



County of San Diego, California

Popular Annual Financial Report

Fiscal year ended June 30, 2010





Citizens of San Diego County:

Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2010 was prepared by the Auditor and Controller's office to provide readers of interest an easy to understand summary of our financial activities. The data from this report was taken from our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. Both reports are available online at www.sdcounty.ca.gov/auditor/cafr.html.

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

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

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



Donald F. Steuer
DONALD F. STEUER
Chief Financial Officer



Tracy M. Sandoval
TRACY M. SANDOVAL
Auditor & Controller

Board of Supervisors



District 1
Greg Cox



District 2
Dianne Jacob



District 3
Pam Slater-Price
Chairwoman



District 4
Ron Roberts



District 5
Bill Horn
Vice-Chairman

"The noblest motive is the public good"

The County was incorporated on February 18, 1850, and functions under a charter adopted in July 1933. A five-member Board of Supervisors elected to four-year terms in district nonpartisan elections governs the County. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. The Chief Administrative Officer appoints the Chief Financial Officer, the Auditor and Controller and all other appointive officers. Elected officials include the Assessor/Recorder/County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

It is the second largest County by population in California behind Los Angeles County. There are 18 incorporated cities in the County; of them, the City of San Diego is the largest and Del Mar is the smallest. Tijuana, Mexico is a substantial urban neighbor with a shared border, workforce, and economy.

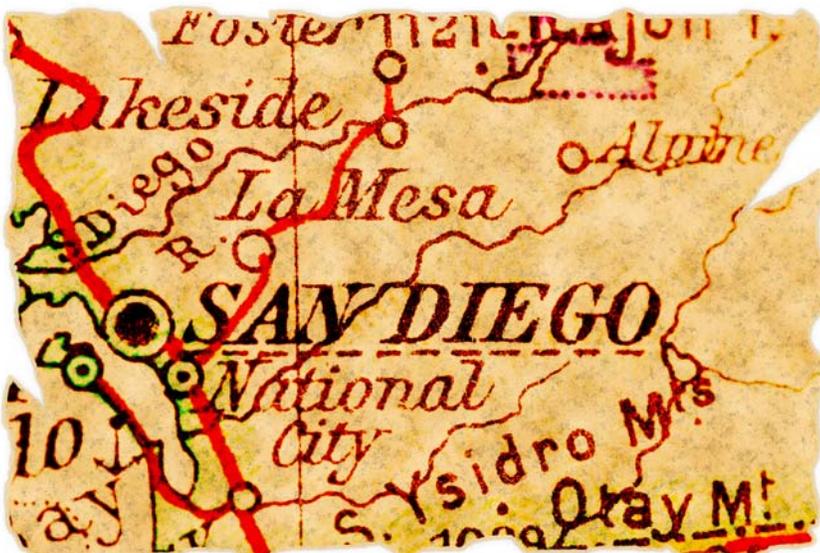
San Diego County Population

Carlsbad	106,804
Chula Vista	237,595
Coronado	23,916
Del Mar	4,660
El Cajon	99,637
Encinitas	65,171
Escondido	147,514
Imperial Beach	28,680
La Mesa	58,150
Lemon Grove	26,131
National City	57,799
Oceanside	183,095
Poway	52,056
San Diego	1,376,173
San Marcos	84,391
Santee	58,044
Solana Beach	13,783
Vista	97,513
Unincorporated	503,320
Total	3,224,432

Sources: County's 2010 Comprehensive Annual Financial Report's Letter of Transmittal and the County Adopted Operational Plan Fiscal Years 2010-11 & 2011-2012.

County Mission

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



County Economy and Outlook

The U.S. economy suffered through a very deep recession beginning in December 2007 and ending in June 2009 according to the National Bureau of Economic Research. The recession lasted approximately 18 months making it the longest recession since the 1930s. The economic events of September and October, 2008, in particular, have had far reaching and long-term impacts on the financial markets in the U.S. and around the world.

Although nationally there have been modest improvements in recent economic data and a general easing in financial conditions, the economy will be restrained by weak housing market activity, weak state and local government spending, and weak spending on offices and factories. With unemployment still high and weak disposable income growth, consumer spending strength is also in doubt.

San Diego County was one of the first areas in California and the nation to experience the housing price meltdown, feel the financial impacts from the credit crisis, and experience a jump in loss of jobs.

The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. For example, there is an increased demand for public assistance, while at the same time the State and local resources available to fund those services are shrinking. Fewer customers seeking land development or building permit services increases the difficulty of maintaining core services for these fee-based programs. The real estate market slump has impacted the County's general purpose revenue (GPR), although GPR is expected to increase marginally in Fiscal Year 2010-11 from Fiscal Year 2009-10. General purpose revenue is relied upon to fund local services where no other funding is available, as well as to fund the County's share of costs for services that are provided in partnership with the State and federal government. The State of California's budget has been severely impacted by the recession and consequently has had to cut funding to local governments in many program areas.

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



Sources: State of California Department of Finance, San Diego Association of Governments (SANDAG) - San Diego's Regional Planning Agency, the State of California Employment Development Department, and the California Association of Realtors.

