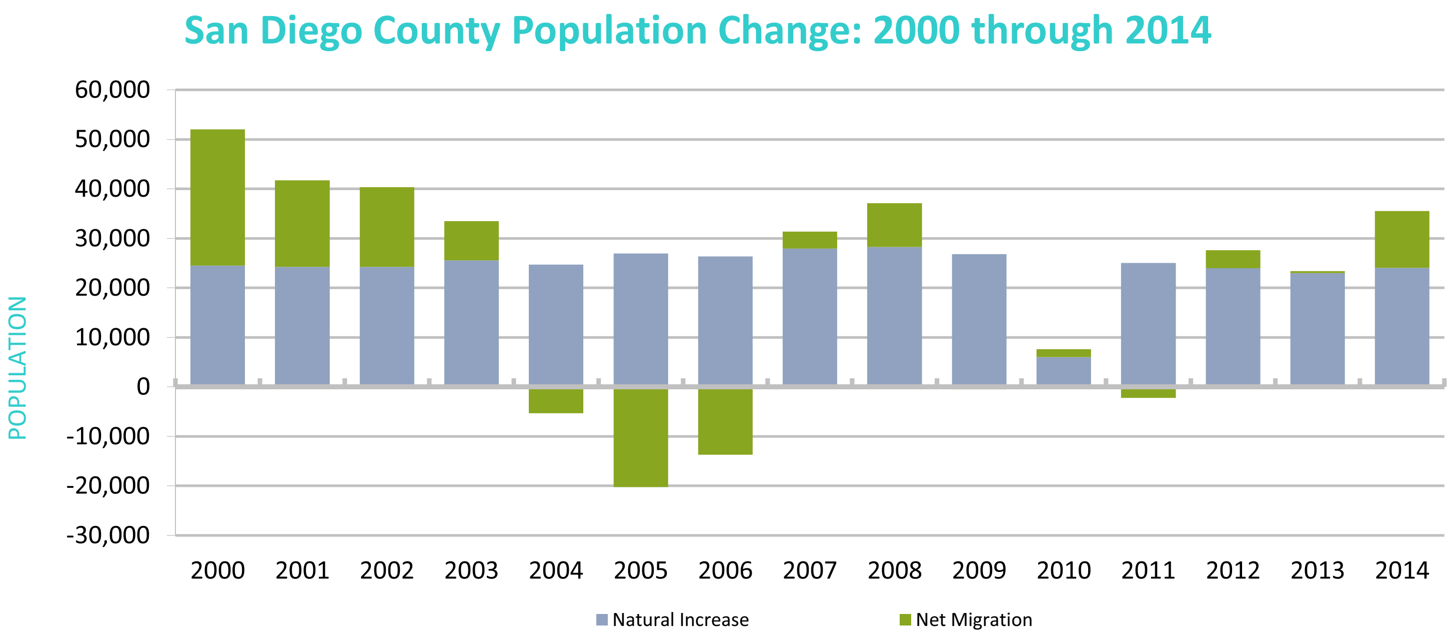
San Diego County Population Distribution by Age

2000, 2014, and 2035 Projection



Sources: U.S. Census 2000; San Diego Association of Governments 2014 Demographic & Socio Economic Estimates; SANDAG 2050 Regional Growth Forecast (Oct 2013) 2035 Projection.

Annual population growth has averaged approximately 1.0% over the past 14 years as presented on the chart below. Natural increase is the primary source of population growth. Another contributor to the change in population is net migration (both foreign and domestic) which has varied dramatically in the past 14 years.



Note: Natural Increase consists of Births minus Deaths. Net Migration is a measure of people moving into and away from San Diego County, both foreign and domestic. San Diego County Population Change data is on a fiscal year basis beginning July 1st.
Source: CA Department of Finance E-6 Report: Population Estimates and Components of Change by County—July 1, 2010–2014.

Economic Indicators

U.S. Economy

The tepid growth path experienced by the national economy for more than five years is finally ramping up and an improved U.S. economy is projected in the coming years. In 2014, real gross domestic product (GDP) increased by 2.4% compared to a 2.2% increase for 2013. See the chart on the following page for a historical comparison. According to U.S. Department of Commerce Bureau of Economic Analysis (BEA), increase in personal consumption expenditures, nonresidential fixed investment, exports, state and local government spending, private inventory investments, and residential fixed investment that were partly offset by a decrease in federal government spending contributed to the acceleration in real GDP growth in 2014. For the fourth quarter of 2014, the U.S. economy increased at an annual rate of 2.2% compared to an increase of 5.0% in the third quarter of 2014. This downturn in the percent change in real GDP primarily reflected an upturn in imports, a downturn in federal government spending, and decelerations in nonresidential fixed investment and in exports that were partly offset by an acceleration in personal consumption expenditures, an upturn in private inventory investment, and an acceleration in state and local government spending.

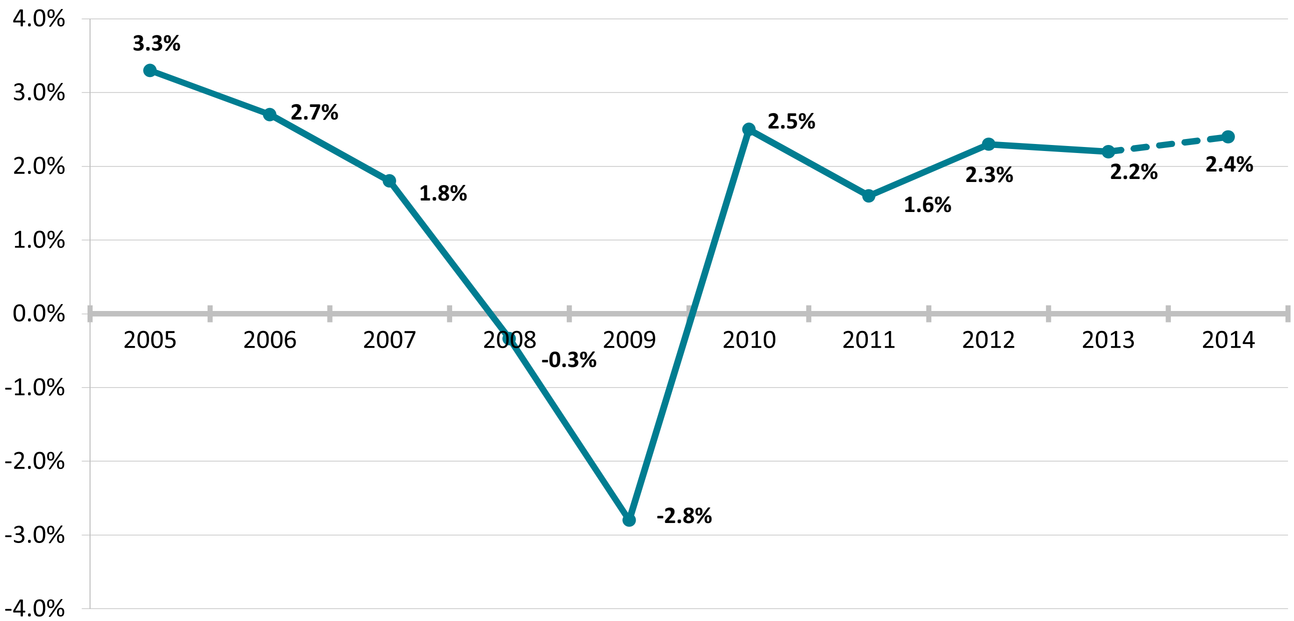
According to the minutes of the January 27-28, 2015 Federal Open Market Committee meeting, economic activity expanded at a solid pace over the second half of 2014. The staff continued to forecast that real GDP would expand at a modestly faster pace in 2015 and 2016. Factors contributing to the acceleration includes: increase in consumer and business confidence, and a pickup in foreign economic growth, and accommodative U.S. monetary policy. Labor market conditions improved further and unemployment continued to decrease. Inflation has declined further due to declines in energy prices. However, longer-term inflation expectations have remained stable.

Conditions in the housing sector continued to improve and improvement in the job market and stronger economic growth will spur housing demand in 2015. Both building starts and sales (new and existing) are expected to show additional growth. Existing home sales are expected to increase by 8.0% with an average price increase of 3.5% in 2015. Changes in the Federal Housing Authority (FHA) policies and lending standards are expected to help the housing market. (Source: Kiplinger's Economic Outlooks, February 2015).

According to the UCLA Anderson Forecast, December 2014, real GDP is forecast to grow 3.1% in 2015 and 3.1% in 2016, bringing a sense of economic recovery and growth. The unemployment rate fell to 5.5%, the lowest since May 2008, in February 2015. The rate of unemployment is expected to trend downward to 5.0% by the end of 2016. Growth will be led by increase in consumer spending, which will be supported by the income growth and lower oil prices, along with corporate investment in equipment and software.

U.S. Gross Domestic Product Annual Percent Change

2005 through 2014



Notes: The percent change in Gross Domestic Product (GDP) is measured by calendar year based on chained 2009 dollars. The annual GDP percent change is projected for calendar year 2014.
Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce Gross Domestic Product, Fourth Quarter and Annual 2014 (second estimate) February 27, 2015.

California Economy

California accounts for over 13% of the nation's GDP which is by far, the largest of any state. The state's economy is growing and gaining momentum. In 2014, California's gross state product grew 3.3%, outperforming the nation's growth rate of 2.4%. In June 2014, the state recovered all the wage and salary jobs that were lost during the recession. More than seventy percent of California's new jobs occurred in: health care and social assistance; leisure and hospitality; administrative, support and waste services; professional, scientific and technical services; and construction. The coastal areas of the state have generally recovered from the recession faster than the interior areas. With the continued progress in labor market affecting growth in personal income, taxable sales is also expected to accelerate. In addition to the positive indicators mentioned, the State's General Fund closed the Fiscal Year 2013–14 with a cash surplus after years of deficits. (Source: Los Angeles County Economic Development Corporation, The Kyser Center for Economic Research: 2015–2016 Economic Forecast and Industry Outlook, February 2015).

The State unemployment rate continued to improve and fell modestly from 8.9% in 2013 to 7.5% in calendar year 2014. The February 2015 unemployment rate showed continued improvement to 6.7% (seasonally adjusted rate). Nonfarm payroll employment in California during the month of February 2015 increased by 29,400 for a total gain of 1,827,900 jobs since the recovery began in February 2010 (Source: California Employment Development Department, News Release, March 20, 2015).

UCLA Anderson Forecast (December 2014) anticipates total employment growth (payroll, farm and self-employed) of 2.1% and 2.2% for 2015 and 2016, respectively. Real personal income growth is forecast to be 4.5% in both 2015 and 2016. In 2015 the unemployment rate is expected to drop to 6.6% on average, and then to approximately 5.6% in 2016.

In 2009, real personal income declined 3.7%, but since that time real personal income grew to 7.1% in 2012, and 2.8% in 2013. It is forecast to grow by 5.0% in 2014, 6.6% in 2015 and 6.7% in 2016. Taxable sales declined 14.2% in 2009, and grew steadily since then passing the 2008 levels in 2013. It is estimated to grow by 3.0% in 2014, 2.3% in 2015 and 2.4% in 2016. See the chart below for detail.

In the housing sector, the home prices have risen in 2014 which brought the home prices to the pre-bubble (2004) level. The level of foreclosures dropped to 6% of all home sales with total foreclosure and short sales falling to 11%, evidence that the State is moving to more normal real estate market (Source: UCLA Anderson Forecast, December 2014). January 2015 saw the 35th consecutive month with the state's median sale price increasing on a year-over-year basis. Of the existing homes sold statewide, 6.7% were foreclosed properties during the past year. In February 2009, resales on foreclosed properties peaked at 58.8%. Notice of Default, the first step of the formal foreclosure process, is diminishing and its effect is only noticeable in hardest-hit areas of the state. (Source: DataQuick February 18, 2015 and October 17, 2014 News Release).

Virtually all aspects of California's economy are improving: employment is up, home prices are rising, construction started to pick up, increased spending has been seen in both consumers and businesses and the state remains as one of the top travel destination. These factors partnered with US growth rates from construction, automobiles, business investment and consumer demands fuel the state's economy which warrants an outlook of continued steady growth through 2016.

Note: Taxable sales are stated in calendar year 2009 dollars.
Source: UCLA Anderson Forecast, December 2014.

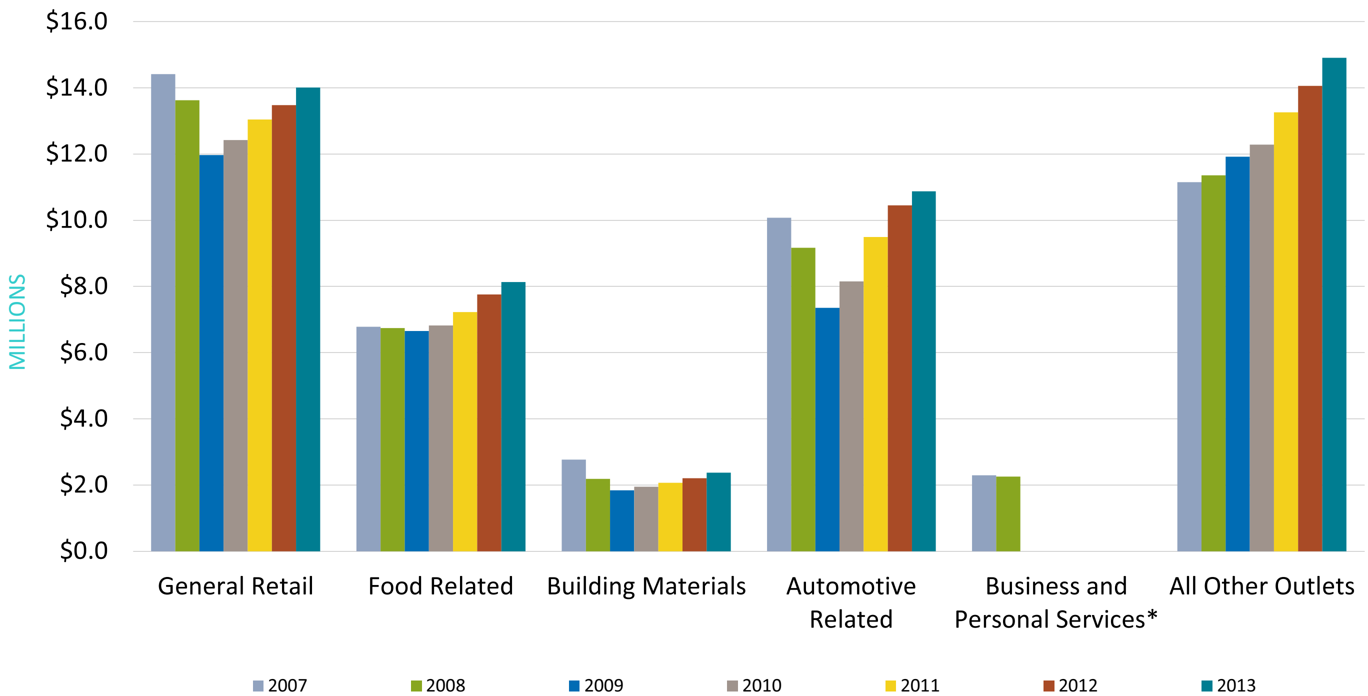
San Diego Economy

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. Regional GDP increased by 3.1% in 2014, faster than the U.S. (2.4%). Government operations accounted for approximately 20% of the region's GDP of over $200 billion in 2014. San Diego is home to the largest concentration of military in the world making the military presence 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 retirees which contribute 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 that continued through 2009. In 2010, taxable sales showed moderate growth which continued in 2011 and 2012 has shown continued improvement although not as great as 2011. Taxable sales grew 6.2% in 2013 and moderate growth is expected to continue in 2014 and 2015 in the region (Source: National University System Institute for Policy Research Economic Ledger, February 2015).

San Diego County Taxable Sales by Category

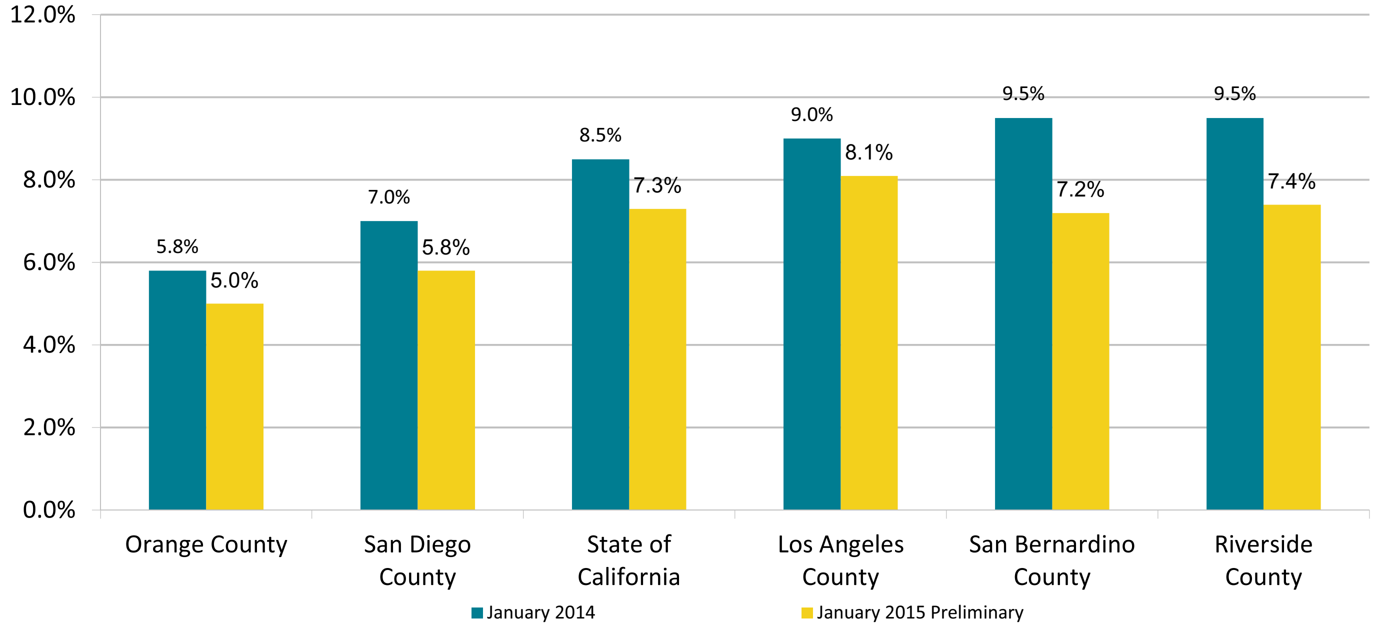
2007 through 2013



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

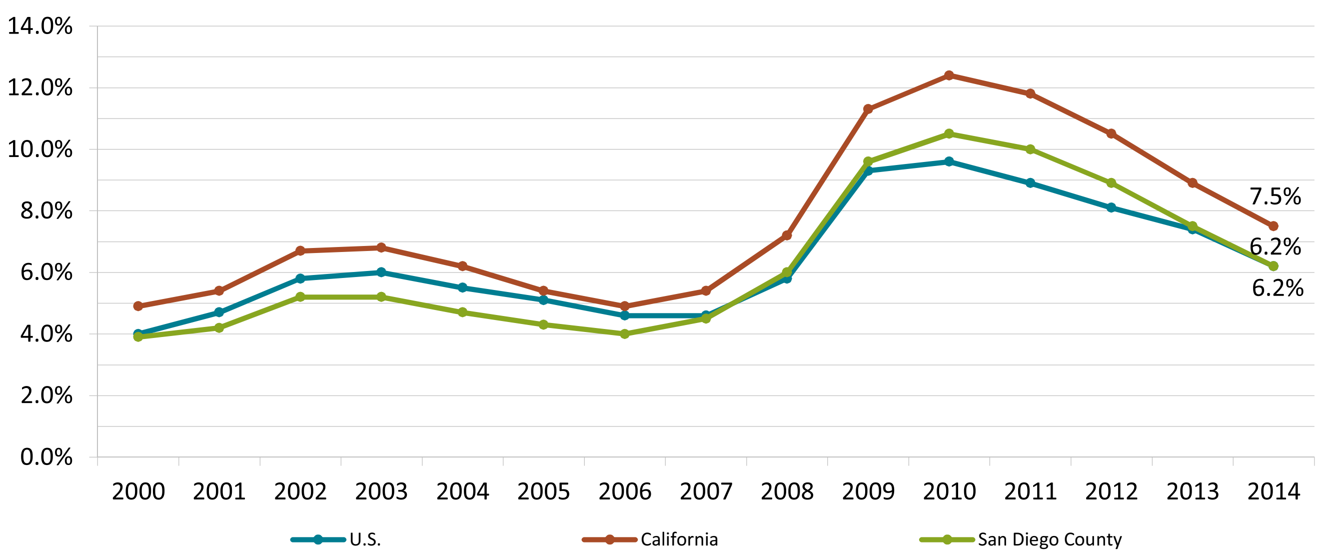
Unemployment in the San Diego region continues to improve, as shown in the charts on the following page. In calendar year 2014, it reached its lowest rate since 2008 of 6.2%. By 2014, San Diego County recovered all the jobs it had lost during the Great Recession. Compared to other Southern California counties, San Diego compares favorably with only Orange County experiencing a lower unemployment rate. For the calendar year 2014, the average unemployment rate for San Diego County was 6.2%, same as the U.S. national average (Source: California Employment Development Department). San Diego County is forecast to post an average annual unemployment rate of 5.4% for 2015 and 5.0% in 2016 (Source: Los Angeles County Economic Development Corporation, The Kyser Center for Economic Research: 2015–2016 Economic Forecast and Industry Outlook, February 2015).

Unemployment Rate Comparison by Select California Regions
January 2014 and January 2015



Source: California Employment Development Department, (January 2014; January 2015 Preliminary).

Annual Average Unemployment Rate Comparison U.S., California and San Diego County
2000 through 2014



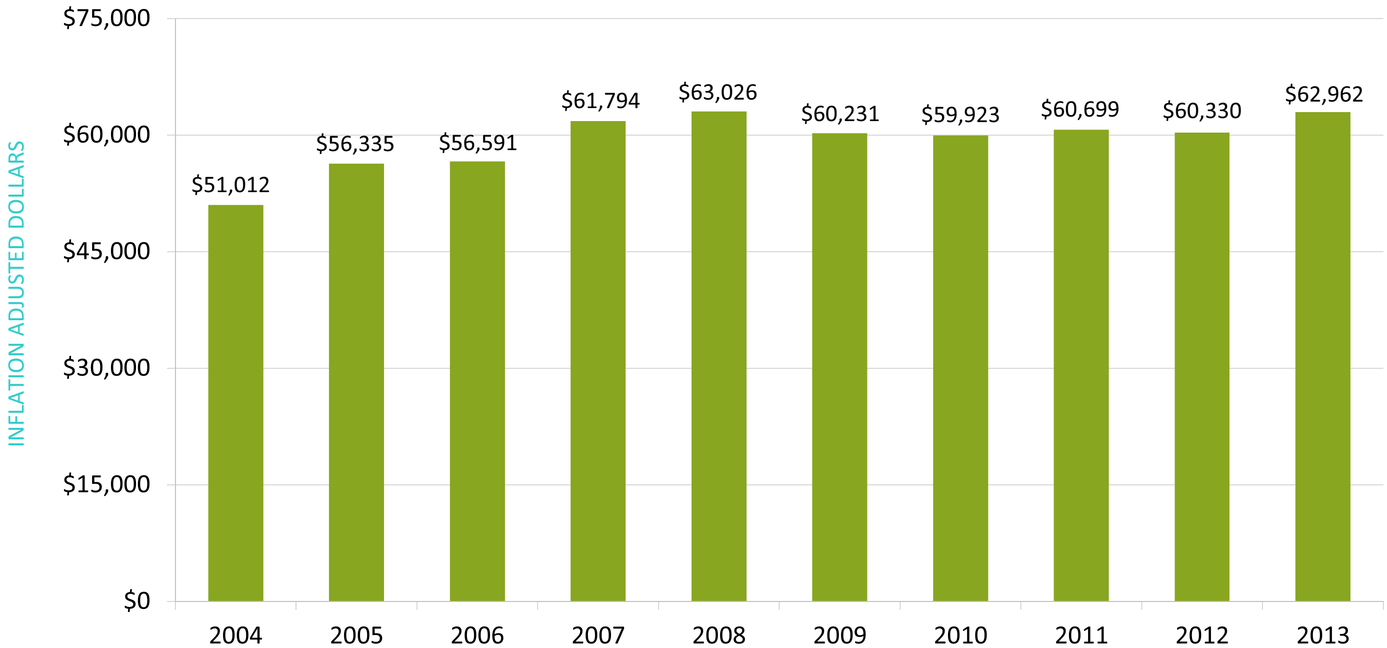
Notes: Unemployment rates are measured by calendar year.
Source: California Employment Development Department; Bureau of Labor Statistics, U.S. Department of Labor.

Inflation, as measured by the Bureau of Labor Statistics consumer price index for all urban consumers (CPI-U), showed the cost of living increased 2.0% in 2014 compared to 1.3% in 2013, 1.6% in 2012, and 3.0% in 2011. For 2015, inflation is projected to rise to 2.5% (Source: National University System Institute for Policy Research Economic Ledger, February 2015). San Diego County's residential real estate market is on the mend. Over the year, the median price for an existing single-family home rose and the number of foreclosures on the market has declined.

The median home price of existing homes sold also fluctuated with the housing related turmoil. During 2009 and 2010, median home sales started to rebound from the low experienced at the end of 2008 and early 2009. Since then, median home prices have showed improvement. January 2015 showed a 7.4% increase ($435,000) compared to January 2014 ($405,000).

San Diego County Median Household Income

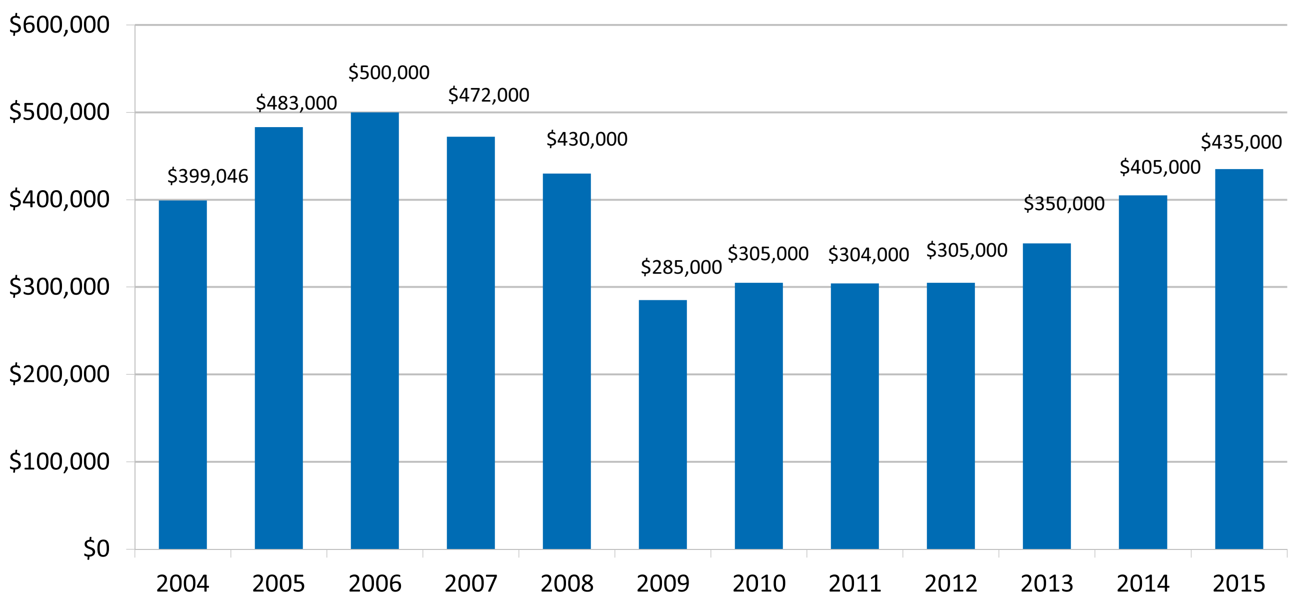
2004 through 2013



Note: Median Household Income is measured by calendar year.
Source: U.S. Census Bureau, American Community Survey.

San Diego County Median Price of Existing Homes Sold

2003 through 2015



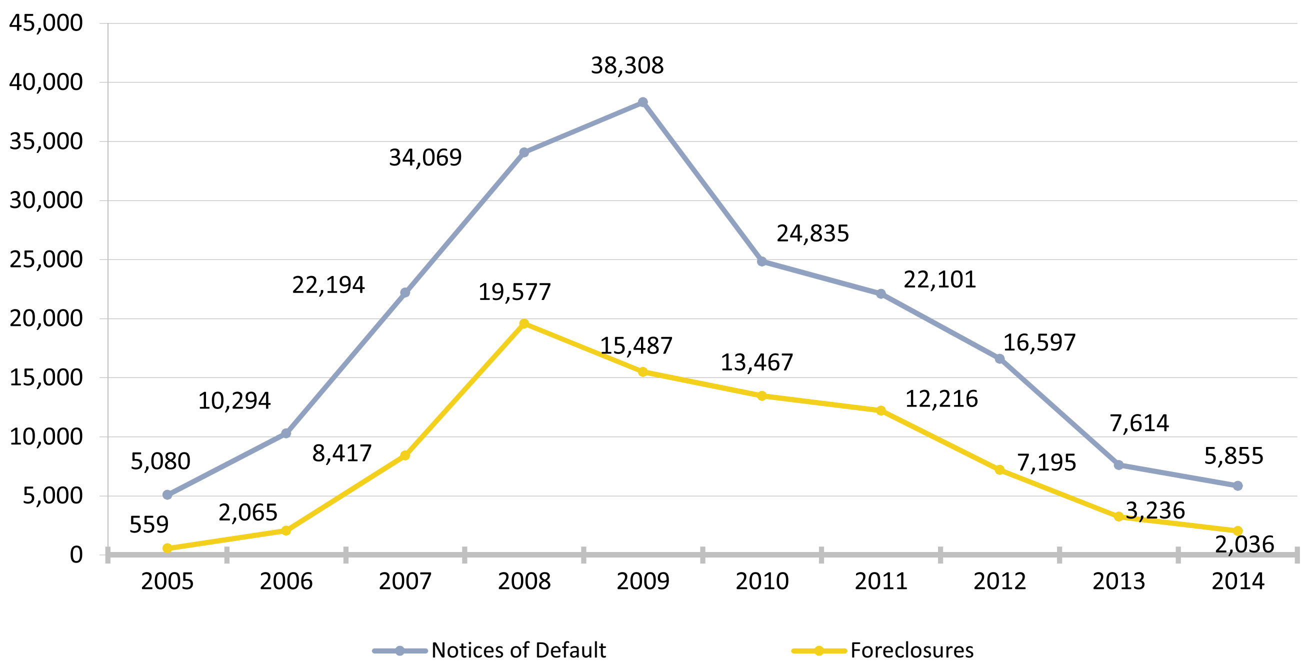
Note: Median home price of all existing homes sold in January of each year.
Source: California Association of Realtors/DataQuick Information System.

Another measure of the recovery in housing is the rate of foreclosures, as well as the companion indices of notices of loan default and deeds recorded (changes in ownership). Foreclosures compared to total deeds recorded averaged 0.3% over the three-year period of 2003 through 2005, then rose significantly reaching 16.9% in 2008 and declining to 1.8% in 2014. The number of total deeds recorded fell significantly from 2003 levels of 223,087 to a low of 115,540 in 2008. Total deeds recorded through December 2014 were 116,251.

In San Diego County, notices from lenders to property owners that they were in default on their mortgage loans increased markedly from 2003 through 2009, and foreclosures rose dramatically from 2003 through 2008 before declining 21% in 2009. The percentage of properties with delinquent mortgage loans that went into foreclosure averaged at approximately 11.6% from 2003 through 2005. During the recession, this indicator peaked at 57.5% in 2008 and declined to 34.8% in 2014.

San Diego County Total Notices of Default and Foreclosures

2005 through 2014



Tourism is San Diego's third largest industry. The visitor industry employs about 173,100 San Diegans in fields directly related to the hospitality industry, including lodging, food service, attractions, and transportation (Source: California Employee Development, Labor Market Information Division, January 2015).

Tourism in the San Diego region last peaked in 2006, with the number of visitors reaching approximately 32.2 million. This number declined through 2009 then improved gradually and reached the 2006 levels in 2012. The number of San Diego visitors was 33.8 million in 2014, an increase of 2.1% from 2013. Visitor expenditures increased by 9.4% from 2013 exceeding $9.2 billion last year. Visitor counts are expected to increase by 2.6% (34.6 million) in 2015 while total expenditures are expected to increase by 3.4% ($9.5 billion). For 2016, visitor growth is forecast to rise above 2% percent in 2016 before settling down to an average growth rate of 1.7%. Total expenditures are projected to grow from 4.1% up to 5.2% between 2016 and 2019. San Diego's travel and tourism industry is growing with demand for hotel rooms outpacing new supply. Both occupancy and average daily room rates have accelerated for 2014 and are expected to continue in 2015 and 2016 (Source: San Diego Tourism Authority, Tourism Economics Travel Forecast December 2014).

Based on positive trends above, the region's economic performance is expected to accelerate. The state of the economy impacts the ability of the County to fund and provide many of the services that county residents have come to expect. The revenue and workload effects along with the strategies being employed by the County to manage the public's resources are described in the pages following that summarize the expenditures, revenues, and staffing levels for Fiscal Years 2015-16 and 2016-17 and in the individual Group and department presentations that begin on page 111.

Governmental Structure

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

The Charter of the County of San Diego provides for:

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

Board of Supervisors

The County of San Diego is governed by a five-member Board of Supervisors elected to four-year terms in district, nonpartisan elections. Each Board member is limited to no more than two terms and must reside in the district from which he/she is elected. The Board of Supervisors sets priorities for the County and oversees most County departments and programs and approves their budgets. The County may exercise its powers only through the Board of Supervisors or through agents and officers acting under authority of the Board or authority conferred by law. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. All other appointive officers are appointed by the CAO.

Chief Administrative Officer

The CAO assists the Board of Supervisors in coordinating the functions and operations of the County; is responsible for carrying out all of the Board's policy decisions that pertain to the functions assigned to that officer; and supervises the expenditures of all departments.

Governing Authority

The State Legislature has granted each county the power necessary to provide for the health and well-being of its residents. There are 18 incorporated cities in San Diego County and a vast number of unincorporated communities. The County provides a full range of public services to its residents, including law enforcement, detention and correction, emergency response services, health and human services, 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.

Business Groups

These services are provided by five business Groups (Public Safety, Health and Human Services, Land Use and Environment, Community Services and Finance and General Government), each headed by a General Manager who reports to the CAO. Within the Groups, there are four departments that are headed by elected officials: the District Attorney and the Sheriff in the Public Safety Group and the Assessor/Recorder/County Clerk and the Treasurer-Tax Collector in the Finance and General Government Group. An organizational chart for the County can be found on page 4.

General Management System

The General Management System (GMS) is the County's foundation 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 business model, 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.sdcounty.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 vision that can only be realized through strong regional partnerships with our community stakeholders and employees.

Vision:

A region that is Building Better Health, Living Safely and Thriving: *Live Well San Diego*

Mission:

To efficiently provide public services that build strong and sustainable communities

Values:

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 is dedicated to:

Integrity*—Character First*

- We maintain the public's trust through honest and fair behavior
- We exhibit the courage to do the right thing for the right reason
- We are dedicated to the highest ethical standards

Stewardship*—Service Before Self*

- We are accountable to each other and the public for providing service and value
- We uphold the law and effectively manage the County's public facilities, resources and natural environment
- We accept personal responsibility for our conduct and obligations
- We will ensure responsible stewardship of all that is entrusted to us

Commitment*—Excellence in all that we do*

- We work with professionalism and purpose
- We make a positive difference in the lives of the residents we serve
- We support a diverse workforce and inclusive culture by embracing our differences
- We practice civility by fostering an environment of courteous and appropriate treatment of all employees and the residents we serve
- We promote innovation and open communication

Strategic Planning

The County ensures operations are strategically aligned across the organization by developing a five-year Strategic Plan that sets forth priorities it will accomplish with its resources. The Strategic Plan is developed by the Chief Administrative Officer (CAO), the Assistant CAO/Chief Operating Officer, the five General Managers and the Strategic Planning and Support Team based on the policies and initiatives set by the Board of Supervisors, an enterprise review of the issues, risks and opportunities facing the region and reflects the changing environment, economy and community needs. All County programs support at least one of these four Strategic Initiatives through Audacious Visions, Enterprise-Wide Goals and Cross-Departmental or Department Objectives that make achievement of the initiatives possible. The Strategic Initiatives include:

- Healthy Families
- Safe Communities
- Sustainable Environments
- Operational Excellence

To ensure that the Strategic Plan incorporates a fiscal perspective, the CAO, Assistant Chief Administrative Officer/Chief Operating Officer (ACAO/COO) and General Managers annually assess the long-term fiscal health of the County and review a five-year forecast of revenues and expenditures to which each County department contributes. This process leads to the development of preliminary short and medium-term operational objectives and the resource allocations necessary to achieve them. The complete Strategic Plan is available online at: www.sdcounty.ca.gov/cao/.

For more information on the County's Strategic Initiatives and structure refer to the Strategic Framework and Alignment section of the Operational Plan.

Operational Planning

The Operational Plan provides the County's detailed financial recommendation for the next two fiscal years (e.g., July 1, 2015 through June 30, 2017). 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, all program objectives in the Operational Plan and department performance measures are aligned with the Strategic Initiatives, Audacious Visions and/or Enterprise-Wide Goals.

