COUNTY OF SAN DIEGO, CALIFORNIA

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2016

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County of San Diego, California

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2016

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

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County of San Diego

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November 16, 2016

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, 2016, 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, 2016. 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 70 miles along the Pacific Coast from Mexico to Orange County, and inland 75 miles to Imperial County along the international border shared with Mexico. Riverside and Orange counties form the northern 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 approximately 10 inches, thus the County is highly dependent on imported water.

According to the State of California Department of Finance (DOF) as of May 2016, the County's population estimate for January 1, 2015 was 3.26 million, which grew 0.8 percent to 3.29 million as of the January 1, 2016 estimate. 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 1.39 million; and the City of Del Mar the smallest, at approximately 4,274.

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 percent White; 41.4 percent Hispanic; 13.9 percent Asian and Pacific Islander; 4.0 percent African American; and 4.1 percent 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. 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 weak growth seen in the national economy at the end of calendar year 2015 was projected to pick up, buoyed by increased consumer spending and income growth. A significant indicator of the health of the U.S. economy is real gross domestic product (GDP), which measures the value of final goods and services produced in the U.S. in a given time period. In 2015, GDP increased by 2.4 percent, the same rate of increase seen in 2014 (2.4 percent). According to the U.S. Department of Commerce Bureau of Economic Analysis (BEA), the increase in real GDP in 2015 resulted from positive contributions from personal consumption expenditures (PCE), nonresidential fixed investment, residential fixed investment, private inventory investment, state and local government spending, and exports.

According to the minutes of the July 26-27, 2016 meeting of the Federal Open Market Committee of the Federal Reserve Board, real GDP growth for 2016 was revised slightly based on weakness in second quarter results, including a soft construction market. Estimates

of consumer price inflation also saw revisions due to declines in crude oil prices, although inflation was projected to increase over the next several years due to rising energy and non-energy imports prices. Unemployment was projected to be flat throughout 2016, then to gradually decrease until 2018. Over the 12 months ending in June 2016, total consumer prices as measured by the consumer price index (CPI) rose 1 percent, while core CPI inflation was estimated at 2.25 percent. Longer-term inflation expectations remained relatively stable.

According to the UCLA Anderson Forecast of June 2016, GDP is expected to grow 1.7 percent in 2016 and at an average rate of 2.2 percent through 2018, notably slower than the quarterly growth rate of 3 percent seen in the 40-year period between 1965-2005. Nonetheless, the economy is predicted to generate 2.7 million jobs nationwide in 2016 and 2.1 million jobs in 2017. National economic growth is projected to be supported by increases in consumer spending and housing.

Based on the Kiplinger Economic Forecast for the housing market published on July 29, 2016, low mortgage rates and job growth is anticipated to prompt home buying and residential construction in the second half of 2016. Nationally, home prices rose 5 percent over the past year, although San Diego was noted as one of the areas that has seen more modest gains. This may indicate a period of slowing appreciation in a previously "hot" market.

California accounts for more than 13 percent of the nation's GDP which is by far, the largest of any state according to the July 27, 2016 news release from the Bureau of Economic Analysis. According to the California Department of Finance, in 2015, California's State GDP grew 5.7 percent, outperforming the nation's GDP growth rate of 2.4 percent. Overall, California's economy is large and growing rapidly. The State received more venture capital funds in 2015 than all 49 other states combined ($33.5 billion and $24.2 billion, respectively), as reported by the Los Angeles County Economic Development Corporation's Kyser Center for Economic Research in the Economic Forecast, February 2016. The Kyser Center added that California is a global leader in the technology, aerospace, life sciences, entertainment, tourism and agriculture industries. Silicon Valley leads the world in technological innovation and the San Diego region is a global hub for biotechnology and pharmaceutical research.

According to the Kyser Center, throughout 2015 nearly every major industry sector in the State added jobs with the exception of nondurable goods manufacturing and natural resources, based largely on reduced energy sector investment due to low energy prices. Growth is anticipated in nonfarm jobs, by 2.5 percent in 2016, and slowing to 1.6 percent in 2017. The unemployment rate is expected to decline in 2016, while personal income and total taxable sales should increase, with additional gains forecasted in 2017.

According to the California Employment Development Department's news release dated July 22, 2016, California's unemployment rate increased to 5.4 percent in June 2016, for a total gain of more than 2.2 million jobs since the economic recovery began in February 2010.

Statewide, construction activity and employment in 2015 saw increases, after struggling in the years during and immediately following the Great Recession. According to the UCLA Anderson Forecast of December 2015, nonresidential construction permits rose by 4.3 percent to $24.7 billion and new home permits showed a gain of 12.4 percent in 2015. The Anderson forecast dated June 2016 projects that both residential and nonresidential construction permit activity is expected to increase in 2016.

San Diego's economic outlook continues to be moderately positive. According to the National University System Institute for Policy Research's (NUSIPR's) San Diego 2016 Economic Outlook report, the region's economy grew a modest 1.4 percent in 2014, the lowest increase since emerging from the recession in 2010. GDP growth in 2015 was estimated to have improved slightly to 2.1 percent. In 2016 San Diego's GDP was projected to increase 1.9 percent, lagging California but modestly outperforming the nation. San Diego's various industry sectors are forecasted for uneven growth with some sectors still struggling to recover from economic damage of the recession, including: transportation and utilities; and finance, insurance, real estate and leasing. Growth in

the government sector was slightly positive due to increases in State and local government spending, enough to compensate for reduced federal military spending.

The San Diego region is home to the largest concentration of military in the world, making the military presence an important driver of the region's economy. In addition, San Diego is a thriving hub for the technology-oriented industries, an important manufacturing center and a popular travel destination. The region's quality of life attracts a well-educated, talented workforce and well-off retirees which contribute to local consumer spending.

However, the region continues to experience a decades-long squeeze on middle wage jobs, according to the NUSIPR report. In 2001 middle wage jobs accounted for 56.6 percent of San Diego total payroll employment. Through the recession and subsequent recovery, that ratio decreased to 49.5 percent as of 2014. In that time, the proportion of lower wage jobs increased while higher wage jobs saw the greatest surge. These job trends are likely to continue in 2016, the result being that the region's jobs are accumulating on the top and bottom of the wage scale, with fewer in the middle. This has significant implications on housing, income, education, and business needs beyond 2016.

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 impacts the County's general purpose revenue (GPR). Actual GPR increased in Fiscal Year 2015-16 from Fiscal Year 2014-15. General purpose revenue funds local services when no other funding is available and funds the County's share of costs for services that are provided in partnership with the State and federal governments. The County continues to adjust to changing 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 2016-18 Adopted Operational Plan which can be accessed at http://www.sdcounty.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 from federal spending, and a thriving hub of biotech and telecommunications industries. Highlights of seasonally unadjusted County employment as of August 2016 data from the California Employment Development Department Labor Market Information Division are listed below:

- Non-farm industry employment totals 1.4 million jobs. This represents a gain of more than 25,000 jobs from August 2015. In comparison, agriculture includes 9,200 jobs, or 0.6 percent of all industries in the region.
- Goods-producing industries make up 12.6 percent of non-farm employment or 179,300 jobs. The most significant sectors include manufacturing, which accounted for 7.5 percent of non-farm employment or 106,600 jobs; and construction employment, which accounted for 5.1 percent of total non-farm employment or 72,300 jobs.
- Private (non-government) services industries constitute the largest share of employment in the region and accounted for 70.9 percent of non-farm employment, with more than 1.0 million employed. These industries include: transportation, information, financial activities, professional and business services, education and health services, leisure and hospitality, and other services.
- Of these, professional and business services make up the largest non-government sector, comprising 23.6 percent of private service-providing employment, totaling 237,900 jobs. Other large non-government sectors in this industry category include: trade, transportation and utilities (220,300 jobs), leisure and hospitality (197,800 jobs) and educational and health services (197,700 jobs).
- Government accounted for 16.4 percent of non-farm service-providing employment, or 233,600 jobs. San Diego's local governments, including education, contribute significantly to this sector.

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 remain low by historical standards.

San Diego County's residential real estate market ended 2015 on a positive note. The median price for all homes sold was $462,750 in January 2016, up 6.4 percent from a year earlier, but less than the January 2006 peak of $500,000. According to the Kyser Center report, regional home sales for all of 2015 rose by 9.0 percent over the previous year, consistent with California as a whole. New home construction rose in 2015 after a drop the prior year. Building permits increased 52.2 percent from 6,603 units in 2014 to 10,049 units in 2015.

Another measure of the housing market is the rate of foreclosures, as well as the companion indices of notices of loan default and deeds recorded (changes in ownership). According to the San Diego County Assessor/Recorder/County Clerk, foreclosures compared to total deeds recorded averaged 0.3 percent over the three-year period of 2003 through 2005, then rose significantly reaching 16.9 percent in 2008 and declining to 1.4 percent in 2015. Total deeds recorded through December 2015 were 128,164, an increase of 10.2 percent from the previous year.

In San Diego County, according to the San Diego County Assessor/Recorder/County Clerk, 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 percent in 2009. San Diego County saw 5,142 Notices of Default in 2015, down 12.2 percent from the 2014 level of 5,855. The percentage of properties with delinquent mortgage loans that went into foreclosure averaged at approximately 11.6 percent from 2003 through 2005. During the recession, this indicator peaked at 57.5 percent in 2008 but has declined to 36.0 percent in 2015, an increase of 1.2 percent from 2014.

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

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.sdcounty.ca.gov/cao/.

Context for Strategic and Operational Planning

To be effective, the goals that the County sets and the resources that are allocated must be consistent with the purpose of the organization. The context for all strategic and operational planning is provided by the County's vision; a vision that can only be realized through strong regional partnerships with the 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 for employees 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 the County will accomplish with public 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 departmental 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, and requests adjustments as needed, in a quarterly status report to the Board of Supervisors.

Financial (Budgetary) Policies

California 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 Groups/Agencies and their departments (except departments with elected officials as department heads), for supervising the expenditures of all departments and for reporting to the Board of Supervisors 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. This article also establishes guidelines for 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 State and federal regulations. This section 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.

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.

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 for 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 the County achieves the 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 customers' needs and keep 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 individuals' needs

- Assisted 67% (2,774 of 4,100) of children entering kindergarten by identifying students with a developmental, social emotional or behavioral need and providing their parents with the

resources necessary to reduce the occurrence of undetected and/or untreated conditions in children entering school. (*Administrative Support*)

- Prevented hospital readmissions of over 12,300 high-risk Medicare patients by providing comprehensive, person-centered, care transition services provided by the San Diego Care Transitions Partnership. (*Aging and Independence Services*)
- Worked with the Pets for Patriots organization to place pets in forever homes with veterans. (*Animal Services*)
- Expanded by 23% (from 64 to 79) the County's crisis residential treatment bed capacity by building a crisis residential center in the North Inland HHSA Service Region. (*Behavioral Health Services)*
- Provided training to over 5,200 community members countywide to enhance community awareness of the warning signs of suicide so that they can refer those at risk to available resources. (*Behavioral Health Services*)
- Increased total collections by $1 million to $177 million. (*Child Support Services*)
- Ensured 78% (1,353 of 1,745) of children with a new case under the supervision of the Juvenile Court were evaluated for mental health needs. These efforts assured that children 0-17 years of age had access to trauma informed mental health services. (*Child Welfare Services*)
- Supported stability by placing 56% (1,218 of 2,175) of foster children with a relative or close non-family member to minimize trauma to children and maintain their connections to familiar environments. (*Child Welfare Services*)
- Enhanced the Cultural Broker Program and provided a bridge for the African American community and families in child welfare to develop concrete supports and social connections to strengthen families. (*Child Welfare Services*)
- Developed a training program, in collaboration with the HHSA, the Department of Parks and Recreation (DPR) and County Libraries to provide frontline staff at park and library facilities with tools and techniques to improve engagement and interactions with homeless populations to connect them with community resources. (*Housing and Community Development*)
- Partnered with a military organization to create three programs such as the El Capitan Preserve Warrior Challenge, the Stelzer Park Vets and Pets, and Memorial Day Warrior Hike that provide a therapeutic component through outdoor recreational or work experiences for those with traumatic exposures. (P*arks and Recreation*)

Strengthen the local food system and support the availability of healthy foods, nutrition education, and nutrition assistance for those who need it.

- Ensured certified organic produce is safe and healthy by increased produce sampling for illegal pesticide residue by 50%, from 30 to 45, at Certified Farmers' Markets and other outlets and locations. (*Agriculture, Weights and Measures*)
- Coordinated with the HHSA to assist eight potential facilities with their plan check conversions to increase the number of stores offering fresh fruits and vegetables to underserved communities. (*Environmental Health*)
- Expanded the Farmers Market from a single location at the County Operations Center (COC) to a total of nine locations at various County facilities to support healthy food choices at work and at home. (*Human Resources*)
- Supported the availability of healthy food in communities through agricultural leases, community gardens, orchard donations, and education programs. (*Parks and Recreation*)
- In collaboration with groups and agencies including the San Diego County Office of Education Quality Preschool Initiative, the San Diego Hunger Coalition and the Alliance for African Assistance, Promise Neighborhood, YMCA, and military sites, conducted nutrition education for 665 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 residents with local food sources, nutrition education, and nutrition assistance. (*University of California Cooperative Extension*)

Pursue policy and program change for healthy, safe and thriving environments to positively impact residents.

