

COUNTY OF SAN DIEGO, CALIFORNIA



Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2015

PHOTO CREDITS

COVER	San Diego Balboa Park at twilight	f11photo	Shutterstock.com
TITLE PAGE (CLOCKWISE)	La Jolla coast line	Sebastien Burel	Shutterstock.com
	Sails on Historic Ship in San Diego	Jesse Kunerth	Shutterstock.com
	Californian desert - east of San Diego	Dhoxax	Shutterstock.com
	Point Loma Lighthouse in San Diego Viewed Through a Torrey Pine	Lori Labrecque	Shutterstock.com

COUNTY OF SAN DIEGO, CALIFORNIA

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2015



BOARD OF SUPERVISORS

Greg Cox	- District 1
Dianne Jacob	- District 2
Dave Roberts	- District 3
Ron Roberts	- District 4
Bill Horn	- District 5

Helen N. Robbins-Meyer
CHIEF ADMINISTRATIVE OFFICER
(CAO)

Donald F. Steuer
ASSISTANT CAO/
CHIEF OPERATING OFFICER

Compiled under the direction of:
Tracy M. Sandoval
DEPUTY CAO/
AUDITOR & CONTROLLER



Introductory Section

Letter of Transmittal	1
GFOA Certificate of Achievement	29
Board of Supervisors	30
Organizational Chart	31
Other Elected and Appointed Officials	32

Financial Section

Independent Auditors' Report	33
Management's Discussion and Analysis	36
Basic Financial Statements	59
Government-wide Financial Statements:	
Statement of Net Position	60
Statement of Activities	62
Fund Financial Statements:	
Balance Sheet - Governmental Funds	64
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	66
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	67
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities	68
Statement of Net Position - Proprietary Funds	69
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	71
Statement of Cash Flows - Proprietary Funds	72
Statement of Fiduciary Net Position - Fiduciary Funds	73
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	74
Contents - Notes to the Financial Statements	75
Notes to the Financial Statements	76

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	138
Public Safety Fund	141
Tobacco Endowment Fund	142
Pension Plan	143
Notes to Required Supplementary Information - Budgetary Information	144

Combining and Individual Fund Information and Other Supplementary Information

Combining Balance Sheet:	
Nonmajor Governmental Funds	150
Special Revenue Funds	152
Debt Service Funds	158
Capital Projects Funds	159
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:	
Nonmajor Governmental Funds	160
Special Revenue Funds	161
Debt Service Funds	164

Capital Projects Funds	165
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Air Pollution Fund	166
Asset Forfeiture Program Fund	167
County Library Fund	168
County Low and Moderate Income Housing Asset Fund	169
County Service District Funds	170
Edgemoor Development Fund	173
Flood Control District Fund	174
Housing Authority - Low and Moderate Income Housing Asset Fund	175
Housing Authority - Other Fund	176
In Home Supportive Services Public Authority Fund	177
Inactive Wastesites Fund	178
Inmate Welfare Program Fund	179
Lighting Maintenance District Fund	180
Other Special Revenue Funds	181
Park Land Dedication Fund	182
Road Fund	183
Combining Financial Statements -	
Nonmajor Enterprise Funds	185
Combining Statement of Net Position	186
Combining Statement of Revenues, Expenses, and Changes in Net Position	187
Combining Statement of Cash Flows	188
Combining Financial Statements -	
Internal Service Funds	189
Combining Statement of Net Position	190
Combining Statement of Revenues, Expenses, and Changes in Net Position	192
Combining Statement of Cash Flows	194
Combining Financial Statements -	
Agency Funds	197
Combining Statement of Changes in Assets and Liabilities	198

Statistical Section

Introduction	199
Net Position by Component	200
Changes in Net Position	201
Fund Balances Governmental Funds	205
Changes in Fund Balances Governmental Funds	206
Assessed Value of Taxable Property	208
Property Tax Rates - Direct and Overlapping Governments	209
Principal Property Taxpayers	210
Property Tax Levies and Collections	211
Ratios of Outstanding Debt by Type	212
Ratios of General Bonded Debt Outstanding	213
Legal Debt Margin Information	214
Pledged-Revenue Coverage	215
Demographic and Economic Statistics	216
Principal Employers	217
Full-time Equivalent County Government Employees by Function	218
Operating Indicators by Function	219
Capital Asset Statistics by Function	221



County of San Diego

TRACY M. SANDOVAL
DEPUTY CHIEF ADMINISTRATIVE OFFICER/
AUDITOR AND CONTROLLER
(619) 531-5413
FAX: (619) 531-5219

FINANCE & GENERAL GOVERNMENT GROUP
1600 PACIFIC HIGHWAY, SUITE 166, SAN DIEGO, CA 92101-2422

November 18, 2015

To the honorable members of the Board of Supervisors and the Citizens of San Diego County:

The Comprehensive Annual Financial Report (CAFR) of the County of San Diego (County) for the fiscal year ended June 30, 2015, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of San Diego's financial statements for the year ended June 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

County Profile

San Diego County is the southernmost major metropolitan area in the State of California and covers 4,261 square miles, extending 75 miles along the Pacific Coast from Mexico to Orange County, and inland 75 miles to Imperial County along the international border shared with Mexico. Riverside and Orange counties form the northern boundary. The County enjoys a wide variety of climate and terrain, from coastal plains and fertile inland valleys to mountain ranges and the Anza-Borrego Desert in the east. The Cleveland National Forest occupies much of the interior portion of the County. The climate is equable in the coastal and valley regions where most of the population and resources are located. The average annual rainfall in the coastal areas is 10 inches, so the County is highly dependent on imported water.

ASSESSOR/RECORDER/COUNTY CLERK
AUDITOR AND CONTROLLER
CHIEF ADMINISTRATIVE OFFICE
CIVIL SERVICE COMMISSION

CLERK OF THE BOARD
COUNTY COMMUNICATIONS OFFICE
COUNTY COUNSEL
COUNTY TECHNOLOGY OFFICE

GRAND JURY
HUMAN RESOURCES
RETIREMENT ASSOCIATION
TREASURER-TAX COLLECTOR



In March 2011, the U.S. Census Bureau estimated the County's population for 2010 to be 3,095,313, an increase of 10.0% from the 2000 figure of 2,813,833. The State of California Department of Finance released population data incorporating the 2010 Census counts as the benchmark showing the County's revised population estimate for January 1, 2014 was 3,194,362 and the County's population estimate for January 1, 2015 was 3,227,496. San Diego is the second largest county by population in California and the fifth largest county by population in the nation, as measured by the U.S. Census Bureau. There are 18 incorporated cities in the County; the City of San Diego being the largest, with a population of approximately 1,345,895; and Del Mar is the smallest, with a population of approximately 4,234.

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

County Government, Economy and Outlook

County Government

San Diego became one of California's original 27 counties on February 18, 1850, shortly after California became the 31st State in the Union. The County functions under a charter adopted in 1933, as subsequently amended from time to time. A five-member Board of Supervisors elected to four-year terms in district, nonpartisan elections governs the County. Each board member is limited to no more than two terms and must reside in the district from which he or she is elected.

The Board of Supervisors sets priorities for the County and oversees most County departments and programs and approves their budgets. Per California Government Code Section 23005, the County may exercise its powers only through the Board of Supervisors or through agents and officers acting under the authority of the Board or authority conferred by law. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County

Counsel, the Probation Officer and the Clerk of the Board of Supervisors. The Chief Administrative Officer appoints the Assistant Chief Administrative Officer/ Chief Operating Officer, the Deputy Chief Administrative Officer/Auditor and Controller and all other appointive officers. The CAO assists the Board of Supervisors in coordinating the function and operations of the County; is responsible for carrying out all of the Board's policy decisions that pertain to the functions assigned to that officer; and supervises the expenditures of all departments. Elected officials head the offices of the Assessor/ Recorder/ County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

The State Legislature has granted each county the power necessary to provide for the health and well-being of its residents. The County provides a full range of public services to residents, including law enforcement, detention and correction, emergency response services, health and sanitation, parks and recreation, libraries and roads. The County also serves as a delivery channel for many State services, such as foster care, public health care and elections. These services are provided by five business Groups (Public Safety, the Health and Human Services Agency, Land Use and Environment, Community Services and Finance and General Government), each headed by a General Manager who reports to the CAO.

Economy and Outlook

The tepid growth path experienced by the national economy for more than five years is finally ramping up and an improved U.S. Economy is projected in the coming years. In 2014, real gross domestic product (GDP) increased by 2.4% compared to a 2.2% increase for 2013. According to U.S. Department of Commerce Bureau of Economic Analysis (BEA), increases in personal consumption expenditures, nonresidential fixed investment, exports, state and local government spending, private inventory investments, and residential fixed investment that were partly offset by a decrease in federal government spending contributed to the acceleration in real GDP growth in 2014. For the second quarter of 2015, the U.S. economy increased at an annual rate of 2.3% compared to an increase of 0.6% in the first quarter of 2015. This upturn in the percent change in real GDP primarily reflected upturns



in personal consumption expenditures, exports, state and local government spending, and residential fixed investment that were partly offset by decelerations in federal government spending, private inventory investment, nonresidential fixed investment and acceleration in imports.

According to the minutes of the July 28-29, 2015 Federal Open Market Committee meeting, economic activity expanded moderately after slight decline during the first quarter. The staff continued to forecast that real GDP would increase faster in the second half of this year compared to the first half and is forecasted to expand more rapidly in 2016 and 2017. Factors contributing to the increase include: positive contributions from personal consumption expenditures, state and local government spending and additional improvement in the housing sector. Labor market conditions improved further and unemployment continued to decrease. Inflation continues to be below 2%, partly reflecting earlier declines in energy prices and further decreases in non-energy import prices. However, longer-term inflation expectations have remained stable.

According to the UCLA Anderson Forecast, June 2015, the nation's real GDP is forecast to grow 2.4% in 2015 and 3.0% in 2016, bringing a sense of economic recovery and growth. The unemployment rate fell to 5.3% in July 2015, the lowest since April 2008. The rate of unemployment is expected to trend downward to 5.0% by the end of 2015. Growth will be led by increase in consumer spending, which will be supported by income growth and lower oil prices, along with housing starts and corporate investment in equipment.

Conditions in the housing sector continued to improve and improvement in the job market and stronger economic growth will spur housing demand in 2015. Both building starts and sales (new and existing) are expected to show additional growth. Existing home sales are expected to increase by 11.0%. Changes in the Federal Housing Authority (FHA) policies and lending standards are expected to help the housing market. (Source: Kiplinger's Economic Outlooks, August 2015).

California accounts for over 13% of the nation's GDP which is by far, the largest of any state. The state's

economy is growing and gaining momentum. In 2014, California's gross state product grew 3.3%, outperforming the nation's growth rate of 2.4%. The state recovered all the wage and salary jobs that were lost during the recession. More than seventy percent of California's new jobs occurred in: health care and social assistance; leisure and hospitality; administrative, support and waste services; professional, scientific and technical services; and construction. The coastal areas of the state have generally recovered from the recession faster than the interior areas. With the continued progress in labor market affecting growth in personal income, taxable sales is also expected to accelerate. (Source: Los Angeles County Economic Development Corporation, The Kyser Center for Economic Research: 2015-2016 Economic Forecast and Industry Outlook, February 2015). The State unemployment rate continued to improve and fell modestly from 8.9% in 2013 to 7.5% in calendar year 2014. The July 2015 unemployment rate showed continued improvement to 6.2% (seasonally adjusted rate). Nonfarm payroll employment in California during the month of July 2015 increased by 80,600 for a total gain of 2,027,700 jobs since the recovery began in February 2010 (Source: California Employment Development Department, News Release, August 21, 2015).

UCLA Anderson Forecast (June 2015) anticipates total employment growth (payroll, farm and self-employed) of 2.5% and 2.1% for 2015 and 2016, respectively. Real personal income growth is forecast to be 4.5% in 2015 and 4.4% in 2016. In 2015 the unemployment rate is expected to remain around 6.2%, and then average approximately 5.2% in 2016. The forecast also showed that real personal income (measured in 2009 dollars), which declined to 3.7% in 2009 and showed annual growth from 1.6% being the lowest in 2013 and its highest of 5.0% in 2012. Taxable sales declined 14.2% in 2009 and grew steadily passing the 2008 levels in 2013. It is estimated to grow by 3.0% in 2014, 3.2% in 2015, 2.0% in 2016, and 1.5% in 2017.

In the housing sector, home prices have risen in 2014 which brought home prices to the pre-bubble (2004) level. The level of foreclosures dropped to 6% of all home sales with total foreclosure and short sales falling to 11%, evidence that the State is moving to a



more normal real estate market (Source: UCLA Anderson Forecast, December 2014). February 2015 saw the 36th consecutive month with the state's median sale price increasing on a year-over-year basis. Of the existing homes sold statewide, 6.8% were foreclosed properties during the previous 12 months. In February 2009, resales on foreclosed properties peaked at 58.8%. Notice of Default, the first step of the formal foreclosure process, is diminishing and its effect is only noticeable in hardest-hit areas of the state. (Source: DataQuick March 18, 2015 News Release).

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

San Diego's economic outlook continues to improve. The region's economic stability is based on federal spending, innovation clusters, tourism and real estate. Since the end of the Cold War, the military's presence has diminished but remains an important driver of the region's economy. San Diego is a thriving hub for technology-oriented industries and an important manufacturing center as well as a popular travel destination. The quality of life attracts a well-educated, talented workforce and well-off retirees which contributes to a positive outlook in consumer spending.

Another indicator of economic health is county taxable sales. Taxable sales began to decline overall in the county in 2007 that continued through 2009. In 2010, taxable sales showed moderate growth which continued in 2011 and 2012 has shown continued improvement although not as great as 2011. Taxable sales grew 6.2% in 2013 and moderate growth is expected to continue in 2014 and 2015 in the region. (Source: National University System Institute for Policy Research Economic Ledger, February 2015). Taxable sales report for 2014 is not available during publication of this document.

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. The real estate market has impacted the County's general purpose revenue (GPR), although GPR is expected to increase in fiscal year 2015-16 from fiscal year 2014-15. 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 County is continuing to adjust to new roles and responsibilities in the areas of health, public safety, and redevelopment.

County management continuously evaluates and responds to the changing economic environment and its impact on the cost and the demand for County services. Specific actions are detailed in the Fiscal year 2015-16 Adopted Operational Plan which can be accessed at <http://www.sdcountry.ca.gov/auditor/opplan/adoptedlist.html>.

County's Economic Base

The County's economic stability is based on significant manufacturing presence and innovation clusters (e.g. energy storage, cyber-security, and clean tech), a large tourist industry attracted by the favorable climate of the region, a considerable defense-related presence related to federal spending, and the region is a thriving hub for biotech and telecommunications industries. Highlights of County employment as of August 2015 are listed below:

- Non-agricultural, industry employment totaled 1,391,400 jobs. This represents a gain of 44,200 jobs from the unadjusted August 2014 employment figures.
- The services industry, including information, professional and business services, education and health services, leisure and hospitality, and other services, constitutes the largest employment sector and accounted for approximately 50.1% of non-agricultural employment, with a total of 702,600 employed.
- Trade, transportation and utilities industries were the second largest non-government sector, comprising approximately 15.8% of non-agricultural employment totaling 219,900 jobs.



- Government accounted for approximately 16.3% of non-agricultural employment (226,800). San Diego's military presence contributes to this significant component.
- Manufacturing accounted for an additional 1.8% of non-agricultural employment (98,600), up 1,700 jobs from the unadjusted employment figures for August 2014.
- The construction sector is greatly influenced by the general health of the economy, and in particular, population and housing growth. Construction employment, which accounted for 4.9% of total non-agricultural employment or 68,700 jobs, was down 600 from the unadjusted August 2014 employment figures.
- The financial sector, including finance, insurance, real estate and related employment, represents 5.4% of non-agriculture employment (74,400). Financial activities experienced an increase of 3,300 jobs from the unadjusted employment figures for August 2014.
- Agriculture (10,400) and mining (400) accounted for approximately 0.8% of total employment.

County revenues that are affected by the state of the local economy include property taxes, sales taxes, and charges for services. Key factors impacting these revenues include real estate activity and consumer spending which are in turn greatly influenced by interest rates and employment levels. Short and long-term interest rates are low by historical standards.

San Diego County's residential real estate market is on the mend. Over the year, the median price for an existing single-family home rose and the number of foreclosures on the market has declined. The median home price of existing homes sold also fluctuated with the housing related turmoil. During 2009 and 2010, median home sales started to rebound from the low level experienced at the end of 2008 and early 2009. Since then median home prices showed improvement. June 2015 (\$476,000) showed a 5.8% increase compared to June 2014 (\$450,000).

Another measure of the recovery in housing is the rate of foreclosures, as well as the companion indices of notices of loan default and deeds recorded (changes in ownership). Foreclosures compared to total deeds recorded averaged 0.3% over the three-year period of 2003 through 2005, then rose significantly reaching

16.9% in 2008 and declining to 1.8% in 2014. The number of total deeds recorded fell significantly from 2003 levels of 223,087 to a low of 115,540 in 2008. Total deeds recorded through December 2014 were 116,251.

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

Overall, there seems to be a general view that economic recovery at the national, state and local levels will continue.

Sources: State of California Department of Finance, U.S. Census Bureau, U.S. Department of Commerce Bureau of Economic Analysis, San Diego Association of Governments (SANDAG) and the State of California Employment Development Department.

General Management System

The General Management System (GMS) is the County's foundation that guides operations and service delivery to residents, businesses and visitors. The GMS identifies how the County sets goals, prioritizes the use of resources, evaluates performance, ensures collaboration and recognizes accomplishments in a structured, coordinated way. By communicating and adhering to this strategic framework, the County of San Diego is able to create and maintain an organizational culture that values transparency, accountability, innovation, and fiscal discipline and that provides focused, meaningful public services.

At the heart of the GMS are five overlapping components which ensure that the County asks and answers crucial questions, as well as completes required deliverables.

- Strategic Planning
- Operational Planning
- Monitoring and Control



- Functional Threading
- Motivation, Rewards and Recognition

These five GMS components form an annual cycle that is renewed each fiscal year with review of the Strategic Plan and development of a new Operational Plan. More information about the GMS and the Strategic Plan is available online at: www.sdcountry.ca.gov/cao/.

Context for Strategic and Operational Planning

To be effective, the goals that the County sets and the resources that are allocated must be consistent with the purpose of the organization. The context for all strategic and operational planning is provided by the County's vision; a vision that can only be realized through strong regional partnerships with our community, stakeholders and employees.

Vision:

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

Mission:

To efficiently provide public services that build strong and sustainable communities

Values:

The County recognizes that "The noblest motive is the public good." As such, there is an ethical obligation to uphold basic standards as we conduct operations. The County is dedicated to:

- Integrity - Character First
 - We maintain the public's trust through honest and fair behavior
 - We exhibit the courage to do the right thing for the right reason
 - We are dedicated to the highest ethical standards
- Stewardship - Service Before Self
 - We are accountable to each other and the public for providing service and value
 - We uphold the law and effectively manage the County's public facilities, resources and natural environment
 - We accept personal responsibility for our conduct and obligations
 - We will ensure responsible stewardship of all that is entrusted to us

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

Strategic and Operational Planning (Budgetary) Process

The County ensures operations are strategically aligned across the organization by developing a five-year Strategic Plan that sets forth priorities it will accomplish with its resources. The Strategic Plan is developed by the Chief Administrative Officer (CAO) and the County Executive Team, based on the policies and initiatives set by the Board of Supervisors, an enterprise review of the issues, risks and opportunities facing the region and reflects the changing environment, economy and community needs. All County programs support at least one of these four Strategic Initiatives through audacious visions, enterprise-wide goals and cross-departmental or department objectives that make achievement of the initiatives possible. The Strategic Initiatives include:

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

The Operational Plan provides the County's detailed financial plan for the next two fiscal years. However, pursuant to Government Code Section 29000 et seq., State law allows the Board of Supervisors to formally adopt only the first year of the Operational Plan as the County's budget. The Board approves the second year of the plan in principle for planning purposes. To demonstrate that resources are allocated to support the County's Strategic Plan, all program objectives in the Operational Plan and department performance measures are aligned with the County's Strategic Initiatives, Audacious Visions and/or Enterprise-Wide Goals. State law permits modifications to the adopted budget during the year with approval by the Board of



Supervisors, or in certain instances, by the Deputy Chief Administrative Officer/Auditor and Controller. The Chief Administrative Officer reviews the status of the County's performance against the budget in a quarterly status report to the Board of Supervisors.

Financial (Budgetary) Policies

Government Code (GC) Sections 29000 through 29144 provide the statutory requirements pertaining to the form and content of the County's Budget. Government Code Section 29009 requires a balanced budget in the proposed and final budgets, defined as "funding sources shall equal the financing uses".

County Charter Section 703 establishes the Chief Administrative Officer as responsible for all Group/Agencies and their departments (except departments with elected officials as department heads) and for supervising the expenditures of all departments and reporting to the Board of Supervisors on whether specific expenditures are necessary.

County Administrative Code Article VII establishes the components and timeline for the budget process and establishes the Chief Administrative Officer as responsible for budget estimates and submitting recommendations to the Board of Supervisors.

The County has the following financial policies that serve as guidelines for the budget process:

Board of Supervisors Policies

A-136 Use of County of San Diego General Management System for Administration of County Operations: Establishes the General Management System (GMS) as the formal guide for the administration of County departments, programs and services, and ensures that all County departments and offices operate in compliance with the GMS.

B-29 Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery: Provides a methodology and procedure to encourage County departments to recover full cost for services whenever possible.

B-71 Fund Balance and Reserves: Establishes guidelines regarding the use of fund balance and the maintenance of reserves in order to protect the fiscal health and stability of the County. Expenditures for services are subject to fluctuations in demand and

revenues are influenced by changes in the economy and by State and Federal regulations. This policy ensures the County is prepared for unforeseen events by establishing and maintaining prudent levels of fund balance and reserves, and by ensuring that all one-time resources generated by the County are appropriated for one-time expenditures only.

M-13 Legislative Policy: State-Mandated Local Program Costs: Calls on the State and Federal Legislature to encourage equitable reimbursement of mandated program costs.

Administrative Manual

0030-01 Procedure for Fees, Grants and Revenue Contracts for Services Provided to Agencies or Individuals Outside the County of San Diego Organization: Establishes a procedure within the framework of Board of Supervisors Policy B-29, to serve as guidance in the process of recovering full costs for services provided to agencies or individuals outside the County of San Diego organization under grants or contracts or for which fees may be charged.

0030-06 State Mandated Cost Recovery: Establishes guidelines to attempt full recovery of all State mandated costs resulting from chaptered legislation and executive orders.

0030-14 Use of One-Time Revenues: One-time revenue will be appropriated only for one-time expenditures such as capital projects or equipment, not to ongoing programs.

0030-22 Revenue Management - Auditor and Controller Responsibilities: The Auditor and Controller is responsible for reviewing and evaluating revenues from all sources in order to maximize these revenues within legal provisions and to institute internal controls and systems to be used by departments to estimate, claim, and collect revenues.

0030-23 Use of the Capital Program Funds (CPFs), Capital Project Development and Budget Procedures: Establishes procedures for developing the scope of capital projects, monitoring the expenditure of funds for capital projects, timely capitalization of assets and closure of capital projects within the Capital Program Funds.



Strategic Initiatives and Achievements

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

The five-year Strategic Plan is developed by the Chief Administrative Officer, the Assistant CAO/Chief Operating Officer, the five General Managers and the Strategic Planning Support Team based on the policies and initiatives set by the Board of Supervisors and a countywide review of the risks and opportunities facing the region.

The four strategic initiatives are:

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

Strategic planning starts with audacious visions, which are bold statements detailing the impact the County wants to make in the community. Enterprise-wide goals (EWGs) support the audacious visions by focusing on collaborative efforts that inspire greater results than any one department could accomplish alone. Audacious visions and EWGs are developed to support each of the strategic initiatives.

County EWGs for each Initiative include:

Healthy Families

- Promote the implementation of a service delivery system that is sensitive to those individuals who have been affected by traumatic circumstances.
- Strengthen the local food system and support the availability of healthy foods, nutrition education and nutrition assistance for those who need it.
- Pursue policy change for healthy, safe and thriving environments with a special focus on residents who are in our care or rely on us for support.
- Leverage internal communication resources, resource groups, and social media to enhance employee understanding of Live Well San Diego.

Safe Communities

- Encourage and promote residents to take important and meaningful steps to protect themselves and their families for the first 72 hours during a disaster.
- Plan, build and maintain safe communities to improve the quality of life for all residents.
- Strengthen our prevention and enforcement strategies to protect our youth from crime, neglect and abuse.
- Expand data-driven crime prevention strategies and utilize current technologies to reduce crime at the local and regional level.
- Fully implement a balanced-approach model that reduces crime by holding offenders accountable while providing them access to rehabilitation.

Sustainable Environments

- Provide and promote services that increase consumer and business confidence.
- Enhance the quality of the environment by focusing on sustainability, pollution prevention and strategic planning.
- Foster an environment where residents engage in recreational interests by enjoying parks, open spaces and outdoor experiences.
- Create and promote diverse opportunities for residents to exercise their right to be civically engaged and finding solutions to current and future challenges.

Operational Excellence

- Align services to available resources to maintain fiscal stability.



- Provide modern infrastructure, innovative technology and appropriate resources to ensure superior service delivery to our customers.
- Strengthen our customer service culture to ensure a positive customer experience.
- Develop, maintain and attract a skilled, adaptable and diverse workforce by providing opportunities for our employees to feel valued, engaged and trusted.

Within the structure of the two-year operational planning process, the County plans for and attains interim progress toward achievement of the Strategic Initiatives. Some of the highlights over the last year include:

Healthy Families

- Promote the implementation of a service delivery system that is sensitive to those individuals who have been affected by traumatic circumstances.
 - Ensured the success of the child support program by establishing and enforcing court orders to support the long-term well-being of children by collaborating with custodial and non-custodial parents, courts, government agencies and community resources.
 - Expanded In-Home Outreach Team (IHOT) program services countywide (from 3 to 6 regions). Team members linked treatment-resistant individuals and their families with existing behavioral health services and community resources. This outreach and engagement was essential in assisting this population to willingly receive needed services.
 - Enhanced the service delivery system for children and youth in foster care by implementing "Pathways to Wellbeing," a cross-departmental effort with Child Welfare Services
 - Stabilized psychiatric staffing at the San Diego County Psychiatric Hospital by utilizing physician recruitment firms.
 - Worked with HHSA departments to create a trauma informed atmosphere in new and modernized facilities. This was accomplished by creating a professional setting that includes a welcoming customer greeting area and a family-friendly setting.
- Established a common understanding of expectations for Trauma Informed Systems Integration and developed an action plan to implement in each department and region.
- Improved recruitment efforts for foster and adoptive families resulting in a 34% increase of persons attending the Foster/Adoptive Family Orientation meetings.
- Expanded caller options and customer support on the Foster and Adoption KIDSline to serve more than 370 calls over an average of 6 months.
- Improved the Adoption website by adding features such as children available for adoption and links to resources.
- Improved customer service through utilizing a Foster/Adoption Ombudsman to provide additional support to foster and adoptive parents.
- Rolled out Trauma Informed Services training to department leadership.
- Pursue policy change for healthy, safe and thriving environments with a special focus on residents who are in our care or rely on us for support.
 - Processed 3,355 compensation and pension claims to allow veterans and their dependents to thrive by promptly facilitating their access to needed benefits.
 - Created 73 new partnerships to achieve the Live Well San Diego goals of access to healthy foods, smoking cessation and improving workplace wellness. A list of all contributing Live Well San Diego recognized partners and their commitments are included at www.LiveWellSD.org.
 - Enrolled 100% (157,969) of Medi-Cal eligible applicants as part of the Affordable Care Act (ACA) and increased the number of residents with health insurance to reduce the costs of health care to families and individuals.
 - Hosted the Grandparents Raising Grandchildren symposiums in the North, East and Central Regions. Completed updating the Grandparents Raising Grandchildren Handbook.
 - Achieved permanency for 73% (33 of 45) of children identified through the Exceptional Families for Exceptional Children campaign.



- Performed 20,494 blood pressure screenings at over 150 locations, with 84 partners as part of the 2015 Love Your Heart campaign. One out of every two individuals with a reported blood pressure level was identified as having an elevated blood pressure. Screened individuals received educational materials about heart health. This event helped to elevate the importance that blood pressure plays in overall health and is directly linked to 3-4-50 (3 behaviors-no physical activity, poor diet and tobacco use,-that result in 4 diseases-cancer, heart disease and stroke, type 2 diabetes and lung disease-that result in over 50 percent of deaths in San Diego).
- Collaborated with the San Diego Foundation on its Climate Initiative and helped coordinate with government, nonprofits, businesses and consumers to advance regional efforts to reduce greenhouse gas emissions.
- Leverage internal communication resources, resource groups, and social media to enhance employee understanding of Live Well San Diego.
 - Collaborated with County Human Resources to educate all County job applicants on Live Well San Diego so they can understand the role employees play in helping residents to live well. By educating job applicants, new employees were aware of the County's vision of Live Well San Diego and the role they play in advancing its strategies of building better health, living safely and thriving.
- Strengthen the local food system and support the availability of healthy foods, nutrition education and nutrition assistance for those who need it.
 - In conjunction with the Health in All Policies (HiAP) Team, produced consumer-oriented certified farmer's market brochure in English and Spanish with information on availability of healthy, locally produced fruit, vegetables and other agricultural products.
 - Conducted nutrition education for 1,320 low-income families with children to reduce the risk of childhood obesity and chronic diseases (such as diabetes, heart disease, and high blood pressure) through lifestyle change related to diet and physical activity.

- Supported the County of San Diego's Live Well San Diego Building Better Health initiative by presenting an average of 350 healthy lifestyle programs for all ages every month.

Safe Communities

- Encourage and promote residents to take important and meaningful steps to protect themselves and their families for the first 72 hours during a disaster.
- Completed a disaster preparedness curriculum, which aligns and complies with the Common Core State Standards, for San Diego County's 4th grade students.
- Ensured professional, timely emergency response was provided to the residents of County Service Area 135 through the supervision of the San Diego County Fire Authority.
- Continued the implementation process of replacing the Regional Communications System (RCS) with a state of the art, next-generation communications system.
- Plan, build and maintain safe communities to improve the quality of life for all residents.
 - Collaborated with law enforcement agencies and community services organizations to combat human trafficking and enhance the support to victims and education to the community.
 - Enhanced enforcement of required standards of care in long-term care facilities.
 - Improved the quality of life of all San Diego residents by proactively working to make our streets, parks, public spaces and buildings safer from crime and injury.
 - Increased AIS Ombudsman positions from 5 to 11, to improve the oversight of Skilled Nursing Facilities (SNF) and Residential Care Facilities for the Elderly (RCFE). This provides an increase in advocating efforts for SNF and RCFE residents through recruitment, training and oversight of additional volunteers.
 - Provided support to the Board sponsored Alzheimer's Project. Hosted the Care and Public Awareness roundtable discussions and participated in the Clinical and Cure roundtables. Completed the Alzheimer's Project Report prepared for the Board Conference and completed the Project's Implementation Plan to drive ongoing action.



- Recruited and trained 414 adults and teens (19 years and over) 4-H volunteers, exceeding the goal of 350, to deliver positive youth development experiences to youth ages 5-19 years in reaching their full potential as competent, confident leaders of character who contribute and are connected to their communities. Four experiential learning activities were held: Large Animal Field Day, Agriculture Judging Day, Bates Nut Farm 2-Day Archery Exhibition and North County Area Beach Clean Up Project, reaching approximately 600 youth and their families.
- Maintained the capability to deploy an emergency network of two fine particulate matter (PM2.5) monitors within 48 hours of any wildfire and link the instruments via satellite for real-time data delivery to the public.
- Repainted and or used thermoplastic to re-mark crosswalks and roadway legends adjacent to 123 public school and 12 private school locations in the unincorporated area of the county. Thermoplastic has been introduced at some school sites to minimize the need for annual repainting.
- Reduced risks to lives by ensuring buildings and improvements were designed and constructed in accordance with building safety codes.
- Facilitated two trainings for federal agency staff and local aviation community members on foreign flight school students vetting and screening requirements.
- Flood Control staff assisted communities in preparing and responding to flood events by inspecting 75% of flood control facilities and maintaining County flood control facilities to their design capacities by removing debris from clogged or blocked facilities.
- Provided safe and accessible parks and preserves, fostered innovative programs and initiatives that promote government agency partnerships and community involvement and enhanced emergency communication and preparedness.
- Created safer parks, preserves and recreation centers by using more than 100,000 hours of volunteer service to assist with park patrols, operations and maintenance.
- Worked collaboratively with the San Diego County Fire Authority, Planning & Development Services, Office of Emergency Services, County Department of Parks and Recreation, regional fire authorities, government agencies, university staff and community groups to enhance wildfire related research. Disseminated information through a minimum of four outreach activities such as distributing Wildfire Zone preparedness and safety tip cards in English and Spanish; participated in six meetings with the Fire Safe Council of San Diego; management of the Wildfire Zone website; established a You Tube channel and curated relevant videos for the Extension Wildfire Information Network (eWIN).
- Provided four workshops for the Local Agency Management Program to educate stakeholders on the new standards and regulations for onsite wastewater treatment systems.
- Protected county residents by conducting 439 safety inspections on structural fumigations in San Diego County, exceeding the goal of 320 safety inspections.
- Funded 30 public community projects for parks, street/sidewalk improvements, Americans with Disabilities Act (ADA) improvements, firefighting equipment, public services, community, youth and family centers, health clinics, and affordable housing activities to promote wellness and enhance the quality of life in San Diego County neighborhoods.
- In support of the County's Live Well San Diego Living Safely initiative, expanded the use of social media to educate the public and increase awareness of various issues such as animal safety, neglect and disaster preparedness by posting quarterly educational bulletins on the Department of Animal Services Facebook page and website.
- Fully implement a balanced-approach model that reduces crime by holding offenders accountable while providing them access to rehabilitation.
 - Continued participation in multi-agency operations and multi-agency task forces.
 - Improved offender reintegration into the community through a continuum of care and case management through reentry that begins at Sheriff facilities and juvenile institutions with an assessment of offender needs, which also



occurs at the Community Transition Center for certain offenders. Probation continued to engage with offenders on supervision to provide case management and rehabilitative services.

- Strengthen our prevention and enforcement strategies to protect our youth from crime, neglect and abuse.
- Exceeded the previous year's levels of services by offering an average of 431 after-school programs each month, and offered students and families a safe place for the pursuit of education and constructive civic engagement in support of the County's Live Well San Diego Living Safely initiative.
- Funded the continuation of the HOME Tenant-based Rental Assistance programs that served 68 youth aging-out of the foster care system and 58 families with children that were participants of the County's substance abuse recovery and family reunification programs.

Sustainable Environments

- All residents engage in community life and civic activities.
- Held a Live Well San Diego Expo featuring 48 partners and 28 County departments to highlight their services and demonstrate collective impact to the community in support of the County vision.
- Foster an environment where residents engage in recreational interests by enjoying parks, open spaces and outdoor experiences
- Hosted and promoted the 2015 Live Well San Diego 5K Walk/Run and Health Fair to provide a healthy and informative outdoor experience to County residents. The Live Well San Diego 5K event encouraged residents to exercise with family and friends at a local park while supporting thousands of children in foster care and receive health information.
- Developed and enhanced the experiences of park patrons and promoted healthy lifestyles by increasing recreational opportunities and educational programs.
- Stopped the spread of Red Imported Fire Ants (RIFA), a devastating pest of agriculture and urban environments (community parks, ball fields, and schools), by planning and conducting a comprehensive survey of high risk habitats

throughout the entire county for RIFA infestations. Conducted three RIFA training sessions with key personnel from the Departments of Parks and Recreation and Public Works.

- Protected the environment and preserved community character through efficient application of planning, engineering, and environmental regulations in the management of land development permit applications for discretionary projects.
- Enhance the quality of the environment by focusing on sustainability, pollution prevention and strategic planning.
- Provided two stakeholder workshops for the Environmental Corrective Action Program (ECAP) which is a program now delegated to the Department of Environmental Health by the Department of Toxic Substances Control to oversee the clean-up of contaminated sites.
- Prevented the spread of the insidious pest Glassy-winged Sharpshooter, a serious threat to California's \$4 billion grape industry, by ensuring 100% of more than 2,705 plant shipments arrived at destination with no viable life stages of the pest.
- Maintained an inspection program to protect the public from the harmful effects of air pollution by conducting more than 7,400 inspections of equipment at regulated facilities for compliance with air pollution laws.
- Conducted emissions measurement tests on all 41 natural gas fired reciprocating internal combustion engines required to show ongoing compliance with the National Emission Standards for Hazardous Air Pollutants.
- Identified problems and potential solutions for endemic and invasive pests such as insects, diseases, weeds (Asian Citrus Psyllid, Gold Spotted Oak Borer, Phytophthora, invasive grasses, etc.) impacting San Diego agriculture, nursery, ornamental horticultural and landscapes through workshops for 213 participants at various locations throughout San Diego County, including County libraries; training in eradication techniques for 35 participants from the Department of Agriculture, Weights and Measures; field research project on Pala



Reservation and the establishment of a website (http://ucanr.edu/sites/socaloakpests/Polyphagous_Shot_Hole_Borer).

- Maintained, supported and managed the volunteer Master Gardener program which provides research-based information in the areas of home gardening, community gardening, landscaping, water conservation and pest management to San Diego County residents and other County departments. The 297 Master Gardeners volunteered 22,579 hours for a savings of over \$499,000.
- Acquired 423 acres within the Multiple Species Conservation Program (MSCP) plan areas that will count toward the County's commitment to the MSCP Implementing Agreement. The goal of 500 acres was not met due to multiple properties still in negotiations.
- Conserved irrigation water by installing smart irrigation controllers at Heritage, Pine Valley and Felicita Parks.
- Worked on Phase One of Comprehensive Renewable Energy Plan (CREP) with stakeholder meetings held in October 2014, January 2015 and April 2015 with the intent to present phase one CREP to the Board of Supervisors in fall 2015.
- Continued to work towards completion of the North County Multiple Species Conservation Program (MSCP) and public review of environmental documentation. A draft plan was sent to the U.S. Fish & Wildlife Service and California Fish & Wildlife Agency in September 2014.
- Conducted outreach to residents with information and resources on stormwater pollution prevention at over 30 community events throughout the unincorporated area of the county.
- Assisted 100 businesses and 65 multifamily complexes in initiating or expanding recycling programs.
- Provided residential composting education at nine workshops, one community event and four schools in the unincorporated area of the county. As part of the awareness campaign, installed a new composting demonstration site at the Ramona High School for composting food scraps and landscape materials.
- Increased awareness of the Mobile Source Incentive Program by participating in 11 community outreach events about the Air Pollution Control District's mobile source emission reduction incentive program and grant funding opportunities, exceeding the goal of eight events.
- Agriculture, Weights and Measures promoted the diversion of recyclable materials from landfills through recycling events in conjunction with the Department of Public Works by implementing two collection events for recycling of used pesticide containers from the agricultural community.
- The Board of Supervisors approved Form-Based Zoning Codes for Ramona Town Center and Alpine Village on July 30, 2014 (2). Received San Diego Gas & Electric partnership funding to work on a Form Based Code for Valley Center South Village.
- The Board of Supervisors approved a Zoning Ordinance update on October 29, 2014 (1), to streamline accessory structure regulations. Refinements to the winery ordinance are undergoing stakeholder review with a goal of bringing an updated ordinance to the Board before the end of 2015.
- Protected a sustainable watershed and enhanced water quality in the region by minimizing downstream pollutants and through robust programs to reduce or eliminate water pollutants.
- Monitored 100% of 173 major stormwater outfalls to assess the health of watersheds.
- Provide and promote services that increase consumer and business confidence.
 - Promptly reviewed all 35 Carl Moyer Program grant applications upon receipt and notified applicants within five business days of any additional information that was required.
 - Completed an internal Business Process Reengineering to streamline the Temporary Event permit process. Improved methods for receiving permit applications and tracking temporary events; improved customer information and updated online resources. Conducted a workshop for annual temporary



event organizers and vendors, who learned about food safety and permitting requirements for temporary food vendors.

- Educated the business community by creating two new compliance assistance videos and posting them on the APCD website.
- Completed a Business Process Reengineering to identify improvements to streamline the plan check process for new retail food and public swimming pool projects to less than 50% of the State law requirement of 20 days. Improvements identified are being implemented to help make the plan check process more efficient and reduce review time.
- Met the informational, recreational and cultural needs of the community and actively promoted reading and lifelong learning by ensuring the public had access to library resources and services and that the San Diego County Library had the capacity to meet these goals.
- Create and promote diverse opportunities for residents to exercise their right to be civically engaged and finding solutions to current and future challenges
 - The Community Services Group worked with the Land Use and Environment Group to develop the third component of Live Well San Diego, the Thriving initiative, which was approved by the Board of Supervisors in October 2014.
 - Convened the Live Well San Diego Thriving Volunteer Action Team to begin strengthening the quality, functionality and impact of the region's volunteer system.
 - Convened the Live Well San Diego Thriving Housing Action Team to support the availability and affordability of housing for all community members.
 - Distributed information in support of the County's Live Well San Diego strategies using "filler" pages printed in the Sample Ballot and Voter Information Pamphlets provided to all registered voters for the November 4, 2014 Gubernatorial General Election.
 - Increased the number of permanent vote-by-mail voters.
 - Recruited and replaced non-accessible poll sites to comply with federal and State accessibility requirements.

Operational Excellence

- Provide modern infrastructure, innovative technology and appropriate resources to ensure superior service delivery to our customers
- Improved communications with volunteer firefighters through the continued implementation of the Advanced Situational Awareness for Public Safety Network.
- Continued projects to improve data sharing and operations while achieving optimal results for County residents.
- Managed the execution of parks-related capital projects identified in the Capital Improvement Needs Assessment as approved by the Board of Supervisors, in a timely and cost effective manner. For more information see the Capital Program section.
- The Department of Environmental Health provided four California Electronic Reporting System (CERS) kiosks for facility owners and operators throughout the county that need CERS assistance or may not have access to a computer.
- Increased efficiency, consistency and accuracy by implementing auto-generated Notices of Proposed Action (NOPA) for Agriculture, Weights and Measures' retail fuel meters and water dispensers, developed associated business practices and conducted staff training.
- Conducted an analysis of the building permit pre-review process to identify and implement improvements to reduce customer wait and transaction times, while ensuring continued quality review. Phase One deployed in July 2014 and included expanded appointments and revisions to the pre-review process. Phase Two deployed in November 2014 and included the Initial Study Research Report and the Property Summary Report; both automate portions of work previously done by Planning and Development staff.
- Implemented a new Airport Lease Management System (ALMS), using LUEG's enterprise-wide Business Case Management System as the platform, to track County airport leases and other contracts.
- Ensured responsible stewardship of resources expended to fulfill Public Records Act requests by identifying the top three requested public



records and making them available on Agriculture, Weights and Measures' webpage for 24/7 customer access.

- Reengineered and streamlined the incentive grant application process, moving from a largely paper-based system to an online application process using Accela Citizen Access in the Air Pollution Control District.
- Expanded online services to reduce transaction times and the need for customers to visit a County office in the Department of Planning and Development Services by deploying Instant Permits to seven of the online available permit types and deployed a Property Summary Report used for the pre-review process and the public as a research tool.
- Funded the completion of various accessibility improvements in County facilities and pilots for innovative technology programs.
- Examined the viability and feasibility of installing a 24/7 Library-To-Go kiosk at another County location to provide library services; selected site in Encinitas for installation in Fiscal Year 2015-16.
- Updated the Library's website to maximize customer usability and access to self-published e-materials and publishers' e-book catalogs.
- Began design-build construction of the new libraries in Alpine and Imperial Beach.
- Continued due diligence for donated property, planning and design for a new Borrego Springs Library.
- Continued construction of the Cedar and Kettner Development Parking Structure for completion and occupancy in October 2015.
- Initiated replacement/renewal projects with the Health and Human Services Agency for key Family Resource Centers and Levant Adoptions Center.
- Completed the master plan for capital improvements to the animal shelter in Bonita.
- Made contracts available to the public through the internet by posting at least 50% of new and amended contracts within five business days of award.
- Provided enhanced customer service by sharing/disseminating information on the Housing Choice Voucher (HCV) program information via the HCD website, emails, videos, and social media.
- Modernized and rebuilt the County's Active Directory domain (a repository of County users or accounts that have access to the network) by updating architecture, migrating accounts, integrating existing services (e.g., SharePoint and Virtual Private Network), and converting accounts to agreed identification naming standards. Anticipated completion date for initial phase of this project is the end of October 2015 with subsequent phases to be implemented in Fiscal Year 2015-2016.
- Upgraded the County's Kronos employee timekeeping application. The Kronos 7.0 upgrade initiative has provided County users with a more supportable timekeeping platform and enhanced functional capabilities.
- The County Technology Office, Assessor/Recorder/County Clerk, Auditor & Controller and the Treasurer-Tax Collector continued the design and development of the Integrated Property Tax System (IPTS), which will significantly improve property assessment, tax collection and apportionment activities in the County.
- Provided open access to County business by making 56 audio recordings of Board of Supervisors meetings available on the Internet within three days of the related meeting.
- Strengthen our customer service culture to ensure a positive customer experience.
- Launched an updated Live Well San Diego website (LiveWellSD.org) to provide access to timely, relevant news and material. The Live Well San Diego website was developed using feedback from focus groups, one-on-one interviews with subject matter experts and survey of 194 community partners. The number of unique visitors to Live Well San Diego website was increased 83% (from 8,838 to 16,144).
- Completed soft launch of the Live Well San Diego Top 10 Indicators dashboard beta site, an interactive and dynamic tool to encourage positive change toward the vision of a healthy, safe and thriving San Diego County. It communicates progress, provides access to



community-level health/well-being data, research, best practices and helps to drive public engagement.

- "Team LUEG" was created to leverage interdepartmental efforts in the following areas: Workforce Development, Communication and Outreach and Customer and Stakeholder Focus. Comprised of all LUEG departments, "Team LUEG" is about striving to be a "service before self" organization by working together and meeting the varying needs of customers.
- Ensured effective and efficient management of discretionary permit applications from submittal to final decision through the application of case and project management knowledge, skills and techniques.
- Planning & Development Services continued to proactively engage our customers and sought feedback to ensure customer needs were met through bimonthly meetings with three user groups and with 31 additional stakeholder groups.
- Reviewed and updated 219 classification specifications as part of Phase I of the Classification Modernization Project as of June 30, 2015. The goal of reviewing and updating the specifications for Phase II will be completed by June 30, 2016.
- Align services to available resources to maintain fiscal stability
 - Completed Business Process Reengineering (BPR) and identified process changes to realize a 25% cost reduction in delivery costs for street repavement projects. DPW can only control the costs of delivery; not the cost of materials. Revised processes have been implemented and actual savings will be reported next year, the second year for this two year goal.
 - Achieved a collection rate of 99.1% for secured taxes and 98% for unsecured taxes by preparing and mailing property tax bills/notices, and processing tax payments in a timely manner to ensure timely revenue collection on behalf of San Diego County's taxpayers.
 - Resolved 64% (51 of 80) of all lawsuits against the County by a court decision/dismissal, and resolved 36% (29 of 80) by settlement.

- Negotiated fiscally prudent successor agreements with 11 of 25 bargaining units and 6 of 9 existing employee organizations by June 30, 2015.
- Develop, maintain and attract a skilled, adaptable and diverse workforce by providing opportunities for our employees to feel valued, engaged and trusted
 - Fostered an environment of excellence, innovation and exceptional customer service among County employees who serve the public through the County's intranet site, posting 269 content items (article or video) in support of the County's Strategic Plan during Fiscal Year 2014-15.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Other Awards and Recognitions

The County of San Diego workforce continually plans to cut costs, streamline processes, incorporate the newest technology and expand services to improve the lives of residents and save taxpayer dollars. While our goal is to improve communities, it is gratifying to be recognized for those efforts.

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

San Diego County Taxpayers Association

The San Diego County Taxpayers Association recognizes organizations that employ cost-efficient,



smart governing decisions and innovative initiatives with its Watchdog Awards. One of those winners is selected to receive the Grand Golden Watchdog Award. That honor has gone to San Diego County four years in a row. In 2015, the San Diego County Sheriff Department's program for incarcerated veterans which offers tailored in-custody rehabilitative and treatment services was selected. The Veteran's Forward program keeps veterans from reoffending and saves taxpayers at least \$550,000 in incarceration costs per year.

This year, the County was also the recipient of two additional awards.

- The County Department of Planning & Development Services received a Golden Watchdog Award for overhauling its building permit process to make it faster, easier and less expensive for applicants.
- The Taxpayers Association presented the County with a Visionary Leadership Award for transforming two parking lots into the Waterfront Park around the County Administration Center. The 12-acre park along the Bayfront downtown uses recirculated water for the fountains, drought resistant native plants and solar lighting.

National Association of Counties (NACo)

The National Association of Counties recognizes innovative county government programs from across the nation each year. This year, the County of San Diego received 43 NACo awards - the third most awards in the nation. One of those awards won "Best of Category" for the County Department of Planning & Development Services' business model improvement program. Learn more about the awards on County News Center at <http://www.countynewscenter.com/news/county-programs-earn-43-national-achievement-awards-0>.

- DA's Youth Advisory Board Campaigns: "Respect: Give it, Get it," "The Fight" & "Redefine Success" (District Attorney): The San Diego County District Attorney's Youth Advisory Board created three public service campaigns for their peers and community members to address pressing issues affecting young people in San Diego County and work toward a positive change, through adult mentorship. Lincoln High students' campaign uses kinetic typography to illustrate the importance of respect for self, others, community and the world

at large. Mira Mesa High students created a mobile webpage to address anxiety, bullying, and dealing with peer pressure. Scripps Ranch High produced a campaign which encourages students to redefine success, to pursue what they value most and to recognize happiness with oneself.

- First 5 San Diego First 5 Steps (Health & Human Services Agency): The County provides countywide home visitation services using a trauma-informed, evidence-based model for specific, high-risk expectant families that are teens, military, refugees, immigrants, or low-income.
- Growing Opportunities Garden (Probation): Girls in custody learn about healthy foods and gardening in this joint effort between Farm Home Advisor and Probation staff.
- Professional Group Study (Library): The Professional Group Study was established at the County Library El Cajon Branch in 2010 through a partnership with San Diego County Health and Human Services Agency and its Welfare-to-Work contractor, Professional Consulting Group. This program allows refugees to receive their Welfare-to-Work benefits by getting credit for the number of hours they study to recertify in their chosen profession. SDCL recently expanded this program to include an additional branch in Rancho San Diego, broadening the reach for the program and making space at the table for people in need.
- Integrity in Action Program (Chief Administrative Office): The County of San Diego's Office of Ethics and Compliance created the Integrity in Action Program as part of its comprehensive enterprise-wide ethics and compliance function. The program includes several components including an active and responsive Ethics Hotline and several outreach programs and resources.
- Lean Six Sigma - Phase 1 Building Capacity (Health & Human Services Agency): The County's Health & Human Services Agency staff were trained in Lean Six Sigma methodology to streamline processes, eliminate waste, reduce cost, and continually improve products, services and processes to meet customer needs.
- Office of Business Intelligence (Health & Human Services Agency): The County's Office of Business Intelligence uses business intelligence tools to analyze data, create reports, develop dashboards, and provide data visualization tools. The data-



driven methods are aimed at boosting agency-wide performance by transforming data into actionable information to help Health & Human Services Agency make informed business decisions.

- **Replacement of Airport Lease Management System (Public Works):** The County implemented a new fully-customized Airport Lease Management System to allow for enhancements that will improve administration of the County Airport property contracts. The Accela-based program helps staff and customers with property contracts.
- **SMART Building Automation System Project Saves Energy, Lowers Utility Costs (General Services):** The program is a real-time automatic sensing and reporting building support system that allows County staff to control irregularities at government facilities remotely to reduce and eliminate high utility costs.
- **Veterans Moving Forward (Sheriff):** The Sheriff's Department implemented the Veterans Moving Forward Program at the Vista Detention Facility in partnership with the San Diego Veterans Administration to assist incarcerated veterans by providing tailored in-custody treatment and services, links to community programs and re-entry assistance. The program is helping turn around the lives of veterans, many who have post-traumatic stress, traumatic brain injury, and other service-related issues underlying their crimes.
- **Regional Realignment Response Group (Probation):** The interagency Regional Realignment Response Group partners with Sheriff's crime analysts to keep the whole County safe by conducting joint operations targeting realigned offenders and their associates.
- **Mandatory Supervision Court (Probation):** The County established a Mandatory Supervision Court as a collaborative process in which the Probation Department, Court, District Attorney, Public Defender, and Sheriff's Department work together with an offender to design and implement a case plan for success and to hold the offender accountable to it. Prior to release and after release from jail, offenders attend hearings to review their plans and discuss progress. The tailored case management and close monitoring of offenders has helped participants break the cycle of crime.
- **Mobile Devices Inspire Effective and Efficient Law Enforcement (Sheriff):** The San Diego County Sheriff's Department issued iPads to every field deputy which has enabled them to use important tools including facial recognition software to help identify arrestees who will not give the deputy their correct name.
- **Cyber Disruption Response Planning Annex (Office of Emergency Services):** The County Office of Emergency Services developed the Cyber Disruption Recovery Plan which provides a framework for a County-level team to provide cyber-related expertise and management to affected cyber assets in an effort to lessen the impact of a disruption event.
- **AFN Shelter Worker Training Video Project (Office of Emergency Services):** The County Office of Emergency Services produced shelter manager and shelter worker training videos which focus on working with people with physical, emotional and cognitive disabilities.
- **Risk Communication Plan: Targeted Outreach to Form a Partner-relay System (Office of Emergency Services):** The County program engages in targeted outreach to diverse language communities to form a partner-relay communication system for disasters and public health emergencies.
- **Food Handler Program Enhancements (Environmental Health):** The County Department of Environmental Health worked with stakeholders to identify upgrades to the Food Handler Program. The upgrades included enhancing food safety by requiring food-handler training every three years, reducing the cost of the food handler certificate and offering online food handler training and testing opportunities.
- **Classification Modernization Project (Human Resources):** The County initiated a six year project plan to modernize the job classification structure to be more progressive, flexible and consistent and better meet workforce needs.
- **Veteran Outreach Program (Human Resources):** The program, started in 2014, establishes hiring initiatives for the veteran community and transitioning servicemen and women from the local military bases in San Diego County. The County also launched the Veteran Resource webpage on the Department of Human Resources website.