Statistics

Population: 3,224,432

Personal Income Per Capita: \$42,651

Adopted Annual Budget: \$5.01 Billion

Unemployment Rate: 10.5 %

Sources: County's 2010 Comprehensive Annual Financial Report's Statistical Table 13 and County adopted operational plan fiscal years 2009-10 and 2010-11

Top 10 Principal Employers

- 1 Federal Government 44,000
- 2 State of California 42,300
- 3 University of California, San Diego 26,823
- 4 County of San Diego 16,415
- 5 Sharp HealthCare 14,832
- 6 Scripps Health 13,823
- 7 Qualcomm Inc. 11,847
- 8 City of San Diego 10,470
- 9 Kaiser Permanente 7,404
- 10 U.S. Postal Service, San Diego District 6,050

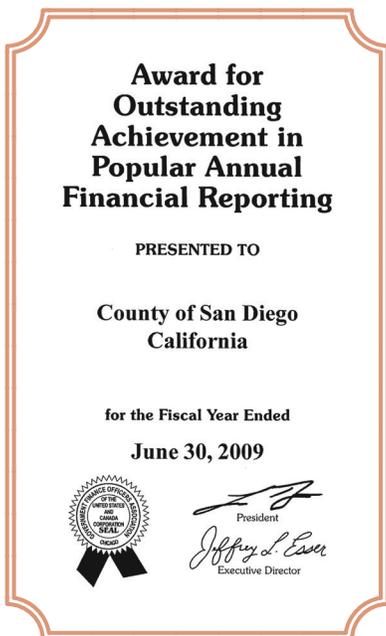
Source: County's 2010 Comprehensive Annual Report's Statistical Table 14.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the County of San Diego for its Popular Annual Financial Report for the fiscal year ended June 30, 2009. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

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



Other Awards and Recognitions

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

- San Diego County continues to be one of the leading recipients of National Association of Counties (NACo) Achievement Awards. Twenty-nine County programs were recognized for excellence in 2010. The award-winning programs operate within all five County business groups and include programs that serve children, youth and seniors, as well as those that promote environmental protection, public safety and efficient, effective county administration. The programs receiving awards included: San Diego

County Vision | *"A county that is safe, healthy and thriving"*

Stand Down 2009 (Department of Child Support Services); Self Service Kiosks (Department of Child Support Services); Service Learning @ Your Library; Disaster Food Stamp Program Protocol Guide; Code Enforcement Storefronts; District Attorney/City Attorney Prosecution System Collaboration Project; Free Foreclosure Prevention HOME clinics at Neighborhood Library Branches; High Tech Mental Health Solutions; Government Without Walls; and, Service First Initiative.

- In 2010, the San Diego Taxpayers Association presented the County of San Diego a Regional Golden Watchdog Award for the recently completed Medical Examiner and Forensic Center. The Taxpayers Association recognized the County for saving \$140 million in potential financing costs by cash financing the project, completing the project on schedule and under budget, and using the most current technology available in creating the energy-efficient complex, which has an 80-year life cycle. The new complex also received a Citation Award for architectural design from the American Institute of Architects (AIA) San Diego Chapter, a Certificate of Special



Recognition from the United States Congress, and an Outstanding Achievement Award from the California State Legislature.

- The County won Emmy Awards in six categories from the National Television Arts & Sciences Pacific Southwest Chapter. The awards recognized the "Oxy Abuse Kills" public service announcement series; "Water Babies", story about the benefits of water safety training for toddlers, and "Tsunamis: Know What To Do!", an animated educational video designed for children.
- In May 2010, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) presented the Sheriff's Regional Crime Laboratory with its "100 IBIS Hits" Award. The Integrated Ballistics Identification System (IBIS) is a forensic tool used to enter images of bullets and casings that have been collected at crime scenes into a ballistics database.
- The County Office of Emergency Services' Geographic Information System (GIS) Unit was recently honored as the recipient of the Environmental Systems Research Institute (ESRI)'s Special Achievement in GIS Award for 2009 for its work on the Golden Guardian 2008 exercise, a statewide exercise that took place in November 2008 and was based on a 7.8 magnitude earthquake along the southern portion of the San Andreas Fault.
- The County's Internet website was recognized as the "Best Local Government Website" in the state by the Center for Digital Government in their 2009 Best of California Awards program.

Note: Other Awards and Recognitions are listed in the County's 2010 Comprehensive Annual Financial Report's Letter of Transmittal and the County Adopted Operational Plan Fiscal Years 2010-11 & 2011-2012.

What is the General Management System?



The County of San Diego works to provide the best possible services to residents while serving as responsible stewards of public dollars. We have built a culture of operational excellence through the adoption of the General Management System (GMS). The GMS is the County's instruction manual for running an effective and accountable government. The elements of the GMS encompass an annual cycle that engages all employees on a daily basis.

General Management System

The County's GMS guides planning, implementation and monitoring of all County functions that affect how we deliver services to County residents, businesses and visitors. It is a closed loop of five overlapping elements that form an ongoing cycle of sound fiscal management and operational excellence.