- Formed 77 (from 124 to 201) new partnerships to achieve Live Well San Diego goals including access to healthy foods, smoking cessation and improving workplace wellness. (*Administrative Support*)
- Conducted 96% (6,289 of 6,518) of face-to-face contacts within 10 business days of receiving an Adult Protective Services referral and provided timely assistance and resources, which helped adults meet their needs. (*Aging and Independence Services*)
- Conducted 23,395 benefits counseling interviews to provide veterans and dependents with information and referral services. (*Aging and Independence Services*)
- Implemented new statewide guidelines and related tools for assessing and mitigating the emissions of toxic air pollutants. (*Air Pollution Control District*)
- Implemented the Laura's Law plan to provide services to people with serious mental illness who are resistant to treatment, in accordance with Laura's Law. (*Behavioral Health Services*)
- Expanded the In-Home Outpatient Treatment (IHOT) contracts to facilitate the referral process to Laura's Law. (*Behavioral Health Services*)
- Provided 48 first-time homebuyer loans through the regional HOME Consortium Homebuyer Downpayment and Closing Cost Assistance (DCCA) Program, which offers low-interest deferred payment loans for qualified low-income, first-time homebuyers. (*Housing and Community Development*)
- Provided 17 competitive academic scholarships to heads of household and/or their children who have established five year family self-sufficiency goals in academic or vocational self-sufficiency or who reside in Public Housing. (*Housing and Community Development*)
- Enrolled 100% (120,286) of newly eligible Medi-Cal recipients as part of the Affordable Care Act (ACA), increasing the number of residents with health insurance and reducing the overall costs of health care to these families and individuals. (*Regional Operations*)

Leverage internal communication resources, resource groups and social media to enhance employee understanding of the County's vision, *Live Well San Diego*.

- Achieved a 16% (2,727 of 17,044) overall employee participation rate in various Employee Wellness Program activities. (*Human Resources*)

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.

- Engaged 300 organizations participating in the Risk Communication Plan-Partner Relay to promote and encourage translation and/or dissemination of preparedness information. Partners participated in two exercises that involved translation of emergency messages into nine languages. (*Office of Emergency Services*)
- Provided coordinated responses to emergency situations, severe weather events, and natural disasters to ensure public safety, timely recovery, and ability for the public to use the County's transportation network. Used County Continuity of Operations Plan (COOP), Department Emergency Response Plan, and involvement at the Emergency Operations Center (EOC) to ensure all Department of Public Works (*DPW*) units provide a coordinated response during an event. (*Public Works*)

Plan, build and maintain safe communities to improve the quality of life for all residents

- Promoted the safe and legal use of pesticides and ensured a timely resolution of non-compliances related to pesticide treatments by completing pesticide-related complaint investigations in an average of 75 days, surpassing the State's guideline of 120 days. (*Agriculture, Weights and Measures*)
- Investigated 100% of the 778 air pollution complaints received from the public within two business days or less. (*Air Pollution Control District*)
- Achieved goal of 0% euthanasia of any healthy, friendly animal by reuniting lost pets with their owner or through adoption to a new family. (*Animal Services*)
- Expanded Psychiatric Emergency Response Teams (PERT) to 40 teams to provide education, training and clinical support to the Sheriff's Department, local law enforcement and the community for calls involving persons having a mental health crisis. (*Behavioral Health Services*)
- Integrated new human trafficking training standards into the curriculum of the California Peace Officers Standards Training to ensure sworn

law enforcement officers across the State will receive instruction based on best practices. (*District Attorney*)

- Achieved a 94% (10,811 of 11,501) rate of conviction on felony cases prosecuted and an 82% (20,325 of 24,786) rate of conviction on misdemeanor cases prosecuted. (*District Attorney*)
- Completed 1,020 food facility plan checks submitted by operators and 23,631 food facility inspections to ensure compliance with regulations to promote safe communities and improve the quality of life for all consumers. (*Environmental Health*)
- Pursued formal enforcement of 40 businesses with Class I violations in order to prevent future hazardous waste spills and exposures. (*Environmental Health*)
- Provided time-critical (24/7) maintenance response to emergency requests involving life and safety issues or those posing an imminent risk to County assets and infrastructure, by responding to and initiating corrective action for 100% (1,532) of all emergency requests within 4 hours of notification. (*General Services*)
- Reviewed and investigated 34 citizen's complaints, issues and other County matters of civil concern brought before the Grand Jury. (*Grand Jury*)
- Funded 25 public community projects for parks, street/sidewalk improvements, ADA improvements, firefighting equipment, public services, community, youth and family centers, health clinics, and affordable housing activities. (*Housing and Community Development*)
- Provided 25 low-income homeowners and mobile home owners residing in the Urban County with Home Repair Assistance for critical health and safety improvements, accessibility improvements, and/or other necessary rehabilitation. (*Housing and Community Development*).
- Provided safe and decent housing opportunities to special needs populations to improve the quality of life and promote self-sufficiency.
  - Promoted self-sufficiency by providing permanent housing for 125 eligible homeless applicants referred by the Continuum of Care. (*Housing and Community Development*)
  - Provided 458 homeless veterans rental assistance through the Veterans Affairs Supportive Housing (VASH) program. (*Housing and Community Development*)
  - Increased the number of participants receiving VASH security and utility deposit assistance (funded through the Emergency Solutions Grant) to 20 total participants. (*Housing and Community Development*).
- Held an Identify the Missing event, which 22 families attended. Ten missing persons reports were updated and ten new missing persons reports were filed. Nineteen families provided DNA samples to be submitted to the Department of Justice to be added to the nationwide database. (*Medical Examiner*)
- Improved quality of life for all residents through the planning, construction, and maintenance of safe, healthy, and inclusionary opportunities throughout the County park system. (*Parks and Recreation*)
- Ensured high quality safe communities were achieved through the review and approval of 536 discretionary projects to reach final decisions and resolution, while balancing community, economic and environmental interests. (*Planning & Development Services*)
- Reduced risks to lives and property by ensuring buildings and improvements were designed and constructed in accordance with building safety codes.
  - Reviewed 16,372 proposed building plans. (*Planning & Development Services*)
  - Conducted 36,369 building inspections. (*Planning & Development Services*)
  - Promoted safe communities through the plan check and inspection of 681 new homes. (*Planning & Development Services*)
- Ensured that 93% (185,460 of 198,574) of emergency responses in which a transport occurred were answered within established response time standards, exceeding the target of 90%. (*Public Health Services*)
- Stabilized roadway infrastructure through implementation of a multi-year pavement resurfacing program, which included feedback from most community groups and identified nearly

$36 million in funding to be spent on road maintenance in Fiscal Years 2015-16 and 2016-17 to slow the degradation of our roads. (*Public Works*)

- Increased opportunities for bicycles and pedestrian safe use by incorporating appropriate bike and pedestrian facilities in 100% of road capacity improvements. (*Public Works*)
- Replaced 100% (2,300) 250 Watt High Pressure Sodium streetlights with energy-efficient LED streetlights using remote access technology that will allow staff to proactively troubleshoot and repair inoperable lights within one working day, resulting in improved customer service, reduced carbon emissions and safer streets for residents. (*Public Works*)
- To provide for public safety, ensured 100% of County bridges considered "structurally unsound" (Safety Rating at or below 50) were programmed for repair or replacement in the Federal Highway Bridge Program to ensure timely reconstruction and to maintain the confidence of the traveling public. (*Public Works*)
- To help communities prepare for and respond to flood events, Flood Control staff inspected 75% of flood control facilities (more than 50 miles of drainage pipe; four miles of open channels; and more than 2,000 storm drain inlets) and maintained 100% of County flood control facilities in need of maintenance after inspection to make sure they were operating at full capacity. (*Public Works*)
- To maintain safety and security of inmates in detention facilities and provide increased suicide prevention training to staff, deputies were sent to Psychiatric Emergency Response Team (PERT) training and an Inmate Safety Program was developed internally along with a training video. (*Sheriff*)

Expand data-driven crime prevention strategies and utilize current technologies to reduce crime at the local and regional level.

- Created standardized protocols, Memoranda of Understanding, referrals and training for the District Attorney's four regional High Risk Domestic Violence Teams to support victims of domestic violence. (*District Attorney*)
- Continued to implement information-led policing (ILP) throughout the department as the primary philosophy used to address crime trends. Among the noteworthy ILP-based actions were the following:
  - Using analysis of the time and day patterns for a string of burglaries, detectives apprehended two suspects in the act of burglarizing vehicles at a local gym. The suspects were associated with four Sheriff's cases and three other cases. (*Sheriff*)
  - With the use of technological savvy and a query on license plates, an attempted murder suspect was identified who was subsequently sentenced to 17 years in prison. (*Sheriff*)
  - There were 33 Regional Realignment Group (R3G) operations conducted. These R3G operations resulted in 253 arrests, 561 field interviews, and 9 citations. (*Sheriff*)
  - Cleared 7,813 warrants due to the shift to an ILP philosophy within the warrant service unit, with an increased focus on serving warrants for offenders with the highest risk rating for recidivism. (*Sheriff*)

Strengthen our prevention and enforcement strategies to protect our youth from crime, neglect and abuse.

- Provide effective legal services to HHSA in matters relating to children who have been dependents of the Juvenile Court to ensure the safety of any child who may have been the victim of abuse.
  - Prevailed in 99% (780 of 782) of Juvenile Dependency petitions contested in Superior Court and in 98% (407 of 414) of Juvenile Dependency appeals and writs filed. (*County Counsel*)
- Provided 58 youth aging-out of the foster care system and 57 families with children that are participants of the County's substance abuse recovery and family reunification programs, HOME Tenant-based Rental Assistance programs. (*Housing and Community Development*)
- Fostered positive development of youth through the creation of eight additional recreation programs and services such as Intergenerational Pickle Ball, Youth Yoga, Hula and Beginning Guitar, that increased physical, intellectual, social and/or emotional abilities. (*Parks and Recreation*)
- Expanded juvenile mental health services to youth in custody and in the community.

- Implemented a Trauma Responsive Unit in the Kearny Mesa Juvenile Detention Facility for youth with higher mental health and trauma-related needs. (*Probation*)
- Expanded programming for Commercially Sexually Exploited Children at the Girls Rehabilitation Facility and the Kearny Mesa Juvenile Detention Facility. (*Probation*)
- Increased the number of mental health clinicians for youth in custody and the community to provide crisis management and follow-up care. (*Probation*)

- The Youth Advisory Group (YAG) formally started in Summer 2015 and held four successful events throughout the year. The YAG is comprised of young people from San Marcos, Encinitas, Vista, Fallbrook, Poway, Rancho San Diego, Imperial Beach and Santee. (*Sheriff*)

Fully implement a balanced-approach model that reduces crime by holding offenders accountable while providing them access to rehabilitation

- Updated the eligibility criteria of Drug Court to include misdemeanants and other non-violent felony offenders. (*District Attorney*)
- Provided rehabilitative services to offenders.
  - Linked 73% (2,295 of 3,134) of high-risk adult offenders and Post Release Community Supervision offenders to appropriate intervention services to address factors that lead to criminal behavior. Post Release Community Supervision offenders are individuals released from State Prison to Probation Supervision. (*Probation*)
  - Provided substance abuse services to 100% (299) of youth in custody assessed to have substance abuse needs. (*Probation*)
  - Provided employment readiness services to 100% (271) of youth in custody assessed as having an employment readiness need. (*Probation*)
- Added three additional community-based evidence-based programs to inmates within the detention facilities. (*Sheriff*)

Sustainable Environments

Provide and promote services that increase consumer and business confidence

- Ensured 97% (597 of 618) of Residential Care Facilities for the Elderly (RCFE) were reviewed quarterly by the Long Term Care Ombudsman program and ensured 100% of facilities were reviewed at least once annually. (*Aging and Independence Services*)
- Ensured 100% (89) of skilled nursing facilities were reviewed quarterly by the Long Term Care Ombudsman program. (*Aging and Independence Services*)
- Conducted undercover test purchases of gasoline at 71 of 712 gas stations in the region ensuring consumers are getting what they pay for. (*Agriculture, Weights and Measures*)
- Ensured consumer confidence by completing 100% of approximately 30,000 annual inspections for fuel meters, taxi meters, water dispensers, computing scales and counter scales. (*Agriculture, Weights and Measures*)
- Recorded property ownership in a timely manner, facilitating access to ownership information for the buying, selling and financing of property. (*Assessor/ Recorder/County Clerk*)
- Expanded the Computer and Technology Crime High-Tech Response Team to include a credentialed District Attorney Investigator Forensic Examiner to investigate crimes where there is digital or hardware-related evidence. (*District Attorney*)
- Streamlined the permitting process for local fishermen by providing guidelines and reducing regulations which will boost the local seafood industry and provide safe and fresh seafood. (*Environmental Health*)
- Presented 18 vendor/supplier outreach sessions in cooperation with local business associations and/ or other public agencies. (*Purchasing and Contracting*)
- Continued to conduct research project on high-density avocado plantings to maintain the viability and profitability of avocado production in the San Diego region. (*University of California Cooperative Extension*)

Enhance the quality of the environment by focusing on sustainability, pollution prevention and strategic planning.