- **Fraud and Risk Management Compliance Program (Treasurer-Tax Collector):** The County developed a comprehensive Fraud and Risk Compliance Program to improve controls, processes and procedures to mitigate the risk of fraud within the Treasury department in two phases.
- **Standardized Bond Documents Saves Thousands in Taxpayer Dollars (Treasurer-Tax Collector):** The County streamlined and standardized the school and community college bond documentation process by developing a standardized paying agent and investment management agreement for all school districts. The new process improved the overall efficiency of the process and saved the school districts tax dollars to hire a bond counsel to draft the document.
- **Standardized Countywide Escheatment Process (Treasurer-Tax Collector):** The County improved its annual Countywide Escheatment Process, which returns unclaimed property held by county departments to rightful owners and transfers any remaining unclaimed property to the County General Fund, by creating standardized documents and training for participants that include a timeline and checklist as well as email updates and reminders about developments and deadlines.
- **A Guide to Using Facebook to Prevent Suicide and Reduce Stigma (Health & Human Services Agency):** The County developed a comprehensive guide to assess, establish and maintain a Facebook page for suicide prevention and stigma reduction. The guidebook is also listed on the Suicide Prevention Resource Center's Best Practices Registry.
- **Using the Affordable Care Act to Increase Healthcare Access for Inmates and Probationers (HHSA, Sheriff, Probation):** A program which embeds County Eligibility Workers at Sheriff Detention sites to form an Eligibility Unit for pre-release inmates and those on probation to expedite enrollment into the Medi-Cal Program. This allows for greater access to healthcare benefits and reduced local costs. The program has saved the County more than \$4 million of local funds.
- **Legacy Corps - Support for Veterans and Military Families (Health & Human Services Agency):** The County program matches a volunteer member of AmeriCorps with a veteran or military family to provide respite and support for caregivers. The people who benefit include families with an older veteran dealing with dementia to active duty families needing child care.
- **Adult Protective Services Acutely Vulnerable Adult Protocol (Health & Human Services Agency):** The County developed the protocol that includes interventions to mitigate the risk and to protect individuals with severe cognitive or communication deficits that prevent them from protecting themselves from maltreatment and are highly dependent on someone who is assessed as being high risk for perpetrating abuse.
- **The Alzheimer's Project (Health & Human Services Agency):** The County launched the project to develop a regional roadmap to address this crippling disease. The project seeks to search for a cure and improve care for those suffering from the disease and their caregivers.
- **The San Diego Care Transitions Partnership (Health & Human Services Agency):** The County partnered with more than a dozen local hospitals to form the San Diego Care Transitions Partnership to help provide comprehensive, patient-centered, hospital and community-based care transition services to high risk fee-for-service Medicare patients as they transition across care settings.
- **The Amazing Race (Human Resources):** Part of the County's comprehensive Employee Wellness Program, the race is an event that is modeled after the television show and sends employees on a physically challenging competition of strength and wit.
- **Implementation of Permanency Roundtables (Health & Human Services Agency):** The County adopted a process to improve the outcomes for youth and families served by Child Welfare Services. A permanency roundtable is a professional case consultation that is structured, in-depth, non-blaming, and creates a sense of urgency around permanency in the form of adoption or legal guardianship for a child.
- **Young Master Chef (Health & Human Services Agency):** The County held a Young Master Chef competition in 2014 that supported the Live Well San Diego initiative. Youth from the County's 17 contracted group homes were challenged to create a kid-friendly healthy entree that was low in sodium, fat, and calorie levels, or a dessert with less



sugar and reduced calories per serving. All participants received a gift basket and four were the grand prize winners.

- **Embedding Eligibility Workers in Food Banks (Health & Human Services Agency):** The County embedded eligibility staff at California Association of Food Banks to assist people through the Medi-Cal application process. This practice helps to ensure timely and accurate issuance of benefits.
- **Parenting Time Opportunities for Children (Child Support Services):** The Department of Child Support Services recognized the need to provide parents with assistance in obtaining custody and visitation orders as part of the child support process. This process engages parents at the earliest opportunity to encourage them in a positive direction toward meeting the emotional and financial needs of their children.
- **A Regional Approach to Administration of First-Time Home Buyer Programs (Housing and Community Development):** The County of San Diego Department of Housing and Community Development implemented a new regional model that provides a one-stop-shop for homebuyers, expands eligible jurisdictions to 12 cities, and reduces program delivery costs by 45 percent. In the three months alone, this new regional collaboration provided 23 percent more loans than in any of the previous four fiscal years.
- **Taking Program Integrity to the Next Level (Housing and Community Development):** The County held a regional collaboration event about fraud investigation best practices as it pertains to housing assistance and federal funding for the Housing Choice Voucher program. Additionally, HCD tries to ensure compliance by methods which include unannounced visits and working with law enforcement.
- **Land Use & Environment Group Business Case Management Program (Land Use & Environment Group):** The County's Land Use & Environment Group started the Business Case Management Program to reengineer all its permitting IT systems and operations to provide better customer service and create a collaborative working environment. The project has greatly improved the permitting process. Customers can now access up-to-the-minute permit information online.
- **Electronic Master File Request (Human Resources):** The County has created an electronic employee master file checkout system that allows hiring managers to request the file and review the documents more conveniently.
- **Performance Improvement Team (Planning and Development Services):** Planning and Development Services developed a team to focus on innovation, continuous improvement, and information technology. The team leverages technology and reengineering to improve business operations. This program won a NACo Best in Category honor.
- **County of San Diego Waterfront Park: Parking Lots to Scenic Showpiece (General Services):** The County transformed a 12-acre parking lot to the most significant waterfront open space park downtown. The park features two large interactive water fountains, sprawling lawns, and dynamic children's playground equipment.
- **Deferred Compensation Retention Campaign (Treasurer-Tax Collector):** The County developed a creative outreach campaign to retain County retirees in its Deferred Compensation Program, which provides the administration of tax-deferred supplemental retirement plans. The campaign is trying to keep retirees from switching to private sector compensation plan management companies. The County program has helped more than 15,000 participants save over \$1 billion.
- **Electronic Training Evaluations (Human Resources):** The County Employee Development staff revamped the training evaluation process to incorporate data points that support the County strategic plan in order to provide meaningful data on participant feedback and knowledge gained from the training.
- **Learning Management System Upgrade (Human Resources):** The County upgraded its online employee training system to deliver required training to employees and to be more learner-centered with on-demand training opportunities.
- **Purchase of Agricultural Conservation Easements (PACE) Program (Planning and Development Services):** The County established a pilot PACE Program to promote the long term preservation of agricultural land in the County. Under the program, willing agricultural property owners are



compensated for placing a perpetual easement on their agricultural property that limits future uses and extinguishes future development potential.

California State Association of Counties (CSAC)

The CSAC annual awards program honor the most innovative programs developed and implemented by California counties each year. This year the County of San Diego led all other counties receiving seven awards in all including its California Counties Innovation Award, the highest honor given as well as two Challenge Awards and four Merit Awards.

For the Innovation Award, the County Health and Human Services Agency developed and managed protocols for protecting acutely vulnerable adults. These adults typically have severe cognitive or communication deficits that can prevent them from protecting themselves from maltreatment and are highly dependent upon someone, often a family member, who has been assessed as being high risk for perpetrating abuse. As a result, the County does more frequent monitoring and is more involved in these cases. Since being implemented in October 2014, the safety statuses of clients have largely been stable or better.

The two San Diego County Challenge Award winners were:

- The Sheriff's Veterans Moving Forward program is a tailored rehabilitation and treatment program for incarcerated veterans that has reduced recidivism by linking participants with community programs and re-entry assistance programs upon their release. In the first year of the program, 77 inmates were successfully returned to the community from the program, and not one returned to custody on a new charge. That's compared to an expected return-to-jail rate of about 20-45 percent, according to local and state averages one year after release from jail or prison.
- The Utilizing Medi-Cal Expansion to Increase Healthcare Access program was spearheaded by Health and Human Services Agency and Public Safety departments to embed Medi-Cal eligibility workers in jails and probation re-entry facilities to process inmates' applications so that they could receive medical and mental health services upon

their release. Over 1,800 individuals are currently active in Medi-Cal through this effort and the County has estimated significant savings.

The other four San Diego County programs to receive Merit Awards include:

- The Online Appointment System for Immunizations is a Health and Human Services Agency program that established an innovative, online and bilingual appointment system for one of its public health centers in 2013. The new system is easy to use and has increased access to vaccinations. In 2014, the County expanded it to two more public health centers. The system showed a significant reduction in wait time for customers. During periods of high demand where the walk-in customer wait time could be over an hour, the online appointment customers received their vaccinations in less than six minutes.
- The Planning and Development Services Template Permits program streamlined the process for minor permits and eliminated repetitive data entry by developing template records for the most common permit types. These templates pre-fill much of the permit data, which has resulted in substantial savings in transaction times during the processing of permits.
- The Protecting Public Health by Getting the Word Out involved the Department of Environmental Health's launch of a mobile web application for sdbeachinfo.com, where anyone can get the most recent water quality information for San Diego County beaches and bays at any time, on their smartphones, tablets or computers. The app was created specifically to allow people to get information on-the-go, even when they're at beaches or away from home. The app's at-a-glance information is available in different formats, including lists and an interactive mapping feature, that identify potentially unhealthy water quality and areas that are more susceptible to poor water quality because of nearby surface water runoff sources.
- Real-Time Invasive Pest Mapping is an Agriculture Weights and Measures program that implements real-time pest mapping using a mobile app for County pest collectors. The increased efficiency in map development allows the County to track invasive pests more accurately and quickly disseminate information about the infestation. It



also allows the County to quickly communicate the extent of the spread of a pest and therefore make better decisions on limiting or eradicating pests. The system has improved the County's contribution to regional pest management.

Additional Honors

- The Department of Purchasing and Contracting received an Achievement of Excellence in Procurement Award for the 14th year in a row from the National Procurement Institute. The award recognizes organizational excellence in procurement by measuring innovation, professionalism, e-procurement, productivity and leadership attributes.
- San Diego County was awarded a second place 2015 Digital Counties Survey Award for its new web site which features responsive design, a clean updated look and links to innovative apps such as Finding Rover which uses facial recognition to find lost pets and the County's emergency mobile app which sent out 2.5 million push notifications and logged nearly 75,000 new users during the May 2014 wildfires.
- The County received the Urban Planning Orchid for the San Diego County Waterfront Park in the San Diego Architectural Foundation Orchids and Onions Awards. The annual awards note hits and misses in local building, landscaping and urban design. The 12-acre park, which opened in May 2014, was transformed from parking lot to what the nomination calls the most significant waterfront open space in downtown, featuring two large fountains, sprawling lawns and dynamic playground equipment.
- The County of San Diego was awarded the San Diego Business Journal's 2015 award for the Healthiest Company in the Mega Company category for the Employee Wellness Program. The County was recognized as a forward-thinking organization that has "moved rapidly from traditional basic health care and retirement benefits to a host of inventive programs that address a holistic approach to employee wellness, satisfaction and retention." The County of San Diego beat out ViaSat, Qualcomm and Welk Resorts Group, Inc. for the number one spot in the Mega Company category. The San Diego Business Journal held an event on May 7 at the Paradise Point Resort & Spa where nearly 440 senior managers from companies around San Diego gathered to honor the 31 exceptional winners from the list of nominations in seven categories.
- San Diego County Library received the Digital Government & Education Achievement Award for Increased Services with Self-Service Technologies, Apps and Kiosks in the Government-to-citizen State government category.
- County News Center won five first place honors at the Annual Conference for the California & Nevada Region of the National Association of Telecommunications Officers & Advisors. The awards were for Best Website, Best Use of Social Media, Magazine Program (for "County Chronicles"), Public Safety (for our Realignment video) and Documentary-Profile. Sheriff's Deputy William Dunford recently received the Charles "Bud" Meeks Valor Award for Deputy Sheriff of the Year, one of the highest honors a deputy sheriff can receive in the nation from the National Sheriff's Association.
- The Fire Safe Council of San Diego County, a nonprofit agency promoting fire prevention and management, presented the County Fire Authority with an Agency Award for providing exceptional service within the community. The award recognized the Fire Authority for funding work that better prepared more than 200 properties in the East County for the 2014 fire season.
- Social Worker Madelyn Ochoa-Wingate, a member of the Lemon Grove/Spring Valley Cluster of East Regions' Neighborhoods for Kids (N4K), was honored in July as the 2014 Juvenile Justice Commission Awardee for her outstanding work with youth and their families. Another honoree, Detective John Whiteman from the Santee Sheriff's Station was presented with the Juvenile Justice Commission Award for Law Enforcement.
- First 5 San Diego received a Bronze award at the 35th Annual Telly Awards for its "Healthy Eating" public service announcement (PSA.) The Telly Awards honor outstanding local, regional and cable TV commercials and programs, as well as web commercials, videos and films. First 5 San Diego's "Healthy Eating" PSA was recognized in the not-for-profit category. More than 12,000 entries came in from all 50 states and other countries. Two Aging and Independence Services (AIS) programs were among only 13 programs nationwide to receive Innovation Awards from the National



Association of Area Agencies on Aging national conference in mid-July. The two programs were the Grandparents Raising Grandchildren Initiative and the Legacy Corps support for veterans and military families. AIS also received two Achievement Awards for the Care Transitions Partnership and the Beacon Care Transitions Pilot.

- The County has excellent ratings with three major rating agencies: Aaa rating with Moody's Investor Service, AAA rating with Standard & Poor's, AAA with Fitch Ratings as of August 2014. County staff meets with the rating agencies on an annual basis to provide an update on County finances and operations. The ratings reflect the county's maintenance of a very strong fiscal position. The county's overall credit quality also benefits from stable and prudent management, which maintained the county's resilient credit strength even during the recession.
- The Director of the San Diego County Behavioral Health Services, Alfredo Aguirre, LCSW, received a prestigious honor of "Outstanding Mental Health Director for 2014" at the NAMI California (National Alliance on Mental Illness) annual conference. Based on nominations received from communities throughout the state, the NAMI California Board of Directors selects a single winner each year based on excellent achievements in the mental health field.
- The Department of Parks and Recreation won three American Inhouse Design Awards in a competition sponsored by Graphic Design USA, a national trade magazine for the graphic design field. DPR was among 500 winners selected out of 5,000 entries that represented every segment of the public and private sectors that employ in-house graphic design teams. The winning entries were for "Embrace the Outdoors," a wedding ad that appeared in Exquisite Weddings magazine; "Brilliance in Nature," a direct-mail postcard promoting our parks as sites for weddings; and an announcement flier for the Rancho Garden Fair at Los Penasquitos.
- The Department of Human Resources was awarded IPMA-HR's 2014 Agency Award for Excellence for a Large Agency in recognition of its exemplary contributions to the efficiency and effectiveness of public sector human resource management. Some of the programs highlighted in the award include the Employee Wellness Program, Work Safe Stay

Healthy Strategic Plan, Recruitment and Selection best practices, Veterans Outreach Program, and Employee Development Initiatives.

- The County Communications Office was honored in multiple categories by the National Association of Telecommunications Officers and Advisors (NATOA). The Association recognized the best in government programming at its conference in October 2014. The Communications Office received three first place honors: best website for County News Center; best promotion of a City/County for a video about the services the County provides to its residents; and best magazine program for County Chronicles. In addition, the CCO received second place for overall excellence; use of social media; in the category of public safety for a video about realignment, which was a collaboration with the Public Safety Group (PSG) and many of its departments; and the category of public health for a video highlighting Live Well San Diego's accomplishments during its third year, another collaboration with the Health and Human Services Agency and PSG.
- The Department of Environmental Health (DEH) was honored for its part in an environmental cleanup by the Industrial Environmental Association at its conference in October 2014. DEH, the City of Encinitas and SCS Engineering - which teamed up to work together on the cleanup at Encinitas Community Park - were collectively given an award for excellence at the conference. Encinitas Community Park prior to its construction had pesticide-contaminated soils that were mitigated under the oversight of DEH through their Voluntary Assistance Program. The DEH Site Assessment and Mitigation program staff found innovative solutions to the cleanup that were protective of public health, the environment and were cost effective. The environmental association also presented Mike Vizzier, Chief of the DEH Hazardous Materials Division, with an Environmental Excellence Award for his work on the CUPA Forum Board. (The CUPA Forum Board is a statewide association of CUPAs and Participating Agencies that implement the Unified Hazardous Materials and Waste programs.)
- The U.S. Department of Housing and Urban Development (HUD) designated the County's Department of Housing and Community Development (HCD) as a "High Performer" for the



last 12-month rating period. Serving as the County's Housing Authority, HCD was recognized for its efficient management of the Section 8 Housing Choice Voucher Program. High Performer is HUD's highest possible designation, which HCD has earned for 13 consecutive years. The ratings are based on 14 key performance indicators, such as the voucher utilization rate and quality control results. This rating demonstrates that HCD is administering the Section 8 Housing Choice Voucher Program at a consistently high level in accordance with HUD's standards.

- The American Institute of Architects, San Diego Chapter recognized two County projects at its 2014 Design Awards ceremony in October 2014. The new Las Colinas Detention and Reentry Facility received a Merit Award in the Interiors category and a Special Recognition in the Institutional Projects category. This project, the first design-build project under AB900, was previously recognized by the national American Institute of Architects with a citation for its design in the 2013 Justice Facilities Review. The Lincoln Acres Library, Park and Community Room project received an award in the Foundation Projects Institutional category. The 4,844 square-foot building housing the new library (2,500 sf) and community room tripled the size of the 53-year-old former library and included expansion of the nearby park. The new building has received LEED Gold certification.
- Planning and Development Services' new Online Building Permits system was recently honored with awards from both the National Association of Counties and the California State Association of Counties. The online building permits were launched in the summer of 2013, and have steadily grown. As of October 2014, over half of the building permit volume is done online. This saves customers time and money by avoiding a drive to the County offices. It also saves staff time. The new online permits include scripting and automation that reduces the staff time required to process the permit. The program improves not only customer service, but also efficiency.
- Planning and Development Services was honored for its work on Ramona Village Center Form Based Code, winning a Certificate of Merit for Outstanding Planning Document from the Association of Environmental Professionals at its awards event in October 2014. The Ramona Village

Center FBC is an innovative tool for developing, enhancing and preserving Ramona's Village. Establishing FBCs that promote compact and viable County village areas is a key component of the County General Plan. FBCs have been shown to be successful tools to help improve aesthetics and walkability, and increase the economic value of developments by diversifying properties with mixed uses.

- Planning and Development Services' work on the Campus Park West Project was honored by the Association of Environmental Professionals winning a Certificate of Merit for Outstanding Environmental Analysis - EIR/EIS, specifically for the project's Subsequent EIR (SEIR) in October 2014. The Campus Park West SEIR includes a comprehensive project description for this mixed use project.
- San Diego County Library (SDCL) was named the recipient of the 2014 Digital Government Achievement Award in October 2014. This national award is given out by e.Republic's Center for Digital Government and highlights outstanding agency and department projects at the application and infrastructure level. SDCL was honored for its innovative use of self-service technology in providing library services to the public. The library technology includes SDCL's book sorters, mobile app and the 24/7 Library To Go kiosks.
- The County won three Beacon Spotlight awards at the 2014 annual CSAC conference in November 2014: Gold Level Award for Agency Greenhouse Gas Reductions of 12.2 percent; Platinum Level Award for Agency Electrical Energy Savings of 23.4 percent and Platinum Level Award for Natural Gas Savings of 21.6 percent. The Beacon Spotlight Awards are part of the Beacon Award program, sponsored by the Institute of Local Government and the Statewide Energy Efficiency Collaborative, an alliance helping cities and counties reduce greenhouse gas emissions and save energy.
- Medical Examiner's Office Chaplain Joe Davis received the prestigious 2014 DonorCARE Award from the Musculoskeletal Transplant Foundation in December 2014. The tissue bank selected Davis for the national award, which is presented every other year and commends those who have demonstrated a commitment to donor families above and beyond what is currently recognized as the industry standard of care. Davis' name was



submitted by Lifesharing, another nonprofit and federally-designated tissue and organ recovery organization.

- San Diego's Human Relations Commission honored Chief Deputy District Attorney Summer Stephan in November 2014 with a Commission Partner Award for her efforts in combating human trafficking and for partnering with the Human Relations Commission in its work. The award honors people or organizations that have worked closely with the Human Relations Commission through the year on priority issues, acknowledging that partnerships are key to accomplishing positive change in the community.
- Planning and Development Services (PDS) was recognized for its outstanding best practices in two publications, for its contributions to California's new Solar Permitting Guidebook and for its permitting process to handle Heating, Ventilation and Air Conditioning (HVAC) permit applications. Planning staff participated on a task force to update the California Solar Permitting Guidebook. The guide is the result of a collective effort of stakeholders from local government, the building industry, professional associations, solar companies, utility providers and state regulatory agencies. The guide is intended to help local agencies throughout California navigate the exponentially increasing customer demand for solar and associated permits. In addition, the California Center for Sustainable Energy (CCSE) interviewed PDS as part of a CCSE study of best practices for processing HVAC permits. The study highlighted many of the processes that are in place at PDS.
- First 5 San Diego's Healthy Development Services Project (HDS) received the prestigious designation as a Bright Idea from Harvard University's Ash Center for Democratic Governance and Innovation at the John F. Kennedy School of Government. HDS received national recognition for the program's innovative approaches to treating children with mild to moderate developmental and behavioral concerns. The Bright Idea initiative recognizes and promotes innovative and promising government programs and practices.
- First 5 San Diego's website received the Web Marketing Association's 2014 Award for Outstanding Achievement in Web Development.

Since 1997, the Web Marketing Association's annual competition has been setting the standard of excellence for website development. The award is the premier award recognition program for web developers and marketers worldwide.

- The County's Department of General Services is one of 45 winners of the 2014 Public Facility Award of Excellence from the California Counties Facilities Services Association. All recipient organizations demonstrated exceptional dedication to facilities excellence through best practices, process innovation, staff development, department automation and energy program improvements. The outstanding leadership of these organizations continues to advance the development of programs and processes that extend the life of California public facilities.
- The San Diego Regional Climate Collaborative (Climate Collaborative) was recognized by the U.S. Environmental Protection Agency (EPA) in February 2015 at the annual climate leadership award ceremony. The Climate Collaborative is a member-based network that supports regional public agencies to share expertise, leverage resources, and advance comprehensive solutions to facilitate climate change planning. The eight-member Steering Committee includes a representative from Planning and Development Services. The EPA recognized the collaborative for being an innovative partnership that works collaboratively on leading edge climate initiatives that are above and beyond business-as-usual. The award acknowledges the Climate Collaborative as a replicable model for other regions, highlighting its demonstrated leadership and success.
- The District Attorney's DNA Hit Integration Program was recognized with a Bright Idea Award from the Ash Center for Democratic Governance and Innovation at Harvard University. The DNA Hit Integration Program helps prosecutors link defendants to other crimes they have committed.
- The Waterfront Park received five awards in March 2015. These include a Project Achievement award for Public Works projects over \$15 million from the Construction Management Association of America; Project of the Year from the American Public Works Association; the Grand Award and Project of the Year from the California Counties Architects and Engineers Association; the Award of Excellence



from California Parks and Recreation Society; and the Best Landscape/Urban Development Project from Engineering News-Record California.

- First 5 San Diego earned the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) from the Government Finance Officers Association (GFOA) for its Comprehensive Annual Financial Report for fiscal year ending June 30, 2014. The CAFR Program recognizes state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. This is the first award of its class for First 5 San Diego.
- Department of Public Works (DPW) Airports was honored in February with an award from the American Association of Airport Executives (AAAE) for the department's efforts in training excellence at Palomar Airport. AAAE recognized 92 airports nationwide with the ANTN Digicast Excellence in Airport Training award. The award signifies that airport employees and others working at the facility have completed a specific amount of federally-mandated airport-specific continuing education using the Webbased Digicast training system.
- McClellan-Palomar Airport was presented with a plaque marking the achievement in the non-hub category.
- The Department of Child Support Services (DCSS) received the State Department of Child Support Service's Innovation Award at a statewide meeting in March 2015. The award recognized the department for their development and implementation of the Legal Paperless System, which is the first paperless application in the State to fully integrate all external agency calendaring systems to the department's queue management system.
- Emergency dispatchers at the Sheriff's Communications Center in Kearny Mesa save lives everyday by answering 9-1-1 calls and making sure help gets to those in need. The San Diego Association of Public Safety Dispatchers (APSD) recently recognized these dispatchers' hard work and dedication by honoring the Sheriff's Communications Center with its "Communications

Center of the Year" award. The nonprofit association develops and presents training courses for public safety dispatchers in the region.

- The Department of Purchasing and Contracting (DPC) is the recipient of the 2015 National Institute of Governmental Purchasing's (NIGP) Innovation in Public Procurement Award. This award recognizes non-standard, forward-thinking approaches for the public procurement profession. It promotes public procurement's unique and critical contributions as an invaluable strategic partner within the public organization. The award recognized DPC's implementation of its Realignment of Purchasing & Contracting for Customer Service Excellence over the last two years which set up procurement teams to provide dedicated support by County Group and Department. NIGP is a national non-profit organization of public sector purchasing professionals.
- The County of San Diego was selected as one of the Director's Recycling Award winners by the City of San Diego, San Diego Environmental Services Department in April. The City recognizes businesses and organizations that have successful and innovative programs resulting in significant waste reduction, recycling and economic benefits. The County was recognized in the 2015 Waste Reduction and Recycling Awards as an environmental leader through our combined efforts in waste reduction and recycling.
- Agriculture, Weights and Measures team members were recognized by the California Department of Food and Agriculture (CDFA) for keeping their detection routes in excellent condition during a recent quality control check. County staff are challenged daily by weather, finding "host sites" that fit State protocol and aggressive dogs. Keeping the staff's challenges in mind, CDFA recognized County team members for setting very good insect trap placements; keeping wicks properly baited; making sure insect traps were clean and clearly identified; and for making very good efforts to keep trap servicing on schedule. All of these recognizable qualities mean staff are more likely to find exotic insect pests easier and earlier.



Acknowledgments

We would like to express our appreciation to the accounting staff of County departments and the staff of the Auditor and Controller's department whose coordination, dedication and professionalism are responsible for the preparation of this report. We would also like to thank Vavrinek, Trine, Day & Co., LLP for their professional support in the preparation of the CAFR. Lastly, we thank the members of the Board of Supervisors, the Chief Administrative Officer, Group/Agency General Managers and their staff for using sound business practices while conducting the financial operations of the County.

Respectfully,



DONALD F. STEUER
Assistant CAO/
Chief Operating Officer

TRACY M. SANDOVAL
Deputy CAO/
Auditor and Controller







Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

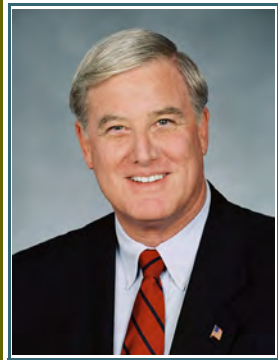
Presented to

**County of San Diego
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

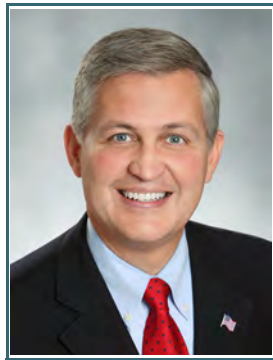
Executive Director/CEO



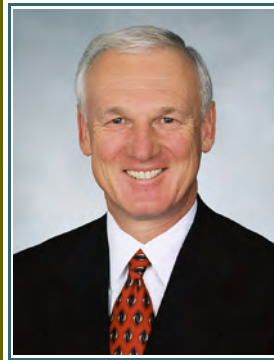
Greg Cox
District 1



Dianne Jacob
District 2



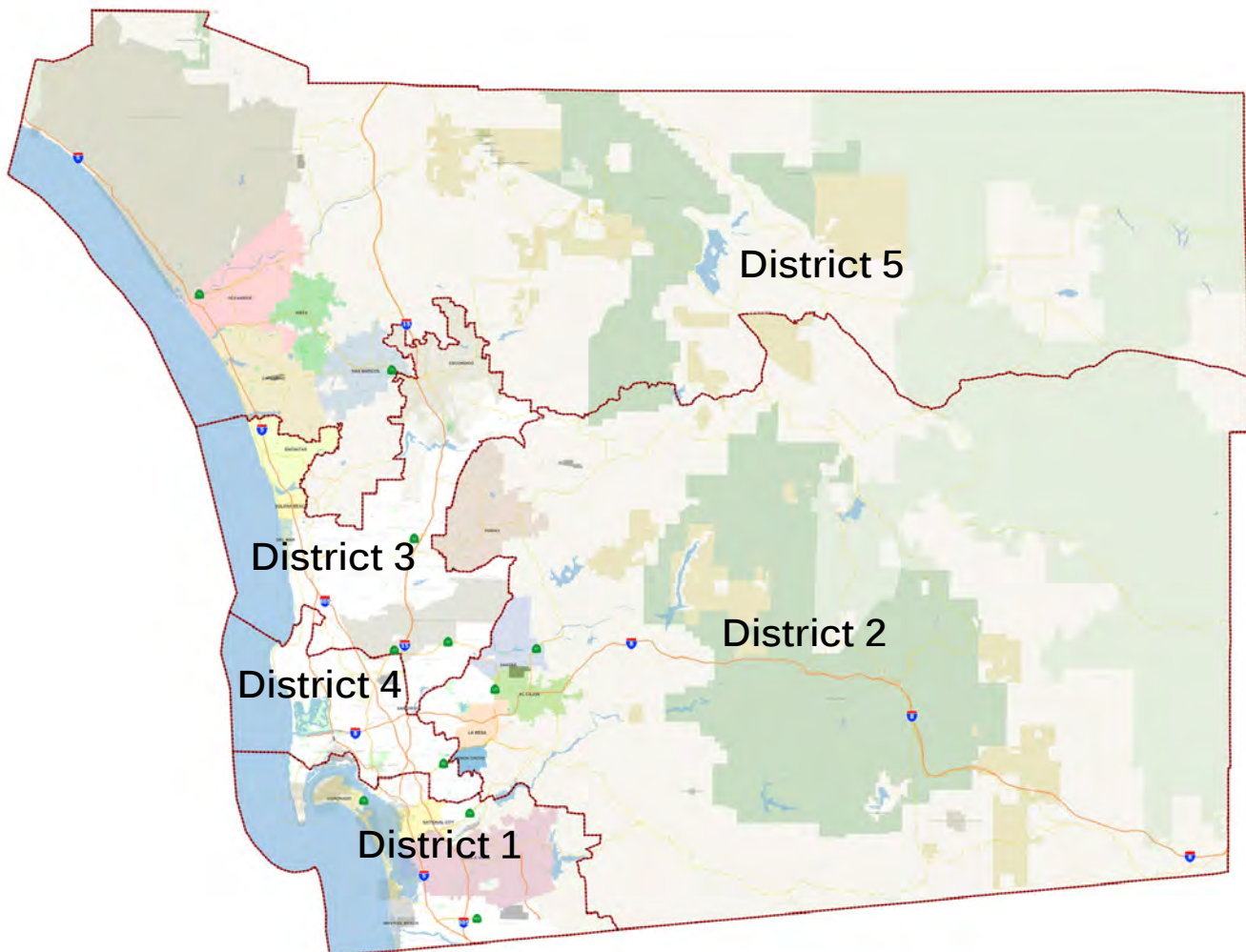
Dave Roberts
District 3
Vice Chair

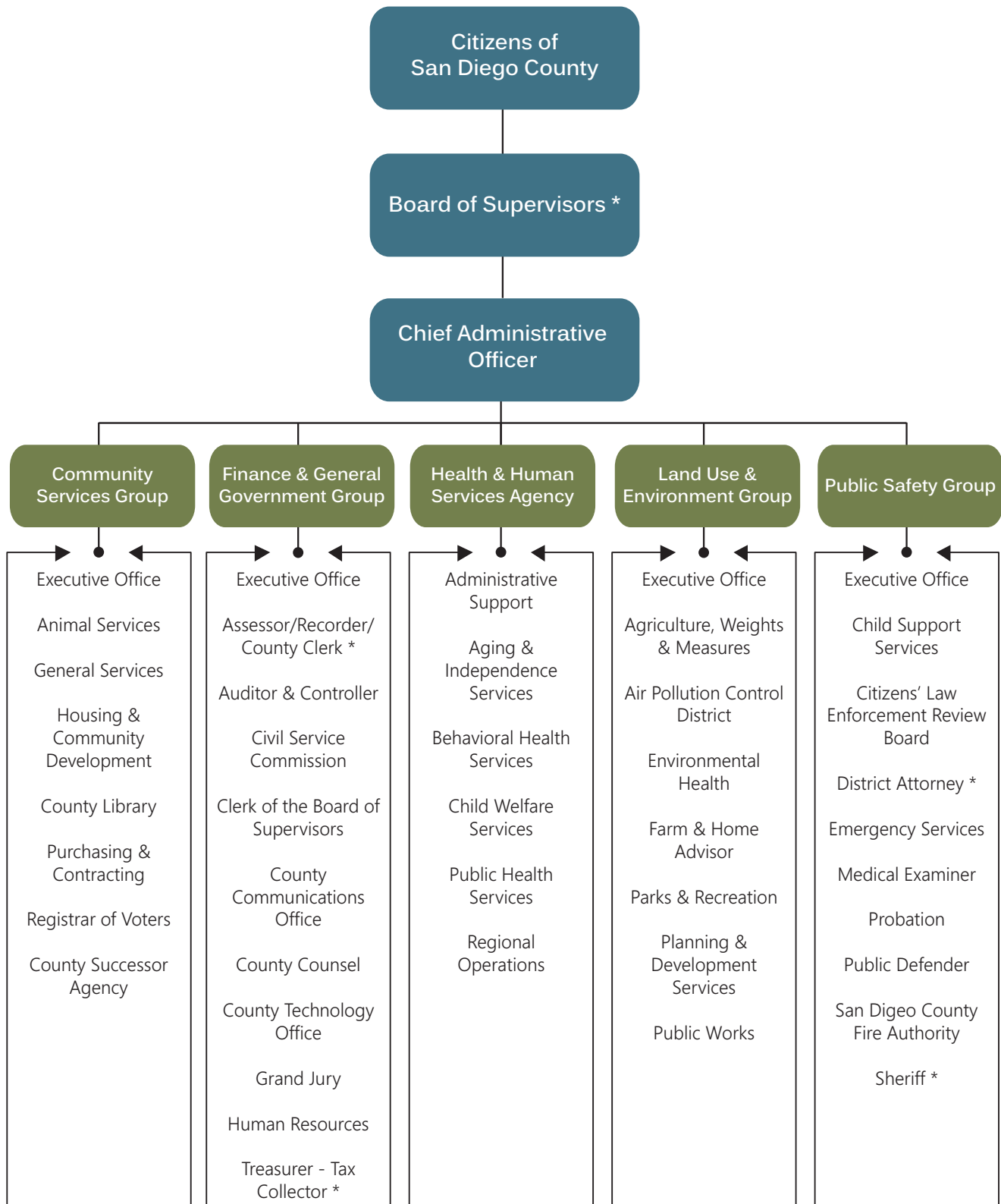


Ron Roberts
District 4



Bill Horn
District 5
Chair





* Elected officials



Chief Administrative Office

Chief Administrative Officer	Helen N. Robbins-Meyer
Assistant Chief Administrative Officer/Chief Operating Officer	Donald F. Steuer

Elected Officials

Assessor/Recorder/County Clerk	Ernest Dronenburg
District Attorney	Bonnie Dumanis
Treasurer - Tax Collector	Dan McAllister
Sheriff	Bill Gore

General Managers

Community Services Group	David Estrella
Finance & General Government Group	Tracy Sandoval
Health & Human Services Agency	Nick Macchione
Land Use & Environment Group	Sarah Aghassi
Public Safety Group	Ron Lane

Department Heads

Agriculture, Weights & Measures	Ha Dang
Air Pollution Control District	Bob Kard
Animal Services	Dawn Danielson
Auditor and Controller	Tracy Sandoval
Behavioral Health Services	Alfredo Aguirre
Chief of Staff/CAO	Nicole J. Alejandre
Child Support Services	Jeff Grissom
Child Welfare Services	Debra Zanders-Willis
Civil Service Commission	Todd Adams
Clerk of the Board of Supervisors	David Hall
County Communications Office	Michael Workman
County Counsel	Tom Montgomery
County Technology Office	Mikel D. Haas
Emergency Services	Holly Crawford
Environmental Health	Vacant
Ethics & Compliance	Joe Cordero
Farm & Home Advisor	James Bethke
General Services	April Heinze
Health & Human Services Agency (HHSA) Operations	Dean Arabatzis
HHSA - East & North Central Regions	Marie Brown-Mercadel
HHSA - Aging & Independent Services, Public Administrator/Guardian/Conservator	Ellen Schmeding
HHSA - Central & South Regions/ACCESS	Barbara Jimenez
HHSA - North Inland & North Coastal Regions	Chuck Matthews
HHSA - Strategy & Innovation	Dale Fleming
Housing & Community Development	Todd Henderson
Human Resources	Susan Brazeau
Library	Jose Aponte
Medical Examiner	Glenn Wagner
Parks & Recreation	Brian Albright
Planning & Development Services	Mark Wardlaw
Probation	Mack Jenkins
Public Defender	Henry C. Coker
Public Health Services	Wilma Wooten, M.D.
Public Works	Rich Crompton
Purchasing & Contracting	Jack Pellegrino
Registrar of Voters	Michael Vu
Strategy & Intergovernmental Affairs	Geoff Patnoe



Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
County of San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Diego, California (County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the First 5 Commission of San Diego (Commission), the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Commission, is solely based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 1, 28, and 30 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68 - *Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 36 through 57, the schedule of revenues, expenditures, and changes in fund balance - budget to actual for the General Fund, Public Safety Fund, and Tobacco Endowment Fund on pages 138 through 142, the schedules of the County's proportionate share of net pension liability and contributions on page 143, and related notes on 144, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund information and other supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund information and other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

San Diego, California
November 18, 2015



This section of the County of San Diego's (County) Comprehensive Annual Financial Report provides a narrative overview and analysis of the basic financial activities of the County as of and for the year ended June 30, 2015.

The intent of the information presented here, in conjunction with the Letter of Transmittal is to provide the reader with a clearer picture of the County's overall financial status. Unless otherwise indicated, all amounts in this section are expressed in thousands of dollars.

Financial Highlights

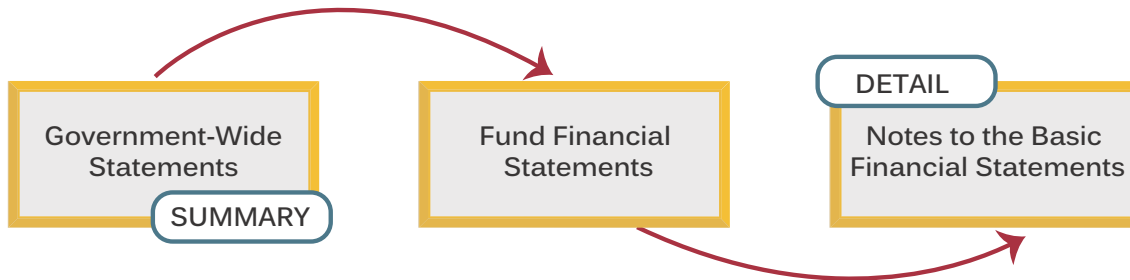
- The assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources at the close of the fiscal year 2015 by \$2.63 billion (net position). Of this amount, \$3.21 billion represents net investment in capital assets (capital assets net of related debt); \$620 million is restricted for specific purposes (restricted net position); and the remaining portion represents negative unrestricted net position of \$(1.20) billion.
- Total net position increased by \$286.9 million as follows:
 - Governmental activities net position increased by \$292.1 million. Current and other assets, capital assets, and deferred outflows of resources increased by \$122.5 million, \$23.8 million, and \$372.4 million, respectively; while other liabilities and deferred inflows of resources increased by \$38.8 million and \$526.2 million, respectively; offset by a \$49.3 million decrease in long-term liabilities (without regard to the net pension liability). The net pension liability portion of the long-term liabilities also increased by \$1.9498 billion. This overall decrease in net position of \$1.9468 billion was offset by a \$2.2389 billion restatement to (decrease in) beginning net position associated with reporting the beginning net pension liability as a result of the fiscal year 2015 implementation of Governmental Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and
 - GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB 68*.
- Business-type activities net position decreased by \$5.2 million. Current and other assets and deferred outflows of resources increased by \$400 thousand and \$1.6 million, respectively; while capital assets decreased by \$4.8 million. This net decrease in net position was coupled with increases in other liabilities and deferred inflows of resources of \$1.7 million and \$2.3 million, respectively; offset by a \$300 thousand decrease in long-term liabilities (without regard to the net pension liability). The net pension liability portion of the long-term liabilities also increased by \$8.6 billion. This overall decrease in net position of \$15.1 million was offset by a \$9.9 million restatement to (decrease in) beginning net position associated with reporting the beginning net pension liability as a result of the fiscal year 2015 implementation of the previously mentioned GASBs 68 and 71.
- General revenues for governmental activities were \$1.14 billion. Of this amount, property taxes and property taxes in lieu of vehicle license fees accounted for \$981 million or 86%; while transient occupancy tax, real property transfer tax, miscellaneous taxes, sales and use taxes, investment earnings and other general revenues accounted for \$159 million or 14%.
- Program revenues for governmental activities were \$3.0 billion. Of this amount, \$2.47 billion or 82% was attributable to operating grants and contributions while charges for services accounted for \$505 million or 17%.
- Total expenses for governmental activities were \$3.86 billion. Public assistance accounted for \$1.33 billion or 34%, while public protection accounted for \$1.31 billion or 34% of this amount. Additionally, health and sanitation accounted for \$640 million or 17%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) *Government-wide* financial statements 2) *Fund* financial statements, and 3) *Notes* to the basic



The illustration below depicts the required components of the basic financial statements.



financial statements. Required supplementary information is included in addition to the basic financial statements.

The Government-wide financial statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all County assets and deferred outflows of resources, offset by liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the aforementioned government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance,

education, and recreation and cultural. The business-type activities of the County include airport operations, jail stores commissary operations and sanitation districts.

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues,



expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Public Safety Special Revenue Fund and the Tobacco Endowment Special Revenue Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining and individual fund information and other supplementary information section in this report.

Proprietary funds are generally used to account for services for which the County charges customers - either outside customers, or internal departments of the County. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The County maintains the following types of proprietary funds:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for airport operations, jail stores commissary operations, and sanitation services. These nonmajor enterprise funds are combined and aggregated. Individual fund data for each nonmajor enterprise fund is provided in the combining and individual fund information and other supplementary information section in this report.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Internal service funds are used to account for the financing of public works and communications equipment; the financing of materials and supplies (purchasing); for start up services for new and existing county service districts; for the County's public liability and employee benefits activities; the financing of fleet services; for facilities management activities; and for the financing of information technology services. Because all of these services predominantly benefit governmental rather than

business-type functions, they have been included within governmental activities in the government-wide financial statements.

The County's *internal service funds* are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the combining and individual fund information and other supplementary information section in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information (RSI) is also presented. It provides budgetary comparisons for the General Fund, Public Safety Special Revenue Fund and the Tobacco Endowment Special Revenue Fund (all major funds) in separate Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual. It also provides information about the County's proportionate share of the San Diego County Employees Retirement Association pension plan (SDCERA_PP) collective net pension liability and information regarding the County's contributions to the SDCERA-PP.

Combining financial statements/schedules and supplementary information section of this report presents combining and individual fund statements and schedules referred to earlier that provide information for nonmajor governmental funds, enterprise funds, internal service funds and fiduciary funds and are presented immediately following the required supplementary information section of this report.

Government-wide Financial Analysis

Table 1

Net Position

June 30, 2015 and 2014
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and other assets	\$ 3,573,751	3,451,265	80,991	80,628	3,654,742	3,531,893
Capital assets	3,388,558	3,364,716	167,928	172,677	3,556,486	3,537,393
Total assets	6,962,309	6,815,981	248,919	253,305	7,211,228	7,069,286
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows of resources	377,274	4,883	1,647		378,921	4,883
LIABILITIES						
Long-term liabilities	3,891,460	1,990,919	9,531	1,204	3,900,991	1,992,123
Other liabilities	518,283	479,411	3,319	1,643	521,602	481,054
Total liabilities	4,409,743	2,470,330	12,850	2,847	4,422,593	2,473,177
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflows of resources	535,522	9,343	2,315		537,837	9,343
NET POSITION						
Net investment in capital assets	3,042,782	3,015,405	167,453	171,911	3,210,235	3,187,316
Restricted	619,565	669,832			619,565	669,832
Unrestricted	(1,268,029)	655,954	67,948	78,547	(1,200,081)	734,501
Total net position	\$ 2,394,318	4,341,191	235,401	250,458	2,629,719	4,591,649

Analysis of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources by \$2.63 billion at the close of fiscal year 2015, an increase of \$286.9 million or 12% over fiscal year 2014. This included a \$22.9 million increase in net investment in capital assets, (a .72% increase over fiscal year 2014), and a decrease of approximately \$50.2 million in the County's restricted net position (a 7.5% decrease over fiscal year 2014). Additionally, net unrestricted net position increased by \$314.2 million in unrestricted net position, (a 21% increase over fiscal year 2014).

Unrestricted net position decreased by \$1.9346 billion. The aforementioned implementation of GASB 68 had the effect of reporting a beginning net pension liability of \$2.2488 billion, which resulted in reducing the beginning net position (via a restatement of beginning net position) and reducing the 2015 unrestricted net position by \$2.2488 billion as well.

The aforementioned increase of \$286.9 million in net position was composed of the \$2.2488 billion restatement of net position referred to above, coupled with the following changes in total assets, deferred outflows of resources, liabilities, and deferred inflows of resources:

- Total assets increased by \$141.9 million. This included an increase of \$122.8 million in current and other assets and a \$19.1 million increase in capital assets. The net increase of \$122.8 million in current and other assets was primarily attributable to an increase in cash and investments (including restricted and unrestricted cash and investments with fiscal agents) of \$222.5 million, a decrease of \$91.9 million in receivables, net (excluding property taxes), a \$7.6 million decrease in property taxes receivables, net, and a \$200 thousand decrease in other assets. The \$222.5 million net increase in cash is principally due to a \$91.9 million decrease in receivables, net (excluding property taxes), a \$7.6 million decrease in property taxes receivables, net, a \$7.5 million increase in accrued payroll, a \$44.7 million increase in unearned revenue, offset by a \$9.6 decrease in accounts payable coupled with \$2.1 decrease in accrued interest; all of which have the net effect of increasing



cash; coupled with increases to cash mainly attributable to \$29 million and \$19 million in secured property taxes and property taxes in lieu of vehicle license fees, respectively, coupled with \$18.5 million in pre-2004 Senate Bill 90 claims payments from the State, and \$16 million for the implementation of the affordable care act. The \$91.9 million decrease in receivables, net is principally due to a decrease of \$92.4 million in amounts due from other governments, offset by a \$500 thousand increase in other receivables. The \$7.6 million decrease in property taxes receivables, net was principally attributable to a decrease in delinquent secured taxes. The \$19.1 million increase in capital assets was due in part to \$6 million towards improvements at various parks; \$5.7 million towards various land acquisitions for the Multiple Species Conservation Program, \$4.7 million towards construction of the Crime Lab at the County Operations Center, and \$2.7 million towards the construction of the Boulevard Fire Station.

- Deferred outflows of resources increased by \$374 million attributable to the fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68 that resulted in reporting Deferred outflows of resources of \$356.7 million of County contributions made to the retirement plan subsequent to the measurement date, and \$17.3 million for the County's change in proportionate share of contributions to the retirement plan.
- Total liabilities increased by \$1.9493 billion, principally due to the implementation of GASB 68 which resulted in an ending net pension liability of \$1.9584 billion coupled with a \$40.5 million increase in other liabilities, offset by a decrease in non-net pension liability long-term liabilities of \$49.6 million. The increase in other liabilities of \$40.5 million was primarily due to a \$44.7 million increase in unearned revenue coupled with an increase in accrued payroll of \$7.5 million, offset by decreases in accrued interest and accounts payable of \$2.1 million and \$9.6 million, respectively. The \$9.6 million decrease in accounts payable was comprised of a \$13.2 million decrease in vendors payable offset by a \$3 million increase in due to other government agencies coupled with a \$600 thousand increase in other payables. The \$49.6 million decrease in non-net pension liability long-term liabilities was mainly due to a \$20.1 million increase in claims and judgments, offset by a \$68 million decrease in long-term debt (see Long-Term Liabilities discussion), coupled with a \$1.7 million decrease in other long-term liabilities (including a \$1.2 million increase in compensated absences offset by decreases in landfill postclosure and pollution remediation liabilities of \$700 thousand and \$2.2 million, respectively).
- Deferred inflows of resources increased by \$528.5 million chiefly attributable to the fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68 that resulted in reporting Deferred inflows of resources of \$387.1 million for the net difference between projected and actual earnings on retirement plan investments, and \$139 million for the differences between expected and actual experience in the total pension liability. These increases are coupled with increases in property taxes received in advance and gain on refunding of long-term debt of \$684 thousand and \$185 thousand, respectively; and increases in Air Quality Moyer Program, Affordable Housing Project, and Housing Administrative Cost Allowance of \$1.566 million, \$4 thousand, and \$130 thousand, respectively; offset by decreases in deferred housing loans and housing program advances of \$147 thousand and \$22 thousand, respectively.

The largest portion of the County's net position reflects its investment of \$3.21 billion in capital assets, net of related debt (which includes: land, easements, buildings and improvements, equipment, software and infrastructure; 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 position (restricted net position), equaled \$620 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 position includes (\$1.20) billion in negative unrestricted net position. This amount is comprised of the beginning net pension liability of \$2.25 billion resulting from implementing the previously mentioned GASB



68, which resulted in \$2.25 billion negative unrestricted net position, offset by positive remaining unrestricted net position of \$1.05 billion.

Table 2

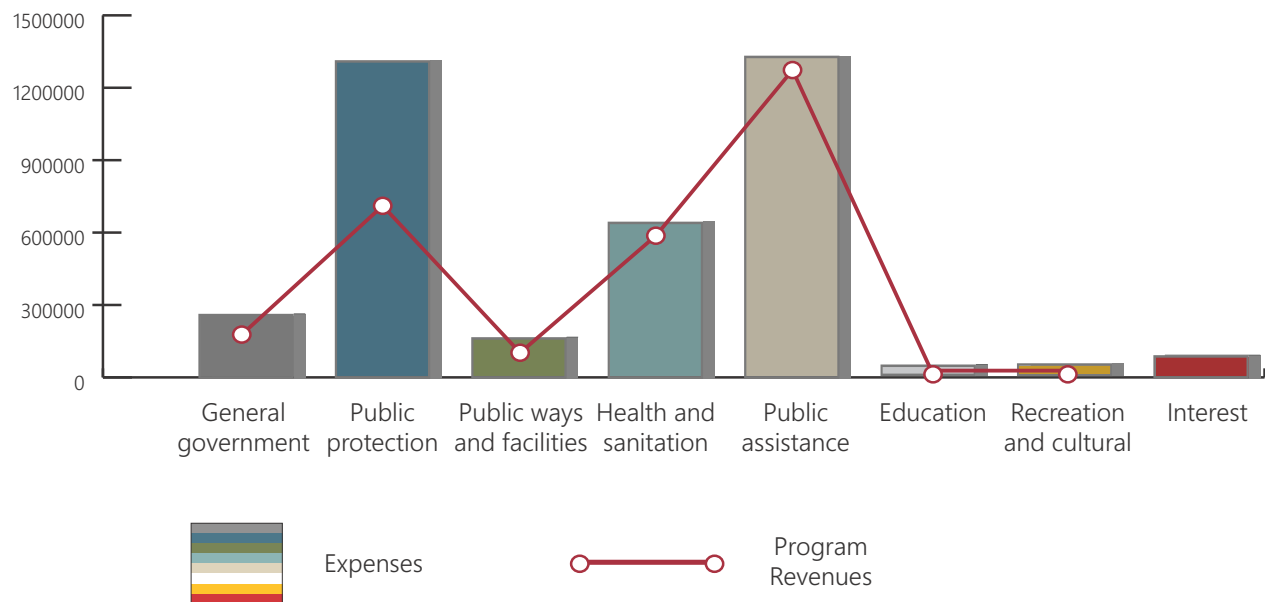
Changes in Net Position For the years ended June 30, 2015 and 2014 (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues						
Charges for services	\$ 504,741	510,452	43,353	43,343	548,094	553,795
Operating grants and contributions	2,467,817	2,519,619	702	3,793	2,468,519	2,523,412
Capital grants and contributions	39,224	114,310			39,224	114,310
General Revenues						
Property taxes	648,974	627,709			648,974	627,709
Transient occupancy tax	4,166	3,404			4,166	3,404
Real property transfer tax	21,049	20,074			21,049	20,074
Miscellaneous taxes	15	14			15	14
Property taxes in lieu of vehicle license fees	332,928	313,844			332,928	313,844
Sales and use taxes	27,847	24,871			27,847	24,871
Investment earnings	12,250	16,635	336	502	12,586	17,137
Other	93,889	132,612	3,055	2,565	96,944	135,177
Total revenues	4,152,900	4,283,544	47,446	50,203	4,200,346	4,333,747
Expenses:						
Governmental Activities:						
General government	258,169	249,066			258,169	249,066
Public protection	1,309,087	1,312,074			1,309,087	1,312,074
Public ways and facilities	161,341	148,209			161,341	148,209
Health and sanitation	640,020	631,543			640,020	631,543
Public assistance	1,327,664	1,418,703			1,327,664	1,418,703
Education	37,686	35,647			37,686	35,647
Recreation and cultural	42,748	38,903			42,748	38,903
Interest	86,816	92,709			86,816	92,709
Business-type Activities:						
Airport			14,664	14,118	14,664	14,118
Jail Stores Commissary			4,506	4,816	4,506	4,816
Sanitation District			30,745	28,291	30,745	28,291
Total expenses	3,863,531	3,926,854	49,915	47,225	3,913,446	3,974,079
Changes in net position before transfers	289,369	356,690	(2,469)	2,978	286,900	359,668
Transfers	2,693	7,086	(2,693)	(7,086)		
Change in net position	292,062	363,776	(5,162)	(4,108)	286,900	359,668
Net position at beginning of year (restated)	2,102,256	3,977,415	240,563	254,566	2,342,819	4,231,981
Net position at end of year	\$ 2,394,318	4,341,191	235,401	250,458	2,629,719	4,591,649

Analysis of Changes in Net Position

At June 30, 2015, changes in net position before transfers equaled \$286.9 million, a \$72.8 million or 20% decrease from the previous year. Principal revenue sources contributing to the change in net position were operating grants and contributions of \$2.47 billion and taxes of \$982 million (including: property taxes and property taxes in lieu of vehicle license fees.) These revenue categories accounted for 82% of total revenues. Principal expenses were in the following areas: public assistance, \$1.33 billion; public protection, \$1.31 billion; and health and sanitation, \$640 million. These expense categories accounted for 84% of total expenses.