The five business groups; Public Safety, Health and Human Services, Land Use and Environment, Community Services and Finance and General Government, and their respective departments develop specific objectives as part of the preparation of the Operational Plan. Objectives are clear discussions of anticipated levels of achievement for the next two fiscal years. They communicate core services and organizational priorities. The objectives include measurable targets for accomplishing specific goals plus a discussion of the resources necessary to meet those goals. The Operational Plan also details each department's major accomplishments during the past fiscal year.

Performance Measurement

The County demonstrates performance to citizens through reporting meaningful and uncomplicated performance measures. Each department is required to measure performance in terms of outcomes, or how they affect peoples' lives, not just a count of the activities they perform. The most significant measures are reflected in this document as part of the respective narrative section of each department's budget presentation.

Monitoring and Control

Monitoring and Control is the portion of the GMS that requires the County to track, report, analyze and adjust; as necessary, the operations underway to ensure services are delivered and goals are accomplished as planned. A number of processes have been established over the years for accountability. There are monthly department reviews of programs and finances, quarterly business group reviews with an annual exchange by strategic initiative to the CAO, a quarterly Risk Oversight Committee to address significant legal, financial, contractual and operational risks to the County and a quarterly Audit Committee that advises the CAO on internal and external audits, risk assessments, as well as internal controls and governance matters. This level of accountability extends to employee performance reviews where performance expectations and goals for the rating period are outlined and reviewed on an annual basis.

Functional Threading

Functional threading is the process of collaboration throughout the organization to pursue goals, solve problems, share information, and leverage resources. It can be as simple as a monthly leadership meeting held by the CAO to cross-functional collaboration on grants; from briefings on agenda items to Board staff to implementing shared initiatives with multiple stakeholders and partners, both internal and external to the County.

Motivation, Rewards and Recognition

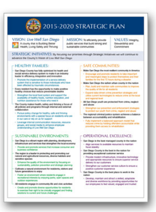
This final component of the GMS ensures our employees are engaged and committed to excellence across the organization. A few ways the County recognizes, rewards and motivates employees is by offering wellness programs, opportunities for training and continued education that support and encourage their well-being, professional growth, development and career success. Examples include fitness classes, on-site farmer's markets, leadership academies and seminars, mentor programs and a tuition reimbursement program. This investment in the workforce ensures they are valued and have the skill to provide the exceptional customer service and delivery to our residents, businesses and visitors. Please see the Awards and Recognition section for the honors County programs have received.

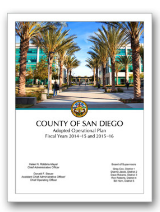
GMS Deconstructed

Each of the five components of the GMS asks a crucial question, and delivers a specific product. Together these five components form an annual cycle. Certain components take place at specific times, while others are performed year round. If we deconstruct the five components of the GMS into a visual chart that reflects its use in County operations, it looks like the image below.

GMS "OWNERS MANUAL"

STRATEGIC PLANNING	OPERATIONAL PLANNING	MONITORING & CONTROL	FUNCTIONAL THREADING	MOTIVATION, REWARDS & RECOGNITION
"Brand Promise"	"Road Map"	"Check Points"	"Collaboration"	"Pay It Forward"
5 years	2 years	Quarterly	365 days	365 days
Where do we want to go?	How do we get there from here?	How is our performance?	Are we working together?	Are we encouraging excellence?
County Strategic Plan	County Operational Plan	County Annual Report	CAO Leadership Team meeting	CAO Coin of Excellence





Strategic Framework and Alignment

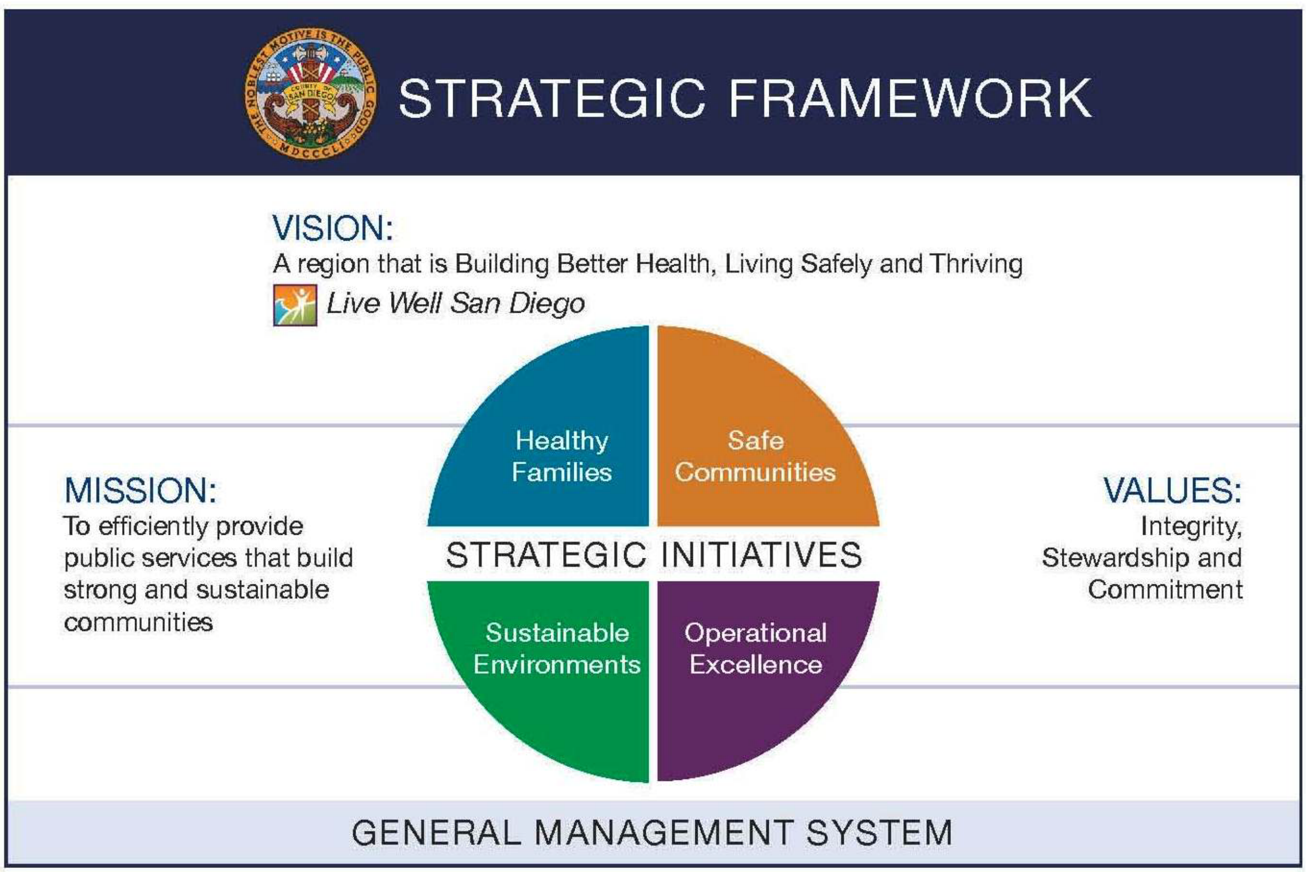
Strategic Initiatives

Strategic planning communicates the County's strategic direction for the next five years. The Strategic Plan explains the County's four Strategic Initiatives, in addition to its vision, mission and values. The four Strategic Initiatives focus on how we achieve the County's vision of a region that is Building Better Health, Living Safely and Thriving.

The Strategic Initiatives are:

- **Healthy Families**—ensure every resident has the opportunity to make positive healthy choices, that San Diego County has fully optimized its health and social service delivery system and makes health, safety and thriving a focus of all policies and programs.
- **Safe Communities**—make San Diego the safest and most resilient community in the nation, where youth are protected and the criminal justice system is balanced between accountability and rehabilitation.
- **Sustainable Environments**—strengthen the local economy through planning, development and infrastructure, protect San Diego's natural and agricultural resources and promote opportunities for residents to engage in community life and civic activities.
- **Operational Excellence**—promote continuous improvement in the organization through problem solving, teamwork and leadership with a focus on customers' needs and keeping employees positive and empowered.

Below is the Strategic Framework which shows how the County's vision, with its tagline of *Live Well San Diego,* is supported by the mission, values, four Strategic Initiatives and the foundation of the General Management System.

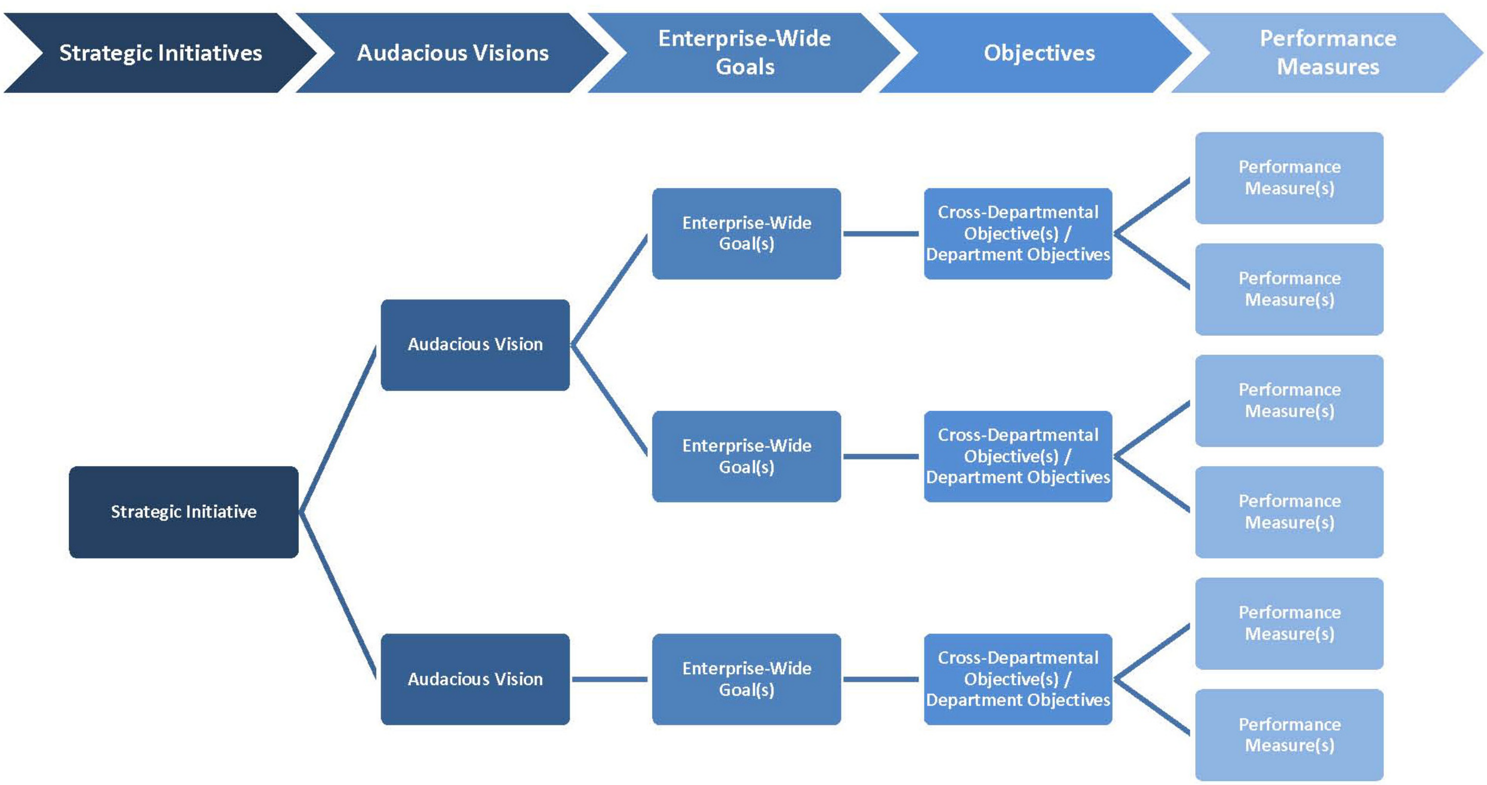


Strategic Alignment

Within each of the four Strategic Initiatives are branches used as different measurement tools to check the performance of the County. Each individual branch serves an intended purpose and supports the overall Strategic Initiative through strategic alignment.

- **Strategic Initiatives**—serve as a guide for departments to set internal goals and help translate the County's Vision into action.
- **Audacious Visions**—bold statements under each Strategic Initiative detailing the impact the County wants to make in the Community.
- **Enterprise-Wide Goals—**a set of focused goals for departments to collaborate on for the greatest impact to our community. Each Enterprise-Wide Goal supports a specific Audacious Vision.
- **Cross-Departmental Objectives**—a predetermined set of objectives developed in Enterprise-Wide focus groups that focus on collaboration between multiple departments to drive the intended outcome. Cross-Departmental Objectives may be shared between two or more departments and/or external partners, to contribute to the larger Enterprise-Wide Goal.
- **Department Objectives**—are similar to Cross-Departmental Objectives as they are intended to drive an outcome; however, they differ from a Cross-Departmental Objective as the outcome is mandated by State or federal regulations or set by the department rather than from the Enterprise-Wide Goal focus groups.
- **Performance Measures**—the metrics used to show the progress in accomplishing the Enterprise-Wide Goals. They support the individual department's contribution towards achieving either a Cross-Departmental or Department Objective.

Strategic Branches



Audacious Visions, Enterprise-Wide Goals and Cross-Departmental Objectives

Strategic planning starts with Audacious Visions, which are bold statements detailing the impact the County wants to make in the community. Enterprise-Wide Goals (EWGs) support the Audacious Visions by focusing on collaborative efforts that inspire greater results than any one department could accomplish alone. Audacious Visions and EWGs are developed to support each of the Strategic Initiatives. A Cross-Departmental Objective is a collaboration between multiple departments to drive the outcome of an EWG. The more a team, division, or department can align its goals to support the EWGs, the stronger the collective impact will be on the public we serve.

Strategic Initiative Legend

HF SC SE OE

- ○ - Audacious Vision
- ● - Enterprise-Wide Goal
- □ - Cross-Departmental Objective
- ■ - Department Objective
- ◆ - Objective Sub-Dot Point Level 1

Healthy Families: HF

- San Diego County has fully optimized its health and social service delivery system to make it an industry leader in efficiency, integration and innovation
  - Promote the implementation of a service delivery system that is sensitive to those individuals who have been affected by traumatic circumstances
    - Create a trauma-informed County culture (HF1)
- Every resident has the opportunity to make positive healthy choices that reduce preventable deaths
  - Strengthen the local food system and support the availability of healthy foods, nutrition education, and nutrition assistance for those who need it
    - Connect residents with local food sources, nutrition education, and nutrition assistance (HF2)
    - Partner with producers, distributors and retailers to increase access to and purchase of healthy local foods in food desert areas (HF3)
- The County makes health, safety and thriving a focus of all policies and programs through internal and external collaboration
  - Pursue policy change for healthy, safe and thriving environments with a special focus on residents who are in our care or rely on us for support
    - Pursue policy changes that support clean air, clean water, active living and healthy eating (HF4)
  - Leverage internal communication resources, resource groups, and social media to enhance employee understanding of *Live Well San Diego*
    - Develop an employee-centric campaign based on a simple consistent message to help employees understand how they contribute to *Live Well San Diego* (HF5)

Safe Communities: SC

- Make San Diego the most resilient community in America
  - Encourage and promote residents to take important and meaningful steps to protect themselves and their families for the first 72 hours during a disaster
    - Leverage internal and external partnerships to provide resources to engage residential, visitor and business communities in personal disaster readiness (SC1)
- Make San Diego the safest urban county in the nation
  - Plan, build and maintain safe communities to improve the quality of life for all residents
    - Create opportunities for safe access to places that provide community connection and engagement (SC2)
    - Identify and mitigate community threats that impact quality of life (SC3)
  - Expand data-driven crime prevention strategies and utilize current technologies to reduce crime at the local and regional level
    - Utilize a single law enforcement information system (such as NetRMS) throughout the region (SC4)
    - Develop an information exchange that provides client-level data, so that County agencies (Law Enforcement, HHSA, and their sub-contractors can deliver services more efficiently (SC5)
- All San Diego youth are protected from crime, neglect and abuse
  - Strengthen our prevention and enforcement strategies to protect our youth from crime, neglect and abuse
    - Provide youth and their caregivers with opportunities to promote healthy relationships, identify risk factors and access services to prevent crime, neglect and abuse (SC6)
    - Identify and increase multi-agency collaboration to develop, support and enhance enforcement strategies with the biggest impact to protect youth and reduce recidivism (SC7)
- The regional criminal system achieves a balance between accountability and rehabilitation
  - Fully implement a balanced-approach model that reduces crime by holding offenders accountable while providing them access to rehabilitation
    - Develop a universal assessment process that drives case planning, sentencing, and linkage to appropriate services both in and out of custody (SC8)

Sustainable Environments: SE

- San Diego is a vibrant region with planning, development, infrastructure and services that strengthen the local economy
  - Provide and promote services that increase consumer and business confidence
    - Improve policies and systems across departments to reduce economic barriers for business to grow and consumers to thrive (SE1)
    - Anticipate customer expectations and demands (SE2)
- The region is a leader in protecting and promoting our natural and agricultural resources, diverse habitats and sensitive species
  - Enhance the quality of the environment by focusing on sustainability, pollution prevention, and strategic planning
    - Develop a countywide marketing campaign to raise awareness of and increase participation in sustainability and pollution prevention programs so every person considers and makes informed decisions about their effects on the environment (SE3)
- Cultivate a natural environment for residents, visitors and future generations to enjoy
  - Foster an environment where residents engage in recreational interests by enjoying parks, open spaces and outdoor experiences
    - Improve access to and use of parks, open spaces and outdoor experiences by assessing policies and community needs throughout San Diego County (SE4)
    - Educate and engage residents of all ages by leveraging internal and external partnerships to promote physical activities and recreational interests (SE5)
    - Sustain the natural environment by protecting and restoring open spaces, as well as educate the public about how to preserve these resources (SE6)
- All residents engage in community life and civic activities
  - Create and promote diverse opportunities for residents to exercise their right to be civically engaged and in finding solutions to current and future challenges
    - Promote and communicate the opportunities and value of being actively involved in the community so that residents are engaged and influencing change (SE7)

Operational Excellence: OE

- San Diego is the best managed county in the nation
  - Align services to available resources to maintain fiscal stability
    - Ensure our influence as a regional leader on issues and decisions that impact the financial well-being of the county (OE1)
    - Build the financial literacy of the workforce in order to promote understanding and individual contribution to the County's fiscal stability (OE2)
- San Diego County is the best in the nation for providing exceptional customer service
  - Provide modern infrastructure, innovative technology and appropriate resources to ensure superior service delivery to our customers
    - Develop a plan to utilize new and existing technology and infrastructure to improve customer service (OE3)
    - Provide information access to all customers ensuring consistency, transparency and customer confidence (OE4)
  - Strengthen our customer service culture to ensure a positive customer experience
    - Engage employees to take personal ownership of the customer experience (OE5)
- San Diego County is the best place to work in the nation
  - Develop, maintain and attract a skilled, adaptable and diverse workforce by providing opportunities for our employees to feel valued, engaged and trusted
    - Develop a Countywide management philosophy that fosters employee well-being, inclusion and development (OE6)

Strategic Initiative Legend:

HF SC SE OE

- ○ - Audacious Vision
- ● - Enterprise-Wide Goal
- □ - Cross-Departmental Objective
- ■ - Department Objective
- ◆ - Objective Sub-Dot Point Level 1

Awards and Recognition

The County of San Diego continuously seeks better ways to help residents achieve the highest quality of life. We do this by saving taxpayer dollars through cost cutting, streamlining processes, incorporating new technology and expanding services as needed. While this is all done to improve our communities, we can't help but feel a sense of pride when others outside our organization recognize the efforts of our dedicated employees.

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

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 www.countynewscenter.com/news/san-diego-county-wins-34-achievement-awards-outstanding-programs.

- "AlertSanDiego *(Office of Emergency Services)*: The County's Department of Emergency Services was honored for teaming up with the Target Corp. 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 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 Department)*: 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.
- 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 revolv-

ing 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 Department)*: 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 county-wide 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 *(San Diego County 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 San Diego County Sheriff's 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 U.S. Geological Survey.
- Autoscore *(Department of Human Resources)*: Human Resources implemented autoscoring, 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/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 U.S. Environmental Protection Agency 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 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 of San Diego 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 & Independence Services)*: Aging & Independence Services developed a screening to determine older adults' risk of falling.
- Grandparents Raising Grandchildren *(Aging & Independence Services)*: Aging & 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 percent 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 County of San Diego's 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 & Development Services)*: The Department of Planning & Development Services developed an online application for roof top solar (photovoltaic) permits and heating/air conditioning. Collectively, the department is processing over 25 percent of total permit volume online. This is a 400 percent 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, https://publicservices.sdcounty.ca.gov/citizenaccess/, 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 CalFresh (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 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 app 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 percent reduction in crime in the Sheriff's service areas.

Additional Honors

- The County has received an “AAA” credit rating from Standard and Poor’s since 2008 and with Fitch Ratings since 2010, but this is the first year that **Moody’s assigned the “Aaa”** rating to the County. In California, San Diego is now one of three Moody’s “Aaa” rated counties and one of two counties with a triple A rating from the three major rating agencies. The Moody’s issuer rating upgrade to Aaa primarily reflects the County’s maintenance of a very strong fiscal position. The County’s overall credit quality also benefits from stable and prudent management, which maintained the County’s resilient credit strength even during the recession.
- First 5 San Diego received a bronze award in the not-for-profit category for its “Healthy Eating” public service announcement at the 2014 **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. This is the fourth win for First 5 San Diego.
- The Health and Human Services Agency’s Edgemoor Distinct Part Skilled Nursing Facility was awarded the **Silver Achievement in Quality** award as part of the National Quality Award Program presented by the American Health Care Association and the National Center for Assisted Living. Edgemoor was one of 77 centers nationwide to receive the Silver-level award this year.
- The Department of Purchasing and Contracting received an **Achievement of Excellence in Procurement Award** for the 14th year in a row from the National Procurement Institute. The award recognizes organizational excellence in procurement by measuring innovation, professionalism, e-procurement, productivity and leadership attributes.
- The Auditor and Controller again earned the **Popular Annual Financial Report (PAFR) Award** from the Government Finance Officers Association. This is the sixth year in a row that the County has won this award.The PAFR Awards Program was created to encourage and help state and local governments extract information from their comprehensive annual financial report to produce high quality popular annual financial reports. The County's PAFR is available at www.sdcounty.ca.gov/auditor/cafr.html.
- The San Diego County Investment Pool has again received the **Certificate of Achievement for Excellence in Financial Reporting**. The award, given by the Government Finance Officers Association, represents the highest form of recognition in governmental accounting and financial reporting.
- The County was recognized with the **Distinguished Budget Presentation Award** from the Government Finance Officers Association for the Adopted Operational Plan Fiscal Years

2014–2015 & 2015–2016. This makes 13 consecutive years that the GFOA has recognized the County's commitment to the highest standards of governmental budgeting.

- The County earned the following three **Beacon Spotlight Awards** at the 2014 annual CSAC conference: a Gold Level Award for Agency Greenhouse Gas Reductions of 12.2 percent; Platinum Level Award for Agency Electrical Energy Savings of 23.4 percent and Platinum Level Award for Natural Gas Savings of 21.6 percent. The Beacon Spotlight Awards are part of the Beacon Award program, sponsored by the Institute of Local Government and the Statewide Energy Efficiency Collaborative, an alliance helping cities and counties reduce greenhouse gas emissions and save energy.
- Aging and Independence Services received four **Innovation and Achievement Awards** (AIS) from the National Association of Area Agencies on Aging. Two AIS programs were among only 13 programs nationwide to receive Innovation Awards: the Grandparents Raising Grandchildren Initiative and the Legacy Corps support for veterans and military families. AIS also received two Achievement Awards for the Care Transitions Partnership and the Beacon Care Transitions Pilot.
- The National Alliance on Mental Illness California awarded Alfredo Aguirre, LCSW, Director of San Diego County Behavioral Health Services, its prestigious honor of "**Outstanding Mental Health Director for 2014**" at its annual conference. Based on nominations received from communities throughout the state, the NAMI California Board of Directors selects a single winner each year based on excellent achievements in the mental health field. Aguirre has worked in the mental health field for over 34 years as a psychiatric social worker, staff supervisor, manager and executive. He is the recipient of many prestigious awards, including Mental Health Person of the Year in 2008, and the 2011 Hope Award for his leadership in the County of San Diego's Mental Health Stigma Reduction Media Campaign, "It's Up to Us."
- IPMA-HR awarded the County Department of Human Resources its **2014 Agency Award for Excellence for a Large Agency** in recognition of its exemplary contributions to the efficiency and effectiveness of public sector human resource management. Some of the programs highlighted in the award include the Employee Wellness Program, Work Safe Stay Healthy Strategic Plan, Recruitment and Selection best practices, Veterans Outreach Program, and Employee Development Initiatives.
- The County Communications Office (CCO) was honored in multiple categories by the National Association of Telecommunications Officers and Advisors (NATOA). NATOA recognized the best in government programming Oct. 2. The Communications Office received three first place honors: **best website** for County News Center; **best promotion** of a City/County for a video about the services the County provides to its residents; and **best magazine** program for County Chronicles. In addition, the CCO received second place for overall excellence; use of social media; in the category of public safety for a video about realignment, which was a collaboration with Public Safety Group (PSG) and many of its departments; and the category of public health for a video highlighting *Live Well San Diego's* accomplishments during its third year, another collaboration with HHSA and PSG.
- The Encinitas Community Park won the **Environmental Excellence Award** from the Industrial Environmental Association. This 43-acre community park where pesticide contaminated soils was mitigated under the oversight of the Department of Environmental Health (DEH) through the Site Assessment and Mitigation Voluntary Assistance Program. The award was granted in part due to the collaboration and partnership that occurred between the City of Encinitas, SCS Engineering and DEH.
- The U.S. Department of Housing and Urban Development (HUD) designated the County's Department of Housing and Community Development (HCD) as a "**High Performer**" for the last 12-month rating period. Serving as the County's Housing Authority, HCD was recognized for its efficient management of the Section 8 Housing Choice Voucher Program. High Performer is HUD's highest possible designation, which HCD has earned for 13 consecutive years. The ratings are based on 14 key performance indicators, such as the voucher utilization rate and quality control results. This rating demonstrates that HCD is administering the Section 8 Housing Choice Voucher Program at a consistently high level in accordance with HUD's standards. The designation also provides HCD with the potential for additional funding opportunities.
- The American Institute of Architects, San Diego Chapter recognized two County projects at its 2014 Design Awards ceremony Oct. 30. The new Las Colinas Detention and Reentry Facility received a **Merit Award** in the Interiors category and a Special Recognition in the Institutional Projects category. This project, the first design-build project under Assembly Bill 900, *the Public Safety and Offender Rehabilitation Services Act of 2007*, was previously recognized by the national American Institute of Architects with a citation for its design in the 2013 Justice Facilities Review. The Lincoln Acres Library, Park and Community Room project received a Foundation Projects Institutional category award. The 4,844 square-foot building housing the new 2,500-square-foot library and community room tripled the size of the 53-year-old former library and included expansion of the nearby park. The new building has received LEED Gold certification.
- The Department of Environmental Health (DEH) was awarded an **Environmental Excellence Award** for its part in an environmental cleanup by the Industrial Environmental Association at its conference in October. Encinitas Community Park had pesticide-contaminated soils that were mitigated under the oversight of DEH through their Voluntary Assistance Pro-

gram. The DEH Site Assessment and Mitigation program staff found innovative solutions to the cleanup that were protective of public health, the environment and were cost effective for the citizens of Encinitas. The cleanup took place before the new park was constructed. The environmental association also presented Mike Vizzier, Chief of the DEH Hazardous Materials Division, with an Environmental Excellence Award for his work on the CUPA Forum Board. The CUPA Forum Board is a statewide association of CUPAs and Participating Agencies that implement the Unified Hazardous Materials and Waste programs.

- San Diego County Library received the **2014 Digital Government Achievement Award** in October. This national award is given out by e.Republic's Center for Digital Government and highlights outstanding agency and department projects at the application and infrastructure level. The Library was honored for its innovative use of self-service technology in providing library services to the public. The library technology includes book sorters, mobile app and the 24/7 Library To Go kiosks.
- Longtime Medical Examiner's Office Chaplain Joe Davis recently received the prestigious **2014 DonorCARE Award** from the Musculoskeletal Transplant Foundation. The tissue bank selected Davis for the national award, which is presented every other year and commends those who have demonstrated a commitment to donor families above and beyond what is currently recognized as the industry standard of care. He has volunteered at the Medical Examiner's Office on a full-time basis as chaplain since 2000, establishing and running a Bereavement Center for families of ME Office cases.
- First 5 San Diego's website received the Web Marketing Association's **2014 Award for Outstanding Achievement** in Web Development. Since 1997, the Web Marketing Association's annual competition has been setting the standard of excellence for website development. The award is the premier award recognition program for web developers and marketers worldwide.
- The County's Department of General Services is one of 45 winners of the 2**014 Public Facility Award of Excellence** from the California Counties Facilities Services Association. Recipient organizations demonstrated exceptional dedication to facilities excellence through best practices, process innovation, staff development, department automation and energy program improvements. The outstanding leadership of these organizations continues to advance the development of programs and processes that extend the life of California public facilities.
- San Diego County Library received the **Digital Government & Education Achievement Award** for Increased Services with Self-Service Technologies, Apps and Kiosks in the Government-to-citizen State government category.
- The County received the **Urban Planning Orchid** for the San Diego County Waterfront Park in the San Diego Architectural Foundation Orchids and Onions Awards. The annual awards note hits and misses in local building, landscaping and urban design. The 12-acre park, which opened in May 2014, was transformed from parking lot to what the nomination calls the most significant waterfront open space in downtown, featuring two large fountains, sprawling lawns and dynamic playground equipment.
- The Treasurer Tax Collector's Office received the **Eddy Award** for a special project to keep retirees from withdrawing funds from the Deferred Compensation Plans from Pensions & Investors news.
- The San Diego County Child Support Services Department won an **Innovation Award** from the California Department of Child Support Services for developing and piloting a Legal Paperless System as part of its efforts to improve statewide program performance, order establishment and provide better customer service.
- The County's *Live Well San Diego* vision and the First 5 Commission Healthy Development Services Project each won the **Harvard Bright Idea** award from the Innovations in American Government Awards Program. The award recognizes the very best innovations in American government and brings national attention to these practices and promotes their widespread dissemination.
- Dr. Dean Sidelinger was named the **2014 Breastfeeding Champion** for San Diego County by the San Diego County Breastfeeding Coalition.
- The Downtown San Diego Partnership presented the Health and Human Services Agency and the San Diego Police Department with the **Vic Kops Humanitarian Award** for their outstanding work in Downtown San Diego as part of the Homeless Outreach Team.
- The San Diego County Planning and Development Services Department won a **Best Practices Award** from the San Diego Section of the American Planning Association's 2015 Awards for its Purchase of Agricultural Conservation Easements (PACE) Program, which promotes the long-term preservation of agriculture in the county. The San Diego APA 2015 Awards strive to recognize the most innovative planning efforts that create communities of lasting value.

Budget Process

CAO Recommended Operational Plan

The budget process begins annually with submittal of the CAO Recommended Operational Plan. This document is a comprehensive overview of the Chief Administrative Officer's (CAO) recommended plan for the County's operations for the next two fiscal years. It is submitted to the Board of Supervisors in May of each year. It includes:

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

Public Review and Hearing

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

All requests for revisions to the CAO Recommended Operational Plan, whether from members of the Board of Supervisors, County staff, County advisory boards or members of the public, must be submitted to the Clerk of the Board in writing by the close of the public hearing. These may include:

Change Letter

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

Referrals to Budget

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

Citizen Advisory Board Statements

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

Budget Deliberations

Budget Deliberations occur after the conclusion of public hearings when the Board of Supervisors discusses the CAO Recommended Operational Plan, any requested amendments and public testimony with the CAO and other County officials as necessary. Based on these discussions, the Board gives direction to the CAO regarding the expenditure and revenue levels to be included in the final operational plan. Once Budget Deliberations conclude, the Board gives approval, by majority vote, to operate pending the formal adoption of the budget for the coming fiscal year. Board of Supervisors Budget Deliberations are usually completed by the end of June.

Referrals from Budget

Referrals from Budget are requests made by the Board of Supervisors during Budget Deliberations for additional information to assist them in making decisions during the fiscal year. The applicable business group is responsible for providing the requested information to the Board of Supervisors. Any changes to the approved budget prior to adoption require a four-fifths vote of approval by the Board.

Budget Adoption

Budget Adoption occurs at a separate public hearing following the Board's Budget Deliberations. The budget, as finally determined, is adopted by resolution requiring a majority vote of the Board of Supervisors. Any changes to the adopted budget require a four-fifths vote of approval by the Board. Budget adoption typically occurs in August.

