### Statement of Net Assets
#### June 30, 2004
(In Thousands)

#### Assets

<table>
<thead>
<tr>
<th>Current assets:</th>
<th>Primary Government</th>
<th>Component Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Governmental Activities</td>
<td>Business-Type Activities</td>
</tr>
<tr>
<td>Equity in pooled cash and investments</td>
<td>$ 728,287</td>
<td>69,877</td>
</tr>
<tr>
<td>Cash with fiscal agent</td>
<td>17,386</td>
<td></td>
</tr>
<tr>
<td>Collections in transit</td>
<td>9,069</td>
<td>659</td>
</tr>
<tr>
<td>Imprest cash</td>
<td>518</td>
<td>2</td>
</tr>
<tr>
<td>Investments</td>
<td>18,786</td>
<td></td>
</tr>
<tr>
<td>Receivables, net</td>
<td>386,439</td>
<td>1,387</td>
</tr>
<tr>
<td>Taxes receivable, net</td>
<td>34,488</td>
<td></td>
</tr>
<tr>
<td>Internal balances</td>
<td>(9,106)</td>
<td>9,106</td>
</tr>
<tr>
<td>Inventory of materials and supplies</td>
<td>9,476</td>
<td></td>
</tr>
<tr>
<td>Deferred charges</td>
<td>1,792</td>
<td></td>
</tr>
<tr>
<td>Deposits with others</td>
<td>1,494</td>
<td></td>
</tr>
<tr>
<td>Prepaid items</td>
<td>1,295</td>
<td></td>
</tr>
<tr>
<td>Restricted assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash with fiscal agent</td>
<td>59,134</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>27,300</td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,286,358</td>
<td>81,031</td>
</tr>
</tbody>
</table>

| Noncurrent assets:                   |                    |                |        |          |
| Restricted assets:                   |                    |                |        |          |
| Investments                           | 339,922            |                | 339,922 |          |
| Investments                           | 24,885             |                | 24,885 |          |
| Deferred charges                      | 26,999             |                | 26,999 |          |
| Capital assets:                      |                    |                |        |          |
| Land, construction and contracts in progress | 437,196 | 26,193 | 463,389 |          |
| Other capital assets, net of depreciation | 2,243,374 | 55,745 | 2,299,119 |          |
| Total noncurrent assets               | 3,072,376          | 81,038         | 3,154,314 | 172,733 |

Total assets                          | 4,358,734          | 162,969      | 4,521,703 | 172,733 |

#### Liabilities

| Current liabilities:                 |                    |                |        |          |
| Accounts payable                     | 88,704             | 1,038         | 89,742 | 3,211   |
| Accrued payroll                      | 61,688             | 270           | 61,958 |          |
| Accrued interest                     | 20,943             |               | 20,943 |          |
| Deferred revenue                     | 60,301             | 280           | 60,581 |          |
| Current portion of long-term obligations | 109,819 | 201 | 110,020 |          |
| Total current liabilities            | 341,455            | 1,789         | 343,244 | 3,211   |

| Noncurrent liabilities:              |                    |                |        |          |
| Noncurrent portion of long-term obligations | 2,191,358 | 3,337 | 2,194,695 |          |

Total liabilities                     | 2,532,813          | 5,126         | 2,537,939 | 3,211   |

#### Net Assets

| Invested in capital assets, net of related debt | 2,324,806 | 76,485 | 2,403,291 |
| Restricted for:                                |          |      |          |
| Capital projects                               | 6,249    |      | 6,249    |
| Debt service                                   | 77,640   |      | 77,640   |
| Inactive landfill closure                      | 23,170   |      | 23,170   |
| Other purposes                                 | 62,924   |      | 62,924   |
| Unrestricted                                   | (668,868) | 79,358 | (589,510) | 169,522 |
| Total net assets                               | $ 1,825,921 | 157,843 | 1,983,764 | 169,522 |

The notes to the basic financial statements are an integral part of this statement.
## Program Revenues