Chart 1
Expenses and Program Revenues – Governmental Activities
(In Thousands)



Governmental activities

At the end of fiscal year 2015, total revenues for the governmental activities were \$4.15 billion, while total expenses were \$3.86 billion. Governmental activities increased the County's net position by \$292.1 million, while the business-type activities' change in net position equaled \$(5.2) million.

Expenses:

Total expenses for governmental activities were \$3.86 billion, a decrease of \$63 million or 2% (\$57 million decrease in functional expenses and \$6 million decrease in interest expense). Public protection (34%) and public assistance (34%) were the largest functional expenses, followed by health and sanitation (17%).

The \$57 million net decrease in functional expenses consisted of the following:

- \$94 million increase in overall salaries and benefit costs;
- \$355 million decrease in retirement contributions expenses recognized due to the implementation of GASB 68 which requires that all retirement contributions made to the pension plan after the

measurement date to be deferred, and as such are classified as Deferred Outflows of Resources - County contributions to the retirement plan subsequent to the measurement date on the County's government-wide governmental activities statement of net position;

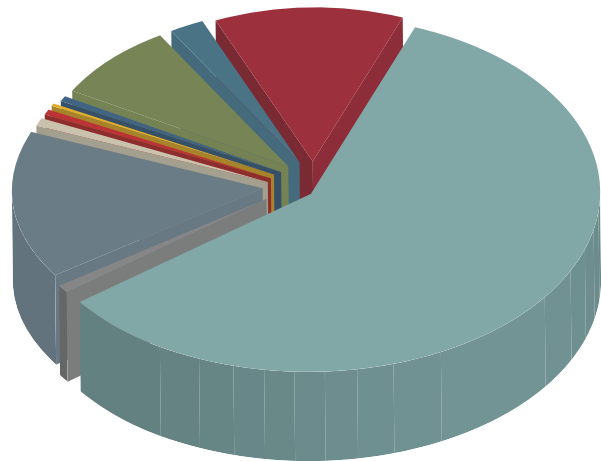
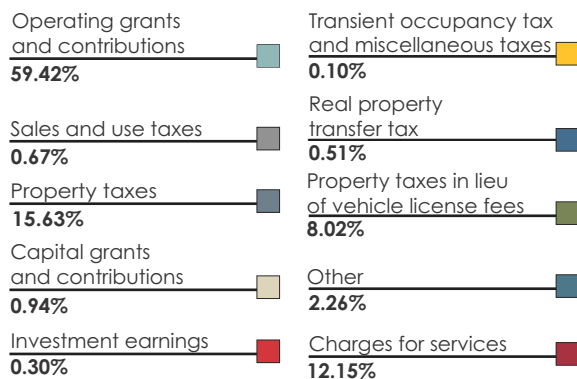
- \$218 million increase in pension expense due to the implementation of GASB 68; and,
- \$14 million net decrease in contracted services including: \$21 million increase due to increased caseload in the In-Home Support Services (IHSS) program; \$14 million increase in various Fire Authority contracted services; \$14 million increase in contracted Road Services; \$13 million increase associated with Behavioral and Mental Health Services program expenditures; \$10 million increase primarily due to Intergovernmental Transfer (IGT) agreement with the Department of Health Care Services; \$10 million increase in various consultant contracts; \$9 million increase associated with the information technology contracted costs for the design, development and implementation phase of the KIP project; \$6 million increase in Sheriff Department Homeland Security



grant and AB 109 funded one-time projects as well as grant expenditures that are pass-through funds to reimburse allied law enforcement agencies for their participation in grant programs in the Sheriff's Department; \$6 million increase associated with caseload levels and grant increases for CalWORKS, Welfare to Work and Child Care assistance payments; \$6 million increase primarily due to one-time expenditure for CalFresh enhancements to the CalWIN system; \$5 million increase in various Probation Department contracted services costs in Juvenile Diversion, Center for Employment Opportunities and Social Advocate for Youth in Probation Department; \$4 million increase in participant benefits; \$4 million increase due to caseload increase in General Relief program; \$3 million increase in Emergency Medical Services; \$3 million increase primarily due to major maintenance projects, guard costs and moving services associated with new facilities; \$3 million

increase due to the implementation of Work Incentive Nutritional Program (WINS) and State Utility Assistance Subsidy (SUAS) which replaced the Low Income Home Energy Assistance Program (LIHEAP); \$2 million increase in Sheriff's department support and care of persons; \$2 million increase in Planning and Development Department professional services largely due to Watershed Program services for studies conducted in compliance with Bacteria TMDL and development of related programs that were new requirements related to the storm water permits; \$1 million increase in various Office of Emergency Services contracted services; \$148 million decrease primarily due to the end of the Low Income Health Program (LIHP); and, a \$2 million decrease due to one-time prior year adjustment associated with Assembly Bill 12 (AB 12), the California Fostering Connections to Success Act.

Chart 2
Revenues By Source - Governmental Activities
(As a Percent)



Revenues:

Total revenues for governmental activities were \$4.15 billion, a decrease of 3% or \$131 million from the previous year. This decrease consisted of a decrease in program revenue of \$133 million offset by an increase in general revenues of \$2 million as follows:

The \$133 million decrease in program revenue was chiefly due to increases of \$181.7 million and decreases of \$314.7 million noted below:

Increases in program revenues of \$181.7 million were principally composed of the following:

- \$34 million federal aid Behavioral and Mental Health revenues primarily due to increased



expenditures;

- \$32 million in pre-2004 Senate Bill 90 claim payments from the State;
- \$23.6 million in federal aid primarily due to implementation of Affordable Care Act (ACA);
- \$21.3 million in In Home Supportive Services revenues primarily due to increased caseloads and personal care;
- \$12.4 million in state aid mental health services act revenues;
- \$12.3 million in CalWORKs assistance revenues due to final federal funding ratios to meet Single Audit Reporting requirements;
- \$10.9 million in state aid community corrections;
- \$10.3 million in state aid protective services realignment;
- \$8 million in increase charges for services institutional care associated with the Intergovernmental Transfer (IGT) agreement with the Department of Health Care Services;
- \$6.4 million in state administration MediCal;
- \$4.3 million in foster care assistance revenues;
- \$2.5 million in federal aid Community Care Transitions Program (CCTP) revenue primarily due to increased client services;
- \$1.6 million increase in recovered expenditures;
- \$1.3 million increase in Assembly Bill 2890 recovered costs; and
- \$800 thousand in services to property owners.

Decreases in program revenue of \$314.7 million were principally attributable to:

- \$103.6 million in federal aid associated with the end of the Low Income Health Program (LIHP) and prior year adjustments;
- \$71.1 million in state aid for corrections;
- \$66 million in Aid From Redevelopment Successor Agencies mainly due to Long Range Property Management Plan (LRPMP) distributions, Due Diligence Review (DDR) remittances and residual balances in Aid from Redevelopment Successor Agencies;
- \$26.3 million in state aid California Local Revenue Fund 2011 - amounts were fully spent in the prior

year;

- \$15.4 million in realignment revenues due to Assembly Bill (AB) 85 Redirection of 1991 State Health Realignment;
- \$13.1 million in state aid State highway users tax revenues;
- \$9.2 million in CalWORKs assistance revenues due to Assembly Bill (AB) 85 Redirection of 1991 State Health Realignment;
- \$6.3 million in third party reimbursements associated with the end of Low Income Health Program (LIHP); and,
- \$3.7 million in federal aid Public Health Services revenue primarily due to ending of Community Transformation Grant (CTG) grant.

General revenues increased overall by approximately \$2 million. This increase was the result of increases of approximately \$51 million and decreases of \$49 million noted below.

Increases in general revenues of approximately \$51 million were mainly due to the following:

- \$48 million in secured property taxes and property taxes in lieu of vehicle license fees attributable to the county-wide growth in assessed valuation; and,
- \$3 million in sales and use tax revenues.

Decreases in general revenues of \$49 million were primarily due to the decrease in gain on sale or disposal of capital assets.

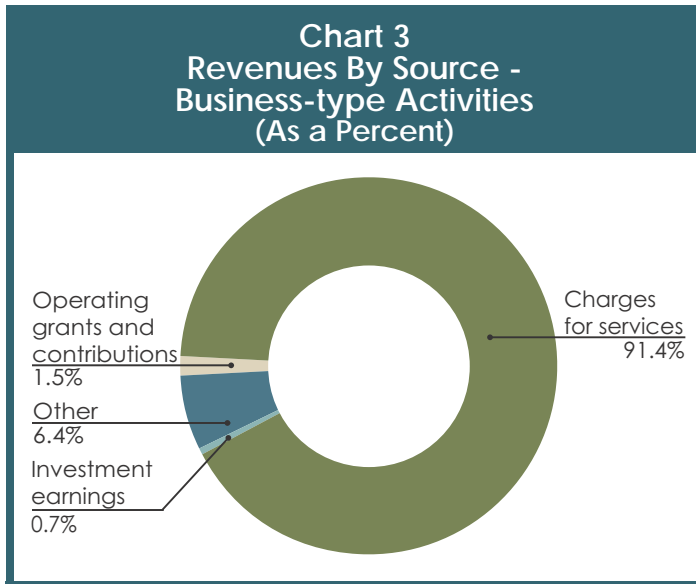
The County's governmental activities rely on several sources of revenue to finance ongoing operations. As shown in Chart 2, operating grants and contributions of \$2.47 billion accounted for 59.4%, the largest share of this revenue. These monies are received from parties outside the County and are generally restricted to one or more specific programs. Examples of operating grants and contributions include State and federal revenue for public assistance programs and health and sanitation programs.

Property taxes and property taxes in lieu of vehicle license fees are not shown by program, but are effectively used to support program activities county-wide. Combined, these general revenues equaled \$982 million and accounted for 24% of



governmental activities. Additionally, charges for services were \$505 million and accounted for 12.2% of revenues applicable to governmental activities.

Other factors concerning the finances of the County's major governmental funds are discussed in the governmental funds section of the "Financial Analysis of County Funds."



Business-type Activities

Business-type activities, which are exclusively comprised of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. As shown in Chart 3, charges for services represent \$43.4 million or 91.4% of total revenues, operating grants and contributions of \$702 thousand represent 1.5% of total revenues, other revenues of \$3.1 million represent 6.4% of total revenues, and investment earnings of \$336 thousand represent 0.7% of total revenues.

The aforementioned implementation of GASB 68 had the effect of reporting a beginning net pension liability of \$9.9 million, which resulted in reducing the beginning net position (via a restatement of beginning net position) and reducing the 2015 unrestricted net position by \$9.9 million as well. From a year over year comparison of the change in net position, these amounts offset each other. Therefore, after restatement of the business-type activities beginning net position, the net position of business-type activities decreased by \$5.2 million or 2%.

This net decrease primarily included the following:

- \$1.6 million increase in Sanitation District Fund charges for services attributable to sanitation sewer service charges and sanitation service connections;
- \$3.0 million decrease in Airport Fund operating grants;
- \$1.1 million decrease in charges for services in the Jail Stores Commissary Fund;
- \$1 million increase in sewage processing expenses in the Sanitation District Fund;
- \$700 thousand decrease in charges for services in the Airport Fund;
- \$700 thousand increase in Airport Fund contracted services;
- \$500 thousand increase in depreciation/amortization (\$300 thousand for the Airport Fund and \$200 thousand for the Sanitation District Fund); and
- \$200 thousand decrease in cost of materials in the Jail Stores Commissary Fund.

Financial Analysis of County Funds

The County uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of major governmental funds reported by the County include the General Fund, the Public Safety Special Revenue Fund, and the Tobacco Endowment Special Revenue Fund. Nonmajor governmental funds include special revenue funds, debt service funds, and capital projects funds.

At June 30, 2015, the County's governmental funds had combined ending fund balances of \$2.70 billion, an increase of \$110 million in comparison to the prior fiscal year. Of the total June 30, 2015 amount, \$798.14 million constituted unassigned fund balance, which is



available for spending at the County's discretion. \$328.8 million of fund balance is assigned, \$858.7 million is committed, \$697 million is restricted, and \$18.5 million is nonspendable. (Please refer to Note 1 in the notes to the financial statements for more details regarding fund balance classifications.)

Governmental revenues overall totaled \$4.16 billion representing a .4% decrease. Governmental expenditures totaled \$4.05 billion, a 1.1% decrease from the fiscal year ended June 30, 2014.

General Fund:

The General Fund is the chief operating fund of the County. At the end of fiscal year 2015, its unassigned fund balance was \$798 million, while total fund balance was \$1.89 billion, an increase of \$156.7 million from fiscal year 2014.

This \$156.7 million increase in fund balance was composed of \$270 million in increases and \$113.3 million in decreases as follows:

Increases to fund balance of \$270 million were composed of:

- \$48 million in secured property taxes and property taxes in lieu of vehicle license fees attributable to the county-wide growth in assessed valuation;
- \$34 million federal aid Behavioral and Mental Health revenues primarily due to increased expenditures;
- \$33 million decrease in contracted services, including: \$21 million increase due to increased caseload in the In-Home Support Services (IHSS) program; \$14 million increase in various Fire Authority contracted services; \$13 million increase associated with Behavioral and Mental Health Services program expenditures; \$10 million increase primarily due to Intergovernmental Transfer (IGT) agreement with the Department of Health Care Services; \$9 million increase associated with the information technology contracted costs for the design, development and implementation phase of the KIP project; \$6 million increase in Sheriff Department Homeland Security grant and AB 109 funded one-time projects as well as grant expenditures that are pass-through funds to reimburse allied law enforcement agencies for their

- participation in grant programs in the Sheriff's Department; \$6 million increase associated with caseload levels and grant increases for CalWORKS, Welfare to Work and Child Care assistance payments; \$6 million increase primarily due to one-time expenditure for CalFresh enhancements to the CalWIN system; \$5 million increase in various Probation Department contracted services costs in Juvenile Diversion, Center for Employment Opportunities and Social Advocate for Youth in Probation Department; \$4 million increase in participant benefits; \$4 million increase due to caseload increase in General Relief program; \$3 million increase in Emergency Medical Services; \$3 million increase primarily due to major maintenance projects, guard costs and moving services associated with new facilities; \$3 million increase due to the implementation of Work Incentive Nutritional Program (WINS) and State Utility Assistance Subsidy (SUAS) which replaced the Low Income Home Energy Assistance Program (LIHEAP); \$3 million increase in food stamps; \$2 million increase in temporary contract help; \$2 million increase in Sheriff's department support and care of persons; \$2 million increase in Planning and Development Department professional services largely due to Watershed Program services for studies conducted in compliance with Bacteria TMDL and development of related programs that were new requirements related to the storm water permits; \$1 million increase in various Office of Emergency Services contracted services; \$148 million decrease primarily due to the end of the Low Income Health Program (LIHP); and, a \$2 million decrease due to one-time prior year adjustment associated with Assembly Bill 12 (AB 12), the California Fostering Connections to Success Act;
- \$32 million in pre-2004 Senate Bill 90 claim payments from the State;
- \$23.6 million in federal aid primarily due to implementation of Affordable Care Act (ACA);
- \$21.3 million in In Home Supportive Services revenues primarily due to increased caseloads and personal care;
- \$12.4 million in state aid mental health services act



revenues;

- \$12.3 million in CalWORKs assistance revenues due to final federal funding ratios to meet Single Audit Reporting requirements;
- \$10.9 million in state aid community corrections;
- \$10.3 million in state aid protective services realignment;
- \$8.1 million in charges for services institutional care associated with the Intergovernmental Transfer (IGT) agreement with the Department of Health Care Services;
- \$6.4 million in state administration MediCal;
- \$4.3 million in foster care assistance revenues;
- \$2.5 million in federal aid Community Care Transitions Program (CCTP) revenue primarily due to increased client services;
- \$2.2 million decrease in equipment rental costs;
- \$1.9 million in recording fees;
- \$1.8 million decrease in printing costs;
- \$1.6 million increase in recovered expenditures;
- \$1.3 million in Assembly Bill 2890 recovered costs;
- \$1.3 million decrease in fuel costs; and,
- \$800 thousand in services to property owners.

Decreases to fund balance of \$113.3 million were composed of:

- \$89 million net increase in salaries and benefit costs principally due to approximately \$45.4 million in overall increases in base salaries and wages due to one-time and ongoing costs attributable to negotiated labor agreements, and an increased number of positions; \$6.9 million in increased overtime incurred in various departments; an overall \$17.9 million increase in retirement costs, coupled with an \$11.9 million increase in flexible benefits and a \$3.9 million increase in workers compensation, and \$3 million in various other increases;
- \$10.3 million increase in capital outlay expenditures;
- \$6 million increase in repairs and maintenance costs;
- \$4.1 million decrease in rents and concessions revenues;

- \$2.7 million increase in utility costs; and,
- \$1.2 million decrease in hazardous material base fee revenues.

Public Safety Special Revenue Fund:

This fund was established to account for Proposition 172 half-cent sales taxes collected and apportioned to the County by the State Board of Equalization to fund public safety activities. Per Government Code Section 30052, a "maintenance of effort" (pre-Proposition (Prop) 172 public safety funding level) must be maintained by the County to comply with the statute's spending requirements. In accordance with the Code, funds are allocated to the Sheriff, District Attorney, and Probation departments. Transfers-out of this fund subsidize the following types of public safety activities: juvenile detention services; facilities maintenance and support; capital projects, equipment and other one-time expenditures; on-going technology initiatives; and various region-wide services.

As of June 30, 2015, the total (restricted) fund balance in the Public Safety Special Revenue Fund was \$73.3 million, a \$7.1 million increase from the previous fiscal year; chiefly due to a \$13 million increase in Prop 172 revenues due to improvements in the local economy.

Tobacco Endowment Special Revenue Fund:

This special revenue fund is used to account for the \$411 million the County received from the Tobacco Asset Securitization Corporation (Corporation) related to the sale of 25 years of tobacco settlement revenue in fiscal year 2002; and an additional \$123 million the County received from the Corporation resulting from the issuance of the San Diego County Tobacco Asset Securitization Corporation refunding bonds in fiscal year 2006. At the end of fiscal year 2015, fund balance was \$312 million, a decrease of \$13 million from fiscal year 2014, principally due to investment income of \$500 thousand offset by \$13.5 million in transfers out to the General Fund for the support of health related program expenditures.

Other Governmental Funds:

Other governmental funds consist of nonmajor funds, which include special revenue funds, debt service funds, and capital projects funds. Individual fund data



for each of these nonmajor governmental funds is provided in the combining and individual fund information and other supplementary information section in this report.

As of the end of fiscal year 2015, the fund balances of the other governmental funds totaled \$427 million, a net decrease of \$41 million from the prior year. This \$41 million net decrease consisted of \$49 million in decreases, offset by increases of \$8 million as follows.

\$49 million decrease to Other Governmental Funds' fund balance:

- \$20 million decrease to the SANCAL Capital Project Fund's fund balance due to construction costs incurred for the 2012 Cedar and Kettner Development Project;
- \$12 million decrease to the Tobacco Securitization Joint Special Revenue Fund's fund balance primarily due to a \$9 million increase in principal debt payments and a \$2 million decrease in interest income; coupled with a \$300 thousand decrease tobacco securitization revenues;
- \$6 million decrease to the Housing Authority - Other Special Revenue Fund's fund balance resulting from a \$5 million decrease in federal aid for the Section 8 Housing Choice Voucher Program coupled with a \$3 million decrease in revenue from port-in housing assistance payments due to the County's absorption of port-in tenants, offset by a \$2 million decrease in tenant assistance expenditures;
- \$4 million decrease to the Edgemoor Development Special Revenue Fund's fund balance consisting of a \$9 million transfer to reimburse the General Fund for lease payments offset by \$5 million of Distinct Part Skilled Nursing Facility Construction Program (SB 1128) revenue from the State of California;
- \$3 million decrease in Inactive Wastesites Special Revenue Fund's fund balance resulting from a \$2 million increase in charges for services and rents and concessions, offset by increases in contracted services, and salaries and benefits expenditures of \$3.4 million and \$1.6 million respectively;
- \$2 million decrease to the Air Pollution Special Revenue Fund's fund balance due to a \$3 million net increase in Proposition 1B Goods Movement

Emission Reduction Program (GMERP) - Heavy-Duty Trucks expenditures offset by a \$1 million decrease in contracted services expenditures for the Air Pollution Mitigation Program;

- \$1 million decrease to the Inmate Welfare Program Special Revenue Fund's fund balance primarily due to an \$800 thousand increase in the Sheriff Inmate Welfare Program's maintenance expenditures; coupled with a \$112 thousand increase in correctional education costs and an \$85 thousand increase in public transit expenditures; and,
- \$1 million decrease to the Lighting Maintenance District Special Revenue Fund's fund balance principally resulting from a \$1 million increase in expenditures to retrofit streetlights to energy-saving LED lights.

\$8 million increase to Other Governmental Funds' fund balance:

- \$2 million increase to the Road Special Revenue Fund's fund balance chiefly due to a \$15 million increase in TransNet ½ percent sales and use tax revenues offset by \$13 million decrease in highway user tax revenues;
- \$2 million increase to the County Service District Special Revenue Fund's fund balance consisting of a \$1 million increase in charges for current services mainly comprised of an increase in institutional care transportation and park and recreation fees; coupled with a \$1 million decrease in current expenditures chiefly due to a decrease in ambulance services and repair and maintenance expenditures;
- \$1 million increase to the Asset Forfeiture Program Special Revenue Fund's fund balance substantially due to an increase in asset forfeitures and penalties revenue for the Sheriff and District Attorney Asset Forfeiture Programs;
- \$1 million increase in the Flood Control District Special Revenue Fund's fund balance primarily due to a \$2 million decrease in contracted services expenditures; offset by a \$1 million decrease in federal aid from the U.S. Department of Homeland Security's Hazard Mitigation Grant Program;
- \$1 million increase to the Park Land Dedication Special Revenue Fund's fund balance resulting



from an overall \$2 million increase in park land dedication fees offset by a \$1 million increase in contracted services primarily for Park Land Dedication Area 19 (Jamul) and Area 28 (Ramona); and,

- \$1 million increase to the SANCAL Debt Service Fund's fund balance due to the issuance of the 2014 Edgemoor and Regional Communications System Refunding Bonds Series 2014 A and 2014B. This \$1 million increase consists of the \$94 million face value of these bonds, a \$15 million premium on the refunding bonds, offset by approximately \$1 million in bond issuance costs coupled with \$107 million in payments made to the refunded bond escrow agent to advance refund the 2005 Edgemoor Project and 1996 Regional Communications System Refunding certificates of participation.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The nonmajor enterprise funds and the internal service funds are combined into single, aggregated presentations in the proprietary fund financial statements. Individual proprietary fund data is presented in the combining financial statements/schedules and supplemental information section of this report.

Enterprise Funds:

See previous discussion above regarding business-type activities.

Internal Service Funds:

Net positions of the internal services funds (ISF) totaled \$29.5 million. The aforementioned implementation of GASB 68 had the effect of reporting a beginning net pension liability of \$49.4 million, which resulted in reducing the beginning net positions (via a restatement of beginning net positions) of the Facilities Management Fund (\$35.3 million), Fleet Services Fund (\$6.7 million), and the Purchasing Fund (\$7.4 million), and reducing the 2015 unrestricted net position by \$49.4 million as well. From a year over year comparison of the change in net position, these amounts offset each other. Therefore, after restatement of the internal service funds beginning net

positions, the net positions of the internal service funds decreased by \$4.7 million or 14% from the prior year. This net decrease of \$4.7 million consisted of \$7.9 million of increases, offset by decreases of \$12.6 million as follows:

\$7.9 million increases to internal service funds' net positions were comprised of:

- \$3 million increase in the Facilities Management Fund mainly due to \$11 million increase in charges for current services coupled with a \$2 million increase in grants, offset by increases in repairs and maintenance of \$5 million, contracted services of \$2 million and utilities of \$3 million;
- \$3.4 million increase in the Fleet Services Fund chiefly due to a \$1.1 million increase in charges for current services, and a \$300 thousand increase in gain on disposal of assets, coupled with a decrease in fuel costs of \$2 million;
- \$1.5 million increase in the Road and Communication Equipment Fund primarily due to \$1.3 million in transfers in from the General and Road funds and an increase of \$200 thousand in charges for current services; and,

\$12.6 million of decreases to internal service funds' net positions were comprised of:

- \$10 million decrease in the Public Liability Insurance Fund chiefly due to a \$5 million increase in settlement payments coupled with an increase of \$7 million in claims and judgments liability as calculated by an actuary for the reporting period ending June 30, 2015, offset by an increase of approximately \$2 million in charges for current services;
- \$1.6 million decrease in the Information Technology Fund mainly due to a \$2 million increase in charges for services coupled with a \$400 thousand increase in transfers in from the General Fund, offset by a \$4 million increase in contracted services; and,
- \$1 million decrease in the Employee Benefits Fund primarily due to an increase in cash of \$11 million due in part to an increase in charges for services, coupled with a \$1 million increase in due from other funds; offset by a \$13 million increase in claims and judgments liability for workers



compensation claims as calculated by an actuary for the reporting period ending June 30, 2015.

Fiduciary Funds

The County maintains fiduciary funds for the assets of the *Pooled Investments-Investment Trust Funds, Private Purpose Trust Fund and the Agency Funds*.

Pooled Investments - Investment Trust Funds:

These funds were established for the purpose of reporting pooled investments. The Pooled Investments - Investment Trust Funds' net position totaled \$4.42 billion, an increase of \$9 million, from the previous year. This increase was substantially due to contributions to investments of \$9.29 billion coupled with investments earnings of \$19 million, offset by distributions from investments of \$9.3 billion.

Private Purpose Trust Fund:

The private purpose trust fund reports the assets, liabilities, and activities of the County of San Diego Successor Agency formed pursuant to California Assembly Bill x1 26 on February 1, 2012 upon dissolution of the San Diego County Redevelopment Agency (SDCRA). The County of San Diego Successor Agency Private Purpose Trust Fund's net position had a deficit balance of approximately \$14.2 million at June 30, 2015, an increase of \$600 thousand. This increase was mainly due to \$1.8 million of property taxes - Successor Agency Redevelopment Property Tax Trust Fund distribution, offset by contributions to other agencies and interest charges of approximately \$1.2 million.

Agency Funds:

Agency funds maintain assets held in an agent capacity for other governments, organizations and individuals. These assets do not support the County's programs or services. Any portion of the agency funds' assets held at fiscal year end for other County funds are reported in those funds rather than in the agency funds.

General Fund Budgetary Highlights

The County's final budget differs from the original budget (see Notes to required supplementary information) in that it contains supplemental appropriations approved during the fiscal year for

various programs and projects, as well as transfers of appropriations, budget corrections, re-budgets, and account reclassifications. For the fiscal year ended June 30, 2015 net expenditure appropriations increased by \$47.8 million and appropriations for transfers-out increases by \$5.4 million for a net increase of \$53.2 million.

Appropriation changes of note to the original budget were the following:

- Increases in all Groups resulting from negotiated one-time salary and benefit payments.
- \$16.8 million appropriation increase in the Public Safety Group for various programs funded by the Department of Homeland Security through the California Governor's Office of Emergency Services (CalOES).
- \$13.2 million appropriation increase for projects contained the County's Drought Response Action Plan (DRAP).
- \$3.0 million increase in Capital Outlay for improvements to the East County Resource Center.
- \$2.7 million increase in Capital Outlay for the CAC Waterfront Park Development Project

Actual revenues exceeded final budgeted amounts by \$73.7 million, while actual expenditures were less than the budgeted amount by \$384.4 million. The combination of the revenue and expenditure shortfalls resulted in a revenue/expenditure operating variance of \$458.1 million. Other financing sources and uses of funds resulted in a net sources versus uses variance from budget of \$249.9 million. These combined amounts resulted in a variance in the net change in fund balance of \$708.0 million.

Highlights of actual expenditures compared to final budgeted amounts are as follows:

Salaries and Benefits:

The final budget over expenditure variance across all functions in this category was \$53.9 million. A significant portion of these savings were in the Public Safety Group and the Health and Human Services Agency but also in the Land Use and Environment Group, Community Services Group and Finance and



General Government Group from lower than budgeted salaries and employee benefit costs due to staff turnover and department management of vacancies.

Services and Supplies:

The final budget over expenditure variance across all County groups in this category was \$110.7 million. Overall, these expenditure variances primarily resulted from a lower demand for services than budgeted levels and lower cost than expected for various projects.

Delayed Expenditures:

Many County projects, such as maintenance and information technology, take place over more than one fiscal year. However, at inception they are budgeted at full expected cost, resulting in budgeted over expenditure variances that are rebudgeted in the new fiscal year. For example, a positive expenditure variance of approximately \$1.22 million for Purchase of Agriculture Conservation Easements (PACE) and \$0.82 million associated with the General Plan Amendment for Property Specific Requests.

Management and Contingency Appropriations:

The County annually sets up management and contingency appropriations based on both ongoing general purpose revenues and prior years' fund balance for a variety of one-time capital and operating expenditures as well as potential emergencies. Unexpended Management and Contingency Reserve appropriations resulted in budget over actual variances of \$8.4 million and \$20.7 million, respectively. Note that the Management Reserves are included within various functional activities.

Capital Assets and Commitments

Capital Assets

At June 30, 2015, the County's capital assets for both governmental and business-type activities were \$3.39 billion and \$168 million, respectively, net of accumulated depreciation/amortization. Investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure (including roads, bridges, flood channels, and traffic signals), equipment, software and easements. Significant increases to capital assets in fiscal year 2015 included:

Governmental Activities:

- \$43.3 million towards construction of the Las Colinas Detention and Reentry Facility in Santee. Total project costs are estimated at \$303.6 million.
- \$37.9 million towards construction and improvements of County maintained roads, bridges and other road related infrastructure.
- \$31.9 million towards acquisition of equipment.
- \$19.8 million towards construction of the parking garage at Cedar and Kettner. Total project costs are estimated at \$36.1 million.
- \$18.4 million in infrastructure donated by developers.
- \$16.3 million towards development of various software applications.
- \$6 million towards improvements at various parks.
- \$5.7 million towards various land acquisitions for the Multiple Species Conservation Program (MSCP).
- \$4.7 million towards construction of the Crime Lab at the County Operations Center. Total project costs are estimated at \$49.9 million.
- \$3.9 million towards construction of the County Administration Center Waterfront Park. Total project costs are estimated at \$53.9 million.
- \$2.9 million towards the construction of the East Mesa Detention Facility. Total project costs are estimated at \$38.8 million.
- \$2.7 million towards the construction of the Boulevard Fire Station. Total project costs are estimated at \$3.7 million.
- \$2.4 million towards the construction of the Alpine Library. Total project costs are estimated at \$10.2 million.

Business-type Activities:

- \$.7 million towards improvements at various airports.
- \$.4 million towards various sewer improvements.

For the government-wide governmental activities financial statement presentation, depreciable capital assets are depreciated from the acquisition date to the end of the current fiscal year. Governmental funds financial statements record capital asset purchases as expenditures.



Capital Commitments

As of June 30, 2015, capital commitments included the following:

Governmental Activities:

- \$144 million for the construction of: Women's Detention Facility, Crime Lab, parking garage at Cedar & Kettner, Imperial Beach Library, Alpine Library, Regional Communications System, San Vicente Road, Bear Valley Parkway Road, Flood Control Improvements at Woodside Ave., Improvements of County Roads, development of the Integrated Property Tax System, development of Knowledge Integration Program, and vehicle acquisitions.

Business-type Activities:

- \$2.8 million for improvements at various airports and Sanitation District sewers.

(Please refer to Note 7 in the notes to the financial statements for more details concerning capital assets and capital commitments.)

Long-Term Liabilities

Governmental Activities:

At June 30, 2015, the County's governmental activities had outstanding long-term liabilities of \$1.94 billion.

Of this amount, approximately \$1.62 billion pertained to long-term debt outstanding. Principal debt issuances included: \$692 million in taxable pension obligation bonds; \$555 million in Tobacco Settlement Asset-Backed Bonds; \$356 million in certificates of participation (COPs) and lease revenue bonds (LRBs); \$5 million in loans; and, \$10 million in unamortized issuance premiums and discounts.

Other long-term liabilities included: \$205 million in claims and judgments; \$99 million in compensated absences; \$18 million for landfill postclosure costs; \$2 million in pollution remediation; and, \$84 thousand in capital leases.

During fiscal year 2015, the County's total principal amount of COPs and lease revenue bonds, other bonds, and loans for governmental activities decreased by \$67.705 million.

The \$67.705 million decrease was due to the following increases and decreases:

Increases to debt were \$112.423 million and included:

- \$93.750 million of fixed interest rate certificates of participation (County of San Diego Certificates of Participation (Edgemoor and RCS Refunding) Series 2014A and Series 2014B)), issued by the San Diego County Capital Asset Leasing Corporation to advance refund \$108.205 million of outstanding County of San Diego Certificates of Participation (2005 Edgemoor Project and 1996 Regional Communications System Refunding) and County of San Diego Certificates of Participation (2006 Edgemoor Completion Project);
- \$5.617 million of principal was accreted (added) to the outstanding Tobacco Settlement Asset-Backed Bonds' Capital Appreciation Bonds principal;
- \$1.202 million of principal was accreted (added) to the outstanding Taxable Pension Obligation Bonds' principal balances outstanding;
- \$732 California Energy Commission loan for the Street Lighting and Maintenance District Special Revenue Fund;
- \$68 thousand loan to purchase land for the Sheriff's Regional Communications System;
- \$843 thousand of San Diego Gas and Electric On-bill Financing loans; and,
- \$10.211 million due to the effects of unamortized issuance premiums and unamortized issuance discounts.

Decreases to debt were \$180.128 million and included:

- \$108.205 million to advance refund the aforementioned outstanding County of San Diego Certificates of Participation (2005 Edgemoor Project and 1996 Regional Communications System Refunding) and County of San Diego Certificates of Participation (2006 Edgemoor Completion Project); and,
- \$71.923 million in principal debt service payments.

Business-type Activities:

Long-term liabilities for business-type activities totaled \$914 thousand and consisted of \$475 thousand for capital loans and \$439 thousand for compensated absences.



Long-term liabilities for business-type activities decreased by \$290 thousand. This was due to a combination of \$291 thousand in debt service payments on capital loans and a net increase of \$1 thousand in compensated absences.

(Please refer to Notes 13 through 15 in the notes to the financial statements for more details concerning long-term debt; changes in long-term liabilities; and funds used to liquidate liabilities.)

Credit Ratings

The County's issuer and credit ratings on its bonded program are as follows:

Table 3

Credit Ratings			
	Moody's	Standard & Poor's	Fitch
Issuer Rating	Aaa	AAA	AAA
Certificates of Participation San Diego County Capital Asset Leasing Corporation (SANCAL)	Aa2	AA+	AA+
Certificates of Participation San Diego Regional Building Authority (SDRBA) Metropolitan Transit System Towers	Aa2	AA+	AA+
Lease Revenue Bonds SDRBA County Operations Center 1A	Aa2	AA+	AA+
Refunding Lease Revenue Bonds SDRBA San Miguel	A2	AA+	not rated
Pension Obligation Bonds	Aa2	AA+	AA+
Tobacco Settlement Asset-Backed Bonds - Series 2006A1 (Senior)	Ba3	BBB	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006A2 (Senior)	B2	BB+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006A3 (Senior)	B2	B+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006B (First Subordinate)	not rated	CCC+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C (Second Subordinate)	not rated	CCC	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D (Third Subordinate)	not rated	CCC	not rated
San Diego County Redevelopment Agency Bonds	not rated	not rated	not rated

The County's ratings are assigned by three of the major rating agencies: Moody's Investors Service (Moody's), Standard and Poor's Ratings Services (Standard & Poor's), and Fitch Ratings (Fitch). In August 2014, the County's existing Issuer Ratings were affirmed by



Standard & Poor's and Fitch. The County's Issuer Rating was upgraded to triple A (Aaa) by Moody's, which also performed the attendant upgrade on the County's individual financings to Aa2. The County now holds triple A Issuer Ratings from Moody's, Standard & Poor's, and Fitch. All three rating agencies noted the County's strong financial management, which effects a very strong fiscal position, and large and diverse tax base, which bolsters the County's strong economy.

Economic Factors and Next Year's Budget and Rates

- The fiscal year 2016 General Fund adopted budget utilizes as funding sources for one-time expenditures \$198.7 million out of \$798.135 million in unassigned fund balance and \$1.4 million out of \$478.980 million committed fund balance.
- The fiscal year 2016 General Fund adopted budget contains total appropriations of \$4.12 billion. This is an increase of \$253.1 million or 6.5% from the fiscal year 2015 General Fund adopted budget. A few indicators demonstrate that the economy is continuing to improve after recovering from the great recession. A number of risk factors are continuously being monitored: employment growth, recovery in the housing market, and the national economy as a whole.
- The U.S. economy's revised Gross Domestic Product (GDP) for 2014 increased by 2.4% compared to a 2.2% increase for 2013. According to UCLA Anderson Forecast, real GDP is forecast to grow 2.4% in 2015 and 3.0% in 2016, bringing a sense of economic recovery and growth. The unemployment rate fell to 5.3% in July 2015, the lowest since April 2008. The rate of unemployment is expected to trend downward to 5.0% by the end of 2015.
- California accounts for over 13% of the nation's GDP, which is by far the largest of any state. The state's economy is growing and gaining momentum. In 2014, California's gross state product grew 3.3%, outperforming the nation's growth rate of 2.4%. In June 2014, the state recovered all the wage and salary jobs that were lost during the recession. With the continued progress in the labor market affecting growth in personal income, taxable sales are also expected to accelerate.
- San Diego's economic outlook continues to be moderately positive. The region's economic stability is based on federal spending, innovation clusters, tourism and real estate. Regional GDP increased by 3.1% in 2014, faster than the U.S. (2.4%). San Diego is home to the largest concentration of military in the world, making the military presence an important driver of the region's economy. San Diego is a thriving hub for the technology-oriented industries and an important manufacturing center as well as a popular travel destination. The quality of life attracts a well-educated, talented workforce and well-off retirees which contributes to a positive outlook in consumer spending.
- Another indicator of economic health is county taxable sales. Taxable sales began to decline overall in the county in 2007 and continued through 2009. Taxable sales grew 6.2% in 2013 and moderate growth is expected to continue in 2014 and 2015 in the region.
- The state of the economy plays a significant role in the County's ability to fund and provide many of the services that county residents have come to expect. General purpose revenue (GPR), is relied upon to fund local discretionary services, 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 County's GPR is projected to increase by 5.1% (with budgeted revenue of \$1,086.2 million in fiscal year 2016 compared to \$1,033.5 million budgeted in fiscal year 2015).

The largest source of general purpose revenue is property taxes (\$592.9 million budgeted in fiscal year 2016), representing 54.6% of the total. In fiscal year 2016, property taxes are expected to increase by \$29.3 million, or 5.2%, from fiscal year 2015. The budgeted property tax revenue factors in the current commercial and residential real estate conditions as evidenced by the improving level of building permits; improving median price of homes; the relatively low level of foreclosures; and the improvement in total deeds recorded. Current property tax revenue consists of four components: current secured property taxes, current



supplemental property taxes, current unsecured property taxes and current unsecured supplemental property taxes.

- Current secured property tax revenue (\$572.5 million) assumes a net local assessed secured property value increase of 4.0% from the actual local assessed secured property value figure for fiscal year 2015, and makes certain assumptions regarding the County's share of countywide property tax revenues, the delinquency rate, and the amount of tax roll corrections and refunds on prior year assessments. In fiscal year 2017, the projected amount of revenues from current secured property taxes assumes a 3.0 % increase in local assessed secured property values.
- Current supplemental property tax revenue (\$2.6 million budgeted in fiscal year 2016) is derived from net increases to the tax roll from either new construction or changes in ownership that occur subsequent to the January 1 lien date and are, therefore, more difficult to predict. The slowdown in new construction and the decline in real estate prices have been acutely felt in supplemental property tax revenues. In many change of ownership transactions, a refund was due to the owner since the value of the property is lower than it was on the lien date instead of a bill for an additional amount of property tax, because the property value is higher than the value as of the lien date. During the period of recession, refunds on current supplemental property tax reached a high \$38.3 million in fiscal year 2009, compared to a low of \$4.0 million in fiscal year 2006 prior to the housing market surge. Refunds are anticipated to continue to decline gradually over time as activities in residential and commercial properties and assessed values improve.
- Current unsecured property tax revenue (\$17.8 million budgeted in fiscal year 2016), increased slightly from fiscal year 2014. Based on trends and the most up-to-date information, a slight increase is projected for the next two fiscal years.
- Current unsecured supplemental property tax revenue (\$0.1 million budgeted in fiscal year 2016) remains unchanged from fiscal year 2015. It is derived from supplemental bills that are

transferred to the unsecured roll when a change of ownership occurs and a tax payment is due from the prior owner. Or, there may be a subsequent change in ownership following the initial change in ownership which occurs prior to the mailing of the initial supplemental tax bill. Historically, this revenue category has not been budgeted because the actual amount of revenue received has been low.

- Property tax in lieu of vehicle license fees (VLF) comprises 31.8% (an estimated \$345.7 million) of budgeted general purpose revenue in fiscal year 2016. This revenue source was established by the State in fiscal year 2005 to replace the previous distribution of vehicle license fees to local governments. The annual change in this revenue source is based on the growth or decline in the net taxable unsecured and local secured assessed value. A 4% increase is projected in the combined taxable unsecured and local secured assessed value in fiscal year 2016 which is \$19.3 million higher than budgeted for fiscal year 2015.
- Teeter revenue represents 1.8% (an estimated \$19.1 million) of budgeted general purpose revenue. In fiscal year 1994, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1, of the Revenue and Taxation Code of the State of California (also known as the "Teeter Plan"). Under this plan, the County advances funds to participating entities to cover the unpaid (delinquent) taxes (the "Teetered Taxes"). The County's General Fund benefits from this plan by being entitled to future collections of penalties and interest that are also due once the delinquent taxes are paid. A legal requirement of the Teeter Plan requires the County to maintain a tax loss reserve fund to cover losses that may occur if delinquent taxes are not paid and the property goes into default and is sold for less than the outstanding taxes and assessments. Throughout the year, all interest and penalties collected on Teetered secured and supplemental property taxes are first deposited into the Teeter Tax Loss Reserve Fund. Any excess amounts above 25% of the total delinquent secured taxes and assessments may be



transferred to the General Fund. For fiscal year 2016, collections from previous years' receivables are budgeted to remain at the same level as in fiscal year 2015. Excess amounts from the Teeter Tax Loss Reserve Fund are projected at \$13.1 million in fiscal years 2016 and 2017.

- Sales and use tax revenue and in lieu local sales and use tax (\$26.8 million in fiscal year 2016) represents about 2.5% of budgeted general purpose revenue. These revenues are derived from taxable sales by retailers who sell or rent tangible personal property in unincorporated areas of the county or from use taxes from consumers who purchase tangible personal property from out of state. Use taxes are also imposed on the storage, use, lease or other consumption of tangible personal property at any time a sales tax has not been paid by the retailer. The growth in this funding source is generally impacted by population growth, new retail business formation and consumer spending trends. The in lieu local sales and use tax revenue replaces regular sales and use tax revenue with monies transferred from the Educational Revenue Augmentation Fund (ERAF) under the provisions of AB7 X1, one of the 2004 State budget bills. This legislation enabled the State to redirect one-quarter cent of the local sales and use tax to the State to repay up to \$15 billion in bonds authorized by Proposition 57 (March 2004) to help the State refinance its past debt. In turn, the redirected local sales and use tax revenues are replaced on a dollar-for-dollar basis with countywide property tax revenues shifted back from the ERAF. This funding mechanism is known as the "Triple Flip."
- The effect of the recession on the housing market and unemployment negatively impacted taxable sales at the Statewide, Southern California and San Diego regional levels. Improvements in taxable sales began in calendar year 2010. Fiscal year 2015 Sales and Use Tax revenue is projected to increase by \$1.9 million or 7.6% compared to budget. The budgeted amount includes the winding down of the Triple Flip with a final payment in fiscal year 2016. Based on current trends and sales activities, Sales and Use Tax Revenue in fiscal year 2016 is

estimated to be \$2.4 million or 9.8% higher than the fiscal year 2015 Adopted Operational Plan and is estimated to be \$0.8 million or 2.9% higher in fiscal year 2017.

- Intergovernmental revenue (\$45.6 million budgeted in fiscal year 2016) is approximately 4.2% of the total GPR in fiscal year 2016 and represents funding the County receives from various intergovernmental sources, including redevelopment successor agencies, the City of San Diego (pursuant to a memorandum of understanding related to the County's Central Jail), the federal government (Payments in Lieu of Taxes (PILT) for tax-exempt federal lands administered by the Bureau of Land Management, the National Park Service, and the U.S. Fish and Wildlife Service), and the State of California (reimbursement to the County for the Homeowner's Property Tax Relief (HOPTR) program). The largest portion of this funding is from redevelopment property tax revenues. Redevelopment agencies were dissolved by the California legislature pursuant to ABx1 26. The California Supreme Court upheld the constitutionality of the dissolution on December 29, 2011. The Court extended the date of dissolution from October 1, 2011 to February 1, 2012. Based on Health and Safety (HSC) Code Section 34183 (a)(1), the County Auditor-Controller shall remit from the Redevelopment Property Tax Trust Fund to each local agency and school entity an amount of property tax revenues in an amount equal to that which would have been received under HSC Code Sections 33401, 33492.140, 33607, 33607.5, 33607.7 or 33676. Residual funds not allocated for specific purposes will be distributed to local taxing agencies under HSC Code Section 34183 (a)(4). The County General Fund and Library Fund, as affected taxing entities, receive a share of this tax distribution but this has not been included in the projection for fiscal year 2015. For fiscal year 2016, the amount budgeted in intergovernmental revenue is \$4.6 million or 11.3% higher than what was projected for fiscal year 2015.
- Other revenues (\$56.1 million budgeted in fiscal year 2016) are approximately 5.2% of the total GPR and various revenue sources make up this category



including: Real Property Transfer Tax (RPTT), interest on deposits, fees, fines, forfeitures, prior year property taxes, penalties and cost on delinquency taxes, franchise fees, media licenses and other miscellaneous revenues.

The County's Operational Plan for fiscal years 2016 and 2017 can be found on the internet at <http://www.sdcounty.ca.gov/auditor/budinfo.html>.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's *accountability* for the money it receives. If you have questions about this report or need additional financial information, please contact the Auditor and Controller's Office, County of San Diego, located at 1600 Pacific Highway, San Diego, California 92101.