Adopted Operational Plan

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

Budget Modifications

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

Board of Supervisors Regular Agenda Process

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

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

Quarterly Status Reports

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

Financial Planning Calendar: 2015 Dates

Calendar Year 2015

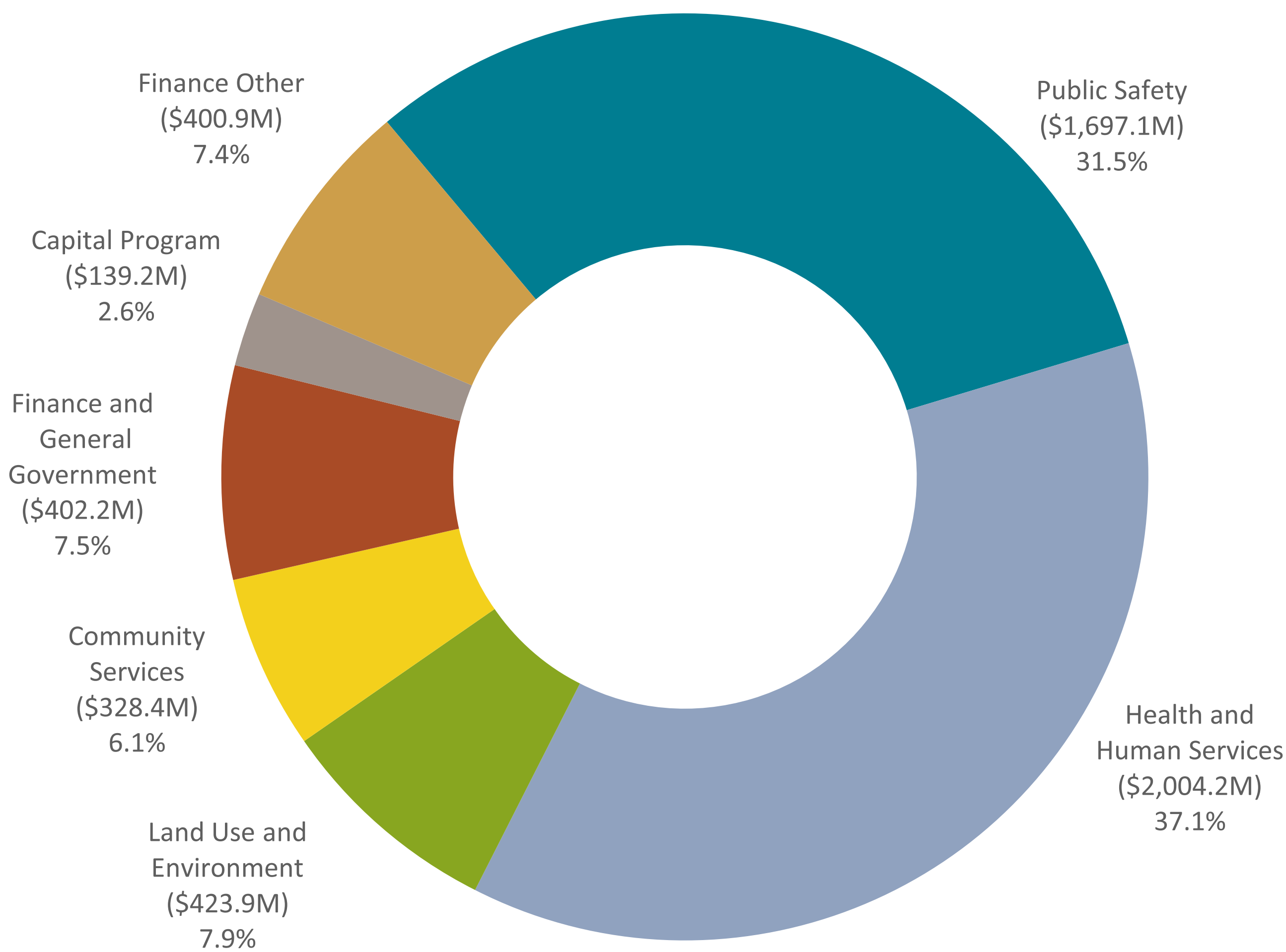
Feb 10	Instructions for Operational Plan issued by the Office of Financial Planning (OFP) Budget database opens for Operational Plan development
Mar 13	Deadline for departments to submit draft Anticipated Accomplishments, Objectives and Performance Measures sections to business groups (Groups) for review Budget database closed to departments for review by Groups
Mar 20	Deadline for departments to submit all sections of narratives to their Group Finance Director
Mar 27	Budget database closed to groups Deadline for groups to submit all department and Group narratives to OFP
Apr 20	Draft copy of balanced CAO Recommended Operational Plan sent to the Chief Administrative Officer (CAO), Assistant CAO/Chief Operating Officer (COO) and General Managers
Apr 27	CAO Recommended Operational Plan docketed and released to the Board of Supervisors and public
May 5	Board of Supervisors accepts CAO Recommended Operational Plan
May 6	Budget database opens for modifications
May 13	Budget Change Letter database closed to departments for review by Groups
May 15	Department Change Letter narratives due to Groups
May 20	Budget Change Letter database closed to Groups
May 28	Deadline for Groups to submit all department and group Change Letter narratives to OFP
Jun 1–10	Public hearings on CAO Recommended Operational Plan (ten calendar days)
Jun 10	Last day for Citizen Advisory Committees to submit budget statements to the Clerk of the Board All other proposals for budget changes from the Board of Supervisors and public due to the Clerk of the Board CAO Change Letter filed with the Clerk of the Board
Jun 23–24	Board of Supervisors budget deliberations Board of Supervisors approves Fiscal Year 2015–17 Operational Plan
Aug 4	Board of Supervisors adopts Fiscal Year 2015–16 budget

All Funds: Total Appropriations

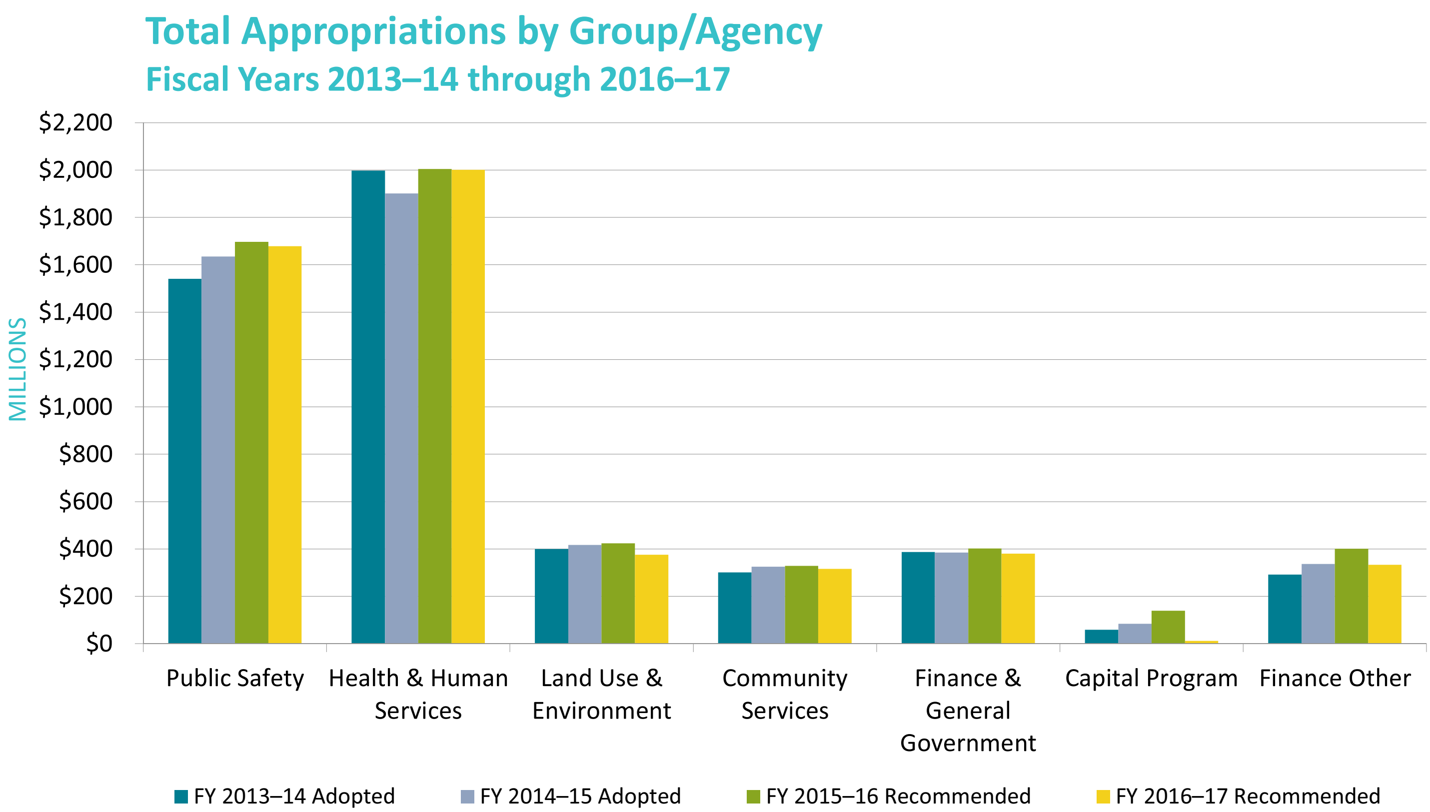
Total Appropriations by Group/Agency

Appropriations total **$5.40 billion in the Recommended Budget for Fiscal Year 2015–16** and $5.10 billion for Fiscal Year 2016–17. This is an increase of $312.2 million or 6.1% for Fiscal Year 2015–16 from the Fiscal Year 2014–15 Adopted Budget. Looking at the Operational Plan by Group/Agency, there are appropriation increases for all Groups.

Total Appropriations by Group/Agency
Fiscal Year 2015–16: $5.40 billion



The chart above shows each Group/Agency's share of the Fiscal Year 2015–16 Recommended Budget, while the bar chart and table on the following page compare the Fiscal Years 2015–16 and 2016–17 appropriations to the two prior fiscal years. The percentage change is also calculated for the variance between the Fiscal Year 2015–16 Recommended Budget and the Fiscal Year 2014–15 Adopted Budget. An overview of the County's Operational Plan for Fiscal Year 2015–16 is presented on the following page by Group/Agency and highlights changes and key areas of focus. Appendix A: All Funds Budget Summary, provides a summary of expenditures and financing sources by account group for the entire County and for each Group/Agency. More detail by department begins on page 111.



Total Appropriations by Group/Agency (in millions)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Recommended Budget	% Change	Fiscal Year 2016–17 Recommended Budget
Public Safety	$ 1,540.8	$ 1,635.0	$ 1,697.1	3.8	$ 1,678.5
Health and Human Services	1,997.4	1,900.9	2,004.2	5.4	2,001.3
Land Use and Environment	399.8	417.5	423.9	1.5	376.1
Community Services	300.9	325.6	328.4	0.9	316.1
Finance and General Government	386.8	384.8	402.2	4.5	380.7
Capital Program	58.5	83.7	139.2	66.2	11.7
Finance Other	291.9	336.3	400.9	19.2	332.7
Total	**$ 4,976.1**	**$ 5,083.7**	**$ 5,395.9**	**6.1**	**$ 5,097.2**

Public Safety Group (PSG)

A **net increase of $62.1 million or 3.8%** from the Fiscal Year 2014–15 Adopted Budget. The increase primarily relates to increased costs as a result of negotiated labor agreements, growth in Proposition 172, *The Local Public Safety Protection and Improvement Act of 1993*, funding, a net decrease of 38.00 staff years and the planned use of one–time resources. All mandated services are maintained.

Major changes include:

- Increases in staff in the District Attorney, Sheriff's Department, Office of Emergency Services, the Public Defender and the San Diego County Fire Authority.
- Increases in amounts allocated for one–time expenditures to support major maintenance projects and radio replacements.
- Increases in costs associated with the Regional Communications System (RCS) upgrade.

- Increases in various Internal Service Funds and Public Liability insurance costs.
- Increases in information technology projects.
- Increase in contracted services primarily for juveniles at-risk and those in custody and paramedic services.
- Increase in costs related to Step III of the County's Fire and Life Safety Reorganization Report.
- A reduction in staff to align operations with the decline of the juvenile population in the detention facilities and to align operations with current workload in the Probation Department, which will not impact services.

The Public Safety Group will continue to provide core services, supporting the County's Strategic Initiatives and operating an efficient and responsive criminal justice system.

Key areas of focus include:

- Encouraging and promoting residents to take important and meaningful steps to protect themselves and their families for the first 72 hours during a disaster.
- Planning, building and maintaining safe communities to improve the quality of life for all residents.
- Expanding data–driven crime prevention strategies and utilizing current technologies to reduce crime at the local and regional level.
- Strengthening our prevention and enforcement strategies to protect our youth from crime, neglect and abuse.
- Fully implementing a balanced–approach model that reduces crime by holding offenders accountable while providing them access to rehabilitation.

Health and Human Services Agency (HHSA)

A **net increase of $103.3 million or 5.4%** from the Fiscal Year 2014–15 Adopted Budget. Almost half of the increase is attributed to increases in the In-Home Supportive Services (IHSS) program due to caseload growth and the State's restoration of the 7.0% cut in IHSS Individual Provider services. The majority of remaining growth is the result of negotiated labor agreements, growth in certain public assistance caseloads, an investment in the Knowledge Integration Program (KIP), and an expansion in direct services across several program areas, including services funded under the Mental Health Services Act, Title IV-E California Well-Being Project and Public Health prevention grant funding.

Major changes include:

- Increase in IHSS Individual Provider costs due to caseload growth and restoration of 7.0% cuts.
- Increase for the design, development and implementation phase of the KIP.
- Increase for Family Stabilization and Expanded Subsidized Employment in order to decrease time to self-sufficiency for CalWORKs participants.
- Increase for crisis stabilization and treatment for persons who are in psychiatric crisis.
- Increase for Laura's Law implementation.
- Increase for participation in the Title IV-E California Well-being Project to allow for the flexible use of federal dollars to improve outcomes in Child Welfare Services.
- Increase for certain public assistance payment to align with projected caseload.

A major goal in the development of HHSA's operational plan is to advance the *Live Well San Diego* vision. As in the past, HHSA continues to work with advisory boards and other key stakeholders in these efforts.

Key areas of focus include:

- Adding staff in the Office of Military and Veteran Affairs division to augment outreach and education services to veterans countywide.
- Adding new services in support of the Alzheimer's project.
- Expanding the Cultural Broker Program to support targeted efforts to decrease disproportionality within the child welfare system.
- Expanding the Psychiatric Emergency Response Teams (PERT) in collaboration with the Public Safety Group, to provide expanded services and coverage to link individuals with appropriate levels of care.
- Continuing to advance against the 3 behaviors (no physical activity, poor diet, and tobacco use) that result in 4 diseases (cancer, heart disease and stroke, type 2 diabetes, and lung disease) that result in over 50 percent of deaths in San Diego by creating new partnerships through *Live Well San Diego*.
- Continuing a trauma informed model to recognize the impact trauma has in the overall wellness of clients and staff.
- Implementing recommendations to update and modernize facilities in response to changes in program and customer needs.
- Advancing the voluntary national accreditation through the Public Health Accreditation Board (PHAB) supporting investments in information technology for the Health Information Exchange Pre-Hospital Data Collection System and Electronic Health Records System in order to continuously improve upon the service model.

Land Use and Environment Group (LUEG)

A **net increase of $6.4 million or 1.5%** from the Fiscal Year 2014–15 Adopted Budget. The increase primarily relates to negotiated labor agreements, pavement resurfacing projects, and the addition of 9.00 staff years.

Major changes include:

- Completion of County airport capital projects.
- Increased County road pavement resurfacing projects in the

unincorporated county, and increased San Diego County Sanitation District capital improvement and maintenance projects.

- Increased ongoing commitment of $2.0 million of General Purpose Revenue for the County Parks major maintenance program.
- One-time information technology projects including a new Asset Management System application, development of new online web and mobile applications and paper conversion projects that will increase customer service and efficiency in business operations.
- Additional staff years: pertaining to the Department of Parks and Recreation for the management of the new County Administration Center Waterfront Park, and the Harmony Grove community open space; in Planning and Development Services additional Planners due to increased permit activity and workload; and in the Department of Public Works for the Watershed Protection Program related to Total Maximum Daily Load requirements and for the new Harmony Grove community.

Key areas of focus include:

- Protecting San Diego County's $1.85 billion agricultural industry from damaging pests, noxious non-native weeds and diseases. Agriculture serves as a basis to economic development through its contributions to national and international trade, employment, and the production of healthy and high quality crops for our health.
- Protecting people and the environment from the harmful effects of air pollution, to make the air as clean as possible since the quality of the air has an impact on our health.
- Continuing to work with the Farm and Home Advisor/University of California Cooperative Extension to bring together education and research resources of the University of California, the U.S. Department of Agriculture and the County in order to help individuals, families, businesses and communities address agricultural, environmental, horticultural and public health issues.
- Protecting public health and helping to prevent disease through education and awareness of vector-borne diseases and proper disposal of household hazardous, electronic and universal waste.
- Expanding and protecting park resources, by acquiring additional parkland throughout the county to provide opportunities for high quality parks and recreation experiences and through the commitment of $2.0 million in General Purpose Revenue for the maintenance of County parks and facilities.
- Improving the overall land development process, as well as the associated customer experience and streamlining permit processing to enhance the quality of our communities.

Community Services Group (CSG)

A **net increase of $2.9 million or 0.9%** from the Fiscal Year 2014–15 Adopted Budget. The increase is due to increased salaries and benefits for existing employees and for 15.50 new full-time equivalent positions, one-time projects for energy efficiency and major maintenance projects, library books and materials, gas and electricity purchases, and vehicle fuel. Partially offsetting decreases include operating transfers between internal service funds, fund balance component decrease for the Registrar of Voters, Housing Authority program expenditures and planned use of management reserves.

Major changes include:

- Projected personnel costs, primarily for 15.50 new full-time equivalent positions.
- One-time projects for energy efficiency in County facilities, including the fourth year of funding for Building Automation Systems technology.
- Consultant study to assess accessibility in County facilities and identify projects, including a second year of funding for projects to improve accessibility.
- Major maintenance projects to improve and extend the utility of Housing & Community Development's headquarters facility, and to complete remediation and closure of remaining underground storage tank sites.
- Additional books and materials for library branches.

Key areas of focus include:

- Support of the *Live Well San Diego* community wellness and safety engagement efforts through a variety of programs relating to housing, animal safety, library services, and federally funded projects for parks, firefighting equipment, health clinics, and other community resources.
- Maintaining library hours to provide patron access to library materials and services, and expanding hours to include Sundays at the 4S Ranch library.
- The fourth 24/7 Library-To-Go kiosk, which provides automated book delivery technology.
- Construction activities for a new library in Borrego Springs.
- Continued construction of new libraries in Alpine and Imperial Beach. The Alpine Library is planned to be the first Zero Net Energy County facility.
- Developing a strategic facility replacement and improvement plan to address aging and obsolete County facilities.
- Providing resources to homeless families and veterans exiting from transitional housing.
- Transparency in County procurement through online publishing of contracts.
- Increasing the number of permanent vote-by-mail voters.
- Conducting the June 2016 Presidential Primary Election.

Finance and General Government Group (FGG)

A **net increase of $17.4 million or 4.5%** from the Fiscal Year 2014–15 Adopted Budget. The increase is due primarily to negotiated salary and benefit costs, facility maintenance operations costs and one-time information technology projects.

Major changes include:

- A change in planned IT services for a number of County departments through the County's information technology outsourcing contract, including:
  - Upgrade of Performance Budgeting, the County's budgeting system and to Performance Budgeting's reporting applications.
  - Upgrades and licensing of multiple IT systems, including the Enterprise Document Processing Platform (EDPP) and SharePoint environments.
  - Implementation of Digital or Electronic Signature.
- Increase in major maintenance projects for the County Administration Center and Waterfront Park.

Key areas of focus include:

- Maintaining the County's fiscal stability through active monitoring of economic conditions, sound accounting, auditing, budgetary practices and management discipline, including continued assurance of accountability and transparency in the use of all funds.
- Aggressively pursuing opportunities to restructure the County's debt portfolio to maximize taxpayer savings.
- Maintaining a strong Treasurer's Investment Pool.
- Maintaining an investment in modern information technology.
  - Upgrading of the County's SharePoint Platform environment.
  - Upgrading the Employee Benefits claims payments processing system for efficiency gains and better data analysis of injury trends to help improve prevention strategies.
  - Integration of the County Constituent Relationship Management with existing system.

Capital Program

A **net increase of $55.5 million or 66.2%** from the Fiscal Year 2014–15 Adopted Budget. The amount budgeted in the Capital Program for Capital Projects can vary significantly from year to year based on the size and scope of capital needs in the coming years. The Fiscal Year 2015–16 Capital Program includes $130.0 million for the following capital projects:

- $54.9 million of additional funding for the Sheriff's Crime Lab, with an estimated total project cost of $104.8 million;
- $50.6 million of funding for the Regional Communications System Upgrade and Site Acquisition;
- $10.0 million for the Multiple Species Conservation Program (MSCP);
- $7.1 million for Santa Ysabel Nature Center;
- $2.0 million for Heise Park Electrical and Water;
- $1.5 million for Steele Canyon Artificial Turf;
- $1.5 million for Borrego Springs Park project;
- $1.2 million for the Agua Caliente Photovoltaic System;
- $0.4 million for the North Coastal HHSA Facility;
- $0.3 million for the Lakeside Teen Center Photovoltaic System;
- $0.3 million for Lindo Lake Improvements;
- $0.3 million for Dos Picos Camping Cabins.

The Capital Program also includes $9.2 million for the Edgemoor Development Fund to pay debt service on the 2014 Refunding Certificates of Participation related to construction of the Edgemoor Skilled Nursing Facility and other costs to improve the Edgemoor property. Together with the amounts in the other Capital Program Funds, appropriations for Fiscal Year 2015–16 total $139.2 million.

In Fiscal Year 2016–17, recommended appropriations decrease by $127.5 million from Fiscal Year 2015–16 and the program includes funding of $2.5 million for the MSCP and $9.2 million for the Edgemoor Development Fund.

Finance Other

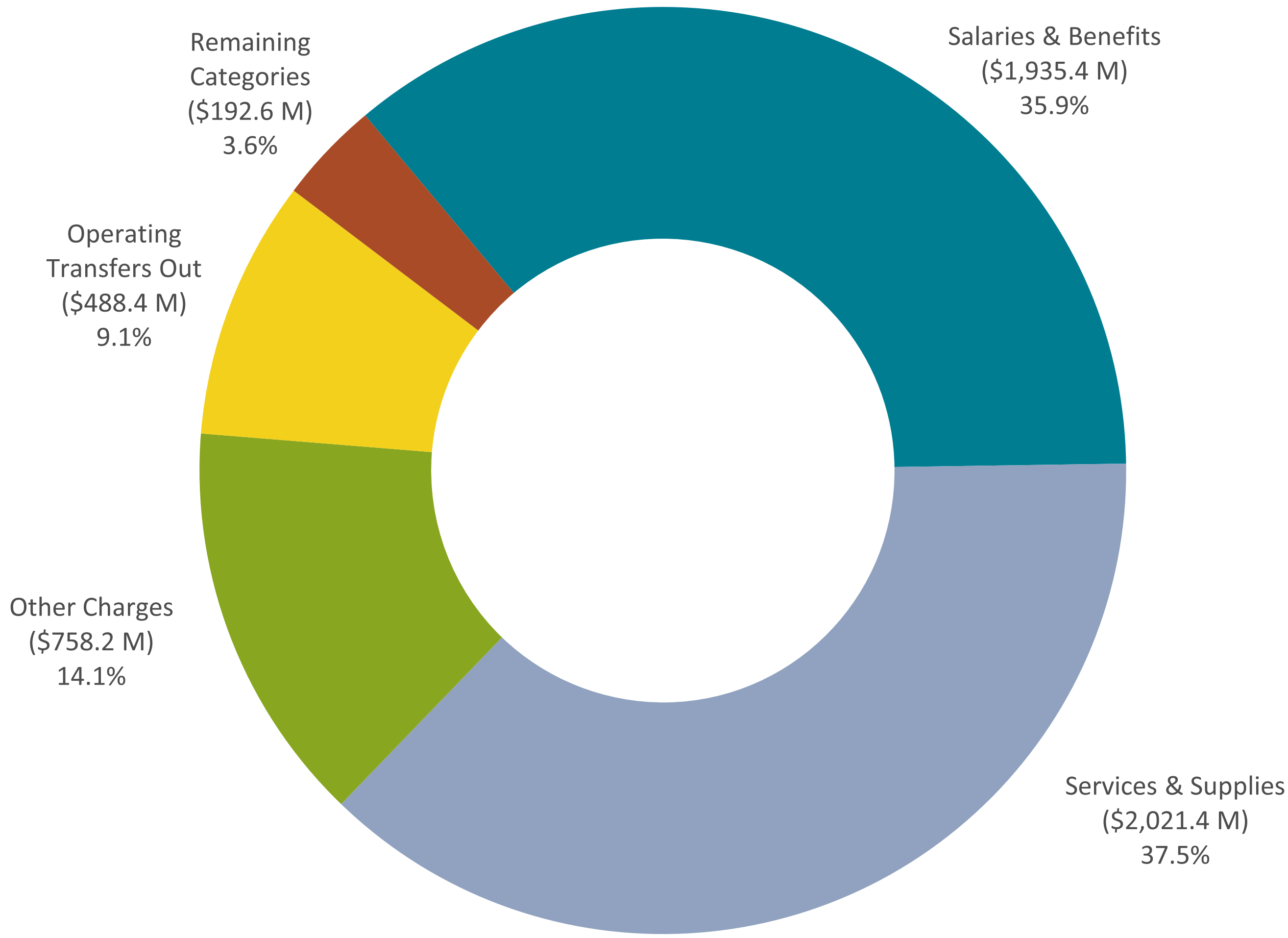
A **net increase of $64.6 million or 19.2%** from the Fiscal Year 2014–15 Adopted Budget. Many of the appropriations in this group vary little from year to year, but some appropriations reported here are one-time and can fluctuate significantly.

The majority of the increase in the Fiscal Year 2015–16 budget supports capital projects, as described above.

Total Appropriations by Categories of Expenditures

The chart below shows the Recommended Budget detailed by categories of expenditures. As noted previously, the **Fiscal Year 2015–16** Recommended Budget is **increasing overall by $312.2 million** from the Fiscal Year 2014–15 Adopted Budget and decreasing by $297.3 million in Fiscal Year 2016–17.

Total Appropriations by Categories of Expenditures
Fiscal Year 2015–16: $5.40 billion



The changes by category are summarized as follows:

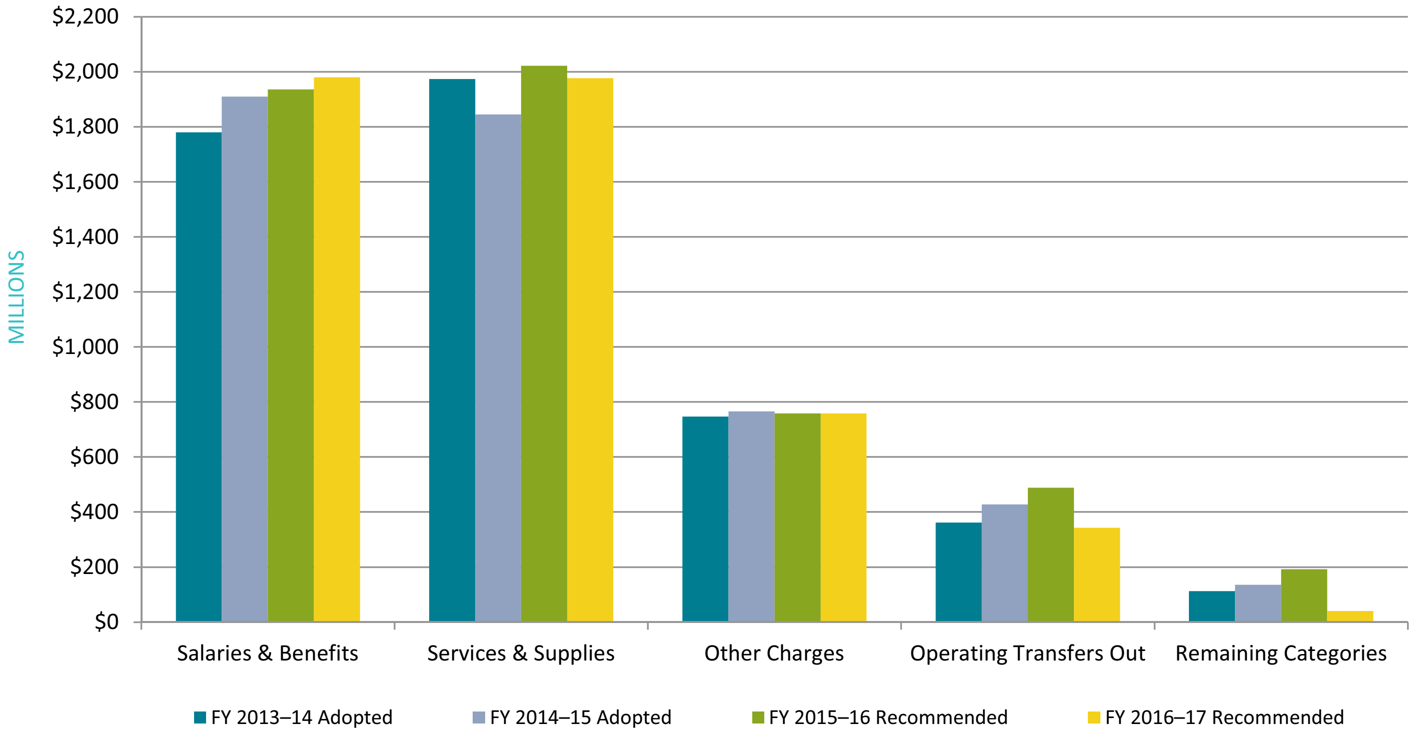
Salaries & Benefits

Salaries & Benefits are **increasing overall by a net $25.3 million or 1.3%** in Fiscal Year 2015–16. This change reflects negotiated salary and benefit costs and a net staffing decrease of 7.50 staff years. Staffing changes include additions in the Department of General Services, Sheriff's Department, District Attorney, and other various departments, and staffing reductions in the Probation Department and Child Support Services. All existing labor agreements include increases in flexible benefit credits.

In Fiscal Year 2016–17, Salaries & Benefits are increasing by a net of $44.6 million or 2.3%, which reflects negotiated salary and benefit costs and an increase in flexible benefit credits. Staff years are expected to remain constant.

See Total Staffing on page 58 for a summary of staffing changes by business group.

Total Appropriations by Categories of Expenditures
Fiscal Years 2013–14 through 2016–17



Total Appropriations by Categories of Expenditures (in millions)					
	Fiscal Year 2013–14 Adopted Budget	**Fiscal Year 2014–15 Adopted Budget**	**Fiscal Year 2015–16 Recommended Budget**	**% Change**	**Fiscal Year 2016–17 Recommended Budget**
Salaries & Employee Benefits	$ 1,780.3	$ 1,910.1	$ 1,935.4	1.3	$ 1,980.0
Services & Supplies	1,973.9	1,845.1	2,021.4	9.6	1,976.3
Other Charges	746.8	765.5	758.2	(1.0)	757.9
Operating Transfers Out	362.1	427.3	488.4	14.3	342.8
Remaining Categories:					
Capital Assets/Land Acquisition	59.1	84.5	134.3	58.8	3.9
Capital Assets Equipment	23.6	21.9	26.6	21.4	15.4
Expenditure Transfer & Reimbursements	(30.2)	(30.3)	(31.6)	4.4	(31.8)
Contingency Reserves	23.1	24.8	26.7	7.9	27.2
Fund Balance Component Increases	0.6	2.6	0.4	(84.6)	1.4
Management Reserves	36.8	32.2	36.3	12.4	24.0
Total	**$ 4,976.1**	**$ 5,083.7**	**$ 5,395.9**	**6.1**	**$ 5,097.2**

Services & Supplies

Services and Supplies are **increasing by a net of $176.3 million or 9.6%**. This category accounts for expenditures for items such as office supplies, contracted services, facility leases, facility maintenance, minor equipment, utility usage, services provided by internal service funds and various other requirements. While individual accounts are increasing or decreasing by varying amounts, the most significant changes include: an increase of $46.7 million in the In-Home Supportive Services (IHSS) Individual Provider (IP) contracted services costs, an increase in additional one-time information technology contracted costs for the design, development and implementation phase of the KIP project ($26.4 million) and one-time costs for Information Technology projects recommended in various departments ($11.5 million), an increase in costs for contracted services in Behavioral Health Services ($13.2 million) and in the Probation Department for juveniles at risk of being institutionalized ($3.9 million), an increase in costs for additional security that includes supporting State and federal homeland security initiatives, replacement of outdated security controls at George Bailey Detention Center ($8.4 million) and replacement of cameras in juvenile institutions ($3.6 million), an increase in costs for maintenance of facilities and equipment at various facilities, and various increases or decreases in one-time projects.

A decrease of $45.1 million or 2.2% in Fiscal Year 2016-17 is primarily due to the anticipated completion of one-time projects.

Other Charges

Other Charges are **decreasing by $7.4 million or 1.0%.** This category includes items such as aid payments, debt service payments, interest expense, right-of-way easement purchases and various other payments including contributions to trial courts and grants to organizations participating in the Community Enhancement and Neighborhood Reinvestment Programs. The decrease is primarily due to a decrease in Finance Other for the Tax and Revenue Anticipation Notes (TRANS) and a decrease in the Air Pollution Control District due to the completion of Mobile Incentives Projects.

No significant change is recommended in Fiscal Year 2016–17.

Operating Transfers Out

Operating Transfers Out, the accounting vehicle for transferring the resources of one fund to pay for activities in another, is **increasing by $61.2 million or 14.3%**. The most significant increases are due to the Regional Communications System Upgrade and increased revenues from Proposition 172, while Operating Transfers decrease in the Health and Human Services Agency and in the Department of General Services.

A decrease of $145.6 million or 29.8% is projected for Fiscal Year 2016–17, and is primarily due to the nonrecurrence of one-time items from the prior year.

Capital Assets/Land Acquisition

Capital Assets/Land Acquisition, which includes capital improvement projects and property acquisitions, is **increasing by $49.7 million or 58.8%** from Fiscal Year 2014–15. Appropriations vary from year to year depending upon the cost of the projects being funded. Of the $134.3 million budgeted for Fiscal Year 2015–16, $130.0 million is for projects in the Capital Program. The Fiscal Year 2015–16 Capital Program includes $54.9 million for the Sheriff's Crime Lab, $50.6 million for the Regional Communications System Upgrade and Site Acquisition, $10.0 million for land acquisition for the Multiple Species Conservation Program (MSCP), $7.1 million for Santa Ysabel Nature Center, $2.0 million for Heise Park Electrical and Water, $1.5 million for Steele Canyon Artificial Turf, $1.2 million for Agua Caliente Photovoltaic System, $1.5 million for Borrego Springs Park, $0.4 million for the North Coastal HHSA Facility, $0.3 million for the Lakeside Teen Center Photovoltaic System, $0.3 million for Lindo Lake Improvements, and $0.3 million for Dos Picos Camping Cabins.

A decrease of $130.3 million or 97.1% is projected for Fiscal Year 2016–17 due to the removal of appropriations to support the one-time projects above. Amounts included in Fiscal Year 2016–17 are funding for the MSCP and for the Edgemoor Development Fund.

Capital Assets Equipment

Capital Assets Equipment is **increasing by $4.7 million or 21.4%** from the prior year. This account primarily includes routine ISF purchases of replacement vehicles and heavy equipment. It may also include appropriations for information technology hardware and communications equipment. Amounts may vary from year to year. A decrease of $11.2 million or 42.1% is expected for Fiscal Year 2016–17.

Expenditure Transfers & Reimbursements

Expenditure Transfers and Reimbursements are **increasing by $1.3 million or 4.4%**. Activity in this account reflects the transfer of expenses to another department within the same fund for services provided. A transfer can occur because a department's funding source requires the expenses to be recorded in that department for revenue claiming purposes, although the actual services are being provided by another department. No significant change is recommended for Fiscal Year 2016-17.

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

Contingency Reserves

Contingency Reserves are appropriations that are set aside for unanticipated needs during the year. In Fiscal Year 2015–16, two funds have a contingency reserve. The General Fund contingency reserve is increasing to $21.7 million from $20.7 million. The Employee Benefits ISF contingency reserve is increasing to $5.0 million from $4.0 million. The Fleet ISF contingency reserve of $0.1 million was eliminated in Fiscal Year 2014–15. In Fiscal Year 2016–17, the General Fund contingency reserve increased to $22.2 million. See the discussion of the General Fund Contingency Reserve in the Finance Other section on page487.

Fund Balance Component Increases

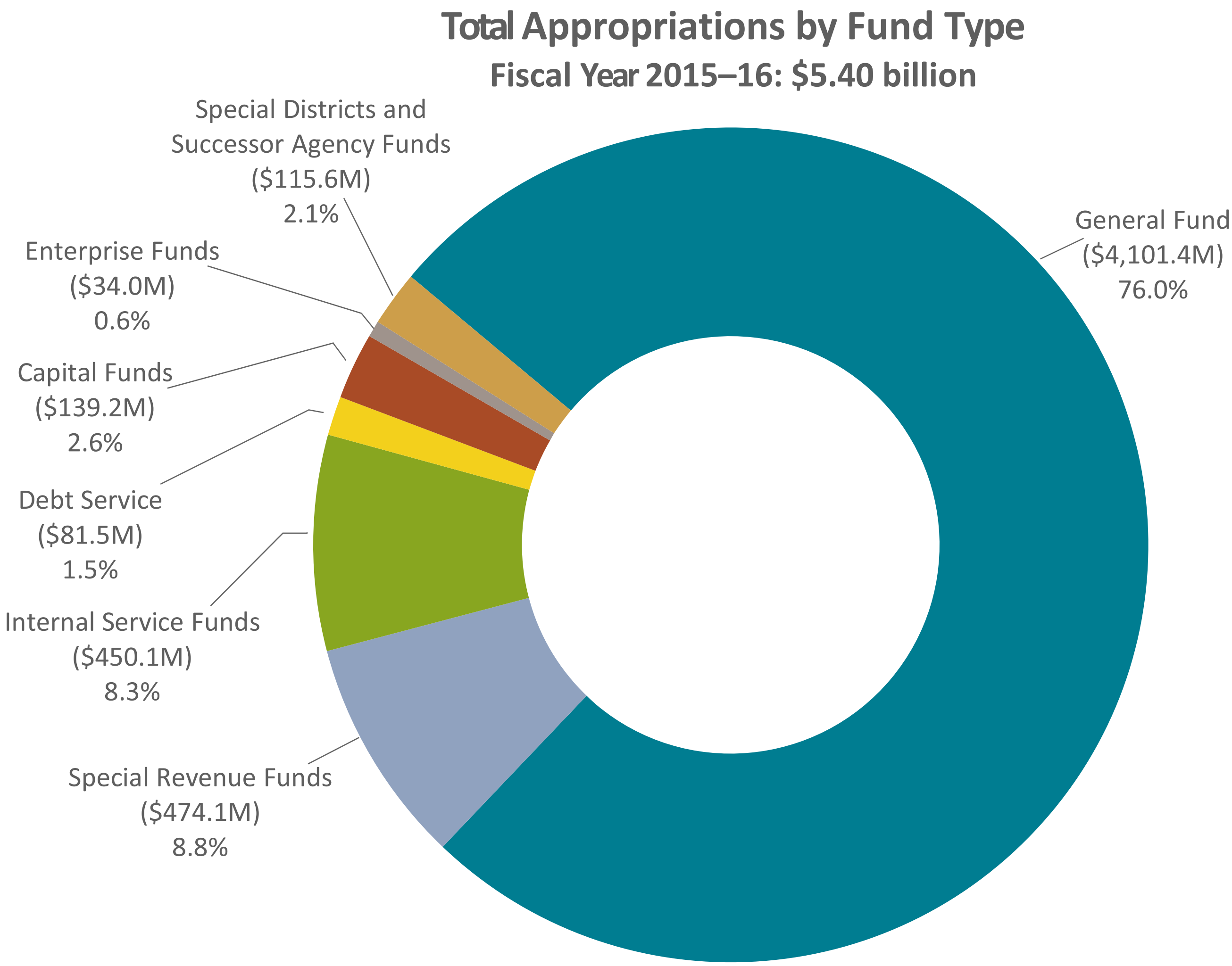
Fund Balance Component Increases can vary from year to year depending upon the need to set aside fund balance for specific future uses. In Fiscal Year 2015–16, fund balance has been committed, for anticipated building reconstruction or replacement in the future for the Air Pollution Control District ($0.3 million), toward the replacement/upgrade of fire apparatus and equipment for regional support for the San Diego County Fire Authority ($0.1 million). For Fiscal Year 2016-17 an additional ($1.0 million) is committed for the 2016 Presidential Primary Election for the Registrar of Voters, for anticipated building reconstruction or replacement in the future for the Air Pollution Control District ($0.3 million) and toward the replacement/upgrade of fire apparatus and equipment for regional support for the San Diego County Fire Authority ($0.1 million).

Management Reserves

Management Reserves are **increasing by $4.0 million or 12.4%**. The level of Management Reserves can vary from year to year. They are used to fund one-time projects or to serve as a prudent mitigation for revenue and economic uncertainties at the business group or department level.

Total Appropriations by Fund Type

The financial transactions of the County are recorded in individual funds and account groups. The State Controller prescribes uniform accounting practices for California counties. Various revenue sources are controlled and spent for purposes that require those funds to be accounted for separately. Accordingly, the funds/fund types described below provide the basic structure for the Operational Plan. Appendix B: Budget Summary and Changes in Fund Balance provides expenditure amounts for County funds by Type of Fund and by Group/Agency. (See also "Measurement Focus and Basis of Accounting" on page 93.)