- Promoted the diversion of recyclable materials from landfills through the implementation of three recycling events in conjunction with the Departments of Public Works and Environmental Health and industry. (*Agriculture, Weights and Measures*)
- Reduced the possibility of an invasive pest quarantine to avoid stakeholder cost associated with mitigating and complying with regulatory requirements by inspecting and maintaining the mandated 9,750 insect detection traps. (*Agriculture, Weights and Measures*)
- Collected valid and complete ozone measurement data on 90% of days in the year, surpassing a federal requirement of 75%. Meeting and surpassing the data completeness requirement ensures that efforts to attain clean air and provide a healthier environment for residents are based on an accurate assessment of existing air quality conditions. (*Air Pollution Control District*)
- Conducted 7,833 inspections of equipment at regulated facilities for compliance with air quality rules and regulations. Ensuring compliance helps to minimize excess emissions of air pollution and protect the public from its harmful effects. (*Air Pollution Control District*)
- Monitored/inspected 96% (956 of 1,001) of underground storage tanks (USTs) that hold hazardous materials and hazardous wastes. Conducting annual inspections of USTs helps reduce pollution to groundwater and natural resources. (*Environmental Health*)
- Conserved resources and reduced the carbon footprint of park facilities by implementing the next phase of DPR's Water Conservation and Energy Efficiency Plan. (*Parks and Recreation*)
- Continued implementation of the Purchase of Agricultural Conservation Easement (PACE) program. A total of 190 acres were acquired on two properties in Fiscal Year 2015-16. (Planning & Development Services)
- Promoted renewable energy generation in the unincorporated areas of the county through the plan check and inspection of solar system capacity of 70,617 kilowatts. (*Planning & Development Services*)
- Completed first-of-its-kind wet weather epidemiology study that examined the health effects and actual risk of illness to surfers who are in the water following winter storm events. Measurable results indicated that health risks to surfers increased after storms but illness levels were within the range of what U.S. EPA considers acceptable in its Recreational Water Criteria. Other findings and opportunities for potential regulatory relief continue to be reviewed. (*Public Works*)
- Protected a sustainable watershed by improving the health of local waters and minimizing downstream pollutants. (*Public Works*)
- To prevent health risks to the public and protect the environment, operated the sanitary sewer system with zero Sanitary Sewer Overflows (SSO) that reached surface waters or exceeded 1,000 gallons of spillage. (*Public Works*)
  - Cleaned 440 miles of sewer lines. (*Public Works*)
  - Inspected 32 miles of targeted sewer mains. (*Public Works*)
- Maintained, supported and managed the volunteer Master Gardener program and provided research-based information in the areas of home gardening, community gardening, landscaping, water conservation and pest management to San Diego county residents via 2,400 office consultations, 162 educational exhibits and 22,953 hours of volunteer service. The total savings for the volunteered hours amounted to over $529,000. (*University of California Cooperative Extension*)

Foster an environment where residents engage in recreational interests by enjoying parks, open spaces and outdoor experiences.

- Supported the DPR's Summer Movies in the Park efforts through Coast2Coast funding and the accompanying display of videos to promote a healthy, safe and thriving region. The Summer Movies in the Park series is free to residents, offered fun activities for children and encouraged families to visit local parks, countywide, for an estimated 40,000 residents. (*Administrative Support*)
- Sustained the natural environment by providing high quality parks, open space, trails, programs, and recreational opportunities for all residents as well as educated the public on how to preserve these resources.
  - Combined physical activity and environmental education for youth by constructing the first nature-based play pockets (play elements reflecting local natural and cultural resources) in Tijuana River Valley. (*Parks and Recreation*)

- Increased participation in nature engagement programs by 29% (from 23,771 to 30,736 visitors) through targeted outreach to underserved youth. (*Parks and Recreation*)

Create and promote diverse opportunities for residents to exercise their right to be civically engaged and finding solutions to current and future challenges.

- Provided timely and relevant information to the public about the County's programs and services while demonstrating the fact that the County is a responsible steward of tax dollars through content posted on County News Center. The department provided at least one content item (article, video or graphic) per day for a total of 510 items during Fiscal Year 2015-16. (*County Communications Office*)
- Ensured that collections and library materials are current and relevant to meeting the needs and interests of a dynamic community by achieving the annual average circulation of 7.82 times per item. (*County Library*)
- Engaged 347 youth and family volunteers to instill a sense of civic responsibility and pride through participation in 16 park volunteer activities that encourage ongoing use of the park system. (*Parks and Recreation*)
- Mitigated challenges to the voter registration process.
  - Worked with volunteers and community-based organizations through our Voter Accessibility Advisory Committee and Language Advisory Committee to identify needs and increase voter registration opportunities. (*Registrar of Voters*)
  - Identified and developed strategies through the ROV's Voter Education and Outreach Committee to address potential challenges, including application submittal accuracy, community knowledge and awareness, voter movement/ relocation, cultural expectations, and the growing senior population. (*Registrar of Voters*)
- Engaged the community in the electoral process and ensured polling sites were sufficiently staffed with qualified personnel by recruiting 126% (7,773 of 6,169) of the number of poll workers needed for the June 7, 2016 Presidential Primary Election. Of those who worked, 1,800 were specifically qualified to serve as bilingual poll workers. (*Registrar of Voters*)

Operational Excellence

Promote a culture of ethical leadership and decision making across the enterprise.

- Regularly communicated and discussed the importance of the County's Statement of Values to ensure a consistent and deep understanding of ethics across the enterprise. During Fiscal Year 2015-16, the Chief Administrative Officer, the Office of Ethics and Compliance and County leadership "set the tone at the top" through periodic presentations on Ethics and the County's Statement of Values. (*Chief Administrative Office*)
- Developed and delivered DPC Procurement Academy, consisting of classes in nine subject areas. Classes were attended by staff from all five Groups. (*Purchasing and Contracting*)

Align services to available resources to maintain fiscal stability.

- Collected, distributed and accounted for all mandated fees and transfer taxes to ensure County departments, federal and State agencies, cities and special districts can fulfill their legal obligations. (*Assessor/Recorder/County Clerk*)
- Achieved a recovery rate percentage of 7.11%, which is an increase of 0.41% from the Fiscal Year 2014-15 percentage of 6.70%. (*Auditor & Controller*)
- Resolved 82% (27 of 33) of personnel disputes without the need for a full evidentiary hearing resulting in time and cost savings. (*Civil Service Commission*)
- Aggressively represented the County in litigation, maintaining fiscal stability while advancing the overall interests of the County of San Diego and the public it serves.
  - Prevailed in 94% (76 of 81) of court decisions in all lawsuits filed against the County. (*County Counsel*)
  - Handled 100% (109) of the defense of all lawsuits filed in California against the County, unless a conflict of interest required outside counsel to handle a case. (*County Counsel*)
- Existing and new services were reviewed and analyzed for best value to the County in order to provide a fair and reasonable price related to the Information Technology Outsourcing Agreement.
  - Negotiated one price point for both Interior and Exterior Network Wireless Access Points. (*County Technology Office*)

- Negotiated reduced pricing for storage services. (*County Technology Office*)
- Completed 96% (7,603 of 7,920) of vehicle and mobile equipment preventive maintenance actions. (*General Services*)
- Implemented a redesign of the Community Development Block Grant and Annual Plan outreach process to increase resident participation while decreasing costs to taxpayers; this change supports the department's Audacious Goal to build a more efficient HCD that is nimble and sustainable. (*Housing and Community Development*)
- Increased financial literacy for County employees through development of an online Financial Literacy training course accessible through the Learning Management System. (*Human Resources*)
- Achieved a 4.8% reduction in hours of lost productivity related to workers' compensation claims (133,901 to 127,521). (*Human Resources*)
- Submitted a request to the Regional Water Quality Control Board to reduce permit costs for closed landfill and burn sites to prolong the life of the Environmental Trust Fund. The Regional Water Quality Control Board has approved the request and agreed to change the threat levels and correspondingly reduce the permit fees by approximately $300,000 per year. (*Public Works*)
- Implemented identified process changes to realize a 10% cost reduction in delivery costs for street repavement projects. Revised processes have been implemented and savings of more than $470,000 were achieved. (*Public Works*)
- The Treasurer-Tax Collector invested public monies held in the Treasury and maximized cash resources without sacrificing the principles of safety or liquidity, for an anticipated weighted average rate of return of 0.68% in Fiscal Year 2015-16. (*Treasurer-Tax Collector*)
- Attained a collection rate of 99.3% for secured taxes and 98.2% for unsecured taxes by preparing and mailing property tax bills/notices, and processing tax payments in a timely manner. (*Treasurer-Tax Collector*)

Provide modern infrastructure, innovative technology and appropriate resources to ensure superior service delivery to our customers.

- Achieved all Fiscal Year 2015-16 major milestones that were targeted for the development and implementation of an electronic information exchange system-ConnectWellSD-that will link information systems within the County. ConnectWellSD will facilitate the provision of exceptional customer service. (*Health and Human Services Agency*)
- Continued development of a Land Use and Environment Group (LUEG) 3-1-1 style mobile application for the public to submit complaints. (*Agriculture, Weights and Measures; Air Pollution Control District; Planning & Development Services*)
- Created a web-based automated system that calculates and displays the APCD's labor costs and balances on account for permit applications in real-time. (*Air Pollution Control District*)
- Convened with San Diego Geographic Information Source (SanGIS) and other agencies interested in pooling resources to maximize the benefits of high resolution oblique imagery. The development of this consortium of cost sharing users of oblique imagery increases Assessor imagery area at no additional cost, and increases efficiency by reducing field trips, increasing accuracy of assessment information and final assessments of all taxable property. (*Assessor/Recorder/County Clerk*)
- Implemented Kronos Workforce Mobile Timekeeping which is an employee timekeeping application that runs on mobile devices and is downloadable from various online application stores. (*Auditor & Controller*)
- Implemented innovative electronic cash payment options which made paying child support easier, provided more convenient locations for customers, and resulted in an additional $1.3 million collected. (*Child Support Services*)
- Expanded video interviewing capabilities for social workers so that they can communicate with parents in County jails to determine children's needs and identify best placement. (*Child Welfare Services*)
- Enhanced the efficiency of the Property Tax Assessment Appeal Hearing Board and hearing process by revising the Assessment Appeals Board Rules of Procedure to include a confirmation of hearing process for appellants. (*Clerk of the Board of Supervisors*)

- Provided easy, on-the-go access to important County information through social media. Increased the number of followers on Facebook and Twitter by 54% (increase of 25,945) during Fiscal Year 2015-16. (*County Communications Office*)
- Utilized data to ensure a comprehensive aerial green swimming pool identification program to reduce urban mosquito breeding sources which leads to superior customer service. This analysis and effort aided in the reduction of urban mosquito breeding sources and potential risk of West Nile virus by identifying 994 green swimming pools. (*Environmental Health*)
- Completed various phases of construction projects: the Alpine Library as the first Zero Net Energy County building, Phase 2 of the new Las Colinas Detention and Reentry Facility, Cedar & Kettner Development Parking Structure, and COC Fleet Services Facility and Parking Structure. (*General Services*)
- Ensured all departments have staff trained and the tools necessary to stay up-to-date and current on all Countywide Records Management policies and best practices. (*Purchasing and Contracting*)
- Increased the number of Accessible AlertSanDiego Spanish language registrations by 49% (330 to 493) and increased overall AlertSanDiego registrations and SD Emergency mobile application downloads by 7% (538,222 to 573,718). (*Office of Emergency Services*)
- Enhanced our customers' engagement through the development of a custom web-based interactive computer program in coordination with the County's Geographic Information Services that provides users with trail maps showing trail elevation gain, distance and allowed uses. (*Parks and Recreation*)
- Expanded online permitting services to include an online document library, which provides direct online public access to select PDS documents. (*Planning & Development Services*)
- Consolidated two juvenile camps into one location due to decreased populations, enhancing operational efficiency and reducing costs. (*Probation*)
- Used improved technology to better manage road assets and provide enhanced customer service by upgrading to a newer web-based system. (*Public Works)*
- Offered 1,413,699 registered voters the option to subscribe to an e-Sample Ballot and Voter Informational Pamphlet, in lieu of a paper copy. Of those, 78,585 (or 5.6%) voters have subscribed. (*Registrar of Voters*)
- Offered new online campaign finance disclosure statements service. (*Registrar of Voters*)

Strengthen our customer service culture to ensure a positive customer experience.