BASIC FINANCIAL STATEMENTS



Waves in the Pacific Ocean & view from the fishing pier in Imperial Beach



STATEMENT OF NET POSITION

June 30, 2015
(In Thousands)

	Primary Government			Component Unit First 5 Commission of San Diego
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Pooled cash and investments	\$ 2,591,271	73,581	2,664,852	64,649
Cash with fiscal agents	11		11	
Investments with fiscal agents	319,022		319,022	25,060
Receivables, net	490,574	7,624	498,198	5,168
Property taxes receivables, net	96,464		96,464	
Internal balances	438	(438)		
Due from component unit	165		165	
Inventories	14,705	224	14,929	
Deposits with others	16		16	
Prepaid items	436		436	3
Restricted assets:				
Cash with fiscal agents	5,371		5,371	
Investments with fiscal agents	47,496		47,496	
Lease receivable	7,782		7,782	
Capital assets:				
Land, easements and construction in progress	538,275	19,121	557,396	
Other capital assets, net of accumulated depreciation/ amortization	2,850,283	148,807	2,999,090	
Total assets	6,962,309	248,919	7,211,228	94,880
DEFERRED OUTFLOWS OF RESOURCES				
Non-pension:				
Unamortized loss on refunding of long-term debt	4,887		4,887	
Pension:				
Changes in proportionate share of contributions	17,226	76	17,302	
Contributions to the pension plan subsequent to the measurement date	355,161	1,571	356,732	
Total deferred outflows of resources	377,274	1,647	378,921	

Continued on next page ►►►

STATEMENT OF NET POSITION

June 30, 2015

(In Thousands)

(Continued)	Primary Government		Total	Component Unit First 5 Commission of San Diego
	Governmental Activities	Business-type Activities		
LIABILITIES				
Accounts payable	162,757	2,932	165,689	15,077
Accrued payroll	65,769	302	66,071	
Accrued interest	22,138		22,138	
Due to primary government				165
Unearned revenue	267,619	85	267,704	197
Noncurrent liabilities:				
Due within one year	151,251	483	151,734	87
Due in more than one year - other	1,790,370	431	1,790,801	24
Due in more than one year - Net pension liability	1,949,839	8,617	1,958,456	
Total liabilities	4,409,743	12,850	4,422,593	15,550
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Property taxes received in advance	9,858		9,858	
Air Quality State Moyer Program	1,566		1,566	
Affordable Housing Project	4		4	
Housing Administrative Cost Allowance	133		133	
Gain on refunding of long-term debt	185		185	
Pension:				
Differences between expected and actual experience in the total pension liability	138,366	612	138,978	
Net difference between projected and actual earnings on pension plan investments	385,410	1,703	387,113	
Total deferred inflows of resources	535,522	2,315	537,837	
NET POSITION				
Net investment in capital assets	3,042,782	167,453	3,210,235	
Restricted for:				
Creditors - Capital projects	2,306		2,306	
Grantors - Housing assistance	80,222		80,222	
Donations	3,844		3,844	
Laws or regulations of other governments:				
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	48,583		48,583	
Future road improvements	133,534		133,534	
Construction, maintenance and other costs for justice, health, and social facilities and programs	47,177		47,177	
Road, park lighting maintenance, fire protection and ambulance service	21,997		21,997	
Air pollution activities	20,397		20,397	
Defray administrative costs, other general restrictions	19,586		19,586	
Teeter tax loss	8,287		8,287	
Mental health	2,277		2,277	
Vector control	14,064		14,064	
Improvement and maintenance of recorded document systems	23,343		23,343	
Flood Control future drainage improvements	19,742		19,742	
Public safety activities	73,312		73,312	
Other purposes	100,894		100,894	
First 5 Commission of San Diego				79,330
Unrestricted	(1,268,029)	67,948	(1,200,081)	
Total net position	\$ 2,394,318	235,401	2,629,719	79,330



STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

(In Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
Functions/Programs:	Expenses				Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
General government	\$ 258,169	92,109	100,464	1,609	(63,987)		(63,987)	
Public protection	1,309,087	250,054	469,224	18,728	(571,081)		(571,081)	
Public ways and facilities	161,341	19,439	77,679	18,887	(45,336)		(45,336)	
Health and sanitation	640,020	104,483	520,828		(14,709)		(14,709)	
Public assistance	1,327,664	28,522	1,295,368		(3,774)		(3,774)	
Education	37,686	876	4,254		(32,556)		(32,556)	
Recreation and cultural	42,748	9,258			(33,490)		(33,490)	
Interest	86,816				(86,816)		(86,816)	
Total governmental activities	3,863,531	504,741	2,467,817	39,224	(851,749)		(851,749)	
Business-type activities:								
Airport	14,664	11,984	702			(1,978)	(1,978)	
Jail Stores Commissary	4,506	4,538				32	32	
Sanitation District	30,745	26,831				(3,914)	(3,914)	
Total business-type activities	49,915	43,353	702			(5,860)	(5,860)	
Total primary government	3,913,446	548,094	2,468,519	39,224	(851,749)	(5,860)	(857,609)	
Component Unit:								
First 5 Commission of San Diego	\$ 57,877		35,869					(22,008)

Continued on next page ►►►

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

(In Thousands)

(Continued)	Net (Expense) Revenue & Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
Changes in net position:				
Net (expense) revenue	\$ (851,749)	(5,860)	(857,609)	(22,008)
General Revenues				
Taxes				
Property taxes	648,974		648,974	
Transient occupancy tax	4,166		4,166	
Real property transfer tax	21,049		21,049	
Miscellaneous taxes	15		15	
Property taxes in lieu of vehicle license fees	332,928		332,928	
Sales and use taxes	27,847		27,847	
Total general tax revenues	1,034,979		1,034,979	
Investment earnings	12,250	336	12,586	440
Other	93,889	3,055	96,944	
Total general revenues	1,141,118	3,391	1,144,509	440
Transfers	2,693	(2,693)		
Total general revenues and transfers	1,143,811	698	1,144,509	440
Change in net position	292,062	(5,162)	286,900	(21,568)
Net position at beginning of year (restated, see Note 30 to the financial statements)	2,102,256	240,563	2,342,819	100,898
Net position at end of year	\$ 2,394,318	235,401	2,629,719	79,330



BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2015
(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	\$ 1,929,939	44,106	5,150	374,593	2,353,788
Cash with fiscal agents	11				11
Investments with fiscal agents	2		314,034	4,986	319,022
Receivables, net	352,561	45,439	1,836	88,169	488,005
Property taxes receivables, net	95,989			475	96,464
Due from other funds	42,746			18,151	60,897
Inventories	12,257			1,370	13,627
Deposits with others				16	16
Prepaid items	90			346	436
Restricted assets:					
Cash with fiscal agents	151			5,220	5,371
Investments with fiscal agents				47,496	47,496
Lease receivable	3,331			4,451	7,782
Total assets	2,437,077	89,545	321,020	545,273	3,392,915

Continued on next page ►►►

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2015

(In Thousands)

(Continued)	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	100,706			26,112	126,818
Accrued payroll	61,313			2,915	64,228
Due to other funds	37,143	16,235	8,848	18,945	81,171
Unearned revenue	263,547			3,653	267,200
Total liabilities	462,709	16,235	8,848	51,625	539,417
DEFERRED INFLOWS OF RESOURCES					
Non-pension:					
Property taxes received in advance	9,317			541	9,858
Air Quality State Moyer Program				1,566	1,566
Affordable Housing Project				4	4
Housing Administrative Cost Allowance				133	133
Unavailable revenue	76,675			64,095	140,770
Total deferred inflows of resources	85,992			66,339	152,331
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	1,122			3,763	4,885
Inventories and deposits with others	12,257			1,386	13,643
Restricted for:					
Creditors - Debt service				75,420	75,420
Creditors - Capital projects				4,318	4,318
Grantors - Housing assistance	57,681			22,541	80,222
Donations	3,844				3,844
Laws or regulations of other governments:					
Public safety activities	2	73,310			73,312
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	48,583				48,583
Improvement and maintenance of recorded document systems	23,343				23,343
Defray administrative costs, other general restrictions	19,586				19,586
Future road improvements				133,534	133,534
Construction, maintenance and other costs for justice, health, and social facilities and programs	47,177				47,177
Fund purpose				98,758	98,758
Other purposes	69,078			19,822	88,900
Committed to:					
Realignment health, mental health and social services	65,297				65,297
Landfill closure, postclosure and landfill maintenance				60,902	60,902
Unforeseen catastrophic events	55,500				55,500
Capital projects' funding	300,959			6,637	307,596
Health			312,172		312,172
Other purposes	57,224				57,224
Assigned to:					
Subsequent one-time expenditures	198,748				198,748
Legislative and administrative services	66,526			228	66,754
Other purposes	63,314				63,314
Unassigned	798,135				798,135
Total fund balances	1,888,376	73,310	312,172	427,309	2,701,167
Total liabilities, deferred inflows of resources and fund balances	\$ 2,437,077	89,545	321,020	545,273	3,392,915



RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2015

(In Thousands)

Total fund balances - governmental funds	\$ 2,701,167
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.	3,327,309
Unamortized gain on refundings (to be amortized as interest expense).	(185)
Unamortized loss on refundings (to be amortized as interest expense).	4,887
Accrued interest on long-term debt.	(22,137)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds and recognized as revenue in the statement of activities.	140,770
Deferred outflows of resources - contributions to the pension plan subsequent to the measurement date.	347,320
Deferred outflows of resources - Changes in proportionate share of contributions.	16,846
Deferred inflows of resources - Differences between expected and actual experience in the total pension liability.	(135,311)
Deferred inflows of resources - Net difference between projected and actual earnings on pension plan investments.	(376,901)
Long-term liabilities, including bonds, notes, loans payable, and net pension liability 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.)	(3,638,820)
Internal service funds are used by management to charge the costs of information technology, vehicle operations and maintenance, employee benefits, public liability, road and communications services, materials and supplies (purchasing), and facilities services to individual funds; and, to make loans for start-up services for new and existing county service districts. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. (See Note 2 to the financial statements; Table 3.)	29,373
Net position of governmental activities	\$ 2,394,318

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

For the Year Ended June 30, 2015

(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 997,904			40,648	1,038,552
Licenses, permits and franchise fees	44,987			9,194	54,181
Fines, forfeitures and penalties	45,823			3,377	49,200
Revenue from use of money and property	14,624	11	452	7,946	23,033
Aid from other governmental agencies:					
State	1,123,373	260,974		106,256	1,490,603
Federal	792,723			125,178	917,901
Other	87,506			19,185	106,691
Charges for current services	355,607			32,181	387,788
Other	50,455			41,448	91,903
Total revenues	3,513,002	260,985	452	385,413	4,159,852
Expenditures:					
Current:					
General government	227,978		126	9,771	237,875
Public protection	1,343,026	609		10,075	1,353,710
Public ways and facilities	3,462			70,529	73,991
Health and sanitation	599,112			45,753	644,865
Public assistance	1,212,417			133,661	1,346,078
Education	900			36,195	37,095
Recreation and cultural	34,217			2,621	36,838
Capital outlay	28,674			131,800	160,474
Debt service:					
Principal	13,718			53,824	67,542
Interest	17,298			68,375	85,673
Bond issuance costs				583	583
Payment to refunded bond escrow agent	5,454			3,007	8,461
Total expenditures	3,486,256	609	126	566,194	4,053,185
Excess (deficiency) of revenues over (under) expenditures	26,746	260,376	326	(180,781)	106,667
Other financing sources (uses):					
Sale of capital assets	111			873	984
Issuance of bonds and loans:					
Face value of loans issued				732	732
Premium on issuance of refunding bonds				15,070	15,070
Refunding bonds issued				93,750	93,750
Payment to refunded bond escrow agent				(103,771)	(103,771)
Transfers in	282,392			152,149	434,541
Transfers out	(153,653)	(253,287)	(13,500)	(19,217)	(439,657)
Total other financing sources (uses)	128,850	(253,287)	(13,500)	139,586	1,649
Net change in fund balances	155,596	7,089	(13,174)	(41,195)	108,316
Fund balances at beginning of year	1,731,672	66,221	325,346	468,187	2,591,426
Increase (decrease) in nonspendable inventories	1,108			317	1,425
Fund balances at end of year	\$ 1,888,376	73,310	312,172	427,309	2,701,167



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, 2015

(In Thousands)

Net change in fund balances - total governmental funds	\$ 108,316
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.	(3,573)
Revenues that do not provide current financial resources are not reported as revenues in the funds (deferred inflows) but are recognized as revenue in the statement of activities.	(37,202)
Adjustment to nonspendable inventories.	1,425
Change in accounting estimate for postclosure costs - (public protection function) - San Marcos landfill.	652
Change in accounting estimate for pollution remediation - (general function).	2,215
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.)	28,871
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (See Note 2 to the financial statements; Table 4.)	(6,825)
Contributions to the pension plan subsequent to the measurement date.	347,320
The issuance of long-term debt (e.g., bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (See Note 2 to the financial statements; Table 4.)	73,177
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.)	(217,760)
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (expense) of internal service funds is reported within governmental activities. (See Note 2 to the financial statements; Table 4.)	(4,554)
Change in net position - governmental activities	\$ 292,062

STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2015
(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
ASSETS		
Current assets:		
Pooled cash and investments	\$ 73,581	237,483
Receivables, net	3,859	1,702
Due from other funds	28	27,084
Inventories	224	1,078
Total current assets	77,692	267,347
Noncurrent assets:		
Due from other funds	3,765	
Capital assets:		
Land	11,593	
Construction in progress	7,528	
Buildings and improvements	126,409	2,963
Equipment	1,685	145,250
Software		4,418
Road infrastructure	9,679	
Sewer infrastructure	99,091	
Accumulated depreciation/amortization	(88,057)	(91,382)
Total noncurrent assets	171,693	61,249
Total assets	249,385	328,596
DEFERRED OUTFLOWS OF RESOURCES		
Pension:		
Changes in proportionate share of contributions	76	380
Contributions to the pension plan subsequent to the measurement date	1,571	7,841
Total deferred outflows of resources	1,647	8,221

Continued on next page ►►►



STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2015

(In Thousands)

(Continued)	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable	2,932	35,939
Accrued payroll	302	1,541
Accrued interest		1
Due to other funds	592	5,214
Unearned revenue	85	419
Loans payable	304	721
Capital lease payable		36
Compensated absences	179	940
Claims and judgments		43,562
Total current liabilities	4,394	88,373
Noncurrent liabilities:		
Loans payable	171	1,702
Capital lease payable		48
Compensated absences	260	1,365
Claims and judgments		161,221
Net pension liability	8,617	43,045
Total noncurrent liabilities	9,048	207,381
Total liabilities	13,442	295,754
DEFERRED INFLOWS OF RESOURCES		
Pension:		
Differences between expected and actual experience in the total pension liability	612	3,055
Net difference between projected and actual earnings on pension plan investments	1,703	8,509
Total deferred inflows of resources	2,315	11,564
NET POSITION		
Net investment in capital assets	167,453	61,165
Unrestricted net position	67,822	(31,666)
Total net position	\$ 235,275	29,499

Reconciliation between net position - enterprise funds and net position of business-type activities as reported in the government-wide statement of net position

Total net position	\$ 235,275
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	126
Net position of business-type activities	\$ 235,401

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended June 30, 2015

(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for current services	\$ 43,353	362,245
Other	3,059	2,846
Total operating revenues	46,412	365,091
Operating expenses:		
Salaries and employee benefits	7,398	38,079
Repairs and maintenance	6,112	39,247
Equipment rental	1,167	198
Sewage processing	15,440	
Contracted services	8,291	192,511
Depreciation/amortization	6,023	14,055
Utilities	328	27,025
Cost of material	2,041	4,333
Claims and judgments		53,398
Fuel	6	11,424
Other	2,884	5,545
Total operating expenses	49,690	385,815
Operating income (loss)	(3,278)	(20,724)
Nonoperating revenues (expenses):		
Grants	702	5,280
Investment earnings	336	929
Interest expense	(43)	(80)
Gain (loss) on disposal of assets	(4)	441
Total nonoperating revenues (expenses)	991	6,570
Income (loss) before capital contributions and transfers	(2,287)	(14,154)
Capital contributions		1,609
Transfers in	359	9,929
Transfers out	(3,052)	(2,120)
Change in net position	(4,980)	(4,736)
Net position at beginning of year (restated, see Note 30 to the financial statements)	240,255	34,235
Net position at end of year	\$ 235,275	29,499

Reconciliation between change in net position - enterprise funds and change in net position of business-type activities as reported in the government-wide statement of activities

Change in net position	\$ (4,980)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(182)
Change in net position of business-type activities	\$ (5,162)



STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended June 30, 2015

(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 39,451	6,056
Cash received from other funds	6,857	361,669
Cash payments to suppliers	(30,014)	(257,345)
Cash payments to employees	(7,983)	(40,899)
Cash payments to other funds	(9,435)	(31,734)
Cash paid for claims and judgments		(33,277)
Other payments		(97)
Net cash provided (used) by operating activities	(1,124)	4,373
Cash flows from noncapital financing activities:		
Operating grants	428	4,563
Transfers from other funds	359	9,929
Transfers to other funds	(3,052)	(2,120)
Principal paid on long-term debt		(1,427)
Interest paid on long-term debt		(75)
Proceeds from loans		843
Other noncapital increases	98	15
Net cash provided (used) by noncapital financing activities	(2,167)	11,728
Cash flows from capital and related financing activities:		
Capital contributions		871
Acquisition of capital assets	(999)	(14,362)
Proceeds from sale of assets		1,243
Principal paid on long-term debt	(291)	
Principal paid on capital lease		(35)
Interest paid on long-term debt	(43)	(6)
Net cash provided (used) by capital and related financing activities	(1,333)	(12,289)
Cash flows from investing activities:		
Investment earnings	334	921
Net increase (decrease) in cash and cash equivalents	(4,290)	4,733
Cash and cash equivalents - beginning of year	77,871	232,750
Cash and cash equivalents - end of year	73,581	237,483
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(3,278)	(20,724)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Decrease (increase) in accounts receivable	(78)	104
Decrease (increase) in due from other funds	22	2,563
Decrease (increase) in inventory	7	44
Increase (decrease) in accounts payable	1,421	(7,842)
Increase (decrease) in accrued payroll	25	169
Increase (decrease) in due to other funds	(4,610)	(1,142)
Increase (decrease) in unearned revenue	(47)	(32)
Increase (decrease) in compensated absences	1	98
Increase (decrease) in claims and judgments		20,120
Pension expense	(610)	(3,040)
Depreciation/amortization	6,023	14,055
Total adjustments	2,154	25,097
Net cash provided (used) by operating activities	(1,124)	4,373
Non-cash investing and capital financing activities:		
Capital acquisitions included in accounts payable	277	1,486
Governmental contributions of capital assets	\$	738

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

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2015
(In Thousands)

	Pooled Investments - Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS			
Pooled cash and investments	\$ 4,410,919	2,185	390,084
Cash with fiscal agents			856
Investments with fiscal agents		1,155	
Receivables:			
Accounts receivable			11
Investment earnings receivable	4,525	1	8,219
Other receivables	681		
Total assets	4,416,125	3,341	399,170
LIABILITIES			
Accounts payable	768	6	28,242
Warrants outstanding			194,389
Accrued interest		58	
Noncurrent liabilities:			
Due within one year		453	
Due in more than one year		12,183	
Due to other funds		4,797	
Due to other governments			176,539
Total liabilities	768	17,497	399,170
NET POSITION			
Held in trust for pool participants	4,415,357		
Held in trust for private purpose		(14,156)	
Total net position held in trust (deficit)	\$ 4,415,357	(14,156)	



STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended June 30, 2015

(In Thousands)

	Pooled Investments - Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Contributions to investments	\$ 9,294,760	
Total contributions	9,294,760	
Investment earnings:		
Net increase (decrease) in fair value of investments	1,753	1
Investment earnings	17,105	6
Total investment earnings	18,858	7
Property taxes - Successor Agency Redevelopment Property Tax Trust Fund Distribution		1,805
Total additions	9,313,618	1,812
DEDUCTIONS		
Administrative expenses		55
Distributions from investments	9,304,821	
Contributions to other agencies		550
Interest		601
Total deductions	9,304,821	1,206
Change in net position	8,797	606
Net position at beginning of year	4,406,560	(14,762)
Net position (deficit) at end of year	\$ 4,415,357	(14,156)



Contents - Notes to the Financial Statements

75

County of San Diego / Comprehensive Annual Financial Report / For the year ended June 30, 2015

NOTE 1 Summary of Significant Accounting Policies ..	76	NOTE 13 Long-Term Debt	101
The Reporting Entity	76	Certificates of Participation (COPs) and Lease	
Blended Component Units	76	Revenue Bonds (LRBs)	101
Discrete Component Unit	77	Taxable Pension Obligation Bonds (POBs)	103
Financial Reporting Structure	78	Tobacco Settlement Asset-Backed	
Basic Financial Statements	78	Bonds (TSAB)	104
Government-Wide Financial Statements	78	Loans - Governmental Activities	106
Fund Financial Statements	78	Loans - Business-type Activities	107
Measurement Focus, Basis of Accounting,		Arbitrage	107
and Financial Statement Presentation	80		
Assets, Deferred Outflows of Resources,		NOTE 14 Changes in Long-Term Liabilities	108
Liabilities, Deferred Inflows of Resources,		NOTE 15 Funds Used to Liquidate Liabilities	109
and Net Position or Fund Balance	80	NOTE 16 Conduit Debt Obligations	109
Cash and Investments	80	NOTE 17 Landfill Site Postclosure Care Costs	109
Receivables and Payables	81	NOTE 18 Pollution Remediation	110
County Leased Property	81	NOTE 19 Fund Balance Policy - General Fund	110
Inventories and Prepaid Items	81	NOTE 20 Fund Balances Restricted for Laws or Regulations	
Capital Assets	81	of Other Governments: Fund Purpose	112
Unearned Revenue	82	NOTE 21 Fund Balances Restricted for Laws or Regulations	
Deferred Outflows and Inflows of Resources	82	of Other Governments: Other Purposes	113
Lease Obligations	82	NOTE 22 Fund Balances Committed to Other	
Long-Term Obligations	83	Purposes	114
Pension	83	NOTE 23 Fund Balances Assigned to Other	
Employees' Compensated Absences	83	Purposes	114
General Budget Policies	84	NOTE 24 Net Position Restricted for Laws or Regulations	
Fund Balance	84	of Other Governments: Other Purposes	115
Net Position	85	NOTE 25 Risk Management	116
Indirect Costs	85	NOTE 26 Contingencies	116
Use of Estimates	85	Litigation	116
		Housing Authority-Low and Moderate Income	
NOTE 2 Reconciliation of Government-Wide and Fund		Housing Asset Fund	116
Financial Statements	86	Unrecorded Leave Benefits	117
Balance Sheet/Statement of Net Position	86	Federal and State Programs	117
Statement of Revenues, Expenditures, and		NOTE 27 Joint Ventures	117
Changes in Fund Balances/Statement of		NOTE 28 Pension and Retiree Health Plans	118
Activities	87	Pension Plan	118
NOTE 3 Deposits and Investments	88	Retiree Health Plan	123
Deposits	88	SDCERA Financial Report	123
Investments	89	NOTE 29 Fund Deficit	124
NOTE 4 Restricted Assets	93	NOTE 30 Restatements	124
NOTE 5 Receivables	93	NOTE 31 County of San Diego Successor Agency Private	
NOTE 6 County Property on Lease to Others	95	Purpose Trust Fund for Assets of Former San	
NOTE 7 Capital Assets	96	Diego County Redevelopment Agency ...	125
Changes in Capital Assets	96	Due To Other Funds	126
Depreciation/Amortization	97	NOTE 32 San Diego County Redevelopment Agency	
Capital and Other Commitments	97	(SDCRA) Revenue Refunding Bonds	126
NOTE 8 Interfund Balances	98	Changes in Long-Term Liabilities	127
NOTE 9 Interfund Transfers	99	NOTE 33 New Governmental Accounting Standards ..	127
NOTE 10 Payables	99	Implementation Status	127
NOTE 11 Deferred Inflows of Resources: Unavailable		Under Analysis	129
Revenue	99		
NOTE 12 Lease Obligations	100		
Operating Leases	100		
Capital Lease	100		



NOTE 1

Summary of Significant Accounting Policies

The Reporting Entity

The County of San Diego (the "County" or "CoSD"), is a political subdivision of the State of California (the "State") and as such can exercise the powers specified by the Constitution and laws of the State of California. The County operates under a charter and is governed by an elected five-member Board of Supervisors (the "Board").

The County provides a full range of general government services including police protection, detention and correction, public assistance, health and sanitation, recreation, library, flood control, public ways and facilities, inactive waste management, airport management and general financial and administrative support.

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered to be financially accountable. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. As required by generally accepted accounting principles in the United States of America (GAAP), the financial statements present the financial position of the County and its component units.

These are entities for which the County is considered to be financially responsible and has a potential financial benefit/burden relationship.

Blended component units, although legally separate entities are, in substance, part of the County's operations and data from these component units are combined with the data from the primary government.

A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Blended Component Units

The blended component units listed below are agencies and special districts whose governing board is the County Board of Supervisors. The County Board of Supervisors therefore has the ability to impose its

will. These component units have a direct financial benefit/burden relationship with the County, are fiscally dependent on the County, and as such financial actions including the setting of rates, issuance of debt and the adoption of the annual budget remain with the County.

Air Pollution Control District (APCD) - The APCD was established to protect people and the environment from the harmful effects of air pollution. Air quality is continuously monitored throughout the San Diego Air Basin, and programs are developed to bring about the emission reductions necessary to achieve clean air. The APCD issues permits to limit air pollution, ensures that air pollution control laws are followed, and administers funding that is used to reduce regional mobile source emissions. APCD is reported as a *special revenue fund*.

County of San Diego In-Home Supportive Services Public Authority (IHSSPA) - The IHSSPA was established to assist eligible low-income elderly and persons with disabilities in San Diego County to live high quality lives in their own homes. The IHSSPA program is mandated by the State. As the employer of record, IHSSPA recruits, screens, and trains home care workers who are available to assist eligible consumers in their own homes. IHSSPA is reported as a *special revenue fund*.

County Service Area Districts (CSAD) - The CSADs were established to provide authorized services such as road, park, fire protection and ambulance to specific areas in the County. They are financed by ad valorem property taxes in the area benefited or by special assessments levied on specific properties. The CSADs are reported as *special revenue funds*.

Flood Control District (FCD) - The FCD was established to provide flood control in the County's unincorporated area. It is financed primarily by ad valorem property taxes and charges to property owners. The FCD is reported as a *special revenue fund*.

Lighting Maintenance District (LMD) - The LMD was established to provide street and road lighting services to specified areas of the County. Revenue sources include ad valorem taxes, benefit fees, state funding and charges to property owners. The LMD is reported as a *special revenue fund*.

San Diego County Housing Authority (SDCHA) - The



SDCHA was established to provide decent housing in a suitable environment for individuals who cannot afford standard private housing. Contracts with the U.S. Department of Housing and Urban Development provide the major funding sources. *SDCHA* is reported in two *special revenue funds*.

Sanitation District (SD) - The *SD* was established to construct, operate and maintain reliable and sustainable sanitary sewer systems. Revenue sources include charges to property owners and grants. The *SD* is reported as an *enterprise fund*.

Blended component units governed by boards other than the CoSD Board of Supervisors are listed below. These component units are, in substance, part of the County's operations due to their relationship with the County and the nature of their operations. Specifically, the CoSD Board appoints either all or a majority of their board members and the services they provide solely benefit the County.

San Diego County Capital Asset Leasing Corporation (SANCAL) - *SANCAL* was established to finance the acquisition of County buildings and equipment. It is a nonprofit corporation governed by a five-member Board of Directors, which is appointed by the CoSD Board. *SANCAL* financial activities are reported in a *debt service fund* and a *capital projects fund*.

San Diego County Tobacco Asset Securitization Corporation (SDCTASC) - The *SDCTASC* was created under the California Nonprofit Public Benefit Corporation Law and was established to purchase tobacco settlement payments allocated to the County from the State of California, pursuant to a Tobacco Master Settlement Agreement.

SDCTASC is governed by a Board of Directors consisting of three members, two of which are employees of the County and one independent director who is not an employee of the County. The *SDCTASC* is reported as a *special revenue fund*.

San Diego Regional Building Authority (SDRBA) - The *SDRBA* was established under the Mark-Roos Local Bond Pooling Act of 1985 and authorized to issue bonds for the purpose of acquiring and constructing public capital improvements and to lease them to its members, the County and the San Diego Metropolitan Transit Development Board (MTDB). The services

provided by the *SDRBA* to the *MTDB* are insignificant.

The *SDRBA* is governed by a Commission consisting of three members, two of which are County Supervisors appointed by the County Board of Supervisors and concurrently serve on the Board of Directors of the San Diego Trolley, Inc and the Board of Directors of *MTDB*. The third Commissioner is a member of *MTDB* and is appointed by the *MTDB* Board. The *SDRBA*'s financial activities are reported in a *debt service fund* and a *capital projects fund*.

The Tobacco Securitization Joint Powers Authority of Southern California (TSJPA) - The *TSJPA* was created by a joint exercise of powers agreement between the County and the County of Sacramento pursuant to Government Code Sections 6500 et seq. The *TSJPA*'s purpose is to finance a loan to the San Diego County Tobacco Asset Securitization Corporation (the Corporation) via the sale of tobacco asset-backed bonds. The Corporation in turn uses the loan proceeds to purchase the County's future tobacco settlement revenues under a purchase and sale agreement. The *TSJPA* is administered by a Board of Directors consisting of three members, two members who are appointed by the CoSD Board and the third member is appointed by the Sacramento County Board of Supervisors. The *TSJPA* is reported as a *special revenue fund*.

Separately issued financial reports for *IHSSPA*, *SDCTASC*, *SDRBA*, and *TSJPA* can be obtained from the County Auditor and Controller's Office located at 1600 Pacific Highway, Room 166, San Diego, California 92101.

Discrete Component Unit

The *First 5 Commission of San Diego (Commission)* was established by the Board as a separate legal entity under the authority of the California Children and Families First Act and Sections 130100 et seq. of the Health and Safety Code. The Commission administers the County's share of tobacco taxes levied by the State for the purpose of implementing early childhood development programs. The County appoints all of the Commission's board and can remove appointed members at will.

The Commission is discretely presented because its Board is not substantively the same as the County's, and it does not provide services entirely or almost



entirely to the County. A separately issued financial report can be obtained by writing to The First 5 Commission, 2750 Womble Road, Suite 201, (MS-A211), San Diego, CA 92106.

Financial Reporting Structure

Basic Financial Statements

The basic financial statements include both government-wide financial statements and fund financial statements. The reporting model, based on GASB Statement No. 34, *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,"* focuses on the County as a whole in the government-wide financial statements and major individual funds in the fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) display information about the County as a whole and the change in aggregate financial position resulting from the activities of the fiscal period, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the County (including its blended component units) as well as its discretely presented component unit. In the statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resource basis, which incorporates capital assets as well as long-term debt and obligations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the primary government total column. The statement of activities presents functional revenue and expenses of governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental

revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. In the statement of activities, internal service funds' revenue and expenses related to interfund services have been eliminated. Revenue and expenses related to services provided to external customers have not been eliminated and are presented within governmental activities.

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural activities. The business-type activities of the County include airport, jail stores commissary, and sanitation.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements are presented after the government-wide financial statements. They display information about major funds individually and in the aggregate for governmental and proprietary funds. In governmental and fiduciary funds, assets and liabilities are presented in order of relative liquidity. In proprietary funds, assets and liabilities are presented in a classified format that distinguishes between all current and noncurrent assets and liabilities. Current assets in the classified format are those considered available to generate or use cash within twelve months of the end of the fiscal period. Examples include cash, various receivables and short-term investments. All



other assets are considered noncurrent. Current liabilities are obligations to be paid within the next fiscal year. Examples include payables and the current portion of long-term liabilities. For all fund types, deferred outflows of resources are presented after assets; and deferred inflows of resources are presented following liabilities. For further information see Deferred Outflows and Inflows of Resources.

Major individual governmental funds are reported as separate columns in the fund financial statements and are presented on a current financial resources and modified accrual basis of accounting. Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for and reports all financial resources of the County not accounted for and reported in another fund. Revenues are primarily derived from taxes; licenses, permits and franchises; fines, forfeitures and penalties; use of money and property; intergovernmental revenues; charges for services; and other revenues. Expenditures are expended for functions of general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural activities. Expenditures also include capital outlay and debt service.

The *Public Safety Special Revenue Fund* accounts for Proposition 172 half-cent sales taxes collected and apportioned to the County by the State Board of Equalization and are restricted for funding public safety activities. Per Government Code Section 30052, a "maintenance of effort" (pre-Proposition 172 public safety funding level) must be maintained by the County to comply with the statute's spending requirements. In accordance with the Code, these funds are allocated to the Sheriff, District Attorney and Probation departments. Transfers out of this fund subsidize the following types of public safety activities: juvenile detention services; facilities maintenance and support; capital projects, equipment and other one-time expenditures; on-going technology initiatives;

and various region-wide services.

The *Tobacco Endowment Special Revenue Fund* accounts for tobacco settlement payments allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states (including California), the District of Columbia and four U.S. Territories. According to Board of Supervisors Policy E-14, tobacco settlement monies are to be used for healthcare-based programs.

The County reports the following additional funds and fund types:

Enterprise Funds account for airport, jail stores commissary and sanitation district activities; including operations and maintenance, financing of clothing and personal sundry items for persons institutionalized at various county facilities, and sewage collection and treatment services.

Internal Service Funds account for the financing of public works and communications equipment; the financing of materials and supplies (purchasing); start up services for new and existing County service districts; the County's public liability and employee benefits activities; the financing of fleet services; facilities management activities; and the financing of information technology services. Goods or services provided by servicing County departments are paid for on a cost reimbursement basis by receiving departments.

The following *fiduciary funds* account for resources that are held by the County as a trustee or agent for outside parties and cannot be used to support the County's programs.

Pooled Investments - Investment Trust Funds account for investment activities on behalf of external entities and include the portion of the County Treasurer's investment pool applicable to external entities. In general, external entities include school districts, independent special districts and various other governments.

County of San Diego Successor Agency Private Purpose Trust Fund is a fiduciary fund type used by the County to report trust arrangements under which principal and income benefit other governments. This fund



reports the assets, liabilities, and activities of the County of San Diego Successor Agency; formed pursuant to California Assembly Bill ABx1 26.

Agency Funds are custodial in nature, and have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Agency funds account for assets held by the County as an agent for various local governments, organizations and individuals. Included are funds for child support payments; payroll taxes; public administrator and public guardian accounts; and apportioned taxes for other local governments.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

sources.

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

When both *restricted and unrestricted resources* are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Cash and Investments

The County's cash and cash equivalents for cash flow reporting purposes are considered to be cash on hand, demand deposits, restricted cash, and investments held in the County's Investment Pool (the "Pool").

The Pool is available for use by all funds. Each fund type's portion of the Pool is displayed on the statements of net position/balance sheets as "pooled cash and investments." The share of each fund's pooled cash and investments account is separately accounted for and interest earned, net of related expenses, is apportioned quarterly based on the fund's average daily balance in proportion to the total pooled cash and investments based on amortized cost. \$859 thousand of interest earned by certain funds has been assigned to and reported as revenue of another fund. For fiscal year 2015, the General Fund was assigned \$798 thousand and the Other Governmental Funds were assigned \$61 thousand.

Investments are stated at fair value. The fair value of investments is determined monthly and is based on quoted market prices.



Receivables and Payables

The major receivables for governmental and business-type activities are taxes, due from other governmental agencies and loans. All property taxes and accounts receivable are shown net of an allowance for uncollectibles (\$11.228 million and \$3.995 million, respectively). Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent interfund receivables between funds are reported as a nonspendable fund balance account in the General Fund; and as a restricted, committed or assigned fund balance account in other governmental funds, as applicable.

Secured property taxes are levied based upon the assessed valuation as of the previous January 1st, (lien date) and the tax levy is recorded on July 1st (levy date). They are payable in two equal installments due on November 1st and February 1st and are considered delinquent with ten percent penalties after December 10th and April 10th, respectively. An additional penalty of one and one-half percent per month begins to accrue on July 1st on defaulted secured property taxes. Unsecured property taxes are due as of the January 1st lien date and become delinquent, with 10 percent penalties, after August 31st. An additional penalty of one and one-half percent per month begins to accrue after October 31st on delinquent unsecured property taxes.

Governmental funds' property tax revenues are recognized in the fiscal year for which they are levied, provided they are due within the fiscal year and collected within 60 days after the fiscal year end. Property tax revenues are also recognized for unsecured and supplemental property taxes that are due at year end, and are collected within 60 days after the fiscal year end, but will not be apportioned until the next fiscal year due to the timing of the tax apportionment schedule.

County Leased Property

The County and its blended component units lease real property to the private sector and other governmental agencies. Direct financing lease receivables are shown as restricted assets on the government-wide statement of net position - governmental activities and governmental funds balance sheets. Revenue from direct financing and non-cancelable operating leases is reported in the applicable government-wide statement of activities - governmental activities, governmental funds statements of revenues, expenditures, and changes in fund balances and proprietary funds, statements of revenues, expenses, and changes in net position, as applicable.

Inventories and Prepaid Items

Inventories include both inventories on hand for sale and consumable inventories. Inventories are valued at average cost. They are accounted for as expenditures at the time of purchase and reported in governmental funds as an asset with an offsetting nonspendable amount. Proprietary fund types are carried at average cost and are expended when consumed. Prepaid items reflect payments for costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements, with expenditures recorded when consumed. Inventories and prepaid items recorded in the governmental funds are not in spendable form and thus, an equivalent portion of fund balance is reported as nonspendable.

Capital Assets

Capital assets are of a long-term character and include: land, easements, construction in progress, buildings and improvements, equipment, software and infrastructure.

Infrastructure assets include roads, bridges and sewers.

Capital assets are recorded at *historical cost* if purchased or constructed. Donated capital assets are recorded at *estimated fair value* at the date of donation. Capital assets with original unit costs equal to or greater than the *capitalization thresholds* shown in **Table 1** are reported in the applicable *governmental activities* or *business-type activities* columns in the government-wide financial statements.



Table 1

Capitalization Thresholds

Land	\$	0
Easements		50
Buildings and improvements		50
Equipment		5
Software		50-100
Infrastructure		25-50

Depreciation and amortization are charged over the capital assets' estimated useful lives using the straight-line method for proprietary and governmental fund types. Governmental fund type depreciation and amortization are only shown in the statement of activities. Proprietary fund type depreciation and amortization are shown both in the fund statements and the government-wide statement of activities. Estimated useful lives are shown in **Table 2**.

Table 2

Estimated Useful Lives

Buildings and improvements	10-50 years
Equipment	5-20 years
Software	3-10 years
Infrastructure	10-50 years

Unearned Revenue

Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. Unearned revenue can be found in government-wide financial reporting as well as in the governmental, proprietary, and fiduciary funds' financial statements.

Deferred Outflows and Inflows of Resources

The County reports deferred outflows and inflows of resources. A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position by the government that is applicable to a future period.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual; it must be both measurable and available to finance expenditures of the current fiscal period. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. This type of deferred inflow is unique to governmental funds, since it is tied to the modified accrual basis of accounting, which is used only in connection with governmental funds.

Examples of deferred outflows and inflows of resources include property taxes received in advance, unavailable revenue, unamortized losses and gains on refunding of long-term debt (discussed below), and pension related deferrals. Pension related deferred outflows and inflows of resources include changes in proportionate share contributions, contributions to the pension plan subsequent to the measurement date, differences between expected and actual experience in the total pension liability and net difference between projected and actual earnings on pension plan investments.

Occasionally, the County refunds some of its existing debt. When this occurs, the difference between the funds required to retire (reacquisition price of) the refunded debt and the net carrying amount of refunded debt results in a deferred amount on refunding. If there is an excess of the reacquisition price of refunded debt over its net carrying amount, it is treated as a deferred outflow of resources (a deferred loss on refunding). If there is an excess net carrying value amount of refunded debt over its reacquisition price, it is treated as a deferred inflow of resources (a deferred gain on refunding).

Lease Obligations

The County leases various assets under both operating and capital lease agreements. In the government-wide and proprietary funds financial statements, capital lease obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net position.



Long-Term Obligations

Long-term liabilities reported in the statement of net position include the amount due in one year (current) and the amount due in more than one year (noncurrent).

General long-term liabilities consist of the noncurrent portion of claims and judgments, compensated absences, landfill postclosure and other noncurrent liabilities. General long-term liabilities are not reported as liabilities in governmental funds but are reported in the governmental activities column in the government-wide statement of net position. General long-term debt is not limited to liabilities arising from debt issuances but may also include noncurrent liabilities on other commitments that are not current liabilities properly recorded in governmental funds.

Debt may be issued at par (face) value, with a premium (applicable to debt issued in excess of face value) or at a discount (applicable to debt issued at amounts less than the face value).

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of the debt issued and premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Appreciation Bonds (CABs) issued by the County represent bonds that are issued at a deep discount, pay no current interest but accrete or compound in value from the date of issuance to the date of maturity. CABs are presented at their maturity value less the unaccreted appreciation. Unaccreted appreciation represents the difference between the maturity value of the debt and their par (face) value. The unaccreted appreciation is accreted as interest over the life of the CABs.

Pension

In fiscal year 2015, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. As a result, the County recognizes its proportionate share of the San Diego County Employees Retirement Association Pension Plan's (SDCERA-PP) collective net pension liability. Essentially, the net pension liability represents the excess of the total pension liability over the fiduciary net position of the SDCERA-PP reflected in the actuarial report provided by the SDCERA-PP actuary. The net pension liability is measured as of the County's prior fiscal year-end. Changes in the net pension liability are recorded in the period incurred, as pension expense or as deferred outflows of resources or deferred inflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources are those that arise from changes in actuarial assumptions or other inputs, changes in proportionate share of contributions, differences between expected and actual experience in the total pension liability, and the net difference between projected and actual earnings on San Diego County Employees Retirement Association pension plan (SDCERA-PP) investments.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources or resources relating to pension expense, information about the fiduciary net position of the SDCERA-PP and additions to/deductions from the SDCERA-PP fiduciary net position have been determined on the same basis as they are reported by SDCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Employees' Compensated Absences

The County's policy is to permit employees to accumulate *earned* but *unused* vacation, compensatory time, holiday and sick leave benefits. Each of these benefits is subject to certain limits based on employee



class, except for sick leave and compensatory time that is subject to Fair Labor Standards Act (FLSA) rules or the California Labor Code. All vacation pay and a certain portion of compensatory and sick pay for specified employee classes is accrued in the government-wide and proprietary funds financial statements. Except for specified employee classes, there is no liability for *unpaid accumulated* sick leave since the County does not cash out unused sick leave when employees separate from service with the County. However, employees eligible for retirement benefits that meet minimum balance requirements may apply unused sick leave toward determining their length of service for the purpose of calculating retirement benefits.

Accumulated leave benefits including vacation, sick leave, and compensatory time worked are recorded in the government-wide statement of net position. Amounts recorded as accumulated leave benefits include the employer's share of Social Security and Medicare taxes. These amounts would not be expected to be liquidated from expendable available financial resources, but would be expected to be liquidated in future years as employees elect to use these benefits as prescribed by Civil Service rules and regulations.

County employees in the unclassified service and certain employees hired prior to 1979 may receive up to 50% and 25%, respectively, of the cash value of all or a portion of their sick leave balances upon termination or retirement. The cash value of these benefits is included in the accumulated leave benefits noted above. This liability has been recorded in the current and long-term portion of compensated absences in the appropriate proprietary funds and government-wide statement of net position.

California Labor Code Section 4850 entitles safety officers who meet certain criteria to receive full salary in lieu of temporary disability payments for the period of disability, not exceeding 365 days, or until such earlier date as he or she is retired on permanent disability pension. This liability is accrued in the current and long-term portion of compensated absences.

All County employees who have completed at least five years of continuous service in the County retirement system, and have a sick leave balance of at least one hundred hours, may convert, at retirement,

all or a portion of their sick leave balance to retirement service credits on a hour-for-hour basis. The conversion of these balances to retirement service credits is included in the County's actuarial accrued liability, as part of the annual actuarial valuation which includes assumptions regarding employee terminations, retirement, death, etc.

General Budget Policies

An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditures within departments. Annual budgets are not required to be adopted for the Tobacco Securitization Joint Special Revenue Fund; and the Debt Service and Capital Projects Funds (other governmental funds). Please refer to the notes to required supplementary information for more details regarding the County's general budget policies.

Fund Balance

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These classifications include: nonspendable; restricted; and the unrestricted classifications of committed, assigned and unassigned. When both restricted and unrestricted resources are available for use, fund balance is generally depleted by restricted resources first, followed by unrestricted resources in the following order: committed, assigned and unassigned. The fund balance classifications are defined as follows:

Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling



legislation.

Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors. The Board of Supervisors may establish fund balance commitments by adoption of an ordinance, resolution, or formal board action memorialized by minute orders as may be required by law. All are equally binding. Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned fund balance - amounts that are constrained by the County's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the highest level of decision making authority (the Board of Supervisors), or by a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. This intent is expressed by the Board of Supervisors approval of the use of fund balance to fund non-capital related expenditures and via Board Policy B-71, which provides that fund balance may be committed by the Board and/or assigned by the Chief Administrative Officer for specific purposes.

Unassigned fund balance - the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Net Position

Net investment in capital assets - consists of capital assets net of accumulated depreciation reduced by the outstanding principal of capital related debt (adjusted by any unamortized premiums, discounts and unspent proceeds related to debt), incurred by the County to buy or construct capital assets shown in the statement

of net position. Capital assets cannot readily be sold and converted to cash.

Restricted net position - consists of restricted assets reduced by liabilities related to those assets. Constraints placed on net position are externally imposed by creditors, grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Unrestricted net position - consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

Indirect Costs

County indirect costs are allocated to benefiting departments and are included in the program expense reported for individual functions and activities. Cost allocations are based on the annual *County-wide Cost Allocation Plan* which is prepared in accordance with Federal Office of Management and Budget (OMB) Circular A-87.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.



NOTE 2

Reconciliation of Government-Wide and Fund Financial Statements

Balance Sheet/Statement of Net Position

Explanations of certain differences between the governmental funds balance sheet and the government-wide statement of net position are detailed below:

Table 3

Governmental Funds Balance Sheet / Government-Wide Statement of Net Position Reconciliation At June 30, 2015

Long-term liabilities, including bonds, notes, loans payable and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this \$(3,638,820) difference are as follows:

Bonds, notes and loans payable	
Certificates of participation and lease revenue bonds	\$ (355,565)
Taxable pension obligation bonds	(692,338)
Tobacco settlement asset-backed bonds	(554,594)
Loans - non-internal service funds	(2,765)
Unamortized issuance premiums (to be amortized as interest expense)	(21,548)
Unamortized issuance discounts (to be amortized as interest expense)	11,869
Compensated absences (excluding Internal Service Funds)	(97,182)
Landfill postclosure - San Marcos landfill	(18,340)
Pollution remediation	(1,563)
Subtotal	\$ (1,732,026)
Net pension liability	(1,906,794)
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	\$ (3,638,820)

Internal Service Funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. The details of this \$29,373 difference are as follows:

Net position of the internal service funds	\$ 29,499
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(308)
Add: Internal payable representing costs in excess of charges to business-type activities - current year	182
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$ 29,373



Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

87

County of San Diego / Comprehensive Annual Financial Report / For the year ended June 30, 2015

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities

Explanations of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities are detailed below:

Table 4

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities Reconciliation For the Year Ended June 30, 2015

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. The details of this \$28,871 difference are as follows:

Capital outlay	\$	160,474
Depreciation/amortization expense		(131,603)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	\$	28,871

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. The details of this \$(6,825) difference are as follows:

The proceeds from the sale of capital assets provide current financial resources but have no effect on net position	\$	(984)
The loss on the disposal of capital assets does not affect current financial resources but decreases net position		(24,755)
Donations of assets to the County do not provide current financial resources but increase net position		18,914
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	\$	(6,825)

The issuance of long-term debt (e.g., bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$73,177 difference are as follows:

Debt issued or incurred		
Refunding bonds issued	\$	(93,750)
Plus: Premiums		(15,070)
Payment to refunded bond escrow agent		112,232
Face value of loans issued		(732)
Principal repayments		67,542
Accreted interest paid		2,955
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	\$	73,177

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. The details of this \$(217,760) difference are as follows:

Change in net pension liability - pension expense	\$	(212,655)
Compensated absences		(1,090)
Accrued interest		2,153
Accretion of capital appreciation bonds		(6,819)
Amortization of premiums		1,730
Amortization of discounts		(590)
Amortization of gain on refundings		47
Amortization of loss on refundings		(536)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	\$	(217,760)

Internal Service Funds. The net revenue (or expense) of certain activities of internal service funds is reported with governmental activities. The details of this \$(4,554) difference are as follows:

Change in net position of the internal service funds	\$	(4,736)
Add: Gain from charges to business activities		182
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	\$	(4,554)



NOTE 3

Deposits and Investments

The Treasurer is responsible for authorizing all County bank accounts and pursuant to Government Code Sections 27000.1 - 27000.5, 27130 - 27137, and 53600 - 53686 is responsible for conducting County investment activities of the County's investment pool (the "Pool") as well as various individual investment accounts outside of the Pool. Additionally, the Treasurer has oversight responsibilities for investments with fiscal agents.

The Pool is a County sponsored "external investment pool" wherein moneys of the County and other legally separate external entities, which are not part of the County Reporting Entity, are commingled (pooled) and invested on the participants' behalf.

Pursuant to Sections 27130-27137 of the California Government Code, the Board of Supervisors has established the Treasury Oversight Committee ("TOC") that monitors and reviews the Investment Policy. The TOC consists of members appointed from the districts or offices that they represent, and up to five members of the public, having expertise in, or an academic background in public finance. The TOC requires a financial audit to be conducted annually on a fiscal year basis, which includes limited tests of compliance with laws and regulations. The Investment Pool is not registered with the Securities and Exchange Commission ("SEC") as an investment company. The Investment Pool does not have any legally binding guarantees of share values.

A separately issued annual financial report for the Pool can be obtained from the Treasurer-Tax Collector at 1600 Pacific Highway, Room 152, San Diego, California, 92101 and can also be accessed at <http://www.sdtreastax.com>.

Total pooled cash and investments totaled \$7,532,689 consisting of: \$7,451,742 investments in the County pool; \$76.102 million in demand deposits; \$4.345 million of collections in transit; and, \$500 thousand in imprest cash.

Deposits

Government Code Section 53652 et. seq. and the Treasurer's Pool Investment Policy (Pool Policy) prescribe the amount of collateral that is required to

secure the deposit of public funds.

Federal Depository Insurance Corporation (FDIC) insurance is available for funds deposited at any one financial institution up to a maximum of \$250,000 for demand deposits, time and savings deposits. The aforementioned Government Code and Pool Policy require that depositories collateralize public funds with securities having a market value of at least 10% in excess of the total amount of the deposits. These securities shall be placed in the institution's pooled collateral account and monitored by the State Treasurer of California or a mutually agreed upon third party custodian bank.

Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized.

The Investment Pool does not have a formal policy regarding sweep (deposit) accounts, but the practice is to utilize national or state chartered banks where the excess over FDIC insurance is invested in repurchase agreements that are collateralized by U.S. Treasury and Federal Agency securities equal to or greater than the deposit amount in accordance with California Government Code.

California Government Code Section 53652 et. seq. requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. At June 30, 2015, the County's deposits were not exposed to custodial credit risk as these deposits were either covered by FDIC insurance or collateralized with securities held by a named agent depository as noted below:

a. Cash in banks is defined as short-term, highly liquid deposits with an original maturity of three months or less. Deposits consist of cash in banks as well as non-negotiable certificates of deposit. At year-end, the carrying amount of the Investment Pool's deposits was \$76.102 million, and the bank balance at June 30, 2015 was \$78.738 million, consisting of demand deposits and non-negotiable certificates of deposit with various financial institutions. The difference between the



carrying amount and the bank balance includes temporary reconciling items such as cash on hand, outstanding checks, and deposits in transit. Of the bank balance, \$14.613 million was covered by federal deposit insurance and \$64.125 million was collateralized with securities held by a depository agent on behalf of the Investment Pool as required by California Government Code Section 53656. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Also, a financial institution may, in accordance with the California Government Code, secure local agency deposits using first trust deed mortgages; however, the market value of the first trust deed mortgages collateral must be at least 150% of the total amount deposited.

b. The carrying amount of demand deposits with Fiscal Agents (outside of the Pool) was \$6.238 million and the bank balance per various financial institutions was \$6.299 million. Of the total bank balance, \$687 thousand was covered by federal deposit insurance; \$1.130 million was collateralized by a named agent depository; and \$4.482 million was uncollateralized.

Investments

Government Code Section 53601 governs the types of investments that may be purchased and makes certain restrictions on investment maturity, maximum portfolio percentages, term, value, credit quality and timing to minimize the risk of loss.

Permitted types of investments and financial instruments include: U.S. treasuries, U.S. Federal agencies and local agency obligations; banker's acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; medium-term notes; money market mutual funds; mortgage pass-through securities; supranationals; mortgage backed securities; local agency investment funds; collateralized mortgage obligations; and shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7.

Investments in the Investment Pool are stated at fair value. Securities, which are traded on a national exchange, are valued at the last reported sales price at current exchange rates. The fair value of investments is determined monthly and is provided by the custodian bank. Repurchase agreements and institutional money market funds are carried at portfolio book value (carrying cost). All purchases of investments are accounted for on a trade-date basis.

Unrealized gains or losses of securities are determined by taking the difference between amortized cost and the fair value of investments. The calculation of realized gains and losses is independent of the calculation of net change in the fair value of investments. Realized gains and losses on investments that were held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

In addition to the above, the Board annually adopts a Pooled Money Fund Investment Policy. This policy is based on the criteria in Government Code Section 53601 but adds further specificity and restrictions to permitted investments.

No policies have been established for investments with fiscal agents, however, moneys held by trustees on behalf of the County may generally only be invested in permitted investments specified in trustee or indenture agreements.

In conjunction with the discussion below concerning investment risks, please refer to **Tables 7** and **8**, respectively, which provide details on pooled investments and those held with fiscal agents at fiscal year-end. Additionally, **Table 9** provides a comparison of Investment Pool policy restrictions with Government Code Section 53601 requirements.

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments of longer maturities are more sensitive to changes in market interest rates.

To mitigate the effect of interest rate risk, the Investment Pool maintains a ladder portfolio in compliance with the Investment Policy, which requires at least 25% of securities to mature within 90 days, at



least 25% of securities to mature within one year, and no more than 50% of securities to mature within one to five years. In addition, the Investment Pool limits the maximum effective duration of the portfolio to 18 months. As of June 30, 2015, the Investment Pool was in full compliance with its own more restrictive Investment Policy, and therefore was also in compliance with California Government Code. Actual weighted average days to maturity by investment type is presented in **Table 7**.

California Government Code Section 53601 indicates where the Code does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

Generally, investments with fiscal agents are structured in such a way that securities mature at the times and in the amounts that are necessary to meet scheduled expenditures and withdrawals.

Credit Risk - Investments

Credit risk is the risk that an issuer or other counterparty to an investment may not fulfill its obligations.

The Investment Pool's Investment Policy, which is more restrictive than the Government Code, places a minimum standard on the ratings of investments held in the Investment Pool. Investments in securities other than those guaranteed by the U.S. Treasury or Government Sponsored Enterprises must have a credit rating of no less than "A" for long-term or "A1" for short-term. Non-rated securities include sweep accounts, collateralized certificates of deposit and repurchase agreements. Sweep accounts and collateralized certificates of deposit must be FDIC insured and collateralized with securities held by a named agent of the depository. Repurchase agreements are collateralized by securities, authorized by California Government Code Section 53601, having

a market value of at least 102% of the amount of the repurchase agreement. Credit quality based on Standard and Poor's Fund Credit Quality Rating is noted below and on **Table 7**.

Table 5		
S & P Investment Rating		
	Investment Pool	Investments with Fiscal Agents
Overall credit rating	AAAf/S1	
Short-term	A-1	A-1
Long-term	A	A

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

To mitigate this risk, the Investment Policy limits the amount of exposure to any one single issuer to the percentages listed in **Table 9**. As noted in **Table 9**, the Investment Pool's Investment Policy is more restrictive, in most cases, than the California Government Code. As of June 30, 2015, all Pool investments were in compliance with State law and with the Investment Policy.

The Investment Pool's holdings of the securities of the Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) are issued by agencies that remain under conservatorship by the Director of the Federal Housing Agency. The U.S. government does not guarantee, directly or indirectly, the securities of the Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), FNMA, or FHLMC. The Investment Pool's investments in FHLB, FNMA and FHLMC securities as of June 30, 2015 comprised 13.69%, 10.10%, and 6.75% of the total County Investment Pool's investments, respectively.

No general policies have been established to limit the amount of exposure to any one single issuer, however, moneys held by trustees on behalf of the County may generally only be invested in permitted investments specified in trustee or indenture agreements. Instruments in any one issuer that represent 5% or more of the County investments with fiscal agents by individual major fund or nonmajor funds in the

aggregate at June 30, 2015 are shown in **Table 6**. Any investments explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from **Table 6**.

Custodial Credit Risk - Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of another party.

The Investment Policy requires securities not insured by FDIC insurance, including appropriate collateral, be placed with an independent third party for custodial safekeeping. Securities purchased by the Investment Pool are held by a third-party custodian, Citibank, in their trust department to mitigate custodial credit risk.