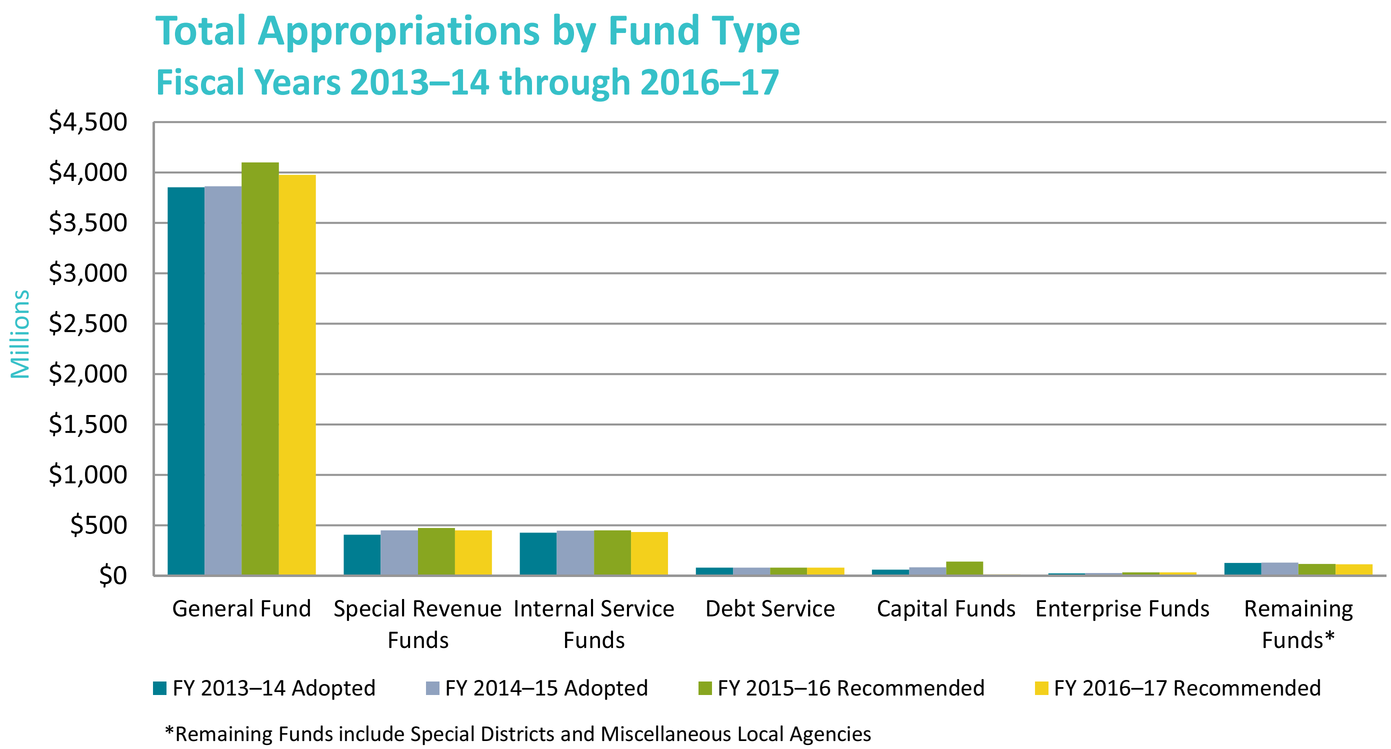
Governmental Fund Types

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

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

Debt Service Funds account for the accumulation of resources for the payment of principal and interest on general long-term debt. The Debt Service Funds include bond principal and interest payments and administrative expenses for Pension Obligation Bonds. A discussion of long and short-term financial obligations can be found on page 105.

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



Total Appropriations by Fund Type (in millions)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Recommended Budget	% Change	Fiscal Year 2016–17 Recommended Budget
General Fund	$ 3,853.1	$ 3,863.6	$ 4,101.4	6.2	$ 3,975.6
Special Revenue Funds	406.9	450.2	474.1	5.3	449.9
Internal Service Funds	425.7	447.5	450.1	0.6	434.0
Debt Service Funds	81.5	81.5	81.5	0.0	81.4
Capital Project Funds	58.5	83.7	139.2	66.2	11.7
Enterprise Funds	24.8	27.4	34.0	24.1	32.8
Special Districts & Redevelopment Funds	125.7	129.8	115.6	(10.9)	111.8
Total	**$ 4,976.1**	**$ 5,083.7**	**$ 5,395.9**	**6.1**	**$ 5,097.2**

Proprietary Fund Types

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

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

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

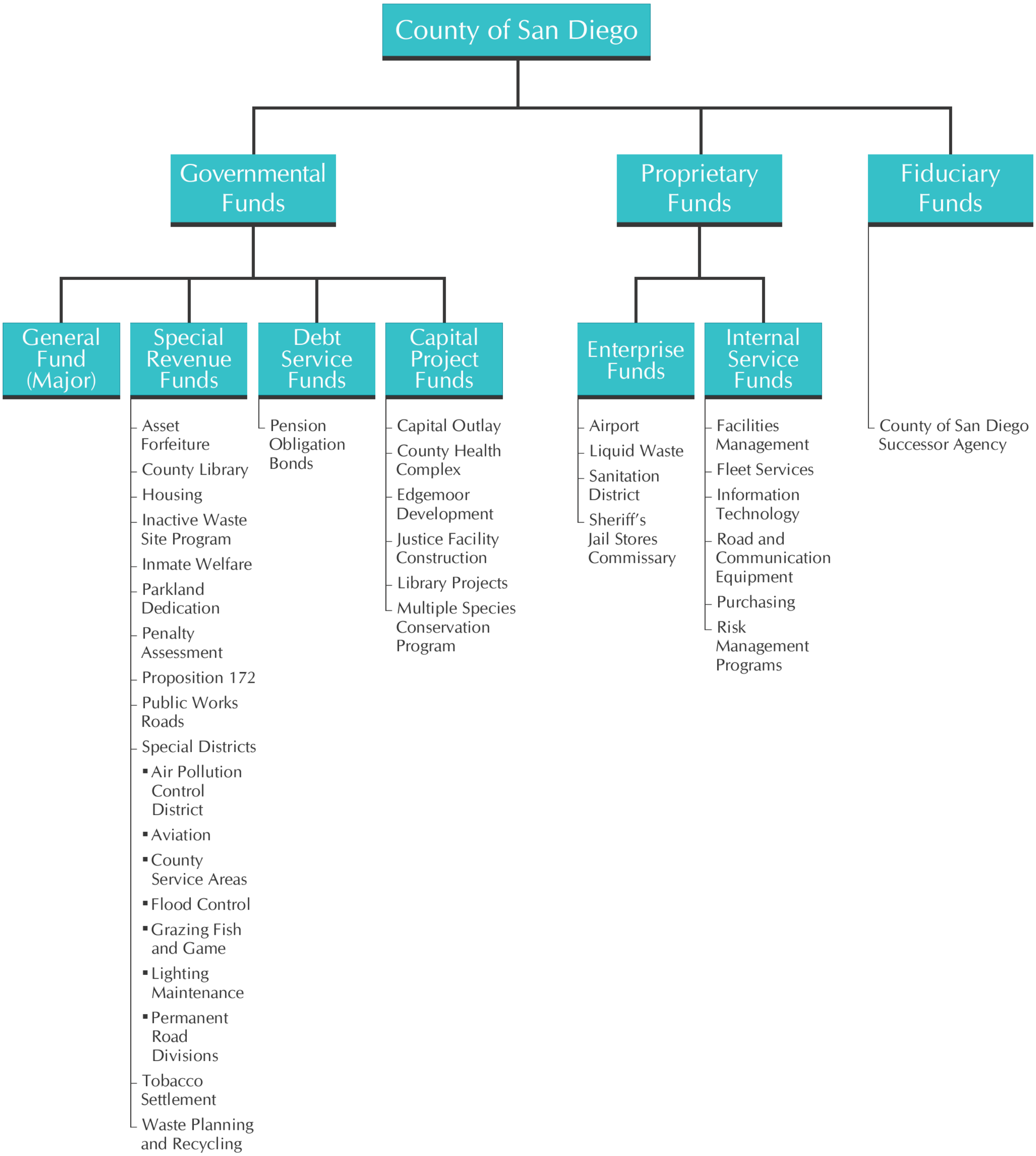
Examples include the Airport and Wastewater Funds.

Fiduciary Funds

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

Successor Agency Funds are used to pay the outstanding obligations of the dissolved Redevelopment Agencies and taxing entities where the County is the Successor Agency. Redevelopment Agencies were originally established to account for the proceeds of redevelopment area incremental taxes, interest revenues and temporary loans which were used to eliminate slums and blighted areas, improve housing, expand employment opportunities and provide an environment for the social, economic and psychological growth and well-being of all citizens of the county. The State of California, through the passage of Assembly Bill x1 26, *Redevelopment Agency Dissolution*, dissolved all redevelopment agencies as of February 1, 2012. As a requirement of the dissolution process, all funds, assets and obligations of the redevelopment agencies were transferred to a successor agency for payment or disbursement.

County Budgetary Fund Structure



Department Fund Relationship

The table below summarizes the relationship between County funds and each of the County's business groups. Funds are summarized by fund type and categorized as governmental, proprietary or fiduciary.

Department Fund Relationship

	GOVERNMENTAL				PROPRIETARY		FIDUCIARY
	General Fund	Special Revenue Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Successor Agency Funds
Public Safety Group (PSG)							
Child Support Services	✓						
Citizens' Law Enforcement Review Board	✓						
District Attorney	✓	✓					
Medical Examiner	✓						
Office of Emergency Services	✓						
Probation	✓	✓					
Public Defender	✓						
PSG Executive Office	✓	✓					
San Diego County Fire Authority	✓	✓					
Sheriff	✓	✓			✓		
Health and Human Services Agency (HHSA)							
Administrative Support	✓						
Aging & Independence Services	✓						
Behavioral Health Services	✓						
Child Welfare Services	✓						
Public Health Services	✓	✓					
Regional Operations	✓						
Land Use and Environment Group (LUEG)							
Agriculture, Weights & Measures	✓	✓					
Air Pollution Control District		✓					
Environmental Health	✓						
Farm and Home Advisor	✓						
LUEG Executive Office	✓						
Parks and Recreation	✓	✓					
Planning & Development Services	✓						
Public Works	✓	✓			✓	✓	

Department Fund Relationship

	GOVERNMENTAL				PROPRIETARY		FIDUCIARY
	General Fund	Special Revenue Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Successor Agency Funds
Community Services Group (CSG)							
Animal Services	✓						
County Library		✓					
County of San Diego Successor Agency							✓
CSG Executive Office	✓						
General Services						✓	
Housing and Community Development	✓	✓					
Purchasing and Contracting						✓	
Registrar of Voters	✓						
Finance and General Government (FGG) Group							
Assessor/Recorder/County Clerk	✓						
Auditor and Controller	✓						
Board of Supervisors	✓						
Clerk of the Board of Supervisors	✓						
Chief Administrative Office	✓						
Civil Service Commission	✓						
County Counsel	✓					✓	
County Communications Office	✓						
County Technology Office	✓					✓	
FGG Group Executive Office	✓						
Grand Jury	✓						
Human Resources	✓					✓	
Treasurer-Tax Collector	✓						
Capital Program	✓			✓			
Finance Other	✓		✓			✓	

Appropriations Limits

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

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

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

San Diego County Appropriations Limit (in millions)

	Fiscal Year 2007–08	Fiscal Year 2008–09	Fiscal Year 2009–10	Fiscal Year 2010–11	Fiscal Year 2011–12	Fiscal Year 2012–13	Fiscal Year 2013–14	Fiscal Year 2014–15
Gann Limit	$ 3,619	$ 3,825	$ 3,897	$ 3,852	$ 3,977	$ 4,164	$ 4,465	$ 4,509
Appropriations subject to the limit	$ 1,287	$ 1,340	$ 1,309	$ 1,264	$ 1,255	$ 1,527	$ 1,683	$ 1,772

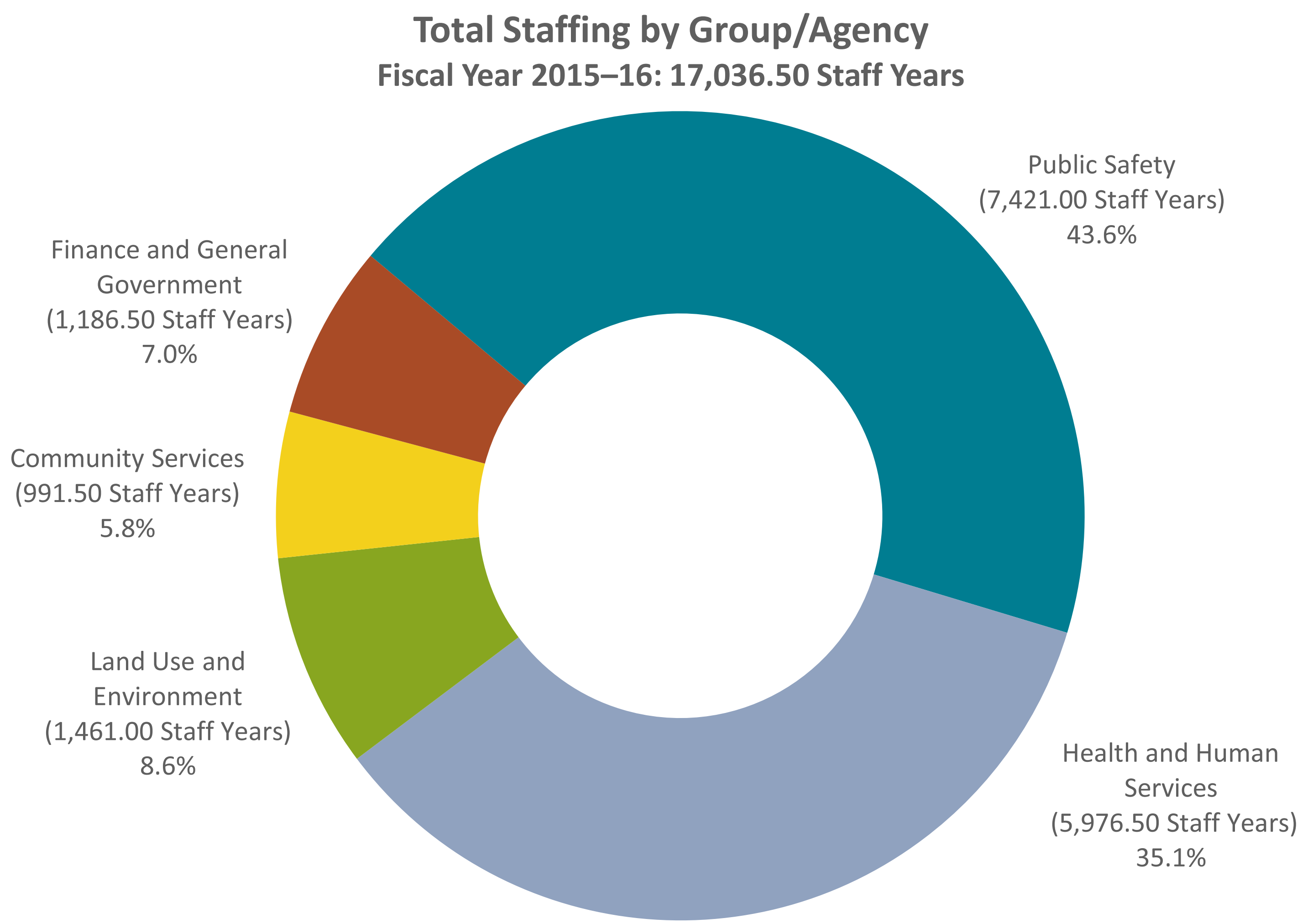
All Funds: Total Staffing

Total Staffing by Group/Agency

Recommended staff years[1] for **Fiscal Year 2015–16 decreased by 7.50** from the Adopted Budget for Fiscal Year 2014–15, **a decrease of 0.04% to a total of 17,036.50 staff years**.

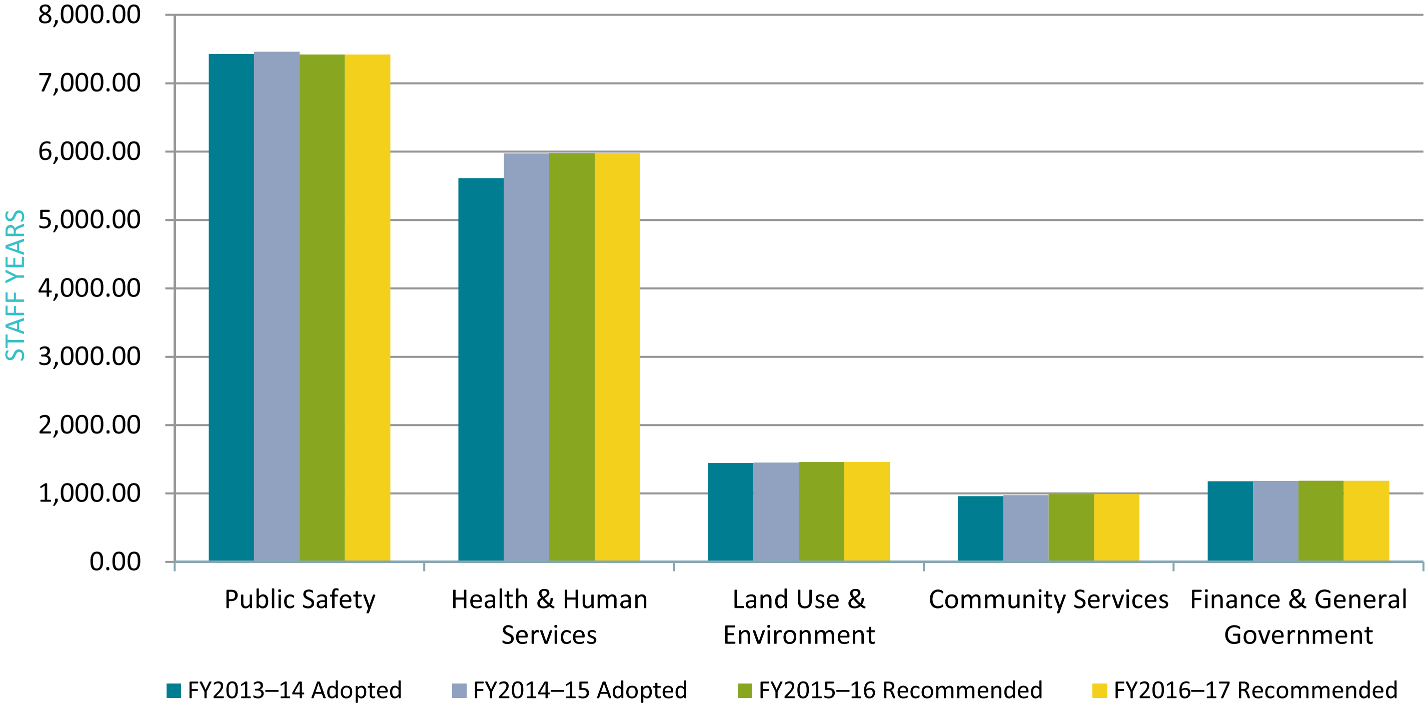
This net decrease is primarily attributable to decreased staffing in the Public Safety Group. While overall staffing levels are decreasing, there are some departments and programs in which staffing levels are increasing. The staffing changes are summarized by business group in the chart below.

Total staff years in Fiscal Year 2016–17 are expected to remain constant at 17,036.50.



[1]One staff year is equivalent to one permanent employee working full-time for one year

Total Staffing by Group/Agency
Fiscal Years 2013–14 through 2016–17



Total Staffing by Group/Agency (staff years)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Recommended Budget	% Change	Fiscal Year 2016–17 Recommended Budget
Public Safety	7,429.00	7,459.00	7,421.00	(0.5)	7,421.00
Health and Human Services	5,613.50	5,973.50	5,976.50	0.1	5,976.50
Land Use and Environment	1,446.00	1,452.00	1,461.00	0.6	1,461.00
Community Services	961.00	976.00	991.50	1.6	991.50
Finance and General Government	1,177.50	1,183.50	1,186.50	0.3	1,186.50
Total	**16,627.00**	**17,044.00**	**17,036.50**	**(0.0)**	**17,036.50**

Public Safety Group (PSG)

PSG has a **net decrease of 38.00 staff years, or 0.5%**, to align staffing with available revenues and to address key operational requirements.

- Public Safety Executive Office: decreases by 1.00 staff year due to a position transfer to Human Resources Services to support centralized functions.
- District Attorney: increases by 7.00 staff years to collect, analyze and disseminate data with a focus on impacts resulting from the implementation of Proposition 47 (2014), *Criminal Sentences. Misdemeanor Penalties. Initiative Statute.*; Assembly Bill 109, *Public Safety Realignment (2011)*, and other programs related to reducing criminal recidivism.
- Sheriff's Department: increases by a net of 10.00 staff years. This includes a net increase of 8.00 staff years in the Sheriff's Court Services Bureau for law enforcement services to provide coverage for the County Administration Center (CAC) and the CAC Waterfront Park, an increase of 2.00 staff years in the Special Enforcement Detail to address the unit’s increased workload, an increase of 1.00 staff year to provide support for Operation Stonegarden Grant Program as approved by the Board of Supervisors on January 27, 2015, and a decrease of 1.00 staff year for the High Intensity Drug Trafficking Areas (HIOTA) program.

- Child Support Services: decreases by 5.00 staff years to support shifting funds to reclassified positions.
- Office of Emergency Services: increases by 2.00 staff years to enhance regional emergency capabilities (of these, 1.00 staff year was approved by the Board of Supervisors on December 2, 2014).
- Probation Department: decreases by a net of 57.00 staff years. This includes a decrease of 51.00 staff years as a result of aligning operations with the decline of the juvenile population in the detention facilities, a decrease of 5.00 staff years in Investigative Services as a result of aligning operations with current workload, and a decrease of 1.00 staff year due to the reduction of the Federal Bureau of Justice Assistance, Second Chance Act for the Smart Probation Project.
- Public Defender: increases by 5.00 staff years to address increased case responsibilities and activities related to Proposition 47.
- San Diego County Fire Authority: increases by 1.0 staff year to support fire prevention activities as approved by the Board of Supervisors on September 23, 2014.

In Fiscal Year 2016–17, no change in staffing is recommended.

Health and Human Services Agency (HHSA)

HHSA has an **increase of 3.00 staff years or 0.1%**. The increase includes the addition of 5.00 staff years in the Office of Military and Veteran Affairs in Aging & Independence Services to augment outreach and education activities by increasing the County's presence at County Library outstations and new strategically located Veteran Resource Centers. This is offset by a decrease of 2.00 staff years in Regional Operations due to a transfer to the Auditor and Controller Department's Office of Revenue and Recovery to support expanded recovery efforts for HHSA programs. All other staffing changes were transfers between departments to address operational needs.

- Regional Operations: decreases by 18.75 staff years including the transfer of 2.00 staff years to the Auditor and Controllers Department's Office of Revenue and Recovery and 16.75 staff years due to interdepartmental transfers.
- Aging & Independence Services: increases by 5.00 staff years in the Office of Military and Veteran Affairs to augment outreach and education activities.
- Behavioral Health Services: increases by 2.75 staff years due to interdepartmental transfers.
- Child Welfare Services: increases by 11.00 staff years due to interdepartmental transfers.
- Public Health Services: increases by 1.00 staff year due to interdepartmental transfers.
- Administrative Support: increases by 2.00 staff years due to interdepartmental transfers.

In Fiscal Year 2016–17, no change in staffing is recommended.

Land Use and Environment Group (LUEG)

LUEG has an **increase of 9.00 staff years or 0.6%**.

- LUEG Executive Office: increases by 1.00 staff year. Increase is due to the transfer of one Group Program Manager position from Parks and Recreation.
- Parks and Recreation: increases by a net 1.00 staff year. This includes an increase of 2.00 staff years in the Operations Division for the management of the new County Administration Center Waterfront Park (1.00) and for the management of the Harmony Grove community open space (1.00). This is offset by a decrease of 1.00 staff year in Administration due to the transfer of a Group Program Manager position to the LUEG Executive Office.
- Planning and Development Services: increases by 4.00 staff years for planners in the Advanced Planning and Project Planning Divisions due to increased workload.
- Public Works: increases by a net of 3.00 staff years.
  - Increase of 5.00 staff years department-wide includes 3.00 new staff years, one in the Wastewater Enterprise Fund to provide service for the new Harmony Grove Service District area in the San Diego County Sanitation District, and 2.00 new staff years in the General Fund for Watershed Protection Program to ensure compliance with the Bacteria Total Maximum Daily Load (TMDL) requirements and to meet regulatory responsibilities due to the re-issuance of the Municipal Stormwater permit.
  - Decrease in the Road Fund of 2.00 staff years (1.00 staff year in the Capital Improvement Program (CIP) and 1.00 staff year in Cartography) as a result of decreased workload for capital improvement projects funded by the Highway Users Tax.
  - Transfer of 5.00 staff years within the Road Fund from Land Development Administrative Support to Department Administration (2.00 staff years) and Financial Services (3.00 staff years) due to organizational changes.
  - Transfer of 1.00 staff year from the Road Fund to the General Fund for the Watershed Protection Program. This action will align staff assigned to manage the Total Maximum Daily Load (TMDL) program funded by the General Fund.

In Fiscal Year 2016–17, no change in staffing is recommended.

Community Services Group (CSG)

CSG has an **increase of 15.50 staff years or 1.6%**.

- County Library: increases by 3.50 staff years. This includes an increase of 1.00 staff year to support the addition of Sunday hours at the 4S Ranch library, and an increase of 2.50 staff years to support a total of five 24/7 Library-to-Go systems at the County Operations Center, Bonsall, and three other County locations to be determined at a future date.

- Department of General Services: increases by 12.00 staff years.
  - 6.00 staff years for maintenance of the Las Colinas Detention and Reentry Facility, Phase II.
  - 2.00 staff years for the Smart Building automation system team and program support.
  - 2.00 staff years for the management of capital projects.
  - 1.00 staff year for the administrative support of the Energy and Sustainability Program.
  - 1.00 staff year for the administrative and technical support of Fleet Management.

In Fiscal Year 2016–17, no change in staffing is recommended.

Finance and General Government Group (FGG)

FGG has an **increase of 3.00 staff years or 0.3%**.

- Auditor and Controller: increases in the office of Revenue and Recovery by 2.00 staff years due to a transfer from the Health and Human Services Agency's (HHSA) Regional Operations to support expanded recovery efforts for HHSA programs.
- Department of Human Resources: increases by 1.00 staff year due to a transfer from the Public Safety Group to support centralized functions.

In Fiscal Year 2016–17, no change in staffing is recommended.

Total Staffing by Department within Group/Agency

Changes by department are summarized in the table on the following pages. Additional detail on staff year changes can be found in the Group/Agency section that begins on page 111.

Total Staffing by Department within Group/Agency (staff years)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Recommended Budget	% Change	Fiscal Year 2016–17 Recommended Budget
Public Safety	**7,429.00**	**7,459.00**	**7,421.00**	**(0.5)**	**7,421.00**
Public Safety Executive Office	11.00	11.00	10.00	(9.1)	10.00
District Attorney	985.00	996.00	1,003.00	0.7	1,003.00
Sheriff	4,178.00	4,212.00	4,222.00	0.2	4,222.00
Child Support Services	471.00	471.00	466.00	(1.1)	466.00
Citizen’s Law Enforcement Review Board	4.00	4.00	4.00	0.0	4.00
Office of Emergency Services	17.00	17.00	19.00	11.8	19.00
Medical Examiner	54.00	56.00	56.00	0.0	56.00
Probation	1,339.00	1,316.00	1,259.00	(4.3)	1,259.00
Public Defender	357.00	357.00	362.00	1.4	362.00
San Diego County Fire Authority	13.00	19.00	20.00	5.3	20.00
Health and Human Services	**5,613.50**	**5,973.50**	**5,976.50**	**0.1**	**5,976.50**
Regional Operations	2,838.00	3,183.75	3,165.00	(0.6)	3,165.00
Aging & Independence Services	379.00	385.00	390.00	1.3	390.00
Behavioral Health Services	791.00	786.25	789.00	0.3	789.00
Child Welfare Services	752.00	757.00	768.00	1.5	768.00
Public Health Services	484.50	484.50	485.50	0.2	485.50
Administrative Support	369.00	377.00	379.00	0.5	379.00

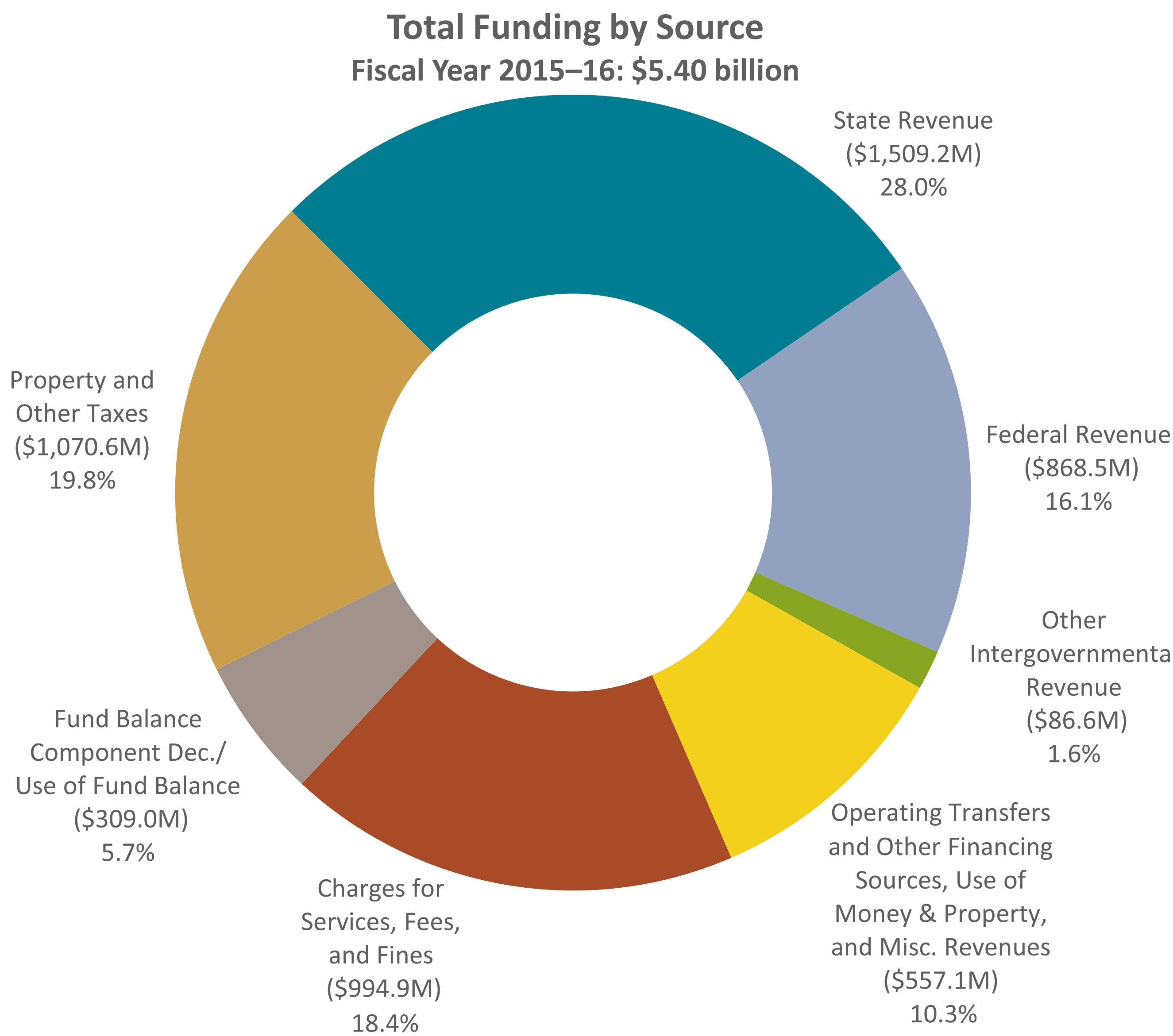
Total Staffing by Department within Group/Agency (staff years)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Recommended Budget	% Change	Fiscal Year 2016–17 Recommended Budget
Land Use and Environment	**1,446.00**	**1,452.00**	**1,461.00**	**0.6**	**1,461.00**
Land Use and Environment Executive Office	10.00	10.00	11.00	10.0	11.00
Agriculture, Weights and Measures	160.00	162.00	162.00	0.0	162.00
Air Pollution Control District	146.00	146.00	146.00	0.0	146.00
Environmental Health	280.00	280.00	280.00	0.0	280.00
Parks and Recreation	175.00	178.00	179.00	0.6	179.00
Planning and Development Services	175.00	176.00	180.00	2.3	180.00
Public Works	500.00	500.00	503.00	0.6	503.00
Community Services	**961.00**	**976.00**	**991.50**	**1.6**	**991.50**
Community Services Executive Office	8.00	8.00	8.00	0.0	8.00
Animal Services	123.00	124.00	124.00	0.0	124.00
County Library	270.00	270.00	273.50	1.3	273.50
General Services	338.00	352.00	364.00	3.4	364.00
Housing and Community Development	102.00	102.00	102.00	0.0	102.00
Purchasing and Contracting	56.00	56.00	56.00	0.0	56.00
Registrar of Voters	64.00	64.00	64.00	0.0	64.00
Finance and General Government	**1,177.50**	**1,183.50**	**1,186.50**	**0.3**	**1,186.50**
Finance and General Government Group Executive Office	21.00	21.00	21.00	0.0	21.00
Board of Supervisors	56.00	56.00	56.00	0.0	56.00
Assessor/Recorder/County Clerk	410.50	410.50	410.50	0.0	410.50
Treasurer-Tax Collector	121.00	123.00	123.00	0.0	123.00
Chief Administrative Office	14.50	14.50	14.50	0.0	14.50
Auditor and Controller	232.50	232.50	234.50	0.9	234.50
County Technology Office	17.00	17.00	17.00	0.0	17.00
Civil Service Commission	4.00	4.00	4.00	0.0	4.00
Clerk of the Board of Supervisors	27.00	27.00	27.00	0.0	27.00
County Counsel	136.00	138.00	138.00	0.0	138.00
Grand Jury	1.00	1.00	1.00	0.0	1.00
Human Resources	115.00	117.00	118.00	0.9	118.00
County Communications Office	22.00	22.00	22.00	0.0	22.00
County Total	**16,627.00**	**17,044.00**	**17,036.50**	**(0.0)**	**17,036.50**

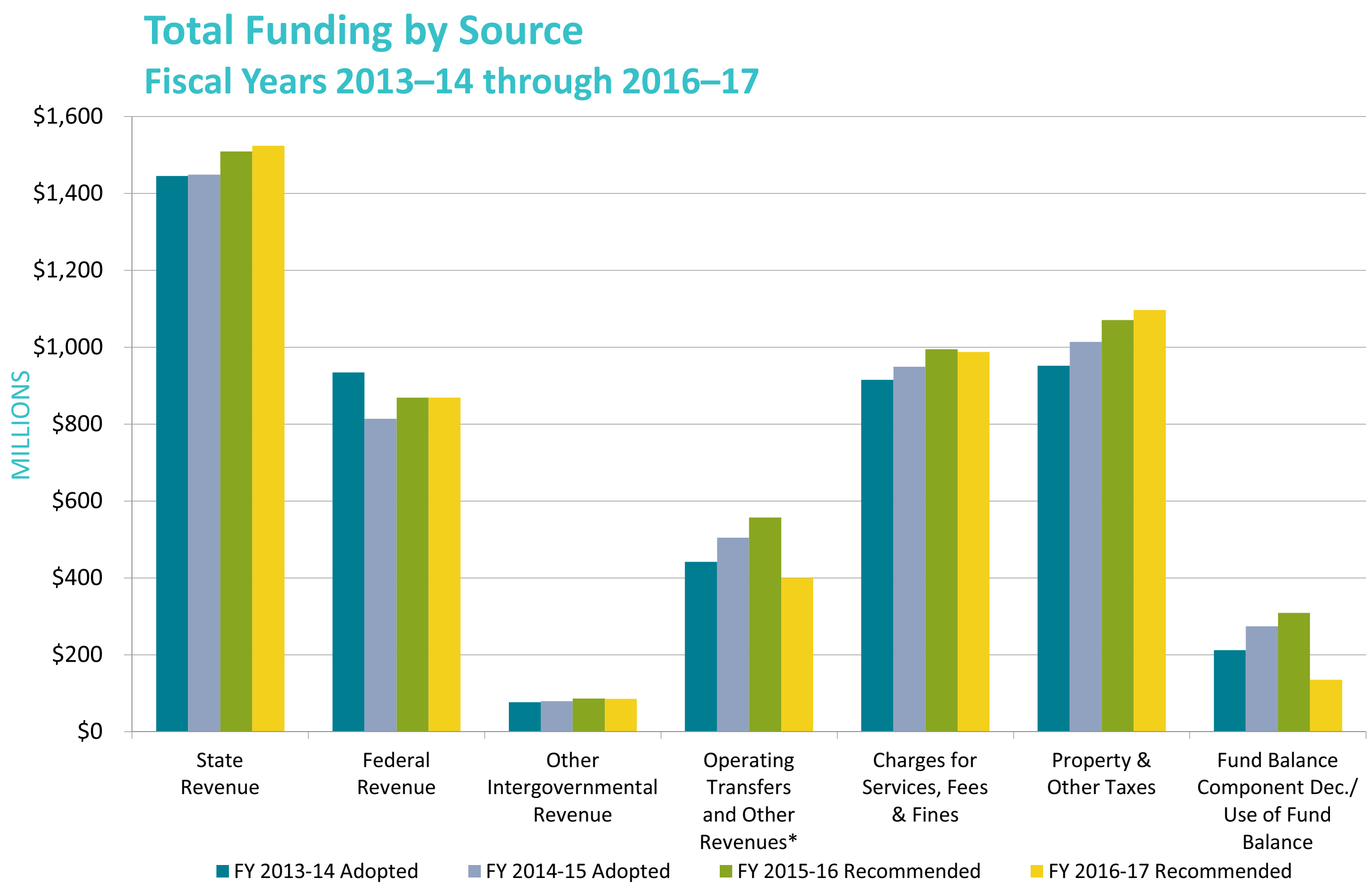
All Funds: Total Funding Sources

Total Funding by Source

Total resources recommended to support County services for **Fiscal Year 2015–16 are $5.40 billion, an increase of $312.2 million or 6.1%** from the Fiscal Year 2014–15 Adopted Budget. Total resources recommended to decrease by $298.8 million or 5.5% to $5.10 billion in Fiscal Year 2016–17. For Fiscal Year 2015–16, the combination of State Revenue ($1.5 billion), Federal Revenue ($868.5 million) and Other Intergovernmental Revenue ($86.6 million) supplies 45.7% of the funding sources for the County's budget. Interfund Operating Transfers, Use of Money & Property, Miscellaneous Revenues and Other Financing Sources make up 10.3% of the funding sources ($557.1 million). Another 18.4% ($994.9 million) comes from Charges for Current Services, Fees and Fines. Use of Fund Balance and Fund Balance Component Decreases supply 5.7% ($309.0 million) of the funding sources.