GMS Element	Question Asked	Element Description
Strategic Planning	Where do we want to go?	Our Strategic Plan looks ahead five years to anticipate significant needs, challenges, and risks that are likely to develop. Long-range planning requires assessing both where we are and where we want to be.
Operational Planning	How do we get there from here?	Operational Planning allocates resources to specific programs and services that support our long-term goals over the next two fiscal years. This includes adoption of an annual budget and approval in principle of a second year spending plan.
Monitoring and Control	How is our performance?	Monitoring and Control shows us whether we are on track to achieve our goals. We evaluate progress at regular intervals and make necessary adjustments. Progress is evaluated monthly, quarterly, and annually.
Functional Threading	Are we working together?	Although the County is divided into distinct groups, departments and divisions for operational purposes, the County has many critical functions and goals that cross these organizational lines. Functional threading ensures coordination throughout the organization to pursue shared goals, solve problems, and exchange information.
Motivation, Rewards, and Recognition	Are we encouraging excellence?	County employees must embrace the GMS and understand how the process applies to their individual job. This requires setting clear expectations, providing incentives, evaluating performance, and rewarding those who meet or exceed expectations. Motivation, Rewards and Recognition encourages individual and group excellence.

Source: County of San Diego, General Management System Manual.

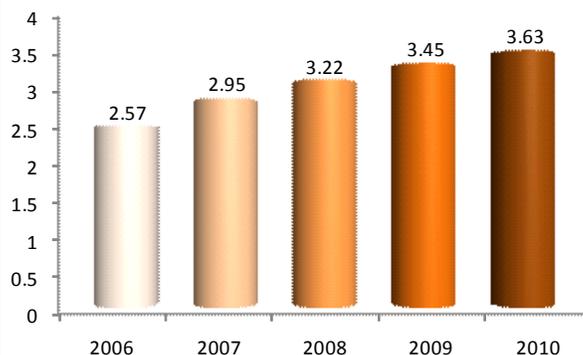
Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$3.63 billion at the close of fiscal year 2010, an increase of \$176 million or 5% over fiscal year 2009. This included an increase of \$147 million in the County's restricted and unrestricted net assets (a 20% increase over fiscal year 2009) and an increase of \$29 million in capital assets, net of related debt (a 1% increase over fiscal year 2009).

The largest portion of the County's net assets (76%) reflects its investment of \$2.76 billion in capital assets, net of related debt (which includes: land, infrastructure, buildings, and equipment; less any related outstanding debt used to acquire those assets). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the County's net assets, i.e. restricted net assets equaled \$248 million and represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, laws and/or regulations of other governments. The remaining portion of the County's net assets includes \$622 million in unrestricted net assets.

Total Net Assets for Fiscal Years 2006-2010
(In billions)



Key Terms

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

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

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

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

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

Assets: What is owned by the County.

Liabilities: What the County owes.

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

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

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

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

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

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

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

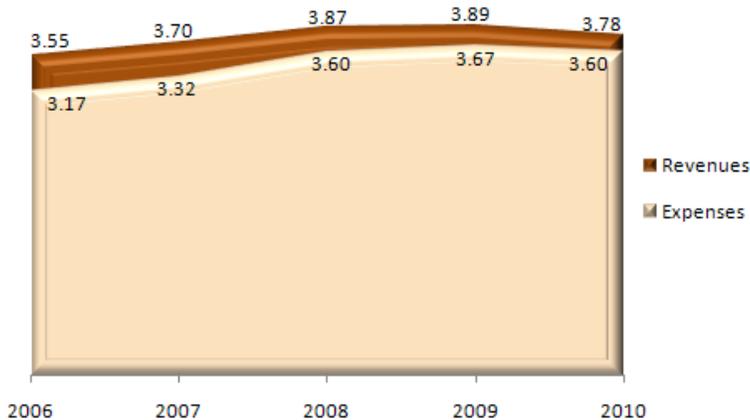
Unrestricted: One-time funds available for the County to use for operations.

June 30, 2010 and 2009 (In thousands)

	Total Primary Government	
	2010	2009
Assets		
Current and other assets	\$ 3,084,796	3,027,754
Capital assets	3,135,607	3,083,989
Total assets	6,220,403	6,111,743
Liabilities		
Long-term liabilities	2,117,616	2,278,397
Other liabilities	472,895	379,661
Total liabilities	2,590,511	2,658,058
Net Assets		
Invested in capital assets, net of related debt	2,759,950	2,731,000
Restricted	247,585	239,487
Unrestricted	622,357	483,198
Total net assets	\$ 3,629,892	3,453,685

Government-Wide Statement of Changes in Net Assets

County Revenues & Expenses for Fiscal Years 2006-2010
(In billions)



Program revenues are those that derive directly from the program itself or from other parties, not the taxpayers; while general revenues are those not required to be reported as program revenues. All expenses are reported under a specific function - a group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible. Shown above is a summarized trend graphic that includes total revenues and total expenses for the last five fiscal years. Notable changes in revenues between fiscal years 2009 and 2010 are attributable in part to a \$20 million decrease in donated assets (capital grants and contributions); a \$27 million decrease in investment income

due to the 45% decrease in annualized interest rates earned by the County Treasury Pool; and a \$21 million decrease in other revenue due to a 2009 settlement agreement reached with a vendor.

For further details regarding these changes please see the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010 - Management's Discussion and Analysis; available at www.sdcounty.ca.gov/auditor/cafr.html.