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Grants and Contributions</th>
<th>Capital Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary government:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$234,759</td>
<td>7,353</td>
<td>832</td>
</tr>
<tr>
<td>Public protection</td>
<td>1,173,532</td>
<td>196,444</td>
<td>18,662</td>
</tr>
<tr>
<td>Public ways and facilities</td>
<td>160,344</td>
<td>49,480</td>
<td>31,322</td>
</tr>
<tr>
<td>Public assistance</td>
<td>1,052,911</td>
<td>855,723</td>
<td>310</td>
</tr>
<tr>
<td>Health and sanitation</td>
<td>564,796</td>
<td>228,254</td>
<td>250</td>
</tr>
<tr>
<td>Recreational and cultural</td>
<td>26,493</td>
<td>990</td>
<td>14,021</td>
</tr>
<tr>
<td>Education</td>
<td>31,722</td>
<td>839</td>
<td>2,270</td>
</tr>
<tr>
<td>Interest expense</td>
<td>91,897</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>3,336,454</td>
<td>1,339,083</td>
<td>67,357</td>
</tr>
<tr>
<td><strong>Business-type activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sanitation Districts</td>
<td>15,828</td>
<td>4,153</td>
<td>683</td>
</tr>
<tr>
<td>Other Enterprise Funds</td>
<td>11,378</td>
<td>856</td>
<td></td>
</tr>
<tr>
<td><strong>Total business-type activities</strong></td>
<td>27,206</td>
<td>4,153</td>
<td>1,539</td>
</tr>
<tr>
<td><strong>Total primary government</strong></td>
<td>3,363,660</td>
<td>1,343,236</td>
<td>68,896</td>
</tr>
<tr>
<td><strong>Component unit:</strong></td>
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<td></td>
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<tr>
<td>First 5 Commission</td>
<td>29,760</td>
<td>41,063</td>
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</tr>
<tr>
<td><strong>Total component unit</strong></td>
<td>$29,760</td>
<td>41,063</td>
<td></td>
</tr>
</tbody>
</table>

**General revenues:**
- Taxes:
  - Property taxes
  - Franchise taxes
- Contributions from State
- State allocation of sales tax & vehicle license fees
- Interest

**Transfers**
- Total general revenues and transfers
- Change in net assets
- Net assets - beginning (Component Unit restated)
- Net assets - ending
## Net (Expense) Revenue and Changes in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>Primary Government</th>
<th>Component Unit</th>
<th>First 5 Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Governmental Activities</td>
<td>Business-Type Activities</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>(133,431)</td>
<td>(133,431)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(751,747)</td>
<td>(751,747)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(57,006)</td>
<td>(57,006)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(190,943)</td>
<td>(190,943)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(251,642)</td>
<td>(251,642)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(5,341)</td>
<td>(5,341)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(26,046)</td>
<td>(26,046)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(91,897)</td>
<td>(91,897)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1,508,053)</td>
<td>(1,508,053)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>620</td>
<td>620</td>
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<tr>
<td></td>
<td>5,812</td>
<td>5,812</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6,432</td>
<td>6,432</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1,508,053)</td>
<td>(1,501,621)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11,303</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Functions/Programs

#### Primary government:
- Governmental activities:
  - General government
  - Public protection
  - Public ways and facilities
  - Public assistance
  - Health and sanitation
  - Recreational and cultural
  - Education
  - Interest expense
  - Total governmental activities

#### Business-type activities:
- Sanitation Districts
- Other Enterprise Funds
- Total business-type activities

#### Total primary government

#### Component Unit:
- First 5 Commission

#### Total component unit

### General revenues:
- Taxes:
  - Property taxes
  - Franchise taxes
  - Contributions from State
  - State allocation of sales tax & vehicle license fees
  - Interest
  - Transfers
- Total general revenues and transfers

