Basic Financial Statements

STATEMENT OF NET ASSETS

June 30, 2012 (In Thousands)

		Primary Government			Component Unit
		Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
ASSETS					
Pooled cash and investments	$	1,988,951	81,282	2,070,233	142,595
Cash with fiscal agents		109		109	
Investments with fiscal agents		369,689		369,689	10,447
Receivables, net		623,939	7,977	631,916	5,918
Property taxes receivables, net		135,721		135,721	
Internal balances		191	(191)		
Inventories		14,386	2	14,388	
Deposits with others		16		16	
Prepaid items		430		430	2
Deferred charges		12,310		12,310	
Restricted assets:					
Cash with fiscal agents		242		242	558
Investments with fiscal agents		63,352		63,352	
Lease receivable		12,685		12,685	
Capital assets:					
Land, easements and construction in progress		595,586	23,205	618,791	
Other capital assets, net of accumulated depreciation/ amortization		2,535,089	140,982	2,676,071	
Total assets		6,352,696	253,257	6,605,953	159,520
LIABILITIES					
Accounts payable		189,675	993	190,668	15,290
Accrued payroll		48,766	233	48,999	
Accrued interest		25,344		25,344	
Unearned revenue		261,636	75	261,711	
Non-current liabilities:					
Due within one year		153,769	439	154,208	83
Due in more than one year		1,895,136	1,295	1,896,431	42
Total liabilities		2,574,326	3,035	2,577,361	15,415
NET ASSETS					
Invested in capital assets, net of related debt		2,770,556	162,874	2,933,430	
Restricted for:					
Creditors - Capital projects		5,422		5,422	
Grantors - Housing assistance		84,552		84,552	
Donations		2,949		2,949	
Laws or regulations of other governments:					
Future road improvements		125,904		125,904	
Maintenance, operation, acquisition and construction of criminal justice facilities and courthouses		50,825		50,825	
Defray administrative costs, other general restrictions		16,532		16,532	
Teeter tax loss		14,643		14,643	
Mental health		11,344		11,344	
Vector control		13,918		13,918	
Improvement and maintenance of recorded document systems		17,327		17,327	
Flood Control future drainage improvements		26,166		26,166	
Public safety activities		42,361		42,361	
Other purposes		141,306		141,306	
First 5 Commission of San Diego					144,105
Unrestricted		454,565	87,348	541,913	
Total net assets	$	3,778,370	250,222	4,028,592	144,105

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

STATEMENT OF ACTIVITIES

For the year ended June 30, 2012 (In Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			Component Unit
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
Governmental Activities:								
General government	$ 271,485	99,872	61,223	5,300	(105,090)		(105,090)	
Public protection	1,179,815	237,632	439,004	304	(502,875)		(502,875)	
Public ways and facilities	132,166	19,449	85,658	5,339	(21,720)		(21,720)	
Health and sanitation	790,907	116,365	589,669		(84,873)		(84,873)	
Public assistance	1,175,678	24,326	1,139,851		(11,501)		(11,501)	
Education	34,669	894	1,858	62	(31,855)		(31,855)	
Recreation and cultural	36,128	7,817	259		(28,052)		(28,052)	
Interest	102,338				(102,338)		(102,338)	
Total governmental activities	3,723,186	506,355	2,317,522	11,005	(888,304)		(888,304)	
Business-type activities:								
Airport	12,736	11,568	539			(629)	(629)	
Sanitation Districts	22,335	18,406				(3,929)	(3,929)	
Wastewater Management	5,980	6,502				522	522	
Total business-type activities	41,051	36,476	539			(4,036)	(4,036)	
Total primary government	3,764,237	542,831	2,318,061	11,005	(888,304)	(4,036)	(892,340)	
Component Unit:								
First 5 Commission of San Diego	$ 49,832		35,424					(14,408)

Continued on next page

STATEMENT OF ACTIVITIES

For the year ended June 30, 2012 (In Thousands)

(Continued)	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: First 5 Commission of San Diego
Changes in net assets:				
Net (expense) revenue	$ (888,304)	(4,036)	(892,340)	(14,408)
General Revenues				
Taxes:				
Property taxes	616,183		616,183	
Other taxes	17,200		17,200	
Property taxes in lieu of vehicle license fees	304,614		304,614	
Sales and use taxes	25,055		25,055	
Total general tax revenues	963,052		963,052	
Investment earnings	12,338	1,151	13,489	790
Other	110,676	209	110,885	
Total general revenues	1,086,066	1,360	1,087,426	790
Extraordinary gain	10,423		10,423	
Transfers	(28)	28		
Total general revenues, extraordinary gain and transfers	1,096,461	1,388	1,097,849	790
Change in net assets	208,157	(2,648)	205,509	(13,618)
Net assets at beginning of year (restated-See Note 31 to the financial statements)	3,570,213	252,870	3,823,083	157,723
Net assets at end of year	$ 3,778,370	250,222	4,028,592	144,105