For the Years Ended June 30, 2010 and 2009 (In thousands)

	Total Primary Government	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 481,107	480,716
Operating grants and contributions	2,207,921	2,194,340
Capital grants and contributions	33,246	60,703
General revenues:		
Property taxes	593,553	618,048
Other taxes	15,991	15,167
Property taxes in lieu of vehicle license fees	308,842	316,925
Sales and use taxes	20,576	22,435
Investment Income	31,987	60,096
Other	85,711	117,475
Total revenues	3,778,934	3,885,905
Expenses:		
Governmental Activities:		
General government	304,305	275,508
Public protection	1,091,910	1,158,162
Public ways and facilities	131,982	151,125
Health and sanitation	681,448	678,217
Public assistance	1,171,603	1,177,320
Education	39,165	42,424
Recreation and cultural	33,629	34,542
Interest expense	111,942	118,927
Business-type Activities:		
Airport	12,389	10,614
Sanitation districts	18,831	16,666
Wastewater management	5,523	5,794
Total expenses	3,602,727	3,669,299
Change in net assets	176,207	216,606
Net assets at beginning of year	3,453,685	3,237,079
Net assets at end of year	\$ 3,629,892	3,453,685

Revenues and Expenses Defined

Revenues:

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

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

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

Property taxes - County property taxes levied.

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

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

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

Investment income - Earnings on County investments.

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

Expenses:

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

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

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

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

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

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

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

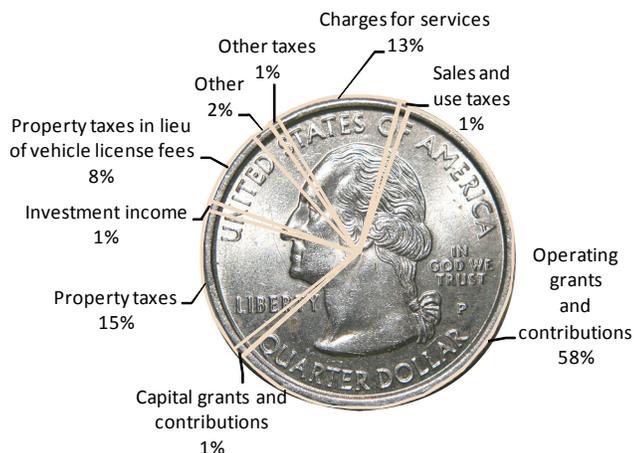
Interest expense - Expenses associated with County debt.

Airport - Expenses related to the maintenance, operations and development of County airports. A major objective of the airport program is to purchase and develop airport property in order to create tax revenues and create jobs in the private sector.

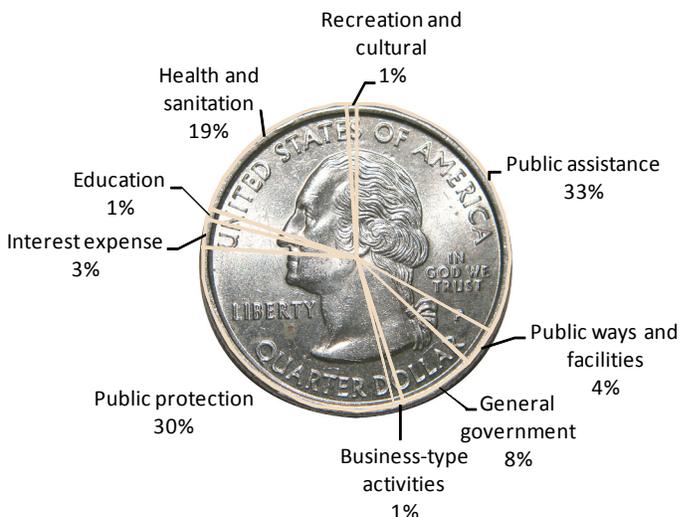
Sanitation Districts - Expenses related to the operations of the sanitation districts governed under the Board of Supervisors.

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

Where the money comes from...



Where the money goes...



GMS Strategic Initiative: Kids

“Improve opportunities for children and families”
2010 Achievements of Note

Health and Human Services Agency...

- Fully implemented School Success, a program designed to help foster children tackle the difficulties they face at home and school. Partnered with the County Office of Education to provide services to over 1,800 children to promote their school success.

Parks and Recreation...

- Promoted recreational and environmental awareness for 10,000 youth by conducting educational programs at 20 park facilities with an emphasis on water quality, watershed awareness and natural resources and provided 36 outdoor adventure and education activities.

Probation...

- Increased public safety and reduced crime by ensuring that youth who left custodial settings were prepared for success in the community through successful participation in rehabilitative opportunities: ensured that 78% of youth who needed employment readiness services received them, exceeding the goal of 60%; ensured that 85% of youth who needed literacy programs received them, exceeding the goal of 60%; and ensured that 77% of youth who needed substance abuse services received them, exceeding the goal of 60%.

County Library...

- Maintained the 2009 youth summer reading enrollment with 30,100 participants by involving parents and

caregivers in library-sponsored literacy activities.

Animal Services...