### Change in net assets
- Net assets - beginning (Component Unit restated)
- Net assets - ending

---

The notes to the basic financial statements are an integral part of this statement.
## BALANCE SHEET
### GOVERNMENTAL FUNDS
#### June 30, 2004
##### (In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Tobacco Securitization Special Revenue Fund</th>
<th>Tobacco Securitization Joint Special Revenue Fund</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS AND OTHER DEBITS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in pooled cash and investments</td>
<td>$310,870</td>
<td>245</td>
<td></td>
<td>254,074</td>
<td>565,189</td>
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<tr>
<td>Cash with fiscal agent</td>
<td>10,090</td>
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<td>7,296</td>
<td>17,386</td>
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<td>Collections in transit</td>
<td>7,334</td>
<td></td>
<td></td>
<td>1,517</td>
<td>8,851</td>
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<tr>
<td>Imprest cash</td>
<td>299</td>
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<td></td>
<td>17</td>
<td>316</td>
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<tr>
<td>Investments</td>
<td>2</td>
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<td></td>
<td>43,669</td>
<td>43,671</td>
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<tr>
<td>Taxes receivable, net</td>
<td>34,488</td>
<td></td>
<td></td>
<td></td>
<td>34,488</td>
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<tr>
<td>Receivables, net</td>
<td>218,662</td>
<td>902</td>
<td>392</td>
<td>121,563</td>
<td>341,519</td>
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<tr>
<td>Due from other funds</td>
<td>178,321</td>
<td>6</td>
<td></td>
<td>13,468</td>
<td>191,795</td>
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<tr>
<td>Advances to other funds</td>
<td>948</td>
<td></td>
<td></td>
<td>120</td>
<td>1,068</td>
</tr>
<tr>
<td>Inventory of materials and supplies</td>
<td>6,941</td>
<td></td>
<td></td>
<td>1,672</td>
<td>8,613</td>
</tr>
<tr>
<td>Deposits with others</td>
<td></td>
<td></td>
<td></td>
<td>1,494</td>
<td>1,494</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>10</td>
<td></td>
<td></td>
<td>1,285</td>
<td>1,295</td>
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<tr>
<td>Restricted assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash with fiscal agent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td>53,099</td>
<td></td>
<td></td>
<td>59,134</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>352,910</td>
<td></td>
<td></td>
<td>362,722</td>
</tr>
<tr>
<td><strong>LIABILITIES AND FUND BALANCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>57,300</td>
<td></td>
<td></td>
<td>15,031</td>
<td>72,331</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>57,152</td>
<td></td>
<td></td>
<td>3,013</td>
<td>60,165</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>24,744</td>
<td>7,336</td>
<td></td>
<td>83,036</td>
<td>115,116</td>
</tr>
<tr>
<td>Advances from other funds</td>
<td>11,113</td>
<td></td>
<td></td>
<td>11,113</td>
<td>22,226</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>77,769</td>
<td></td>
<td></td>
<td>11,384</td>
<td>89,153</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>216,955</td>
<td>7,336</td>
<td></td>
<td>123,577</td>
<td>347,878</td>
</tr>
<tr>
<td>Fund balances:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved for encumbrances</td>
<td>84,031</td>
<td></td>
<td></td>
<td>30,427</td>
<td>114,458</td>
</tr>
<tr>
<td>Reserved for notes receivable and advances</td>
<td>7,555</td>
<td></td>
<td></td>
<td>32,583</td>
<td>40,138</td>
</tr>
<tr>
<td>Reserved for deposits with others</td>
<td>16,170</td>
<td></td>
<td></td>
<td>7,000</td>
<td>23,170</td>
</tr>
<tr>
<td>Reserved for landfill closure</td>
<td>6,941</td>
<td></td>
<td></td>
<td>1,672</td>
<td>8,613</td>
</tr>
<tr>
<td>Reserved for inventory of materials and supplies</td>
<td>6,941</td>
<td>39,966</td>
<td></td>
<td>38,054</td>
<td>78,020</td>
</tr>
<tr>
<td>Reserved for debt service</td>
<td>98,595</td>
<td></td>
<td></td>
<td>45,362</td>
<td>143,957</td>
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<tr>
<td>Reserved for other purposes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unreserved:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated for subsequent years' expenditures</td>
<td>122,334</td>
<td></td>
<td></td>
<td>786</td>
<td>123,120</td>
</tr>
<tr>
<td>Designated for landfill postclosure and inactive landfill maintenance</td>
<td></td>
<td></td>
<td></td>
<td>76,263</td>
<td>76,263</td>
</tr>
<tr>
<td>Undesignated</td>
<td>215,374</td>
<td>346,727</td>
<td></td>
<td></td>
<td>562,101</td>
</tr>
<tr>
<td>Total fund balances</td>
<td>551,000</td>
<td>346,727</td>
<td>53,491</td>
<td>342,945</td>
<td>1,294,163</td>
</tr>
<tr>
<td>Total liabilities and fund balances</td>
<td>$767,965</td>
<td>354,063</td>
<td>53,491</td>
<td>466,522</td>
<td>1,642,041</td>
</tr>
</tbody>
</table>

The notes to the basic financial statements are an integral part of this statement.
Total fund balances-governmental funds $1,294,163

Costs of issuances are reported as expenditures in governmental funds and thus have the effect of reducing fund balance because current financial resources have been used. In the government-wide statements however, bond issuance costs are reported as a deferred charge and amortized over the life of the bond issue.