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

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	$ 1,321,049	39,151	955	417,471	1,778,626
Cash with fiscal agents	109				109
Investments with fiscal agents	2		369,687		369,689
Receivables, net	516,727	41,364	4,637	58,665	621,393
Property taxes receivables, net	135,292			429	135,721
Due from other funds	63,218			24,206	87,424
Inventories	11,369			1,458	12,827
Deposits with others				16	16
Prepaid items	40			390	430
Restricted assets:					
Cash with fiscal agents	157			85	242
Investments with fiscal agents				63,352	63,352
Lease receivable	5,568			7,117	12,685
Total assets	2,053,531	80,515	375,279	573,189	3,082,514
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	118,055			36,800	154,855
Accrued payroll	44,996			2,583	47,579
Due to other funds	36,162	38,204	4,401	23,278	102,045
Deferred revenues	123,144			35,431	158,575
Unearned revenue	243,327			17,726	261,053
Total liabilities	565,684	38,204	4,401	115,818	724,107
Fund Balances					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	1,074			3,807	4,881
Inventories and deposits with others	11,369			1,474	12,843
Restricted for:					
Creditors - Debt service				74,738	74,738
Creditors - Capital projects				34,593	34,593
Grantors - Housing assistance	54,360			31,347	85,707
Donations	2,949				2,949
Laws or regulations of other governments:					
Future road improvements				125,904	125,904
Maintenance, operation, acquisition and construction of criminal justice facilities and courthouses	50,825				50,825
Fund purpose		42,311		89,319	131,630
Other purposes	137,579			26,300	163,879
Committed to:					
Realignment health, mental health and social services	65,297				65,297
Unforeseen catastrophic events	55,500				55,500
Capital projects' funding	339,453			5,520	344,973
Health			370,878		370,878
Other purposes	54,984			64,369	119,353
Assigned to:					
Other purposes	51,325				51,325
Unassigned	663,132				663,132
Total fund balances	1,487,847	42,311	370,878	457,371	2,358,407
Total liabilities and fund balances	$ 2,053,531	80,515	375,279	573,189	3,082,514

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2012
(In Thousands)

Total fund balances - governmental funds	$	2,358,407
Capital assets used in governmental activities (excluding internal service funds) are not current financial resources and, therefore, are not reported in the balance sheet. This amount represents capital assets net of accumulated depreciation.		3,080,565
Unamortized issuance costs - bonds, notes and loans payable deferred charges (to be amortized over the life of the debt).		12,310
Accrued interest on long-term debt.		(25,340)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenue in the statement of activities.		158,575
Long-term liabilities, including bonds, notes, and loans payable, are not due and payable in the current period and, therefore, are not reported in the balance sheet. (See note 2 to the financial statements; table 3.)		(1,903,840)
Internal service funds are used by management to charge the costs of information technology, vehicle operations and maintenance, employee benefits, public liability, road and communications services, materials and supplies (purchasing), and facilities services to individual funds; to make loans for start-up services for new and existing county service districts; and for the financing of clothing and personal sundry items for persons institutionalized at various county facilities. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. (See note 2 to the financial statements; table 3.)		97,693
Net assets of governmental activities	$	3,778,370

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

For the Year Ended June 30, 2012 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 925,861			40,651	966,512
Licenses, permits and franchise fees	42,552			9,271	51,823
Fines, forfeitures and penalties	50,905			2,913	53,818
Revenue from use of money and property	17,099	46	2,594	10,026	29,765
Aid from other governmental agencies:					
State	958,169	223,682		94,438	1,276,289
Federal	831,859			137,959	969,818
Other	65,542			16,750	82,292
Charges for current services	336,057			33,529	369,586
Other	54,161			50,486	104,647
Total revenues	3,282,205	223,728	2,594	396,023	3,904,550
Expenditures:					
Current:					
General government	203,179		129	7,067	210,375
Public protection	1,140,718			8,857	1,149,575
Public ways and facilities	1,300			63,622	64,922
Health and sanitation	735,916			46,588	782,504
Public assistance	1,034,961			136,701	1,171,662
Education	844			31,366	32,210
Recreation and cultural	31,175			2,127	33,302
Capital outlay	33,249			179,055	212,304
Debt service:					
Principal	23,200			38,041	61,241
Interest	17,308			77,012	94,320
Bond issuance costs				374	374
Total expenditures	3,221,850		129	590,810	3,812,789
Excess (deficiency) of revenues over (under) expenditures	60,355	223,728	2,465	(194,787)	91,761
Other financing sources (uses):					
Sale of capital assets	360			380	740
Issuance of bonds and loans:					
Face value of bonds issued				32,665	32,665
Discount on issuance of bonds				(182)	(182)
Transfers in	244,148			216,044	460,192
Transfers out	(212,578)	(203,106)	(24,200)	(25,222)	(465,106)
Total other financing sources (uses)	31,930	(203,106)	(24,200)	223,685	28,309
Extraordinary loss				(3,126)	(3,126)
Net change in fund balances	92,285	20,622	(21,735)	25,772	116,944
Fund balances at beginning of year	1,394,380	21,689	392,613	431,526	2,240,208
Increase (decrease) in nonspendable inventories	1,182			73	1,255
Fund balances at end of year	$ 1,487,847	42,311	370,878	457,371	2,358,407