- Collaborated with consumer advocates, residential care facilities and the Long Term Care Ombudsman and developed a rating system for residential care facilities to provide consumers and family members guidance on selecting the best facility for their needs. (*Aging and Independence Services*)
- Provided timely action on 100% of the 211 permit applications received (for the construction of new or modified facilities or equipment) within 180 days of receipt of a completed application. (*Air Pollution Control District*)
- Increased the number of online customer self-service 24/7/365 payments by 156.71% (1,804 to 4,631). (*Auditor & Controller*)
- Awarded a team of 19 employees the Heart of Service Award for going above and beyond to provide a positive customer experience. A team of Department of Child Support Services (DCSS) employees was awarded for developing and implementing DCSS in Your Neighborhood, a plan to deliver services to customers in East County and South County. (*Chief Administrative Office*)
- Promoted the benefits of landlords participating in the Housing Choice Voucher Program. (*Housing and Community Development*)
- Continued to improve the ability of deputies to work with mentally ill subjects by providing eight hours of PERT training to deputies and sergeants that did not receive training in Fiscal Year 2014-15. (*Sheriff*)

Develop, maintain and attract a skilled, adaptable and diverse workforce by providing opportunities for our employees to feel valued, engaged and trusted.

- Continued to seek qualified diverse applicants by attending one job fair and advertising positions in periodicals targeted to minority populations in order to fill positions as needed. (*Animal Services*)

- Strengthened awareness of diversity, inclusion, and cultural competence by offering Diversity & Inclusion (D&I) training for managers aligning the current course Embracing Diversity & Inclusion to the D&I Strategic Plan, and rolling out a new Countywide training in Fiscal Year 2015-16. (*Human Resources*)
- Advertised 100% of all recruitments in diverse publications in order to attract a diverse applicant pool, which contributed to an increase of 7% (122) of external diverse candidates hired in 2015. (*Human Resources*)

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, 2015. 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.

National Association of Counties (NACo)

The National Association of Counties recognizes innovative county government programs from across the nation each year. In 2016, the County of San Diego received 48 NACo awards-the most awards given to any county in the state and the second most in the nation. Three of those awards won "Best of Category." Learn more about the awards on County News Center at www.countynewscenter.com/48-county-programs-win-national-recognition/.

- Don't Get Hooked Campaign (*Aging & Independence Services*): Aging & Independence Services, which oversees Adult Protective Services, decided to partner with the San Diego District Attorney's Office in an educational campaign to alert older adults and their families to the common scams. This included the development of a "Don't Get Hooked" toolkit and campaign that details many of the common scams against older adults, plus provides tips and resources.
- Taking Community Outreach to the Next Level in Housing and Community Development (*Housing and Community Development*): In order to increase community involvement, HCD used technology and innovative thinking to give residents the ability to participate when they want and how they want. Input is used to develop the annual funding plan for federal entitlement program. HCD developed a new and engaging online presentation format to enhance community engagement and increase the number of people reached. The online presentation is available to the community 24 hours a day, seven days a week. Development of the presentation had two main objectives: to increase access to information and to make the presentation more engaging and less bureaucratic. In addition to the online presentation, HCD held one in-person community meeting at a central location. In addition to increasing resident participation from 16 to 234, HCD saved more than 30 hours of staff time spent on travel and meetings. This represents an additional $4,000 available for community projects.
- The Fishermen Market and Pacific to Plate (*Environmental Health*): The County worked collaboratively with multiple stakeholders to find a way for local fishermen to be able to offer their fresh catch at the Bayfront, and to draft legislative language that would allow fishermen throughout the State to sell directly their fresh caught fish, providing a sustainable source of local healthy food and supporting the local economy. DEH first partnered with the San Diego Port Authority and local commercial fishermen to find a solution that would allow the Tuna Harbor Dockside Market to obtain a health permit and be able to operate

dockside on Port of San Diego land. The result of this collaboration was California Assembly Bill 226, sponsored by the County of San Diego Board of Supervisors, and introduced to the legislature by California Senate Speaker Toni Atkins, amending the State Code. AB 226 was chaptered on October 8, 2015 and added Chapter 12.7 to the California Health and Safety Code, establishing operational and permitting requirements for fishermen's markets, supporting direct sales of freshly caught fish to consumers throughout the state.

- CIVICS Program (*Sheriff/Parks*): The County of San Diego Department of Parks and Recreation teamed up with the San Diego Sheriff's Department to provide the Community Involved Vocational Inmate Crew Service Program (CIVICS). This effort provides inmate labor to maintain public lands under the management of County Parks. Inmates are selected to participate in the program following an assessment, with input from the Reentry Service Division of the Sheriff's Department. Inmates are also trained in how to refurbish and repair donated bicycles which are then given to youth organizations or Probationers who need a means of transportation for school or work.
- Live Well San Diego Food System Group (*Agriculture, Weights and Measures*): The Food Systems Working Group was established to enable a cross departmental and streamlined approach to issues pertaining to the local food system. The FSWG will continue to work with food system stakeholders to support efforts to improve health, increase economic growth, and encourage environmental stewardship of the food system.
- Policy Tech Implementation (*Public Health Services*): Implemented Navex Global's Policy Tech management software solution to automate the storing, authoring, approving and distributing of policies and procedures across Public Health Services Branches. Policy Tech provides a centralized policy system that is easily accessible for employees, monitors readership compliance, and allows our programs to strive for continuous improvement and mitigate risk and maintain a high level of operational excellence.
- Stormwater Compliance Program for Private Development Projects (*Public Works*): This program employed a number of tactics to improve the process such as developing a list of priority development projects, updating the stormwater inspection checklist, certifying all County inspectors in the Qualified SWPPP Practitioners program, and working closely with developers to navigate them toward compliance on their construction sites.
- Water Quality Equivalency Guidance Document (*Public Works*): The County led an effort to develop a WQE guidance document which establishes a mechanism to correlate quantifiable Alternative Compliance Project (ACP) benefits with Priority Development Project (PDP) impacts. This is necessary to demonstrate that an ACP project provides a greater overall water quality benefit than fully complying with the onsite stormwater pollutant control and hydromodification management requirements set forth in the Permit and BMP Design Manual. USEPA is also looking at this as potentially a national model.
- Drought Response Action Plan (*General Services*): The Departments of Public Works, Parks, General Services, Planning and Development, Sheriff and Health and Human Services worked in close collaboration to develop and execute numerous water saving projects. These drought response efforts, initiated as a result of Governor's order, have resulted in a savings equal to over 80 million gallons of water.
- California Identification Cards for County Jail Inmates (*Public Safety Group*): The DMV ID Program is a pilot project to serve as a statewide model and is intended to help inmates who have lost or have expired California Driver's Licenses or Identification Cards to obtain a California Identification Card. Government-issued identification is essential to removing barriers for reentering inmates to access social services, employment, and housing. Approximately 120 days before release, Sheriff's correctional counselors put together a list of interested inmates with their personal information, submit that list to the local DMV office, DMV office notifies Sheriff's staff which inmates are eligible, and Sheriff's staff helps inmates fill out the appropriate DMV forms. When inmates leave the County jail, Sheriff's staff includes the California Identification Card among their personal belongings.
- Court Referral Tracking Module: Justice Electronic Library System (*County Technology Office*): The Referral Tracking System was developed using the

existing JELS platform. The result is that Court-ordered referrals are received electronically the day they are ordered; Discovery documents are received; and Court Reporters are now uploading electronic copies of the Transcripts. The DA receives an electronic copy of the resulting Sentencing Report directly into its case management system, eliminating the need to sort and file hard copy reports. The Court is also provided a JELS library which contains electronic copies of these same reports for early review. The entire process is more efficient. In addition to saving money, it allows more time for better decision-making.

- Proposition 47 Implementation (*District Attorney/ Public Defender*): Within the first month of its passage, the San Diego Public Defender filed thousands of Prop 47 petitions by people asking to reclassify certain felony crimes to misdemeanors. In April of 2015, the Office of the Public Defender, in collaboration with the San Diego District Attorney's Office and the courts developed a process to allow for an expedited review of those clients in need of quick relief. For those people who were in custody on cases that should be reduced to misdemeanors, the Public Defender's Office would immediately reach out to the DA and the court and within hours, the court would issue an order releasing the inmate. For those people in the community who were struggling, based on their past felony convictions, to find and maintain employment or secure public assistance for programs or housing, the Public Defender would again reach out to the DA and the court to ask for quick review of these Prop 47 petitions. The DA and court obliged and processed these petitions within 1-2 days. This had the effect of cleaning up some people's past and allowing them to move forward in their lives to become more engaged in the community and productive to society as a whole.
- Butane Honey Oil Lab Safety Guide for Emergency First Responders (*Environmental Health*): The County developed a collaborative project studying the extreme hazards of Butane Hash Oil with the goal of protecting first responders. As a result of this study, safety guidelines for the first responders were compiled into a guidance document which was published in the Journal of the Clandestine Laboratory Investigating Chemists Association in January 2016, and has been disseminated to the Fire Departments throughout the region during the Zone Training sessions.
- Disaster Preparedness Curriculum (*Emergency Services*): Employing a Disaster Preparedness Curriculum, "Be Aware! Be Prepared! Exploring Natural Disasters through Research" to foster a culture of self-sufficiency and disaster readiness for San Diego County fourth grade students.
- First Responder Access and Functional Needs AFN Training Video Series (*Emergency Services*): The project is a collection of eight 10-minute videos providing first responders with helpful information to consider when evacuating individuals with physical, cognitive and emotional disabilities. The videos address autism, Alzheimer's disease and memory loss, blind and low vision, chronic illness, cognitive disabilities, deaf and hard of hearing, mental illness, and physical disabilities.
- San Diego Multiple Agency Public Safety SanMAPS (*Emergency Services*): Utilizing online geographic information systems for displaying emergency management information and intelligence such as adverse weather maps; wildfire hazard maps; and a SanMaps library.
- Assessment Center (*Human Resources*): The Department of Human Resources partnered with the Sheriff to design an assessment center for the Sheriff's Department management position applicants to measure their job performance, critical thinking skills, and presentation and communication skills while using reality-based scenarios.
- Diversity Outreach (*Human Resources*): The purpose of Diversity Outreach is to attract, develop and maintain a skilled, adaptable and diverse workforce. At the beginning of recruiting for all classifications, Human Resources compare what the current diversity is in that classification and the classification directly above, to the current census information for our County in order to determine our needs. Additionally the County does target advertising to attract applicants from diversity groups.
- E-Check vs. Online Banking Payment Video (*Treasurer-Tax Collector*): Website-based video created to explain the differences between online banking and e-checks when considering options for property tax payment methods.

- MarketWatch Report (*Treasurer-Tax Collector*): Quarterly financial market information is provided to Pool Participants and potential participants of the County's Investment Pool. This is a resource for the latest economic financial information as well as a newsletter for upcoming events.
- Property Tax Bill Library Program (*Treasurer-Tax Collector*): An in-house system for internal department staff to access consistent and accurate property tax information.
- Binational Love Your Heart (*Regional Operations*): Heart disease is the leading cause of death in the United States and Mexico. For this reason, it is critical that both nations work collaboratively to address the number one killer of the population. On Thursday, February 11, 2016 the County of San Diego and its partners celebrated the 5th Love Your Heart Day, a day-long event where free blood pressure screenings were offered throughout San Diego County and the six Border States in Mexico.
- One-on-One Health Coaching (*Human Resources*): One-on-One Health Coaching allows an employee to sign up for three 30-minute sessions with a health educator to identify areas of concern related to health and develop strategies to improve in these areas.
- Senior SNAP-Ed: Policy, Systems and Environmental Changes Improve Nutrition (*Aging & Independence Services*): The goal of the SNAP-Ed for Seniors Community Engagement Program is to engage the seniors in supporting the adoption of policy, system, and environment changes in their community that will improve access to healthy food and/or physical activity. The 14-week community engagement curriculum that the County developed may be used by other counties.
- Access Brings Innovation and Enhancements to its Call Center (*Regional Operations*): San Diego County's Access Customer Service Center has significantly enhanced its ability to deliver services to the residents of San Diego County by increasing the number of calls handled related to public assistance benefits and reducing call wait times by over 50% within the last year. This is a result of operational growth and process improvements made in 2015 as well as increased development of a specialized Community Based Organization line that was implemented to assist our most vulnerable residents more quickly and efficiently.
- Child Support Services Reaches Out to Special Populations, Helps Hundreds (*Child Support*): The effort combined the Incarcerated Parent Outreach, Family Centered Services in Escondido, DCSS in Your Neighborhood, and Veterans Outreach programs which assist parents who have limited accessibility to services.
- Intel & Recon for Military & Veterans Program (*HHSA*): County of San Diego staff from 38 County Departments and the Board of Supervisors established the first Intel & Recon for Military & Veterans Program meeting to explore how County programs might work together better by connecting the dots with current resources in order to serve San Diego County's active military, veterans and their families. This ongoing program focuses on four key areas identified in regional forums and by the County's Office of Military & Veterans Affairs. The focus areas are benefits, housing and employment, mental health and family stress, and data.
- Pathways to Well-Being (*Child Welfare Services*): Pathways to Well-Being is the County of San Diego's joint partnership and cross system collaboration between Behavioral Health Services, Child Welfare Services and families to promote safety, permanency in living situation, and overall well-being for youth in the foster system.
- Promoting Independence & Choice Program (*Aging & Independence Services*): The program in San Diego County provides voluntary conservatorship-like services at no cost to low/middle income individuals experiencing difficulty with making sound financial and/or healthcare decisions due to a cognitive challenge. By 2030, it is estimated that 92,804 individuals in the County age 65 and older will suffer from Alzheimer's disease; this does not include aging individuals with other forms of dementia. This program provides the necessary support delaying the need for Conservatorship and institutionalization.
- San Diego Veterans Independence Services at Any Age (*Aging & Independence Services*): The SD-VISA program is a partnership between Aging & Independence Services and the Veterans Administration San Diego Healthcare System (VASDHS) that affords Veterans suffering from chronic diseases and at risk of institutionalization, the opportunity to have long term services and support in their home. This is the first and only

program in California which has made a great impact for those Veterans served. The outcomes include a 51% decrease in hospitalizations, 20% skilled nursing home avoidance and savings of $1.6 million to the VASDHS.