Finally, recommended revenues in the Property and Other Taxes category, received from property taxes, Property Tax in lieu of Vehicle License Fees, the Teeter program, Sales and Use Tax, Real Property Transfer Tax, Transient Occupancy Tax and miscellaneous other revenues account for 19.8% ($1.1 billion) of the financing sources for the County's budget. The majority of the recommended revenues in this category (95.1%) are in the General Fund with the balance in the Library Fund, the Road Fund and miscellaneous other funds.



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

Total Funding by Source (in millions)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Recommended Budget	% Change	Fiscal Year 2016–17 Recommended Budget
State Revenue	$ 1,445.6	$ 1,449.1	$ 1,509.2	4.1	$ 1,523.6
Federal Revenue	934.0	813.5	868.5	6.8	868.5
Other Intergovernmental Revenue	76.5	79.4	86.6	9.1	85.5
Operating Transfers and Other Financing Sources, Use of Money & Property and Misc. Revenues	442.0	504.4	557.1	10.4	399.5
Charges for Services, Fees and Fines	914.9	949.2	994.9	4.8	987.8
Property and Other Taxes	951.4	1,013.7	1,070.6	5.6	1,096.7
Fund Balance Component Decrease	3.4	4.8	28.4	487.6	22.7
Use of Fund Balance	208.4	269.5	280.5	4.1	112.9
Total	**$ 4,976.1**	**$ 5,083.7**	**$ 5,395.9**	**6.1**	**$ 5,097.2**

Overall Change

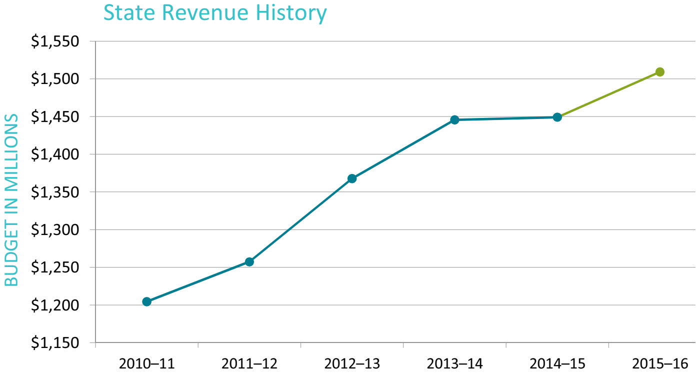
In the table on the previous page, the $312.2 million increase in the Fiscal Year 2015–16 Recommended Budget shows increases in all revenue categories. The General Fund section addresses significant revenue changes by source in the General Fund. Changes other than those in the General Fund are highlighted below.

Change by Source

State Revenue

State Revenue is recommended to **increase by $60.1 million or 4.1%** overall in Fiscal Year 2015–16.

All Funds:
State Revenue History

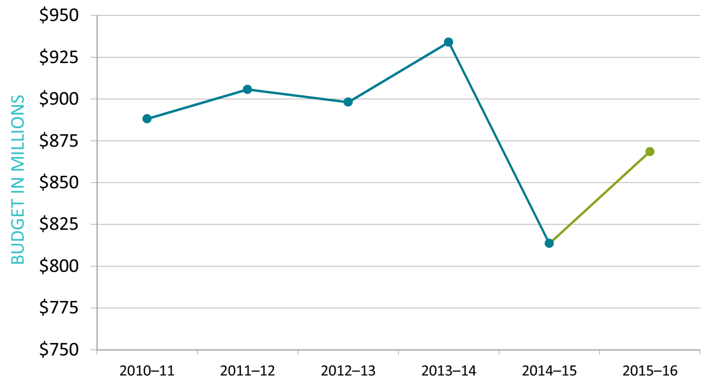


The recommended increases in State Revenue are in the Health and Human Services Agency (HHSA) of $53.4 million, in the Public Safety Group (PSG) of $17.5 million and in the Community Services Group (CSG) of $1.3 million. These are offset by decreases in the Land Use and Environment Group (LUEG) of $12.0 million and in Finance Other of $0.1 million. A recommended increase of $59.8 million in the General Fund is described in the next section. State revenues outside of the General Fund are recommended to increase by $0.3 million primarily in PSG due to an increase of $11.7 million in the Proposition 172 Special Revenue Fund which supports regional law enforcement services and in CSG due to increase funding of $0.7 million in General Services from the California Energy Commission grant to provide electrical vehicle charging infrastructure and from the Administrative Office of the Courts for additional facilities maintenance services. These are offset by decreases in the Department of Public Works (DPW) of $11.0 million due to a six-cent reduction of excise tax in the Highway User's Tax Account and in Air Pollution and Control District (APCD) of $1.1 million primarily for the mobile source incentive program.

Federal Revenue

Federal Revenue is recommended to **increase by $55.0 million or 6.8%** overall in Fiscal Year 2015–16.

All Funds:
Federal Revenue History

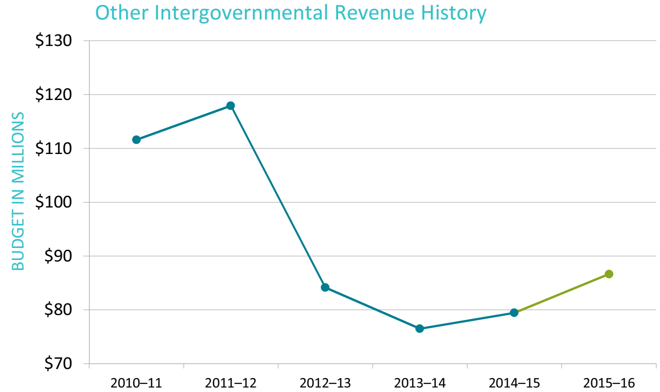


Of the recommended increases in Federal Revenue, $57.8 million are in the General Fund which is explained in the next section. This is offset by a decrease of $2.8 million outside of General Fund primarily in LUEG due to a decrease in DPW of $1.9 million in Federal Emergency Management Assistance Homeland Security grants supporting one-time capital project and $0.9 million decrease in the Capital Program for one-time expenditures.

Other Intergovernmental Revenue

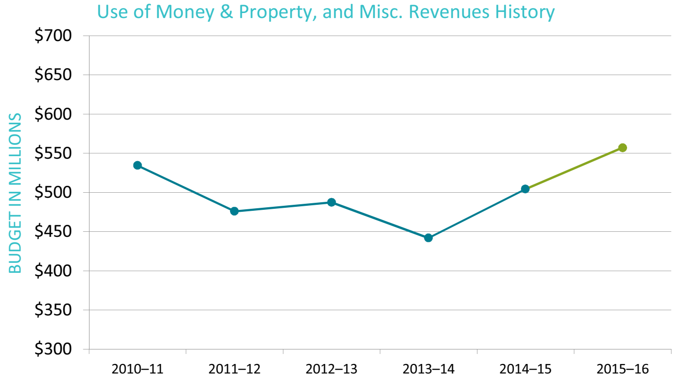
Other Intergovernmental Revenue is recommended to **increase by a net of $7.2 million or 9.1%** overall in Fiscal Year 2015–16.

All Funds:
Other Intergovernmental Revenue History



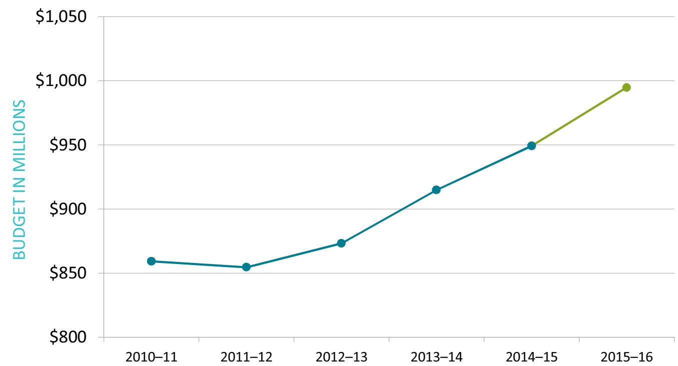
The recommended increase in Other Intergovernmental Revenue of $0.7 million outside the General Fund is primarily in CSG in County Library due to revenue from Redevelopment Agencies to support Library operations.

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



- Other Financing Sources (primarily Operating Transfers between funds) is recommended to **increase by a net of $57.3 million or 13.6%** of which $11.7 million is in the General Fund. The most significant changes outside of the General Fund include increases of $57.9 million in the Capital Program, $4.4 million in LUEG and $0.4 million in FGG offset by decreases of $15.9 million in CSG and $1.1 million in PSG. The $57.9 million recommended increase in the Capital Program is due to increases in various capital projects. In LUEG, the $4.4 million increase is primarily due to transfer of SDG&E franchise fees for road maintenance work in DPW. In FGG, the $0.4 million increase is due to an increase in costs for Enterprise Resource Planning system licenses and related expenditures. The decrease of $15.9 million in CSG is primarily due to a technical adjustment associated with the On-Bill financing, which is used to finance Countywide energy efficiency projects. The decrease of $1.1 million in PSG is due to a decline in penalty assessment revenues.
- Revenue from Use of Money & Property **decreases by a net of $2.9 million or 6.7%** in Fiscal Year 2015–16. The General Fund increases by $1.0 million. Outside of the General Fund, decreases include:
  - $4.1 million in HHSA due to a decrease in interest earnings from Tobacco Settlement funds.
  - $0.3 million in the Capital Program primarily in Edgemoor Development due to lower interest revenue.
  - $0.1 million in CSG due to lower interest earnings generated from the Fleet Acquisition ISF cash balance.
  - These decreases are partially offset by an increase of $0.4 million in LUEG for an increase in equipment rental operating fees for DPW's fleet and $0.1 million in PSG primarily in Sheriff due to the inmate telephone system contract.
- Miscellaneous Revenues decrease by $1.7 million or 4.5% in Fiscal Year 2015-16. Of this decrease, $2.1 million is in the General Fund. A net increase of $0.4 million outside of the General Fund includes:
  - Increase of $0.4 million in LUEG due to funding from tribal agreements for capital improvement projects in the Road Fund.
  - Net increase of $0.1 million in CSG due to an increase of $0.3 million in proceeds from negotiated rebates in the Department of Purchasing and Contracting and a decrease of $0.2 million primarily due to a reduction in funding from the SDG&E Partnership grant in the Department of General Services.
  - Decrease of $0.1 million in PSG due to a decrease in sales of commissary goods to inmates in the Sheriff's Department.

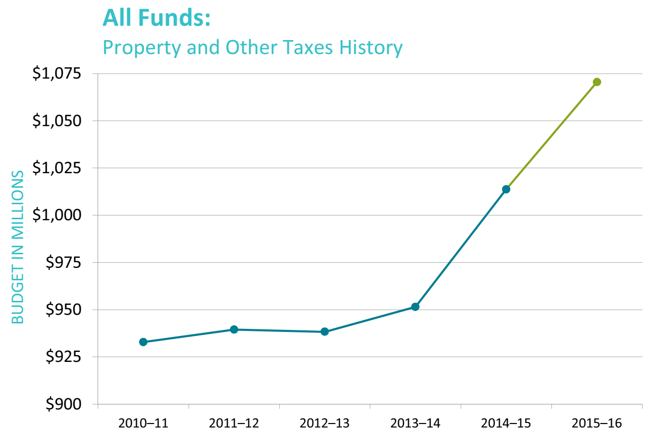
Charges for Services, Fees and Fines



- Charges for Current Services are recommended to **increase by $46.0 million or 5.4%** in Fiscal Year 2015-16. Of this increase, $9.4 million is in the General Fund. Outside of the General Fund, there is an increase of $36.6 million. Of this increase, $26.0 million is in CSG due to an increase of cost of services provided to client departments and for one-time projects; $7.2 million is in FGG due to an increase in departmental IT operation and maintenance costs; and $6.2 million is in Finance Other due to increases in Public Liability ISF and Employee Benefits ISF. A $2.9 million decrease in LUEG is due to fewer projects in Flood Control District and a decrease for work funded by Capital Outlay Funds, Inactive Waste, Flood Control and Sanitation District and Survey Remonumentation Fund.
- Licenses, Permits & Franchises are recommended to **decrease by $0.4 million or 0.8%** in Fiscal Year 2015-16. Of this decrease, $4.2 million is in the General Fund which is offset by a $3.8 million increase in LUEG outside the General Fund due to an increase of $4.8 million in DPW primarily due to increase in franchise fees from SDG&E for road impact fees and a decrease of $1.0 million in APCD due to a delay in the cost recovery proposal.
- Fines, Forfeitures & Penalties are projected to **increase overall by $0.2 million or 0.4%**. There is an overall $1.3 million increase in General Fund primarily in PSG and HHSA which is described in the next section. A $1.1 million decrease outside of the General Fund is primarily due to a decline of penalty assessment revenues in the PSG Executive Office.

Property and Other Taxes

Property and Other Taxes are recommended to **increase by $56.8 million or 5.6%** in Fiscal Year 2015–16.

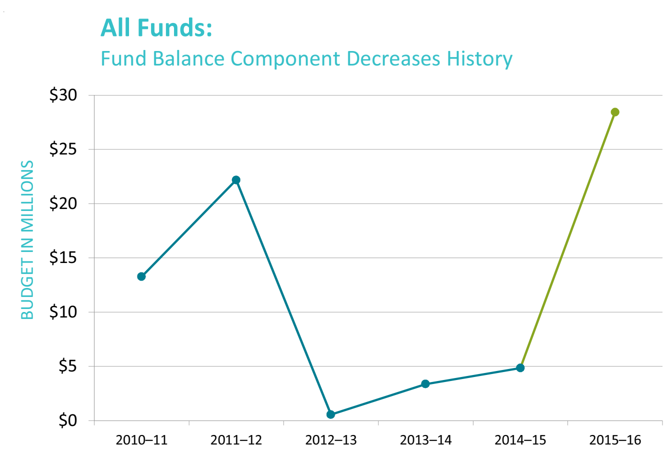


The overall recommended increase of $52.3 million is primarily in the General Fund. Outside of the General Fund, an increase of $4.5 million is primarily in LUEG for the Department of Public Works' TransNet sales tax revenue ($3.9 million) and in Flood Control District for projected taxes from property owners ($0.3 million).

Fund Balance Component Decreases

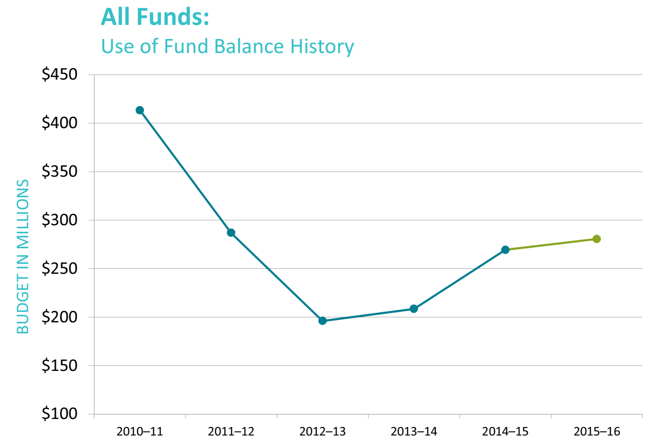
The use of Fund Balance Component Decreases is recommended to **increase by $23.6 million or 487.6%** in Fiscal Year 2015–16 compared to Fiscal Year 2014–15.

The recommended increases in this category are $17.2 million in the General Fund and $6.4 million outside of the General Fund primarily due to an increase in DPW Road Fund for AC Overlays and slury seal projects ($6.5 million) and a decrease in the San Diego County Sanitation District for completed capital improvement projects in the Julian and Pine Valley Service Areas ($0.1 million).



Use of Fund Balance

Finally, the Use of Fund Balance is recommended to **increase by $11.1 million or 4.1%** in Fiscal Year 2015–16. Of this amount, $27.1 million is in the General Fund and described in the next section.

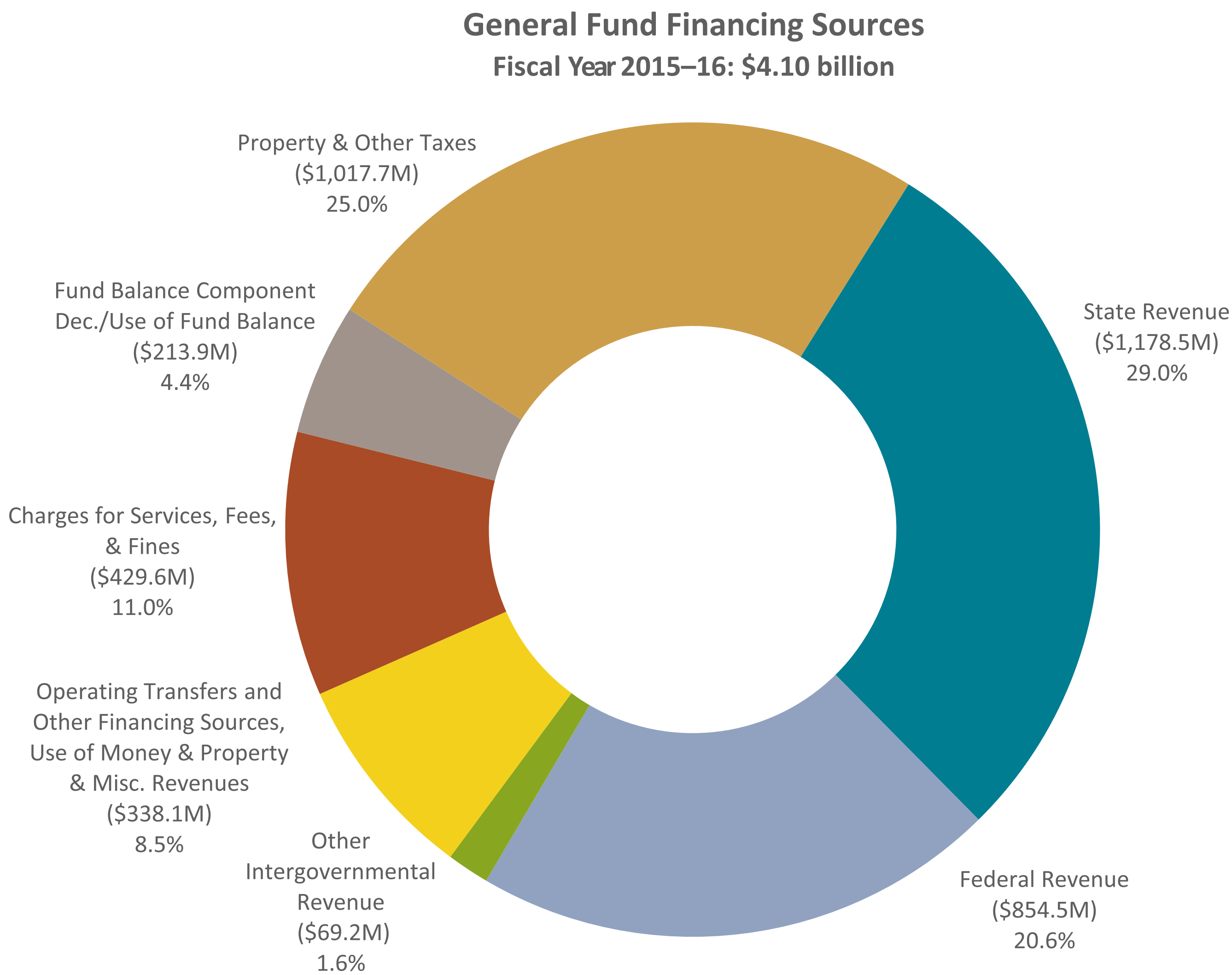


Outside of the General Fund, there is a $12.6 million increase in PSG, a $11.5 million decrease in CSG, a $9.9 million decrease in HHSA, a $4.6 million decrease in Finance Other, a $1.6 million decrease in LUEG, and a $1.1 million decrease in Capital which contribute to the overall non-General Fund decrease of $16.1 million. The increase in PSG is primarily due to increases in one-time expenditures in the PSG Executive Office to support regional law enforcement services. The decrease in CSG is primarily due to loan repayment of interfund borrowing between the Fleet ISF to fund the Fleet Management ISF Countywide replacement acquisition program. The decrease in HHSA is primarily due to a decrease in projects reimbursed through the securitized Tobacco Settlement funds. The decrease in Finance Other is primarily due to a decrease of one-time use in Public Liability ISF. The decrease in LUEG is primarily due to a decrease in DPW for one-time projects. The decrease in Capital is primarily due to prior year improvement costs and lease payments in the Edgemoor Development fund.

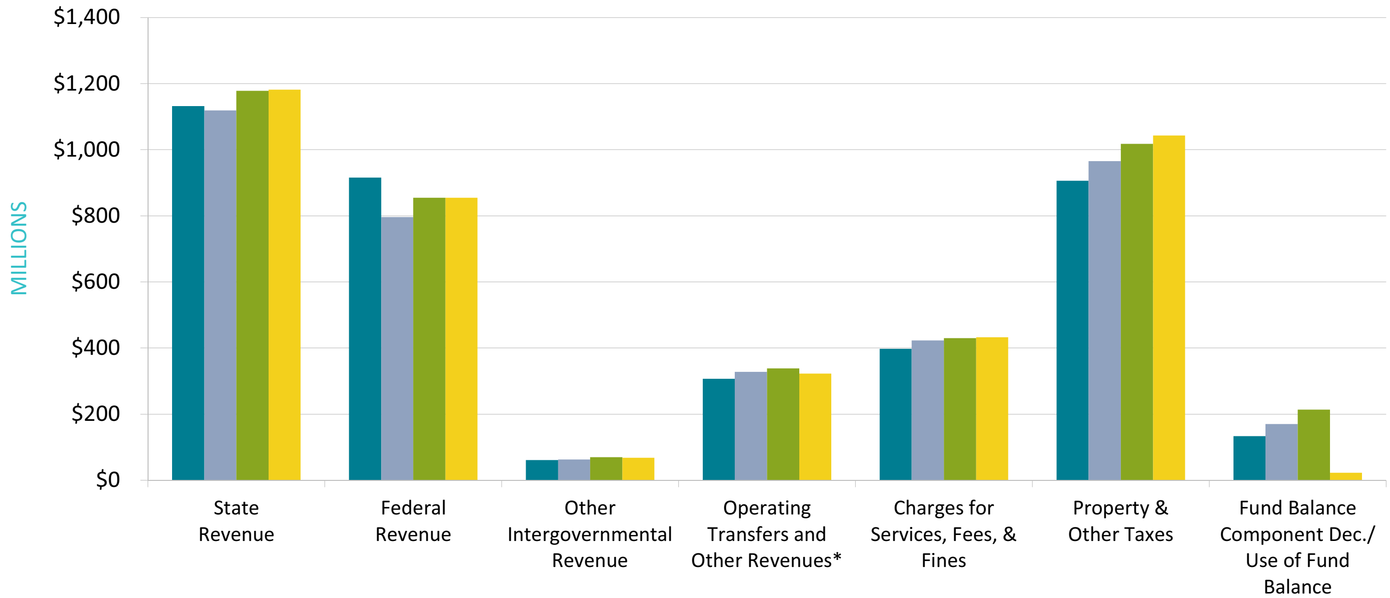
General Fund

Overview of General Fund Financing Sources

The General Fund is the County's largest single and primary operating fund. It is used to account for all financial resources of the County except those required to be accounted for in other funds. In this Recommended Operational Plan, General Fund Financing Sources **total $4.10 billion for Fiscal Year 2015–16, a $237.8 million or 6.2% increase** from the Fiscal Year 2014–15 Adopted Budget. In comparison, the ten year average annual growth rate through Fiscal Year 2014–15 was 3.1%. General Fund Financing Sources decrease by $125.8 million or 3.1% in Fiscal Year 2016–17 primarily due to a reduction in the use of one-time resources.



General Fund Financing Sources
Fiscal Years 2013–14 through 2016–17



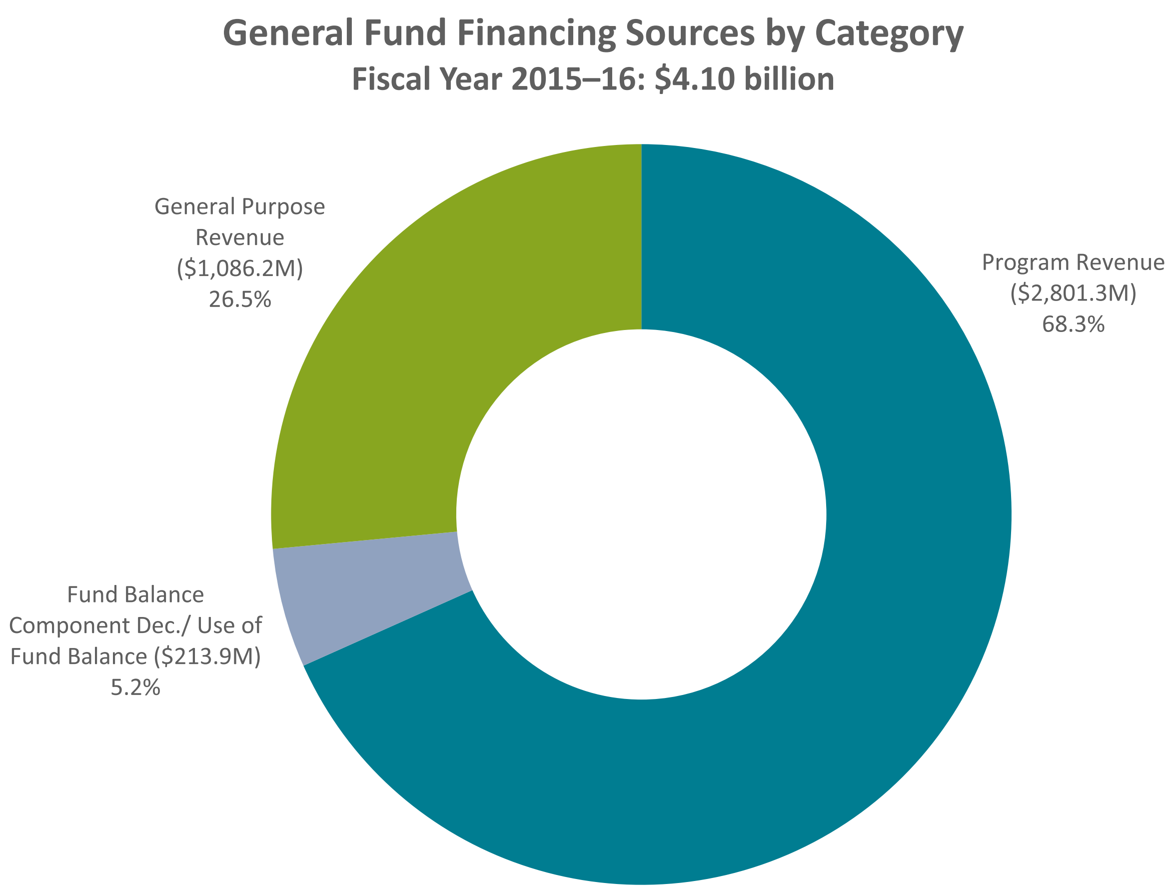
*Other Revenues include Other Financing Sources, Use of Money & Property and Miscellaneous Revenues.

General Fund Financing Sources (in millions)								
		Fiscal Year 2013–14 Adopted Budget		**Fiscal Year 2014–15 Adopted Budget**		**Fiscal Year 2015–16 Recommended Budget**	**% Change**		**Fiscal Year 2016–17 Recommended Budget**
State Revenue	$	1,132.2	$	1,118.7	$	1,178.5	5.3	$	1,182.1
Federal Revenue		915.9		796.7		854.5	7.3		854.4
Other Intergovernmental Revenue		60.5		62.7		69.2	10.3		67.9
Operating Transfers and Other Financing Sources, Use of Money & Property & Misc. Revenues		306.5		327.6		338.1	3.2		322.5
Charges for Services, Fees, & Fines		398.0		423.1		429.6	1.5		432.1
Property & Other Taxes		906.6		965.3		1,017.7	5.4		1,043.0
Fund Balance Component Decreases		0.8		1.4		18.7	1,212.8		22.4
Use of Fund Balance		132.5		168.1		195.2	16.1		51.3
Total	**$**	**3,853.1**	**$**	**3,863.6**	**$**	**4,101.4**	**6.2**	**$**	**3,975.6**

General Fund Financing Sources by Category

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

In Fiscal Year 2015–16, Program Revenue increases by 5.3% ($140.7 million), the Fund Balance Component Decreases/Use of Fund Balance increases by 26.2% ($44.4 million) and General Purpose Revenue (GPR) increases by 5.1% ($52.8 million) from the Fiscal Year 2014–15 Adopted Budget.



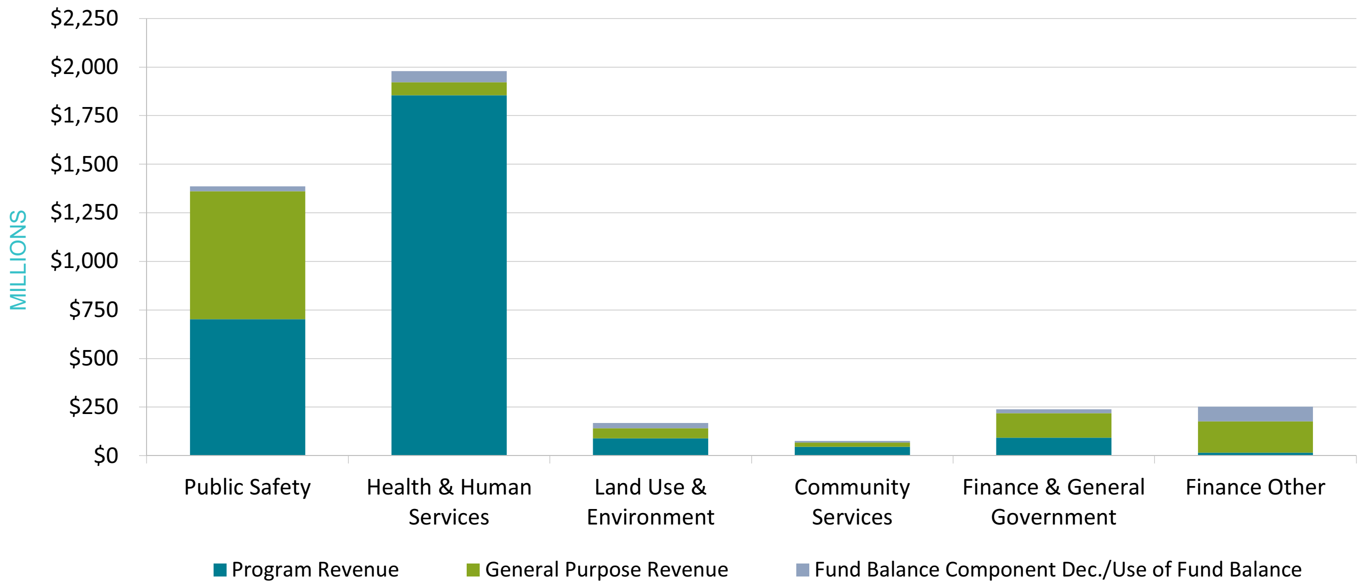
General Fund Financing Sources by Category (in millions)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Recommended Budget	% Change	Fiscal Year 2016–17 Recommended Budget
Program Revenue	$ 2,741.7	$ 2,660.7	$ 2,801.3	5.3	$ 2,790.1
Fund Balance Component Decreases/Use of Fund Balance	133.4	169.5	213.9	26.2	73.7
General Purpose Revenue	978.0	1,033.5	1,086.2	5.1	1,111.8
Total	**$ 3,853.1**	**$ 3,863.6**	**$ 4,101.4**	**6.2**	**$ 3,975.6**

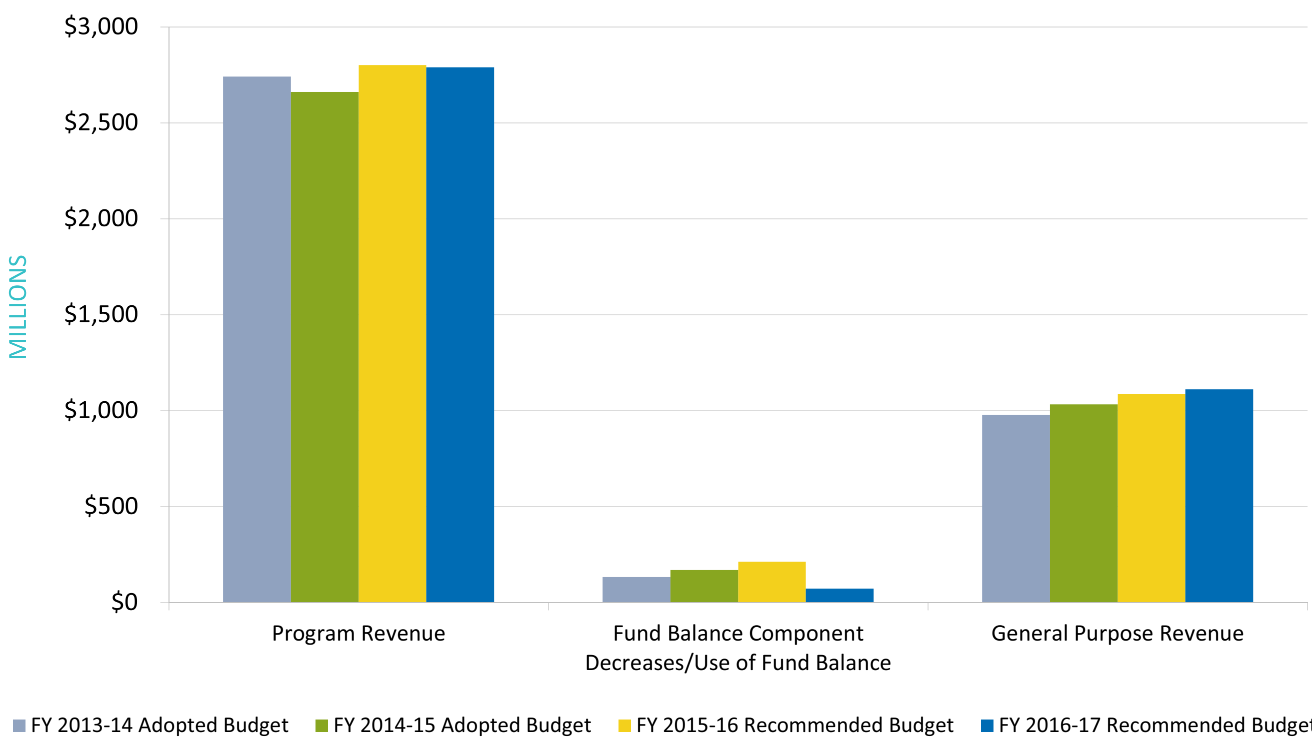
In Fiscal Year 2016–17, GPR increases by 2.4% ($25.6 million), Program Revenue decreases by 0.4% ($11.2 million) and the planned use of fund balance declines by 65.5% ($140.2 million).

Uses of fund balance in Fiscal Year 2016–17 are tentative and subject to revision during the next Operational Plan development cycle.