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012
(In Thousands)

Net change in fund balances - total governmental funds	$	116,944
Governmental funds accrue property tax revenue which is deemed collectible within 60 days. However, for the statement of activities the total amount estimated to ultimately be collected is accrued.		(3,460)
Revenues that do not provide current financial resources are not reported as revenues in the funds (deferred revenue) but are recognized as revenue in the statement of activities.		(13,567)
Adjustment to nonspendable inventories.		1,255
Change in accounting estimate for postclosure costs - (public protection function) - San Marcos Landfill.		960
Accounting estimate for pollution remediation		(7,904)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. (See note 2 to the financial statements; table 4.)		100,614
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (See note 2 to the financial statements; table 4.)		(21,930)
The issuance of long-term debt (e.g. bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (See note 2 to the financial statements; table 4.)		33,721
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (See note 2 to the financial statements; table 4.)		(14,122)
Dissolution of San Diego County Redevelopment Agency. (See note 33 to the financial statements.)		13,549
Transfer of equipment from the Fleet Internal Service Fund to governmental activities		6,733
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (or expense) of certain activities of internal service funds is reported within governmental activities. (See note 2 to the financial statements; table 4.)		(4,636)
Change in net assets - governmental activities	$	208,157

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2012 (In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
ASSETS		
Current assets:		
Pooled cash and investments	$ 81,282	210,325
Receivables, net	4,139	1,511
Due from other funds	295	23,437
Inventories	2	1,559
Total current assets	85,718	236,832
Noncurrent assets:		
Due from other funds	3,838	45
Capital assets:		
Land	11,565	
Construction in progress	11,640	87
Buildings and improvements	113,990	
Equipment	1,110	129,655
Software		11,657
Road infrastructure	6,449	
Sewer infrastructure	91,038	
Accumulated depreciation/amortization	(71,605)	(91,289)
Total noncurrent assets	168,025	50,155
Total assets	253,743	286,987
LIABILITIES		
Current liabilities:		
Accounts payable	993	34,820
Accrued payroll	233	1,187
Accrued interest		4
Due to other funds	837	7,284
Unearned revenue	75	583
Loans payable	267	892
Capital lease payable		31
Compensated absences	172	930
Claims and judgments		35,842
Total current liabilities	2,577	81,573
Noncurrent liabilities:		
Loans payable	1,046	2,874
Capital lease payable		154
Compensated absences	249	1,345
Claims and judgments		102,997
Total noncurrent liabilities	1,295	107,370
Total liabilities	3,872	188,943
NET ASSETS		
Invested in capital assets, net of related debt	162,874	49,925
Unrestricted net assets	86,997	48,119
Total net assets	$ 249,871	98,044

Reconciliation between net assets - enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets	
Total net assets	$ 249,871
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	351
Net assets of business-type activities	$ 250,222

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended June 30, 2012 (In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for current services	$ 36,476	312,269
Other	236	7,721
Total operating revenues	36,712	319,990
Operating expenses:		
Salaries and employee benefits	7,169	36,786
Repairs and maintenance	5,913	31,776
Equipment rental	1,068	1,053
Sewage processing	14,130	
Contracted services	4,934	164,269
Depreciation/amortization	5,430	15,468
Utilities	291	21,697
Cost of material		6,067
Claims and judgments		32,302
Fuel		13,272
Other	1,981	5,553
Total operating expenses	40,916	328,243
Operating income (loss)	(4,204)	(8,253)
Nonoperating revenues (expenses):		
Grants	539	3,977
Investment earnings	1,151	828
Interest expense	(88)	(198)
Gain (loss) on disposal of assets	(28)	210
Other nonoperating revenues	1	
Total nonoperating revenues (expenses)	1,575	4,817
Income (loss) before capital contributions and transfers	(2,629)	(3,436)
Capital contributions		600
Transfers in	360	9,918
Transfers out	(332)	(11,765)
Change in net assets	(2,601)	(4,683)
Net assets (deficits) at beginning of year	252,472	102,727
Net assets (deficits) at end of year	$ 249,871	98,044