- Improving Probation Officer Effectiveness with Mobile Applications (*Probation*): Developed a mobile case management application used by San Diego County Probation Officers to efficiently manage their offender caseloads in the field, enhancing their operational effectiveness while controlling costs. The mobile application gives officers the ability to securely access offender information and enter contact notes from their smartphones, enabling them to make better decisions and provide higher quality services in order to protect and serve the community.
- Mobile Inspection eForms (*Environmental Health*): DEH implemented an electronic field inspection system in 2014 that eliminates duplicate data entry, promotes data quality by enforcing business rules, and streamlines rapid data collection. These objectives are met through introducing fillable PDF forms and on-demand data transfer to the system of record through the use of tablets and smartphones.
- Online Air Quality Grant Applications *(Air Pollution Control District)*: The District created program efficiencies and improved customer service by "going digital" with its air quality grant application process. The APCD offers financial incentives in the form of grants for the replacement of old, highly polluting heavy-duty engines in trucks, tractors, marine vessels, locomotives, and agricultural equipment. The District recently launched an online application tool, allowing customers to electronically submit applications from the convenience of their home, business, or a remote location. Nearly 100% of grant applications are now received online, creating application and processing efficiencies and saving paper and delivery costs.
- Online Testing Notification (*Air Pollution Control District*): The District developed an online notification process for 900 gas station owners and their contractors required to conduct performance tests. With the implementation of the online process, our customers can complete the necessary fields in our database while submitting the notification.
- Paperless Open Enrollment (*Human Resources*): During the 2016 Open Enrollment period, the Benefits Division eliminated approximately 45,000 paper forms by switching the enrollment process to PeopleSoft 9.2, eBenefits and posting Benefit information online.
- Real-Time Mapping of Invasive Pests (*Agriculture, Weights, Measures*): Recognizing the threat posed by invasive pests and the resulting immediate need for accurate and timely information, AWM combined the smart devices with a data gathering app called Collector to create real-time detailed maps of pest locations. We set up the base layers, configured the portals, and trained lab and field personnel to capture the pest find locations as data points on their smart devices. This innovative approach collects data from residential sample submissions and staff field surveys.
- Text and Auto Call Reminders for Eligibility Customers (*Eligibility Operations Administration*): San Diego County provides automated call messages and text reminders for Medi-Cal, CalFresh and CalWORKs renewals and Semi-Annual Reporting. The goal is to use innovative technology to help remind customers of upcoming appointments or verifications, reduce the churn rate, assist in relocating staff resources to other critical tasks, ensure customers' benefits were received timely and in an uninterrupted fashion and improve productivity and efficiency for Family Resource Center operations.
- Dare to Dream Workshop Series (*Library*): This series, created as an initial response to a recognized community need for an underserved population, is funded through California State Library grants and works with partners to offer a community gathering place where one can go to seek information from organizations that work to solidify protection from deportation, enable people to gain work authorization, the right to travel in the United States, the right to apply for a social security number and the right to apply for a California Driver's License. The services support those who entered the United States as children, and undocumented parents of U.S. citizens and lawful permanent residents respectively. These children will have the opportunity to go to college and be productive to society.

- Benefit Ambassadors for Open Enrollment (*Human Resources*): The Benefits Division implemented a core team of 19 Benefit Ambassadors, with Human Resource representatives from each of the County of San Diego's five organizational groups as a new communication and training strategy to improve how employees learn about their Benefit elections.
- Deferred Compensation Millennial Focus Groups (*Treasurer-Tax Collector*): The County partnered with Nationwide Retirement Solutions, our third party administrator, to conduct focus groups of millennials in lieu of our annual satisfaction survey. The focus groups allowed us to gain a more in depth understanding of millennial perceptions of the deferred compensation program and the factors that may drive their decisions of whether or not to participate. This information has changed the method, message, and communication style used by the Program to engage millennial employees. As a result, the Program enrolled more than 700 millennial employees and increased the millennial participation rate from 44% to 51% in 2015.
- LGBT Department Training (*Probation*): The training helps officers and staff gain a better understanding of the Lesbian, Gay, Bisexual and Transgender population, explains terms, summarizes legal and ethical provisions, briefly discusses best practices, creates awareness, and emphasizes the duty of Probation to respond/provide resources. This serves the department in not only complying with the Prison Rape Elimination Act standards but also with diversity training.
- Priority Transfer Program (*Human Resources*): The process was designed to give employees that have been determined to have permanent and stationary work restrictions an opportunity to be placed in other departments. The process was centralized through Human Resources and employees are given priority when positions become vacant in all County departments.
- Project Management Workshop (*Human Resources*): Employee Development developed the Project Management Workshop as a two-day training designed to provide an overview of concepts and techniques to promote project success. This workshop covers project management basics, team dynamics, and leadership skills using a sample project to demonstrate the application of the process, based on the PMBOK's 5 Phase Project Lifecycle.
- Recruitment Surveys (*Human Resources*): Human Resources developed and implemented a post recruitment survey evaluation tool to measure the results and outcomes of recruitment and selection methods. This tool can capture a client department's level of satisfaction with the administration of this recruitment and the quality of applicants. The survey provides the hiring department with valuable information such as diversity numbers of the qualified applicant pool, listed by ethnicity, gender, and veteran status.
- Spotlight on Speaking (*Human Resources*): County employees learn quick tips from a facilitator and are given the opportunity to practice giving a presentation. Participants receive feedback from their peers and discuss their experience in an open forum. This successful program has doubled in size since its inception.
- Work Safe, Stay Healthy Training Tracks (*Human Resources*): The Work Safe Stay Healthy program offers customized safety messaging and training to meet the needs of each employee.
- Deployment of an Application to Capture Collective Impact (*Public Health Services*): A performance management system called InsightVision was used to capture the collective impact of HHSA Regions, Public Health Services Branches, other County groups and community partners in advancing Live Well San Diego. Key objectives, measures and activities toward which multiple players contribute are captured in simple Scorecards and Strategy Maps that visually "tell the story" of community change and ultimately our collective progress in "moving the dial" on the top 10 Live Well San Diego indicators.
- Employee Safety & Threat Assessment Program (*Human Resources*): Human Resources collaborated with the Sheriff's Department to support Living Safely and provide employees education and awareness training regarding potential threats in the workplace and how to respond in case of a critical incident.

California State Association of Counties (CSAC)

The CSAC annual awards program honors the most innovative programs developed and implemented by California counties each year. In 2016, the County of

San Diego led all other counties taking eight awards in all including two Challenge Awards and six Merit Awards.

The two San Diego County Challenge Award winners were:

- The Office of Emergency Services' First Responder Access and Functional Needs Training video series provides police, sheriff and firefighters with training to improve their understanding of physical, cognitive and emotional disabilities, and to promote effective and compassionate methods for evacuating those members of our community. Eight videos addressed autism, Alzheimer's disease and memory loss, blind and low vision, chronic illness, cognitive disabilities, deafness and hard of hearing, mental illness, and physical disabilities.
- The Trauma Responsive Unit Protects Youth in Custody program is a new specialized treatment unit in Juvenile Hall in which all staff are trained to provide evidence-based treatment to youth affected by traumatic experience. The juveniles are taught fundamental skills to manage their behavior/emotions when things trigger traumatic reminders. The unit is one of the first in a juvenile institutional setting to treat trauma, a highly prevalent experience for justice-involved youth and an underlying mechanism that contributes to increased risk-taking, delinquency and future adult criminal behavior that often leads to incarceration.

The six San Diego County programs to receive Merit Awards include:

- Access Brings Innovation, Enhancements to Call Center is a Health and Human Services Agency project to implement a specialized Community Based Organization (CBO) line to better assist our most vulnerable residents and improve wait times. The Access Customer Service Call Center was designed to support the Family Resource Center in delivering public assistance benefits such as Medi-Cal, CalFresh, and CalWORKs to San Diego County residents. Community advocates rely heavily on the Access CBO line because it enables them to experience shorter wait times, quickly connect with a County staff member, and inquire about multiple cases at the same time.
- Being Healthy Teen Wheel Project is a project from the Maternal, Child and Adolescent Health unit within Health and Human Services Agency which developed a culturally and linguistically tailored tool to empower girls to optimize their overall health throughout their lifespan. At a time when many important health behaviors are developed, it is critical to provide youth with current and accurate health information. The interactive circular tool has two outer wheels that can be rotated to reveal information on nutrition, physical activity, medical and dental check-ups, self-esteem healthy choices, body changes and care, healthy relationships and emotions.
- Disaster Preparedness Curriculum is a project developed by the Office of Emergency Services with the San Diego County Office of Education to engage and empower youth to become active participants in individual, family, and community disaster preparedness. The curriculum called "Be Aware, Be Prepared" is developed for fourth grade students to teach them about natural disasters including earthquakes, volcanoes, tsunamis, hurricanes, tornadoes, floods, and wildfires. Tips on how to better prepare before, during and after these hazards are also provided. The curriculum teaches them to work with their families to create a family disaster plan and assemble an emergency kit to enhance the family's preparedness during an emergency.
- Land Development Process Reorganization consolidated and streamlined three County departments into a new, centralized Planning & Development Services department to improve customer services involving land development. Prior to this, those services had been spread out among the three departments and customers expressed dissatisfaction. As a result of the reorganization, permit processing times have been reduced for many permit types, the customer experience at our permit center has improved, and a number of new online services are now offered.
- Leveraging Tablet/4G Tech for Process Automation is a County Assessor/Recorder/County Clerk program which uses mobile technology to automate the tracking and location of boats docked at marinas in San Diego County. Since implemented, the County has inventoried 12,000 boats in 70 marinas. Previously, inventory was paper-based and required extensive time to prepare. This new process also improved customer satisfaction by enabling automatic and real-time

updates to the line of business application for a greater percentage of timely submission of unsecured tax valuations.

- Improving Communication with Communities during Emergencies is a network formed by County Public Health Services and the Office of Emergency Services to share information with limited-English proficient communities during emergencies. The County formed a partner relay which utilizes an online communication platform, ReadySanDiego Partner Connection, to share information with community agencies trusted by its members. The two-way communication forum is updated throughout the duration of an emergency and members have agreed to translate this information into various languages and share it with their communities.