General Fund Financing by Group and Category
Fiscal Year 2015–16: $4.10 billion

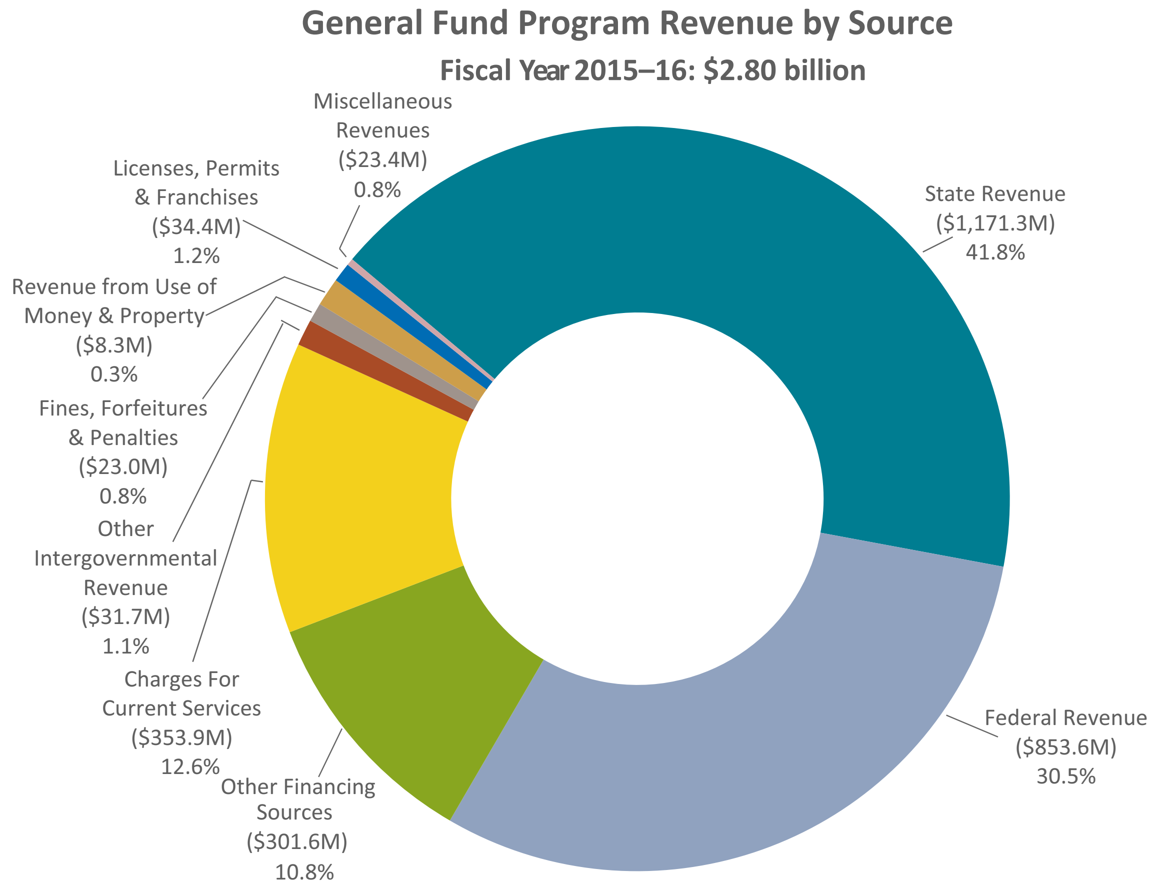


General Fund Financing Sources by Category
Fiscal Years 2013–14 through 2016–17



General Fund Program Revenue

Program Revenue, as the name implies, is dedicated to and can be used only for the specific programs with which it is associated. This revenue makes up 68.3% of General Fund financing sources in Fiscal Year 2015–16, and is derived primarily from State and federal subventions and grants, and from charges and fees earned by specific programs. Of the County's Program Revenue, the Health and Human Services Agency manages 66.2%, the Public Safety Group manages 25.1% and the balance is managed across the County's other business groups. Program Revenue is expected to increase by 5.3% ($140.7 million) from the Fiscal Year 2014–15 Adopted Budget compared to an average annual growth for the last ten years of 2.5%.



General Fund Program Revenue by Source (in millions)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Recommended Budget	% Change	Fiscal Year 2016–17 Recommended Budget
State Revenue	$ 1,124.9	$ 1,111.5	$ 1,171.3	5.4	$ 1,174.9
Federal Revenue	914.8	795.8	853.6	7.3	853.5
Other Financing Sources	270.3	290.0	301.6	4.0	292.1
Charges For Current Services	305.4	344.5	353.9	2.7	356.8
Other Intergovernmental Revenue	27.8	30.0	31.7	5.9	30.5
Fines, Forfeitures & Penalties	34.4	21.6	23.0	6.4	19.9
Licenses, Permits & Franchises	31.9	33.6	34.4	2.3	36.8
Miscellaneous Revenues	23.2	25.5	23.4	(8.3)	17.3
Revenue From Use of Money & Property	9.2	8.2	8.3	1.7	8.3
Total	**$ 2,741.7**	**$ 2,660.7**	**$ 2,801.3**	**5.3**	**$ 2,790.1**

General Fund Change in Program Revenue

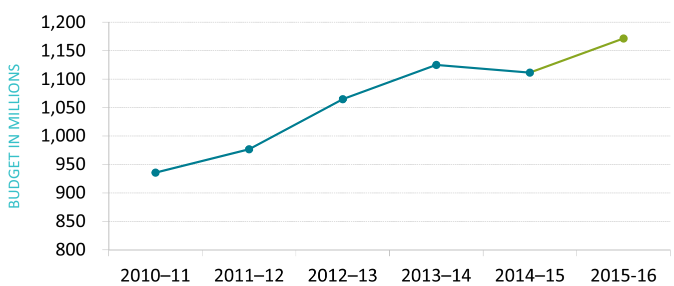
The $140.7 million increase in Program Revenue in the Fiscal Year 2015–16 Recommended Budget is the net of increases and decreases in various funding sources. As indicated in the table on the previous page, State Revenue; Federal Revenue; Other Financing Sources; Charges for Current Services; Other Intergovernmental Revenue; Fines, Forfeitures & Penalties; Licenses, Permits & Franchises and Revenue from Use of Money & Property increase a combined $142.8 million. A decrease of $2.1 million is in Miscellaneous Revenues. These changes are detailed below.

General Fund Change in Program Revenue by Source

State Revenue

State Revenue **increases by $59.8 million or 5.4%**.

General Fund Program Revenue:
State Revenue History

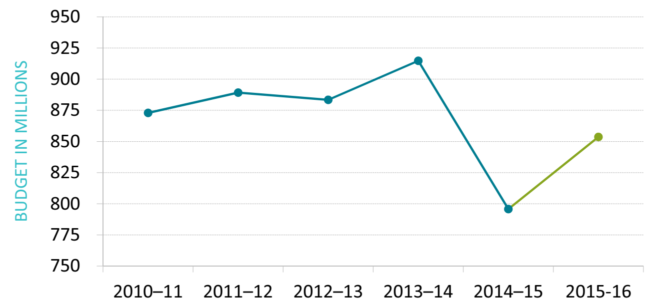


There is an overall increase of $53.4 million in the Health and Human Services Agency (HHSA) primarily for In-Home Supportive Services (IHSS) provider payments and administration, and realignment revenue. An overall net increase of $5.8 million in the Public Safety Group (PSG) is primarily from the Local Revenue Fund 2011 Community Corrections subaccount as a result of Public Safety Realignment for increased costs to support positions at the East Mesa Reentry Facility in the Sheriff's department, and for Juvenile Mental Health Services and to support Juvenile Probation program activities in the Probation department. An increase of $0.5 million in the Community Services Group (CSG) includes an increase of $0.3 million in Housing and Community Development based on remaining prior year grant funding allocation for CalHome First-Time Home Buyer program for eligible low income first-time home buyers, and $0.2 million increase in Registrar of Voters from Help America Vote Act (HAVA) grant funding for various voting booth and voter system hardware. An overall increase of $0.1 million in the Land Use and Environment Group (LUEG) is primarily related to grants for Local Primacy Delegation for Small Water Systems in the Department of Environmental Health, and various plant and pest prevention contracts in the Department of Agriculture, Weights and Measures.

Federal Revenue

Federal Revenue **increases by a net of $57.8 million, or 7.3%**.

General Fund Program Revenue:
Federal Revenue History



Federal Revenue increases in HHSA by $49.5 million, in PSG by $7.9 million, in CSG by $0.3 million and in LUEG by $0.1 million.

The net increase of $49.5 million in HHSA is predominantly related to IHSS provider payments and administration, the expanded Medi-Cal program as part of the *Patient Protection and Affordable Care Act (ACA) of 2010*, Social Services administrative revenue, and Child Welfare Services for Title IV-E Well-Being Project administration.

The net increase in PSG of $7.9 million includes an increase of $3.8 million in the Sheriff's department primarily due to increases in various grant programs, $3.5 million in the Probation department mainly due to an increase in Title IV-E revenue for the estimated impact of federal guidelines for placement candidacy activities and foster care wraparound services related to juvenile offenders and the Edward Byrne Memorial Justice Assistance Grant (JAG) Program for countywide community based Alternatives to Detention providing services to low-risk juveniles, $0.6 million in the Office of Emergency Services (OES) related to Homeland Security grant funds, $0.5 million in Child Support Services due to increase in claimable expenditures and $0.4 million in San Diego County Fire Authority related to a Community Development Block Grant (CDBG). These increases are partially offset by a decrease of $0.9 million in the District Attorney due to a reduction of revenue contract and grant funding.

The $0.3 million net increase in CSG is in Housing and Community Development (HCD) and is associated with carryover of remaining prior year HOME grant and HOPWA revenue.

The increase of $0.1 million in LUEG is largely in the Department of Agriculture, Weights and Measures related to increases in contract funding for various plant and pest prevention programs.

Other Financing Sources

Other Financing Sources (including Operating Transfers from Other Funds) **increases by a net of $11.7 million or 4.0%**. This is a result of an increase of $17.6 million in PSG, partially offset by decreases of $5.1 million in HHSA, $0.7 million in Contributions to Capital Outlay, and $0.1 million in LUEG.

The $17.6 million increase in PSG is primarily due to funding from Proposition 172 and fund balance from the Criminal Justice Facility Construction Fund. More information about Proposition 172 funding appears in the following section.

The decrease of $5.1 million in HHSA is primarily in Regional Operations due to a decrease in Operating Transfers In from Tobacco Securitization revenues related to decreased costs in the County Medical Services program. The decrease of $0.7 million in Contributions to Capital Outlay Fund is related to a decrease in revenue for capital projects. The $0.1 million decrease in LUEG is related to a decrease in staff costs supporting County Service Areas.

Charges For Current Services

Charges For Current Services **increases by a net of $9.4 million or 2.7%**. Revenues increase by $5.6 million in PSG, $4.3 million in the Finance and General Government Group (FGG), $0.9 million in HHSA and $0.1 million in LUEG, offset by a decrease of $1.5 million in CSG.

- In PSG, the $5.6 million increase includes a $2.9 million increase in revenue for contracted law enforcement services to cities, transit entities, a community college district and tribes in the Sheriff's department; $2.4 million in Local Revenue Fund 2011 Trial Court Security subaccount to align to actual levels of revenue received in the Sheriff's Department and PSG Executive Office; $0.3 million increase in revenue agreements for the fire prevention program in the San Diego County Fire Authority; $0.1 million increase in the District Attorney's Office from Real Estate Fraud Prosecution due to increased real estate transactions; and $0.1 million to realign the reimbursement of services to the proper account in the Medical Examiner; offset by a decrease of $0.2 million in the Probation department due to an overall reduction in collections for the cost of supervision.
- In FGG, the net increase of $4.3 million includes an increase of $4.1 million in the Assessor/Recorder/County Clerk from the Modernization Trust Fund and Certified Copy Vital Statistics revenue for anticipated remodeling projects associated with the integrated recording and vital records system and one-time IT projects, and Assembly Bill (AB) 2890, supplemental tax administrative reimbursement, recovered costs to reflect anticipated increase in supplemental assessment revenue; and $0.8 million in Treasurer-Tax Collector for AB 2890 supplemental property tax revenue. These increases are offset by a decrease of $0.6 million in the Auditor and Controller primarily due to a reduction in services provided to Superior Court.
- In HHSA, the $0.9 million net increase is primarily due to increases of $4.3 million related to Institutional Hospital Services for the Edgemoor Skilled Nursing Facility due to Intergovernmental Transfer that was not previously budgeted and $0.6 million in increased Public Health Services ambulance transports, partially offset by a $3.4 million decrease in Child Welfare Services due to a reduction in the Development Screening and Enhancement program funding from the First Five Commission, and $0.6 million decrease in Regional Operations for third party reimbursement due to the Affordable Care Act.
- In LUEG, the net increase of $0.1 million is primarily in the Department of Planning and Development Services (PDS) related to increased work on various land development projects.
- In CSG, the $1.5 million net decrease is largely in the Registrar of Voters as a result of a lower number of billable jurisdictions that will participate in the June 2016 Primary Election as compared to the November 2014 Gubernatorial General Election.

Other Intergovernmental Revenue

Other Intergovernmental Revenue **increases by a net of $1.8 million or 5.9%**. An increase of $1.8 million in FGG is related to a tax sharing agreement with the City of San Diego for maintenance of the Waterfront Park. An increase of $0.8 million in PSG is the net of an increase of $1.0 million in the Sheriff's department, primarily related to the Center City Development Corporation revenue agreement for security at the Waterfront Park, partially offset by a decrease of $0.2 million due to expiration of Indian Gaming Local Benefit Grant projects in the San Diego County Fire Authority. There is also an increase in CSG of $0.7 million in HCD due to increased funding allocation in Aid from the Housing Authority for program administration.

The decrease of $1.2 million in LUEG is the result of a $1.8 million decrease in the Department of Public Works from co-permitees for the Total Maximum Daily Load (TMDL) and stormwater permit requirements due to decentralization in the development of water quality improvement plans and bacterial monitoring activities, partially offset by an increase of $0.5 million in the Department of Parks and Recreation primarily for the Center City Development Corporation revenue agreement for the Waterfront Park, and an increase of $0.1 million in Agriculture, Weights and Measures for various plant health and pest prevention contracts.

The decrease of $0.3 million in HHSA is associated with the end of grant funding.

Fines, Forfeitures & Penalties

Fines, Forfeitures & Penalties **increases by a net of $1.4 million or 6.4%**. An increase of $0.8 million in PSG is due to a net increase of $0.5 million in the Sheriff's department associated with increases in Cal-ID revenue based on planned expenditures for the Cal-ID program ($0.6 million), partially offset by a decrease from the Sheriff's Warrant Automation Trust Fund due to the completion of a one-time project in Fiscal Year 2014–15 ($0.1 million); and $0.3 million in the PSG Executive Office in Contribution for Trial Courts to align to actual levels of revenue received. In HHSA, an increase of $0.8 million is due primarily to projected penalty assessments in Emergency Medical Services. A decrease of $0.2 million in LUEG is related to staff transfers in the Planning and Development Services department.

Licenses, Permits & Franchises

Licenses, Permits & Franchises **increases by $0.8 million or 2.3%**, primarily in LUEG, for increased building permits in PDS and for Food and Housing Division permit revenues in DEH.

Miscellaneous Revenues

Miscellaneous Revenues **decreases by a net of $2.1 million or 8.3%**. A net decrease of $1.9 million in LUEG is primarily related to a decrease in one-time projects in DEH and a decrease in third-party recoveries related to close-out of debris removal project in DPW. A net decrease of $1.2 million in PSG is related to a decrease in revenue from the Regional Communications System (RCS) Trust Fund in the Sheriff's Department for RCS related expenditures, and a decrease in the District Attorney to realign revenue to the proper account, partially offset by increases in the San Diego County Fire Authority as a result of a transfer from the Firestorm 2003 Trust Fund to fund the CalPERS termination payout related to Step III of the County's Fire and Life Safety Reorganization Report, and an increase in Public Defender due to the reimbursement of capital case expenditures from the Private Conflicts Counsel Trust Fund. A decrease of $0.5 million in FGG is primarily due to transfer to Special Assessments in ARCC. These decreases are partially offset by an increase of $1.4 million in HHSA in Regional Operations for the Medi-Cal Outreach and Enrollment Grant, and $0.2 million in CSG Housing and Community Development for program income due to increased prior year loan reconveyances.

Revenue from Use of Money & Property

Revenue from Use of Money & Property **increases by $0.1 million or 1.7%**. The primary source of the increase is in LUEG in the Parks and Recreation department associated with additional revenue from park leases.

Select General Fund Program Revenues

Following are some of the largest and most closely watched program revenues. Please see the individual Group and department sections beginning on page 111 for more specific information on the various other program revenues.

1991 and 2011 Health and Human Services Realignment Revenues

1991 and 2011 Health and Human Services Realignment Revenues (**$554.4 million in Fiscal Year 2015-16 and $560.7 million in Fiscal Year 2016-17**) are projected to be received from the State to support health and social services programs.

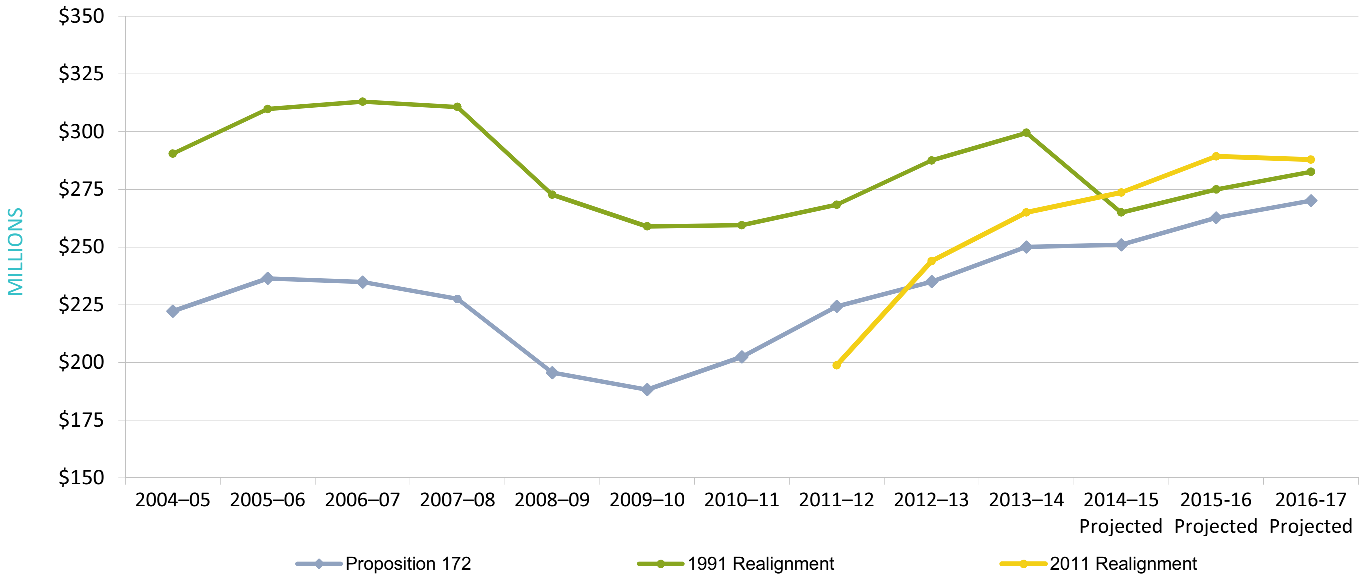
The term "1991 Realignment" refers to the transfer in 1991 of responsibility from the State to counties for certain health, mental health and social services programs, along with the provision of dedicated sales tax and vehicle license fee revenues to pay for these services. In Fiscal Year 2011–12 the State further realigned an additional amount of social services and behavioral health services over a two-year period (some additional mental health programs were realigned in Fiscal Year 2012–13) and as in 1991, the State dedicated additional sales tax revenues to support them.

For Fiscal Year 2015–16, it is projected that 28.0% of the HHSA's General Fund budget is funded with Realignment Revenues as compared to only 13.6% in Fiscal Year 2010–11, the last year prior to the implementation of 2011 Realignment. These revenues are projected to increase by 6.9% ($35.7 million) compared to Fiscal Year 2014–15. Of the $35.7 million in growth, $14.2 million is tied to a swap that occurs at the State level to offset State General Fund dollars that the County otherwise would have received in the CalWORKS program. A modest growth of 1.1% is anticipated for Fiscal Year 2016–17.

The chart on the following page shows the realized revenues for 1991 and 2011 Health and Social Services Realignment for Fiscal Years 2004–05 through 2013–14 and projected levels for Fiscal Years 2014–15 through 2016–17.

Proposition 172, 1991 and 2011 Realignment Sales Tax Revenue

Fiscal Year 2004–05 to Fiscal Year 2016–17



Note: Fiscal Year 2004–05 to 2013–14 figures represent actual revenues. Fiscal Year 2014–15 through Fiscal Year 2016–17 figures represent projected revenue as included in the Fiscal Years 2015–17 Recommended Operational Plan. Starting in 2011, the 1991 Realignment was adjusted to exclude funding for Mental Health support that was transferred to the 2011 Realignment. Also beginning in 2011, CalWORKs funding was incorporated into the 1991 Realignment.

2011 Public Safety Realignment Revenues

2011 Public Safety Realignment Revenues (**$141.7 million in Fiscal Year 2015–16 and $142.3 million in Fiscal Year 2016–17**) are projected to be received from the State to support criminal justice programs. The revenue source is a dedicated portion of State sales tax and State and local Vehicle License Fees (VLF). The revenues provided for realignment are deposited into the Local Revenue Fund 2011 and allocated to specific accounts and subaccounts by statute. Funds allocated to the Community Corrections Subaccount will support services required to address the transfer of responsibility for certain offenders from the State to the counties pursuant to Assembly Bill (AB) 109, *Public Safety Realignment (2011)*, including supervision of offenders, costs associated with the custody of offenders including food and medical costs and equipment, and resources for services including mental health treatment, substance abuse treatment, and vocational and behavioral services. These revenues are projected to increase by 5.4% ($7.3 million) compared to Fiscal Year 2014–15. An increase of 0.4% ($0.6 million) is anticipated for Fiscal Year 2016–17.

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

Proposition 172, Public Safety Sales Tax Revenues

Proposition 172, Public Safety Sales Tax Revenues (**$262.7 million in Fiscal Year 2015–16 and $270.1 million in Fiscal Year 2016–17**) support regional public safety services provided by three Public Safety Group departments: the Sheriff, District Attorney and Probation. The revenue source is a dedicated one-half cent of the Statewide sales tax that was approved by voters in 1993 and is distributed to counties based on the relative levels of taxable sales in each county to the total taxable sales in all qualified counties. In turn, counties distribute a portion of the Proposition 172 receipts to local cities according to ratios established pursuant to the Government Code.

Between Fiscal Years 2005–06 and 2009–10, revenues fell by 20.4% ($48.2 million). For Fiscal Year 2015-16, these revenues are 4.7% ($11.7 million) above the Fiscal Year 2014–15 budgeted amount, exceeding the level received in Fiscal Year 2005–06. It is anticipated that these revenues will grow modestly in Fiscal Year 2016–17. The chart above shows the realized revenues for Proposition 172 for Fiscal Years 2004–05 through 2013–14 and projected levels for Fiscal Years 2014–15 through 2016–17.

Tobacco Settlement Revenues

Tobacco Settlement Revenues (**$14.7 million in Fiscal Year 2015–16 and $6.7 million in Fiscal Year 2016–17)** by Board of Supervisors Policy E-14, *Expenditure of Tobacco Settlement Revenue in San Diego County*, are dedicated to healthcare-based programs. These revenues are the result of the historic Master Settlement Agreement in 1998 between the California Attorney General and several other states and the four major tobacco companies. The agreement provided more than $206 billion in Tobacco Settlement Payments over 25 years in exchange for the release of all past, present and future claims related to the use of tobacco products. California agreed to distribute its share of the settlement to its counties based on population.

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

In May 2006, the County securitized additional anticipated receipts and added $123.5 million to the endowment fund. These proceeds were intended to enable the County to fund health care programs annually through approximately year 2034.

The $14.7 million budgeted in Fiscal Year 2015–16 reflects $8.0 million in one-time, non-securitized Tobacco Settlement funds and $6.7 million in Securitized Tobacco funds. This is a reduction in Securitized Tobacco Funds support to the General Fund of $6.8 million from Fiscal Year 2014–15 as a result of savings due to decreased costs in the County Medical Services program. Another $6.8 million is budgeted and retained in the Tobacco Securitization Special Revenue Fund which includes $6.6 million set aside as an unallocated reserve (a decrease of $7.2 million from Fiscal Year 2014–15) and $0.2 million is budgeted for processing costs in Fiscal Year 2015–16. A request will be submitted to the Board of Supervisors if additional resources are needed.

General Fund General Purpose Revenue

General Purpose Revenue (GPR) makes up 26.5% of the General Fund Financing Sources. Please see the separate discussion of GPR in the following section.

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

Use of Fund Balance, including Fund Balance Component Decreases, (**$213.9 million in Fiscal Year 2015–16 and $73.7 million in Fiscal Year 2016–17**), represents 5.2% of General Fund Financing Sources in Fiscal Year 2015–16. Fund Balance is the result of careful management of resources Countywide in past years. It is both a resource that can be used for one-time expenses and one that serves as a mitigation for unexpected events or requirements. By its nature, fund balance is not suitable for the support of ongoing operations.

The following list details the various General Fund Use of Fund Balance/Fund Balance Component Decreases budgeted for Fiscal Year 2015–16:

- Management reserves.
- Labor costs due to negotiated one-time salary and benefit payments.
- One-time major maintenance.
- One-time funding for County Administration Center Waterfront Park security.
- One-time funding for Pre-Arraignment Release program, Sheriff's Transfer, Assessment and Release Unit implementation.
- Regional Communications System Radio Replacement.
- One-time funding for San Diego County Fire Authority Volunteer Firefighter Program training.
- Aerial Fire Suppression “Call When Needed” support.
- Comprehensive strategy for juvenile justice.
- Special circumstance Case Cost Reserve (Prop 47).
- One-time funding for Juvenile Diversion program support in the Probation Department.
- Public Defender cost to terminate the Vista Lease.
- One-time contract services for San Diego County Fire Authority.
- Next Generation Regional Communications System.
- One-time funding for expansion of the Psychiatric Emergency Response Team (PERT) in collaboration with HHSA.
- Improvement projects in Psychiatric Hospital.
- One-time funding for Cultural Broker contract to enhance child safety and family stability outcomes for children.
- One-time funding for Alzheimer's Projects—Supportive services for caregivers, financial & life planning, outreach and education, and home modification program.
- Legacy Project—intergenerational approach designed to bring about social engagement.
- Aging and Independence Services Veterans Summit.
- Design, development & implementation phase of the Knowledge Integration Program (KIP) to modernize service delivery.

- Planning and Development Services Community Plan Updates and Clean-up.
- Climate Action Plan Update.
- Green Building Program and Homeowner Relief Act fee waivers.
- Planning and Development Services General Plan Amendment (Residential Density Rounding).
- Alpine Forest Conservation Initiative (FCI) General Plan (GP) Amendment - Special Study.
- Local Coastal Program.
- Purchase of Agriculture Conservation Easements (PACE) program recording or Easement.
- Consultant for Long-Term Funding Options for DPW Recycling/ DEH Household Hazardous Waste Program.
- Pedestrian Gap Analysis.
- School Safety Enhancement—Phase II.
- Watershed Protection Program to fund Total Maximum Daily Load for:
  - Source tracking and epidemiology studies.
  - To fund the development of the Water Quality Improvement projects necessary to comply with Stormwater Permit requirements.
  - Education and outreach.
  - Site Specific Objective (SSO) project to protect the Santa Margarita Watershed.
- Workforce Academy for Youth (WAY) program.
- Grants provided to community organizations.
- Temporary help for contract monitoring and other functions in various departments.
- Various information technology (IT) projects, including:
  - Digitizing records and one-time IT projects in the District Attorney's Office.
  - San Diego Fire Authority information technology initiative and process improvement projects.
  - SD Emergency—Spanish user interface.
  - Public Defender eDiscovery software early refresh.
  - HHSA Kronos Scheduler system.
  - Electronic Health Record System for TB Control.
  - Pre-hospital Data Collection System upgrade for compliance with federal requirements.
  - StarLIMS essential software required to meet HIPPA standards.
  - Polymerase Chain Reaction System for rapid detection of serious contagious diseases.
  - Phase 1 Medical Therapy Unit Online enhancements to improve security requirements, stability, and compatibility with State required billing code changes.
  - Case Management System (ALEX) Enhancements in Adult Protective Services to address CRM platform instability issues.
  - Pesticide Regulation Program (PCP) Accela Development.
  - Agricultural Standards Accela Development.
  - Plant Health and Pest Prevention (PHPP) Accela Development for inspection and enforcement process.
  - Liquefied Petroleum Gas Calibration Skid System for vehicle to test dispensers for accuracy.
  - Accela Script Conversion.
  - Conversion from Oracle to MS SQL for Accela platform.
  - StreetSaver Pavement Management System.
  - Geographic Information Systems enhancements—user portal for Capital Improvement Program (CIP) projects and roadway structure inventory.
  - Building Automation System (BAS) Implementation.
  - Election Call Center Technology.
  - Records Management Document Storage IT Enhancement.
  - Digital Signature implementation.
  - Office of Revenue and Recovery Onestep system upgrade.
  - Enterprise Document Processing Platform (EDPP) which includes: Parallel environment pending migration of department applications, EMC Documentum 6.7 Extended Support, EMC Records Manager 6.7 Extended Support, EMC Captiva 6.5 Extended Support, License, Documentum Upgrade to 7.1, Captiva Upgrade, Adobe LiveCycle Upgrade.
  - Computer Services Registration Form (CSRF) Electronic Forms.
  - Adobe website upgrades for Districts 2 and 4.
  - IT Outsourcing Recompete/Transition.
  - SharePoint: Platform Upgrade, Parallel environment pending migration of department applications.
  - Implement the Oracle Identity Management system.
  - ePayment channels implementation.
  - Electronic billing functionality.
  - Claims management software replacement, Loss Prevention Documentum Cabinet, and Work Safe Stay Healthy Program.
  - Health Reimbursement Arrangement (HRA) implementation.
  - Peoplesoft Identity and Access Management (IDAM) Implementation.
  - Enterprise Resource Planning Data Center Services.
  - Performance Budgeting Upgrade - Business Objects.
  - SQL 2008 Upgrade to 2012.
  - One-time enterprise IT contracts.
  - Agenda Management Creation System.

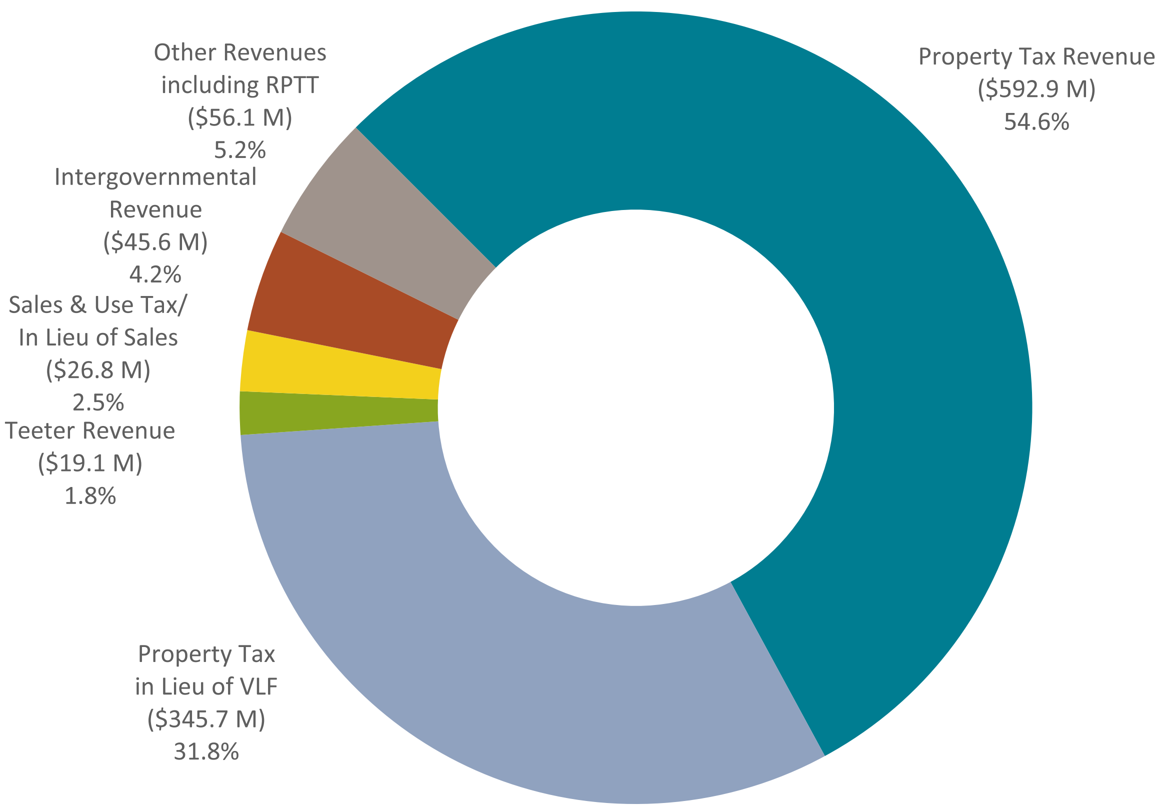
- Various one-time facility maintenance and upgrades which include:
  - Road Maintenance work.
  - Pavement Resurfacing Projects.
  - Facility Replacement Strategic Plan, Phase 1.
  - Electric Vehicle (EV) Charging Stations for County Fleet.
  - Photovoltaic (PV) Systems in Five Facilities.
  - American with Disabilities Act (ADA) Assessment and Implementation.
  - Energy projects.
- Various equipment purchase/replacement including:
  - San Diego County Fire Authority rescue and safety equipment.
  - San Diego County Fire Authority fire apparatus and apparatus replacement commitment.
  - Department of Child Support Services Modular furniture for South Bay and Central.
  - Del Mar Trailer replacement of a storage container for shelter supplies.
  - Camera replacement project at Kearny Mesa and East Mesa.
  - Conference and courtroom equipment refresh.
  - Base Hospital radio console replacement of 6 units.
  - Small Paint Striper for Colored Bike Lanes and Legends.
  - Asphalt Zipper Grinder AZ 500B-203 with Trailer.
  - Combination Sewer Cleaning Vehicle - for Sanitation.
  - Emergency Generators - for Sanitation.
  - Library 24/7 machines.
- Rebudgets:
  - Vehicle Purchase for Integrated Pest Control (IPC) and Huonglongbing (HLB) staff.
  - Vehicle purchases to meet Agricultural Water Quality inspection requirements.
  - Documentum Record Manager Integration.
  - Tribal liaison consultant and support.
  - Fire victim permit fee waiver.
  - Land Use Data imaging project.
  - Development of an onsite wastewater treatment program in compliance with AB 885, *Onsite Sewage Treatment Systems (2000)*.
  - Environmental Health support for beach water quality monitoring.
  - Asset Management application.
  - Business Process Reengineering for LUEG departments.
  - Business Case Management System rebudget – Accela upgrade mobile office implementation, electronic review relocated to CIP 1-Time UUD: Maine, Sweetwater, Plaza Bonita.
  - Mobile applications and web portal design.
  - Electronic document review/submittal automation.
  - PACE program support and zoning ordinance update.
  - Planning and Development Services continuous improvement program on customer service and cultural awareness training.
  - Firestorm 2007 rebuilding permit fee waiver.
  - Comprehensive Renewable Energy Plan.
  - Planning and Development Services General Plan amendments for property-specific requests.
  - Code enforcement abatements.
  - Planning and Development Services Transportation Impact Fee (TIF) update.
  - Agricultural Promotion Program.
  - New civic engagement webpage.
  - Open Data Platform project to deploy a facing Dashboard for LUEG.
  - Mobile application in LUEG departments using the Accela Automation platform.
  - Business Case Management System infrastructure upgrades.
  - Air Pollution Control District paperless project.
  - Agriculture, Weights and Measures Trapping iPad application.
  - San Diego Association of Governments Quality of Life to fund water quality projects and programs.
  - Proctor Valley Road closure.
  - Zoning ordinance revisions to encourage composting and Anaerobic Digestion.
  - Webcams at Low Water Crossings.
  - Bacteria Total Maximum Daily Load source tracking and studies.
  - Building Information Modeling (BIM) Upgrade.
  - Warehouse Asset Tracking system.
  - Poll worker internet site.
  - Affordable Care Act compliance module.

General Purpose Revenue

General Purpose Revenue by Source

General Purpose Revenue (GPR) represents approximately 26.5% of the General Fund's financing sources. This revenue comes from property taxes, property tax in lieu of vehicle license fees (VLF), the Teeter program, sales and use tax, real property transfer tax (RPTT), Aid from Redevelopment Successor Agencies, and other miscellaneous sources. It may be used for any purpose that is a legal expenditure of County funds. Therefore the Board of Supervisors has the greatest flexibility in allocating this revenue. The following section presents details of the major components of General Purpose Revenue.