- Enhanced children’s awareness of animal welfare issues and promoted the humane treatment of animals through participation in a joint facility tour and humane education program with the San Diego Humane Society, and co-hosted 12 classroom or youth group visits to the Campus for Animal Care or other County animal shelters.

Environmental Health...

- Educated 5,707 students regarding awareness and protection from mosquito-borne diseases and other vector related diseases.

Note: Additional County Department achievements are listed in the County’s 2010 Comprehensive Annual Financial Report’s Letter of Transmittal and the County Adopted Operational Plan Fiscal Years 2010-2011 & 2011-2012.



County Pooled Investments

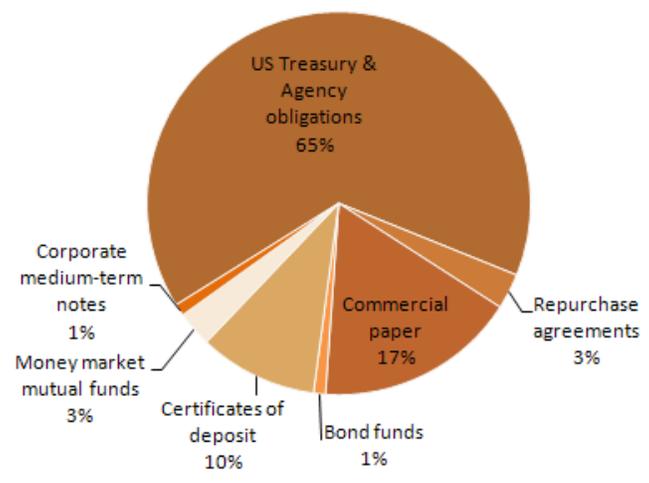
The County investment practices and policies are based upon state law and prudent money management. The Pooled Investment Policy Objectives are:

- To Safeguard the principal of the funds under the Treasurer's control.
- To meet the liquidity needs of the participants.
- To achieve an investment return on the funds under control of the Treasurer within the parameters of prudent risk management.

Pooled Investments (In thousands)

Investment	Fair Value	Standard & Poor's Rating
US Treasury & Agency obligations	\$ 3,338,603	AAA
Commercial paper	905,922	A-1/A-1+
Corporate medium-term notes	51,599	AA+
Repurchase agreements	177,251	N/A
Money market mutual funds	137,210	AAA
Certificates of deposit	529,791	N/A
Bond funds	35,070	AA
Total investments and demand deposits	\$ 5,175,446	

*Note: Data presented in this chart excludes investments with fiscal agents.
Source: County's 2010 Comprehensive Annual Financial Report's Notes to Financial Statements Table 7.*



The County's Pooled Money Fund Investment Policy and the California Government Code set minimum credit ratings for each type of investment. Asset allocations (categories of investments) with respect to the credit quality are based on Standard and Poor's (S&P) Fund Credit Quality Rating Matrix as indicated in this chart. AAA is the highest quality S&P rating an investment can receive.

Standard & Poor's Investment Pool Rating

Rating	Min. Fund %	Max. Fund %
AAA	67	100
AA	0	33
A	0	13

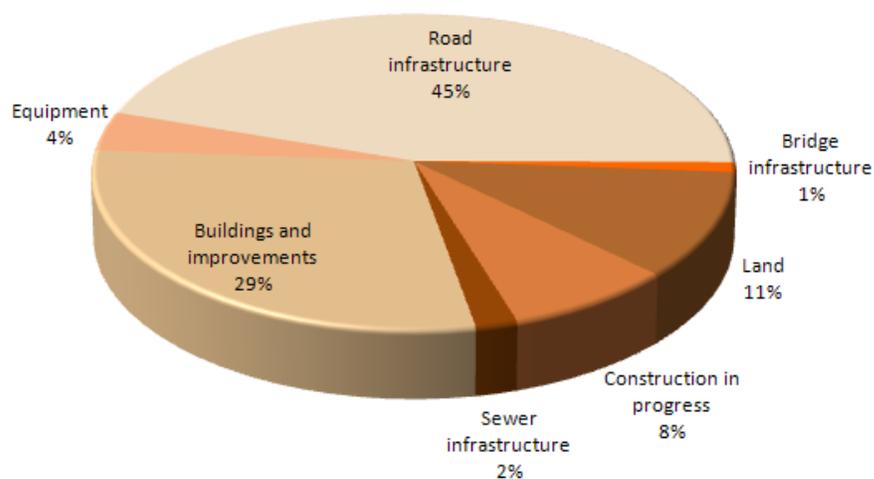
*Note: Data presented in this chart excludes investments with fiscal agents.
Source: County's 2010 Comprehensive Annual Financial Report's Notes to Financial Statements Table 5.*



Capital Assets

The following chart depicts the outstanding capital assets, net of depreciation, as of June 30, 2010 for both Business-type and Governmental funds.

At June 30, 2010, the County's capital assets, net of depreciation totaled \$3.14 billion. Capital assets are used to provide services to County residents. Some of the significant capital asset activity in fiscal year 2010 was as follows:



- \$65.8 million towards construction at the County Operations Center. Total project costs are estimated at \$181.5 million.
- \$47.6 million towards the construction and improvement of County maintained roads, bridges and other road related infrastructure.
- \$20.6 million in infrastructure donated by developers.
- \$20 million towards various land acquisitions.
- \$13.9 million towards the construction of various miscellaneous capital outlay fund projects.
- \$9.1 million towards improvements at the Palomar Airport runway. Total project costs are estimated at \$10.8 million.