When capital assets (land, buildings, equipment, infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Long-term liabilities applicable to the County’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, current and long-term, are recorded in the statement of net assets.

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Net assets of governmental activities $1,825,921

The notes to the basic financial statements are an integral part of this statement.
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

*For the Year Ended June 30, 2004*  
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Tobacco Securitization Special Revenue Fund</th>
<th>Tobacco Securitization Joint Special Revenue Fund</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$ 457,062</td>
<td>40,116</td>
<td>497,178</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses, permits and franchises</td>
<td>31,233</td>
<td>11,019</td>
<td>42,252</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines, forfeitures and penalties</td>
<td>40,363</td>
<td>6,132</td>
<td>46,495</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from use of money and property</td>
<td>12,721</td>
<td>2,536</td>
<td>2,041</td>
<td>8,569</td>
<td>25,867</td>
</tr>
<tr>
<td>Aid from other governmental agencies:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>649,829</td>
<td>551,449</td>
<td>1,201,278</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>588,815</td>
<td>112,242</td>
<td>701,057</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>57,442</td>
<td>12,418</td>
<td>69,860</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for current services</td>
<td>246,381</td>
<td>31,256</td>
<td>277,637</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>32,058</td>
<td>29,961</td>
<td>62,019</td>
<td>3,894</td>
<td>65,913</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$2,115,904</td>
<td>2,536</td>
<td>32,002</td>
<td>777,095</td>
<td>2,927,537</td>
</tr>
</tbody>
</table>

| **Expenditures:**     |              |                                             |                                               |                          |                          |
| Current:              |              |                                             |                                               |                          |                          |
| General               | 207,600      | 131                                         | 8,452                                         | 216,183                  |
| Public protection     | 1,172,110    | 44,166                                      | 1,216,276                                     |
| Public ways and facilities | 23,983 | 91,443                                      | 115,426                                       |
| Health and sanitation | 552,035      | 10,622                                      | 562,657                                       |
| Public assistance     | 948,165      | 105,380                                     | 1,053,545                                     |
| Education             | 5,798        | 25,510                                      | 31,308                                        |
| Recreational and cultural | 23,709 | 993                                         | 24,702                                        |
| Capital outlay        |              | 54,958                                      | 54,958                                        |
| Debt service:         |              |                                             |                                               |                          |                          |
| Principal             |              | 8,930                                       | 60,909                                        | 69,839                   |
| Interest              | 5,776        | 24,830                                      | 61,897                                        | 92,503                   |
| Bond issuance costs   |              | 4,095                                       | 4,095                                         |                          |                          |
| **Total expenditures**| $2,939,176   | 33,891                                      | 468,425                                       | 3,441,492                |

| Excess (deficiency) of revenues over (under) expenditures | (823,272) | 2,536 | (1,889) | 308,670 | (513,955) |

| **Other financing sources (uses):** |              |                                             |                                               |                          |                          |
| Sale of capital assets | 7 | 4,095 | 4,095 |
| Long term debt proceeds | 454,113 | 66 | 454,179 |
| Transfers in | 483,333 | 292,834 | 776,167 |
| Transfers (out) | (162,035) | (24,083) | (186,118) |
| **Total other financing sources (uses)** | $775,418 | (24,083) | (186,118) | 457,210 |

| Net change in fund balances | (47,854) | (21,547) | (1,889) | 14,545 | (56,745) |

| **Fund balances - beginning of year** | 598,661 | 368,274 | 55,380 | 328,472 | 1,350,787 |

Increase (decrease) in:  
- Reserve for inventory of materials and supplies | 193 | (72) | 121 |

| **Fund balances - end of year** | $551,000 | 346,727 | 53,491 | 342,945 | 1,294,163 |

The notes to the basic financial statements are an integral part of this statement.
Net change in fund balances-total governmental funds $ (56,745)

Governmental funds accrue property tax revenue, which is deemed collectible within sixty days. However, in the statement of activities the total amount estimated to ultimately be collected is accrued. (261)

Adjustment for reserve for inventory of materials and supplies. 121

Long-term revenues are not available as current resources, and therefore are not reported as revenue in the governmental funds. (864)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. (4,044)