Additional Honors

- The County has earned the highest possible ratings with all three major rating agencies: Aaa rating with Moody's Investor Service, AAA rating with Standard & Poor's, and AAA with Fitch Ratings. 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.
- The first phase of the Las Colinas Detention and Reentry Facility construction project earned a Leadership in Energy and Environmental Design (LEED) gold rating from the U.S. Green Building Council. Only a very limited number of detention facilities of this size have ever achieved this level of sustainability. The second phase of the construction project is also being built to LEED gold rating standards.
- The Department of Purchasing and Contracting (DPC) earned the 2015 Achievement of Excellence in Procurement Award from the National Procurement Institute (NPI). DPC has received the award for 15 consecutive years. The County of San Diego is one of only 49 government agencies in California and one of only 47 counties in the United States and Canada to receive the award. The award recognizes organizational excellence in procurement by measuring innovation, professionalism, e-procurement, productivity, and leadership attributes. In addition to NPI, the Achievement of Excellence in Procurement Award is sponsored by the California Association of Public Procurement Officials (CAPPO), Florida Association of Public Procurement Officials (FAPPO), the Institute for Supply Management (ISM), NIGP: The Institute for Public Procurement, the National Association of State Procurement Officials (NASPO), the National Association of Educational Procurement (NAEP), the Texas Public Purchasing Association (TxPPA), and the Canadian Public Procurement Council/Conseil canadien des marchés publics (CPPC).
- Las Colinas Detention and Reentry Facility has garnered two more awards: the Western Council of Construction Consumer's 2015 Project Excellence Award Program for Exceptional Project Achievement and Sustainability Excellence Innovative Solutions Distinction. The organization applauded the County's efforts to initiate safe, cost-effective, and high-quality construction projects. They further indicated the project demonstrated excellence that is both inspirational and instructive to the construction industry. Las Colinas is also gold certified for Leadership in Energy and Environmental Design (LEED).
- The California Council of the Society of American Registered Architects presented the Alpine Library with a Design Award of Honor at its 2015 Professional Design Awards Celebration. The award recognizes superior achievement and professional design.
- At their Annual Designs Awards ceremony, the American Institute of Architects San Diego presented the Patron of the Year Award to the County Board of Supervisors and the Department of General Services. Citing some of the recent notable County projects, presenter Dan Stewart noted their successful combination of good design, LEED achievements and community enrichment. Accepting the award for the Board of Supervisors was Supervisor Ron Roberts and for General Services, Director April Heinze.
- Phase 1 of the Las Colinas Detention and Re-Entry Facility was recognized by the Association of General Contractors in the unique special project category at the Build San Diego Award luncheon in November 2015. A distinguished panel of industry leaders who served as judges identified the project

as "the best of the best" in regional construction. Accepting the award was Supervisor Ron Roberts, DGS Project Manager Andrew Bohnert and a representative for the general contractor, Balfour Beatty Construction.

- The Design-Build Institute of America (DBIA) recognized the County of San Diego and the Department of General Services during its national conference by announcing that the Waterfront Park received the 2015 Project/Team Award of Excellence in the Civic/Assembly category. This is the 18th award/recognition garnered by this highly regarded and popular civic space. General Services Director April Heinze was selected as a recipient of the Distinguished Design-Build Leadership Award in the Owner category. The Distinguished Leadership Awards recognize individuals that have demonstrated exemplary leadership in the advancement of design-build and design-build best practices, ultimately enhancing our nation's ability to achieve superior project outcomes. The 12 recipients of this award include public and private owners, design and construction practitioners, elected officials at the federal, state, and local level, and full-time faculty and students at accredited institutions of higher learning.
- The Department of General Services (DGS) Facility Management received the California Counties Facilities Services Association Public Facilities Award of Excellence for 2015. This award is presented to counties and cities that have demonstrated exceptional dedication to facility management excellence through best practices, process innovation, staff development, department automation, energy program improvements, and client service. DGS departmental leadership has continued to demonstrate continuous efforts to enhance the development of programs and processes designed to extend the life of our public facilities.
- The Assessor/Recorder/County Clerk (ARCC) was one of four winners (in a field of 300+ applicants) of the 2015 Digital Government Achievement Awards in the category of Government to Citizen Local Government. ARCC was selected for this award for the Online Home Owners Exemption (HOX), which replaced the paper form and manual process. The public is now able to go online and complete the application, digitally sign it (including two signatures, if required), and submit it for processing.
- The County Communications Office (CCO) was honored by the National Association of Telecommunications Officers and Advisors (NATOA) at its annual conference and awards ceremony in September 2015. The County took first place in the social media category as well as the public health category for a video about the fourth year of the Live Well San Diego initiative. The CCO was also honored in five other categories, including Overall Excellence. In addition, Multimedia Manager Michael Russo was honored with NATOA's Brian Wilson Memorial Award for Programming Excellence for his leadership and impact to the community through programming. The conference was held in San Diego this year, and several members of the CCO team served as presenters on a variety of topics.
- The Department of Environmental Health's Beach Water Quality Mobile Web Application, launched last year, has earned a 2015 Merit Award from the California State Association of Counties for getting the word out about beach water quality. The mobile app, which gives the public an interactive map that shows beach water status at more than 90 beaches countywide, also won a 2014 Achievement Award from the National Association of Counties, and has been applauded by the public for its innovation and simplicity. The primary goal of this Mobile website, as well as our other social media tools, is to notify the public of water quality conditions across the county and provide updates when water quality status changes. This allows the public to make informed decisions about potential beach water quality health risks, which occur when water quality does not meet State health Standards.
- The Department of Parks and Recreation (DPR) recently received top honors in the form of two marketing awards. DPR was named Emerging Brand of the Year by SDX "Brand Diego Awards" for the new graphic identity of DPR and the "upside of outside" campaign. The Brand Diego Awards honor San Diego companies and individuals who have made a notable or lasting impact in advertising, marketing, or communications to help build strong brands. DPR also received a Silver Bernays Award from the local chapter of the Public Relations

Society of America (PSRA) for DPR's innovative strategic marketing campaign. The PRSA awards are open to all agencies and organizations in San Diego and Imperial counties and recognize the finest in public relations campaigns including media relations, community relations and public affairs.

- The Department of Environmental Health's Hazardous Materials Division and Supervising Environmental Health Specialist Sande Pence were honored with awards at the 2016 California Certified Unified Program Agency (CUPA) Training Conference in Anaheim. The Hazardous Materials Division's "eForms team" received an "Outstanding Innovation" award for creating and launching its new eForms field inspection software. Pence received an "Outstanding CUPA Individual" award for her contributions to helping successfully enact SB 612 - Hazardous Materials. The eForms field inspection software provides electronic compliance inspection reports to CUPA-regulated facilities and automatically extracts data captured during the inspection for upload to the data management system, Accela Automation. It has been well received by inspectors, managers, facility owners and operators. Pence was recognized for her efforts to help streamline the statutory language for tank facilities subject to the Aboveground Petroleum Storage Act and Underground Storage Tank programs in the new legislation.
- The Alliant Build America Awards highlight the nation's most significant construction projects. This year, its 2016 Marvin Black Partnering Excellence Award went to the County's Department of General Services for Las Colinas Detention and Reentry Facility. The Black award recognizes a superior collaborative effort between major stakeholders to complete a world class project. In this case, the project included the Sheriff's Department, General Services and the contractor, Balfour Beatty Construction. The awards, which were announced during the Association of General Contractors annual convention in San Antonio, are considered by many to be the most prestigious recognition of construction accomplishments in the U.S.
- Two DGS managed projects were recognized for superior construction and contract administration. The California Counties Architect and Engineer Association awarded the Las Colinas Detention and Reentry Facility the 2016 Public Project of the Year Award at the California General Services Administration conference in Sacramento. The Cedar & Kettner Parking Structure received the Construction Managers Association of America 2016 Public Works Greater than $15 Million Project Award.
- The National Association of Area Agencies on Aging (n4a) gave both the County's "Don't Get Hooked" Scam Prevention Campaign and SNAP-Ed for Seniors Community Engagement Program Aging Innovations Awards and the San Diego Veterans Independence Service at any Age (SD-VISA) program received an Aging Achievement Award in July.
- First 5 San Diego was awarded with the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The CAFR Program recognizes state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare a comprehensive annual financial report that evidences the spirit of transparency and full disclosure. This is the second time First 5 San Diego has been recognized with the award.
- The American Library Association honored San Diego County Library (SDCL) with a 2016 John Cotton Dana Award. This national award recognizes outstanding public relations among the more than 100,000 libraries nationwide and comes with a $10,000 prize. The money will be used to continue the library's work in helping children develop skills for success in school. With only 40 percent of San Diego County children aged 3 to 5 in preschool, San Diego County Library set out to increase the number of kids ready for kindergarten by launching the 1,000 Books Before Kindergarten program. SDCL looked at best practices throughout the country and developed a robust program to prompt children to read, gets the whole family engaged and provides access to thousands of new children's books. As a result, 18,000 children have signed up to participate, SDCL has seen a 17 percent increase in picture book circulation and a 43 percent increase in early reader book circulation.

- SDG&E awarded the County the Energy Champion Award during a ceremony in June. The County was recognized for developing an outstanding culture of sustainability and energy conservation. Staff will also participate in a video about the County's program.
- The County of San Diego recently achieved national accreditation for public health services from the Public Health Accreditation Board in May 2016. The recognition signifies that the County has demonstrated it meets nationally recognized, practice-focused and evidenced-based standards in providing essential pubic health services. To become accredited, the County of San Diego successfully underwent a rigorous review of over 1,100 documents, and received high marks from reviewers after a two-day site visit in February 2016 Of nearly 3,000 governmental public health departments in the nation, only 135 health departments have earned accreditation status since 2011, when the program was launched. The County has become one of six other California health departments to earn this distinction.
- The Department of Parks and Recreation (DPR) earned three 2016 American In-House Design Awards from Graphic Design USA magazine, one of the industry's leading trade publications. Graphic Design USA had nearly 6,000 entries submitted by design firms, ad agencies and in-house corporate designers. DPR's entries were among the top 15 percent selected for their design excellence and visual presence. The winning selections included DPR's Strategic Plan, our first ever DPR Calendar and our new and improved Program and Activity Guides.
- The Department of Parks and Recreation earned the 2016 National Recreation and Park Association Kudos Marketing Award for strategic marketing and new graphic brand identity. This national award is given to one agency that has significantly contributed to the public's increased awareness and recognition of public parks and recreation through a marketing campaign and communications.

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Respectfully,

DONALD F. STEUER
Assistant CAO/
Chief Operating Officer

TRACY M. SANDOVAL
Deputy CAO/
Auditor and Controller

Government Finance Officers Association

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June 30, 2015

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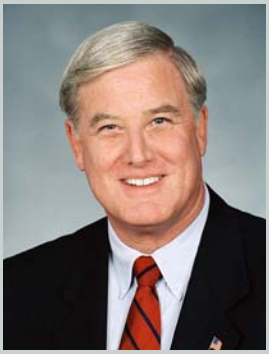