GMS Strategic Initiative: The Environment

"Manage the region's natural resources to protect quality of life and support economic development"

2010 Achievements of Note

Agriculture, Weights and Measures...

- Protected the County's \$1.5 billion agricultural industry from damaging exotic insects, diseases and noxious non-native weeds: inspected 100% (1,955) of reported incoming high-risk commercial plant shipments; implemented the newly established detector dog surveillance team for parcel inspections at private parcel facilities; and enhanced the treatment of noxious non-native weeds by increasing the treatment.

General Services...

- Acquired a total of 545 acres for the Multiple Species Conservation Program open space land for a total cost of \$14,552,050.

Clerk of the Board...

- Reduced CAC water consumption by 10% through the use of waterless urinals, the installation of waterless turf on the east plaza, discontinuing the use of the fountains and maintaining existing water conservation efforts, thereby conserving limited resources.

Housing and Community Development...

- Encouraged energy-efficiency improvements for low income homebuyers by making available forgivable loans of up to \$12,500 through the Neighborhood Stabilization Program.

Public Works...

- Protected and preserved the County's water quality and watersheds: removed 28,802 cubic yards of debris from culverts, drainage channels and roads through a systematic cleaning program to protect waterways; swept 17,242 lane-miles of roadway to clean debris; and provided water quality and watershed protection outreach to 5,438 students at various schools in the unincorporated area.

Farm and Home Advisor...

- Promoted water conservation in the agricultural industry through five workshops and a Web-based outreach program to 462 participants.



Note: Additional County Department achievements are listed in the County's 2010 Comprehensive Annual Financial Report's Letter of Transmittal and the County Adopted Operational Plan Fiscal Years 2010-2011 & 2011-2012.

Long-Term Liabilities (Debt)

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

Taxable Pension Obligation Bonds (POB) are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the San Diego County Employees Retirement Association's pension plan. They are also issued to refund previously issued Pension Obligation debt.

San Diego County Redevelopment Agency Revenue Refunding Bonds (CRA) were issued by the San Diego County Redevelopment Agency to fund project activities in the Gillespie Field Airport.

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

Tobacco Settlement Asset-Backed Bonds (TSAB) are issued by the Tobacco Securitization Joint Powers Authority of Southern California to securitize future revenue streams available to the County pursuant to various agreements.

Credit Ratings

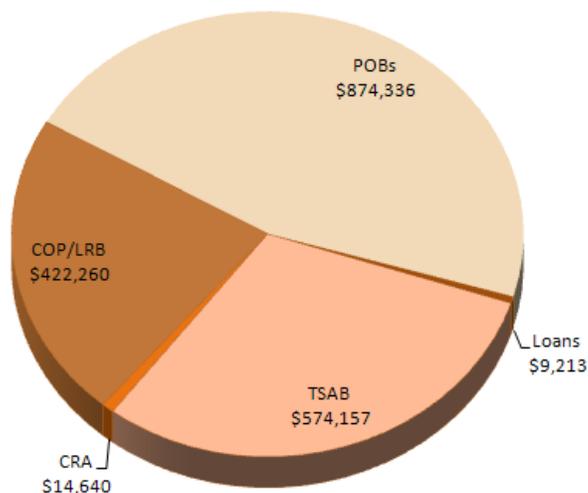
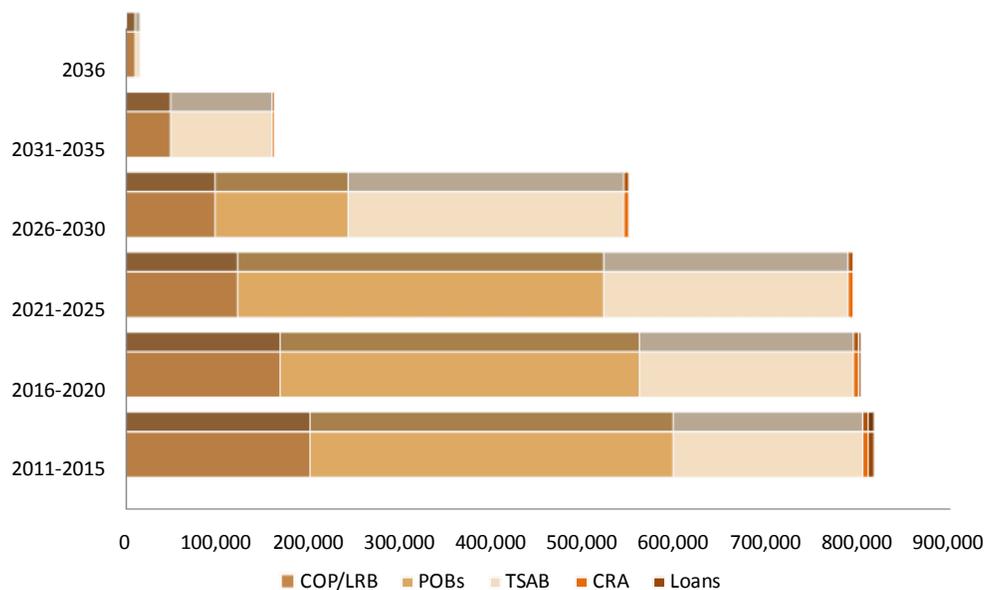
Issuer Rating	Moody's	Standard & Poor's	Fitch
Certificates of Participation San Diego Capital Asset Leasing Corporation (SANCAL)	Aa1	AAA	AAA
Certificates of Participation San Diego Regional Building Authority (SDRBA) Metropolitan Transit System Towers	Aa3	AA+	AA+
Lease Revenue Bonds SDRBA County Operations Center 1A	Aa3	AA+	AA+
Refunding Lease Revenue Bonds SDRBA San Miguel	A1	not rated	not rated
Pension Obligation Bonds	Aa2	AA+	AA+
Tobacco Settlement Asset-Backed Bonds - Series 2006A (Senior)	Baa3	BBB	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006B (First Subordinate)	not rated	BBB-	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C (Second Subordinate)	not rated	BB+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D (Third Subordinate)	not rated	BB-	not rated
County Redevelopment Agency Bonds	not rated	not rated	not rated