The book value of the sale of capital assets is removed from the capital assets account in the statement of net assets and offset against the sales proceeds resulting in a "loss on sale of fixed assets" recorded as an expense in the statement of activities. Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which asset acquisition and donations exceeded depreciation in the current period. 19,527

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The adjustments for internal service funds "close" those funds by charging additional amounts to participating governmental activities to completely cover the internal service fund's costs for the year. (3,602)

Repayment of bond principal and other long term obligations are reported as expenditures in governmental funds and thus has the effect of reducing fund balance because current financial resources have been used. For the County as a whole however, the principal and other payments for liabilities reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The County's long term obligations include bonds, loans and notes payable, capital leases, accumulated unpaid employee leave balances, arbitrage rebate, and closure and postclosure costs for the San Marcos landfill. The County's long term debt was reduced by these payments, principal payments to bondholders, and the adjustment to the San Marcos landfill closure and postclosure liability. 127,418

Bond issue costs are expended in the governmental funds when paid, and are capitalized and amortized in the statement of activities. This is the amount by which current year bond issue costs exceed amortization expense in the current period. 2,082

Interest expense in the statement of activities differs from the amount reported in governmental funds because additional interest was calculated for bonds and notes payable and amortization of capitalized bond premiums, discounts and deferred amount of refunded debt that are expended in the governmental funds in the year paid. 627

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements however, issuing debt increases long-term liabilities in the statement of net assets and does not effect the statement of activities. (454,179)

Liabilities for other long-term obligations are not accrued in governmental funds, but rather are recognized as expenditures when due. 7,686

Change in net assets of governmental activities $ (362,234)
# Financial Report of San Diego County

## Statement of Net Assets

**Proprietary Funds**

**June 30, 2004**

**(In Thousands)**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Business-Type Activities</th>
<th>Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sanitation Districts</td>
<td>Other Enterprise Funds</td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in pooled cash and investments</td>
<td>$64,303</td>
<td>5,574</td>
</tr>
<tr>
<td>Collections in transit</td>
<td>3</td>
<td>656</td>
</tr>
<tr>
<td>Impropriet cash</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Accounts and notes receivable</td>
<td>15</td>
<td>1,097</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>280</td>
<td>1,537</td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>135</td>
<td>9,412</td>
</tr>
<tr>
<td>Inventory of materials and supplies</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>1,069</td>
<td>9,608</td>
</tr>
<tr>
<td>Construction and contracts in progress</td>
<td>5,063</td>
<td>10,453</td>
</tr>
<tr>
<td>Buildings and equipment</td>
<td>2,182</td>
<td>36,323</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>63,746</td>
<td></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(27,054)</td>
<td>(19,452)</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>695</td>
<td>343</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>270</td>
<td>270</td>
</tr>
<tr>
<td>Accrued interest</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>1,462</td>
<td>1,263</td>
</tr>
<tr>
<td>Claims and judgments</td>
<td>31,168</td>
<td></td>
</tr>
<tr>
<td>Advances from other funds</td>
<td>259</td>
<td>259</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>280</td>
<td>280</td>
</tr>
<tr>
<td>Bonds, notes and loans payable</td>
<td>167</td>
<td>167</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>2,416</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>311</td>
<td>311</td>
</tr>
<tr>
<td>Claims and judgments</td>
<td>66,621</td>
<td></td>
</tr>
<tr>
<td>Bonds, notes and loans payable</td>
<td>195</td>
<td>2,831</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td></td>
<td>195</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>2,611</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>Invested in capital assets, net of related debt</td>
<td>44,552</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>62,579</td>
<td>15,778</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td></td>
<td>107,131</td>
</tr>
</tbody>
</table>

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.

Net assets of business-type activities

\[ \text{Net assets of business-type activities} = 1,001 \]

\[ \text{Net assets of business-type activities} = 157,843 \]

The notes to the basic financial statements are an integral part of this statement.
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2004
(In Thousands)