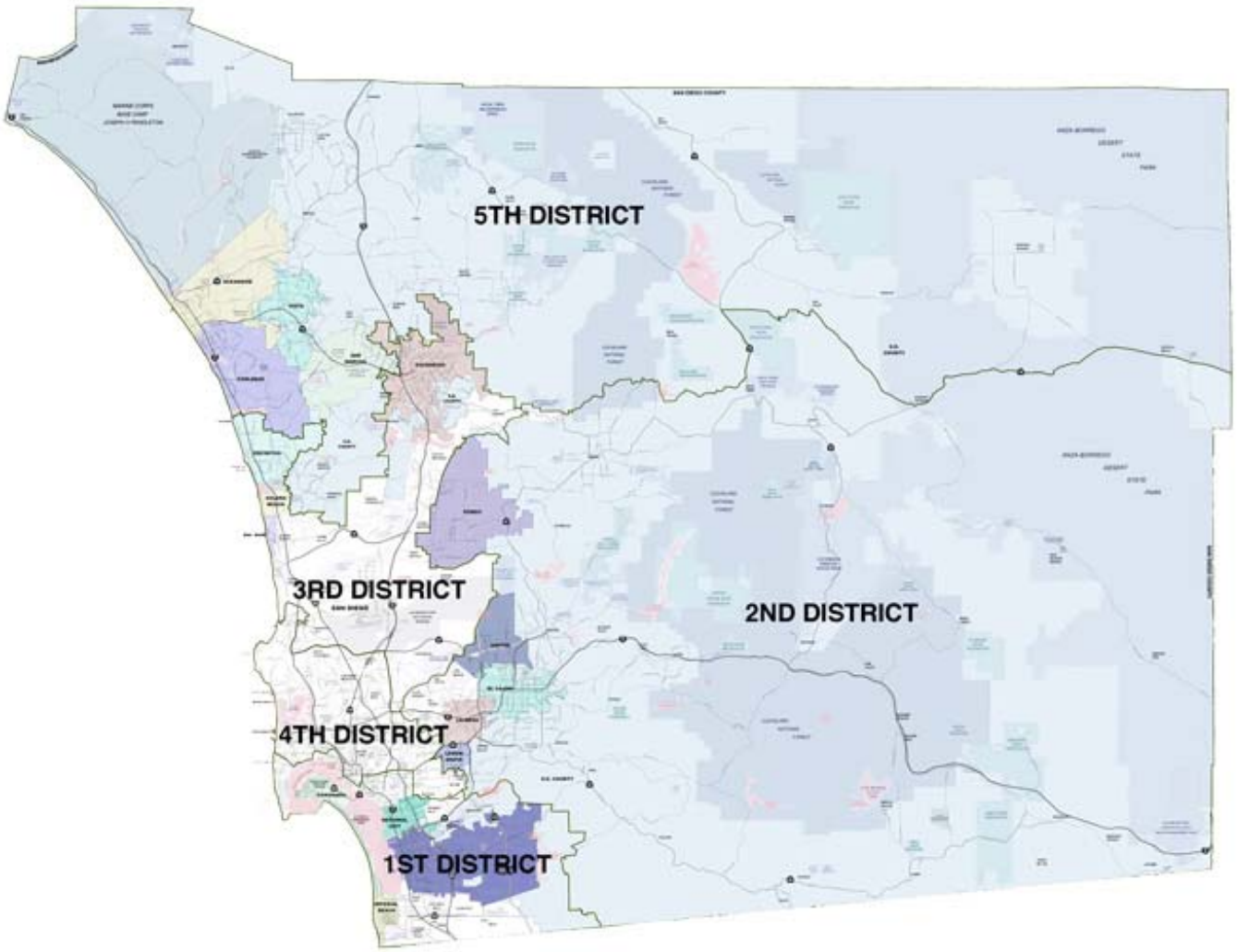
Greg Cox
District 1

Dianne Jacob
District 2
Vice Chair

Dave Roberts
District 3

Ron Roberts
District 4
Chair

Bill Horn
District 5



* 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	April Heinze
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	Andrew Strong
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	Elise Rothchild
Ethics & Compliance	Joe Cordero
Farm & Home Advisor	James Bethke
General Services	Vacant
Health & Human Services Agency (HHSA) Operations	Dean Arabatzis
HHSA - Aging & Independent Services, Public Administrator/Guardian/Conservator	Ellen Schmeding
HHSA - Central & South Regions/ACCESS	Barbara Jimenez
HHSA - East & North Central Regions	Kimberly P. Gallo
HHSA - Housing & Community Development Services	Todd Henderson
HHSA - Integrated Services	David Estrella
HHSA - North Inland & North Coastal Regions	Chuck Matthews
HHSA - Strategy & Innovation	Dale Fleming
Human Resources	Susan Brazeau
Library	Vacant
Medical Examiner	Glenn Wagner
Parks & Recreation	Brian Albright
Planning & Development Services	Mark Wardlaw
Probation	Adolfo Gonzales
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, 2016, 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 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, 2016, 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 Note 32 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective July 1, 2015. 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 56, 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 140 through 144, the schedules of the County's proportionate share of net pension liability and contributions on page 145, and related notes on page 146, 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 fund financial statements and other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other supplementary information are 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 fund financial statements are 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 16, 2016, 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.

Vavrinek, Trine, Day & Co., LLP

San Diego, California
November 16, 2016

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, 2016.

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 2016 by $2.88 billion (net position). Of this amount, $3.29 billion represents net investment in capital assets; $605 million is restricted for specific purposes (restricted net position); and the remaining portion represents negative unrestricted net position of $(1.02) billion.
- Total net position increased by $245.5 million as follows:
  - Governmental activities net position increased by $245 million. The current and other assets, capital assets, and deferred outflows of resources increases of $177.5 million, $51 million, and $358.8 million, respectively; coupled with long-term liabilities (without regard to the net pension liability) and deferred inflows of resources decreases of $44.4 million and $324.6 million, respectively; all had the effect of increasing net position, while decreases to net position included the increase of the net pension liability and other liabilities of $632.1 million and $79.2 million, respectively.
  - Business-type activities net position increased by $500 thousand. The deferred outflows of resources increase of $1.54 million, coupled with decreases in long-term liabilities (without regard to the net pension liability), other liabilities, and deferred inflows of resources of $330 thousand, $800 thousand, and $1.5 million, respectively; all had the effect of increasing net position, while decreases to net position included decreases to current and other assets and capital assets of $370 thousand and $480 thousand, respectively; coupled with an increase to the net pension liability of $2.82 million.
- General revenues for governmental activities were $1.19 billion. Of this amount, property taxes and property taxes in lieu of vehicle license fees accounted for $1.03 billion or 87%; while transient occupancy tax, real property transfer tax, miscellaneous taxes, sales and use taxes, investment earnings and other general revenues accounted for $158 million or 13%.
- Program revenues for governmental activities were approximately $3.07 billion. Of this amount, $2.54 billion or 83% was attributable to operating grants and contributions coupled with capital grants and contributions, while charges for services accounted for $517 million or 17%.
- Total expenses for governmental activities were $4.02 billion. Public assistance accounted for $1.42 billion or 35%, while public protection accounted for $1.36 billion or 34% of this amount. Additionally, health and sanitation accounted for $675 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 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 illustration below depicts the required components of the basic financial statements.

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, 2016 and 2015
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	$ 3,751,252	3,573,751	80,623	80,991	3,831,875	3,654,742
Capital assets	3,439,540	3,388,558	167,453	167,928	3,606,993	3,556,486
Total assets	7,190,792	6,962,309	248,076	248,919	7,438,868	7,211,228
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows of resources	736,100	377,274	3,205	1,647	739,305	378,921
LIABILITIES						
Long-term liabilities	4,479,203	3,891,460	12,024	9,531	4,491,227	3,900,991
Other liabilities	597,485	518,283	2,520	3,319	600,005	521,602
Total liabilities	5,076,688	4,409,743	14,544	12,850	5,091,232	4,422,593
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflows of resources	210,864	535,522	869	2,315	211,733	537,837
NET POSITION						
Net investment in capital assets	3,124,804	3,042,782	167,282	167,453	3,292,086	3,210,235
Restricted	604,917	619,565			604,917	619,565
Unrestricted	(1,090,381)	(1,268,029)	68,586	67,948	(1,021,795)	(1,200,081)
Total net position	$ 2,639,340	2,394,318	235,868	235,401	2,875,208	2,629,719

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 $2.88 billion at the close of fiscal year 2016, an increase of $245.5 million or 9% over fiscal year 2015. This included an $81.8 million increase in net investment in capital assets, (a 2.5% increase over fiscal year 2015), and a decrease of approximately $14.6 million in the County's restricted net position (a 2.4% decrease over fiscal year 2015). Additionally, net unrestricted net position increased by $178.3 million in unrestricted net position, (a 15% increase over fiscal year 2015).

The aforementioned increase of $245.5 million in net position was composed of the following changes in total assets, deferred outflows of resources, liabilities, and deferred inflows of resources:

- Total assets increased by $227.6 million. This included an increase of $177.1 million in current and other assets and a $50.5 million increase in capital assets. The net increase of $177.1 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 $208.9 million, a decrease of $25.1 million in receivables, net (excluding property taxes), a $5.2 million decrease in property taxes receivables, net, a $1.6 million decrease in lease receivables, coupled with an approximately $100 thousand increase in other assets.
    - The $208.9 million net increase in cash and investments, (including restricted and unrestricted cash and investments with fiscal agents) is principally due to a $25.1 million decrease in receivables, net (excluding property taxes), a $5.2 million decrease in property taxes receivables, net, a $34 million increase accounts payable, a $12 million increase in accrued payroll and a $35 million increase in unearned revenue, offset by a $2 million decrease in accrued interest; all of which have the net effect of increasing cash; coupled with increases to cash mainly attributable to $28 million and $18.6 million in secured property taxes and property taxes in lieu of vehicle license fees, respectively, coupled with $7 million in Section 8 choice vouchers, $43 million associated with IHSS program due to increase in staffing as part

of hiring and retention efforts for caseload management and implementation of federal and State policy changes, $2 million in federal aid for road related construction, and $1 million in State Aid Citizen's Option for Public Safety Program Assembly Bill 3229.

- The $25.1 million decrease in receivables, net is principally due to a decrease of $31.3 million in amounts due from other governments, offset by increases in investment earnings, and loans and other receivables of $4.3 million and $1.9 million, respectively.
- The $5.2 million decrease in property taxes receivables, net was principally attributable to a decrease in delinquent secured taxes.
- The $50.5 million increase in capital assets was due in part to $16.7 million towards construction of the Las Colinas Detention and Reentry Facility in Santee, $10 million towards construction of the parking garage at Cedar and Kettner, $8 million towards improvements of various capital projects, $6.8 million towards construction of the Alpine Branch Library, $4.5 million towards construction of the North Inland Crisis Residential Facility, $3.5 million towards construction of Imperial Beach Branch Library, and $1 million towards improvements at various Airports.

- Deferred outflows of resources increased by $360.3 million attributable to additional pension related deferrals originating in fiscal year 2016 including $229.7 million in changes of assumptions or other inputs and $111.8 million in net difference between projected and actual earnings on pension plan investments, and $5.7 million in difference between expected and actual experience in the total pension liability; coupled with a $13.1 million increase in the unamortized loss on refunding of long-term debt attributable in part to the issuance of San Diego Regional Building Authority (SDRBA) Lease Revenue Refunding Bonds - County Operations Center (COC), Series 2016A which refunded the SDRBA Lease Revenue Bonds COC and Annex Redevelopment Project, Series 2009A.
- Total liabilities increased by $669 million, principally due to a $635 million increase in the net pension liability, coupled with a $79 million net increase in other liabilities, offset by a decrease in non-net pension liability long-term liabilities of $45 million.
  - The increase in other liabilities of $79 million was primarily due to a $35 million increase in unearned revenue coupled with increases in accounts payable of $34 million and accrued payroll of $12 million, respectively; offset by a decrease in accrued interest $2 million. The $34 million increase in accounts payable was comprised of a $29 million increase in vendors payable, coupled with a $4 million increase in Due to other government agencies and a $1 million increase in other accounts payable.
  - The $45 million decrease in non-net pension liability long-term liabilities was mainly due to a $64.5 million decrease in long-term debt (see Long-Term Liabilities discussion); offset by an approximately $9 million increase in claims and judgments, a $2.8 million increase in compensated absences, a $6.3 million increase in landfill postclosure, and a $2 million increase in pollution remediation liabilities.
- Deferred inflows of resources decreased by $326.1 million chiefly attributable to a net decrease in pension related deferred inflows of resources of $329.3 million offset by an increase in non-pension deferred inflows of resources of 3.2 million. The net decrease in pension related deferred inflows of resources consisted of an increase in net differences between expected and actual experience in the total pension liability of $57.8 million offset by a $387.1 million decrease in the net difference between projected and actual earnings on pension plan investments. The increase of non-pension deferred inflows of resources is principally attributable to increases in property taxes received in advance and Air Quality Moyer Program of $1.2 million and $1.8 million, respectively; coupled with increases in deferred housing loans and Housing Administrative Cost Allowance of approximately $100 thousand each.

The largest portion of the County's net position reflects its net investment in capital assets of $3.29 billion (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 net 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 $605 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 $(1.02) billion in negative unrestricted net position. The majority of this negative unrestricted net position is primarily the result of implementing Governmental Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* in fiscal year 2015, which resulted in reporting a $2.25 billion beginning net pension liability and a beginning fiscal year 2015 $2.25 billion negative unrestricted net position. This amount is offset by positive unrestricted net position, predominantly attributed to the County's General Fund.