Reconciliation between changes in net assets - enterprise funds and changes in net assets of business-type activities as reported in the government-wide statement of activities	
Change in net assets	$ (2,601)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(47)
Change in net assets of business-type activities	$ (2,648)

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2012 (In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	$ 31,211	20,615
Cash received from other funds	6,343	301,755
Cash payments to suppliers	(27,273)	(226,305)
Cash payments to employees	(7,163)	(36,729)
Cash payments to other funds	(1,485)	(10,540)
Cash paid for claims and judgments		(29,283)
Net cash provided (used) by operating activities	1,633	19,513
Cash flows from noncapital financing activities:		
Operating grants	1,467	3,759
Transfers from other funds	360	9,918
Transfers to other funds	(332)	(5,032)
Payments received on advances to other funds		38
Principal paid on long-term debt		(855)
Interest paid on long-term debt		(189)
Other noncapital increases	1	
Net cash provided (used) by noncapital financing activities	1,496	7,639
Cash flows from capital and related financing activities:		
Capital contributions		567
Acquisition of capital assets	(4,491)	(9,782)
Proceeds from sale of assets	1	681
Principal paid on long-term debt	(254)	
Principal paid on capital lease		(27)
Interest paid on long-term debt	(88)	
Interest paid on capital lease		(10)
Net cash provided (used) by capital and related financing activities	(4,832)	(8,571)
Cash flows from investing activities:		
Investment earnings	565	883
Net increase (decrease) in cash and cash equivalents	(1,138)	19,464
Cash and cash equivalents - beginning of year	82,420	190,861
Cash and cash equivalents - end of year	81,282	210,325
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(4,204)	(8,253)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Decrease (increase) in accounts receivables	1,327	2,516
Decrease (increase) in due from other funds	(511)	(589)
Decrease (increase) in inventory	(1)	(228)
Increase (decrease) in accounts payable	(223)	4,832
Increase (decrease) in accrued payroll	14	102
Increase (decrease) in due to other funds	(218)	2,340
Increase (decrease) in unearned revenue	26	82
Increase (decrease) in compensated absences	(7)	2
Increase (decrease) in claims and judgments		3,241
Depreciation/amortization	5,430	15,468
Total adjustments	5,837	27,766
Net cash provided (used) by operating activities	1,633	19,513
Non-cash investing and capital financing activities:		
Capital acquisitions included in accounts payable	410	1,252
Governmental contributions of capital assets		33
Contribution to governmental capital assets	$	6,733

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2012 (In Thousands)

	Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS			
Pooled cash and investments	$ 3,598,411	6,795	345,407
Cash with fiscal agents			1,502
Investments with fiscal agents		1,155	
Receivables:			
Accounts receivable			2,056
Investment earnings receivable	3,524	6	3,530
Due from other government agencies		120	
Deferred charges		315	
Total assets	3,601,935	8,391	352,495
LIABILITIES			
Accounts payable		2,214	19,375
Warrants outstanding			167,292
Accrued payroll			8
Accrued interest		213	
Non-current liabilities:			
Due within one year		393	
Due in more than one year		13,477	
Due to other funds		4,873	
Due to other governments			165,820
Total liabilities		21,170	352,495
NET ASSETS			
Held in trust for pool participants	3,601,935		
Held in trust for private purpose		(12,779)	
Total held in trust (deficit)	$ 3,601,935	(12,779)	

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

For the Year Ended June 30, 2012 (In Thousands)

	Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Contributions to investments	$ 5,729,257	
Total contributions	5,729,257	
Investment earnings:		
Net increase (decrease) in fair value of investments	(929)	17
Investment earnings	18,140	13
Total investment earnings	17,211	30
Property taxes - Successor Agency Redevelopment Property Tax Trust Fund Distribution		914
Miscellaneous revenues		20
Total additions	5,746,468	964
DEDUCTIONS		
Administrative expenses		25
Distributions from investments	5,575,484	
Contributions to other agencies		2,214
Interest and fiscal charges		1,081
Total deductions	5,575,484	3,320
Change in net assets before extraordinary loss	170,984	(2,356)
Extraordinary loss		(10,423)
Change in net assets	170,984	(12,779)
Net assets at beginning of year	3,430,951	
Net assets (deficit) at end of year	$ 3,601,935	(12,779)