<table>
<thead>
<tr>
<th>Business-Type Activities</th>
<th>Sanitation Districts</th>
<th>Other Enterprise Funds</th>
<th>Total</th>
<th>(Cont) Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$15,765</td>
<td>12,181</td>
<td>27,946</td>
<td>269,299</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td></td>
<td></td>
<td>1,367</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$15,765</td>
<td>12,181</td>
<td>27,946</td>
<td>269,299</td>
</tr>
</tbody>
</table>

| OPERATING EXPENSES       |                      |                        |       |                                                        |
| Salaries                 |                      | 5,685                  | 5,685 | 31,788                                                 |
| Repairs and maintenance  | 3,466                | 412                    | 3,878 | 23,218                                                 |
| Equipment rental         | 662                  | 662                    |       | 1,024                                                  |
| Sewage processing        | 9,701                |                        | 9,701 | 127,262                                                |
| Contracted services      |                      | 2,316                  | 2,316 |                                                        |
| Depreciation             | 1,290                | 791                    | 2,081 | 9,869                                                  |
| Utilities                |                      | 129                    | 129   | 20,058                                                 |
| Cost of material         |                      |                        |       | 18,794                                                 |
| Claims and judgments     |                      |                        |       | 29,096                                                 |
| Fuel                     |                      |                        |       | 5,980                                                  |
| Other operating expenses | 1,353                | 574                    | 1,927 | 8,400                                                  |
| Total operating expenses | 15,810               | 10,569                 | 26,379| 275,489                                                |

  Operating income (loss) (45) 1,612 1,567 (6,190)

| NONOPERATING REVENUES (EXPENSES) |                      |                        |       |                                                        |
| Investment income             | 357                  | 60                     | 417   | 157                                                    |
| Grants                        | 4,153                | 4,153                  |       | 43                                                     |
| Interest expense              | (18)                 | (177)                  | (195) | (24)                                                   |
| Loss on disposal of equipment |                      | (528)                  |       |                                                        |
| Other non operating expenses  | (1,714)              | (1,714)                |       | (134)                                                  |
| Total nonoperating revenues (expenses) | 339                  | 2,322                  | 2,661 | (486)                                                  |

Income (Loss) before contributions and transfers 294 3,934 4,228 (6,676)

Capital contributions 683 856 1,539 2,470
Transfers in 24 24 8,341
Transfers (out) (697) (697) (6,655)
Change in net assets 977 4,117 5,094 (2,520)
Total net assets - beginning 106,154 45,594 115,782
Total net assets - ending $107,131 49,711 113,262

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.

Change in net assets of business-type activities $1,082 6,176

The notes to the basic financial statements are an integral part of this statement.
## STATEMENT OF CASH FLOWS
### PROPRIETARY FUNDS
For the Year Ended June 30, 2004
(In Thousands)