Source: County's 2010 Comprehensive Annual Financial Report's Management's Discussion and Analysis.

County Debt Service Requirements to Maturity (In thousands)

At June 30, 2010 the County's total long-term liabilities totaled \$1.895 billion in certificates of participation, bonds and loans. Other long-term liabilities that include capital leases, claims & judgments, compensated absences, landfill closure and postclosure, arbitrage and unamortized premiums, discounts and deferred amounts on refundings totaled \$223 million for a total of \$2.118 billion in long-term liabilities.

(Note: the charts in this section exclude other long-term liabilities).



County Principal Debt Outstanding (In thousands)

GMS Strategic Initiative: Safe & Livable Communities "Promote safe and livable communities" 2010 Achievements of Note

District Attorney...

- Expanded the Preventing Rape by Intoxication campaign in partnership with the community, sexual assault survivors, Children's Hospital, law enforcement and local middle schools, high schools and universities. The Department also created a crime prevention video to help college age youth avoid becoming victims of sexual assault by intoxication.

Assessors/Recorder/County Clerk...

- Located, identified and appraised all property so the public and businesses are assured a fair and uniform assessment of their property under the auspices of all

applicable State property tax laws, rules and regulations.

Animal Services...

- Developed a Responsible Pet Ownership program for animal law violators to teach responsible pet ownership and to reduce the burden on the court system.

Sheriff...

- Improved the crime solving/closure rate by 4.1% by implementing a "Tracking Known Offenders" process that used information from the Sheriff's Records Management System, Jail Information Management System, Probation Department and State Parole to more effectively

solve crimes by correlating the whereabouts of known offenders to crimes and crime locations.

Registrar of Voters...

- By Monday after Election Day, 93% of mail ballots were processed for the June 2010 Gubernatorial Primary Election.

Housing and Community Development...

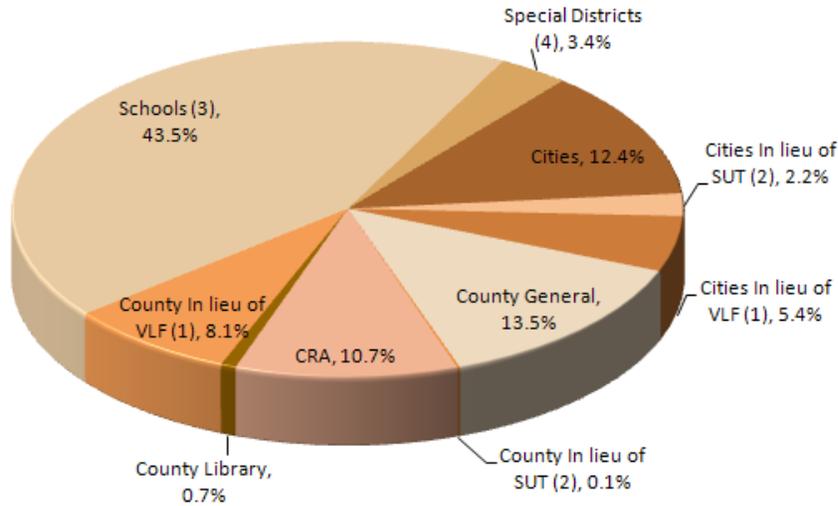
- Provided funding for 13 public improvements for parks, libraries, athletic fields, community centers, health clinics, Americans with Disabilities Act (ADA) improvements and affordable housing to promote wellness and enhance the quality of life for San Diego County neighborhoods.

Note: Additional County Department achievements are listed in the County's 2010 Comprehensive Annual Financial Report's Letter of Transmittal and the County Adopted Operational Plan Fiscal Years 2010-2011 & 2011-2012.