Table 6
Concentration of Credit Risk -
Investments With Fiscal Agents

Issuer	Tobacco Endowment Fund	Percent	Nonmajor Governmental Funds	Percent
BlackRock MuniFund	\$ 204,000	65		
Federal farm credit bank			\$ 4,986	9

Table 7
Pooled Investments
At June 30, 2015

	Fair Value	Book Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
U.S. government agencies:							
Federal home loan mortgage corporation notes	\$ 503,709	502,982	0.42% - 4.88%	9/15 - 6/20	1008	AA+	6.75%
Federal home loan bank notes	1,020,413	1,019,468	0.13% - 3.13%	9/15 - 12/19	460	A-1+/AA+	13.69%
Federal national mortgage association notes	752,846	751,739	0.38% - 5.38%	7/16 - 11/18	791	AA+	10.10%
Federal farm credit bank notes	294,823	294,758	0.28% - 1.38%	3/16 - 10/18	511	A-1+/AA+	3.96%
U.S. treasury notes	456,320	454,564	0.50% - 4.50%	8/15 - 5/20	1036	AA+	6.12%
Repurchase agreement	8,999	8,999	0.01%	7/15	1	A-1	0.13%
Supranational	174,995	174,912	1.00% - 1.23%	11/17 - 6/18	964	AAA	2.35%
Commercial paper	1,867,577	1,868,505	0.18% - 0.53%	7/15 - 2/16	84	A-1/A-1+	25.06%
Money market mutual funds	242,255	242,255	0.01% - 0.39%	N/A	29	A-1+/AAA	3.25%
Negotiable certificates of deposit	2,094,700	2,094,703	0.14% - 0.42%	7/15 - 2/16	73	A-1/A-1+	28.12%
CalTRUST	35,105	35,000	0.51%	N/A	489	AA	0.47%
Total investments	\$ 7,451,742	7,447,885			360		100.00%

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

County of San Diego / Comprehensive Annual Financial Report / For the year ended June 30, 2015



Table 8

Investments with Fiscal Agents At June 30, 2015

	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
County investments with fiscal agents						
Unrestricted:						
Fixed income tax exempt bonds	\$ 16,116	0% - 7%	8/15 - 2/27	3147	AA	4.40%
Fixed income tax exempt bonds	5,810	5.00%	8/27	4429	AA-	1.59%
Fixed income tax exempt bonds	40,163	0% - 8%	9/15 - 11/36	2242	AA+	10.96%
Fixed income tax exempt bonds	3,780	5.00%	8/16 - 7/17	643	AAA	1.03%
Fixed income tax exempt bonds	2,738	5.00%	11/19	1585	AA-/NR	0.75%
Fixed income tax exempt bonds	1,353	7.50%	9/22	2620	NA	0.37%
Fixed income tax exempt bonds	40,076	5% - 6.13%	11/17 - 2/37	4294	NR	10.93%
Federal farm credit bank notes	4,986	0.69%	5/17	686	AA+	1.36%
MuniFunds	204,000	0.02%	7/15	28	AAA	55.66%
Subtotal	319,022					
Restricted:						
Federal home loan mortgage corporation notes	331	0.50%	5/16	318	AA+	0.08%
Federal national mortgage association notes	555	0.88% - 1.13%	4/17 - 12/17	792	AA+	0.15%
Corporate bonds	83	5.40%	5/18	1050	AA	0.02%
Medium-term notes	27	5.63%	9/17	808	AA+	0.01%
Money market mutual funds	46,500	0% - 0.01%	8/15	33-55	AAA	12.69%
Subtotal	47,496					
Total County investments with fiscal agents	366,518					100.00%
Private Purpose investments:						
Money market mutual funds	1,155	0.00%	8/15	38	AAA	100.00%
Total Private Purpose investments	1,155					100.00%
Total investments with fiscal agents	\$ 367,673					



Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

Table 9

Investment Pool Policy Restrictions versus California Government (Gov) Code Section 53601 Requirements

Investment Type	Maximum Maturity		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating	
	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
U.S. Treasury obligations	5 years	5 years	No limit	No limit	No limit	No limit	No limit	No limit
U.S. Agency obligations	5 years	5 years	No limit	No limit	No limit	35%	No limit	No limit
State and Local agency obligations	5 years	5 years	No limit	15%	No limit	10%	No limit	A
Bankers' acceptances	180 days	180 days	40%	40%	30%	5%	No limit	A-1
Commercial paper (1)	270 days	270 days	40%	40%	10%	5%	A	A
Negotiable certificates of deposit	5 years	5 years	30%	30%	30%	5%	No limit	A
Repurchase agreements	1 year	1 year	No limit	40%	No limit	(2)	No limit	No limit
Reverse repurchase agreements	92 days	92 days	20%	20%	No limit	10%	No limit	No limit
Corporate medium-term notes	5 years	5 years	30%	30%	30%	5%	A	A
Collateralized certificates of deposit	N/A	13 months	No limit	10%	No limit	(4)	No limit	No limit
Money market mutual funds	N/A	N/A	20%	15%	10%	10%	AAA	AAA
CalTrust (JPA Mutual Funds)	N/A	N/A	No limit	2.5%	No limit	2.5%	No limit	No limit
Pass-through mortgage securities (3)	5 years	5 years	20%	20%	No limit	5%	A/AA	A/AA
Supranationals (5)	5 years	5 years	30%	30%	10%	10%	AA	AA

(1) Government Code Section 53635 (a)(1-2) specifies percentage limitations for this security type for county investment pools.

(2) Maximum exposure per issue - The maximum exposure to a single Repurchase Agreement (RP) issue shall be 10% of the portfolio value for RPs with maturities greater than 5 days, and 15% of the portfolio for RPs maturing in 5 days or less. The maximum exposure to a single broker/dealer of RPs shall be 10% of the portfolio value for maturities greater than 5 days, and 15% of the portfolio value for maturities of 5 days or less.

(3) Rating of "A" required for issuer, if rated; and rating of "AA" required for issue.

(4) May not exceed total paid-up capital and surplus of depository.

(5) The following institutions are considered "Supranationals": International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Inter-American Development Bank (IADB).

NOTE 4 Restricted Assets

Restricted assets include monies or other resources required to be set aside to repay principal and interest under debt covenants; and to comply with other legal or contractual requirements. For fiscal year 2015 restricted assets were as follows:

Table 10

Restricted Assets

Fund	Legal or Contractual Requirements	Debt Covenants
General Fund	\$ 151	\$ 3,331
Nonmajor Governmental Funds		
Housing Authority - Other Special Revenue Fund	425	
Tobacco Securitization Joint Special Revenue Fund		45,503
San Diego Regional Building Authority Debt Service Fund		5,433
Capital Outlay- Capital Projects Fund	5,806	

NOTE 5 Receivables

Details of receivables reported in the government-wide Statement of Net Position are presented in **Table 11**. Amounts that are not expected to be collected within the next fiscal year are identified below:

Due from Other Governmental Agencies - Governmental activities - \$27.461 million.

This amount represents Senate Bill (SB) 90 cost reimbursements due the County for the provision of State mandated programs and services mostly for Handicapped & Disabled Students II/Seriously Emotionally Disturbed Students (SEDS) and Absentee Ballots. The State Constitution requires reimbursement for these costs and interest will accrue on the reimbursement claims until they are paid according to Government Code Section 17617.

Loans - Governmental activities- \$84.183 million

This amount includes: \$38.822 million in housing



rehabilitation loan programs for low-income or special needs residents, and loans for low income housing down payments; \$26.591 million in community development block grant loans; \$13.831 million owed to the Housing Authority - Low and Moderate Income Housing Asset Fund for Affordable Housing Development and Single-Family Rehabilitation Loans; \$3.417 million in low income housing developer loans; and \$1.032 million owed to the General Fund from the County of San Diego Successor Agency Private Purpose Trust Fund as a result of a loan to provide funding for project improvements for the Upper San Diego River Project. At the fund level, in the General Fund, this loan is presented as "Due From Other Funds". See Note 8 to the financial statements,

"Interfund Balances". The remaining balance represents various other loans totaling \$490 thousand.

Loans- Business-type activities- \$5.944 million

This amount includes \$2.179 million in Airport Enterprise Fund (AEF) loans to Airport lessees for the purchase of AEF reversionary interests in leasehold improvements existing at the expiration of previous leases; and \$3.765 million owed to the AEF from the County of San Diego Successor Agency Private Purpose Trust Fund as a result of a loan to fund airport projects. In the Airport Enterprise Fund, this loan is presented as "Due From Other Funds". See Note 8 to the financial statements, "Interfund Balances".

Table 11

Receivables

Primary Government and Discretely Presented Component Unit

At June 30, 2015

	Accounts	Investment Earnings	Due From Other Government Agencies	Loans	Other	Total Receivables	Allowance For Doubtful Accounts	Receivables Net
Governmental activities:								
General Fund	\$ 6,034	1,855	285,567	58,188	917	352,561		\$ 352,561
Public Safety Special Revenue Fund			45,439			45,439		45,439
Tobacco Endowment Fund		1,836				1,836		1,836
Other Governmental Funds	19,602	3,913	43,704	24,945		92,164	(3,995)	88,169
Internal Service Funds	195	204	1,267	18	18	1,702		1,702
Total governmental activities - fund level	\$ 25,831	7,808	375,977	83,151	935	493,702	(3,995)	\$ 489,707
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund				1,032		1,032		1,032
Less: Due from Component Unit					(165)	(165)		(165)
Total governmental activities - Statement of Net Position	\$ 25,831	7,808	375,977	84,183	770	494,569	(3,995)	\$ 490,574
Business-type activities:								
Enterprise Funds	\$ 737	69	870	2,179	4	3,859		\$ 3,859
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund				3,765		3,765		3,765
Total business-type activities - Statement of Net Position	\$ 737	69	870	5,944	4	7,624		\$ 7,624
Component Unit:								
First 5 Commission of San Diego	\$		5,050		118	5,168		\$ 5,168



NOTE 6

County Property on Lease to Others

The County's blended component unit - SDRBA has a direct financing lease with the San Miguel Consolidated Fire Protection District (District) for two District fire stations. Additionally, the County has a sublease of a share of the Metropolitan Transit System (MTS) Towers. The share of the County's property under the MTS Towers' sub lease is an estimated \$12.74 million in structures and improvements with accumulated depreciation of \$6.69 million at June 30, 2015. The lease revenue received by the County and the SDRBA for the year ended June 30, 2015 was approximately \$751 thousand and \$886 thousand, respectively.

The County also has noncancelable operating leases for certain properties which are not material to the County's governmental operations. Additionally, the Airport Enterprise Fund derives a substantial portion of its revenues from noncancelable operating leases with air carriers and concessionaires. The Airport Enterprise Fund's property under operating leases includes an estimated \$2.71 million in land at June 30, 2015.

Lease revenue from noncancelable operating leases for the year ended June 30, 2015 was approximately \$12.09 million. Future minimum lease payments to be received under the direct financing and noncancelable operating leases are noted in **Table 12**.

Table 12
Lease Revenue
County Property Leased To Others

Fiscal Year	Direct Financing Leases	Operating Leases
2016	\$ 1,624	\$ 11,904
2017	1,627	10,667
2018	1,632	10,235
2019	1,633	9,252
2020	1,266	8,237
2021-2025		35,498
2026-2030		32,370
2031-2035		27,727
2036-2040		19,900
2041-2045		15,444
2046-2050		11,609
2051-2055		8,708
2056-2060		4,216
2061-2065		2,919
2066-2070		450
Total	\$ 7,782	\$ 209,136

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

County of San Diego / Comprehensive Annual Financial Report / For the year ended June 30, 2015



NOTE 7

Capital Assets

Changes in Capital Assets

Increases and decreases in the County's capital assets for governmental and business-type activities during the fiscal year were as follows:

Table 13
Capital Assets - Governmental Activities

	Beginning Balance at July 1, 2014	Increases	Decreases	Ending Balance at June 30, 2015
Capital assets, not being depreciated/amortized:				
Land	\$ 398,288	5,838	(1,654)	\$ 402,472
Easements	8,085	233		8,318
Construction in progress	217,534	106,252	(196,301)	127,485
Total capital assets, not being depreciated/amortized	623,907	112,323	(197,955)	538,275
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,624,194	186,295	(14,322)	1,796,167
Equipment	276,218	31,889	(21,534)	286,573
Software	70,096	7,605	(15,864)	61,837
Road infrastructure	2,581,864	55,292	(17,725)	2,619,431
Bridge infrastructure	71,408	1,530		72,938
Total capital assets, being depreciated/amortized	4,623,780	282,611	(69,445)	4,836,946
Less accumulated depreciation/amortization for:				
Buildings and improvements	(390,348)	(38,166)	6,135	(422,379)
Equipment	(162,940)	(23,319)	19,415	(166,844)
Software	(40,181)	(12,860)	15,750	(37,291)
Road infrastructure	(1,269,412)	(69,897)	666	(1,338,643)
Bridge infrastructure	(20,090)	(1,416)		(21,506)
Total accumulated depreciation/amortization	(1,882,971)	(145,658)	41,966	(1,986,663)
Total capital assets, being depreciated/amortized, net	2,740,809	136,953	(27,479)	2,850,283
Governmental activities capital assets, net	\$ 3,364,716	249,276	(225,434)	\$ 3,388,558

Table 14
Capital Assets - Business-type Activities

	Beginning Balance at July 1, 2014	Increases	Decreases	Ending Balance at June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 11,593			\$ 11,593
Construction in progress	16,382	1,097	(9,951)	7,528
Total capital assets, not being depreciated	27,975	1,097	(9,951)	19,121
Capital assets, being depreciated:				
Buildings and improvements	119,494	6,915		126,409
Equipment	1,543	181	(39)	1,685
Road infrastructure	9,569	110		9,679
Sewer infrastructure	96,165	2,926		99,091
Total capital assets, being depreciated	226,771	10,132	(39)	236,864
Less accumulated depreciation for:				
Buildings and improvements	(39,799)	(3,663)		(43,462)
Equipment	(946)	(83)	35	(994)
Road infrastructure	(721)	(329)		(1,050)
Sewer infrastructure	(40,603)	(1,948)		(42,551)
Total accumulated depreciation	(82,069)	(6,023)	35	(88,057)
Total capital assets, being depreciated, net	144,702	4,109	(4)	148,807
Business-type activities capital assets, net	\$ 172,677	5,206	(9,955)	\$ 167,928

Depreciation/Amortization

Depreciation/amortization expense was charged to governmental activities and business-type activities as shown below.

Table 15

Depreciation/Amortization Expense - Governmental Activities

General government	\$	13,862
Public protection		28,359
Public ways and facilities		70,653
Health and sanitation		6,944
Public assistance		3,172
Education		1,822
Recreation and cultural		6,791
Internal Service Funds		14,055
Total	\$	145,658

Table 16

Depreciation Expense - Business-type Activities

Airport Fund	\$	3,798
Jail Store Commissary Fund		5
Sanitation District Fund		2,220
Total	\$	6,023

Capital and Other Commitments

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used in the governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year or years. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned are included within committed or assigned fund balance, as appropriate. At June 30, 2015, the County General Fund's outstanding encumbrances totaled \$316.060 million; the Public Safety Fund's outstanding encumbrances

totaled \$3.075 million; and, Nonmajor governmental funds' outstanding encumbrances totaled \$42.177 million.

At June 30, 2015, major contracts entered into for structures and improvements and other commitments within governmental and business-type activities are noted in **Table 17**.

Table 17

Capital Commitments At June 30, 2015

Remaining
Commitments

Governmental Activities

General Fund:	
Construction of Crime Lab	\$ 30,081
Construction of Women's Detention Facility	24,257
Development of Integrated Property Tax System	17,237
Construction of Imperial Beach Library	7,427
Construction of Alpine Library	6,367
Development of Knowledge Integration Program	6,116
Construction of parking garage at Cedar and Kettner	4,685
Regional Communications System	1,481
Subtotal	97,651
Nonmajor Governmental Funds:	
Construction of San Vicente Road	14,673
Flood Control improvements at Woodside Ave.	14,149
Construction of Bear Valley Parkway Road	9,641
Improvement to County Roads	2,900
Subtotal	41,363
Internal Service Funds:	
Vehicle acquisitions	5,037
Subtotal	5,037
Governmental Activities Subtotal	144,051
Business-type Activities	
Enterprise Funds:	
Improvements at various airports	2,325
Sanitation District sewer improvements	428
Business-Type Activities Subtotal	2,753
Total	\$ 146,804

**NOTE 8****Interfund Balances**

Interfund balances at fiscal year-end consisted of the following amounts:

Table 18

Interfund Balances
At June 30, 2015

		DUE FROM							
		General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Private Purpose Trust Fund	Total
DUE TO	General Fund		16,235	8,848	12,210	436	3,985	1,032	\$ 42,746
	Nonmajor Governmental	\$ 12,587			5,470	70	24		18,151
	Nonmajor Enterprise	27					1	3,765	3,793
	Internal Service	24,529			1,265	86	1,204		27,084
	Total	\$ 37,143	16,235	8,848	18,945	592	5,214	4,797	\$ 91,774

Descriptions of amounts not due to be repaid in the subsequent year are discussed below:

- a) \$1.032 million is due to the General Fund from the County of San Diego Successor Agency Private Purpose Trust Fund (Upper San Diego River Project) as a result of a loan to provide funding for Project improvements.
- b) \$3.765 million is due from the County of San Diego Successor Agency Private Purpose Trust Fund to the Airport Enterprise Fund as a result of a loan to fund airport projects.

For further discussion of the loans to the County of San Diego Successor Agency Private Purpose Trust Fund, refer to Note 31 to the financial statements, "County of San Diego Successor Agency Private Purpose Trust Fund for Assets of Former San Diego County Redevelopment Agency". Note that on the Statement of Net Position, the "Due from other funds" for the General Fund's \$1.032 million Upper San Diego River Project loan and the "Due from other funds" for the \$3.765 million Airport Enterprise Fund's airport projects loan, are included in the governmental activities' and business-type activities' "Receivables, net", respectively. See Note 5 to the financial statements, "Receivables."

All remaining balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and, 3) payments between funds are made.



NOTE 9 Interfund Transfers

Interfund transfers at fiscal year-end consisted of the following amounts:

Table 19								
Transfers In/Transfers Out At June 30, 2015								
TRANSFERS IN	TRANSFERS OUT							
	General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total	
	General Fund	253,287	13,500	14,490	710	405	\$	282,392
	Nonmajor Governmental	\$ 144,415		3,677	2,342	1,715		152,149
	Nonmajor Enterprise	309		50				359
	Internal Service	8,929		1,000				9,929
	Total	\$ 153,653	253,287	13,500	19,217	3,052	2,120	\$ 444,829

In general, transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and, (3) use unrestricted revenues collected in the General Fund to finance programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 Payables

The County's payables at fiscal year-end are shown below for the General Fund, other governmental funds, internal service funds, enterprise funds, and the discrete component unit:

		Table 20			
Payables At June 30, 2015					
	Vendors	Due to Other Government Agencies	Other	Total Payables	
Governmental Activities:					
General Fund	\$ 80,567	16,392	3,747	\$100,706	
Other Governmental Funds	24,406	1,451	255	26,112	
Internal Service Funds	35,172	765	2	35,939	
Total governmental activities	\$140,145	18,608	4,004	\$162,757	
Business-type activities:					
Enterprise Funds	\$ 2,926	6		\$ 2,932	
Component Unit:					
First 5 Commission of San Diego	\$ 3,209	11,142	726	\$ 15,077	

NOTE 11 Deferred Inflows of Resources: Unavailable Revenue

		Table 21		
Deferred Inflows of Resources - Non-pension At June 30, 2015				
Unavailable Revenue	General Fund	Other Governmental Funds	Total	
Unavailable revenue- property and miscellaneous local taxes	\$ 41,394	549	\$ 41,943	
Unavailable revenue- aid from other governmental agencies	31,304	27,854	59,158	
Unavailable revenue- charges for services	3,470	4,532	8,002	
Unavailable revenue- other	507	31,160	31,667	
Total	\$ 76,675	64,095	\$ 140,770	

A large portion of the Unavailable revenue - aid from other governmental agencies consists primarily of \$27.9 million of TransNet one-half cent sales tax revenue to be used for projects in the Road Fund, \$1.6 million of Air Quality State Moyer Program monies to be used for projects in the Air Pollution Fund, and \$27.5 million of California Senate Bill 90 (SB 90)



revenues. In 1972, SB90 established a requirement that the State reimburse local government agencies for the costs of new programs or increased levels of service on programs mandated by the State. The remaining \$3.9 million represents various other unavailable aid from other governmental agencies revenues.

Of the \$31.4 million of Unavailable revenue - other, approximately \$13.4 million are Tobacco Settlement Revenues, \$16.7 million are low and moderate income housing assistance receivables, approximately \$700 thousand is for interest receivable and \$600 thousand represents various other unavailable revenues.

NOTE 12
Lease Obligations

Operating Leases

Real Property

The County has obligations under long-term operating lease agreements through fiscal year 2025 (**Table 22**). The County is the lessee under the terms of several non-cancelable operating leases for real property used to house certain County operations. The total rental expense for all real property leases for the year ended June 30, 2015 was approximately \$31.22 million, including \$22.82 million for non-cancelable leases.

The future minimum lease payments for these non-cancelable leases are as follows:

Table 22 Lease Commitments - Real Property		
Fiscal Year		
2016	\$	21,207
2017		18,819
2018		15,051
2019		12,744
2020		8,025
2021-2025		13,841
Total	\$	89,687

Personal Property

The County has also entered into operating leases for personal property, a large portion of which represents duplicating and heavy duty construction equipment. Many of these leases are subject to annual adjustment based upon negotiations. Management expects that in the normal course of business, leases that expire will

be renewed or replaced by other leases. Total rental expense for these operating leases for the year ended June 30, 2015, was approximately \$4.2 million.

Capital Lease

Minimum Lease Payments

Equipment has been leased from the Bowe Bell and Howell Company. The present value of the minimum lease obligation has been capitalized in the Facilities Management internal service fund statement of net position; and is reflected as a liability in those statements. The County assumes responsibility for all maintenance and repair of the equipment under the terms of the lease agreement. Future minimum lease payments under the capital lease are shown in **Table 23**.

Table 23 Capital Lease - Future Minimum Lease Payments		
Fiscal Year		Amount
2016		\$ 40
2017		40
2018		10
Total minimum lease payments		90
Less: Amount representing interest		(6)
Net lease payments		\$ 84

Book Value

The book value of the equipment capital lease is as follows:

Table 24 Capital Lease - Book Value At June 30, 2015			
Capital Lease Property	Original Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 310	235	\$ 75

The accumulated amortization of this equipment capital lease was \$235 thousand as of June 30, 2015. The current year's portion is included in the Internal Service Funds' depreciation/amortization of \$14.055 million in **Table 15**.



NOTE 13

Long-Term Debt

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

Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) provide funds for the acquisition and construction of major capital facilities and equipment. The repayment of these COPs and LRBs is secured by a lease structure where the borrowing entity, such as the County or the San Miguel Consolidated Fire Protection District (SMCFPD) (not a component unit of the County), leases certain properties to another entity, a lessor, which in turn leases the properties back to the County or the SMCFPD. These lessors are the San Diego County Capital Asset Leasing Corporation (SANCAL), and the San Diego Regional Building Authority (SDRBA); both blended component units of the County. (See discussion of Blended Component Units under Note 1 "Summary of Significant Accounting Policies".)

COPs and LRBs are secured by: a) (lease) base rental payments, for the use of certain facilities or equipment and b) encumbrances on the facilities. The leased premises are typically facilities or equipment purchased with proceeds of the COPs or LRBs. In the case of the County, the base rental payments are made primarily from the County General Fund to the SANCAL or SDRBA; in the case of the SDRBA's financing for the SMCFPD, base rental payments are made from SMCFPD to the SDRBA. Under lease terms, the County and the SMCFPD are required to make the necessary annual appropriations for lease payments, except to the extent those payments are eligible to be abated in accordance with the terms of the leases.

COPs and LRBs evidence a pro rata share in a specific pledged revenue stream of lease payments, and investors in the certificates or bonds are entitled to receive a share in these lease payments from a particular project. Lease payments are passed through the lessor to the investors. The lessor assigns the lease and lease payments to a trustee, which distributes the lease payments to the investors.

In September 2014 \$91.675 million of fixed rate certificates of participation titled, "County of San Diego Certificates of Participation (Edgemoor and RCS Refunding) Series 2014A" (the 2014A Certificates), and

\$2.075 million of fixed rate certificates of participation titled, "County of San Diego Certificates of Participation (Edgemoor and RCS Refunding) Series 2014B (Taxable)" (the 2014B Certificates) were executed and delivered pursuant to a Trust Agreement by and among a Trustee bank, the County, and SANCAL. The 2014A Certificates were issued at fixed interest rates ranging from 2.00% to 5.00% with maturity dates ranging from October 15, 2015 to October 15, 2029. The 2014B Certificates were issued at fixed interest rates ranging from 0.415% to 1.920% with maturity dates ranging from October 15, 2015 to October 15, 2018.

The 2014A Certificates were issued with a premium of \$15.070 million. Certificate proceeds of \$106.745 million along with \$6.820 million of funds held by the 2005 and 2006 Edgemoor and RCS Refunding Trustee (Trustee) were distributed as follows: 1) \$105.898 million (consisting of \$101.708 million of new 2014A Certificate proceeds plus \$4.190 million of funds held by the Trustee) was transferred to an escrow agent to advance refund the entire \$102.025 million of outstanding County of San Diego Certificates of Participation (2005 Edgemoor Project and 1996 Regional Communications System Refunding) (the Series 2005 Certificates) and County of San Diego Certificates of Participation (2006 Edgemoor Completion Project) (the Series 2006 Certificates and, together with the 2005 Certificates, the Prior Certificates); 2) \$2.630 million to pay interest on the 2014A Certificates due on April 15, 2015; 3) \$4.460 million to fund a 2014A Certificate reserve fund; 4) approximately \$577 thousand was set aside to pay costs of issuance.

The 2014B Certificate proceeds of \$2.075 million along with \$4.372 million of funds held by the Trustee were distributed as follows: 1) \$6.334 million (consisting of \$2.063 million of new 2014B Certificate proceeds plus \$4.271 million of funds held by the Trustee) was transferred to an escrow agent to advance refund the entire \$6.180 million of outstanding 2005 Certificates attributable to the regional communication system refunding; 2) \$14 thousand to pay interest on the 2014B Certificates due on April 15, 2015; 3) \$87 thousand to fund a 2014B Certificate reserve fund; 4) approximately \$12 thousand was set aside to pay costs



of issuance.

The \$105.898 million and \$6.334 million transfers referred to above were placed in an irrevocable trust with an escrow agent to provide for the payment of the remaining principal and interest due on the Prior Certificates. As a result, the Prior Certificates are considered legally defeased and the liability for those certificates has been removed from the government-wide statement of net position governmental activities' liabilities due within one year and due in more than one year. This advance refunding will result in reducing the County's principal and interest payments by \$15.771 million over the next 15 years to obtain an economic gain of \$12.701 million (i.e. difference between the present value of the debt service payments on the refunded debt and the refunding debt).

Interest evidenced by the 2014A Certificates and the 2014B Certificates is exempt from state personal income taxes. Interest evidenced by the 2014A Certificates is excluded from gross income for federal income tax purposes; interest evidenced by the 2014B Certificates is not excluded from gross income for federal tax purposes.

Details of the COPs and LRBs outstanding at June 30, 2015 are as follows:

Table 25
Certificates of Participation (COP)
and Lease Revenue Bonds (LRB)

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2015
2003 San Miguel Consolidated Fire Protection District Refunding LRB	\$ 10,005	2.00 - 5.00%	2020	\$ 3,895
2005 North & East Justice Facilities Refunding COP	28,210	3.25 - 5.00%	2020	12,045
2009 Series A COC and Annex Project LRB	136,885	3.00 - 5.50%	2036	123,780
2009 Justice Facilities Refunding of 1997 Central Jail COP	48,300	2.00 - 5.00%	2026	34,875
2009 Justice Facilities Refunding of 1998 Courthouse COP	32,640	2.00 - 5.00%	2023	17,285
2011 Metropolitan Transit System Towers Refunding COP	19,260	1.00 - 5.00%	2020	10,890
2011 CAC Waterfront Park Project COP	32,665	3.00 - 5.00%	2042	30,890
2012 Cedar-Kettner Development Project COP	29,335	2.00 - 5.00%	2042	28,155
2014 Edgemoor and RCS Refunding COP Series 2014A (Edgemoor)	91,675	2.00 - 5.00%	2030	91,675
2014 Edgemoor and RCS Refunding COP Series 2014B (RCS) Taxable	2,075	0.415 - 1.92%	2019	2,075
Total	\$ 431,050			\$ 355,565

Annual debt service requirements to maturity for COPs and Lease Revenue Bonds are as follows:

Table 26 Certificates of Participation and Lease Revenue Bonds - Debt Service Requirements to Maturity			
Fiscal Year	Principal	Interest	Total
2016	\$ 19,805	16,314	\$ 36,119
2017	20,670	15,440	36,110
2018	21,580	14,534	36,114
2019	21,670	13,569	35,239
2020	20,690	12,696	33,386
2021-2025	85,785	51,349	137,134
2026-2030	81,535	31,031	112,566
2031-2035	52,325	14,706	67,031
2036-2040	24,470	3,690	28,160
2041-2042	7,035	347	7,382
Subtotal	\$ 355,565	173,676	\$ 529,241
Add:			
Unamortized issuance premium	21,548		
Less:			
Unamortized discount	(158)		
Total	\$ 376,955		

Taxable Pension Obligation Bonds (POBs)

Taxable Pension Obligation Bonds (POBs) 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 (SDCERA) pension plan. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis.

Details of POBs outstanding at June 30, 2015 are as follows:

Table 27 Taxable Pension Obligation Bonds				
Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2015
2002 Series A	\$ 132,215	3.88 - 4.95%	2016	\$ 17,230
2004 Series A	241,360	3.28 - 5.86%	2023	200,595
2004 Series B1-2	147,825	5.91%	2025	147,825
2004 Series C CABs	64,928	4.66 - 5.76%	2016	21,070
2004 Series C Unaccreted Interest CABs				(147)
2008 Series A	343,515	3.33 - 6.03%	2027	305,765
Total	\$ 929,843			\$ 692,338



Annual debt service requirements to maturity for POBs are shown below in **Table 28**.

Table 28 Taxable Pension Obligation Bonds - Debt Service Requirements to Maturity				
Fiscal Year	Principal	Unaccrued Appreciation	Interest	Total
2016	\$ 42,625	147	38,380	\$ 81,152
2017	44,340		36,065	80,405
2018	46,995		33,413	80,408
2019	49,760		30,585	80,345
2020	52,725		27,524	80,249
2021-2025	315,670		84,312	399,982
2026-2027	140,370		4,986	145,356
Subtotal	\$ 692,485	147	255,265	\$ 947,897
Add:				
Accrued appreciation through June 30, 2015	35,094			
Less:				
Accrued appreciation paid through fiscal year 2015	(25,372)			
Less:				
Accrued appreciation to be paid in fiscal year 2016 (already included in the 2016 principal shown above)	(9,722)			
Less:				
Unaccrued appreciation to be paid in fiscal year 2016	(147)			
Total	\$ 692,338			

As shown in **Table 28**, the unpaid Taxable Pension Obligation Bonds' accreted appreciation as of June 30, 2015 was \$9,722 (accreted appreciation through June 30 of \$35,094 less \$25,372 accretion paid through fiscal year 2015). The total amount of \$9,869 (unpaid accreted appreciation as of June 30, 2015 of \$9,722 and the unpaid 2016 unaccrued appreciation of \$147) will be paid in fiscal year 2016.

Tobacco Settlement Asset-Backed Bonds (TSAB)

TSAB are issued by the Tobacco Securitization Joint Powers Authority of Southern California (Authority) to securitize future revenue streams available to the County pursuant to the agreements described below.

A 1998 Master Settlement Agreement (MSA) was originally entered into by four cigarette manufacturers, 46 states and six other U.S. jurisdictions (Settling States) to provide state governments, including California, with compensation for smoking related medical costs and to help reduce smoking in the United States. There is no limit to the yearly settlement payments; they are perpetual. Also, a Memorandum of Understanding (MOU) and a supplemental agreement (ARIMOU) was agreed to by the State of California and all California counties and four California cities, granting those California municipalities the right to receive tobacco settlement allocation payments, (also known as Tobacco Settlement Revenues (TSRs)).

In fiscal year 2002, the Authority issued \$446.86 million 2001 Tobacco Settlement Asset-Backed Bonds (2001 Bonds), to fund the Authority's loan to the San Diego County Tobacco Asset Securitization Corporation (Corporation), pursuant to a loan agreement between the Authority and the Corporation. (Both entities are blended component units of the County.) According to the loan agreement, the Corporation has pledged, assigned and granted to the Authority, a first priority perfected security interest in all rights, title and interest of the Corporation, to the TSRs the Corporation purchased from the County. The Corporation used the net proceeds of the loan, \$411.913 million, to pay the County, in exchange for the County's transfer to the Corporation of all the County's rights, title and interest in the TSRs. Net proceeds have been placed in an endowment fund to fund healthcare-based programs pursuant to Board Policy E-14 and IRS regulations, and do not secure the repayment of the TSAB.

In May 2006, the Authority issued Series 2006 TSAB (2006 Bonds) in the amount of \$583.631 million to refund the outstanding principal of the original 2001 Bonds noted above and to loan an additional \$123.515 million to the Corporation. The proceeds were placed into the endowment fund for the aforementioned purposes. The 2006 Bonds are limited obligations of the Authority.

Through fiscal year 2013, the County used a debt service to maturity on the bonds incorporating an assumption of the ability to continue making turbo debt service payments. Based on that assumption, the 2006 Bonds were anticipated to reach final maturity in



fiscal year 2036 based on receipts of future TSRs as projected in the May 2006 Global Insight Base Case analysis (Base Case) performed in conjunction with the issuance of the 2006 Bonds.

Under the terms of the bond indenture (Indenture), TSRs are pledged to the repayment of the TSAB. Accordingly, the bonds are payable solely from certain funds held under the Indenture, including TSRs and earnings on such funds (collections).

The minimum payments for the 2006 Bonds are based on the Indenture and the Series 2006 Supplement, both dated as of May 1, 2006. However, actual payments on the 2006 Bonds depend on the amount of TSRs received by the County. The amount of these TSRs is affected by cigarette consumption and the financial capability of the participating manufacturers. There are a number of risks associated with the amount of actual TSRs the County receives each year, including litigation affecting the participating manufacturers and possible bankruptcy as a result thereof, increased growth of non-participating manufacturer's market share, disputed payments set-aside by the participating manufacturers into an escrow account, a decline in cigarette consumption materially beyond forecasted levels, reduction in investment earnings due to unforeseen market conditions, and other future adjustments to the calculation of the TSRs.

No assurance can be given that actual cigarette consumption in the United States during the term of the 2006 Bonds will be as assumed in the Base Case, or that the other assumptions underlying these Base Case assumptions, including that certain adjustments and offsets will not apply to payments due under the MSA, will be consistent with future events. If actual events deviate from one or more of the assumptions underlying the Base Case, the amount of TSRs available to make payments, including Turbo Redemption Payments will be affected. No assurance can be given that these structuring assumptions, upon which the projections of the 2006 Bond payments and Turbo Redemptions are based, will be realized.

Based on the information above and the ongoing under realization of TSRs, beginning in fiscal year 2014, the County decided to present the debt service to maturity for the 2006 Bonds assuming no further turbo

payments are made besides those that have actually been made.

Details of 2006 Bonds outstanding at June 30, 2015 are as follows:

Table 29
Tobacco Settlement Asset-Backed Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2015
Series 2006A Senior		4.75 -	2025-	
Current Interest Bonds	\$ 534,610	5.125%	2046	\$ 465,850
Series 2006B CABs	19,770	6.25%	2046	231,820
2006B unaccreted appreciation CABs				(197,237)
Series 2006C CABs	8,686	6.40%	2046	107,950
2006C unaccreted appreciation CABs				(92,555)
Series 2006D CABs	20,565	7.10%	2046	335,105
2006D unaccreted appreciation CABs				(296,339)
Total	\$ 583,631			\$ 554,594



Annual debt service requirements to maturity for 2006 Bonds are as follows:

Table 30 Tobacco Settlement Asset-Backed Bonds - Debt Service Requirements to Maturity				
Fiscal Year	Principal	Unaccrued Appreciation	Interest	Total
2016	\$ -	5,998	23,480	\$ 29,478
2017		6,402	23,480	29,882
2018		6,842	23,480	30,322
2019		7,302	23,480	30,782
2020		7,800	23,480	31,280
2021-2025	43,100	47,695	114,063	204,858
2026-2030	64,410	66,269	100,777	231,456
2031-2035	82,705	92,113	82,860	257,678
2036-2040	106,340	128,073	59,761	294,174
2041-2045	137,345	178,154	29,438	344,937
2046	80,971	39,483	1,501	121,955
Subtotal	\$ 514,871	586,131	505,800	\$ 1,606,802
Add:				
Accrued appreciation through June 30, 2015	39,723			
Subtotal	554,594			
Less:				
Unamortized issuance discount	(11,711)			
Total	\$ 542,883			

As shown in **Table 30**, the unpaid accreted appreciation of the 2006 Bonds as of June 30, 2015 was \$39,723, which will be paid in 2046.

Pledged revenue related to the 2006 Bonds for the year ended June 30, 2015 was as follows:

Table 31 Tobacco Settlement Asset-Backed Bonds - Pledged Revenues				
Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2015	
			Debt Principal & Interest Paid	Pledged Revenue Received
Series 2006 Tobacco Settlement Asset-Backed Bonds	2046	\$ 1,646,525	\$ 38,941	\$ 26,792

Loans - Governmental Activities

Loans for various governmental activities included a United States Department of Agriculture Farmers Home Administration loan for the construction of low income housing (Firebird Manor), a California Energy Commission (Comm) loan to fund various projects in County facilities to increase energy efficiency and San Diego Gas & Electric (SDG&E) On Bill Financing (OBF) program loans used to fund energy efficiency and demand response projects.

In September 2012, the County Board of Supervisors authorized the acquisition of sites needed to support the County's Regional Communications System (RCS). In October 2014, the County entered into a real property contract with the Whiting Family Trust titled Sheriff RCS-Ocotillo Wells. The contract states terms for the purchase of one acre of property located in the Borrego Springs area; the current site of a Sheriff RCS. The purchase price for the property is \$68 thousand to be paid in 12 equal annual installments of approximately \$8 thousand including interest thereon at a rate of 6.78% per annum. The first installment was made on May 1, 2015.

In March 2014, the County entered into an Energy Conservation Assistance Act loan agreement with the California Energy Commission to borrow \$1.56 million for energy saving measures consisting of 2,200 LED streetlight fixtures. Loan proceeds are disbursed on a reimbursement basis based on invoices submitted by the County for project expenditures. In fiscal year 2015 the County received \$732 thousand in proceeds. The project is scheduled to be completed in December, 2015. Semi-annual interest and principal payments will be made beginning on December 22, 2016 in 19 equal installments at a fixed interest rate of 1.00%.

In November 2011, the County Board of Supervisors authorized the use of San Diego Gas & Electric (SDG&E) On Bill Financing (OBF) program to fund energy efficiency and demand response projects. This program finances installations, modifications and upgrades at County-owned facilities such as lighting retrofits and controls and mechanical system upgrades with the goal of reducing utility costs. The financing is a zero percent interest loan which is repaid from energy savings generated by each San Diego Gas and Electric meter. The County received its first OBF loan in

2013. In fiscal year 2015 the County received \$843 thousand in OBF loans. As of June 30, 2015, sixteen OBF loans were outstanding, with remaining balances totaling \$1.33 million.

Details of loans outstanding at June 30, 2015 for governmental activities are as follows:

Table 32 Loans - Governmental Activities				
Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2015
Loans - non internal service funds (ISF)				
Firebird Manor	\$ 4,486	1.00%	2028	\$ 1,973
California Energy Comm Loan (Street Light & Maint Dist)	732	1.00%	2026	732
Sheriff RCS Land Purchase	68	6.78%	2026	60
Total loans - non-ISF	5,286			2,765
Loans - ISF				
California Energy Comm Loan 3 (Facilities ISF)	2,565	4.50%	2018	1,093
San Diego Gas and Electric On Bill Financing (Facilities ISF)	2,114	0.00%	2022	1,330
Total loans - ISF	4,679			2,423
Total	\$ 9,965			\$ 5,188

Annual debt service requirements to maturity for loans - governmental activities are as follows:

Table 33 Loans - Governmental Activities Debt Service Requirements to Maturity			
Fiscal Year	Principal	Interest	Total
2016	\$ 869	65	\$ 934
2017	916	54	970
2018	805	36	841
2019	361	21	382
2020	357	19	376
2021 - 2025	1,373	59	1,432
2026 - 2028	507	9	516
Total	\$ 5,188	263	\$ 5,451

Loans - Business-type Activities

Loans for business-type activities included California Department of Transportation loans for the construction of a sewer line and the installation of a control tower at the Ramona Airport.

Details of loans outstanding at June 30, 2015 for business-type activities are as follows:

Table 34 Loans - Business-type Activities				
Loan	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2015
2001 Airport Development Loan - Ramona Sewer Line	\$ 2,388	5.63%	2017	\$ 317
2001 Airport Development Loan - Ramona Control Tower	1,196	5.63%	2017	158
Total	\$ 3,584			\$ 475

Annual debt service requirements to maturity for loans - business-type activities are as follows:

Table 35 Loans - Business-type Activities Debt Service Requirements to Maturity			
Fiscal Year	Principal	Interest	Total
2016	\$ 304	27	\$ 331
2017	171	10	181
Total	\$ 475	37	\$ 512

Arbitrage

In compliance with the Tax Reform Act of 1986 and subsequent U.S. Treasury Regulations, the County performed arbitrage rebate calculations via a third party to determine probable amounts due to the Federal government. At June 30, 2015, the probable arbitrage rebate was zero.

Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

County of San Diego / Comprehensive Annual Financial Report / For the year ended June 30, 2015



NOTE 14 Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2015 were as follows:

Table 36						
Changes in Long-Term Liabilities						
	Beginning Balance at July 1, 2014	Additions	Reductions	Accreted Interest	Ending Balance at June 30, 2015	Amounts Due Within One Year
Governmental Activities:						
COPs, bonds & loans						
Certificates of participation and lease revenue bonds	\$ 384,410	93,750	(122,595)		355,565	\$ 19,805
Taxable pension obligation bonds	732,330		(41,194)	1,202	692,338	42,625
Tobacco settlement asset-backed bonds	563,737		(14,760)	5,617	554,594	
Loans - non-internal service funds	2,117	800	(152)		2,765	148
Loans - internal service funds (ISF)	3,007	843	(1,427)		2,423	721
Unamortized issuance premiums	11,927	15,070	(5,449)		21,548	1,846
Unamortized issuance discounts	(12,459)		590		(11,869)	(590)
Total COPs, bonds & loans	\$ 1,685,069	110,463	(184,987)	6,819	1,617,364	\$ 64,555
Other long-term liabilities:						
Capital Leases - ISF	\$ 119		(35)		84	\$ 36
Claims and judgments - ISF	184,663	53,398	(33,278)		204,783	43,562
Compensated absences - non-ISF	96,092	69,515	(68,425)		97,182	41,298
Compensated absences - ISF	2,206	1,713	(1,614)		2,305	940
Landfill postclosure	18,992		(652)		18,340	815
Pollution remediation	3,778	270	(2,485)		1,563	45
Total Other long-term liabilities	305,850	124,896	(106,489)		324,257	86,696
Total Governmental Activities	\$ 1,990,919	235,359	(291,476)	6,819	1,941,621	\$ 151,251
Business-type activities:						
Loans	\$ 766		(291)		475	\$ 304
Compensated absences	438	353	(352)		439	179
Total Business-type Activities	\$ 1,204	353	(643)		914	\$ 483



NOTE 15

Funds Used to Liquidate Liabilities

The following funds presented in **Table 37** below have typically been used to liquidate other long-term obligations in prior years:

Table 37

Liquidated Liabilities

Liability	Fund(s) Used to Liquidate in Prior Years
Claims & Judgments	Internal Service Funds - Employee Benefits Fund and Public Liability Insurance Fund
Compensated Absences	General Fund; Special Revenue Funds - Road, Air Pollution, County Library, Inactive Wastesites and Other Special Revenue Funds; Internal Service Funds - Facilities Management, Fleet Services and Purchasing; and, Enterprise Funds - Airport and Sanitation
Landfill Postclosure	Special Revenue Funds - Inactive Wastesites
Pollution Remediation	General Fund, Special Revenue Funds - Inactive Wastesites, Road Fund

NOTE 16

Conduit Debt Obligations

From time to time, the County has issued tax-exempt conduit debt under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California on behalf of qualified borrowers to provide financial assistance for projects deemed to be of public interest.

Conduit debt consisted of the following: a) seven certificates of participation (COPs) for the acquisition, construction, capital improvement and equipping of various facilities and b) one mortgage revenue bond for the construction and permanent financing of a multi-family residential rental project located in the County to be partially occupied by persons of low or moderate incomes. Conduit debt is secured by the property that is financed and is payable from the respective COPs' base rentals and underlying payments on mortgage loans. Upon repayment of the debt, ownership of the acquired facilities transfers to the private-sector entity served by the debt issuance.

The County is not obligated in any manner for repayment of this debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

As of June 30, 2015, the aggregate conduit debt principal amount outstanding was \$124.972 million.

NOTE 17

Landfill Site Postclosure Care Costs

State laws and regulations require the placement of final covers on all landfill sites that stopped accepting solid waste after October 9, 1991 and the performance of certain maintenance and monitoring functions at these sites for a minimum of 30 years after closure. Closure and postclosure care costs are paid near or after the date a landfill stops accepting waste. The San Marcos Landfill is the sole waste disposal site owned by the County that is subject to these regulations. It was operational and accepted solid waste from 1979 until March 11, 1997. Formal closure of this landfill spanned from July 2004 through March 2007. Post closure maintenance began in April 2007.

The projected landfill postclosure care liability at June 30, 2015 for the San Marcos Landfill was \$18.340 million. This estimated amount is based on what it would cost to perform all postclosure care in calendar year 2015 dollars and is subject to change as a result of such factors including but not limited to: inflation; deflation; advancements in technology; and amendments to laws and regulations.

In addition to the above, state regulations require that landfill closure and postclosure maintenance costs be fully funded at the time of closure, unless a landfill owner/operator can demonstrate financial responsibility towards these activities by using other approved financial assurance alternatives. A pledge of revenue is one of various alternatives allowed to fund estimated postclosure costs. Under this alternative, the Board of Supervisors, on February 3, 1998, approved Minute Order No. 5 "Postclosure Maintenance Funding for the San Marcos Landfill", wherein the County entered into a pledge of revenue agreement with the California Integrated Waste Management Board (CIWMB). Pursuant to Resolution No. 98-24, adopted under Minute Order No. 5, the Board directed that the amount of pledged revenue shall be equal to \$790 thousand per year for the 30 year period of postclosure maintenance commencing upon completion of the final closure of the San Marcos Landfill. The pledged amount is a promise of existing



funds rather than future revenues and may increase or decrease to match any adjustment to identified cost estimates that are mutually agreed to by the County and the CIWMB.

Regulations governing solid waste management are promulgated by government agencies on the federal and state levels. These regulations address the design, construction, operation, maintenance, closure and postclosure maintenance of various types of facilities; acceptable and prohibited waste types; and inspection, permitting, environmental monitoring and solid waste recycling requirements. Regulations at both the state and federal levels could impose retroactive liability, particularly with respect to cleanup activities relating to any landfill site ever operated by the County, whether or not owned by the County. Thus, the County has potential liability with respect to every landfill ever owned, operated, contracted to be operated, or into which the County disposed waste. Compliance with these regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs could increase.

NOTE 18 **Pollution Remediation**

Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, establishes accounting and reporting guidelines for the recognition and measurement of pollution remediation obligations (liabilities).

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., California Regional Water Quality Control Board) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing, and/or cleanup activities, and recognizes pollution remediation obligations when estimates can reasonably be determined.

The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, removal of storage tanks and other hazardous materials.

As of June 30, 2015, the County's estimated pollution remediation obligations totaled \$1.563 million. These obligations were all associated with the County's government-wide governmental activities. The estimated liabilities were determined by project managers and/or consultants, based on historical cost information for projects of the same type, size and complexity and measured at their current value or current quotes from outside service providers. In subsequent periods, the County will adjust estimated obligations when new information indicates that such changes are required, including technology and changes in applicable laws or regulations. The County owns a 70-acre parcel that currently consists of vacant, mowed land, a temporary asphalt parking lot, and a small plant preserve. Organochlorine pesticide chlordane, metals, hydrocarbons, and toluene were detected at various concentrations in the soil samples collected. Engineering design of redevelopment and infrastructure of the site is in progress, and therefore, the range of the pollution remediation obligation is not reasonably estimable. Upon finalization of the construction plans, a soil and sediment management plan will be implemented to manage above ground debris; and the following: hydrocarbon and toluene impacted sediment; metals within stained soil; and, abandonment or protection of the onsite irrigation and groundwater monitoring wells. At this time, the County has determined there are no estimated recoveries reducing the obligations.

NOTE 19 **Fund Balance Policy - General Fund**

In 2013 the Board of Supervisors adopted the updated Policy B-71 "Fund Balance and Reserves" to establish guidelines regarding the maintenance of General Fund fund balance levels that will help to protect the fiscal health and stability of the County. This policy includes:



Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

111

County of San Diego / Comprehensive Annual Financial Report / For the year ended June 30, 2015

Fund Balance Committed To Unforeseen Catastrophic Events: The amount of fund balance committed to unforeseen catastrophic events shall be targeted at the equivalent of 5% of the total amount of budgeted general purpose revenue. The establishment of this fund balance commitment is governed by Government Code Section 29085-29086, which allows the amount to be increased or decreased at the time the budget is adopted, but once the budget is adopted, it may only be used for legally declared emergencies as defined in Government Code Section 29127. The Board may waive the requirement to maintain the fund balance at the targeted level specified if it finds that it is in the best interest of the residents of the County to so do. This commitment is reported on the General Fund's Balance Sheet.

General Fund Minimum Fund Balance: In order to be prepared for broader levels of economic uncertainty, the minimum level of Unassigned fund balance in the General Fund shall be targeted at the equivalent of 10% of the total amount of budgeted general purpose revenue. The Board may waive the requirement to maintain the fund balance at the targeted level specified if it finds that it is in the best interest of the

residents of the County to so do. To the extent that fund balance is available in excess of that amount, the Chief Administrative Officer (CAO) may recommend the appropriation or commitment of the available balance for one time purposes. The recommendations may appear in the CAO Recommended Operational Plan or as an agenda item for a regularly scheduled meeting of the Board. In fiscal year 2010 the County Board of Supervisors took action to set aside \$100 million of the General Fund's fund balance for future economic uncertainty. This amount is included in the Unassigned fund balance classification on the General Fund's Balance Sheet.

Other Commitments and Assignments of Fund Balance: From time to time fund balance may be committed by the Board and/or assigned by the Chief Administrative Officer for specific purposes.

Restoration of Fund Balances: In the event that the fund balance Committed to Unforeseen Catastrophic Events or the General Fund Minimum Unassigned fund balance falls below targeted levels, the CAO will present a plan to the Board of Supervisors for restoration of those targeted levels.