<table>
<thead>
<tr>
<th>Business-Type Activities</th>
<th>Sanitation Districts</th>
<th>Other Enterprise Funds</th>
<th>Total</th>
<th>(Cont) Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from customers</td>
<td>$15,748</td>
<td>11,531</td>
<td>27,279</td>
<td>269,161</td>
</tr>
<tr>
<td>Cash received from other funds</td>
<td>89</td>
<td>415</td>
<td>504</td>
<td></td>
</tr>
<tr>
<td>Other cash receipts</td>
<td>1,440</td>
<td></td>
<td>1,440</td>
<td></td>
</tr>
<tr>
<td>Other payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash payments to suppliers</td>
<td>(10,590)</td>
<td>(5,387)</td>
<td>(15,977)</td>
<td>(213,982)</td>
</tr>
<tr>
<td>Cash payments to employees</td>
<td>(3,463)</td>
<td>(3,463)</td>
<td></td>
<td>(31,416)</td>
</tr>
<tr>
<td>Cash payments to other funds</td>
<td>(2,640)</td>
<td>(564)</td>
<td>(3,204)</td>
<td>(27,007)</td>
</tr>
<tr>
<td>Net cash provided by (used for) operating activities</td>
<td>2,607</td>
<td>3,972</td>
<td>6,579</td>
<td>(3,488)</td>
</tr>
<tr>
<td>Cash flows from non-capital financing activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>4,408</td>
<td>4,408</td>
<td></td>
<td>43</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td>1,977</td>
</tr>
<tr>
<td>Loan proceeds</td>
<td>24</td>
<td>24</td>
<td></td>
<td>7,716</td>
</tr>
<tr>
<td>Transfers from other funds</td>
<td>(697)</td>
<td>(697)</td>
<td></td>
<td>6,028</td>
</tr>
<tr>
<td>Transfers to other funds</td>
<td></td>
<td></td>
<td></td>
<td>171</td>
</tr>
<tr>
<td>Advances from other funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>225</td>
<td>225</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by (used for) non-capital financing activities</td>
<td>3,960</td>
<td>3,960</td>
<td></td>
<td>3,879</td>
</tr>
<tr>
<td>Cash flows from capital and related financing activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of capital assets</td>
<td>(3,624)</td>
<td>(8,713)</td>
<td>(12,537)</td>
<td>(11,009)</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>683</td>
<td>856</td>
<td>1,539</td>
<td>2,286</td>
</tr>
<tr>
<td>Proceeds from sale of equipment</td>
<td></td>
<td></td>
<td></td>
<td>615</td>
</tr>
<tr>
<td>Principal paid on long-term debt</td>
<td>(19)</td>
<td>(155)</td>
<td>(174)</td>
<td>(860)</td>
</tr>
<tr>
<td>Interest paid on long-term debt</td>
<td>(18)</td>
<td>(177)</td>
<td>(195)</td>
<td>(24)</td>
</tr>
<tr>
<td>Net cash used for capital and related financing activities</td>
<td>(3,178)</td>
<td>(8,189)</td>
<td>(11,367)</td>
<td>(8,992)</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>389</td>
<td>63</td>
<td>452</td>
<td>205</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(182)</td>
<td>(194)</td>
<td>(376)</td>
<td>(12,275)</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning of year</td>
<td>64,488</td>
<td>6,426</td>
<td>70,914</td>
<td>171,914</td>
</tr>
<tr>
<td>Cash and cash equivalents - end of year</td>
<td>64,306</td>
<td>6,232</td>
<td>70,538</td>
<td>159,639</td>
</tr>
<tr>
<td>Reconciliation of operating income (loss):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income (loss)</td>
<td>(45)</td>
<td>1,612</td>
<td>1,567</td>
<td>(6,190)</td>
</tr>
<tr>
<td>Other non operating revenues</td>
<td></td>
<td>1,440</td>
<td></td>
<td>1,440</td>
</tr>
<tr>
<td>Adjustments to reconcile:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inc (dec) in compensated absences</td>
<td></td>
<td>47</td>
<td>47</td>
<td>(79)</td>
</tr>
<tr>
<td>Inc in accrued payroll</td>
<td>92</td>
<td>92</td>
<td>495</td>
<td></td>
</tr>
<tr>
<td>Inc (dec) in due to other funds</td>
<td>747</td>
<td>817</td>
<td>1,564</td>
<td>2,277</td>
</tr>
<tr>
<td>Inc (dec) in accounts payable</td>
<td>543</td>
<td>(844)</td>
<td>(301)</td>
<td>(2,088)</td>
</tr>
<tr>
<td>Dec in claims and judgments</td>
<td></td>
<td></td>
<td></td>
<td>(2,949)</td>
</tr>
<tr>
<td>Inc in accounts receivable</td>
<td>(15)</td>
<td>(174)</td>
<td>(189)</td>
<td>(58)</td>
</tr>
<tr>
<td>Dec in inventory</td>
<td></td>
<td></td>
<td></td>
<td>260</td>
</tr>
<tr>
<td>Inc (dec) in deferred revenue</td>
<td></td>
<td>268</td>
<td>268</td>
<td>4,372</td>
</tr>
<tr>
<td>Dec (inc) in due from other funds</td>
<td>87</td>
<td>(77)</td>
<td>10</td>
<td>3,901</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,290</td>
<td>791</td>
<td>2,081</td>
<td>9,869</td>
</tr>
<tr>
<td>Net cash provided by (used for) operating activities</td>
<td>2,607</td>
<td>3,972</td>
<td>6,579</td>
<td>(3,488)</td>
</tr>
<tr>
<td>Non-cash investing and capital financing activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Interest Income</td>
<td>33</td>
<td>3</td>
<td>36</td>
<td>93</td>
</tr>
<tr>
<td>Capital acquisitions included in accounts payable</td>
<td>451</td>
<td>168</td>
<td>619</td>
<td>1,346</td>
</tr>
<tr>
<td>Total non-cash investing and capital financing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>484</td>
<td>171</td>
<td>655</td>
<td>1,439</td>
</tr>
</tbody>
</table>

The notes to the basic financial statements are an integral part of this statement.
## Financial Report of San Diego County