How Property Tax Collections are Allocated

Proposition 13, enacted in 1978, set the maximum ad valorem property tax rate at one percent (1%) of a property's cash value plus voter approved debt service tax rates, and it limited annual increases to two percent (2%). The Fiscal Year 2010 Property Tax Collection Allocation was as follows:

1% Property Tax Collection Allocation
Total Collections \$ 3,821,278,702



(1) Represents the exchange of Property Tax for Cities and County Vehicle License Fee as authorized under Senate Bill 1096, chaptered August 5, 2004.

(2) Represents the exchange of Property Tax for Cities and County Sales and Use Tax as authorized under Assembly Bill 1766, chaptered August 2, 2003.

(3) The collection allocated to the Educational Revenue Augmentation Fund (ERAF) was used to pay the in lieu of vehicle license fee (VLF) and in lieu of sales and use tax (SUT) to the County and Cities. In addition, revenue for schools was reduced by the ERAF deficit as authorized under Senate Bill 1096, chaptered August 5, 2004.

(4) Includes districts under the Board of Supervisors.

Sources: County's 2010 Comprehensive Annual Financial Report's Statistical Table 8. Details of the 1% Property Tax Collection Allocation were provided by the County Auditor and Controller's Property Tax Services Division.

Top 10 Property Taxpayers By Secured Taxable Assessed Value (In thousands)



Source: County's 2010 Comprehensive Annual Financial Report's Statistical Table 7.

American Recovery and Reinvestment Act



In response to the nation's economic crisis the American Recovery and Reinvestment Act ("Recovery Act" or "ARRA") was passed by Congress and signed into law by President Barack Obama on February 17, 2009.

The primary goals of the Recovery Act's \$787 billion economic stimulus package are: to create new jobs and save existing ones; spur economic activity and invest in long-term growth; and to foster unprecedented levels of accountability and transparency in government spending.

The County sought Recovery Act funds for a variety of projects or programs that would further the County's strategic initiatives and support County programs.

The County takes its responsibility to taxpayers seriously and is committed to tracking and reporting the progress of County economic stimulus-related activities to ensure transparency and accountability. For more information on the County's ARRA activity visit us at recovery.sandiego.gov.

As of June 30, 2010 the County has been awarded 38 grants totaling \$106.6 million. Examples of ARRA awarded activities are shown in the table below.

Federal allocation of \$787 billion stimulus package	
\$ 59	Health care
111	Infrastructure & science
81	Protect the vulnerable
53	Education & training
43	Energy efficiency projects
8	Other
144	State & local fiscal support
288	Personal & business tax relief
\$787	Total

Sources: County of San Diego ARRA Team



2009-2010 ARRA Accomplishment

The first project completed with ARRA funds was the Gillespie Field taxiway reconstruction project. It was awarded \$1.9 million but came in under budget and \$302,847 was returned to the Federal Aviation Administration.



Stimulus Funding County projects/programs

Health and Human Services

- Chronic disease prevention
- Mental health services to adults and children to enable them to be self reliant
- Services to those who require 24-hour skilled nursing care
- Care for our community's adopted and foster children
- Enhancement of low income self sufficiency in the community
- Immunization services

Public Safety

- Child support enforcement
- Establishment of a Border Crime Suppression Team
- Augmentation of the Sheriff's Department participation in the Street/Narcotics Gang Investigator and East County Gang Suppression Teams
- Enhancement of the supervision of certain probationers
- Support of specialized task force operations
- Combatting narcotics
- Furtherance of law enforcement activities that enhance border-related crime investigation and prosecution

Housing and Communities

- Facilitation of homelessness prevention activities
- Community Development Block Grant dollars to address needs in the unincorporated area and participating cities

Infrastructure

- Airport improvement program
- Support of five County transportation projects using TransNet dollars in lieu of ARRA highway transportation funding

Energy and Environment

- Energy, Efficiency and Conservation Block Grant which included activities promoting energy conservation and efficiency; and reducing greenhouse gas emissions

Photo Credits:

<p>Cover: 2010©Yi Fan. Image from BigStockPhoto.com 2010©Krystina Wisniowska. Image from BigStockPhoto.com 2010©James Scott. Image from BigStockPhoto.com</p> <p>Page 2: 2010©Jennifer Walz. Image from BigStockPhoto.com</p> <p>Page 3: 2010©Pontus Edenberg. Image from BigStockPhoto.com</p>	<p>Page 4: 2010© Gino Rigucci. Image from BigStockPhoto.com 2010©Christine Chun. Image from BigStockPhoto.com</p> <p>Page 5: 2010©John Sirimarco. Image from BigStockPhoto.com</p> <p>Page 9: 2010©Xavier Marchant. Image from BigStockPhoto.com 2010©Chris Johnson. Image from BigStockPhoto.com</p>	<p>Page 10: 2010©Maria Adelaide Silva. Image from BigStockPhoto.com</p> <p>Page 11: 2010©John Sirimarco. Image from BigStockPhoto.com</p> <p>Page 12: 2010©Anthony Berenyi. Image from BigStockPhoto.com</p> <p>Page 14: 2010©Karen Roach. Image from BigStockPhoto.com</p> <p>Page 15: photographs taken by Ben Mehtlan</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



County of San Diego

1600 Pacific Highway
San Deigo, CA 92101

If you would like additional financial information the Comprehensive Annual Financial Report is available on our website at www.sdcounty.ca.gov/auditor/cafr.html