NOTE 20
Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose

At June 30, 2015, the fund balances restricted for laws or regulations of other governments: fund purpose are presented in **Table 38** as follows:

Table 38			
Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose			
At June 30, 2015			
Fund Type:	Purpose		Amount
Nonmajor Funds			
Special Revenue Funds			
Air Pollution Fund	Air pollution activities	\$	20,397
Asset Forfeiture Program Fund	Law enforcement		9,489
County Library Fund	Library services		12,130
County Service District Funds	Road, park lighting maintenance, fire protection and ambulance services		21,997
Edgemoor Development Fund	Edgemoor development		4,880
In Home Supportive Services Public Authority Fund	In home supportive services		84
Inmate Welfare Fund	Benefit, education, and welfare of jail inmates		14,759
Lighting Maintenance District Fund	Street and road lighting maintenance		662
	Retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas		654
Other Special Revenue Funds			
Park Land Dedication Fund	Developing new or rehabilitating existing neighborhood or community park or recreational facilities		13,706
Total Nonmajor Funds (Special Revenue Funds)		\$	98,758

NOTE 21

Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes

At June 30, 2015, the fund balances restricted for laws or regulations of other governments: other purposes are presented in **Table 39** as follows:

Table 39
Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes
At June 30, 2015

Major Fund	
General Fund	
Vector control	\$ 14,064
Teeter tax loss	8,287
Fingerprinting equipment purchase and operation	8,142
Sheriff automated warrant system	5,005
Emergency medical services, various construction costs	4,507
Real estate fraud prosecution	4,215
Public Defender defense of indigent cases	3,904
Parks and Recreation land acquisition, improvements, stewardship and other activities	3,176
Parole revocation hearings	2,917
Domestic violence and child abuse prevention	2,772
Sheriff law enforcement	2,287
Mental health	2,277
Sheriff vehicle maintenance and replacement	1,949
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region	1,210
Probation community transition unit activities	1,057
Probation Department activities	852
Equipment replacement/system enhancement Caller ID Remote Access Network	695
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities	557
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles	551
Improvement, maintenance and operation of the Waterfront Park	303
Fire safety projects	255
Social services child safety education	96
Total General Fund	\$ 69,078
Nonmajor Funds	
Special Revenue Funds	
Flood Control District Fund	
Flood control future drainage improvements	\$ 19,742
Housing Authority - Other Fund	
Disaster related administration	44
Housing repairs and improvements	36
Total Nonmajor Special Revenue Funds	\$ 19,822
Total Nonmajor Funds	\$ 19,822
Total Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes	\$ 88,900



NOTE 22
Fund Balances Committed to Other Purposes

At June 30, 2015, the fund balances committed to other purposes are presented in **Table 40** as follows:

Table 40
Fund Balances Committed To Other Purposes
At June 30, 2015

Major Fund		
General Fund		
Regional communication system infrastructure enhancements	\$	16,810
Replacement and upgrade of Public Safety Communication System		16,300
Health based programs reducing adult/youth smoking		8,192
Sheriff's Department future capital expenditures		4,399
Department of Environmental Health services		2,644
San Diego Fire Authority equipment replacement		2,233
Future replacement of Health and Human Services Agency public health clinic		1,575
Parks and Recreation land acquisition		1,121
Department of Planning and Development Services activities		1,053
Registrar of Voters services		1,000
Sheriff's Department helicopter replacement		667
Management of conduit financing programs		554
Registrar of Voters equipment acquisition		445
Assessor/Recorder/County Clerk services		111
South County Shelter capital improvements		50
Capital projects or major maintenance projects		30
Parks and Recreation turf replacement Sweetwater Valley		14
Capital Improvement		12
Senior Volunteer Patrols Program in the unincorporated communities		9
Clerk of the Board services		5
Total General Fund	\$	57,224

NOTE 23
Fund Balances Assigned to Other Purposes

At June 30, 2015, the fund balances assigned to other purposes are presented in **Table 41** as follows:

Table 41
Fund Balances Assigned to Other Purposes
At June 30, 2015

Major Fund		
General Fund		
Operations, maintenance and debt service for Cedar Kettner and Waterfront Park	\$	17,122
Health, mental health and social services		14,769
Law enforcement, detention, legal and other protection services		14,081
Planning, land use, agriculture, watershed and other public services		6,642
Park and recreation services		4,111
Fire protection		2,919
Assessor/Recorder/County Clerk services		1,336
Treasurer-Tax Collector services		810
Maintenance		752
Animal Services		728
Registrar of Voters services		44
Total General Fund	\$	63,314

**NOTE 24****Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes**

At June 30, 2015, the net position restricted for laws or regulations of other governments: other purposes is presented in **Table 42** as follows:

Table 42
Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes
At June 30, 2015

Benefit, education, and welfare of jail inmates	14,759
Developing new or rehabilitating existing neighborhood or community park or recreational facilities	13,706
Library services	12,130
Law enforcement	9,489
Fingerprinting equipment purchase and operation	8,142
Sheriff automated warrant system	5,005
Edgemoor development	4,880
Emergency medical services, various construction costs	4,507
Real estate fraud prosecution	4,215
Public Defender defense of indigent cases	3,904
Parks and Recreation land acquisition, improvements, stewardship and other activities	3,176
Parole revocation hearings	2,917
Domestic violence and child abuse prevention	2,772
Sheriff law enforcement	2,287
Sheriff vehicle maintenance and replacement	1,949
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region	1,210
Probation community transition unit activities	1,057
Probation Department activities	852
Equipment replacement/system enhancement Caller ID Remote Access Network	695
Street and road lighting maintenance	662
Retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas	654
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities	557
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles	551
Improvement, maintenance and operation of the Waterfront Park	303
Fire safety projects and equipment	255
Social services child safety education	96
In home supportive services	84
Disaster related administration	44
Housing repairs and improvements	36
Total Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes	\$ 100,894



NOTE 25
Risk Management

The County operates a Risk Management Program, whereby it is self-insured for general liability (California Government Code Section 990), malpractice (California Government Code Section 990.9), automobile liability (California Vehicle Code Section 16020(b)(4)) and primary workers' compensation (California Code of Regulations, Title 8, Section 15203.4). The County purchases insurance coverage for all risk property losses, cyber liability, excess workers' compensation, government crime insurance, including employee dishonesty and faithful performance, aviation commercial general liability, and aircraft hull and liability insurance. Settlements in the areas covered have not exceeded insurance coverage for each of the past three fiscal years.

The County's Employee Benefits and Public Liability Insurance Internal Service Funds (ISF) are used to report all of its uninsured risk management activities. Risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Actuarial evaluations were obtained which determine estimates of known and projected public liability and workers compensation claim liabilities. These evaluations include estimates for claims incurred but not reported; allocated and unallocated loss adjustment expenses; and amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

At June 30, 2015, these liabilities discounted for anticipated investment return (public liability of 1% and workers' compensation of 2.5%), totaled \$204.8 million, including \$37.9 million in public liability and \$166.9 million in workers' compensation. Changes in the balances of claim liabilities for fiscal years 2015 and 2014 are shown in **Table 43**.

Table 43
Risk Management - Changes in Claim Liabilities

	2015	2014
Employee Benefits Fund		
Unpaid claims, July 1	\$ 153,811	\$ 132,504
Incurred claims	36,487	45,207
Claim payments	(23,422)	(23,900)
Unpaid claims, June 30	\$ 166,876	\$ 153,811
Public Liability Insurance Fund		
Unpaid claims, July 1	\$ 30,852	\$ 24,048
Incurred claims	16,911	11,247
Claim payments	(9,856)	(4,443)
Unpaid claims, June 30	\$ 37,907	\$ 30,852

NOTE 26
Contingencies

Litigation

As of June 30, 2015, the County has no potential liability that could result if unfavorable final decisions are rendered in numerous lawsuits to which the County is a named defendant.

Housing Authority - Low and Moderate Income Housing Asset Fund

Pursuant to Health and Safety Code (HSC) 34176 (b), the City of Santee elected to transfer the housing functions of the Successor Agency to the Community Development Commission of the City of Santee (Santee Successor Agency), to the County of San Diego Housing Authority (Housing Authority). Documents identifying the assets elected to be transferred were received by the Housing Authority on March 21, 2014. On May 21, 2014, the Board of Commissioners of the Housing Authority authorized acceptance of the Santee Successor Agency assets contingent on: 1. Santee Successor Agency providing the case files for each of the listed assets; and 2. Santee Successor Agency remitting the housing administrative allowance as required by law. To date, Santee Successor Agency has complied with item number 1 and has been remitting the housing administrative allowance due to date. However, full acceptance will not occur until the full amount as required by law is satisfied.



Unrecorded Leave Benefits

County employees have unrecorded accumulated benefits of approximately \$190.10 million in sick leave, holiday and compensatory time. With the exception of sick leave for eligible employees, these benefits are not payable to employees upon termination and are normally liquidated at year end or as employees elect to use their benefits per Civil Service rules and regulations. Accumulated vacation, sick leave, and compensatory time-off for which employees are eligible for payment upon separation have been recorded as liabilities in the appropriate proprietary funds and the statement of net position.

Federal and State Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 27

Joint Ventures

The San Diego Geographic Information Source (SanGIS) was created in July 1997 as a joint powers agreement between the City of San Diego and the County of San Diego. SanGIS objectives are to create and maintain a geographic information system; marketing and licensing compiled digital geographic data and software; providing technical services; and publishing geographic and land related information for the City and the County, other public agencies, and the private sector. It is governed by a Board of Directors consisting of one voting member from the City of San Diego and one from the County of San Diego. SanGIS relies mostly on an annual budget of \$1.2 million shared equally by the City and the County to supplement its operating revenues. In its latest report, SanGIS reported a decrease in net position of \$87.8 thousand and ending net position of \$245 thousand for the fiscal year ended June 30, 2014. The financial report may be obtained by writing to SanGIS at 5510 Overland Ave., Suite 230, San Diego CA 92123

or by calling (858) 874-7000 or by E-mail at webmaster@sangis.org.

The County is a participant with eighteen incorporated cities to operate the Unified San Diego County Emergency Services Organization for the purpose of providing regional planning and mutual assistance in the event of an emergency in the region including accidents involving hazardous waste. The organization is governed by the Unified Disaster Council (UDC) with the San Diego County Board of Supervisors, who serves as Chair of the Council, and a representative from each of the 18 incorporated cities. The County of San Diego Office of Emergency Services (OES) serves as staff to the UDC. OES is a liaison between the incorporated cities, the California Governor's Office of Emergency Services, the Federal Emergency Management Agency, as well as non-governmental agencies such as the American Red Cross. A contractual agreement requires that the cities and the County provide the total required funding each year; one half from the cities and the other half from the County. In its latest report, the organization reported a decrease in net position of \$187 thousand and ending net position of \$211 thousand for the fiscal year ended June 30, 2014. Separate financial statements may be obtained from the Office of Emergency Services, 5580 Overland Ave., Suite 100, San Diego CA 92123 or by calling (858) 565-3490 or by E-mail at oes@sdcounty.ca.gov.

The City of San Diego and the County of San Diego jointly formed a Consortium under the Workforce Investment Act of 1998 to provide regional employment and training services. The Consortium is governed by a five member board consisting of two members designated from the County Board of Supervisors, two members designated from the San Diego City Council and one member from the Board of Directors of United Way, a charitable organization. The board assigned the San Diego Workforce Partnership, Inc. as grant recipient and the administrative entity to operate the San Diego Consortium. For the year ended June 30, 2014, the Partnership reported a decrease in net position of \$81 thousand and ending net position of \$382 thousand. Complete financial reports may be obtained by writing to the San Diego Workforce Partnership, 3910 University Ave., Suite 400, San Diego



CA 92105 or by calling (619) 228-2900 or by E-mail at contact@workforce.org

In November 2011, the County of San Diego, which oversees the San Diego County Regional Fire Authority, agreed to be a participant in the Heartland Fire Training Authority, to be effective July 1, 2012. The Authority includes ten other member agencies and was formed for the purposes of jointly equipping, maintaining, operating, and staffing to provide training of fire-fighting and emergency response personnel to member agencies. It is governed by a Joint Powers Authority Commission comprised of one elected official from each member jurisdiction, along with a Board of Fire Chiefs which includes each respective Fire Chief. The annual budget is derived from fees paid by participating agencies. Funds are also generated from the contract agencies, the rental of the facility to other public safety agencies, and from the delivery of College Fire Science classes. In its latest report, Heartland Fire Training Authority reported an increase in net position of \$255 thousand and ending net position of \$530 thousand for the fiscal year ended June 30, 2014. The financial report may be obtained by writing to Heartland Fire Training Authority at 1301 North Marshall Ave., El Cajon CA 92020 or by calling (619) 441-1693.

NOTE 28

Pension and Retiree Health Plans

Pension Plan

Plan Description

The County contributes to the San Diego County Employees Retirement Association pension plan (SDCERA-PP or the Plan), a cost-sharing, multiple-employer, defined benefit pension plan that is administered by the Board of Retirement of the San Diego County Employees Retirement Association (SDCERA), a public employee retirement system established by the County of San Diego (County) on July 1, 1939. SDCERA is an independent governmental entity separate and distinct from the County of San Diego. The SDCERA-PP provides retirement, disability, death and survivor benefits for its employees under the County Employees Retirement Law of 1937 From (Government Code Section 31450 et.seq.), the "Retirement Act".

The management of SDCERA is vested with the Board of Retirement. The Board consists of nine members and two alternates made up of member-elected representatives, Board of Supervisors-appointed representatives and the County Treasurer-Tax Collector who is elected by the general public and a member of the Board of Retirement by law. All members of the Board of Retirement serve terms of three years except for the County Treasurer-Tax Collector whose term runs concurrent with his term as County Treasurer.

Plan Membership

The participating employers in the SDCERA-PP consist of the County of San Diego; Superior Court of California - County of San Diego; San Dieguito River Valley Joint Powers Authority; Local Agency Formation Commission; and, the San Diego County Office of Education.

All employees of the County of San Diego and the other aforementioned participating employers working in a permanent position at least 20 hours each week are members of the SDCERA. Membership begins with the first biweekly payroll period in the month following employment. Members are vested after accruing five years of service credit.

At June 30, 2014 SDCERA-PP membership totaled 38,930, consisting of the following: Retired members or beneficiaries currently receiving benefits - 16,373, Vested terminated members entitled to, but not yet receiving benefits - 5,091; and Active members - 17,466.

There are separate retirement plans (types of membership) - General and Safety, under the SDCERA-PP. Safety membership is extended to those involved in active law enforcement or who otherwise qualify for Safety membership including court service officers and probation officers. All other employees are classified as General members.

The SDCERA-PP has four Tiers. Any new employee who becomes a member on or after January 1, 2013 is placed into Tier C and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code Section 7522 et seq. and Assembly Bill (AB) 197. Tier C is the current open plan for all new General and Safety employees; Tiers I, A, and B are generally closed to



new entrants but have active members. On March 8, 2002, an additional Tier, Tier II, was eliminated for General and Safety members. Tier A was established for active General members and all non-retired Safety members. All active General members were converted to Tier A unless they elected to opt out during the one-time opt-out period that ended March 7, 2002. When Tier II was eliminated, all deferred General, Tier II members and active members who elected to opt out of Tier A were converted to Tier I. Both Tier I and Tier II are closed to new entrants.

Benefits Provided

The tiers and their basic provisions are listed in the following table:

Table 44
SDCERA - PP Tiers and Basic Provisions

Tier Name	Governing Code	Membership Effective Date	Basic Provisions	Final Average salary Period
General Tier 1	\$31676.12	Before March 8, 2002 (1)	2.62% at 62; maximum 3% COLA	Highest 1 - year
General Tier A	\$31676.17	March 8, 2002 to August 27, 2009	3.0% at 60; maximum 3% COLA	Highest 1 - year
General Tier B	\$31676.12	August 28, 2009 to December 31, 2012	2.62% at 62; maximum 2% COLA	Highest 3 - year
General Tier C	\$7522.20(a)	January 1, 2013	2.5% at 67; maximum 3% COLA	Highest 3 - year
Safety Tier A	\$31664.1	Before August 28, 2009	3.0% at 50; maximum 2% COLA	Highest 1 - year
Safety Tier B	\$31664.2	August 28, 2009 to December 31, 2012	3.0% at 55; maximum 2% COLA	Highest 3 - year
Safety Tier C	\$7522.25(d)	January 1, 2013	2.7% at 57; maximum 2% COLA	Highest 3 - year

(1) All general members with membership dates before March 8, 2002 who made a specific and irrevocable election to opt out of General Tier A. This also included those General Members in deferred status on March 8, 2002

General members enrolled in Tier 1, A or B are eligible to retire once they attain the age of 70 regardless of service or at age 50 (55 for Tier B) and have acquired 10 or more years of retirement service credit. A General member in Tier 1, A or B with 30 years of

service is eligible to retire regardless of age. General members enrolled in General Tier C are eligible to retire once they have attained the age of 55, and have acquired five years of retirement service credit.

Safety members enrolled in Tier A or B are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A Safety member in Tier A or B with 20 years of service is eligible to retire regardless of age. Safety members enrolled in Safety Tier C are eligible to retire once they have attained the age of 50, and have acquired five years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

For members enrolled in Tier 1, A or B, the maximum monthly retirement allowance is 100% of final compensation. The California Public Employees' Pension Reform Act (PEPRA), limits the amounts of compensation that can be used to calculate the retirement benefit for Tier C to 100% of the 2013 Social Security taxable wage base limit for General Members and 120% for Safety Members. These amounts will be adjusted with price inflation starting in 2014.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouse or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.



The County Employees Retirement Law of 1937 (Government Code Section 31450 et seq.) assigns the County Board of Supervisors the authority to establish and amend benefit provisions.

In addition to the aforementioned retirement, disability, death and survivor benefits, SDCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment (COLA), based upon the Consumer Price Index for the San Diego County Area (with 1982-84 as the base period), are capped at 3.0% for Tier 1 and Tier A; and capped at 2.0% for Tier B and Tier C. The County Employees Retirement Law of 1937 (Government Code Section 31450 et seq.) assigns the SDCERA Board of Retirement authority to approve retiree members and beneficiaries cost-of-living increases.

Contributions

SDCERA-PP is a contributory plan, meaning both the member and the employer pay contributions into the system; membership and contributions are mandatory. All members are required to make contributions to SDCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2015 for 2014-2015 (based on the June 30, 2013 valuation) was 11.69% of compensation, (not adjusted for employer pick-up of employee contributions).

The County of San Diego and the other participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from SDCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2015 for 2014-2015 (based on the June 30, 2013 valuation) was 35.79% (not adjusted for pick-up) of compensation.

The Retirement Act requires that County and member contributions be actuarially determined to provide a specific level of benefit. California Government Code Section 31454 (Section 31454) requires the Board of Supervisors to adjust the rates of the San Diego County employer and employee retirement contributions in accordance with the recommendations of the Board of Retirement of SDCERA (SDCERA Board). Section 31454 allows the

Board of Supervisors to set (amend) the rate to a higher rate than that recommended by the SDCERA Board, but cannot fix the rate lower than the recommended rate. Contribution rates are expressed as a percentage of covered payroll and member rates vary according to age at entry, benefit tier level and certain negotiated contracts that provide for the County to pay a portion of members' contributions.

Contributions to the Plan from the County were \$356,732 for the year ended June 30, 2015.

Employer and employee contribution rates and active members for the General and Safety plans are as follows:

Table 45 Employer/Employee Contribution Rates and Active Members by Tier			
	Employer Contribution Rates	Employee Contribution Rates	Active members
General Tier 1	30.85%	7.23 - 14.12%	29
General Tier A	30.85%	8.77 - 15.72%	10,330
General Tier B	30.85%	6.24 - 12.60%	1,766
General Tier C	25.14%	7.74%	1,770
Safety Tier A	45.92%	12.42 - 18.35%	2,710
Safety Tier B	45.92%	9.80 - 14.75%	489
Safety Tier C	37.73%	13.22%	372

SDCERA issues a publicly available financial report that includes financial statements and required supplementary information for the SDCERA-PP. The financial report may be obtained by writing to San Diego County Employees Retirement Association, 2275 Rio Bonito Way, Suite 200, San Diego, California 92108-1685 or by calling (619) 515-6800.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported a liability of \$1,958,456 for its proportionate share of the collective Net Pension Liability (NPL). The NPL was measured as of June 30, 2014 and was determined by rolling forward the Total Pension Liability (TPL) as of the June 30, 2013 actuarial valuation date. The NPL is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal



Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

County of San Diego / Comprehensive Annual Financial Report / For the year ended June 30, 2015

to the market value of Plan assets (excluding the Health Insurance Allowance Reserve).

Pension amounts, including the County's proportionate share of the NPL, are determined separately for the General and Safety membership classes based on their benefit provisions, actuarial experience, receipts and expenses. The total pension liability for each membership class was calculated based on the participants in and benefits provided for the respective membership class, and the SDCERA-PP fiduciary net position was determined in proportion to the valuation value of assets for each membership class. San Diego County is the sole active employer in the Safety membership class that made contributions in fiscal year 2014; therefore 100% of the NPL for the Safety membership class is allocated to San Diego County.

For the County's General membership class, actual or statutorily required contributions for the fiscal year ended June 30, 2014 were used as the basis for determining the proportion of pension amounts, including the NPL. The ratio of the County's General member contributions to the total SDCERA-PP General member contributions for all participating employers is multiplied by the SDCERA-PP total General member NPL to determine the County's proportionate share of the General membership class NPL. The County's total proportionate share is the combination of the County's Safety and General member class proportions.

At June 30, 2014, the County's proportionate share of employer contributions was approximately 92.292%, (General 89.734%, Safety 100%), which was an increase of approximately 0.747% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$218,415.

At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Table 46
Pension Deferred Outflows/Inflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportionate share of contributions	\$ 17,302	
Contributions to the pension plan subsequent to the measurement date	356,732	
Differences between expected and actual experience in the total pension liability		\$ 138,978
Net difference between projected and actual earnings on pension plan investments		387,113
	\$ 374,034	\$ 526,091

Deferred outflows of resources and deferred inflows of resources noted above represent the unamortized portion of changes to net position liability to be recognized in future periods in a systematic and rational manner.

Projected earnings on pension investments are recognized as a component of pension expense. The net difference between projected and actual earnings on pension plan investments is reported as a deferred outflow of resources or deferred inflow of resources and amortized as a component of pension expense on a closed basis over a five-year period, beginning with the period in which they are incurred.

Changes in proportionate share of contributions, and differences between expected and actual experience in the total pension liability, are amortized over the average of the expected remaining service lives (4.8 years) of all employees that are provided with pensions through the SDCERA-PP and are recorded as a component of pension expense, beginning with the period in which they are incurred.

\$356,732 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.



Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Table 47		
Pension Expense		
Year Ending June 30	Amount	
2016	\$	(128,798)
2017		(128,798)
2018		(128,798)
2019		(122,395)
Total	\$	(508,789)

Actuarial Assumptions

Total Pension Liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of employee service. The significant actuarial assumptions used to measure the total pension liability as of June 30, 2014 (the measurement date) are shown in the following table:

Table 48		
Actuarial Assumptions		
Inflation		3.25%
Salary increases	General: 4.75% to 10.00% and Safety: 5.00% to 12.00% vary by service, including inflation	
Discount rate	7.75%, net of pension plan investment expense, including inflation	
Cost-of-living adjustment	Maximum of 3% for TIER 1, II and A Maximum of 2% for TIER B and C	
Date of last experience study	July 1, 2009 through June 30, 2012	

Mortality rates are based on the RP-2000 mortality table projected with Scale AA to 2016 with a two-year age setback for males and a one-year age setback for females. For Safety, the same mortality table is used with a one-year setback for males and no age setback for females. For members with a disability retirement, there is a six-year age set forward on post-retirement mortality for General members and a three-year age setback for Safety members.

The allocation of investment assets within the SDCERA portfolio is approved by the Board of Retirement. Plan assets are managed on a total return basis with a long-term objective of achieving the assumed rate of return.

The long-term expected rate of return on pension plan investments (7.75 percent) was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions are summarized in the following table:

Table 49		
Target Allocation and Projected Arithmetic Real Rates of Return for each Asset Class		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity (U.S. and Non - U.S. Developed)	20%	6.37%
Emerging Market Equity	5%	8.42%
High Yield Bonds	5%	3.30%
TIPS	5%	0.48%
Emerging Market Debt	10%	4.36%
U.S. Treasuries	40%	0.59%
Real Estate	10%	4.87%
Natural Resources and Other Real Assets	10%	6.49%
Hedge Funds - Macro	10%	6.89%
Hedge Funds - Relative Value	10%	3.20%
Private Equity	10%	10.83%
Total (1)	135%	

(1) The total portfolio asset allocation is greater than 100% to reflect the portfolio's leveraged asset allocation.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75% as of June 30, 2014. The projection of cash flows used to determine the discount rate assumed SDCERA-PP member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current SDCERA-PP members and their beneficiaries are included.



Projected employer contributions that are intended to fund the service costs for future SDCERA-PP members and their beneficiaries, as well as projected contributions from future SDCERA-PP members, are not included. Based on those assumptions, the SDCERA-PP's fiduciary net position was projected to be available to make all projected future benefit payments for current SDCERA-PP members. Therefore, the long-term expected rate of return on SDCERA-PP investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2014.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to the Changes in the Discount Rate

The following table presents the County's proportionate share of the Net Pension Liability as of June 30, 2014, calculated using the discount rate of 7.75%, as well as what the County's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension plan liability	\$ 3,440,640	1,958,456	\$ 716,064

SDCERA-PP Fiduciary Net Position

Detailed information about the SDCERA-PP fiduciary net position is available in the aforementioned SDCERA publicly available financial report.

Retiree Health Plan

Plan Description

Effective July 1, 2007, the County commenced contributing to the SDCERA retiree health plan, (SDCERA-RHP) a cost-sharing multiple-employer defined benefit health plan administered by SDCERA. The Retirement Act assigns the authority to establish and amend health allowance benefits to the SDCERA

Board of Retirement. The retiree health plan provides a non-taxable health insurance allowance to Tier I and Tier II retirees. Health insurance allowances range from \$200 per month for members with at least 10 years SDCERA credit, to \$400 per month for members with 20 or more years of SDCERA service credit. (See note below regarding SDCERA Financial Report information.)

Funding Policy

The SDCERA-RHP was established and is administered as an Internal Revenue Code Section 401(h) account within the defined benefit pension plan under the authority granted by the Retirement Act to the SDCERA Board of Retirement. The SDCERA-RHP is funded by employer contributions that are based on an actuarially determined 20 year level dollar amortization schedule. The health insurance allowance is not a vested benefit and may be reduced or discontinued at any time by the SDCERA Board of Retirement. Additionally, the total amount of employer contributions are limited by the provisions of 401(h).

CoSD's employer contributions to SDCERA-RHP for the three years ended June 30, 2015, were the following:

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contributions Made	Percentage of ARC Contributed
2015	\$ 19,444	\$ 20,083	103.3%
2014	18,548	18,581	100.2%
2013	17,236	17,272	100.2%

SDCERA Financial Report

SDCERA issues a publicly available financial report that includes financial statements and required supplementary information for the SDCERA-RHP. The financial report may be obtained by writing to San Diego County Employees Retirement Association, 2275 Rio Bonito Way, Suite 200, San Diego, California 92108-1685 or by calling (619) 515-6800.



NOTE 29
Fund Deficit

Table 52	
Fund Deficit At June 30, 2015	
Internal Service Fund:	
Employee Benefits Fund	\$ (42,573)
Public Liability Insurance Fund	(1,331)
Facilities Management Fund	(20,201)
Purchasing Fund	(1,961)

The Employee Benefits Fund deficit of \$42.6 million resulted primarily from the accrual of the estimated liability and costs associated with the reported and unreported workers' compensation claims as prepared by an actuary for the reporting period ending June 30, 2015. The liability increased to \$166.9 million from the prior year's estimate of \$153.8 million. The County intends to reduce the deficit through increased premium rate charges to County departments by \$5 million per year in excess of projected operating expenses beginning in fiscal year 2015-2016 for a 10 year period.

The Public Liability Insurance Fund deficit of \$1.3 million resulted mainly from the accrual of the estimated liability based on an actuarial determination that overall losses had developed significantly higher than expected. The liability increased to \$37.9 million from the prior year's estimate of \$30.9 million. The County intends to reduce the deficit through increased rate charges to County Departments in fiscal year

2015-16, primarily based on the 5 year history of actual expenditures by department.

The Facilities Management Fund and Purchasing Fund deficits of approximately \$20 million and \$2 million, respectively, resulted from adjustments to beginning fund balance, attributed to reporting the County's proportionate share of the SDCERA-PP net pension liability. For further details, please see Note 30 Restatements.

NOTE 30
Restatements

Change in Accounting Principle - In fiscal year 2015, the County implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement Number 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB 68*. As a result, the County was required to report its proportionate share of the collective SDCERA-PP net pension liability; and, prior period adjustments were made to decrease the affected Enterprise Funds, Internal Service Funds, and the governmental activities and business-type activities beginning net positions for the prior period costs associated with reporting the net pension liability. The effects of these restatements are shown in **Table 53**.



Notes to the Financial Statements

(Amounts expressed in thousands unless otherwise noted)

125

County of San Diego / Comprehensive Annual Financial Report / For the year ended June 30, 2015

Table 53

Restatement of Beginning Fund Balances/Net Positions

			Fund Financial Statements		Primary Government		
			Airport Fund	Sanitation District Fund	Total Enterprise Funds	Total Business-type Activities	
Restatement - Enterprise Funds							
Total net position at June 30, 2014			\$ 119,338	128,718	\$ 250,150	\$ 250,458	
Adjustment for Net Pension Liability			(4,835)	(5,060)	(9,895)	(9,895)	
Total net position, restated June 30, 2014			\$ 114,503	123,658	\$ 240,255	\$ 240,563	
			Facilities Management Fund	Fleet Services Fund	Purchasing Fund	Total Internal Service Funds	Total Governmental Activities
Restatement - Internal Service Funds (ISF)							
Total net position at June 30, 2014			\$ 11,857	59,645	5,227	\$ 83,663	\$ 4,341,191
Adjustment for Net Pension Liability			(35,262)	(6,723)	(7,443)	(49,428)	(49,428)
Total net position, restated June 30, 2014			\$ (23,405)	52,922	(2,216)	\$ 34,235	
Add: Adjustment for Net Pension Liability - Non ISF							(2,189,507)
Total net position, restated June 30, 2014						\$ 2,102,256	
			Total Primary Government				
Restatement - Total Primary Government							
Total net position at June 30, 2014			\$ 4,591,649				
Adjustment for Net Pension Liability			(2,248,830)				
Total net position, restated June 30, 2014			\$ 2,342,819				

NOTE 31 County of San Diego Successor Agency Private Purpose Trust Fund for Assets of Former San Diego County Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill x1 26 ("the Bill") that provided for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the County that previously had reported the San Diego County Redevelopment Agency (SDCRA) as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the County or another unit of local government would agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, via Minute Order

14, the County Board of Supervisors designated the County as the successor agency to the SDCRA; in accordance with the Bill.

Subject to the control of an established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will continue to only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on



December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of dissolution, as allowed in the Bill, the County elected to retain the housing assets and functions previously performed by the former SDCRA. These assets and activities are accounted for in the County Low and Moderate Income Housing Asset Fund and are reported in the County's governmental fund financial statements. The remaining assets, liabilities, and activities of the dissolved SDCRA are reported in the County of San Diego Successor Agency Private Purpose Trust Fund (fiduciary fund) financial statements of the County.

Due To Other Funds

The County of San Diego Successor Agency Private Purpose Trust Fund's "Due To Other Funds" consists of the \$1.032 million Upper San Diego River Project and \$3.765 million Airport Projects loans made from the County's General Fund and Airport Enterprise Fund, respectively, to the former San Diego County Redevelopment Agency (SDCRA). Upon dissolution of the SDCRA on February 1, 2012, these loans were transferred to the County of San Diego Successor Agency Private Purpose Trust Fund. As of June 30, 2015, interest accrues on the average quarterly outstanding balance, at a rate equal to the average County earned investment rate as determined by the County Treasurer. Under California Assembly Bills ABx1 26 and AB 1484, it is expected that the County Successor Agency will pay principal and interest on the loans outstanding when funds are available for this purpose. The timing and total amount of any repayment is subject to applicable law.

NOTE 32

San Diego County Redevelopment Agency (SDCRA) Revenue Refunding Bonds

In December 2005, the San Diego County Redevelopment Agency (SDCRA) issued \$16 million Revenue Refunding Bonds Series 2005A that mature in fiscal year 2033. The SDCRA has pledged property tax increment revenues generated within the Gillespie Field Project Area to pay for the bonds. Gillespie Field Airport revenues may also be used to fund debt

service payments if there are insufficient property tax increment revenues to cover a particular fiscal year's debt service requirement. Bonds are also payable from funds held under the indenture, including earnings on such funds. Pursuant to California Assembly Bill ABx1 26, the responsibility for the payment of this debt was transferred to the County of San Diego Successor Agency Private Purpose Trust Fund.

SDCRA revenue refunding bonds outstanding at June 30, 2015 were the following:

Table 54 SDCRA Revenue Refunding Bonds				
Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2015
Revenue Refunding Bonds Series 2005A	\$ 16,000	3.65 - 5.75%	2033	\$ 12,665
Total	\$ 16,000			\$ 12,665

Annual debt service requirements to maturity for SDCRA bonds are as follows:

Table 55 SDCRA Revenue Refunding Bonds - Debt Service Requirements to Maturity			
Fiscal Year	Principal	Interest	Total
2016	\$ 455	686	\$ 1,141
2017	475	662	1,137
2018	500	637	1,137
2019	525	611	1,136
2020	555	583	1,138
2021 - 2025	3,230	2,427	5,657
2026 - 2030	4,230	1,390	5,620
2031 - 2033	2,695	212	2,907
Total	\$ 12,665	7,208	\$ 19,873
Less:			
Unamortized issuance discount	(29)		
Total	\$ 12,636		



SDCRA pledged revenue for the year ended June 30, 2015 was as follows:

Table 56 SDCRA Revenue Refunding Bonds - Pledged Revenues					
Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2015		
			Debt Principal & Interest Paid	Pledged Revenue Received	
Revenue Refunding Bonds Series 2005A	2033	\$ 19,873	\$ 1,139	\$ 1,139	

Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2015 were as follows:

Table 57 SDCRA Changes in Long-Term Liabilities					
	Beginning Balance at July 1, 2014	Additions	Reductions	Ending Balance at June 30, 2015	Amounts Due Within One Year
Revenue Refunding Bonds Series 2005A	\$ 13,095		(430)	12,665	\$ 455
Unamortized issuance discounts	(31)		2	(29)	(2)
Total	\$ 13,064		(428)	12,636	\$ 453

NOTE 33

New Governmental Accounting Standards

Implementation Status

In June 2012, GASB issued **Statement No. 68: Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27**. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate

to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement; determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.

Pension plan assets are dedicated to providing pensions to plan members in accordance with the



benefit terms.

Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans - pension plans in which pensions are provided to the employees of only one employer.

Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans - pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans - pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

The County has implemented this Statement for the current fiscal year.

In January 2013, the GASB issued **Statement No. 69, Government Combinations and Disposals of Government Operations**. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting



guidance for disposals of government operations that have been transferred or sold.

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

The County did not have any combinations or disposals, consequently this Statement is not currently applicable.

In November 2013, the GASB issued **Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68**. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

The County has implemented this Statement for the current fiscal year.

Under Analysis

The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In February 2015, the GASB issued **Statement No. 72, Fair Value Measurement and Application**. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value should not be adjusted for transaction costs.

This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs-other than



quoted prices-included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

This Statement requires additional analysis of fair value if the volume or level of activity for an asset or liability has significantly decreased. It also requires identification of transactions that are not orderly. Quoted prices provided by third parties are permitted, as long as a government determines that those quoted prices are developed in accordance with the provisions of this Statement.

This Statement generally requires investments to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

In June 2015, the GASB issued **Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68**. The objective of this Statement is to improve the usefulness

of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements 67 and 68 with regard to the following issues: 1. Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported; 2. Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and, 3. Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68



are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

In June 2015, the GASB issued **Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans**. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria: 1. Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable; 2. OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms;

and, 3. OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, this Statement requires two financial statements - a statement of fiduciary net position and a statement of changes in fiduciary net position.

In addition to the requirements of this Statement, those plans also are required to follow all accounting and financial reporting requirements of other standards, as applicable.

This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability generally is required to be determined through an actuarial valuation. However, if an OPEB plan has fewer than 100 plan members (active and inactive), use of a specified alternative measurement method in place of an actuarial valuation is permitted. Actuarial valuations, or calculations using the specified alternative measurement method, of the total OPEB liability are required to be performed at least every two years, with more frequent valuations or calculations encouraged. If a valuation or calculation is not performed as of the OPEB plan's fiscal year-end, the total OPEB liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation or alternative measurement method calculation (performed as of a date no more than 24 months prior to the OPEB plan's fiscal year-end). Unless otherwise specified by this Statement, all assumptions underlying the determination of the total OPEB liability are required to be made in conformity with the guidance in Actuarial Standards of Practice issued by the Actuarial Standards Board.

This Statement requires that projections of benefit payments incorporate the effects of projected salary changes (if the OPEB formula incorporates



compensation levels) and service credits (if the OPEB formula incorporates periods of service), as well as projected automatic postemployment benefit changes (including automatic cost-of-living adjustments [COLAs]). The effects of ad hoc postemployment benefit changes (including ad hoc COLAs), if they are considered to be substantively automatic, also are required to be included in the projections. This Statement also requires that projections of benefit payments include certain taxes or other assessments expected to be imposed on benefit payments.

This Statement requires that the actuarial present value of projected benefit payments be attributed to periods of plan member service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each plan member individually, from the period when the plan member first provides service under the benefit terms through the period in which the member is assumed to exit service.

This Statement requires that, for accounting and financial reporting purposes, assets accumulated for purposes of providing OPEB through OPEB plans that are not administered through trusts that meet the specified criteria not be accounted for as OPEB plan assets. Instead, any assets accumulated for OPEB purposes are required to be reported as assets of the employer or nonemployer contributing entity.

If an OPEB plan is not administered through a trust that meets the specified criteria, a government that holds assets accumulated for OPEB purposes in a fiduciary capacity is required to report those assets in an agency fund. The amount of assets accumulated in excess of liabilities for benefits due to plan members and accrued investment and administrative expenses is required to be reported as a liability to participating employers or nonemployer contributing entities. If the agency fund is included in the financial report of an employer whose employees are provided with benefits through the OPEB plan or a nonemployer contributing entity that makes benefit payments as OPEB comes due, balances reported by the agency fund are required to exclude amounts that pertain to the employer or nonemployer contributing entity that reports the agency fund.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

In June 2015, the GASB issued **Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the



OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria: 1. Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable; 2. OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms; and, 3. OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

For OPEB that is administered through a trust that meets the specified criteria, requirements differ based on the number of employers whose employees are provided with OPEB through the OPEB plan and whether OPEB obligations and OPEB plan assets are shared by the employers. Employers are classified in one of the following categories for purposes of this Statement: 1. Single employers are those whose employees are provided with defined benefit OPEB through single-employer OPEB plans-OPEB plans in which OPEB is provided to the employees of only one employer (as defined in this Statement); 2. Agent employers are those whose employees are provided with defined benefit OPEB through agent multiple-employer OPEB plans-OPEB plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees; and, 3. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans-OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

This Statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary

net position.

This Statement requires that projections of benefit payments incorporate the effects of projected salary changes (if the OPEB formula incorporates future compensation levels) and service credits (if the OPEB formula incorporates periods of service), as well as projected automatic postemployment benefit changes, including automatic cost-of-living-adjustments (COLAs). The effects of ad hoc postemployment benefit changes (including ad hoc COLAs), if they are considered to be substantively automatic, also are required to be included in the projections. This Statement also requires that projections of benefit payments include certain taxes or other assessments expected to be imposed on the benefit payments.

This Statement requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each employee individually, from the first period in which the employee provides service under the benefit terms, through the period in which the employee exits active service.

For cost-sharing employers, in financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net OPEB liability (of all employers for benefits provided through the OPEB plan)-the collective net OPEB liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the OPEB plan are determined. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred



inflows of resources related to OPEB.

In addition, the effects of (1) a change in the employer's proportion of the collective net OPEB liability and (2) differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined.

This Statement requires that notes to financial statements of cost-sharing employers include descriptive information about the OPEB plans through which the OPEB is provided. Cost-sharing employers are required to identify the discount rate and assumptions made in the measurement of their proportionate shares of net OPEB liabilities, similar to the disclosures about those items that should be made by single and agent employers. Cost-sharing employers, like single and agent employers, also are required to disclose information about how their contributions to the OPEB plan are determined.

This Statement requires cost-sharing employers to present in required supplementary information 10-year schedules containing (1) the net OPEB liability and certain related ratios and (2) if applicable, information about statutorily or contractually required contributions, contributions to the OPEB plan, and related ratios.

For employers that provide insured benefits-defined benefit OPEB through an arrangement whereby premiums are paid or other payments are made to an insurance company while employees are in active service, in return for which the insurance company unconditionally undertakes an obligation to pay the OPEB of those employees-this Statement requires recognition of OPEB expense/expenditures equal to the amount of premiums or other payments required in accordance with their agreement with the insurance company. In addition to the amount of OPEB expense/expenditures recognized in the current period, a brief description of the benefits provided through the arrangement is required to be disclosed.

For defined benefit OPEB, other than insured benefits, that are provided through OPEB plans that are not administered through trusts that meet the specified criteria, this Statement requires an approach to

measurement of OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB parallel to that which is required for OPEB provided through OPEB plans that are administered through trusts that meet the specified criteria. Similar note disclosures and required supplementary information are required to be presented. However, the requirements incorporate modifications to reflect the absence of OPEB plan assets for financial reporting purposes.

This Statement is effective for fiscal years beginning after June 15, 2017.

In June 2015, the GASB issued **Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments***. The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

In August 2015, the GASB issued **Statement No. 77, *Tax Abatement Disclosures***. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing: 1. whether a government's



current-year revenues were sufficient to pay for current-year services (known as interperiod equity); 2. whether a government complied with finance-related legal and contractual obligations; 3. where a government's financial resources come from and how it uses them; and, 4. a government's financial position and economic condition and how they have changed over time.

Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting

government's tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: 1. Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; 2. The gross dollar amount of taxes abated during the period; and, 3. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose: 1. The names of the governments that entered into the agreements; 2. The specific taxes being abated; and, 3. The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.



REQUIRED SUPPLEMENTARY INFORMATION



Mission Trails Regional Park in San Diego



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL General Fund

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 965,323	965,323	997,904
Licenses, permits and franchise fees	44,089	44,089	44,987
Fines, forfeitures and penalties	41,343	14,466	45,823
Revenue from use of money and property	11,102	11,102	14,624
Aid from other governmental agencies:			
State	1,121,376	1,125,056	1,123,373
Federal	813,711	832,787	792,723
Other	63,222	63,443	87,506
Charges for current services	346,854	347,919	355,607
Other	32,089	35,100	50,455
Total revenues	3,439,109	3,439,285	3,513,002
Expenditures:			
Current:			
General government:			
Assessor/recorder/county clerk - finance	40,829	41,439	36,909
Auditor and controller	25,714	24,855	23,360
Auditor and controller - information technology management services	12,187	12,836	8,508
Board of supervisors district #1	1,465	1,654	1,432
Board of supervisors district #2	1,391	1,591	1,317
Board of supervisors district #3	1,388	1,588	1,380
Board of supervisors district #4	1,376	1,576	1,255
Board of supervisors district #5	1,423	1,623	1,270
Board of supervisors general office	1,115	1,115	1,066
Chief administrative office - legislative and administrative	4,642	4,642	4,254
Civil service commission	665	665	512
Clerk of the board of supervisors - legislative and administrative	3,420	3,347	3,070
Community enhancement	3,562	3,568	3,558
Community projects	11,186	9,869	9,066
Community services	9,908	17,247	3,129
Contributions to capital outlay	2	2	
County communications office	2,874	2,874	2,573
County counsel	27,493	27,743	23,710
County technology office	22,493	22,493	16,248
Countywide general expense	33,971	33,971	5,648
Finance and general government - legislative and administrative	4,614	3,359	1,813
Finance and general government - other general	29,627	29,823	7,657
Finance and general government group - CAC Major Maintenance	5,916	6,976	5,288
Health and human services - legislative and administrative	280	280	138
Human resources - other general government	5,181	5,182	4,561
Human resources - personnel	20,432	20,432	16,004
Land use and environment - legislative and administrative	8,229	8,229	3,822
Public safety - legislative and administrative	9,656	9,648	6,202

Continued on next page ►►►



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL General Fund

For the Year Ended June 30, 2015
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
Registrar of voters	18,170	18,179	16,201
Treasurer - tax collector	21,907	21,907	18,027
Total general government	331,116	338,713	227,978
Public protection:			
Agriculture, weights and measures	15,367	15,597	14,031
Agriculture, weights and measures - sealer	4,036	4,036	4,056
Assessor/recorder/county clerk - other protection	21,915	21,305	16,619
Child support	49,823	49,813	45,693
Citizens law enforcement review board	610	610	605
Contributions for trial courts	69,370	69,370	69,044
Department of animal services	16,943	16,943	15,617
District attorney-judicial	166,051	166,551	157,065
Fire protection, Office of emergency services	20,906	24,976	18,473
Grand jury	592	592	444
Local agency formation commission administration	413	413	399
Medical examiner	9,359	9,516	9,395
Office of emergency services	7,749	10,316	7,211
Planning and development services	36,425	37,454	27,847
Probation - detention and correction	155,729	155,581	147,613
Probation - juvenile detention	45,166	45,024	43,664
Public defender	77,857	76,057	72,615
Public safety - fire protection	3,682	112	112
Public works, flood control, soil and water, general	15,787	15,801	13,963
Public works, general - other protection	891	891	
Sheriff - adult detention	255,907	255,740	253,941
Sheriff - other protection	3,095	3,095	2,372
Sheriff - police protection	455,292	473,787	422,247
Total public protection	1,432,965	1,453,580	1,343,026
Public ways and facilities:			
Public works, dept of gen	1,294	671	91
Public works, general - public ways	4,344	4,373	3,371
Total public ways and facilities	5,638	5,044	3,462
Health and sanitation:			
Environmental health	46,330	46,337	39,690
Health and human services agency - drug and alcohol abuse services	58,514	58,514	51,537
Health and human services agency - health	163,316	165,796	146,203
Health and human services agency - medical care	48,106	48,227	44,576
Health and human services agency - mental health	326,763	326,131	317,106
Total health and sanitation	643,029	645,005	599,112
Public assistance:			
Health and human services agency - medical services	19,967	19,967	16,011
Health and human services agency - other assistance	402,876	419,356	402,674
Health and human services agency - social administration	813,293	794,269	763,191

Continued on next page ►►►



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL General Fund

For the Year Ended June 30, 2015
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
Health and human services agency - veterans' services	1,072	1,072	1,146
Housing authority	33,412	33,819	17,219
Probation - care of court wards	10,689	11,245	12,176
Total public assistance	1,281,309	1,279,728	1,212,417
Education:			
Agriculture, weights and measures	904	939	900
Total education	904	939	900
Recreation and cultural:			
Parks and recreation	37,838	43,114	34,217
Total recreation and cultural	37,838	43,114	34,217
Contingency reserve	20,669	20,669	
Capital outlay	24,819	39,259	28,674
Debt Service:			
Principal	13,790	13,790	13,718
Interest	25,332	25,340	17,298
Payment to refunded bond escrow agent	5,454	5,454	5,454
Total expenditures	3,822,863	3,870,635	3,486,256
Excess (deficiency) of revenues over (under) expenditures	(383,754)	(431,350)	26,746
Other financing sources (uses):			
Sale of capital assets			111
Transfers in	295,685	289,651	282,392
Transfers out	(405,264)	(410,688)	(153,653)
Total other financing sources (uses)	(109,579)	(121,037)	128,850
Net change in fund balances	(493,333)	(552,387)	155,596
Fund balances at beginning of year	1,731,672	1,731,672	1,731,672
Increase (decrease) in nonspendable inventories		1,108	1,108
Fund balances at end of year	\$ 1,238,339	1,180,393	1,888,376

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL Public Safety Fund

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$		11
Aid from other governmental agencies:			
State	251,016	251,624	260,974
Total revenues	251,016	251,624	260,985
Expenditures:			
Current:			
Public protection:			
Public safety (Prop 172)	2,444	656	609
Total public protection	2,444	656	609
Total expenditures	2,444	656	609
Excess (deficiency) of revenues over (under) expenditures	248,572	250,968	260,376
Other financing sources (uses):			
Transfers out	(252,498)	(256,362)	(253,287)
Total other financing sources (uses)	(252,498)	(256,362)	(253,287)
Net change in fund balances	(3,926)	(5,394)	7,089
Fund balances at beginning of year	66,221	66,221	66,221
Fund balances at end of year	\$ 62,295	60,827	73,310



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Tobacco Endowment Fund**

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 6,000	6,000	452
Total revenues	6,000	6,000	452
Expenditures:			
Current:			
General government:			
Tobacco settlement	14,000	14,000	126
Total general government	14,000	14,000	126
Total expenditures	14,000	14,000	126
Excess (deficiency) of revenues over (under) expenditures	(8,000)	(8,000)	326
Other financing sources (uses):			
Transfers out	(13,500)	(13,500)	(13,500)
Total other financing sources (uses)	(13,500)	(13,500)	(13,500)
Net change in fund balances	(21,500)	(21,500)	(13,174)
Fund balances at beginning of year	325,346	325,346	325,346
Fund balances at end of year	\$ 303,846	303,846	312,172

Pension Plan

The schedule (in thousands) of the County's proportionate share of the San Diego County Employees Retirement Association pension plan collective Net Pension Liability is shown in the table below:

Table 1 Schedule of County's Proportionate Share of the Net Pension Liability	
	Fiscal Year 2015*
County's proportion of the net pension liability	92.292%
County's proportionate share of the net pension liability	\$ 1,958,456
County's covered - employee payroll	\$ 992,239
County's proportionate share of the net pension liability as a percentage of its covered - employee payroll	197.38%
Plan fiduciary net position as a percentage of the total pension liability	82.65%
*Amounts presented above were based on the measurement period ending June 30, 2014.	

The schedule (in thousands) of County contributions to the San Diego County Employees Retirement Association pension plan is shown in the table below:

Table 2 Schedule of the County Contributions	
	Fiscal Year 2015*
Actuarial determined contributions	\$ 356,732
Contributions in relation to the actuarially determined contribution	356,732
Contribution deficiency (excess)	\$ -
County's covered - employee payroll	\$ 1,113,677
Contributions as a percentage of covered - employee payroll	32%
*Amounts presented above were based on the fiscal year ended June 30, 2015.	



Budgetary Information
General Budget Policies

An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditures within departments. Annual budgets are not required to be adopted for the Tobacco Securitization Joint Special Revenue Fund; and the Debt Service and Capital Projects Funds (other governmental funds). Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year with the approval of the Board of Supervisors.

Appropriations may also be adjusted during the year with the approval of the Board of Supervisors. Additionally, the County Budget Act authorizes the Chief Administrative Officer (CAO) and/or Deputy CAO/Auditor and Controller to approve transfers within a department as long as overall appropriations of the department are not increased. Such adjustments are reflected in the final budgetary data. Accordingly, the legal level of budgetary control by the Board of Supervisors is the department level.

The schedule of revenues, expenditures, and changes in fund balance - budget and actual for the General Fund, Public Safety Fund and the Tobacco Endowment Fund that is presented as Required Supplementary Information was prepared in accordance with generally accepted accounting principles (GAAP).

The Original Budget consists of the adopted budget plus the budget carried forward from the prior fiscal year. Accordingly, encumbrances that are subject to automatic re-appropriation are included as part of the original budget. The County adopts its budget subsequent to the start of each new fiscal year, by mid-August. The final budget includes the original budget plus amended budget changes occurring during the fiscal year.

The Actual column represents the actual amounts of revenue and expenditures reported on a GAAP basis which is the same basis that is used to present the aforementioned original and final budget.

COMBINING & INDIVIDUAL FUND INFORMATION AND OTHER SUPPLEMENTARY INFORMATION



San Diego Skyline and Bay Shore



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Air Pollution Fund

This fund was established to provide for control of air pollution from motor vehicles and other sources in order to attain health based air quality standards. Revenue sources include license and permit fees, fines, state and federal funds, charges to property owners and vehicle registration fees. This fund is restricted for air pollution activities.

Asset Forfeiture Program Fund

This fund was established to account for the proceeds of the assets that were seized and forfeited by law enforcement agencies during the investigation of criminal activities. These monies and the investment income derived therefrom are used for activities that enhance public safety and security and for the prevention, investigation, and apprehension of criminal law violators. This fund is restricted for law enforcement activities.

County Library Fund

This fund was established to provide library services for the unincorporated area as well as 11 of the incorporated cities within the county. Property taxes provide most of the fund's revenues; aid from other governmental agencies, grants and revenues from library services provide the remaining principal revenues. This fund is restricted for library services.

County Low and Moderate Income Housing Asset Fund

Pursuant to Health and Safety Code 34176, the County elected to assume the housing functions of the housing assets of the former San Diego County Redevelopment Agency, along with the related rights,

powers, liabilities, duties and obligations. As a result, this fund was created on February 1, 2012, and the use of this fund is restricted for housing activities.

County Service District Funds

These special district funds were established to provide authorized services such as road, park, lighting maintenance, fire protection or ambulance service to specific areas in the county. They are financed by ad valorem property taxes in the area benefited or by special assessments levied on specific properties. They also derive revenue from cities and from services provided to property owners. This fund is restricted for road, park lighting maintenance, fire protection and ambulance services.

Edgemoor Development Fund

This fund was established pursuant to Board Policy F-38, which provides guidelines for the use, development and disposition of the County's 326 acres of property located in the City of Santee, known as the Edgemoor Property. Future development plans of the Edgemoor Property may include parks, a library, housing, a fire station, post office and other facilities. Revenues are derived from the sale or lease of land within the Edgemoor property, and these revenues are to be used for the reconstruction of the Edgemoor Skilled Nursing Facility. A portion of these reconstruction costs include an annual transfer to reimburse the General Fund for annual lease payments associated with the 2014 Edgemoor Refunding COPs which refunded the 2005 and 2006 Edgemoor COPS. Those COPs were used to fund the redevelopment of the Edgemoor Skilled Nursing Facility, which was completed in 2009. The federal reimbursements with the SB 1128 program are also deposited into this fund. This fund is restricted for Edgemoor development.

Flood Control District Fund

This fund was established to account for revenues and expenditures related to providing flood control in the county. It is financed primarily by ad valorem property taxes. This fund is restricted for flood control future drainage improvements.



Housing Authority - Low and Moderate Income Housing Asset Fund

Pursuant to Health and Safety Code (HSC) 34176 (b) and (b)(2), the City of Santee elected to transfer the housing functions of the Successor Agency to the Community Development Commission of the City of Santee, to the County of San Diego Housing Authority (Housing Authority). Documents identifying the assets elected to be transferred were received by the Housing Authority on March 21, 2014. On May 21, 2014, the Board of Commissioners of the Housing Authority authorized acceptance of the assets contingent on two items. To date, one item has been satisfied and the other is still in progress. This fund was created in fiscal year 2013-14 and the use of this fund is restricted for housing activities.

Housing Authority - Other Fund

This fund was established to account for revenues and expenditures of programs administered by the Housing Authority. These programs assist individuals and families to reside in decent, safe, and sanitary housing. The U.S. Department of Housing and Urban Development (HUD) provides the majority of the funding for the Housing Authority's program expenditures.

In Home Supportive Services Public Authority Fund (IHSSPA)

This authority was established for the administration of the IHSSPA registry, investigation of the qualifications and background of potential registry personnel, referral of registry personnel to IHSSPA recipients and the provision for training of providers and recipients. The authority is funded by the State's social services realignment fund, federal and state programs. The monies are initially deposited into the County's General Fund, and transferred to the IHSSPA fund. This fund is restricted for in home supportive services.

Inactive Wastesites Fund

This fund was established to receive one-time homeowner association deposits and residual funds from the sale of the County's Solid Waste System. Expenditures include repairs, maintenance and care for

the County's inactive landfill sites in accordance with all applicable governmental regulations, laws and guidelines. This fund is committed to landfill postclosure and inactive landfill maintenance.

Inmate Welfare Program Fund

This fund was established to receive telephone and other vending commissions and profits from stores operated in connection with the county jails. Fund expenditures, by law, must be solely for the benefit, education and welfare of confined inmates. This fund is restricted for the benefit, education, and welfare of jail inmates.