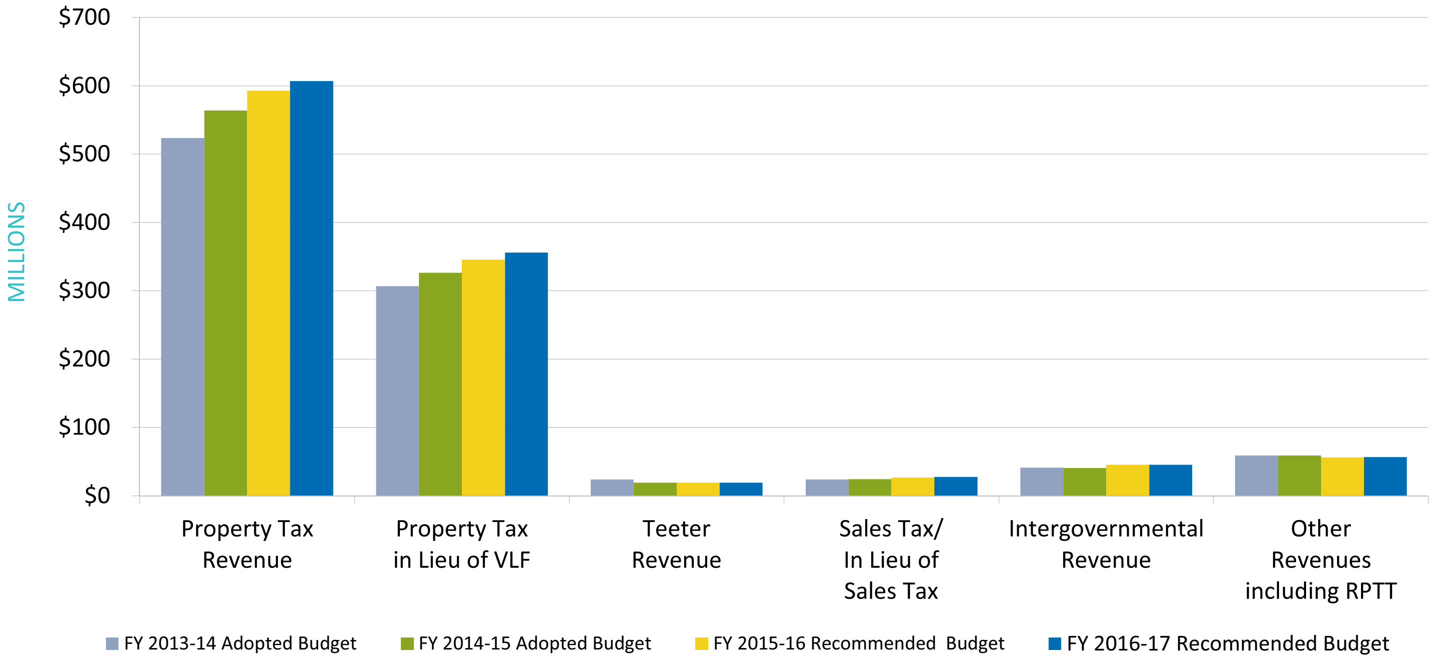
General Purpose Revenue by Source
Fiscal Year 2015–16: $1,086.2 million



The national economy had a rough start in the beginning of 2014, but the year was marked by fast growth rates and economic gains reflecting recovery from the Great Recession. Unemployment was at its lowest in six years while major industries added jobs at a pace not seen in more than a decade. For Fiscal Year 2015–16, the $1,086.2 million budgeted for GPR is an increase of $52.8 million or 5.1% from the Fiscal Year 2014–15 budgeted amount of $1,033.5 million. These resources are projected to increase to $1,111.8 million in Fiscal Year 2016–17. The charts on the following page present GPR by source and a historical view of GPR. The accompanying table includes a summary by account of historical and projected GPR.

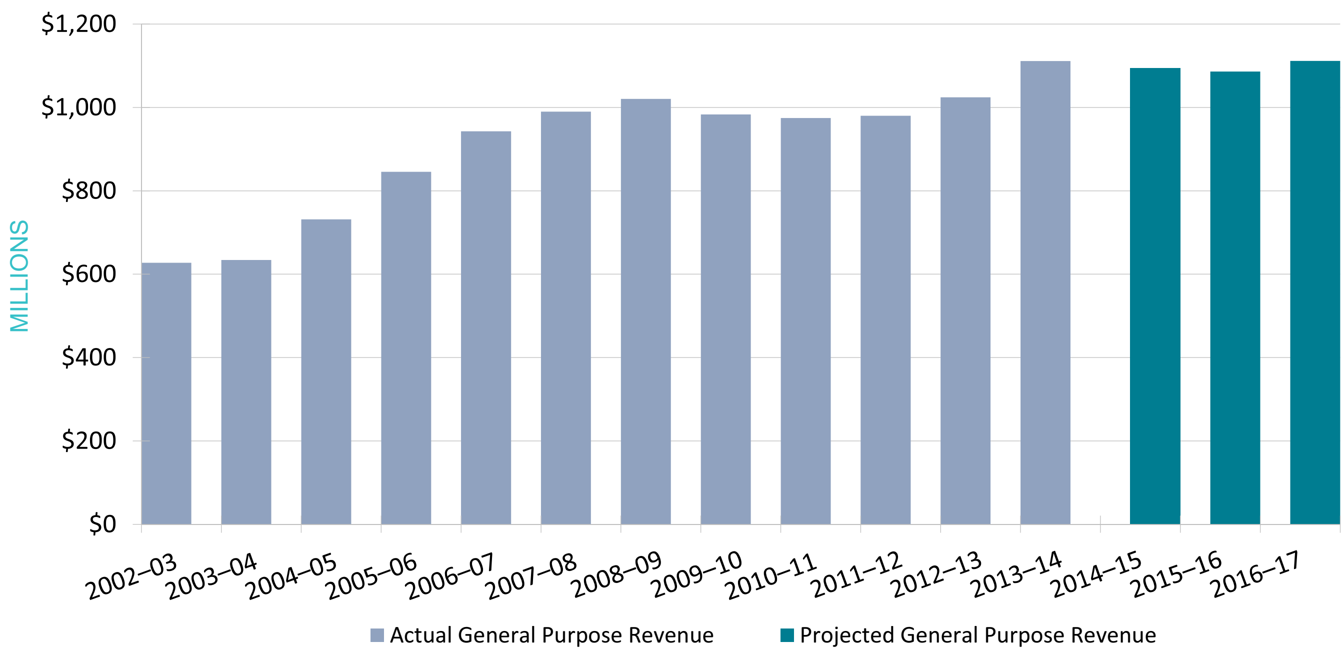
General Purpose Revenue by Source

Fiscal Years 2013–14 through 2016–17



General Purpose Revenue History

Fiscal Year 2002–03 to Fiscal Year 2016–17



Notes: General Purpose Revenue (GPR) for Fiscal Years 2002–03 through 2013–14 represents actual revenue. Fiscal Year 2014–15 represents the 2nd Quarter estimate produced in December 2014.

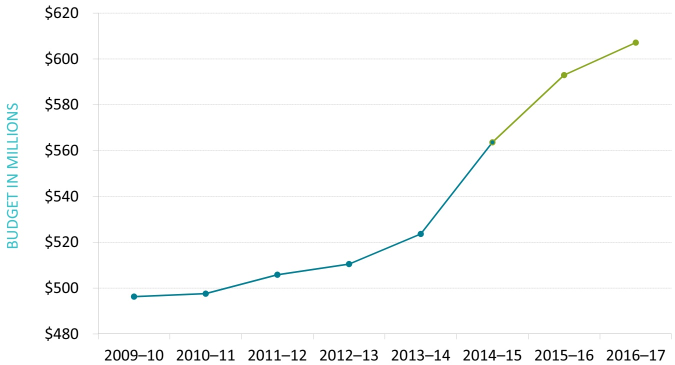
General Purpose Revenue

		Fiscal Year 2013–14 Adopted Budget		Fiscal Year 2014–15 Adopted Budget		Fiscal Year 2015–16 Recommended Budget	% Change		Fiscal Year 2016–17 Recommended Budget
Property Taxes Current Secured	$	503,560,241	$	543,889,435	$	572,474,367	5.3	$	586,668,702
Property Taxes Current Supplemental		3,490,901		2,552,267		2,595,796	1.7		2,639,701
Property Taxes Current Unsecured		16,512,624		17,128,637		17,819,370	4.0		17,751,063
Property Taxes Current Unsecured Supplemental		50.750		51,511		52,284	1.5		530,68
Total Property Tax Revenue	**$**	**523,614,516**	**$**	**563,621,850**	**$**	**592,941,817**	**5.2**	**$**	**607,112,534**
Total Property Tax In Lieu of VLF	**$**	**306,580,585**	**$**	**326,332,670**	**$**	**345,657,552**	**5.9**	**$**	**355,698,082**
Teeter Tax Reserve Excess	$	15,100,000	$	13,100,000	$	13,100,000	0.0	$	13,100,000
Teeter Property Tax All Prior Years		8,783,594		6,003,200		6,003,200	0.0		6,003,200
Total Teeter Revenue	**$**	**23,883,594**	**$**	**19,103,200**	**$**	**19,103,200**	**0.0**	**$**	**19,103,200**
Sales & Use Taxes	$	18,106,197	$	18,443,383	$	23,520,925	27.5	$	27,595,389
In Lieu Local Sales & Use Tax		5,800,000		5,974,000		3,300,462	(44.8)		–
Total Sales & Use Tax/In Lieu of Sales Tax	**$**	**23,906,197**	**$**	**24,417,383**	**$**	**26,821,387**	**9.8**	**$**	**27,595,389**
State Aid Homeowner's Property Tax Relief (HOPTR)	$	4,890,644	$	4,795,214	$	4,714,725	(1.7)	$	4,714,727
Federal In-Lieu Taxes		1,127,720		922,549		922,549	0.0		922,549
Local Detention Facility Revenue/State Aid Booking Fees		2,450,380		2,450,380		2,460,342	0.4		2,460,352
Aid From City of San Diego		2,772,173		2,772,173		2,762,211	(0.4)		2,762,211
Aid from Redevelopment Agencies/Aid from Redevelopment Successor Agencies		29,971,545		29,971,545		34,690,335	15.7		34,690,335
Total Intergovernmental Revenue	**$**	**41,212,462**	**$**	**40,911,861**	**$**	**45,550,162**	**11.3**	**$**	**45,550,164**
Property Taxes Prior Secured	$	400,000	$	400,000	$	400,000	0.0	$	400,000
Property Taxes Prior Secured Supplemental		5,211,938		5,685,976		5,742,562	1.0		5,800,142
Property Taxes Prior Unsecured		450,000		450,000		150,000	(66.7)		150,000
Property Taxes Prior Unsecured Supplemental		400,000		400,000		400,000	0.0		400,000
Other Tax Aircraft Unsecured		2,648,403		2,635,824		2,675,362	1.5		2,715,492
Transient Occupancy Tax		2,600,000		3,100,000		3,300,000	6.5		3,300,000
Real Property Transfer Taxes (RPTT)		16,875,633		19,175,936		20,477,745	6.8		20,682,523
Franchises, Licenses, Permits		10,438,344		10,441,416		5,469,355	(47.6)		5,469,355
Fees, Fines & Forfeitures		2,198,207		1,939,135		1,625,161	(16.2)		1,5439,03
Penalties & Cost Delinquency Taxes		13,637,044		10,936,000		11,179,440	2.2		115,441,117
Interest On Deposits & Investments		2,867,302		2,867,302		3,421,995	29.8		3,721,995
Interfund Charges/Miscellaneous Revenues		1,027,775		1,036,334		1,003,850	(3.1)		1,0038,50
Total Other Revenues including RPTT	**$**	**58,754,646**	**$**	**59,067,923**	**$**	**56,145,470**	**(4.9)**	**$**	**56,731,377**
Total General Purpose Revenue	**$**	**977,952,000**	**$**	**1,033,454,887**	**$**	**1,086,219,588**	**5.1**	**$**	**1,111,790,746**

Property Tax Revenue

Property Tax Revenue, (**$592.9 million in Fiscal Year 2015–16 and $607.1 million in Fiscal Year 2016–17**), including current secured, current supplemental, current unsecured and current unsecured supplemental, represents 54.6% of the total General Purpose Revenue in both Fiscal Year 2015–16 and in Fiscal Year 2016–17.

General Purpose Revenue: Property Tax Revenue History

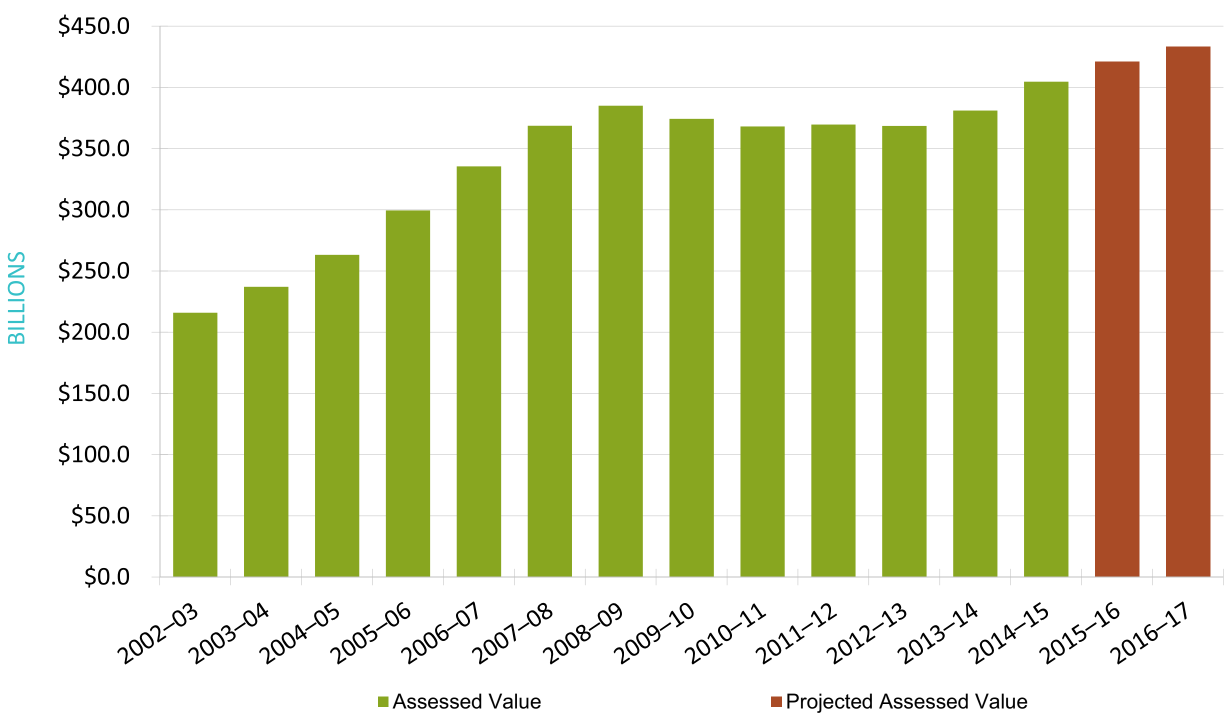


The term "current" refers to those taxes that are due and expected to be paid in the referenced budget year. For Fiscal Year 2015–16, property tax revenue is budgeted to be $29.3 million or 5.2% higher than the budget for Fiscal Year 2014–15. Property tax revenue is projected to increase 2.4% or $14.2 million for Fiscal Year 2016–17. Property Tax Revenue in the State of California is a funding source for local governments and school districts and is based on ad valorem property taxation, whereby the amount due is calculated by applying a 1% tax rate to the assessed value of real property (land and improvements) and certain business personal property owned by tenants. The assessed value of property is tracked on the secured, unsecured and supplemental tax rolls. Counties generate the property tax bills and collect the tax payments on behalf of the taxing entities within their respective boundaries. In some cases, there are additional ad valorem taxes and special assessments approved by the voters, which are included on the tax bills as well. Property tax payment amounts received by counties are then distributed to the various taxing entities.

In 2013, improvement in the residential market and positive change in both ownership and new construction activity resulted in an increase of 3.4% in the assessed value of real property. For 2014, the final growth rate was 6.2%, an improvement from the assumed rate of 4.0% used in the projection. For Fiscal Year 2015–16, an assumed rate of 4.0% is projected in overall assessed value of real property.

Locally Assessed Secured Property Values

Fiscal Year 2002–03 to Fiscal Year 2016–17



Note: The projected locally assessed secured values assume a 4.0% growth rate for Fiscal Year 2015–16 and 3.0% rate for Fiscal Year 2016–17.
Source: San Diego County Auditor and Controller

Current Secured Property Tax Revenue

Current Secured property tax revenue (**$572.5 million in Fiscal Year 2015–16 and $586.7 million in Fiscal Year 2016–17**) is expected to increase by $28.6 million in Fiscal Year 2015–16 from the adopted level for Fiscal Year 2014–15.

This revenue is generated from the secured tax roll, that part of the roll containing real property, including residential and commercial property as well as State-assessed public utilities. The Fiscal Year 2015–16 revenue amount assumes an increase of 4.0% in the local secured assessed value compared to the actual current local secured assessed value amount for Fiscal Year 2014–15 of 6.2%. It also makes certain assumptions regarding the County's share of countywide property tax revenues, the delinquency rate, exemptions and the amount of tax roll corrections and refunds on prior year assessments.

In Fiscal Year 2015–16, refunds and corrections combined are projected at $7.8 million compared to the Fiscal Year 2010–11 high level of $19.4 million.

The Fiscal Year 2014–15 current secured revenue assumed a 4.0% increase in the local secured assessed value over the actual local secured assessed value amount for Fiscal Year 2013–14; however, the actual current local secured assessed value increased by 6.2% (gross less regular exemptions). Further, as noted above, for Fiscal Year 2015–16, local secured assessed value is budgeted to increase by 4.0%. For Fiscal Year 2016–17, local secured assessed value is assumed to grow by 3.0%.

Current Supplemental Property Tax Revenue

Current Supplemental property tax revenue (**$2.6 million in Fiscal Year 2015–16 and $2.6 million in Fiscal Year 2016–17**) is budgeted to be relatively flat. This revenue is derived from net increases to the secured tax roll from either new construction or changes in ownership that occur subsequent to the January 1 lien date and are therefore more difficult to predict. These actions are captured on the supplemental tax roll. During the recent recession, the slowdown in new construction and the decline in real estate prices have acutely impacted supplemental property tax revenues. In many change of ownership transactions, a refund was due to the owner since the value of the property is lower than it was on the lien date instead of a bill for an additional amount of property tax because the property value is higher than the value as of the lien date. During the period of recession, refunds on current supplemental property tax reached a high $38.3 million in Fiscal Year 2008–09, compared to a low of $4.0 million in Fiscal Year 2005–06 prior to the housing market surge. Refunds are anticipated to continue to decline gradually over time as activities in residential and commercial properties and assessed values improve.

Current Unsecured Property Tax Revenue

Current Unsecured property tax revenue (**$17.8 million in Fiscal Year 2015–16 and $17.8 million in Fiscal Year 2016–17**) is not based on a lien on real property. The unsecured tax roll is that part of the assessment roll consisting largely of business personal property owned by tenants. Based on trends and most up-to-date information, a slight increase in projection is used for the next two fiscal years.

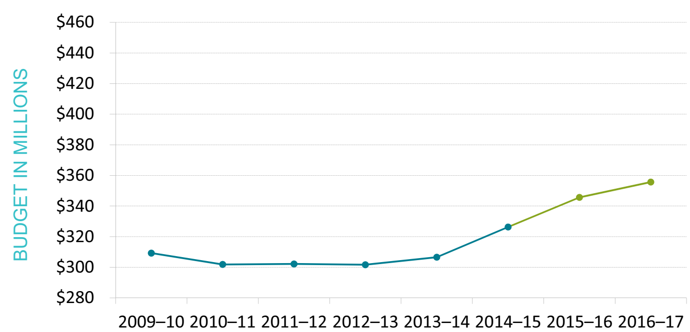
Current Unsecured Supplemental Property Tax Revenue

Current Unsecured Supplemental property tax revenue (**$0.1 million in Fiscal Year 2015–16 and $0.1 million in Fiscal Year 2016–17**) is derived from supplemental bills that are transferred to the unsecured tax roll when a change in ownership occurs and a tax payment is due from the prior owner, or a subsequent change in ownership following the initial change in ownership occurs prior to the mailing of the initial supplemental tax bill. When this occurs, the bill is prorated and a portion of the original supplemental tax bill that is attributable to the initial change in ownership or completion of new construction becomes an unsecured supplemental tax bill.

Property Tax in Lieu of Vehicle License Fees (VLF)

Property Tax in Lieu of Vehicle License Fees (VLF) comprises 31.8% (**$345.7 million**) of the General Purpose Revenue amount **in Fiscal Year 2015–16** and 32.0% of the projected amount (**$355.7 million**) **in Fiscal Year 2016–17**.

General Purpose Revenue: Property Tax in Lieu of VLF History



Beginning in Fiscal Year 2004–05, this revenue source replaced the previous distribution of vehicle license fees to local governments. Per the implementing legislation, revenue levels for this funding source are based on the growth or reduction in net taxable unsecured and local secured assessed value. With a projected and budgeted 4.0% increase in the combined taxable unsecured and local secured assessed value in Fiscal Year 2015–16, revenues are anticipated to be $19.3 million higher than budgeted for Fiscal Year 2014–15. The increase is partially associated with the change in actual assessed value in Fiscal Year 2014–15 which increased by 6.2% compared to a budgeted increase of 4.0%. The Fiscal Year 2016–17 revenue is estimated using a 3.0% assessed value growth.

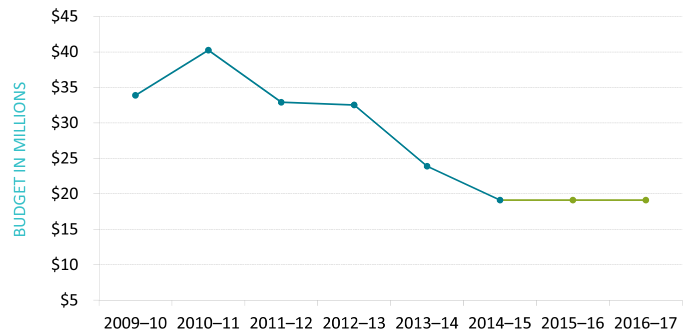
Teeter Revenue

Teeter Revenue (**$19.1 million in Fiscal Year 2015–16 and $19.1 million in Fiscal Year 2016–17**) represents approximately 1.8% of General Purpose Revenue in Fiscal Year 2015–16 and 1.7% of the projected amount in Fiscal Year 2016–17. For Fiscal Years 2015–16 and 2016–17, Teeter Revenue is expected to remain at the same level as in Fiscal Year 2014–15.

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

Teeter Revenue is projected based on the anticipated collection of the County's portion of the Teetered taxes from all prior years as well as the interest and penalty payments, which appear in the Teeter Tax Loss Reserve Excess account. See the table on page 82 for the amount of revenue pertaining to these components. A legal requirement of the Teeter Plan requires the County to maintain a tax loss reserve fund to cover losses that may occur if delinquent taxes are not paid and the property goes into default and is sold for less than the amount of outstanding taxes and assessments. Throughout the year, all interest and penalties collected on Teetered secured and supplemental property taxes are first deposited into the Teeter Tax Loss Reserve Fund. Any excess amounts above 25% of the total delinquent secured taxes and assessments may be transferred to the general fund.

General Purpose Revenue: Teeter Revenue History



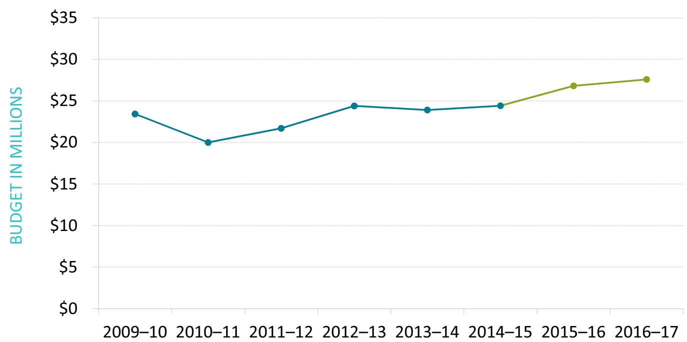
Sales and Use Tax Revenue

Sales and Use Tax Revenue (**$26.8 million in Fiscal Year 2015–16 and $27.6 million in Fiscal Year 2016–17**) represents approximately 2.5% of General Purpose Revenue in Fiscal Year 2015–16 as well as in Fiscal Year 2016–17. This revenue is derived from taxable sales by retailers who sell or rent tangible personal property in unincorporated areas of the county, or from use taxes from consumers who purchase tangible personal property from out of State. Use taxes are also imposed on the storage, use, lease or other consumption of tangible personal property at any time a sales tax has not been paid by the retailer. The amounts shown in the table on page 82 reflect the combined Sales and Use Tax revenues and the In Lieu Local Sales and Use Tax replacement funding that transfers to the County from the Educational Revenue Augmentation Fund (ERAF).

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

The In Lieu Local Sales and Use Tax is referred to as the "triple flip" and was effective July 1, 2004. Assembly Bill (AB) 7 XI, *California Fiscal Recovery Financing Act,* one of the 2003–04 State budget bills, enabled the State to redirect one-quarter cent of the local sales and use tax to the State to repay up to $15.0 billion in bonds authorized by Proposition 57 (2004), *Economic Recovery Bond Act*, to help the State refinance its past debt. In turn, the lost local sales tax revenues are replaced on a dollar-for-dollar basis with countywide property tax revenues shifted back from the ERAF. The recommended Sales and Use Tax revenue reflects the mid-year end of the Triple Flip in Fiscal Year 2015–16 and the complete end in Fiscal Year 2016–17.

**General Purpose Revenue:
Sales and Use Tax Revenue History**

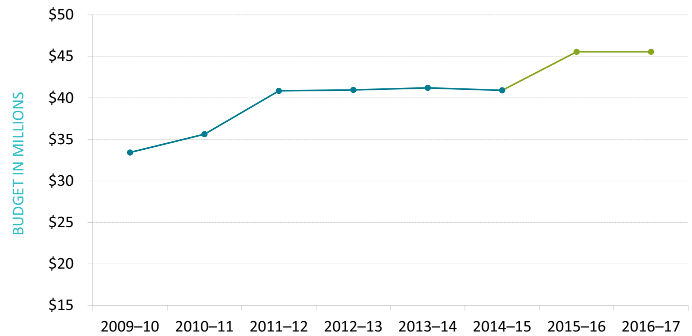


The effect of the recession on the housing market and unemployment negatively impacted taxable sales at the Statewide, Southern California and San Diego regional levels. Improvements in taxable sales began in calendar year 2010. Fiscal Year 2014–15 Sales and Use Tax revenue is projected to increase by $1.9 million or 7.6% compared to budget. The recommended amount includes the winding down of the Triple Flip with a final payment in Fiscal Year 2015–16. Based on current trends and sales activities, Sales and Use Tax Revenue in Fiscal Year 2015–16 is estimated to be $2.4 million or 9.8% higher than the Fiscal Year 2014-15 Adopted Operational Plan and is estimated to be $0.7 million or 2.9% higher in Fiscal Year 2016–17.

Intergovernmental Revenue

Intergovernmental Revenue (**$45.6 million in Fiscal Year 2015–16 and $45.6 million in Fiscal Year 2016–17**) comprises 4.2% of the General Purpose Revenue amount in Fiscal Year 2015–16 and 4.1% of the projected amount in Fiscal Year 2016–17. For Fiscal Year 2015–16, the amount budgeted is $4.6 million or 11.3% higher than the Fiscal Year 2014–15 Adopted Operational Plan.

**General Purpose Revenue:
Intergovernmental Revenue History**



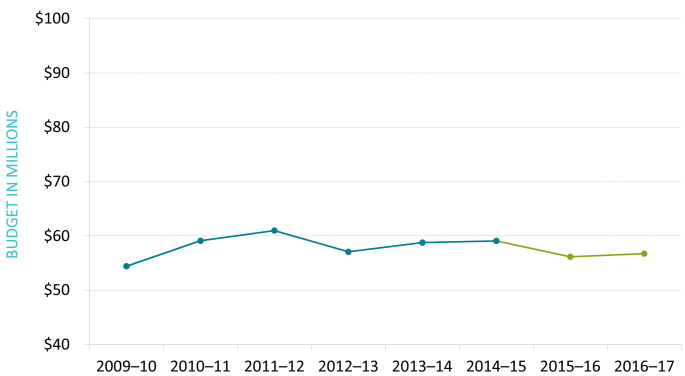
Funding for this revenue source comes from various intergovernmental sources including Redevelopment Successor Agencies, the City of San Diego (pursuant to a Memorandum of Understanding [MOU] related to the County's Central Jail), the federal government (Payments in Lieu of Taxes [PILT] for tax-exempt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

The largest portion of this funding is from aid from Redevelopment Successor Agencies. Redevelopment agencies were dissolved by the California Legislature in ABx1 26 on June 28, 2011. The California Supreme Court upheld the constitutionality of the dissolution on December 29, 2011 and extended the date of dissolution to February 1, 2012. Based on Section 34183 of the Health and Safety Code, the county auditor-controller shall remit from the Redevelopment Property Tax Trust Fund to each affected taxing agency property tax revenues in an amount equal to that which would have been received under Section 33401, 33492.14, 33607, 33607.6, 33607.7 or 33676. Residual funds not allocated for specific purposes will be distributed to affected taxing agencies under Section 34183 of the Health and Safety Code. The County General Fund and Library Fund, as affected taxing entities, receive a share of this tax distribution, but this has not been included in the Fiscal Year 2015–17 Recommended Operational Plan.

Other Revenues

Other Revenues for **Fiscal Year 2015–16 total $56.1 million and increase to $56.7 million in Fiscal Year 2016–17**, and are approximately 5.2% of the total General Purpose Revenue amount in Fiscal Year 2015–16 and 5.1% in Fiscal Year 2016–17. The Fiscal Year 2015–16 amount represents a 5.0% or $2.9 million decrease from the Fiscal Year 2014–15 Adopted Operational Plan.

General Purpose Revenue: Other Revenues History

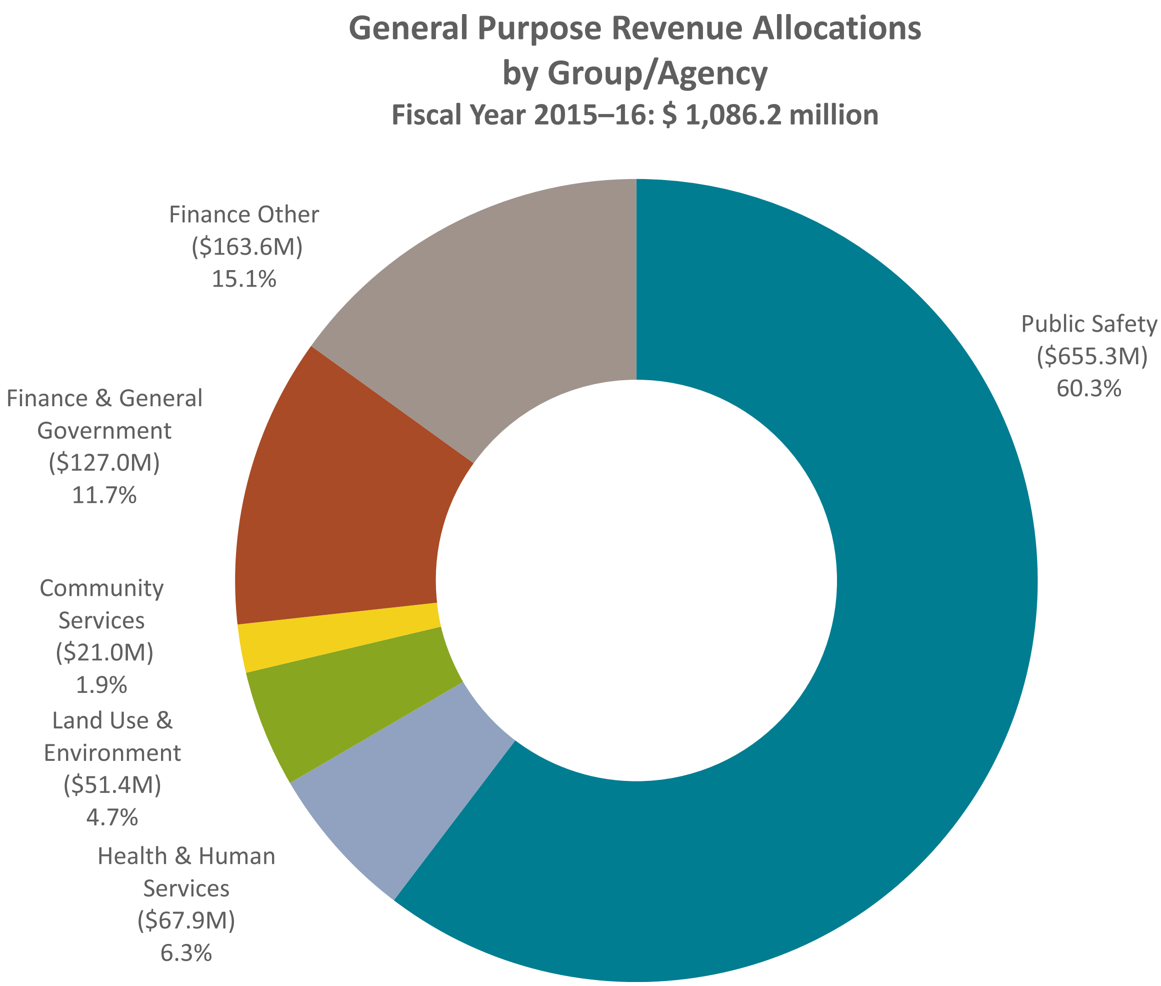


Various revenue sources make up this category including Real Property Transfer Tax (RPTT), interest on deposits, fees, fines, forfeitures, prior year property taxes, penalties, cost delinquency taxes, franchise fee revenue, cable and video licenses and other miscellaneous revenues. One large component of this revenue category for Fiscal Year 2015–16 is RPTT, a leading indicator of local economic strength. RPTT revenue for Fiscal Year 2015–16 is budgeted at $20.5 million, a 6.8% ($1.3 million) increase from the Fiscal Year 2014–15 Adopted Operational Plan, reflecting a continued improvement in receipts in Fiscal Year 2014–15 compared to substantial slowing and overall volatility that began in fall 2008. Revenues are projected to slightly increase by $0.2 million or 1.0% in Fiscal Year 2016–17. RPTT is paid when any lands, tenements or other realty exceeding $100 in value are sold and granted, assigned, transferred or conveyed to the purchaser. The tax rate set by the State is $0.55 per $500 of assessed valuation. The County realizes 100% of the revenues from transactions in the unincorporated area and 50% from transactions in the incorporated areas. Another large component, $11.2 million, is Penalties and Cost on Delinquency Taxes. These revenues are received from penalties assessed on late payment of current year taxes (those taxes paid late, but before the end of the fiscal year). These revenues are projected to slightly increase in Fiscal Years 2015–16 ($0.2 million or 2.2%) and 2016–17 ($0.4 million or 3.3%).

The recommended amount for Other Revenues also reflects the reduction of $5.0 million in Franchise Fees received from SDG&E. These revenues will now be reflected in Land Use and Environmental Group—Department of Public Works as program revenue and will no longer be classified as General Purpose Revenue.

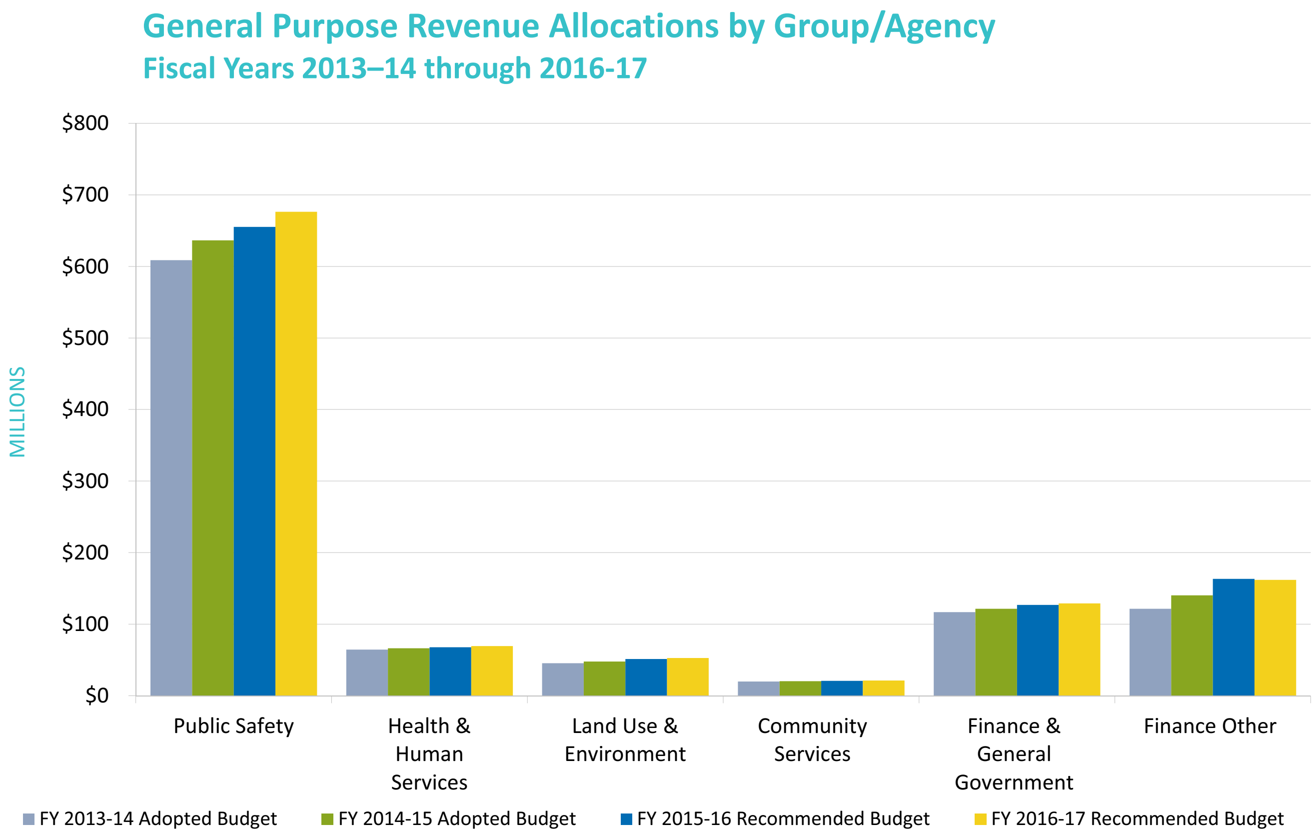
Allocation of General Purpose Revenue by Group/Agency

General Purpose Revenue (GPR) is allocated annually to fund County services based on an analysis of available program revenues, federal or State service delivery obligations and the priorities and strategic direction set by the Board of Supervisors. While the Fiscal Year 2015–16 budget for the Public Safety Group represents 32.2% of total County expenditures, the allocation of GPR for services in that Group equals 60.3% of the total GPR. By contrast, the Health and Human Services Agency's budget represents 37.4% of total County expenditures, however due to significant amounts of funding from program revenues, it is allocated only about 6.3% of total GPR.