### STATEMENT OF FIDUCIARY NET ASSETS
**FIDUCIARY FUNDS**
June 30, 2004
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Pension Trust Fund</th>
<th>Investment Trust Fund</th>
<th>Agency Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in pooled cash and investments</td>
<td>$9,359</td>
<td>2,396,036</td>
<td>427,739</td>
</tr>
<tr>
<td>Cash with fiscal agent</td>
<td>59,593</td>
<td></td>
<td>13,349</td>
</tr>
<tr>
<td>Collections in transit</td>
<td></td>
<td>6,161</td>
<td>14,814</td>
</tr>
<tr>
<td>Imprest cash</td>
<td></td>
<td>30</td>
<td>4</td>
</tr>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic equity securities</td>
<td>856,367</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash, cash equivalents, and securities for domestic equity swaps and futures</td>
<td>1,304,716</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International equity securities</td>
<td>1,188,889</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash, cash equivalents, and securities for international futures</td>
<td>60,222</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. government obligations</td>
<td>293,002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic corporate bonds</td>
<td>442,670</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term notes</td>
<td>48,350</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International bonds</td>
<td>517,703</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash for bond futures</td>
<td>206,426</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities lending collateral</td>
<td>375,485</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative equity and real estate</td>
<td>501,238</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes receivable</td>
<td></td>
<td></td>
<td>262,145</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td></td>
<td></td>
<td>15,016</td>
</tr>
<tr>
<td>Interest and other receivables</td>
<td></td>
<td>60,751</td>
<td></td>
</tr>
<tr>
<td>Due from other funds</td>
<td></td>
<td>9,336</td>
<td>14,170</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td></td>
<td>2,981</td>
<td>5,342</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
<td>738,409</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td>52,899</td>
<td></td>
</tr>
<tr>
<td>Due to other funds</td>
<td></td>
<td>65</td>
<td>61,830</td>
</tr>
<tr>
<td>Obligations under securities lending</td>
<td></td>
<td>375,485</td>
<td></td>
</tr>
<tr>
<td>Due to other governments</td>
<td></td>
<td></td>
<td>615,478</td>
</tr>
<tr>
<td>Amount due for commercial paper notes</td>
<td></td>
<td></td>
<td>61,101</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>428,449</td>
<td>9,154</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
<td>738,409</td>
</tr>
<tr>
<td>Held in trust for pension benefits and other purposes</td>
<td>$5,508,639</td>
<td>2,407,243</td>
<td></td>
</tr>
</tbody>
</table>

The notes to the basic financial statements are an integral part of this statement.
### STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
#### FIDUCIARY FUNDS
For the Year Ended June 30, 2004
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Pension Trust Fund</th>
<th>Investment Trust Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADDITIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td>$ 700,583</td>
<td>19,420,538</td>
</tr>
<tr>
<td>Plan members</td>
<td>33,609</td>
<td></td>
</tr>
<tr>
<td>Additions to pooled investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total contributions</td>
<td>734,192</td>
<td>19,420,538</td>
</tr>
<tr>
<td>Investment earnings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase (decrease) in fair value of investments</td>
<td>862,931</td>
<td>(17,777)</td>
</tr>
<tr>
<td>Interest income</td>
<td>67,222</td>
<td>43,383</td>
</tr>
<tr>
<td>Securities lending income</td>
<td>5,050</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>56,912</td>
<td></td>
</tr>
<tr>
<td>Total investment earnings</td>
<td>992,115</td>
<td>25,606</td>
</tr>
<tr>
<td>Less investment expenses</td>
<td>51,891</td>
<td></td>
</tr>
<tr>
<td>Less securities lending expenses</td>
<td>3,753</td>
<td></td>
</tr>
<tr>
<td>Net investment earnings</td>
<td>936,471</td>
<td>25,606</td>
</tr>
<tr>
<td>Total additions</td>
<td>1,670,663</td>
<td>19,446,144</td>
</tr>
<tr>
<td><strong>DEDUCTIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>256,429</td>
<td></td>
</tr>
<tr>
<td>Refunds of contributions</td>
<td>1,536</td>
<td></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>7,407</td>
<td></td>
</tr>
<tr>
<td>Deductions from pooled investments</td>
<td></td>
<td>19,527,229</td>
</tr>
<tr>
<td>Total deductions</td>
<td>265,372</td>
<td>19,527,229</td>
</tr>
</tbody>
</table>

| Changes in net assets  | 1,405,291          | (81,085)               |
| Net assets - beginning of year | 4,103,348      | 2,488,328              |
| Net assets - end of year   | $ 5,508,639      | 2,407,243              |

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