Lighting Maintenance District Fund

This fund was established to provide street and road lighting services to specified areas of the County. Revenue sources include ad valorem taxes, benefit fees, state funding and charges to property owners. This fund is restricted for street and road lighting maintenance.

Other Special Revenue Funds

These funds were established to receive user fees, land lease revenues and fines. The activities (expenditures) of this fund are restricted for retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas.

Park Land Dedication Fund

This fund was established to receive and expend special park land dedication fees from developers of land as a condition for approval of any development. The fees may be used for the purchase of land and the development of land for active park or recreational facilities. These facilities serve the future residents of such developments and the greater county at large. In lieu of the payment of these fees, the developer may dedicate land for active park or recreational facilities. This fund is restricted, as per the Park Land Dedication



Ordinance, to developing new or rehabilitating existing neighborhood or community park or recreational facilities.

Road Fund

This fund was established to provide for maintenance and construction of roadways and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of state highway user taxes and are supplemented by federal funds, vehicle code fines, and fees and reimbursements for engineering services provided. This fund is restricted for future road improvements.

Tobacco Securitization Joint Special Revenue Fund

The Tobacco Securitization Joint Special Revenue Fund accounts for the transactions of the San Diego County Tobacco Asset Securitization Corporation and Tobacco Securitization Authority of Southern California, two component units, that are blended into the County's financial statements. This fund is funded by restricted tobacco settlement revenues.

DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated.

Pension Obligation Bonds Fund

This fund receives payments from the County and other agencies for payment of principal and interest due on taxable pension obligation bonds. The debt issue was used to satisfy the County's requirement to amortize the unfunded actuarial accrued liability with respect to retirement benefits accruing to members of the San Diego County Employees Retirement Association. This fund is restricted for debt service.

San Diego Regional Building Authority Fund

This fund receives rental payments based on the lease purchase agreement from the San Miguel Consolidated Fire Protection District (SMCFPD) for payment of principal and interest due on lease revenue bonds issued for the SMCFPD; secured by the lease purchase payments. This fund also receives interest on monies invested in permissible investments as directed by each San Diego Regional Building Authority (SDRBA) financing's Trust indenture. Debt service payments made in this fund also include payments not accounted for in the County's General Fund related to SDRBA debt issuances; and are secured by interest earnings on the aforementioned permissible investments. This fund is restricted for debt service.

SANCAL Fund

This fund receives interest on monies invested in permissible investments as directed by each San Diego County Capital Asset Leasing Corporation (SANCAL) financing's Trust indenture. Debt service payments made in this fund are secured by the aforementioned interest earnings and represent payments not accounted for in the County's General Fund related to SANCAL debt issuances. This fund is restricted for debt service.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Capital Outlay Fund

This fund is used exclusively to finance the acquisition, construction and completion of permanent public improvements, including public buildings; and for the costs of acquiring land and permanent improvements.



Revenues are obtained from grants; and contributions from other funds when approved by the Board of Supervisors. This fund is committed to capital projects.

San Diego Regional Building Authority Fund

This fund is used to account for the expenditures of the proceeds from the sale of lease revenue bonds of the San Diego Regional Building Authority used for the acquisition and construction of permanent buildings by the County. This fund is restricted for capital projects per various debt covenants.

SANCAL Fund

This fund is used to account for the expenditures of the proceeds from the sale of certificates of participation of the San Diego Capital Asset Leasing Corporation used to pay construction costs for the County Administration Center Waterfront Park and the Cedar Kettner Parking Structure. This fund is restricted for capital projects per various debt covenants.



COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Pooled cash and investments	\$ 333,965	28,050	12,578	374,593
Investments with fiscal agents	4,986			4,986
Receivables, net	84,570	34	3,565	88,169
Property taxes receivables, net	475			475
Due from other funds	5,683	677	11,791	18,151
Inventories	1,370			1,370
Deposits with others	16			16
Prepaid items	346			346
Restricted assets:				
Cash with fiscal agents	425		4,795	5,220
Investments with fiscal agents	45,503	982	1,011	47,496
Lease receivable		4,451		4,451
Total assets	477,339	34,194	33,740	545,273

Continued on next page ►►►



COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015
(In Thousands)

(Continued)	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	11,748		14,364	26,112
Accrued payroll	2,915			2,915
Due to other funds	10,456	68	8,421	18,945
Unearned revenue	3,653			3,653
Total liabilities	28,772	68	22,785	51,625
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Property taxes received in advance	541			541
Air Quality State Moyer Program	1,566			1,566
Affordable Housing Project	4			4
Housing Administrative Cost Allowance	133			133
Unavailable revenue	59,644	4,451		64,095
Total deferred inflows of resources	61,888	4,451		66,339
FUND BALANCES				
Nonspendable:				
Not in spendable form:				
Loans, due from other funds and prepaids	3,763			3,763
Inventories and deposits with others	1,386			1,386
Restricted for:				
Creditors - Debt service	45,745	29,675		75,420
Creditors - Capital projects			4,318	4,318
Grantors - Housing assistance	22,541			22,541
Laws or regulations of other governments:				
Future road improvements	133,534			133,534
Fund purpose	98,758			98,758
Other purposes	19,822			19,822
Committed to:				
Landfill closure, postclosure and landfill maintenance	60,902			60,902
Capital projects' funding			6,637	6,637
Assigned to:				
Legislative and administrative services	228			228
Total fund balances	386,679	29,675	10,955	427,309
Total liabilities, deferred inflows of resources and fund balances	\$ 477,339	34,194	33,740	545,273



COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2015
(In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	County Library Fund	County Low and Moderate Income Housing Asset Fund	County Service District Funds	Edgemoor Development Fund
ASSETS						
Pooled cash and investments	\$ 23,676	9,451	14,952	5	23,816	4,876
Investments with fiscal agents						
Receivables, net	2,068	9	183	4,136	482	5
Property taxes receivables, net			371		45	
Due from other funds	3	88	176		70	
Inventories	189	252	50		49	
Deposits with others						
Prepaid items				121		
Restricted assets:						
Cash with fiscal agents						
Investments with fiscal agents						
Total assets	25,936	9,800	15,732	4,262	24,462	4,881

Continued on next page ►►►



COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

June 30, 2015
(In Thousands)

(Continued)	Air Pollution Fund	Asset Forfeiture Program Fund	County Library Fund	County Low and Moderate Income Housing Asset Fund	County Service District Funds	Edgemoor Development Fund
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	1,164	29	764		1,954	1
Accrued payroll	579		836			
Due to other funds	587	30	852		369	
Unearned revenue	1,436					
Total liabilities	3,766	59	2,452		2,323	1
DEFERRED INFLOWS OF RESOURCES						
Non-pension:						
Property taxes received in advance			414		54	
Air Quality State Moyer Program	1,566					
Affordable Housing Project				4		
Housing Administrative Cost Allowance						
Unavailable revenue	18		458	720	39	
Total deferred inflows of resources	1,584		872	724	93	
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids				3,538		
Inventories and deposits with others	189	252	50		49	
Restricted for:						
Creditors - Debt service						
Grantors - Housing assistance						
Laws or regulations of other governments:						
Future road improvements						
Fund purpose	20,397	9,489	12,130		21,997	4,880
Other purposes						
Committed to:						
Landfill closure, postclosure and landfill maintenance						
Assigned to:						
Legislative and administrative services			228			
Total fund balances	20,586	9,741	12,408	3,538	22,046	4,880
Total liabilities, deferred inflows of resources and fund balances	\$ 25,936	9,800	15,732	4,262	24,462	4,881

Continued on next page ►►►



COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2015
(In Thousands)

(Continued)	Flood Control District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund
ASSETS						
Pooled cash and investments	\$ 18,574	141	18,848	131	56,105	14,858
Investments with fiscal agents					4,986	
Receivables, net	1,600	16,675	7,582	1	104	551
Property taxes receivables, net	47					
Due from other funds	40		242	78	4	
Inventories						125
Deposits with others			16			
Prepaid items	8		1			
Restricted assets:						
Cash with fiscal agents			425			
Investments with fiscal agents						
Total assets	20,269	16,816	27,114	210	61,199	15,534

Continued on next page ►►►



COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

June 30, 2015
(In Thousands)

(Continued)	Flood Control District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	335		582	56	191	370
Accrued payroll					58	
Due to other funds	84	8	2,368	70	48	280
Unearned revenue			1,276			
Total liabilities	419	8	4,226	126	297	650
DEFERRED INFLOWS OF RESOURCES						
Non-pension:						
Property taxes received in advance	59					
Air Quality State Moyer Program						
Affordable Housing Project						
Housing Administrative Cost Allowance		133				
Unavailable revenue	41	16,675				
Total deferred inflows of resources	100	16,808				
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids	8		1			
Inventories and deposits with others			16			125
Restricted for:						
Creditors - Debt service			250			
Grantors - Housing assistance			22,541			
Laws or regulations of other governments:						
Future road improvements						
Fund purpose				84		14,759
Other purposes	19,742		80			
Committed to:						
Landfill closure, postclosure and landfill maintenance					60,902	
Assigned to:						
Legislative and administrative services						
Total fund balances	19,750		22,888	84	60,902	14,884
Total liabilities, deferred inflows of resources and fund balances	\$ 20,269	16,816	27,114	210	61,199	15,534

Continued on next page ►►►



COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2015
(In Thousands)

(Continued)	Lighting Maintenance District Fund	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
ASSETS						
Pooled cash and investments	\$ 1,069	1,428	13,833	132,202		333,965
Investments with fiscal agents						4,986
Receivables, net	1	191	13	37,613	13,356	84,570
Property taxes receivables, net	12					475
Due from other funds				4,982		5,683
Inventories	35			670		1,370
Deposits with others						16
Prepaid items				216		346
Restricted assets:						
Cash with fiscal agents						425
Investments with fiscal agents					45,503	45,503
Total assets	1,117	1,619	13,846	175,683	58,859	477,339

Continued on next page ►►►



COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

June 30, 2015
(In Thousands)

(Continued)	Lighting Maintenance District Fund	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	389	52	5	5,848	8	11,748
Accrued payroll		15		1,427		2,915
Due to other funds	6	17	135	5,602		10,456
Unearned revenue		881		60		3,653
Total liabilities	395	965	140	12,937	8	28,772
DEFERRED INFLOWS OF RESOURCES						
Non-pension:						
Property taxes received in advance	14					541
Air Quality State Moyer Program						1,566
Affordable Housing Project						4
Housing Administrative Cost Allowance						133
Unavailable revenue	11			28,326	13,356	59,644
Total deferred inflows of resources	25			28,326	13,356	61,888
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids				216		3,763
Inventories and deposits with others	35			670		1,386
Restricted for:						
Creditors - Debt service					45,495	45,745
Grantors - Housing assistance						22,541
Laws or regulations of other governments:						
Future road improvements				133,534		133,534
Fund purpose	662	654	13,706			98,758
Other purposes						19,822
Committed to:						
Landfill closure, postclosure and landfill maintenance						60,902
Assigned to:						
Legislative and administrative services						228
Total fund balances	697	654	13,706	134,420	45,495	386,679
Total liabilities, deferred inflows of resources and fund balances	\$ 1,117	1,619	13,846	175,683	58,859	477,339



COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Debt Service Funds

June 30, 2015
(In Thousands)

	Pension Obligation Bonds Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
ASSETS				
Pooled cash and investments	\$ 268	11,509	16,273	28,050
Receivables, net		11	23	34
Due from other funds	677			677
Restricted assets:				
Investments with fiscal agents		982		982
Lease receivable		4,451		4,451
Total assets	945	16,953	16,296	34,194
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Due to other funds	68			68
Total liabilities	68			68
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Unavailable revenue		4,451		4,451
Total deferred inflows of resources		4,451		4,451
FUND BALANCES				
Restricted for:				
Creditors - Debt service	877	12,502	16,296	29,675
Total fund balances	877	12,502	16,296	29,675
Total liabilities, deferred inflows of resources and fund balances	\$ 945	16,953	16,296	34,194



COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Capital Projects Funds

June 30, 2015
(In Thousands)

	Capital Outlay Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Capital Projects Funds
ASSETS				
Pooled cash and investments	\$ 8,043	2,520	2,015	12,578
Receivables, net	3,563	2		3,565
Due from other funds	11,791			11,791
Restricted assets:				
Cash with fiscal agents	4,795			4,795
Investments with fiscal agents	1,011			1,011
Total assets	29,203	2,522	2,015	33,740
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	14,347		17	14,364
Due to other funds	8,219		202	8,421
Total liabilities	22,566		219	22,785
FUND BALANCES				
Restricted for:				
Creditors - Capital projects		2,522	1,796	4,318
Committed to:				
Capital projects' funding	6,637			6,637
Total fund balances	6,637	2,522	1,796	10,955
Total liabilities, deferred inflows of resources and fund balances	\$ 29,203	2,522	2,015	33,740



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

For the Year Ended June 30, 2015
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 40,648			40,648
Licenses, permits and franchise fees	9,194			9,194
Fines, forfeitures and penalties	3,377			3,377
Revenue from use of money and property	6,525	1,407	14	7,946
Aid from other governmental agencies:				
State	88,536		17,720	106,256
Federal	124,197		981	125,178
Other	19,185			19,185
Charges for current services	32,177		4	32,181
Other	31,723	6,216	3,509	41,448
Total revenues	355,562	7,623	22,228	385,413
Expenditures:				
Current:				
General government	563	274	8,934	9,771
Public protection	10,075			10,075
Public ways and facilities	70,529			70,529
Health and sanitation	45,753			45,753
Public assistance	133,661			133,661
Education	36,195			36,195
Recreation and cultural	2,621			2,621
Capital outlay	39,944		91,856	131,800
Debt service:				
Principal	14,904	38,920		53,824
Interest	24,203	44,172		68,375
Bond issuance costs		583		583
Payment to refunded bond escrow agent		3,007		3,007
Total expenditures	378,448	86,956	100,790	566,194
Excess (deficiency) of revenues over (under) expenditures	(22,886)	(79,333)	(78,562)	(180,781)
Other financing sources (uses):				
Sale of capital assets	873			873
Issuance of bonds and loans:				
Face value of loans issued	732			732
Premium on issuance of refunding bonds		15,070		15,070
Refunding bonds issued		93,750		93,750
Payment to refunded bond escrow agent		(103,771)		(103,771)
Transfers in	17,056	75,808	59,285	152,149
Transfers out	(19,217)			(19,217)
Total other financing sources (uses)	(556)	80,857	59,285	139,586
Net change in fund balances	(23,442)	1,524	(19,277)	(41,195)
Fund balances at beginning of year	409,804	28,151	30,232	468,187
Increase (decrease) in nonspendable inventories	317			317
Fund balances at end of year	\$ 386,679	29,675	10,955	427,309



COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

For the Year Ended June 30, 2015
(In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	County Library Fund	County Low and Moderate Income Housing Asset Fund	County Service District Funds	Edgemoor Development Fund
Revenues:						
Taxes	\$		30,694		4,657	
Licenses, permits and franchise fees	7,256					
Fines, forfeitures and penalties	674	2,624				
Revenue from use of money and property	110	39	58		242	323
Aid from other governmental agencies:						
State	6,290		345		33	
Federal	2,745		2		152	4,546
Other	10,770		3,907		4,030	
Charges for current services	597		871		8,612	
Other	37	133	1,080	2	359	
Total revenues	28,479	2,796	36,957	2	18,085	4,869
Expenditures:						
Current:						
General government					189	162
Public protection		1,005			1,261	
Public ways and facilities					1,572	
Health and sanitation	29,769				9,374	
Public assistance				77		
Education			36,195			
Recreation and cultural					1,778	
Capital outlay	430	829	18			
Debt service:						
Principal						
Interest					2	
Total expenditures	30,199	1,834	36,213	77	14,176	162
Excess (deficiency) of revenues over (under) expenditures	(1,720)	962	744	(75)	3,909	4,707
Other financing sources (uses):						
Sale of capital assets	20					
Issuance of bonds and loans:						
Face value of loans issued						
Transfers in			326		399	
Transfers out	(670)	(64)	(858)		(1,986)	(9,298)
Total other financing sources (uses)	(650)	(64)	(532)		(1,587)	(9,298)
Net change in fund balances	(2,370)	898	212	(75)	2,322	(4,591)
Fund balances at beginning of year	22,969	8,655	12,193	3,613	19,721	9,471
Increase (decrease) in nonspendable inventories	(13)	188	3		3	
Fund balances at end of year	\$ 20,586	9,741	12,408	3,538	22,046	4,880

Continued on next page ►►►



COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

For the Year Ended June 30, 2015
(In Thousands)

(Continued)	Flood Control District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund
Revenues:						
Taxes	\$ 4,266					
Licenses, permits and franchise fees						
Fines, forfeitures and penalties						
Revenue from use of money and property	49		1,074	7	562	3,421
Aid from other governmental agencies:						
State	35				86	
Federal	2,114		108,464			
Other	190	17				
Charges for current services	889		2,552	876	1,464	2
Other	2		1,310			647
Total revenues	7,545	17	113,400	883	2,112	4,070
Expenditures:						
Current:						
General government						
Public protection	3,948					3,733
Public ways and facilities						
Health and sanitation					5,670	
Public assistance		17	119,741	13,826		
Education						
Recreation and cultural						
Capital outlay	3,082			175		71
Debt service:						
Principal			144			
Interest			20			
Total expenditures	7,030	17	119,905	14,001	5,670	3,804
Excess (deficiency) of revenues over (under) expenditures	515		(6,505)	(13,118)	(3,558)	266
Other financing sources (uses):						
Sale of capital assets					850	3
Issuance of bonds and loans:						
Face value of loans issued						
Transfers in				13,120		2,000
Transfers out					(215)	(3,142)
Total other financing sources (uses)				13,120	635	(1,139)
Net change in fund balances	515		(6,505)	2	(2,923)	(873)
Fund balances at beginning of year	19,235		29,393	82	63,825	15,718
Increase (decrease) in nonspendable inventories						39
Fund balances at end of year	\$ 19,750		22,888	84	60,902	14,884

Continued on next page ►►►



COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

For the Year Ended June 30, 2015
(In Thousands)

(Continued)	Lighting Maintenance District Fund	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
Revenues:						
Taxes	\$ 1,031					40,648
Licenses, permits and franchise fees			1,921	17		9,194
Fines, forfeitures and penalties		79				3,377
Revenue from use of money and property	5	2	56	567	10	6,525
Aid from other governmental agencies:						
State	9	215		81,523		88,536
Federal		37		6,137		124,197
Other	1			270		19,185
Charges for current services	716	739		14,859		32,177
Other	98	50		1,023	26,982	31,723
Total revenues	1,860	1,122	1,977	104,396	26,992	355,562
Expenditures:						
Current:						
General government					212	563
Public protection		128				10,075
Public ways and facilities	3,242			65,715		70,529
Health and sanitation		940				45,753
Public assistance						133,661
Education						36,195
Recreation and cultural			843			2,621
Capital outlay				35,339		39,944
Debt service:						
Principal					14,760	14,904
Interest					24,181	24,203
Total expenditures	3,242	1,068	843	101,054	39,153	378,448
Excess (deficiency) of revenues over (under) expenditures	(1,382)	54	1,134	3,342	(12,161)	(22,886)
Other financing sources (uses):						
Sale of capital assets						873
Issuance of bonds and loans:						
Face value of loans issued	732					732
Transfers in		148		1,063		17,056
Transfers out		(67)	(244)	(2,673)		(19,217)
Total other financing sources (uses)	732	81	(244)	(1,610)		(556)
Net change in fund balances	(650)	135	890	1,732	(12,161)	(23,442)
Fund balances at beginning of year	1,323	519	12,816	132,615	57,656	409,804
Increase (decrease) in nonspendable inventories	24			73		317
Fund balances at end of year	\$ 697	654	13,706	134,420	45,495	386,679

Combining Financial Statements/Schedules - Nonmajor Governmental Funds

County of San Diego / Comprehensive Annual Financial Report / For the year ended June 30, 2015



COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Debt Service Funds

For the Year Ended June 30, 2015
(In Thousands)

	Pension Obligation Bonds Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
Revenues:				
Revenue from use of money and property	\$ 11	1,218	178	1,407
Other	6,216			6,216
Total revenues	6,227	1,218	178	7,623
Expenditures:				
Current:				
General government		274		274
Debt service:				
Principal	38,240	680		38,920
Interest	43,252	509	411	44,172
Bond issuance costs			583	583
Payment to refunded bond escrow agent			3,007	3,007
Total expenditures	81,492	1,463	4,001	86,956
Excess (deficiency) of revenues over (under) expenditures	(75,265)	(245)	(3,823)	(79,333)
Other financing sources (uses):				
Issuance of bonds and loans:				
Premium on issuance of refunding bonds			15,070	15,070
Refunding bonds issued			93,750	93,750
Payment to refunded bond escrow agent			(103,771)	(103,771)
Transfers in	75,719	20	69	75,808
Total other financing sources (uses)	75,719	20	5,118	80,857
Net change in fund balances	454	(225)	1,295	1,524
Fund balances at beginning of year	423	12,727	15,001	28,151
Fund balances at end of year	\$ 877	12,502	16,296	29,675



COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Capital Projects Funds

For the Year Ended June 30, 2015
(In Thousands)

	Capital Outlay Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Capital Projects Funds
Revenues:				
Revenue from use of money and property	\$ 1	11	2	14
Aid from other governmental agencies:				
State	17,720			17,720
Federal	981			981
Charges for current services	4			4
Other	3,509			3,509
Total revenues	22,215	11	2	22,228
Expenditures:				
Current:				
General government	8,934			8,934
Capital outlay	72,050		19,806	91,856
Total expenditures	80,984		19,806	100,790
Excess (deficiency) of revenues over (under) expenditures	(58,769)	11	(19,804)	(78,562)
Other financing sources (uses):				
Transfers in	59,285			59,285
Total other financing sources (uses)	59,285			59,285
Net change in fund balances	516	11	(19,804)	(19,277)
Fund balances at beginning of year	6,121	2,511	21,600	30,232
Fund balances at end of year	\$ 6,637	2,522	1,796	10,955



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL Air Pollution Fund

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 8,730	8,730	7,256
Fines, forfeitures and penalties	980	980	674
Revenue from use of money and property	30	30	110
Aid from other governmental agencies:			
State	18,294	18,294	6,290
Federal	2,826	2,826	2,745
Other	10,000	10,000	10,770
Charges for current services	593	593	597
Other			37
Total revenues	41,453	41,453	28,479
Expenditures:			
Current:			
Health and sanitation:			
Air pollution control	22,928	22,928	20,025
Air pollution control, air quality Proposition 1B GMER program	12,916	12,916	2,934
Air pollution control, air quality State AQIP program	809	1,169	677
Air pollution control, improvement trust	3,008	8,835	3,506
Air pollution control, moyer program	4,043	4,042	2,416
Air pollution control, power general mitigation	358	358	211
Total health and sanitation	44,062	50,248	29,769
Capital outlay	503	853	430
Total expenditures	44,565	51,101	30,199
Excess (deficiency) of revenues over (under) expenditures	(3,112)	(9,648)	(1,720)
Other financing sources (uses):			
Sale of capital assets			20
Transfers in	10,566	614	
Transfers out	(11,235)	(1,283)	(670)
Total other financing sources (uses)	(669)	(669)	(650)
Net change in fund balances	(3,781)	(10,317)	(2,370)
Fund balances at beginning of year	22,969	22,969	22,969
Increase (decrease) in nonspendable inventories		(13)	(13)
Fund balances at end of year	\$ 19,188	12,639	20,586



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

Asset Forfeiture Program Fund

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$ 1,000	1,022	2,624
Revenue from use of money and property	100	100	39
Other			133
Total revenues	1,100	1,122	2,796
Expenditures:			
Current:			
Public protection:			
District attorney asset forfeiture program - federal	500	500	42
District attorney asset forfeiture program - state	15	58	57
Probation asset forfeiture program	101	101	77
Sheriff's asset forfeiture program	1,231	1,240	829
Total public protection	1,847	1,899	1,005
Capital outlay	829	1,629	829
Total expenditures	2,676	3,528	1,834
Excess (deficiency) of revenues over (under) expenditures	(1,576)	(2,406)	962
Other financing sources (uses):			
Transfers out		(191)	(64)
Total other financing sources (uses)		(191)	(64)
Net change in fund balances	(1,576)	(2,597)	898
Fund balances at beginning of year	8,655	8,655	8,655
Increase (decrease) in nonspendable inventories		188	188
Fund balances at end of year	\$ 7,079	6,246	9,741



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
County Library Fund**

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 30,483	30,483	30,694
Revenue from use of money and property	105	105	58
Aid from other governmental agencies:			
State	267	361	345
Federal			2
Other	2,121	2,131	3,907
Charges for current services	1,138	1,138	871
Other	1,886	1,886	1,080
Total revenues	36,000	36,104	36,957
Expenditures:			
Current:			
Education:			
County library	39,301	39,720	36,195
Total education	39,301	39,720	36,195
Capital outlay	461	471	18
Total expenditures	39,762	40,191	36,213
Excess (deficiency) of revenues over (under) expenditures	(3,762)	(4,087)	744
Other financing sources (uses):			
Transfers in	300	626	326
Transfers out	(859)	(859)	(858)
Total other financing sources (uses)	(559)	(233)	(532)
Net change in fund balances	(4,321)	(4,320)	212
Fund balances at beginning of year	12,193	12,193	12,193
Increase (decrease) in nonspendable inventories		3	3
Fund balances at end of year	\$ 7,872	7,876	12,408



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

County Low and Moderate Income Housing Asset Fund

For the Year Ended June 30, 2015

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Other	\$		2
Total revenues			2
Expenditures:			
Current:			
Public assistance:			
CSHAF Gillespie housing	97	97	33
CSHAF USDRIP housing	94	94	44
Total public assistance	191	191	77
Total expenditures	191	191	77
Excess (deficiency) of revenues over (under) expenditures	(191)	(191)	(75)
Net change in fund balances	(191)	(191)	(75)
Fund balances at beginning of year	3,613	3,613	3,613
Fund balances at end of year	\$ 3,422	3,422	3,538



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL County Service District Funds

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 4,579	4,579	4,657
Revenue from use of money and property	190	190	242
Aid from other governmental agencies:			
State	27	27	33
Federal			152
Other	4,091	4,091	4,030
Charges for current services	7,924	7,924	8,612
Other			359
Total revenues	16,811	16,811	18,085
Expenditures:			
Current:			
General government:			
Regional Communication System CSA 135 Zone B Del Mar	53	53	41
Regional Communication System CSA 135 Zone F Poway	160	159	121
Regional Communication System CSA 135 Zone H Solana Beach	49	49	27
Total general government	262	261	189
Public protection:			
Fire protection and emerg med svcs, CSA135	32	32	20
Fire protection, CSA 107 Elfin Forest	490	490	432
Fire protection, CSA 115 Pepper Drive	365	365	350
Fire protection, CSA 135 EMS	680	680	459
Fire protection, PRD 107 Elfin Forest	144	144	
Fire protection, PRD 115 Pepper Drive	3	3	
Total public protection	1,714	1,714	1,261
Public ways and facilities:			
PRD 6 Pauma Valley	399	399	10
PRD 8 Magee RD-PAL	228	228	4
PRD 9 B Santa Fe	107	107	5
PRD 10 Davis Dr	18	18	3
PRD 11 A Bernardo RD	46	46	3
PRD 11 C Bernardo RD	23	23	11
PRD 11 D Bernardo RD	42	42	3
PRD 12 Lomair	313	313	54
PRD 13 A Pala Mesa	447	447	178
PRD 13 B Stewart Canyon	64	64	5
PRD 16 Wynola	126	126	7
PRD 18 Harrison Park	309	309	135
PRD 20 Daily Road	636	636	255
PRD 21 Pauma Heights	414	414	84
PRD 22 W Dougherty St	8	8	2
PRD 23 Rock Terce RD	30	30	2
PRD 24 MT Whitney RD	44	44	3
PRD 30 Royal Oaks-CAR	38	38	3
PRD 38 Gay Rio Terrace	33	33	2
PRD 45 Rincon Springs	76	76	60
PRD 46 Rocosco Road	41	41	3

Continued on next page





**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
County Service District Funds**

For the Year Ended June 30, 2015

(In Thousands)

(Continued)

	Original Budget	Final Budget	Actual
PRD 49 Sunset Knls RD	38	38	2
PRD 50 Knoll Park LN	84	84	26
PRD 53 Knoll Park LN EX	177	177	42
PRD 54 MT Helix	222	222	43
PRD 55 Rainbow Crest	370	369	5
PRD 60 River Drive	81	82	38
PRD 61 GRN Meadow Way	213	213	42
PRD 63 Hillview Road	426	426	78
PRD 70 El Camino Cort	63	63	55
PRD 75 A Gay Rio Drive	151	151	3
PRD 75 B Gay Rio Drive	217	217	3
PRD 76 Kingford CT	47	47	2
PRD 77 Montiel TRK TR	82	82	3
PRD 78 Gardena Ay	57	57	3
PRD 80 Harris TRK TRL	230	230	3
PRD 88 East Fifth St	124	123	54
PRD 90 South Cordov	41	41	2
PRD 94 Roble Grnde	367	367	7
PRD 95 Valle Del Sol	315	315	12
PRD 99 Via Allndra	35	35	3
PRD 100 Viejas View	30	30	2
PRD 101 A Hi-Ridge R	11	11	3
PRD 101 Johnson LK	50	50	3
PRD 102 MTN Meadow	212	212	9
PRD 103 Alto Drive	279	279	5
PRD 104 Artesian RO	147	147	58
PRD 105 A Alta Loma D	36	36	3
PRD 105 Alta Loma D	26	26	7
PRD 106 Garrison Ay	148	148	46
PRD 117 Legend Rock	5	5	4
PRD 123 Mizpah Lane	32	32	3
PRD 125 Wrightwood	90	90	4
PRD 126 Sandhurst W	35	35	2
PRD 127 Singing Trails	29	29	3
PRD 130 Wilkes Road	125	125	4
PRD 133 Rnch Creek Rd	31	31	3
PRD 134 Kenora Lane	87	87	54
PRD 1002 Sunny Acres	24	24	11
PRD 1003 Alamo Way	17	17	3
PRD 1005 Eden Valley	75	75	13
PRD 1008 Canter	39	39	17
PRD 1010 Alpine Highlands ZN	172	172	9
PRD 1011 La Cuesta ZN	64	64	2
PRD 1012 8112 Millar	55	55	24
PRD 1013 Singing Trails	77	77	3

Continued on next page ►►►



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL County Service District Funds

For the Year Ended June 30, 2015

(In Thousands)

(Continued)

	Original Budget	Final Budget	Actual
PRD 1014 Lavender PT Lane	91	90	14
PRD 1015 Landavo Drive ET AL	35	35	3
PRD 1016 El Sereno Way	51	51	2
Total public ways and facilities	8,855	8,853	1,572
Health and sanitation:			
CSA 17 San Dieguito Ambulance	4,384	4,384	3,876
CSA 69 Heartland Paramedics	6,573	6,573	5,474
PRD 122 Otay Mesa East	12	12	
PRD 136 Sundance Detention Basin	54	54	24
Total health and sanitation	11,023	11,023	9,374
Recreation and cultural:			
CSA 26 LMD Zone 2 Julian	38	48	35
CSA 26 Rancho San Diego	108	108	95
CSA 26 San Diego landscape maintenance	113	113	113
CSA 81 Fallbrook Park	235	235	203
CSA 83 San Dieguito	582	582	305
CSA 128 San Miguel Park	472	481	445
CSA 83A 4S Ranch Park	394	394	350
PRD 26 A Cottonwood Village	284	284	119
PRD 26 B Monte Vista	327	327	113
Total recreation and cultural	2,553	2,572	1,778
Capital outlay	20	20	
Debt service:			
Principal	15	15	
Interest	2	2	2
Total expenditures	24,444	24,460	14,176
Excess (deficiency) of revenues over (under) expenditures	(7,633)	(7,649)	3,909
Other financing sources (uses):			
Transfers in	401	401	399
Transfers out	(2,119)	(2,119)	(1,986)
Total other financing sources (uses)	(1,718)	(1,718)	(1,587)
Net change in fund balances	(9,351)	(9,367)	2,322
Fund balances at beginning of year	19,721	19,721	19,721
Increase (decrease) in nonspendable inventories		3	3
Fund balances at end of year	\$ 10,370	10,357	22,046



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

Edgemoor Development Fund

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 639	639	323
Aid from other governmental agencies:			
Federal	4,508	4,508	4,546
Total revenues	5,147	5,147	4,869
Expenditures:			
Current:			
General government:			
Edgemoor development fund	861	848	162
Total general government	861	848	162
Total expenditures	861	848	162
Excess (deficiency) of revenues over (under) expenditures	4,286	4,299	4,707
Other financing sources (uses):			
Sale of capital assets	3,644	3,644	
Transfers out	(9,285)	(9,298)	(9,298)
Total other financing sources (uses)	(5,641)	(5,654)	(9,298)
Net change in fund balances	(1,355)	(1,355)	(4,591)
Fund balances at beginning of year	9,471	9,471	9,471
Fund balances at end of year	\$ 8,116	8,116	4,880



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL Flood Control District Fund

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 4,011	4,011	4,266
Revenue from use of money and property	50	50	49
Aid from other governmental agencies:			
State	134		35
Federal	2,542	4,485	2,114
Other		134	190
Charges for current services	3,341	9,555	889
Other			2
Total revenues	10,078	18,235	7,545
Expenditures:			
Current:			
Public protection:			
Flood control district	9,118	20,910	3,867
Stormwater maintenance, Blackwolf	11	11	3
Stormwater maintenance, Lake Rancho Viejo	205	205	76
Stormwater maintenance, Ponderosa Estates	23	23	2
Total public protection	9,357	21,149	3,948
Capital outlay	3,184	3,184	3,082
Total expenditures	12,541	24,333	7,030
Excess (deficiency) of revenues over (under) expenditures	(2,463)	(6,098)	515
Net change in fund balances	(2,463)	(6,098)	515
Fund balances at beginning of year	19,235	19,235	19,235
Fund balances at end of year	\$ 16,772	13,137	19,750



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Housing Authority - Low and Moderate Income Housing Asset Fund

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Aid from other governmental agencies:			
Other	\$ 150	150	17
Total revenues	150	150	17
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	150	150	17
Total public assistance	150	150	17
Total expenditures	\$ 150	150	17



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

Housing Authority - Other Fund

For the Year Ended June 30, 2015

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 1,110	1,110	1,074
Aid from other governmental agencies:			
Federal	115,825	115,825	108,464
Other	3,950	3,742	
Charges for current services	4,894	4,894	2,552
Other	1,360	1,360	1,310
Total revenues	127,139	126,931	113,400
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	128,330	128,331	119,741
Total public assistance	128,330	128,331	119,741
Debt service:			
Principal	144	144	144
Interest	21	21	20
Total expenditures	128,495	128,496	119,905
Excess (deficiency) of revenues over (under) expenditures	(1,356)	(1,565)	(6,505)
Other financing sources (uses):			
Sale of capital assets	117	117	
Transfers in	218	218	
Total other financing sources (uses)	335	335	
Net change in fund balances	(1,021)	(1,230)	(6,505)
Fund balances at beginning of year	29,393	29,393	29,393
Fund balances at end of year	\$ 28,372	28,163	22,888



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

In Home Supportive Services Public Authority Fund

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$		7
Charges for current services	603	603	876
Total revenues	603	603	883
Expenditures:			
Current:			
Public assistance:			
IHSS public authority	13,864	13,864	13,826
Total public assistance	13,864	13,864	13,826
Capital outlay	175	175	175
Total expenditures	14,039	14,039	14,001
Excess (deficiency) of revenues over (under) expenditures	(13,436)	(13,436)	(13,118)
Other financing sources (uses):			
Transfers in	13,437	13,437	13,120
Total other financing sources (uses)	13,437	13,437	13,120
Net change in fund balances	1	1	2
Fund balances at beginning of year	82	82	82
Fund balances at end of year	\$ 83	83	84



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Inactive Wastesites Fund

For the Year Ended June 30, 2015

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 281	281	562
Aid from other governmental agencies:			
State			86
Charges for current services	6,285	6,285	1,464
Total revenues	6,566	6,566	2,112
Expenditures:			
Current:			
Health and sanitation:			
Duck pond landfill cleanup	14	14	11
Inactive waste site management	6,635	6,635	5,659
Total health and sanitation	6,649	6,649	5,670
Total expenditures	6,649	6,649	5,670
Excess (deficiency) of revenues over (under) expenditures	(83)	(83)	(3,558)
Other financing sources (uses):			
Sale of capital assets			850
Transfers out	(67)	(216)	(215)
Total other financing sources (uses)	(67)	(216)	635
Net change in fund balances	(150)	(299)	(2,923)
Fund balances at beginning of year	63,825	63,825	63,825
Fund balances at end of year	\$ 63,675	63,526	60,902



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

Inmate Welfare Program Fund

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 3,270	3,270	3,421
Charges for current services			2
Other	236	236	647
Total revenues	3,506	3,506	4,070
Expenditures:			
Current:			
Public protection:			
Probation inmate welfare	95	595	61
Sheriff's inmate welfare - adult detention	4,339	4,455	3,671
Sheriff's inmate welfare - police protection	14	14	1
Total public protection	4,448	5,064	3,733
Capital outlay	71	4,640	71
Total expenditures	4,519	9,704	3,804
Excess (deficiency) of revenues over (under) expenditures	(1,013)	(6,198)	266
Other financing sources (uses):			
Sale of capital assets			3
Transfers in	2,000	6,568	2,000
Transfers out	(3,459)	(3,459)	(3,142)
Total other financing sources (uses)	(1,459)	3,109	(1,139)
Net change in fund balances	(2,472)	(3,089)	(873)
Fund balances at beginning of year	15,718	15,718	15,718
Increase (decrease) in nonspendable inventories		39	39
Fund balances at end of year	\$ 13,246	12,668	14,884



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Lighting Maintenance District Fund

For the Year Ended June 30, 2015

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 930	930	1,031
Revenue from use of money and property	5	5	5
Aid from other governmental agencies:			
State	9	9	9
Other			1
Charges for current services	711	711	716
Other			98
Total revenues	1,655	1,655	1,860
Expenditures:			
Current:			
Public ways and facilities:			
San Diego lighting maintenance	3,414	3,414	3,242
Total public ways and facilities	3,414	3,414	3,242
Debt service:			
Principal	131	131	
Interest	47	47	
Total expenditures	3,592	3,592	3,242
Excess (deficiency) of revenues over (under) expenditures	(1,937)	(1,937)	(1,382)
Other financing sources (uses):			
Issuance of bonds and loans:			
Face value of loans issued	1,560	1,560	732
Total other financing sources (uses)	1,560	1,560	732
Net change in fund balances	(377)	(377)	(650)
Fund balances at beginning of year	1,323	1,323	1,323
Increase (decrease) in nonspendable inventories		24	24
Fund balances at end of year	\$ 946	970	697



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

Other Special Revenue Funds

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$ 16	16	79
Revenue from use of money and property			2
Aid from other governmental agencies:			
State	246	246	215
Federal			37
Charges for current services	1,058	1,058	739
Other	43	43	50
Total revenues	1,363	1,363	1,122
Expenditures:			
Current:			
Public protection:			
Agriculture, weights and measures - fish and game	18	18	16
Public works, survey	250	250	112
Total public protection	268	268	128
Health and sanitation:			
Sanitation - waste planning and recycling	1,028	1,176	940
Total health and sanitation	1,028	1,176	940
Total expenditures	1,296	1,444	1,068
Excess (deficiency) of revenues over (under) expenditures	67	(81)	54
Other financing sources (uses):			
Transfers in		148	148
Transfers out	(69)	(69)	(67)
Total other financing sources (uses)	(69)	79	81
Net change in fund balances	(2)	(2)	135
Fund balances at beginning of year	519	519	519
Fund balances at end of year	\$ 517	517	654



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Park Land Dedication Fund**

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 65	65	1,921
Revenue from use of money and property	14	14	56
Total revenues	79	79	1,977
Expenditures:			
Current:			
Recreation and cultural:			
Local Park Planning Area 4 Lincoln Acres	2	2	
Local Park Planning Area 15 Sweetwater	7	7	6
Local Park Planning Area 19 Jamul	4	609	606
Local Park Planning Area 20 Spring Valley	4	4	4
Local Park Planning Area 25 Lakeside	17	17	4
Local Park Planning Area 26 Crest	2	2	
Local Park Planning Area 27 Alpine	8	8	3
Local Park Planning Area 28 Ramona	6	122	112
Local Park Planning Area 29 Escondido	1	1	
Local Park Planning Area 30 San Marcos	1	1	
Local Park Planning Area 31 San Dieguito	3	3	2
Local Park Planning Area 35 Fallbrook	4	29	25
Local Park Planning Area 36 Bonsall	3	3	
Local Park Planning Area 37 Vista	1	1	
Local Park Planning Area 38 Valley Center	4	137	73
Local Park Planning Area 39 Pauma	1	1	
Local Park Planning Area 40 Palomar-Julian	9	9	3
Local Park Planning Area 42 Anza-Borrego	3	3	1
Local Park Planning Area 43 Central Mountain	3	3	2
Local Park Planning Area 45 Valle de Oro	2	2	2
Total recreation and cultural	85	964	843
Total expenditures	85	964	843
Excess (deficiency) of revenues over (under) expenditures	(6)	(885)	1,134
Other financing sources (uses):			
Transfers out	(1,580)	(1,651)	(244)
Total other financing sources (uses)	(1,580)	(1,651)	(244)
Net change in fund balances	(1,586)	(2,536)	890
Fund balances at beginning of year	12,816	12,816	12,816
Fund balances at end of year	\$ 11,230	10,280	13,706



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Road Fund**

For the Year Ended June 30, 2015
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$		17
Revenue from use of money and property	434	434	567
Aid from other governmental agencies:			
State	99,864	100,196	81,523
Federal	7,734	10,025	6,137
Other			270
Charges for current services	11,387	12,572	14,859
Other	10,203	10,310	1,023
Total revenues	129,622	133,537	104,396
Expenditures:			
Current:			
Public ways and facilities:			
Public works, road	126,367	135,768	65,715
Total public ways and facilities	126,367	135,768	65,715
Capital outlay	35,174	35,384	35,339
Total expenditures	161,541	171,152	101,054
Excess (deficiency) of revenues over (under) expenditures	(31,919)	(37,615)	3,342
Other financing sources (uses):			
Sale of capital assets	107		
Transfers in	500	1,080	1,063
Transfers out	(2,733)	(2,733)	(2,673)
Total other financing sources (uses)	(2,126)	(1,653)	(1,610)
Net change in fund balances	(34,045)	(39,268)	1,732
Fund balances at beginning of year	132,615	132,615	132,615
Increase (decrease) in nonspendable inventories		73	73
Fund balances at end of year	\$ 98,570	93,420	134,420



ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Airport Fund

This fund is used to account for the maintenance, operations and development of County airports. A major objective of the airport program is to develop airport property utilizing federal and state grants in order to enhance the value of public assets, generate new revenues and be a catalyst for aviation and business development.

Jail Stores Commissary Fund

This fund was established to provide for the financing of a Sheriff's commissary store allowing persons incarcerated at various County detention facilities to purchase a variety of goods, including food, snacks, stationery, personal care items and telephone time.

Sanitation District Fund

This fund is used to account for the activities of the sanitation district governed by the County Board of Supervisors.



COMBINING STATEMENT OF NET POSITION ENTERPRISE FUNDS

June 30, 2015

(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
ASSETS				
Current assets:				
Pooled cash and investments	\$ 14,329	2,141	57,111	73,581
Receivables, net	2,848	618	393	3,859
Due from other funds			28	28
Inventories		221	3	224
Total current assets	17,177	2,980	57,535	77,692
Noncurrent assets:				
Due from other funds	3,765			3,765
Capital assets:				
Land	10,504		1,089	11,593
Construction in progress	4,874		2,654	7,528
Buildings and improvements	114,683		11,726	126,409
Equipment	1,137	249	299	1,685
Road infrastructure	9,679			9,679
Sewer infrastructure			99,091	99,091
Accumulated depreciation/amortization	(43,112)	(238)	(44,707)	(88,057)
Total noncurrent assets	101,530	11	70,152	171,693
Total assets	118,707	2,991	127,687	249,385
DEFERRED OUTFLOWS OF RESOURCES				
Pension:				
Changes in proportionate share of contributions	37		39	76
Contributions to the pension plan subsequent to the measurement date	768		803	1,571
Total deferred outflows of resources	805		842	1,647
LIABILITIES				
Current liabilities:				
Accounts payable	216	554	2,162	2,932
Accrued payroll	135		167	302
Due to other funds	396	60	136	592
Unearned revenue	85			85
Loans payable	304			304
Compensated absences	91		88	179
Total current liabilities	1,227	614	2,553	4,394
Noncurrent liabilities:				
Loans payable	171			171
Compensated absences	133		127	260
Net pension liability	4,211		4,406	8,617
Total noncurrent liabilities	4,515		4,533	9,048
Total liabilities	5,742	614	7,086	13,442
DEFERRED INFLOWS OF RESOURCES				
Pension:				
Differences between expected and actual experience in the total pension liability	299		313	612
Net difference between projected and actual earnings on pension plan investments	832		871	1,703
Total deferred inflows of resources	1,131		1,184	2,315
NET POSITION				
Net investment in capital assets	97,290	11	70,152	167,453
Unrestricted net position	15,349	2,366	50,107	67,822
Total net position	\$ 112,639	2,377	120,259	235,275

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION ENTERPRISE FUNDS

For the Year Ended June 30, 2015
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
Operating revenues:				
Charges for current services	\$ 11,984	4,538	26,831	43,353
Other	99	2,960		3,059
Total operating revenues	12,083	7,498	26,831	46,412
Operating expenses:				
Salaries and employee benefits	3,503		3,895	7,398
Repairs and maintenance	876	12	5,224	6,112
Equipment rental	442	12	713	1,167
Sewage processing			15,440	15,440
Contracted services	5,045	2,267	979	8,291
Depreciation/amortization	3,798	5	2,220	6,023
Utilities	310		18	328
Cost of material		2,041		2,041
Fuel	1	5		6
Other	611	164	2,109	2,884
Total operating expenses	14,586	4,506	30,598	49,690
Operating income (loss)	(2,503)	2,992	(3,767)	(3,278)
Nonoperating revenues (expenses):				
Grants	702			702
Investment earnings	96	1	239	336
Interest expense	(43)			(43)
Gain (loss) on disposal of assets			(4)	(4)
Total nonoperating revenues (expenses)	755	1	235	991
Income (loss) before capital contributions and transfers	(1,748)	2,993	(3,532)	(2,287)
Transfers in	50		309	359
Transfers out	(166)	(2,710)	(176)	(3,052)
Change in net position	(1,864)	283	(3,399)	(4,980)
Net position (deficits) at beginning of year (restated, see Note 30 to the financial statements)	114,503	2,094	123,658	240,255
Net position (deficits) at end of year	\$ 112,639	2,377	120,259	235,275



COMBINING STATEMENT OF CASH FLOWS ENTERPRISE FUNDS

For the Year Ended June 30, 2015
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 12,381	7,013	20,057	39,451
Cash received from other funds	7	1	6,849	6,857
Cash payments to suppliers	(4,780)	(4,199)	(21,035)	(30,014)
Cash payments to employees	(3,792)		(4,191)	(7,983)
Cash payments to other funds	(2,653)	(4,640)	(2,142)	(9,435)
Net cash provided (used) by operating activities	1,163	(1,825)	(462)	(1,124)
Cash flows from noncapital financing activities:				
Operating grants	428			428
Transfers from other funds	50		309	359
Transfers to other funds	(166)	(2,710)	(176)	(3,052)
Other noncapital increases	98			98
Net cash provided (used) by noncapital financing activities	410	(2,710)	133	(2,167)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(802)	(12)	(185)	(999)
Principal paid on long-term debt	(291)			(291)
Interest paid on long-term debt	(43)			(43)
Net cash provided (used) by capital and related financing activities	(1,136)	(12)	(185)	(1,333)
Cash flows from investing activities:				
Investment earnings	94		240	334
Net increase (decrease) in cash and cash equivalents	531	(4,547)	(274)	(4,290)
Cash and cash equivalents - beginning of year	13,798	6,688	57,385	77,871
Cash and cash equivalents - end of year	14,329	2,141	57,111	73,581
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(2,503)	2,992	(3,767)	(3,278)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivable	351	(484)	55	(78)
Decrease (increase) in due from other funds	1	1	20	22
Decrease (increase) in inventory		9	(2)	7
Increase (decrease) in accounts payable	(161)	271	1,311	1,421
Increase (decrease) in accrued payroll	3		22	25
Increase (decrease) in due to other funds	12	(4,619)	(3)	(4,610)
Increase (decrease) in unearned revenue	(47)			(47)
Increase (decrease) in compensated absences	7		(6)	1
Pension expense	(298)		(312)	(610)
Depreciation/amortization	3,798	5	2,220	6,023
Total adjustments	3,666	(4,817)	3,305	2,154
Net cash provided (used) by operating activities	1,163	(1,825)	(462)	(1,124)
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	\$ 24		253	277



INTERNAL SERVICE FUNDS

Internal service funds are established to account for services furnished to other County departments and are financed primarily by these service charges. Because they are exempt from budgetary control, they are free to employ commercial accounting techniques, and are often used in situations where a more accurate determination of operating results is desired.

Employee Benefits Fund

This fund was established to account for workers' compensation and unemployment insurance. Specifically, for workers' compensation the fund includes: claims payment, the actuarial liability, insurance costs and contributions by various departments.

Facilities Management Fund

This fund was established to account for the financing of facilities maintenance, public service utilities, property management, project management, architectural and engineering services, real estate acquisition and leasing, and mail services provided to County departments on a cost reimbursement basis.

Fleet Services Fund

This fund was established to account for the maintenance, repair, fuel, and financing of Fleet vehicles provided to County departments on a cost reimbursement basis.

Information Technology Fund

This fund was established to account for telecommunications services provided to County departments on a cost reimbursement basis.

Public Liability Insurance Fund

This fund was established to account for all of the County's public liability claims and related expenses in compliance with the applicable provisions of the law.

Purchasing Fund

This fund was established to account for the procurement of services, materials, and supplies provided to County departments and provides record storage services; all on a cost reimbursement basis.

Road and Communication Equipment Fund

This fund was established to account for the financing of Public Works' road and communication equipment provided to the following funds: Road, Airport, and Flood Control District; on a cost reimbursement basis.

Special District Loans Fund

This fund was established to provide financing for start up services for new and existing County Service Districts on a cost reimbursement basis.



COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

June 30, 2015
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
ASSETS					
Current assets:					
Pooled cash and investments	\$ 127,144	11,490	20,929	18,121	38,172
Receivables, net	124	1,125	296	98	39
Due from other funds	2,885	5,991	3,950	13,725	
Inventories		35	1,040		
Total current assets	130,153	18,641	26,215	31,944	38,211
Noncurrent assets:					
Capital assets:					
Buildings and improvements			2,963		
Equipment		6,622	106,088		
Software		440	213	3,368	
Accumulated depreciation/ amortization		(1,897)	(68,954)	(3,275)	
Total noncurrent assets		5,165	40,310	93	
Total assets	130,153	23,806	66,525	32,037	38,211
DEFERRED OUTFLOWS OF RESOURCES					
Pension:					
Changes in proportionate share of contributions		271	52		
Contributions to the pension plan subsequent to the measurement date		5,592	1,067		
Total deferred outflows of resources		5,863	1,119		
LIABILITIES					
Current liabilities:					
Accounts payable	4,959	4,380	2,809	23,566	213
Accrued payroll		1,096	215		
Accrued interest		1			
Due to other funds	891	818	537	965	1,422
Unearned revenue		418	1		
Loans payable		721			
Capital lease payable		36			
Compensated absences		690	101		
Claims and judgments	27,755				15,807
Total current liabilities	33,605	8,160	3,663	24,531	17,442
Noncurrent liabilities:					
Loans payable		1,702			
Capital lease payable		48			
Compensated absences		1,002	147		
Claims and judgments	139,121				22,100
Net pension liability		30,709	5,854		
Total noncurrent liabilities	139,121	33,461	6,001		22,100
Total liabilities	172,726	41,621	9,664	24,531	39,542
DEFERRED INFLOWS OF RESOURCES					
Pension:					
Differences between expected and actual experience in the total pension liability		2,179	416		
Net difference between projected and actual earnings on pension plan investments		6,070	1,158		
Total deferred inflows of resources		8,249	1,574		
NET POSITION					
Net investment in capital assets		5,081	40,310	93	
Unrestricted net position	(42,573)	(25,282)	16,096	7,413	(1,331)
Total net position	\$ (42,573)	(20,201)	56,406	7,506	(1,331)

Continued on next page ►►►



COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

June 30, 2015
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
ASSETS				
Current assets:				
Pooled cash and investments	\$ 4,847	16,295	485	237,483
Receivables, net	4	16		1,702
Due from other funds	515	3	15	27,084
Inventories	3			1,078
Total current assets	5,369	16,314	500	267,347
Noncurrent assets:				
Capital assets:				
Buildings and improvements				2,963
Equipment	220	32,320		145,250
Software	397			4,418
Accumulated depreciation/amortization	(212)	(17,044)		(91,382)
Total noncurrent assets	405	15,276		61,249
Total assets	5,774	31,590	500	328,596
DEFERRED OUTFLOWS OF RESOURCES				
Pension:				
Changes in proportionate share of contributions	57			380
Contributions to the pension plan subsequent to the measurement date	1,182			7,841
Total deferred outflows of resources	1,239			8,221
LIABILITIES				
Current liabilities:				
Accounts payable	12			35,939
Accrued payroll	230			1,541
Accrued interest				1
Due to other funds	144	437		5,214
Unearned revenue				419
Loans payable				721
Capital lease payable				36
Compensated absences	149			940
Claims and judgments				43,562
Total current liabilities	535	437		88,373
Noncurrent liabilities:				
Loans payable				1,702
Capital lease payable				48
Compensated absences	216			1,365
Claims and judgments				161,221
Net pension liability	6,482			43,045
Total noncurrent liabilities	6,698			207,381
Total liabilities	7,233	437		295,754
DEFERRED INFLOWS OF RESOURCES				
Pension:				
Differences between expected and actual experience in the total pension liability	460			3,055
Net difference between projected and actual earnings on pension plan investments	1,281			8,509
Total deferred inflows of resources	1,741			11,564
NET POSITION				
Net investment in capital assets	405	15,276		61,165
Unrestricted net position	(2,366)	15,877	500	(31,666)
Total net position	\$ (1,961)	31,153	500	29,499



COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2015
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
Operating revenues:					
Charges for current services	\$ 45,168	107,261	38,069	142,421	15,320
Other	134	1,341	260	3	1
Total operating revenues	45,302	108,602	38,329	142,424	15,321
Operating expenses:					
Salaries and employee benefits		27,198	5,426		
Repairs and maintenance		27,318	8,483		
Equipment rental		56	109		
Contracted services	10,626	22,224	1,564	147,418	8,738
Depreciation/amortization		497	9,824	1,374	
Utilities		26,696	261		
Cost of material		4,195	138		
Claims and judgments	36,487				16,911
Fuel		286	9,825		
Other		2,947	1,942		2
Total operating expenses	47,113	111,417	37,572	148,792	25,651
Operating income (loss)	(1,811)	(2,815)	757	(6,368)	(10,330)
Nonoperating revenues (expenses):					
Grants		5,280			
Investment earnings	541	10	93	4	186
Interest expense		(80)			
Gain (loss) on disposal of assets		(299)	658		
Total nonoperating revenues (expenses)	541	4,911	751	4	186
Income (loss) before capital contributions and transfers	(1,270)	2,096	1,508	(6,364)	(10,144)
Capital contributions		194	1,410		
Transfers in	284	2,142	797	4,734	
Transfers out		(1,228)	(231)		
Change in net position	(986)	3,204	3,484	(1,630)	(10,144)
Net position (deficits) at beginning of year (restated, see Note 30 to the financial statements)	(41,587)	(23,405)	52,922	9,136	8,813
Net position (deficits) at end of year	\$ (42,573)	(20,201)	56,406	7,506	(1,331)

Continued on next page ►►►



COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2015
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Operating revenues:				
Charges for current services	\$ 6,594	7,412		362,245
Other	1,089	18		2,846
Total operating revenues	7,683	7,430		365,091
Operating expenses:				
Salaries and employee benefits	5,455			38,079
Repairs and maintenance	194	3,252		39,247
Equipment rental	33			198
Contracted services	1,444	497		192,511
Depreciation/amortization	75	2,285		14,055
Utilities	68			27,025
Cost of material				4,333
Claims and judgments				53,398
Fuel		1,313		11,424
Other	653		1	5,545
Total operating expenses	7,922	7,347	1	385,815
Operating income (loss)	(239)	83	(1)	(20,724)
Nonoperating revenues (expenses):				
Grants				5,280
Investment earnings	23	72		929
Interest expense				(80)
Gain (loss) on disposal of assets		82		441
Total nonoperating revenues (expenses)	23	154		6,570
Income (loss) before capital contributions and transfers	(216)	237	(1)	(14,154)
Capital contributions	5			1,609
Transfers in	722	1,250		9,929
Transfers out	(256)		(405)	(2,120)
Change in net position	255	1,487	(406)	(4,736)
Net position (deficits) at beginning of year (restated, see Note 30 to the financial statements)	(2,216)	29,666	906	34,235
Net position (deficits) at end of year	\$ (1,961)	31,153	500	29,499



COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2015
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
Cash flows from operating activities:					
Cash received from customers	\$ 134	2,761	1,704	344	3
Cash received from other funds	44,528	106,742	36,407	144,683	15,317
Cash payments to suppliers	(1,281)	(81,230)	(20,420)	(152,634)	(1,452)
Cash payments to employees		(29,227)	(5,830)		
Cash payments to other funds	(10,079)	(2,815)	(3,608)	(1,043)	(6,850)
Cash paid for claims and judgments	(23,422)				(9,855)
Other payments		(97)			
Net cash provided (used) by operating activities	9,880	(3,866)	8,253	(8,650)	(2,837)
Cash flows from noncapital financing activities:					
Operating grants		4,563			
Transfers from other funds	284	2,142	797	4,734	
Transfers to other funds		(1,228)	(231)		
Principal paid on long-term debt		(1,427)			
Interest paid on long-term debt		(75)			
Proceeds from loans		843			
Other noncapital increases					
Net cash provided (used) by noncapital financing activities	284	4,818	566	4,734	
Cash flows from capital and related financing activities:					
Capital contributions			871		
Acquisition of capital assets		(24)	(10,808)		
Proceeds from sale of assets			1,004		
Principal paid on capital lease		(35)			
Interest paid on long-term debt		(6)			
Net cash provided (used) by capital and related financing activities		(65)	(8,933)		
Cash flows from investing activities:					
Investment earnings	531	9	94	4	189
Net increase (decrease) in cash and cash equivalents	10,695	896	(20)	(3,912)	(2,648)
Cash and cash equivalents - beginning of year	116,449	10,594	20,949	22,033	40,820
Cash and cash equivalents - end of year	127,144	11,490	20,929	18,121	38,172
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(1,811)	(2,815)	757	(6,368)	(10,330)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Decrease (increase) in accounts receivable		(50)	112	42	
Decrease (increase) in due from other funds	(640)	983	(330)	2,562	
Decrease (increase) in inventory		11	35		
Increase (decrease) in accounts payable	(216)	(547)	(1,869)	(5,308)	203
Increase (decrease) in accrued payroll		128	18		
Increase (decrease) in due to other funds	(518)	86	124	(952)	235
Increase (decrease) in unearned revenue		(32)			
Increase (decrease) in compensated absences		40	(4)		
Increase (decrease) in claims and judgments	13,065				7,055
Pension expense		(2,167)	(414)		
Depreciation/amortization		497	9,824	1,374	
Total adjustments	11,691	(1,051)	7,496	(2,282)	7,493
Net cash provided (used) by operating activities	9,880	(3,866)	8,253	(8,650)	(2,837)
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable			1,486		
Governmental contributions of capital assets	\$	194	539		

Continued on next page ►►►



COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2015
(In Thousands)

(Continued)

	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 1,092	18		6,056
Cash received from other funds	6,571	7,421		361,669
Cash payments to suppliers	(191)	(137)		(257,345)
Cash payments to employees	(5,842)			(40,899)
Cash payments to other funds	(2,227)	(5,111)	(1)	(31,734)
Cash paid for claims and judgments				(33,277)
Other payments				(97)
Net cash provided (used) by operating activities	(597)	2,191	(1)	4,373
Cash flows from noncapital financing activities:				
Operating grants				4,563
Transfers from other funds	722	1,250		9,929
Transfers to other funds	(256)		(405)	(2,120)
Principal paid on long-term debt				(1,427)
Interest paid on long-term debt				(75)
Proceeds from loans				843
Other noncapital increases			15	15
Net cash provided (used) by noncapital financing activities	466	1,250	(390)	11,728
Cash flows from capital and related financing activities:				
Capital contributions				871
Acquisition of capital assets		(3,530)		(14,362)
Proceeds from sale of assets		239		1,243
Principal paid on capital lease				(35)
Interest paid on long-term debt				(6)
Net cash provided (used) by capital and related financing activities		(3,291)		(12,289)
Cash flows from investing activities:				
Investment earnings	22	72		921
Net increase (decrease) in cash and cash equivalents	(109)	222	(391)	4,733
Cash and cash equivalents - beginning of year	4,956	16,073	876	232,750
Cash and cash equivalents - end of year	4,847	16,295	485	237,483
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(239)	83	(1)	(20,724)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivable				104
Decrease (increase) in due from other funds	(21)	9		2,563
Decrease (increase) in inventory	(2)			44
Increase (decrease) in accounts payable	2	(107)		(7,842)
Increase (decrease) in accrued payroll	23			169
Increase (decrease) in due to other funds	(38)	(79)		(1,142)
Increase (decrease) in unearned revenue				(32)
Increase (decrease) in compensated absences	62			98
Increase (decrease) in claims and judgments				20,120
Pension expense	(459)			(3,040)
Depreciation/amortization	75	2,285		14,055
Total adjustments	(358)	2,108		25,097
Net cash provided (used) by operating activities	(597)	2,191	(1)	4,373
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable				1,486
Governmental contributions of capital assets	\$ 5			738





AGENCY FUNDS

Agency funds are used to account for situations where the County's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, assets reported in the agency funds are offset by a liability to the party on whose behalf they are held.

Property Tax Collection Funds

These funds are used for recording the collection and distribution of property taxes.

Other Agency Funds

These funds maintain assets held in an agent capacity for other governments, organizations and individuals. These assets do not support the County's programs or services. Any portion of agency fund assets held at fiscal year end for other funds are reported in those funds rather than in the agency funds.



COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Year Ended June 30, 2015
(In Thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
PROPERTY TAX COLLECTION FUNDS				
ASSETS				
Pooled cash and investments	\$ 55,544	17,210,309	17,205,115	60,738
Receivables:				
Investment earnings receivable	479	3,002	3,039	442
Taxes receivable		5,948,835	5,948,835	
Total assets	56,023	23,162,146	23,156,989	61,180
LIABILITIES				
Accounts payable	151	1,641,579	1,641,044	686
Due to other governments	55,872	20,438,756	20,434,134	60,494
Total liabilities	56,023	22,080,335	22,075,178	61,180
OTHER AGENCY FUNDS				
ASSETS				
Pooled cash and investments	293,115	20,310,462	20,274,231	329,346
Cash with fiscal agents	839	10,121	10,104	856
Receivables:				
Accounts receivable	13	1	3	11
Investment earnings receivable	1,861	16,027	10,111	7,777
Other receivables		2,613	2,613	
Total assets	295,828	20,339,224	20,297,062	337,990
LIABILITIES				
Accounts payable	19,392	2,347,635	2,339,471	27,556
Warrants outstanding	158,429	9,840,073	9,804,113	194,389
Due to other governments	118,007	2,383,478	2,385,440	116,045
Total liabilities	295,828	14,571,186	14,529,024	337,990
TOTAL AGENCY FUNDS				
ASSETS				
Pooled cash and investments	348,659	37,520,771	37,479,346	390,084
Cash with fiscal agents	839	10,121	10,104	856
Receivables:				
Accounts receivable	13	1	3	11
Investment earnings receivable	2,340	19,029	13,150	8,219
Taxes receivable		5,948,835	5,948,835	
Other receivables		2,613	2,613	
Total assets	351,851	43,501,370	43,454,051	399,170
LIABILITIES				
Accounts payable	19,543	3,989,214	3,980,515	28,242
Warrants outstanding	158,429	9,840,073	9,804,113	194,389
Due to other governments	173,879	22,822,234	22,819,574	176,539
Total liabilities	\$ 351,851	36,651,521	36,604,202	399,170



INTRODUCTION

Government Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1)* requires that certain detailed statistical information be presented in this section, typically in ten-year trends, to assist users in utilizing the basic financial statements, notes to the financial statements, and required supplementary information in order to assess the economic condition of the County. Provisions of this Statement require that governments preparing this statistical section are encouraged but not required, to report all years of information retroactively.

In this regard, when available, ten year trend information has been provided. When accounting data or other information is unavailable, statistical tables are footnoted to indicate as such. Generally, information was unavailable because non-accounting trend data called for by Statement No. 44 which was significantly different than data reported in previous fiscal years' statistical tables was either not available from external sources in the format required or was not available in internal archived data.

Financial Trends 200

These Tables contain information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity 208

These Tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity 212

These Tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information..... 216

These Tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information..... 218

These Tables contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in the following tables is derived from the comprehensive annual financial reports for the relevant year.



Table 1
County of San Diego
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
Net position					
Governmental activities					
Net investment in capital assets	\$ 2,367,442	2,409,050	2,468,142	2,582,854	2,595,105
Restricted	224,635	162,318	181,198	314,107	247,585
Unrestricted	(197,916)	178,231	351,326	319,669	535,103
Total governmental activities net position	2,394,161	2,749,599	3,000,666	3,216,630	3,377,793
Business-type activities					
Net investment in capital assets	97,212	112,549	126,237	148,146	164,845
Restricted					
Unrestricted	81,125	84,779	92,686	88,909	87,254
Total business-type activities net position	178,337	197,328	218,923	237,055	252,099
Primary government					
Net investment in capital assets	2,464,654	2,521,599	2,594,379	2,731,000	2,759,950
Restricted	224,635	162,318	181,198	314,107	247,585
Unrestricted	(116,791)	263,010	444,012	408,578	622,357
Total primary government net position	\$ 2,572,498	2,946,927	3,219,589	3,453,685	3,629,892

	Fiscal Year				
	2011	2012	2013	2014	2015
Net position					
Governmental activities					
Net investment in capital assets	\$ 2,675,240	2,770,556	2,861,061	3,015,405	3,042,782
Restricted	529,808	553,249	619,855	669,832	619,565
Unrestricted (1)	365,165	454,565	514,015	655,954	(1,268,029)
Total governmental activities net position	3,570,213	3,778,370	3,994,931	4,341,191	2,394,318
Business-type activities					
Net investment in capital assets	163,268	162,874	167,430	171,911	167,453
Restricted					
Unrestricted	89,602	87,348	81,185	78,547	67,948
Total business-type activities net position	252,870	250,222	248,615	250,458	235,401
Primary government					
Net investment in capital assets	2,838,508	2,933,430	3,028,491	3,187,316	3,210,235
Restricted	529,808	553,249	619,855	669,832	619,565
Unrestricted (1)	454,767	541,913	595,200	734,501	(1,200,081)
Total primary government net position	\$ 3,823,083	4,028,592	4,243,546	4,591,649	2,629,719

(1) 2015 reflects the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27.

Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses					
Governmental activities					
General government	\$ 240,158	249,993	298,607	275,508	304,305
Public protection	1,021,464	1,079,320	1,180,114	1,158,162	1,091,910
Public ways and facilities	128,268	133,148	144,452	151,125	131,982
Health and sanitation	559,709	580,384	638,869	678,217	681,448
Public assistance	1,015,481	1,043,454	1,114,453	1,177,320	1,171,603
Education	32,488	33,223	36,355	42,424	39,165
Recreation and cultural	23,376	28,469	33,941	34,542	33,629
Interest on long-term debt	116,692	146,997	119,138	118,927	111,942
Total governmental activities expenses	3,137,636	3,294,988	3,565,929	3,636,225	3,565,984
Business-type activities					
Airport	7,699	8,209	8,848	10,614	12,389
Wastewater management	4,733	4,422	5,320	16,666	5,523
Sanitation district	15,133	15,620	17,574	5,794	18,831
Total business-type activities expenses	27,565	28,251	31,742	33,074	36,743
Total primary government expenses	3,165,201	3,323,239	3,597,671	3,669,299	3,602,727
Program revenues					
Governmental activities					
Charges for services:					
General government	99,083	98,365	130,645	93,939	90,503
Public protection	202,941	201,332	217,953	215,343	204,405
Other activities	153,535	153,717	137,020	133,834	150,461
Operating grants and contributions	2,067,803	2,113,585	2,152,380	2,181,366	2,192,591
Capital grants and contributions	5,283	7,559	24,474	60,703	33,246
Total governmental activities program revenues	2,528,645	2,574,558	2,662,472	2,685,185	2,671,206
Business-type activities					
Charges for services:					
Airport	7,433	9,367	16,097	9,397	9,299
Wastewater management	4,322	4,662	5,318	6,567	6,616
Sanitation district	17,251	17,995	20,060	20,114	19,823
Operating grants and contributions	9,994	8,257	7,725	12,974	15,330
Capital grants and contributions	58	464			
Total business-type program revenues	39,058	40,745	49,200	49,052	51,068
Total primary government program revenues	2,567,703	2,615,303	2,711,672	2,734,237	2,722,274
Net (Expense) Revenue					
Governmental activities	(608,991)	(720,430)	(903,457)	(951,040)	(894,778)
Business-type activities	11,493	12,494	17,458	15,978	14,325
Total primary government net (expense) revenue \$	(597,498)	(707,936)	(885,999)	(935,062)	(880,453)

Continued on next page ►►►



Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Governmental activities					
General government	\$ 229,767	271,485	240,409	249,066	258,169
Public protection	1,128,967	1,179,815	1,236,708	1,312,074	1,309,087
Public ways and facilities	130,239	132,166	135,432	148,209	161,341
Health and sanitation	721,939	790,907	851,246	631,543	640,020
Public assistance	1,191,559	1,175,678	1,183,923	1,418,703	1,327,664
Education	35,734	34,669	34,104	35,647	37,686
Recreation and cultural	36,699	36,128	34,204	38,903	42,748
Interest on long-term debt	106,381	102,338	95,801	92,709	86,816
Total governmental activities expenses	3,581,285	3,723,186	3,811,827	3,926,854	3,863,531
Business-type activities					
Airport	12,876	12,736	14,107	14,118	14,664
Wastewater management	5,806	5,980	22,936		
Sanitation district	21,699	22,335	5,754	28,291	30,745
Jail Stores Commissary				4,816	4,506
Total business-type activities expenses	40,381	41,051	42,797	47,225	49,915
Total primary government expenses	3,621,666	3,764,237	3,854,624	3,974,079	3,913,446
Program revenues					
Governmental activities					
Charges for services:					
General government	92,085	99,872	98,205	100,328	92,109
Public protection	235,913	237,632	244,612	240,850	250,054
Other activities	160,067	168,851	153,958	169,274	162,578
Operating grants and contributions	2,211,946	2,317,522	2,467,966	2,519,619	2,467,817
Capital grants and contributions	25,329	11,005	32,728	114,310	39,224
Total governmental activities program revenues	2,725,340	2,834,882	2,997,469	3,144,381	3,011,782
Business-type activities					
Charges for services:					
Airport	11,301	11,568	11,077	12,647	11,984
Wastewater management	6,509	6,502	6,561		
Sanitation district	20,431	18,406	18,564	25,037	26,831
Jail Stores Commissary				5,659	4,538
Operating grants and contributions	1,544	539	4,933	3,793	702
Capital grants and contributions					
Total business-type program revenues	39,785	37,015	41,135	47,136	44,055
Total primary government program revenues	2,765,125	2,871,897	3,038,604	3,191,517	3,055,837
Net (Expense) Revenue					
Governmental activities	(855,945)	(888,304)	(814,358)	(782,473)	(851,749)
Business-type activities	(596)	(4,036)	(1,662)	(89)	(5,860)
Total primary government net (expense) revenue	\$ (856,541)	(892,340)	(816,020)	(782,562)	(857,609)

Continued on next page ►►►

Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2006	2007	2008	2009	2010
General revenues and other changes in net position					
Governmental activities					
Taxes:					
Property taxes	\$ 516,569	559,726	637,491	618,048	\$ 593,553
Other taxes	34,219	26,760	20,374	15,167	15,991
Transient occupancy tax					
Real property transfer tax					
Miscellaneous taxes					
Intergovernmental unrestricted:					
Property taxes in lieu of VLF (1)	261,695	277,930	303,348	316,925	308,842
Sales and use taxes	23,475	26,534	24,872	22,435	20,576
Investment earnings	63,810	88,974	87,554	57,859	30,941
Other general revenues	78,651	95,343	80,804	118,929	85,693
Total governmental general revenues	978,419	1,075,267	1,154,443	1,149,363	1,055,596
Special Item: gain or loss on sale of properties					
Transfers	1,090	601	81	151	345
Total governmental activities	979,509	1,075,868	1,154,524	1,149,514	1,055,941
Business-type activities					
Investment earnings	7,048	4,189	4,113	2,237	1,046
Other general revenues	160	2,909	105	68	18
Total business-type general revenues	7,208	7,098	4,218	2,305	1,064
Transfers	(1,090)	(601)	(81)	(151)	(345)
Total business-type activities	6,118	6,497	4,137	2,154	719
Total primary government	985,627	1,082,365	1,158,661	1,151,668	1,056,660
Change in net position					
Governmental activities	370,518	355,438	251,067	198,474	161,163
Business-type activities	17,611	18,991	21,595	18,132	15,044
Total change in net position	\$ 388,129	374,429	272,662	216,606	176,207

(1) In 2005, the County's share of vehicle license fee (VLF) was eliminated and replaced with property tax revenue.

Continued on next page ►►►



Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2011	2012	2013	2014	2015
General revenues and other changes in net position					
Governmental activities					
Taxes:					
Property taxes	\$ 580,570	616,183	587,145	627,709	648,974
Other taxes	16,207	17,200	20,912		
Transient occupancy tax				3,404	4,166
Real property transfer tax				20,074	21,049
Miscellaneous taxes				14	15
Intergovernmental unrestricted:					
Property taxes in lieu of VLF (1)	303,625	304,614	303,646	313,844	332,928
Sales and use taxes	22,457	25,055	24,809	24,871	27,847
Investment earnings	22,024	12,338	3,504	16,635	12,250
Other general revenues	104,260	110,676	90,789	132,612	93,889
Total governmental general revenues	1,049,143	1,086,066	1,030,805	1,139,163	1,141,118
Transfers	(778)	(28)	114	7,086	2,693
Extraordinary gain		10,423			
Total governmental activities	1,048,365	1,096,461	1,030,919	1,146,249	1,143,811
Business-type activities					
Investment earnings	582	1,151	46	502	336
Other general revenues	7	209	123	2,565	3,055
Total business-type general revenues	589	1,360	169	3,067	3,391
Transfers	778	28	(114)	(7,086)	(2,693)
Total business-type activities	1,367	1,388	55	(4,019)	698
Total primary government	1,049,732	1,097,849	1,030,974	1,142,230	1,144,509
Change in net position					
Governmental activities	192,420	208,157	216,561	363,776	292,062
Business-type activities	771	(2,648)	(1,607)	(4,108)	(5,162)
Total change in net position	\$ 193,191	205,509	214,954	359,668	286,900

(1) In 2005, the County's share of vehicle license fee (VLF) was eliminated and replaced with property tax revenue.

Table 3
County of San Diego
Fund Balances Governmental Funds
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 272,936	410,244	273,231	266,434	162,257
Unreserved	625,949	744,838	947,235	923,604	1,057,851
Total general fund	898,885	1,155,082	1,220,466	1,190,038	1,220,108
All Other Governmental Funds					
Reserved	278,878	274,024	199,472	213,984	175,900
Unreserved, reported in:					
Special Revenue Funds (1)	633,430	624,996	672,652	668,626	705,469
Capital Projects Funds	65,452	73,923	30,210	157,221	89,926
Total other governmental funds	\$ 977,760	972,943	902,334	1,039,831	971,295
	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Reserved					
Unreserved					
Nonspendable(2)	\$ 11,257	12,443	12,347	12,276	13,379
Restricted (2)	214,956	245,713	295,264	296,548	269,294
Committed (2)	514,739	515,234	464,831	492,175	478,980
Assigned (2)	40,614	51,325	184,526	217,628	328,588
Unassigned (2)	612,814	663,132	644,454	713,045	798,135
Total general fund	1,394,380	1,487,847	1,601,422	1,731,672	1,888,376
All Other Governmental Funds					
Reserved					
Unreserved, reported in:					
Special Revenue Funds (1)					
Capital Projects Funds					
Nonspendable (2)	5,148	5,281	5,600	4,884	5,149
Restricted (2)	372,730	424,512	433,952	459,579	427,703
Committed (2)	467,950	440,767	413,796	395,291	379,711
Assigned (2)					228
Total other governmental funds	\$ 845,828	870,560	853,348	859,754	812,791

(1) The increase in the unreserved fund balance of special revenue funds was principally due to the proceeds received from the issuance of San Diego County Tobacco Securitization Corporation Series Tobacco Settlement Asset-Backed Bonds in 2006.

(2) Beginning in fiscal year 2011, governmental fund balances are required to be reported as nonspendable, restricted, committed, assigned, and unassigned.



Table 4
County of San Diego
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues:					
Taxes	\$ 1,102,032	1,146,937	971,616	973,899	946,324
Licenses, permits and franchise fees	41,824	43,807	45,257	49,990	47,578
Fines, forfeitures and penalties	60,071	58,355	63,014	59,348	57,869
Revenue from use of money and property	76,608	93,246	137,963	70,911	46,100
Aid from other governmental agencies:					
State	867,063	927,850	1,169,642	1,161,312	1,136,756
Federal	793,039	820,851	908,582	858,066	963,285
Other	94,866	100,323	79,066	144,205	102,708
Charges for current services	314,021	325,049	312,018	316,214	318,283
Other	67,419	76,680	73,745	111,431	81,219
Total revenues	3,416,943	3,593,098	3,760,903	3,745,376	3,700,122
Expenditures:					
General government	199,349	233,471	277,286	249,324	205,456
Public protection	1,014,653	1,065,984	1,145,807	1,133,843	1,063,890
Public ways and facilities	67,145	74,319	80,051	85,802	66,393
Health and sanitation	556,165	577,389	633,382	669,725	675,256
Public assistance	1,011,315	1,043,293	1,111,701	1,172,400	1,169,287
Education	32,043	32,961	35,569	41,461	37,422
Recreation and cultural	22,964	26,774	32,042	32,561	29,982
Total CAFR Governmental functions	2,903,634	3,054,191	3,315,838	3,385,116	3,247,686
Capital outlay	109,897	138,017	157,818	179,662	205,512
Debt service:					
Principal	57,245	73,816	184,614	112,275	169,059
Interest	109,491	116,095	107,631	103,831	101,036
Bond issuance costs	6,172	885		3,959	739
Payment to refunded bond escrow agent	24,256				15,377
Total expenditures	3,210,695	3,383,004	3,765,901	3,784,843	3,739,409
Excess (deficiency) of revenues over (under) expenditures	206,248	210,094	(4,998)	(39,467)	(39,287)
Other financing sources (uses)					
Sale of capital assets	12,355	1,601	68	31	365
Issuance of bonds and loans:					
Face value of bonds issued	166,611	42,390		136,885	
Face value of loans issued		462			
Discount on issuance of bonds	(20,501)				
Premium on issuance of bonds	1,308	606		1,175	7,803
Long-term debt proceeds					
Refunding bonds issued	461,230			443,515	80,940
Payment to refunded bond escrow agent	(467,458)			(441,038)	(83,173)
Transfers in	867,973	512,386	594,512	525,424	452,018
Transfers (out)	(868,908)	(514,680)	(594,882)	(525,689)	(457,683)
Total other financing sources (uses)	152,610	42,765	(302)	140,303	270
Net change in fund balances	\$ 358,858	252,859	(5,300)	100,836	(39,017)
Debt service as a percentage of noncapital expenditures	5.38%	5.85%	8.10%	5.99%	7.64%

Continued on next page ►►

Table 4
County of San Diego
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues:					
Taxes	934,737	966,512	941,644	987,061	1,038,552
Licenses, permits and franchise fees	51,144	51,823	52,746	55,819	54,181
Fines, forfeitures and penalties	54,267	53,818	50,070	47,125	49,200
Revenue from use of money and property	39,545	29,765	21,918	34,855	23,033
Aid from other governmental agencies:					
State	1,192,401	1,276,289	1,374,266	1,513,606	1,490,603
Federal	945,168	969,818	946,356	919,151	917,901
Other	72,071	82,292	138,575	169,724	106,691
Charges for current services	359,239	369,586	366,442	389,224	387,788
Other	90,486	104,647	78,455	61,409	91,903
Total revenues	3,739,058	3,904,550	3,970,472	4,177,974	4,159,852
Expenditures:					
General government	223,290	210,375	226,648	231,370	237,875
Public protection	1,088,377	1,149,575	1,187,848	1,277,698	1,353,710
Public ways and facilities	61,967	64,922	66,514	75,565	73,991
Health and sanitation	714,022	782,504	840,735	620,319	644,865
Public assistance	1,184,632	1,171,662	1,178,112	1,410,925	1,346,078
Education	34,599	32,210	32,034	33,431	37,095
Recreation and cultural	33,054	33,302	31,092	31,604	36,838
Total CAFR Governmental functions	3,339,941	3,444,550	3,562,983	3,680,912	3,730,452
Capital outlay	186,342	212,304	165,737	264,015	160,474
Debt service:					
Principal	64,016	61,241	75,687	59,535	67,542
Interest	97,290	94,320	93,678	93,232	85,673
Bond issuance costs	349	374	393		583
Payment to refunded bond escrow agent	3,437				8,461
Total expenditures	3,691,375	3,812,789	3,898,478	4,097,694	4,053,185
Excess (deficiency) of revenues over (under) expenditures	47,683	91,761	71,994	80,280	106,667
Other financing sources (uses)					
Sale of capital assets	2,673	740	5,997	58,420	984
Issuance of bonds and loans:					
Face value of bonds issued		32,665	29,335		732
Face value of loans issued					
Discount on issuance of bonds		(182)			
Premium on issuance of bonds	1,237		574		15,070
Long-term debt proceeds					
Refunding bonds issued	19,260				93,750
Payment to refunded bond escrow agent	(18,774)				(103,771)
Transfers in	426,611	460,192	460,931	478,533	434,541
Transfers (out)	(430,527)	(465,106)	(472,183)	(480,236)	(439,657)
Total other financing sources (uses)	480	28,309	24,654	56,717	1,649
Extraordinary loss		(3,126)			
Net change in fund balances	48,163	116,944	96,648	136,997	108,316
Debt service as a percentage of noncapital expenditures	4.60%	4.32%	4.54%	3.98%	3.94%



Table 5
County of San Diego
Assessed Value of Taxable Property
Last Ten Fiscal Years (1)
(In Thousands)

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured		
2006	\$ 310,318,786	\$ 2,748,781	\$ 3,273,999	\$ 9,533,091	\$ 6,958,731	\$ 957,441	\$ 317,958,485	1.00000
2007	347,969,648	3,380,284	2,461,837	10,739,964	7,500,343	1,053,199	355,998,191	1.00000
2008	381,485,632	3,321,363	3,528,453	10,387,757	8,219,783	1,207,922	389,295,500	1.00000
2009	398,804,220	3,411,110	3,604,712	10,891,875	9,043,072	1,293,899	406,374,946	1.00000
2010	389,083,154	3,261,524	3,597,697	11,596,968	9,779,505	1,465,316	396,294,522	1.00000
2011	384,566,788	3,361,476	3,642,380	10,997,174	10,332,112	1,458,658	390,777,048	1.00000
2012	387,715,176	3,326,188	3,604,459	10,878,963	10,959,285	1,578,206	392,987,295	1.00000
2013	388,067,793	3,362,102	3,785,463	10,908,493	11,532,649	1,632,359	392,958,843	1.00000
2014	401,174,212	3,471,163	3,857,452	11,337,598	12,195,985	1,660,818	405,983,622	1.00000
2015	424,400,547	3,837,190	3,708,390	11,638,652	12,531,830	1,812,206	429,240,743	1.00000

(1) Due to the passage of Proposition 13 (Prop 13) in 1978, the County does not track the estimated actual value of real and personal properties; therefore, assessed value as a percentage of actual value is not applicable. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value.

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

Table 6
County of San Diego
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Direct Rates (1)										
County of San Diego	0.133	0.140	0.139	0.138	0.140	0.140	0.140	0.140	0.139	0.140
Cities (3)	0.200	0.219	0.225	0.229	0.232	0.232	0.231	0.232	0.233	0.233
Schools (4)	0.637	0.605	0.600	0.597	0.594	0.594	0.595	0.594	0.594	0.593
Special Districts	0.030	0.036	0.036	0.036	0.034	0.034	0.034	0.034	0.034	0.034
Total Direct Rates	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Overlapping Rates (2)										
Cities (3)	0.004	0.005	0.005	0.004	0.004	0.004	0.004	0.004	0.004	0.004
Schools	0.059	0.055	0.058	0.050	0.063	0.066	0.073	0.073	0.103	0.102
Special Districts	0.008	0.009	0.009	0.007	0.008	0.008	0.009	0.009	0.009	0.009
Total Overlapping Rates	0.071	0.069	0.072	0.061	0.075	0.078	0.086	0.086	0.116	0.115
Total Direct and Overlapping Rates	1.071	1.069	1.072	1.061	1.075	1.078	1.086	1.086	1.116	1.115

(1) The \$1.00 per \$100 of Assessed Value (Proposition 13) tax rate beginning in Fiscal Year 1978-79 is distributed according to State Law on a percentage basis to each of the eligible taxing agencies in the County.

(2) Overlapping rates for cities, schools and special districts are chargeable to property owners within their respective tax rate areas (TRA). Overlapping rates do not apply to all property owners (e.g. the rates for special districts apply only to property owners whose property is located within the geographic boundary (TRA) of the special district.)

(3) Includes property tax revenue that is distributed in the Redevelopment Property Tax Trust Fund (RPTTF) starting fiscal year 2012 (Redevelopment Agencies' dissolution was February 1, 2012) to present. Prior to dissolution, property tax revenue was distributed to the redevelopment agencies.

(4) Includes property tax revenue that is distributed in the Educational Revenue Augmentation Fund (ERAF).

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



Table 7
County of San Diego
Principal Property Taxpayers
Current Year and Nine Years Ago
(In Thousands)

Taxpayer	2015			2006		
	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value
San Diego Gas & Electric Company	\$ 6,736,977	1	1.62%	\$ 2,862,550	1	0.93%
Qualcomm Inc	2,002,918	2	0.48%	617,429	6	0.20%
Irvine Company	1,720,791	3	0.41%	520,902	8	0.17%
Southern California Edison Company	1,587,999	4	0.38%	1,646,607	2	0.54%
Kilroy Realty LP	1,280,663	5	0.31%	751,874	4	0.25%
Host Hotels and Resorts	781,292	6	0.19%			
Pacific Bell Telephone Company	728,065	7	0.18%	801,580	3	0.26%
O C/S D Holdings LLC	612,096	8	0.15%			
B S K Del Partners LLC	587,672	9	0.14%			
La Mirage Apartments LLC	496,808	10	0.12%			
Pfizer Incorporated				640,043	5	0.21%
San Diego Ballpark Funding				603,072	7	0.20%
San Diego Family Housing LLC				473,816	9	0.15%
Fashion Valley Mall				428,018	10	0.14%
Totals	\$ 16,535,281		3.98%	\$ 9,345,891		3.05%

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

Table 8
County of San Diego
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 3,179,585	\$ 3,110,799	97.84%	\$ 60,105	\$ 3,170,904	99.73%
2007	3,559,982	3,454,709	97.04%	96,465	3,551,174	99.75%
2008	3,892,955	3,739,090	96.05%	137,975	3,877,065	99.59%
2009	4,063,749	3,903,633	96.06%	131,070	4,034,703	99.29%
2010	3,962,945	3,821,278	96.43%	92,748	3,914,026	98.77%
2011	3,907,770	3,795,900	97.14%	56,597	3,852,497	98.59%
2012	3,929,873	3,819,892	97.20%	45,365	3,865,257	98.36%
2013	3,929,588	3,871,591	98.52%	29,381	3,900,972	99.27%
2014	4,059,836	4,011,889	98.82%	22,479	4,034,368	99.37%
2015	4,292,407	4,241,271	98.81%	N/A	4,241,271	98.81%

(1) Includes secured, unsecured and unitary tax levy for the County and school districts, cities and special districts under the supervision of independent governing boards.

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



Table 9
County of San Diego
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2006	2007	2008	2009	2010
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	\$ 360,625	369,685	335,532	475,913	432,760
San Diego County Redevelopment Agency Revenue Refunding Bonds	15,955	15,597	15,279	14,945	14,602
Tobacco Settlement Asset-Backed Bonds	523,123	541,108	543,687	543,374	548,817
Pension Obligation Bonds	1,231,369	1,203,698	1,068,200	1,003,490	872,540
Capital and retrofit loans	8,098	7,920	7,043	7,043	7,404
Capitalized Leases	31,894	29,623	27,590		242
Business-type Activities:					
Capital Loans	2,745	2,551	2,255	2,038	1,809
Total Primary Government	\$ 2,173,809	2,170,182	1,999,586	2,046,803	1,878,174
Percentage of Personal Income (1)	1.72%	1.63%	1.39%	1.52%	1.37%
Per Capita (1)	\$ 737	730	636	643	582
	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	\$ 402,396	410,126	413,992	396,173	376,955
San Diego County Redevelopment Agency Revenue Refunding Bonds (2)	14,243				
Tobacco Settlement Asset-Backed Bonds	556,039	562,391	551,350	551,442	542,883
Pension Obligation Bonds	839,652	805,272	769,068	732,330	692,338
Capital and retrofit loans	7,162	6,167	5,169	5,124	5,188
Capitalized Leases	212	185	152	119	84
Business-type Activities:					
Capital Loans	1,566	1,313	1,046	766	475
Total Primary Government	\$ 1,821,270	1,785,454	1,740,777	1,685,954	1,617,923
Percentage of Personal Income (1)	1.20%	1.15%	1.11%	0.99%	0.90%
Per Capita (1)	\$ 585	571	552	528	501

(1) See Table 13 Demographic and Economic Statistics

(2) Pursuant to California Assembly Bill ABx1 26, the responsibility for the payment of this debt was transferred to the County of San Diego Successor Agency Private Purpose Trust Fund

Table 10
County of San Diego
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2006	2007	2008	2009	2010
Certificates of Participation & Lease Revenue Bonds	\$ 360,625	369,685	335,532	475,913	432,760
Less: Amounts Available in Debt Service Fund	29,380	35,238	26,474	50,513	35,547
Net Certificates of Participation & Lease Revenue Bonds	331,245	334,447	309,058	425,400	397,213
Pension Obligation Bonds	1,231,369	1,203,698	1,068,200	1,003,490	872,540
Less: Amounts Available in Debt Service Fund	50,822	27,328	15,248	15,741	3,364
Net Pension Obligation Bonds	1,180,547	1,176,370	1,052,952	987,749	869,176
Total Net Bonded Debt	\$ 1,511,792	1,510,817	1,362,010	1,413,149	1,266,389
Percentage of Actual Taxable Value of Property (1)	0.48%	0.42%	0.35%	0.35%	0.32%
Per Capita (2)	\$ 513	508	433	444	393

	Fiscal Year				
	2011	2012	2013	2014	2015
Certificates of Participation & Lease Revenue Bonds	\$ 402,396	410,126	413,992	396,173	376,955
Less: Amounts Available in Debt Service Fund	26,867	26,860	28,140	27,728	28,798
Net Certificates of Participation & Lease Revenue Bonds	375,529	383,266	385,852	368,445	348,157
Pension Obligation Bonds	839,652	805,272	769,068	732,330	692,338
Less: Amounts Available in Debt Service Fund	2,117	629	161	423	877
Net Pension Obligation Bonds	837,535	804,643	768,907	731,907	691,461
Total Net Bonded Debt	\$ 1,213,064	1,187,909	1,154,759	1,100,352	1,039,618
Percentage of Actual Taxable Value of Property (1)	0.31%	0.30%	0.29%	0.27%	0.24%
Per Capita (2)	\$ 389	380	366	345	322

(1) See Table 5 Assessed Value of Taxable Property - Total Assessed Value

(2) See Table 13 Demographic and Economic Statistics - Population Data



Table 11
County of San Diego
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit (1)	Legal Debt Margin	Legal Debt Margin/ Debt Limit
2006	\$ 3,974,481		3,974,481	100%
2007	4,449,977		4,449,977	100%
2008	4,866,194		4,866,194	100%
2009	5,079,687		5,079,687	100%
2010	4,953,682		4,953,682	100%
2011	4,884,713		4,884,713	100%
2012	4,912,341		4,912,341	100%
2013	4,911,986		4,911,986	100%
2014	5,074,795		5,074,795	100%
2015	5,365,509		5,365,509	100%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 429,240,743
Debt limit (1.25% of total assessed value) (2)	5,365,509
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	
Legal debt margin	<u>\$ 5,365,509</u>

(1) For the fiscal years presented, the County had no debt that qualified as indebtedness subject to the bonded debt limit under the California Constitution.

(2) Under California State law, the total amount of bonded indebtedness shall not at any time exceed 1.25% of the taxable property of the County as shown by the last equalized assessment roll.

Table 12
County of San Diego
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Tobacco Settlement Asset-Backed Bonds (1)

Fiscal Year	Tobacco Settlement Revenues	Less: Operating Expenses (2)	Net Available Revenue	Principal (3)	Interest	Coverage
2006	\$ 27,915	\$ 173	\$ 27,742	\$ 1,550	\$ 11,975	2.05
2007	29,219	164	29,055	3,100	26,820	0.97
2008	31,106	146	30,960	6,865	26,599	0.93
2009	34,181	156	34,025	10,000	26,273	0.94
2010	28,503	151	28,352	4,500	25,798	0.94
2011	26,976	158	26,818	2,995	25,584	0.94
2012	27,509	165	27,344	3,755	25,442	0.94
2013	41,460	111	41,349	17,035	25,263	0.98
2014	27,256	195	27,061	5,750	24,453	0.90
2015	26,982	190	26,792	14,760	24,181	0.69

(1) Data for fiscal years 2006 applies to the Series 2001 Tobacco Settlement Asset-Backed (Tobacco) bonds that were issued in 2002. In May 2006, the Series 2001 Tobacco bonds were refunded and the Series 2006 Tobacco Settlement Asset-Backed bonds were issued.

(2) Operating expenses do not include interest.

(3) Tobacco Principal Debt Service requirements include Turbo Principal payments.



Table 13
County of San Diego
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (in dollars)	School Enrollment (3)	Unemployment Rate (4)
2006	2,948,362	\$ 126,194,000	\$ 42,801	495,228	4.1
2007	2,974,861	133,369,000	44,832	496,699	4.6
2008	3,146,274	143,873,000	45,728	494,016	6.0
2009	3,185,462	134,696,000	42,285	496,702	9.7
2010	3,224,432	137,525,000	42,651	496,995	10.7
2011	3,115,810	151,539,000	48,635	498,243	10.7
2012	3,128,734	155,500,000	49,701	498,263	9.5
2013	3,150,178	156,600,000	49,711	499,850	8.1
2014	3,194,362	170,300,000	53,313	503,096	6.4
2015	3,227,496	179,800,000	55,709	503,848	5.0

Sources:

Primary

- (1) California Department of Finance
- (2) Los Angeles County Economic Development Corporation, The Kyser Center for Economic Research
- (3) California Department of Education
- (4) U.S. Department of Labor, Bureau of Labor Statistics

Secondary

- (1) U.S. Department of Commerce, Bureau of Economic Analysis

Table 14
County of San Diego
Principal Employers
Current Year and Nine Years Ago

Employer	2015			2006		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (1)	Rank	Percentage of Total County Employment (3)
University of California, San Diego	29,287	1	1.97%	27,200	3	1.90%
County of San Diego (4)	17,044	2	1.15%	16,772	5	1.17%
Sharp HealthCare	16,896	3	1.14%	13,377	6	0.93%
Scripps Health	14,644	4	0.98%	10,932	8	0.76%
Qualcomm Inc.	13,500	5	0.91%			
Kaiser Permanente	7,535	6	0.51%	7,432	9	0.52%
UC San Diego Health	7,229	7	0.49%			
YMCA of San Diego County	5,487	8	0.37%			
Rady Children's Hospital - San Diego	5,122	9	0.34%			
General Atomics Aeronautical Systems Inc.	5,088	10	0.34%			
Federal Government				39,100	1	2.73%
State of California				38,800	2	2.71%
San Diego Unified School District				19,777	4	1.38%
City of San Diego				11,777	7	0.82%
U.S. Postal Service, San Diego District				6,937	10	0.48%
Total	121,832		8.20%	192,104		13.40%

Sources:

(1) San Diego Business Journal

(2) California Labor Market Info

Percentage is calculated by dividing employees by total employment of 1,487,900 as of June 2015

(3) California Labor Market Info

Percentage is calculated by dividing employees by total employment of 1,431,800 as of June 2006

(4) County of San Diego 2015 and 2006 Adopted Operational Plans



Table 15
County of San Diego
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2006	2007	2008	2009	2010
General	1,486	1,505	1,538	1,515	1,487
Public protection	7,673	7,804	8,027	7,879	7,575
Public ways and facilities	366	373	393	405	390
Health and sanitation	2,127	2,188	2,242	2,222	2,136
Public assistance	3,761	3,659	3,781	3,659	3,497
Education	275	295	297	312	293
Recreation and cultural	158	168	180	176	173
Total	15,846	15,992	16,458	16,168	15,551

Function	Fiscal Year				
	2011	2012	2013	2014	2015
General	1,477	1,451	1,485	1,479	1,485
Public protection	7,362	7,430	7,638	7,859	7,923
Public ways and facilities	374	367	369	366	356
Health and sanitation	2,088	2,045	2,068	2,029	1,994
Public assistance	3,321	3,440	3,728	4,160	4,368
Education	277	256	251	246	259
Recreation and cultural	169	171	162	172	166
Total	15,068	15,160	15,701	16,311	16,551

Source: County of San Diego Auditor and Controller, Central Payroll Administration

Table 16
County of San Diego
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2006	2007	2008	2009	2010
General					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	96.10%	94.50%	99.80%	94.00%	93.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	100.00%	100.00%	100.00%	100.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	98.00%	97.20%	96.00%	96.30%	97.00%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	49.00%	50.00%	51.00%	50.00%	53.00%
Sheriff: Number of jail bookings	144,727	146,566	142,357	144,756	139,314
Sheriff: Daily average – number of inmates	5,184	5,118	5,209	5,141	4,751
District Attorney: Felony defendants received	31,182	30,357	27,849	28,150	27,744
District Attorney: Misdemeanor defendants received	28,068	28,081	28,458	29,512	28,896
Planning and Land Use: Building inspections completed next day	100.00%	100.00%	100.00%	100.00%	100.00%
Animal Services: Percent of euthanized animals that were treatable	12.90%	13.80%	15.80%	15.90%	24.00%
Public ways and facilities					
Public Works: Protect water quality through Department of Public Works roads/drainage waste debris removal (cubic yards removed)	51,287	28,700	29,580	29,180	28,802
Health and sanitation					
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	99.00%
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	97.00%
Regional Operations: Children age 0-18 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Behavioral Health Services: Wait time for children's mental health outpatient treatment	4 days	4 days	4 days	7 days	5 days
Public assistance					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	96.00%	96.00%	95.00%	96.00%	95.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	79.00%	83.00%	86.00%	87.00%	85.20%
Child Welfare Services: Family participation in joint case planning and meetings quarterly	(1)	(1)	(1)	(1)	(1)
Eligibility Operations: CalWORKs applications processed timely to help eligible families become more self-sufficient	(1)	(1)	(1)	(1)	(1)
Education					
County Library: Annual average circulation per item	2.57	3.08	3.10	5.44	6.46
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and managed	40,600	41,100	41,500	45,043	44,616
Parks and Recreation: Number of miles of trails managed in the County trails program	275	305	315	320	325

(1) Trend data not available

Source: Various County departments

Continued on next page ►►►



Table 16
County of San Diego
Operating Indicators by Function
Last Ten Fiscal Years

(Continued)

Function	Fiscal Year				
	2011	2012	2013	2014	2015
General					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	94.00%	98.00%	74.30%	99.00%	98.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	100.00%	99.00%	99.00%	100.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	98.00%	97.00%	98.00%	99.10%	99.10%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	59.00%	64.00%	67.00%	68.00%	71.00%
Sheriff: Number of jail bookings	136,451	130,044	126,836	89,936	82,702
Sheriff: Daily average – number of inmates	4,622	4,846	5,274	5,706	5,226
District Attorney: Felony defendants received	26,619	25,983	27,745	27,424	22,302
District Attorney: Misdemeanor defendants received	28,926	26,800	25,080	27,441	31,242
Planning and Land Use: Building inspections completed next day	100.00%	100.00%	100.00%	98.00%	98.00%
Animal Services: Percent of euthanized animals that were treatable	26.40%	25.30%	28.00%	20.00%	12.80%
Public ways and facilities					
Public Works: Protect water quality through Department of Public Works roads/drainage waste debris removal (cubic yards removed)	27,680	25,404	25,000	60,045	27,010
Health and sanitation					
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	99.00%	99.00%	99.50%	(1)	(1)
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	97.00%	99.00%	99.40%	(1)	(1)
Regional Operations: Children age 0-18 years receive age-appropriate vaccines	(1)	(1)	(1)	99.00%	99.00%
Behavioral Health Services: Wait time for children's mental health outpatient treatment	5 days	5 days	4 days	3.5 days	(1)
Public assistance					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	96.00%	96.00%	97.00%	95.00%	97.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	82.00%	79.00%	83.00%	79.00%	(1)
Child Welfare Services: Family participation in joint case planning and meetings quarterly	(1)	(1)	(1)	(1)	56.00%
Eligibility Operations: CalWORKs applications processed timely to help eligible families become more self-sufficient	(1)	(1)	(1)	(1)	96.00%
Education					
County Library: Annual average circulation per item	9.95	7.98	7.52	6.84	7.47
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and managed	45,187	45,661	47,270	47,907	48,098
Parks and Recreation: Number of miles of trails managed in the County trails program	326	329	330	336	359
(1) Trend data not available					
Source: Various County departments					

Table 17
County of San Diego
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Fleet vehicles	1,797	1,492	2,186	1,841	1,608	1,664	1,872	1,762	1,762	1,825
Buildings	1,029	1,108	1,131	1,135	1,092	1,096	1,085	1,126	1,136	1,114
Land	896	917	940	989	1,015	1,042	1,073	1,090	1,124	1,136
Public protection										
Building - sub stations	5	9	12	12	11	12	12	12	15	16
Patrol units	920	1,415	1,491	1,519	1,806	1,404	1,310	1,402	1,473	1,448
Detention facilities	9	10	10	10	10	10	10	9	10	10
Public ways and facilities										
Road miles	1,911.18	1,921.25	1,927.99	1,929.40	1,930.70	1,932.05	1,932.83	1,938.63	1,938.71	1,940.48
Bridges	174	174	178	178	178	178	196	200	200	201
Airports	8	8	7	7	7	7	7	7	7	7
Road stations	32	15	15	15	15	14	14	13	13	13
Health and sanitation										
Inactive landfills	11	18	17	17	23	23	23	23	23	23
Sewer lines miles	379.31	379.83	406.00	425.10	427.00	432.00	432.00	432.00	432.00	432.00
Water pollution control facilities	2	3	3	3	4	5	5	5	6	1
Wastewater treatment plants	(1)	(1)	(1)	(1)	(1)	(1)	3	3	3	3
Wastewater pump stations	(1)	(1)	(1)	(1)	(1)	(1)	8	8	8	8
Public assistance										
Administration building	1	1	1	1	1	1	0	1	1	1
Housing facilities	6	6	6	6	6	6	6	6	6	6
Education										
Libraries	27	20	20	20	20	20	20	20	20	20
Recreation and cultural										
Parks/open space area	90	92	95	92	92	91	91	91	91	109
Campgrounds	9	9	9	8	8	8	8	8	8	8

(1) Trend data not available

Source: Various County departments



PHOTO CREDITS

INTRODUCTORY SECTION	Sculpture of unconditional surrender, San Diego skyline and the Coronado bridge	f18grapher	123RF.com
PG 11 - 32 HEADER	Downtown City of San Diego	Dancestrokes	Shutterstock.com
	Train arrives at Union Station	Jorg Hackemann	Shutterstock.com
PG 28	Surfboard bench, Imperial Beach	Vanessa Morrison	
FINANCIAL SECTION	Star of India docked on October 29, 2012 in San Diego	Max Herman	Shutterstock.com
PG 33 - 57 HEADER	Victorian Hotel del Coronado	f11photo	Shutterstock.com
	Coronado bridge in San Diego	lilyling1982	Shutterstock.com
PG 58 - 59	Waves in the Pacific Ocean & view of the beach from the fishing pier, in Imperial Beach	Jon Bilous	Shutterstock.com
PG 60 - 74 HEADER	Mission Basilica San Diego De Alcala	Joseph Sohm	Shutterstock.com
	Casa de Estudillo; Old Town; San Diego	Lowe Llaguno	Shutterstock.com
PG 75 -144 HEADER	Botanical Garden Building in Balboa Park	Brenda Kean	123RF.com
	Historic Lighthouse in Cabrillo National Monument	Vanessa Morrison	
PG 136 - 137	Mission Trails Regional Park in San Diego	Jim Shelton	Shutterstock.com
PG 145	San Diego Skyline and Bay Shore	Piotr Zajda	Shutterstock.com
PG 146 - 198 HEADER	San Diego Bayfront	f11photo	Shutterstock.com
	The Gaslamp Quarter in San Diego	f11photo	Shutterstock.com
PG 184	Miramar Airshow	Cecilia Trinidad	
PG 196	Miramar Airshow	Cecilia Trinidad	
STATISTICAL SECTION	Rugged razor edged erosion in the sandstone on Torrey Pines hillside	Steve Heap	123RF.com
PG 199 - 222 HEADER	Salk Institute, La Jolla	Shawn Kashou	Shutterstock.com
	Sunset at La Jolla cove beach	kan_khampanya	Shutterstock.com
PG 222	Windansea Beach, La Jolla	Vanessa Morrison	

COUNTY OF SAN DIEGO, CALIFORNIA



County Administration Center

1600 Pacific Highway, San Diego CA 92101
www.sdcounty.ca.gov