The allocation of GPR for Fiscal Years 2015–16 and 2016–17 reflects a multi-year strategy to manage County resources within the recovering economic environment. The primary goals of this strategy are to preserve core services to the public, maintain the commitment to the County's capital program, and address increases in contributions to the retirement fund.

GPR is budgeted at $1,086.2 million in Fiscal Year 2015–16, an increase from Fiscal Year 2014–15 budget of $1,033.5 million. The most significant cost driver resulting from the economic recession has been employer retirement contributions. While in Fiscal Year 2015–16 employer contributions to the retirement fund are budgeted to increase by a modest 3.3%, the annual rate of increase beyond Fiscal Year 2015–16 is not certain. Future contribution rates will be driven by actual market performance of the retirement fund and actuarial assumptions. If the fund does not meet its assumed rate of return for the current fiscal year, and/or if there are changes to future earnings assumptions based on the consideration of new asset allocation models, contributions could increase beyond current projections as early as Fiscal Year 2016–17.



General Purpose Revenue Allocations by Group/Agency (in millions)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Recommended Budget	% Change	Fiscal Year 2016–17 Recommended Budget
Public Safety	$ 608.9	$ 636.5	$ 655.3	3.0	$ 676.3
Health & Human Services	64.7	66.4	67.9	2.2	69.7
Land Use & Environment	45.5	47.9	51.4	7.2	52.9
Community Services	20.1	20.5	21.0	2.6	21.5
Finance & General Government	117.0	121.7	127.0	4.3	129.2
Finance Other	121.7	140.4	163.6	16.5	162.1
Total	**$ 978.0**	**$ 1,033.5**	**$ 1,086.2**	**5.1**	**$ 1,111.8**

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

- Fiscal Year 2015–16 Recommended Operational Plan allocates $29.6 million of GPR growth to the County's five business groups to fund the increase in negotiated salary and benefit costs ($27.1 million) as well as allocation for programs ($5.3 million). The remaining GPR growth will be appropriated to a countywide stabilization fund to mitigate anticipated future volatility in employer contributions for retirement costs.
- Fiscal Year 2016–17 Recommended Operational Plan allocates $29.7 million of GPR to the County's five business groups to fund increases in negotiated salary and benefit increases costs.

Further detail on GPR allocations is provided in the Group and Department sections that begin on page 111. The previous charts and table show the amount of GPR allocated to support each Group/Agency for Fiscal Years 2015–16 and 2016–17 compared to the two prior fiscal years.

Summary of Financial Policies

Background

The County of San Diego has long been recognized for its strong financial management practices. The Government Finance Officers Association has recognized the County for its annual financial report with the Certificate of Achievement for Excellence in Financial Reporting and for its budget document with the Distinguished Budget Presentation Award. The following is an overview of various policies that the County adheres to in its financial management practices and that guide the County's budgetary decision making process. The policies can be viewed online at: http://sdpublic.sdcounty.ca.gov/your-county-government/government-documents/.

Financial Planning and Budget

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

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

Revenues

- As a political subdivision of the State of California, the County has all the powers specifically stated and necessarily implied in general law and the County Charter, including the power to assess, levy and collect taxes.
- The County shall review and evaluate revenues from all sources in order to maximize these revenues within existing legal provisions. Per the County of San Diego Administrative Manual 0030–22, *Revenue Management: Auditor and Controller Responsibilities, the Auditor and Controller will*:
  - Devise and monitor the goals and objectives of a revenue management program within policy guidelines prescribed by the Board of Supervisors. This includes a periodic review of the County's financial condition in order to ensure that the County's financial sources (revenues) are sufficient to meet anticipated obligations.
  - Develop annual revenue estimates for the development of the Operational Plan relating to revenues under control of the Chief Administrative Officer.
  - Ensure that full cost is recovered from fees, grants and revenue contracts to the extent legally possible. If not, the reasons for recovery of less than full cost will be documented and disclosed.
- All revenues received by the County identified as "one-time" revenues will only be appropriated for "one-time" expenditures per the County of San Diego Administrative Manual 0030–14, *Use of One-Time Revenues*.
- County departments will seek to recover the full cost of all services provided to agencies or individuals outside the County of San Diego organization on a contractual or fee basis or when obtaining grant funding. Exceptions to this policy require specific Board of Supervisors approval for the nonreimbursed costs as set forth in Board of Supervisors Policy B-29, *Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery.*
  - Full cost is defined as the sum of direct costs plus departmental overhead costs plus external indirect costs as calculated pursuant to the federal Office of Management and Budget Circular A-87 cost plan for the County.

- All proposed grant funding requests must be certified by the department head as being worthy of funding with County resources if external financing was unavailable.
- Funding sources that will require a revenue match from the County General Fund shall be limited to the designated match level mandated as a condition of funding.
- The establishment of fees, and subsequent changes to fees, will be done by ordinance at regularly scheduled meetings of the Board of Supervisors. Fees are to be deposited or paid in advance of delivery or completion of services. All fee schedules will be reviewed annually or more frequently if warranted, to allow for full cost recovery.
- The Chief Administrative Officer shall review all proposed new or changed fee schedules, grant applications and revenue contracts from an overall policy perspective before they are submitted to the Board of Supervisors for action. County Counsel shall review all revenue contracts to ensure that the County's interests are protected.

- During the budget development process, selected departments may be asked to analyze services, either County operated or contracted, to determine if the quality, economy and productivity are equal to that of an alternative delivery method, including other government agencies, and to determine how the revenues can be maximized so the highest level or volume of services can be provided as set forth in Board of Supervisors Policy B-63, *Competitive Determination of Optimum Service Delivery Method*.
- There are three basic categories of funding sources for County programs and services: Program Revenue, General Purpose Revenue and Fund Balance.
  - Program Revenue may be received in the form of fees paid by customers for a particular service or may be received as a subvention or grant from the State or federal government based on qualifying services being provided to local residents. For purposes of constructing the Operational Plan, Program Revenue is defined to also include all revenue received by special funds.
  - General Purpose Revenue may be used to provide for any service that is within the legal purview of the County. It is used to match federal or State program revenues where required and to fund mandated and discretionary services where either no program revenue or insufficient program revenue is received. General Purpose Revenue shall be budgeted only after all other funding sources for those services are taken into account.
  - Fund Balance results from an excess of revenues over expenditures in prior fiscal years. Fund balance is used to support one-time projects only, not ongoing services.
- Revenue received from the Tobacco Master Settlement Agreement (1998) shall be allocated to support a comprehensive tobacco control strategy, to increase funding for health care-based programs, and to supplement, but not replace, existing health care revenue pursuant to Board of Supervisors Policy E-14, *Expenditure of Tobacco Settlement Revenue in San Diego County*.
- All County funds shall be established according to the procedures set forth in County of San Diego Administrative Manual 0030–18, *Establishing Funds and Transfer of Excess Cash Balances to the General Fund*. Interest earned on all funds is deposited to the General Fund, unless specific legislation, codes or Board of Supervisors action directs otherwise.

Expenditures

- Pursuant to the Charter of the County of San Diego, Article VII, §703.4, the Chief Administrative Officer supervises the expenditures of all departments and reports to the Board of Supervisors whether those expenditures are necessary.
- Changes during the year to the adopted budget are permitted by State law with approval by the Board of Supervisors or, in certain instances, by the Auditor and Controller.
- Appropriation transfers of any amount between objects within a budget unit may be processed by the Auditor and Controller except when the transfer would have actual or potential programmatic impacts or is to or from Capital Projects, Road Projects or Operating Transfers between departmental budget units. Programmatic impact is defined as a change in program emphasis (e.g., due to shifts in workload or new opportunities), staffing or method of service delivery from the adopted budget. Appropriation transfer requests that fall within the exception categories require approval from the Board of Supervisors pursuant to County of San Diego Administrative Manual 0030–10, T*ransfers of Appropriations between Objects within a Budget Unit*.
- As a general practice, the County does not backfill programmatic funding eliminated by the State of California.
- Contracts for services, when properly issued and administered, are an approved method to accomplish County program objectives. Pursuant to the Charter of the County of San Diego §703.10 and §916, the County may employ an independent contractor if it is determined that the services can be provided more economically and efficiently than by persons employed in the Classified Service. The County may enter into contracts for services based upon conditions and methods set forth in Board of Supervisors Policy A-81, *Procurement of Contract Services*.
- The County shall procure items or services on a competitive basis unless it is in the County's best interests not to use the competitive procurement process. The competitive procurement requirements may be satisfied through conducting either (a) formal bidding or (b) competitive negotiated pro-

curement. Definitions and guidelines for exemptions and exceptions are outlined in Board of Supervisors Policy A-87, *Competitive Procurement*.

- The County will establish appropriations for the Community Enhancement Program at a level approximately equal to the amount of Transient Occupancy Tax revenues estimated to be collected each fiscal year. Each of the five Board of Supervisors office is allocated 20% of the total program amount for purposes of recommending grant awards to community organizations based on eligibility criteria and application guidelines included in Board of Supervisors Policy B-58, *Funding of the Community Enhancement Program*.
- All appropriations available for the Neighborhood Reinvestment Program will be included annually in the County's Operational Plan. Resources available may vary and may range up to $10.0 million, distributed evenly among the five Board of Supervisors districts, subject to the budget priorities of the Board of Supervisors as detailed in Board of Supervisors Policy B-72, *Neighborhood Reinvestment Program*.

Reserves

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

Debt Management

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

Investments

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

Capital Improvements

- The County Board of Supervisors has jurisdiction over the acquisition, use and disposal of County-owned real property and County-leased property under the authority of California Government Code §23004.
- The need for capital improvements is assessed annually. Board of Supervisors Policy B-37, *Use of the Capital Program Funds*, establishes funding methods, administration and control, and allowable uses of the Capital Program Funds.
- The physical assets of the County are extensive; thus it is essential that the County follows an effective strategy to manage and plan for current and long-term capital and space needs. The Department of General Services shall be the responsible agency to manage the capital facilities planning and space needs of the County. The department is responsible for establishing the general objectives and standards for the location, design and occupancy of County-owned or leased facilities, as well as serving as the steward of a Countywide master plan and individual campus plans per Board of Supervisors Policy G-16, *Capital Facilities and Space Planning*.
- The Capital Program Funds were established by the Board of Supervisors to provide centralized budgeting for the accumulation and expenditure of funds. The CAO Administrative Manual Policy 0030-23; *Use of the Capital Program Funds, Capital Project Development and Budget Procedure*, 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.
- Additional details on the County's Capital Program can be found in the Capital Program section.

Measurement Focus and Basis of Accounting

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

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

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

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

Financial Statement Presentation

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

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

Differences Between Budgetary and Financial Reports

Governmental Funds

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

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

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

Proprietary Funds

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

All Funds/GASB 54

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

The five components of fund balance are:

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

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

Capital Projects

Capital Projects

Each year, the County assesses the need for capital improvements in accordance with Board of Supervisors Policies G-16, *Capital Facilities and Space Planning* and B-37, *Use of the Capital Program Funds.* These policies provide guidelines for the County's multi-year approach to planning for capital projects. The projects identified in this process include the improvement to or acquisition of land and facilities. Certain recurring capital or infrastructure projects, such as roads, bridges and sewer lines, are reviewed separately and budgeted in the applicable operating fund (e.g., Road Fund or sanitation district funds). The Fiscal Year 2015–16 capital projects budget for the County is $130.0 million and $2.5 million for Fiscal Year 2016–17. This excludes the $9.2 million appropriated in Fiscal Year 2015–16 and 2016–17 in the Edgemoor Development Fund to support the costs associated with the Edgemoor Skilled Nursing Facility, including the lease payments related to the long-term financings executed to help fund construction.

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

Capital Project Appropriations

Appropriation Increases for New and Existing Capital Projects (Fiscal Year 2015–16)	**Dollar Amount**	**Number of Projects**
Capital Outlay Fund	$ 14,164,000	8
County Health Complex Fund	400,000	1
Justice Facility Construction Fund	105,422,925	3
Multiple Species Conservation Program Fund	10,000,000	1
Total Appropriation Increases for New and Existing Capital Projects (Fiscal Year 2015-16)	$ **129,986,925**	**13**

Capital Project Remaining Appropriations by Group

Projects Underway	**Dollar Amount**	**Number of Projects**
Public Safety Group	$ 174,526,474	17
Health and Human Services Agency	6,106,194	6
Land Use and Environment Group	64,752,031	67
Community Services Group	39,522,121	13
Finance and General Government Group	28,998,200	3
Total Projects Underway	$ **313,905,020**	**106**
Grand Total	**$ 443,891,945**	**115***

*Grand total number of projects may not equal the sum of both project totals due to existing projects with new appropriations.

The Capital Program section of this Operational Plan beginning on page 441 highlights major projects and provides project details on all outstanding capital projects. The Finance Other section on page 487 includes a schedule of lease-purchase payments related to previously debt-financed projects.

Reserves and Resources

Reserves and Resources

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

Reserves and Resources (in millions)

	Fiscal Year 2014-15 Adopted Budget		Fiscal Year 2015-16 Recommended Budget	
General Fund Minimum Fund Balance for Economic Uncertainty	$	103.3	$	108.6
Group/Agency Management Reserves		29.8		35.3
General Fund Contingency Reserve: Operations		20.7		21.7
Committed Fund Balance: Unforeseen Catastrophic Events		55.5		55.5
Total	**$**	**209.3**	**$**	**221.1**

General Fund Fund Balance and Reserves

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

General Fund Minimum Fund Balance for Economic Uncertainty

Established in Fiscal Year 2009–10, pursuant to Board of Supervisors Policy B-71, *Fund Balance and Reserves*, sets a target amount that equates to 10% of General Purpose Revenue. The $108.6 million set aside of General Fund unassigned fund balance for Fiscal Year 2015-16 equates to 10% of General Purpose Revenue and is in compliance with the policy.

General Fund Contingency Reserve

Appropriated for unanticipated needs or to offset revenue shortfalls during the fiscal year. Board of Supervisors Policy B-71, *Fund Balance and Reserves*, sets a target amount that equates to 2% of budgeted General Purpose Revenue. The $21.7 million budgeted for Fiscal Year 2015-16 equates to 2% of General Purpose Revenue and is in compliance with the policy.

Committed: Unforeseen Catastrophic Events

Established in Fiscal Year 2007–08 by the Board of Supervisors, previously known as General Reserve, to address unforeseen catastrophic situations. By law, the General Reserve may be established, canceled, increased or decreased at the time of adopting the budget with a three-fifths vote of the Board of Supervisors. It may be increased at any time during the year with a four-fifths vote of the Board. In the case of a legally declared emergency as defined in Government Code §29127, the Board, by a four-fifths vote, may appropriate these funds and make the expenditures necessary for the emergency. Board of Supervisors Policy B-71, *Fund Balance and Reserves*, sets a target amount for this reserve that equates to 5% of budgeted General Purpose Revenue. The County's fund balance commitment for Unforeseen Catastrophic Events of $55.5 million in Fiscal Year 2015-16 equates to 5.1% of Fiscal Year 2015-16 budgeted General Purpose Revenue and is in compliance with the policy.

Group/Agency Management Reserves

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

Additional Reserves and Resources (in millions)	Fiscal Year 2014-15 Adopted Budget	Fiscal Year 2015-16 Recommended Budget
Tobacco Securitization Endowment Fund	$ 325.3	$ 313.5
Workers' Compensation Fund	116.4	111.8
Environmental Trust Fund	54.1	50.9
Public Liability Fund	40.8	43.4
Restricted: Debt Service	25.6	27.1
Total	**$ 562.2**	**$ 546.7**

Additional Reserves and Resources

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

Tobacco Securitization Endowment Fund

The County established the Tobacco Securitization Endowment Fund in January 2002. In lieu of receiving the Tobacco Settlement revenue on an annual basis, the County securitized the payment stream and deposited the net proceeds of $412.0 million into the Tobacco Securitization Endowment Fund. Based on certain interest rate assumptions, these proceeds would have enabled the County to fund approximately $24.2 million of health care programs annually through approximately year 2020. Due to lower than anticipated interest earnings, in May 2006 the original issuance was refunded through a second securitization and an additional $123.5 million was deposited into the fund. It was estimated that this would extend the life of the endowment fund through year 2034. In accordance with Board of Supervisor's Policy E-14, *Expenditure of Tobacco Settlement Revenue in San Diego County*, $13.5 million is allocated in the Tobacco Securitization Endowment Fund for Fiscal Year 2015-16, based on planned operational needs, which will fluctuate from year to year based on program and one-time projects.

Workers' Compensation Fund

The County contracts with an actuary to annually estimate the liability and capture the costs associated with all reported and unreported workers' compensation claims. The liability is estimated to be $166.9 million, which includes $27.8 million in expected costs for Fiscal Year 2014–15. The cash balance in the fund is projected to be $111.8 million at July 1, 2015.

Environmental Trust Fund

Proceeds from the sale of the County's solid waste system on August 12, 1997, were set aside to fund inactive/closed landfill management for approximately 30 years.

Public Liability Fund

The County contracts with an actuary to annually assess the long-term liability of the fund and determine an adequate level of reserves for current and future public risk management claims. The liability is estimated to be $37.9 million, which includes $15.8 million in expected costs for Fiscal Year 2014–15. The cash balance in the fund is projected to be $43.4 million at July 1, 2015.

Restricted: Debt Service

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

Committed Fund Balance (General Fund only)

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

Committed: Registrar of Voters

Established in Fiscal Year 2003–04 to provide sustained funding for those election years with few billable participating jurisdictions.

Committed: Sales Proceeds Grand Avenue Clinic

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

Committed: SDCFA Equipment Replacement

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

Committed: Environmental Health

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

Committed: Replacement/Upgrade Public Safety Communication System

Established in Fiscal Year 2011-12 for the future design, procurement and installation of the next generation of communication technology to be used by public safety and public service agencies throughout San Diego County. These funds will be used to support the County's share of costs to replace the existing 800MHz Regional Communication System implemented in 1996.

Committed Fund Balance (General Fund only, in millions)

	Fiscal Year 2014-15 Adopted Budget Increase/(Decrease) From Prior Year	Fiscal Year 2015-16 Recommended Budget Increase/(Decrease) From Prior Year
Committed: Registrar of Voters	$ 1.0	$ (1.0)
Committed: Sale Proceeds Grand Avenue Clinic	1.1	0.0
Committed: SDCFA Equipment Replacement	0.1	0.1
Committed: Environmental Health	(1.4)	(1.4)
Committed - Replacement/Upgrade Public Safety Communication System	0.0	(16.3)
Total	**$ 0.8**	**$ (18.6)**

Debt Management Policies and Obligations

Debt Management

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

Long-Term Obligation Policy

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

Long-Term Obligation Limits

- All long-term financings shall comply with federal, State and County Charter requirements.
- All long-term obligations must be approved by the Board of Supervisors after approval and recommendation by the Debt Advisory Committee, which is currently composed of the Assistant Chief Administrative Officer/Chief Operating Officer, the Auditor and Controller and the Treasurer-Tax Collector.
- Prior to its recommendation, the Debt Advisory Committee shall assess the credit impact of the financing, which includes analyzing the ability of the County to repay the obligation, identifying the funding source of repayment, evaluating the impact of the ongoing obligation on the current budget and future budgets, and assessing the maintenance and operational requirements of the project to be financed.
- The term of the long-term obligation will not exceed the useful life or the average life of the project or projects being financed.
- Total annual principal and interest payments on all long-term obligations of the General Fund will not exceed 5% of General Fund revenue.

Uses of Long-Term Obligations

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

Structuring Practices

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

Management Practices

- The County shall encourage and maintain good relations with credit rating agencies, its investors, and those in the financial community who participate in the issuance or monitoring of the County's long-term obligations. A policy of full and open disclosure on every financial report and long-term obligation transaction will be enforced, an investor relations website will be maintained with current and accurate information, and a credit rating agency presentation/update shall be conducted annually.
- The County shall comply with all ongoing disclosure conditions and shall file such required documents in a timely manner.
- The County shall monitor earnings on bond proceeds and rebate excess earnings as required to the U.S. Treasury to avoid the loss of tax-exempt status.
- The County of San Diego will enforce filing notices of completion on all projects within five years of their financing. The County shall continually review outstanding obligations and aggressively initiate refinancings when economically feasible and advantageous.

Credit Ratings

The County of San Diego seeks ratings from three rating agencies, Moody's Investors Service, Standard and Poor's and Fitch Ratings, in order to provide an objective measure of the strength of the County's credit.

The most recent full credit review of the County by the rating agencies was performed in July and August 2014 in connection to the County of San Diego’s 2014 Refunding Certificates of Participation (Edgemoor and RCS Refunding). At this time, Standard and Poor’s and Fitch Ratings affirmed the County’s issuer and long-term obligation ratings. Moody’s Investors Service upgraded the County’s issuer rating from “Aa1” to “Aaa” and the long-term obligation ratings from “Aa3” to “Aa2”.

All three rating agencies cited the County's strong financial management, broad and diverse economy, and low to moderate debt burden in their rationale for the ratings they assigned. Standard and Poor's affirmed its ratings of the County and its obligations and maintained the stable outlook on the County's ratings because of strong economy, very strong budgetary flexibility, strong budgetary performance, very strong liquidity, very strong management conditions with strong financial policies, and a strong debt and contingent liabilities position. Fitch Ratings states, “the county's strong financial results are supported by forward-looking management policies and practices which include clear reserve targets, disciplined funding of capital needs and long-term obligations, and conservative budgeting… the county has instituted numerous expenditure controls over the past several years, reducing both near-term and future cost pressures.” Moody’s Investors Service attributes its upgrade to “the county’s consistent maintenance of a very strong fiscal position … [and] stable and prudent management, which maintained the county’s resilient credit strength even during the recession.”

The County of San Diego's credit ratings are presented in the table below.

Credit Ratings

	Moody’s Investors Service	Standard & Poor’s	Fitch Ratings
County of San Diego (Issuer Rating)	Aaa	AAA	AAA
Certificates of Participation and Lease Revenue Bonds	Aa2	AA+	AA+
Pension Obligation Bonds	Aa2	AA+	AA+

Authority to Finance and Bond Ratios

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

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

However, there are three major exceptions to the debt limit that have been recognized by the California courts: (i) the Offner-Dean lease exception, (ii) the special fund doctrine and (iii) the obligation imposed by law exception. These types of obligations are not considered indebtedness under the State constitution and are therefore not subject to the limitations on general obligation debt. The reason these obligations are not subject to the debt limit are further discussed below.

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

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

The courts have applied the *obligation imposed* by law exception to indebtedness used to finance an obligation imposed by law. In this case, the obligation is involuntary; therefore, it would not be relevant to obtain voter approval.

Authority to Finance

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

Bond Ratios

	Fiscal Year 2010–11	Fiscal Year 2011–12	Fiscal Year 2012–13	Fiscal Year 2013–14	Fiscal Year 2014–15	Fiscal Year 2015–16
Net Bonded Debt (in millions)[1]	$ 1,265.5	$ 1,204.4	$ 1,177.0	$ 1,144.3	$ 1,086.1	$ 1,016.9
Net Bonded Debt per Capita[2]	$ 406	$ 385	$ 374	$ 361	$ 344	$ 318
Ratio of Net Bonded Debt to Assessed Value[3]	0.32%	0.31%	0.30%	0.28%	0.25%	0.23%

[1]Net Bonded Debt is outstanding principal at the beginning of the fiscal year that is secured by the County General Fund, and reflects amounts in reserve funds.

[2]Population is based on population figures provided by the State of California Department of Finance.

[3]Assessed value includes total secured, unsecured, and unitary property.

Note: If the County were to issue General Obligation Bonds, the debt limit pursuant to Government Code §29909 would be 1.25% of the taxable property of the county. The estimated assessed value, including secured, unsecured and unitary property, as of June 30, 2015 is $445.4 billion.

Bond and Debt Service Ratios

The table above presents bond ratios useful to County management, gauging the County's long-term financial obligations within the context of population and assessed value.

General Fund Debt Service Ratios

The total debt service reported in the table below is composed of payments on the County's Pension Obligation Bonds, Certificates of Participation and Lease Revenue Bonds. They are described in the following section titled Long-Term Obligations. In addition, the detail of the payments required for assets financed through the Certificates of Participation and Lease Revenue Bonds and the payments required for the Pension Obligation Bonds is provided in the Finance Other section beginning on page 487.

Components of General Fund Debt Service Ratio (in millions)

	Fiscal Year 2012–13 Adopted Budget	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Recommended Budget	Fiscal Year 2016–17 Recommended Budget
General Fund Revenue[1]	$ 3,603.9	$ 3,719.7	3,694.1	$ 3,887.5	$ 3,901.9
Total Debt Service[2]	$ 124.5	$ 120.0	$ 118.5	$ 116.9	$ 116.8
Ratio of Total Debt Service to General Fund Revenue	3.46%	32.3%	3.21%	3.01%	2.99%
General Fund Share of Debt Service Cost[3]	$ 97.2	$ 92.5	$ 90.5	$ 90.3	$ 90.4
Ratio of General Fund Share of Debt Service to General Fund Revenue	2.70%	2.49%	2.45%	2.32%	2.32%

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

[2]Total Debt Service excludes debt service chargeable to special revenue funds, enterprise funds, special districts and external funding sources.

[3]Although Total Debt Service is fully secured by the General Fund, the General Fund Share of Debt Service Costs excludes amounts chargeable to programs, internal service funds, the Capital Outlay Fund, penalty assessments, rents and concessions, and pass through agreements.

Outstanding Principal Bonded Debt (in millions)		
	As of June 30, 2015	Projected as of June 30, 2016
Certificates of Participation	$ 227.9	$ 212.4
Lease Revenue Bonds	123.8	120.2
Pension Obligation Bonds	692.3	649.9
Redevelopment Successor Agency Bonds	12.7	12.2
Total	**$ 1,056.7**	**$ 994.7**

Long-Term Obligations

The County's outstanding General Fund secured long-term principal bonded debt as of June 30, 2015, and projected as of June 30, 2016, are presented in the table above.

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

Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs)

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

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

Taxable Pension Obligation Bonds (POBs)

POBs are financing instruments typically used to pay some or all of a pension plan's unfunded liability. The bond proceeds are transferred to the issuer's pension system as a prepayment of all or part of the unfunded pension liabilities of the issuer, and the proceeds are invested as directed by the pension system. POBs have been issued on several occasions by the County to reduce the unfunded actuarial accrued liability (UAAL) of the San Diego County Employees Retirement Association (SDCERA) on a lump sum basis rather than making actuarially determined amortized payments over a specified period of years. The size of the UAAL is determined annually by an actuary and can increase or decrease depending on changes in actuarial assumptions, earnings on the assets of the fund and retiree benefits. POBs totaling $430,430,000 were first issued by the County in February 1994. Since this initial issue, the County has issued additional series of POBs: in October 2002, the County issued $737,340,000 of POBs, a portion of which refunded the POBs issued in 1994; in June 2004, the County issued an additional $454,112,916 of POBs; and in August 2008, $443,515,000 of POBs were issued to refund the variable rate portion of the POBs issued in 2002.

A total of $264 million of the principal component of the County's outstanding taxable POBs has been prepaid. As included in the Fiscal Year 2009–10 Adopted Operational Plan, the most recent prepayment occurred on July 1, 2009 and retired the $100 million of outstanding 2008 Series B1-B2 POBs (variable rate demand obligations). This most recent prepayment resulted in lowering the aggregate annual debt service for the taxable POBs from $86.0 million to $81.4 million and a further shortening of the final maturity to Fiscal Year 2026–27. As of June 30, 2015, the County is anticipated to have $692.3 million of taxable POBs outstanding.

Redevelopment Successor Agency Tax Allocation Bonds (TABs)

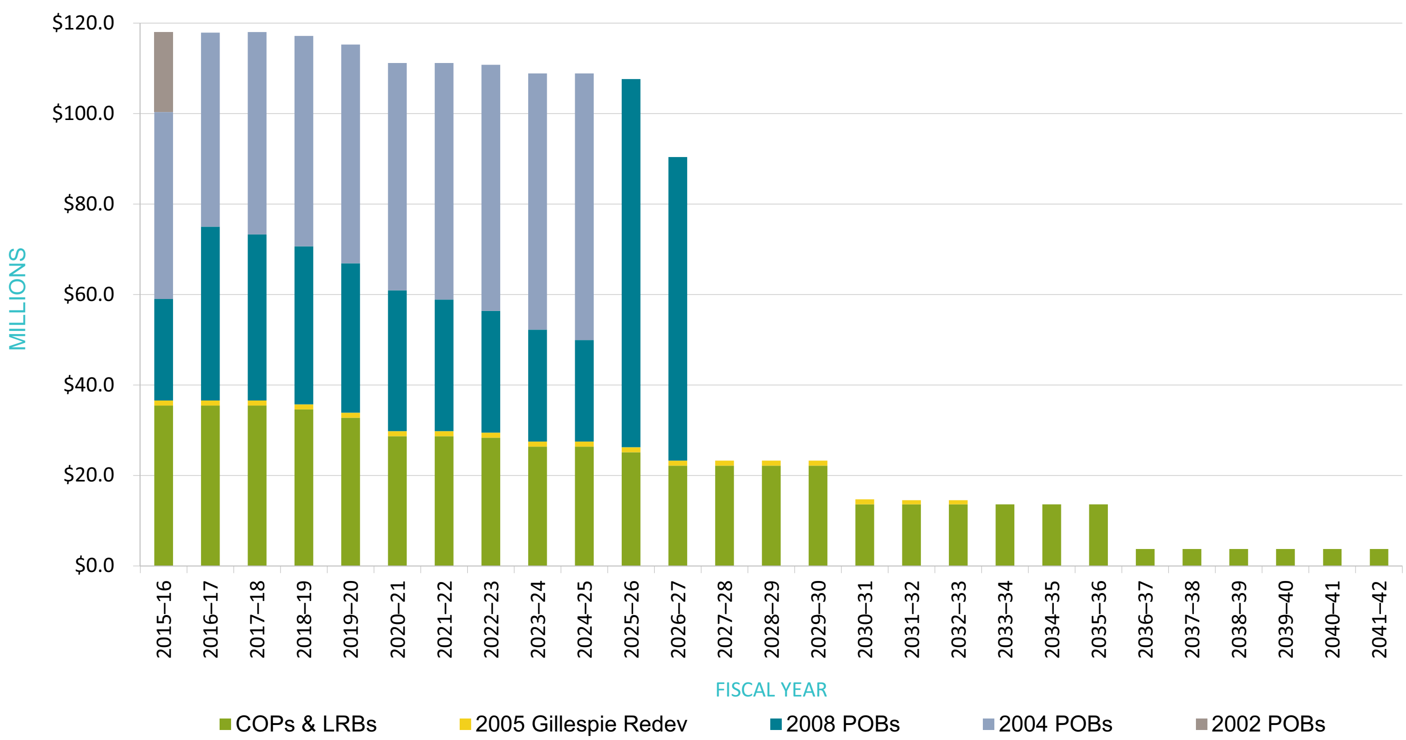
TABs are limited obligations issued by the former Redevelopment Agency of the County of San Diego (Agency) to help pay for improvements related to projects within its redevelopment areas. The Agency was formed on October 14, 1974, pursuant to Redevelopment Law, and effective February 1, 2012 was dissolved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

General Obligation Bonds (GO Bonds)

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

The chart below shows the County's scheduled long-term obligation payments through final maturity of Fiscal Year 2041–42 as of June 30, 2015, which include Certificates of Participation (COPs), Lease Revenue Bonds (LRBs), Taxable Pension Obligation Bonds (POBs) and Tax Allocation Bonds (TABs), and does not include any future debt issuances by the County. The table on the following page details the final maturity date, original principal amount and the outstanding principal amount for each of the County's current long-term financings.

Long-Term Debt Obligations[1]
Fiscal Years 2015–16 through 2041–42



[1]Represent principal and interest due until final maturity on outstanding obligations of the County as of June 30, 2015. Details of these obligations, issued from 2002 through 2012, are provided in the table on the following page.

Outstanding County Financings (in thousands)[1]

	Final Maturity Date	Original Principal Amount	Principal Amount Outstanding
Certificates of Participation & Lease Revenue Bonds			
2005 North & East County Justice Facility Refunding	2019	$ 28,210	$ 12,045
2009 County Operations Center Phase 1A	2036	136,885	123,780
2009 Justice Facilities Refunding	2025	80,940	52,160
2011 MTS Tower Refunding	2019	19,260	10,890
2011 County Administration Center Waterfront Park	2042	32,665	30,890
2012 Cedar and Kettner Development Project	2042	29,335	28,155
2014 Edgemoor and RCS Refunding, issued September 2014	2029	93,750	93,750
Total Certificates of Participation and Lease Revenue Bonds		**$ 421,045**	**$ 351,670**
Taxable Pension Obligation Bonds			
Series 2002	2015	$ 132,215	$ 17,230
Series 2004[2]	2024	454,113	369,343
Series 2008	2027	343,515	305,765
Total Pension Obligation Bonds		**$ 929,843**	**$ 692,338**
Redevelopment Successor Agency Tax Allocation Bonds			
2005 Gillespie Field Refunding	2032	$ 16,000	$ 12,665
Total Tax Allocation Bonds		**$ 16,000**	**$ 12,665**

[1]This table reflects the County's outstanding financings as of June 30, 2015.

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

Short-Term Obligations

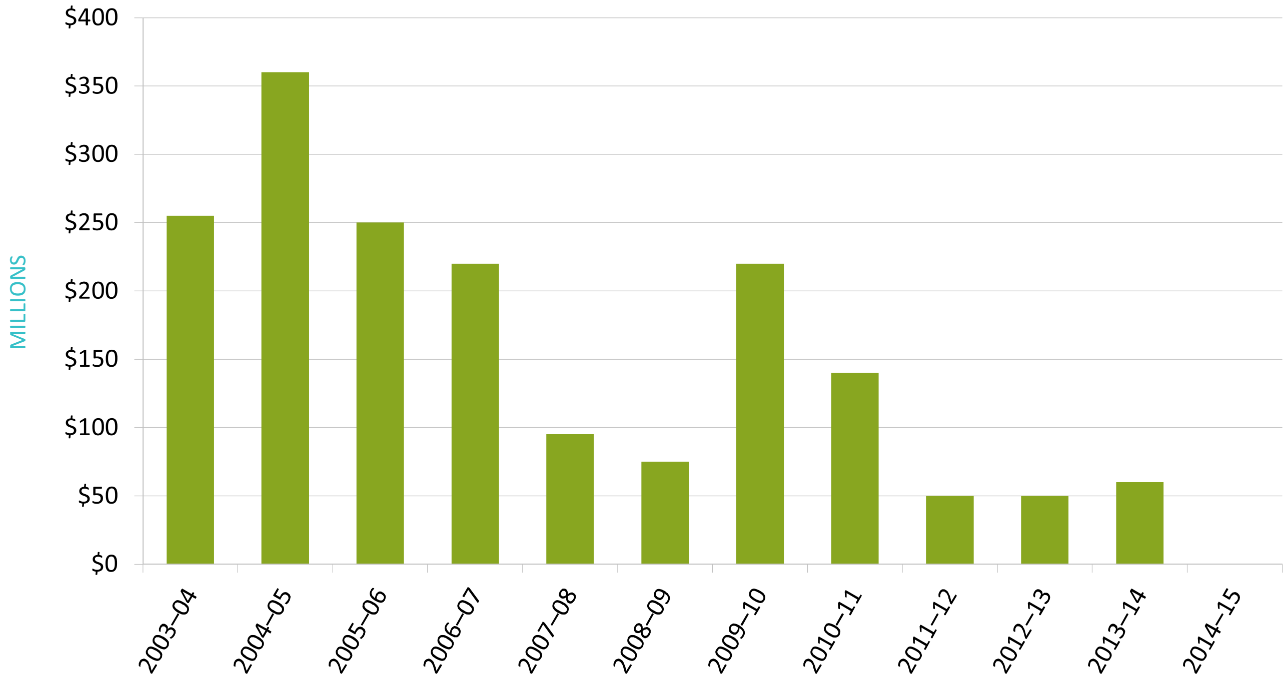
During the ordinary course of business, local governments, such as the County, typically experience temporary mismatches in cash flow due to the timing of the County's payment of expenditures, which is ongoing, and receipt of revenues, which is largely focused on months surrounding tax payment dates. To mitigate these cash flow imbalances, the County may borrow cash through the issuance of Tax and Revenue Anticipation Notes (TRANs). These notes mature within 12 to 13 months of the date of issuance and are, therefore, considered short-term obligations. The chart on the following page shows TRANs borrowing since 2003–04. The County did not issue TRANs for Fiscal Year 2014-15.

Conduit Issuances

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

Tax and Revenue Anticipation Notes (TRANs) Cash Borrowing

2003–04 through 2014–15



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

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

The table on the following page details the County's outstanding conduit issuances as of June 30, 2015.

Outstanding Conduit Issuances (in thousands)

	Final Maturity Date	Original Principal Amount	Principal Amount Outstanding
Conduits			
2000 San Diego Museum of Art	2030	$ 6,000	$ 5,700
2003 Chabad	2023	11,700	6,650
2003 San Diego Jewish Academy	2026	13,325	5,975
2004 Museum of Contemporary Art	2034	13,000	5,350
2006 Burnham Institute for Medical Research	2034	59,405	49,000
2008 The Arc of San Diego	2038	13,250	11,960
2010 Salk Institute for Biological Studies	2040	37,445	35,760
2012 Burnham Institute for Medical Research	2030	18,885	17,465
Total Conduits		**$ 173,010**	**$ 137,860**
Housing			
1996 Torrey Pines Apartments	2021	$ 863	$ 396
1999 Laurel Village Apartments	2014	1,670	0
2002 Spring Valley	2032	3,250	1,672
Total Housing		**$ 5,783**	**$ 2,068**

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COUNTY OF SAN DIEGO

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