Table 2

Changes in Net Position

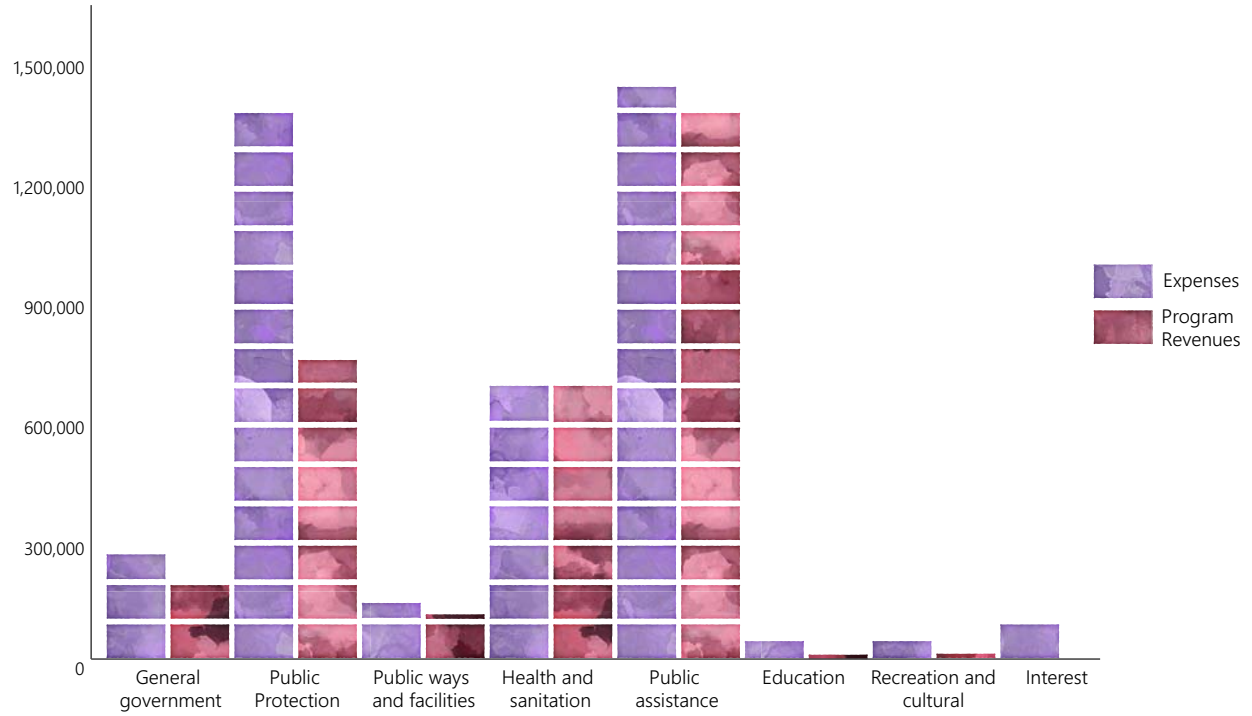
For the years ended June 30, 2016 and 2015
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues						
Charges for services	$ 516,555	504,741	38,763	43,353	555,318	548,094
Operating grants and contributions	2,543,749	2,467,817	3,513	702	2,547,262	2,468,519
Capital grants and contributions	12,947	39,224			12,947	39,224
General Revenues						
Property taxes	680,434	648,974			680,434	648,974
Transient occupancy tax	4,128	4,166			4,128	4,166
Real property transfer tax	24,589	21,049			24,589	21,049
Miscellaneous taxes	38	15			38	15
Property taxes in lieu of vehicle license fees	351,524	332,928			351,524	332,928
Sales and use taxes	28,898	27,847			28,898	27,847
Investment earnings	17,818	12,250	1,622	336	19,440	12,586
Other	82,745	93,889	8,777	3,055	91,522	96,944
Total revenues	4,263,425	4,152,900	52,675	47,446	4,316,100	4,200,346
Expenses:						
Governmental Activities:						
General government	257,887	258,169			257,887	258,169
Public protection	1,359,423	1,309,087			1,359,423	1,309,087
Public ways and facilities	140,245	161,341			140,245	161,341
Health and sanitation	675,077	640,020			675,077	640,020
Public assistance	1,421,851	1,327,664			1,421,851	1,327,664
Education	41,086	37,686			41,086	37,686
Recreation and cultural	44,883	42,748			44,883	42,748
Interest	81,665	86,816			81,665	86,816
Business-type Activities:						
Airport			14,439	14,664	14,439	14,664
Jail Stores Commissary			5,362	4,506	5,362	4,506
Sanitation District			28,693	30,745	28,693	30,745
Total expenses	4,022,117	3,863,531	48,494	49,915	4,070,611	3,913,446
Changes in net position before transfers	241,308	289,369	4,181	(2,469)	245,489	286,900
Transfers	3,714	2,693	(3,714)	(2,693)		
Change in net position	245,022	292,062	467	(5,162)	245,489	286,900
Net position at beginning of year	2,394,318	2,102,256	235,401	240,563	2,629,719	2,342,819
Net position at end of year	$ 2,639,340	2,394,318	235,868	235,401	2,875,208	2,629,719

Analysis of Changes in Net Position

At June 30, 2016, changes in net position before transfers equaled $245.5 million, a $41.4 million or 14% decrease from the previous year. Principal revenue sources contributing to the change in net position were operating grants and contributions of $2.55 billion and taxes of $1.03 billion (including: property taxes and property taxes in lieu of vehicle license fees.) These revenue categories accounted for 83% of total revenues. Principal expenses were in the following areas: public assistance, $1.42 billion; public protection, $1.36 billion; and health and sanitation, $675 million. These expense categories accounted for 85% of total expenses.

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



Governmental activities

At the end of fiscal year 2016, total revenues for the governmental activities were $4.26 billion, while total expenses were $4.02 billion. Governmental activities increased the County's net position by $245 million, while the business-type activities' change in net position equaled $500 thousand.

Expenses:

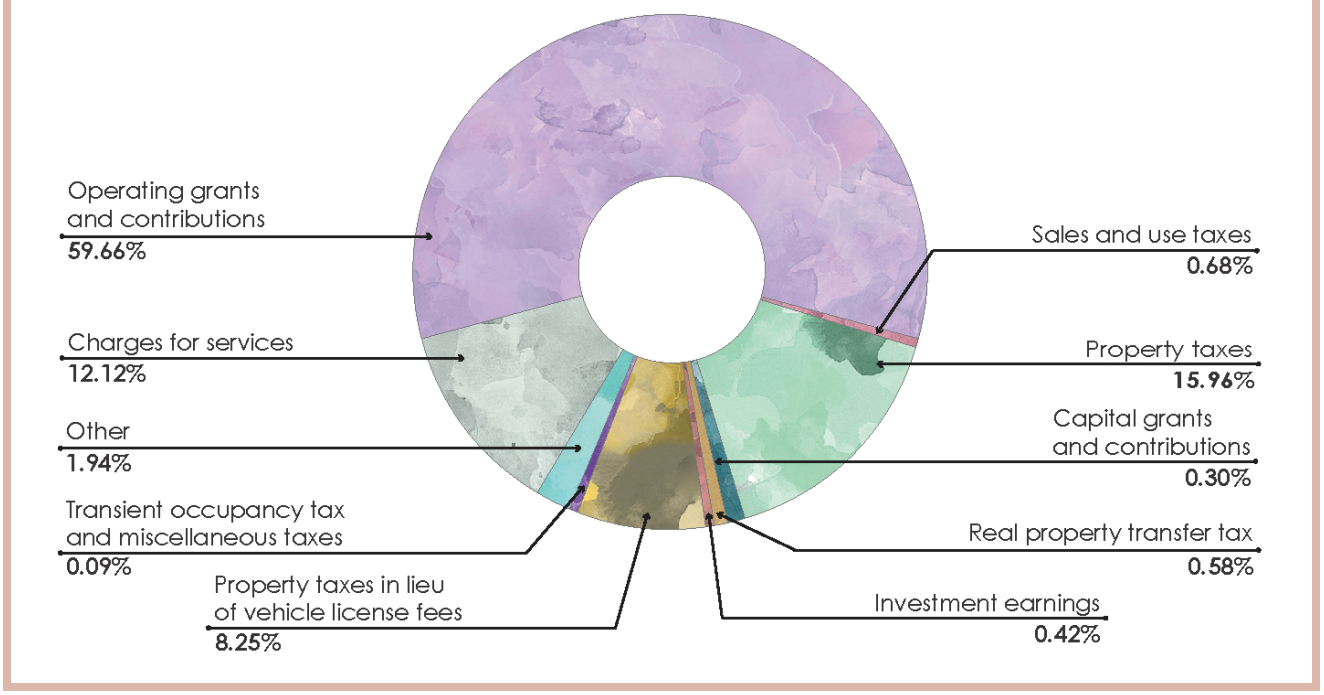
Total expenses for governmental activities were $4.02 billion, an increase of $159 million or 4% ($164 million increase in functional expenses and $5 million decrease in interest expense). Public protection (34%) and public assistance (35%) were the largest functional expenses, followed by health and sanitation (17%).

The $164 million net increase in functional expenses consisted of the following:

- $31.1 million increase in overall salaries and benefit costs;
- $2.2 million decrease in retirement contributions expenses recognized due to 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 - Contributions to the pension plan subsequent to the measurement date, on the County's government-wide governmental activities statement of net position;
- $86 million increase in pension expense; and,

- $49.1 million net increase in contracted services including: $22.2 million increase associated with the implementation of ConnectWellSD; $11.5 million increase in Behavioral and Mental Health programs; $11.3 million increase in road related contracted services; $4 million increase in Fire and Emergency Medical Services; $3.3 million increase in Tobacco Securitization contracted services; $2.4 million increase primarily due to Temporary Contracted services associated with a need for temporary staff in the Health and Human Services Agency's Emergency Screening Unit (ESU); $1.4 million increase in Center for Employment contract; $1 million increase in Alternative to Detention contract that started in March 2015; offset by a $5.9 million decrease in AVIAT - RCS Microwave Backhaul Network project; a $1.7 million decrease in TAIT - Conventional radio communications system technology refresh upgrade; and, a $400 thousand decrease in County Library contracts.

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



Revenues:

Total revenues for governmental activities were $4.26 billion, an increase of 3% or $110 million from the previous year. This increase consisted of an increase in program revenue of $61 million coupled with an increase in general revenues of $49 million as follows:

The $61 million increase in program revenue was chiefly due to increases of $120.9 million and decreases of $59.9 million noted below:

Increases in program revenues of $120.9 million were principally composed of the following:

- $43 million increase in In-Home Supportive Services program revenue due to an increase in staffing as part of hiring and retention efforts for caseload management and implementation of federal and State policy changes;
- $25 million increase in Behavioral and Mental Health revenues due to increased expenditures;
- $12.5 million increase in CalWORKs assistance program revenue due to the implementation of Assembly Bill 85 realignment and one-time prior year accrual adjustments;

- $8.6 million increase in institutional care revenue is primarily due to a higher Medi-Cal daily bed rate and unanticipated revenue associated with the resolution of State claims from prior years for the Edgemoor Distinct Part Skilled Nursing Facility;
- $7.1 million increase in social services administrative and program revenue due to the increase in allocations;
- $6.7 million increase in State realignment Assembly Bill 118 revenues due to higher receipts and one-time growth payments;
- $6.2 million increase in trial court security revenue collected from the State to provide court security, associated with the Sheriff's Department Security Memorandum of Understanding with the Superior Court of California;
- $3.5 million increase in contract city revenue, reflecting the increases based on negotiated labor agreements, as well as overtime and services and supplies;
- $3.1 million increase in Medi-Cal administrative revenue associated with the increased spending due to the affordable care act implementation;
- $2.6 million increase in federal Child Welfare Services IV E administrative revenues for the first full year of the California Wellbeing Project (Title IV-E Waiver), the prior fiscal year revenue only covered nine months;
- $1.9 million increase in aid for Sheriff's Law Enforcement Services provided at County Administration Center Waterfront and an increase in revenue for Regional Communications System; and,
- $700 thousand increase in foster care assistance revenue for the first full year of the California Wellbeing Project (Title IV-E Waiver), the prior fiscal year revenue only covered nine months.

Decreases in program revenue of $59.9 million were principally attributable to:

- $19.6 million decrease in public federal aid public assistance associated with the caseload level for CalWORKs assistance payments and one-time prior year accrual adjustment;
- $16.7 million decrease chiefly attributable to one-time payments related to the Pre-2004 State Mandated Claims received in fiscal year 2015;
- $7.7 million decrease in homeland security grant revenue due to a grant funded equipment purchase for the RCS Microwave Backhaul Radios Project; project was completed in fiscal year 2015;
- $7.3 million decrease in Low Income Health Program (LHIP) revenues primarily tied to lower reimbursement from old LIHP cases;
- $3.8 million decrease in AB109 Public Safety Realignment revenue due to a decrease in expenditures to be claimed;
- $1.7 million decrease in Community Based Care Transitions Program (CCTP) program revenue tied to a reduction in federal funding;
- $1.7 million decrease in traffic school violators revenues; and,
- $1.4 million decrease in State aid reimbursement mandate Senate Bill 90 due to changes in State policy and changes in case activity.

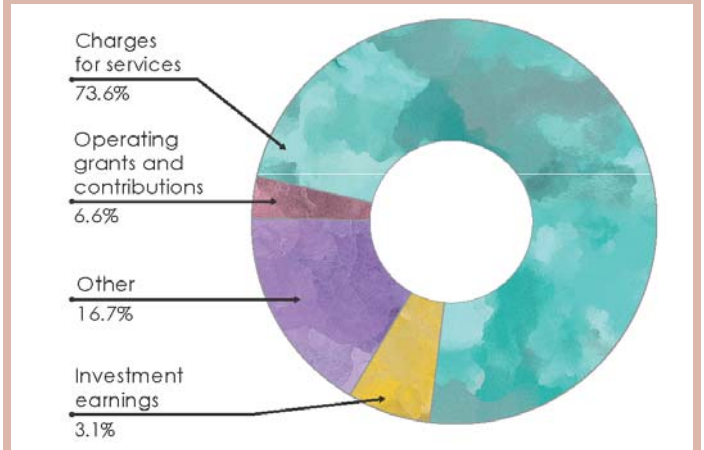
General revenues increased overall by approximately $49 million, principally due to increases of $31 million in secured property taxes and $18 million in property taxes in lieu of vehicle license fees, both attributable to the county-wide growth in assessed valuation.

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 $2.54 billion accounted for 59.6%, 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 $1.03 billion and accounted for 24.2% of governmental activities. Additionally, charges for services were $517 million and accounted for 12.1% 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."

Chart 3
Revenues By Source - Business-type Activities
(As a Percent)



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 $38.8 million or 73.6% of total revenues, operating grants and contributions of $3.5 million represent 6.6% of total revenues, other revenues of $8.8 million represent 16.7% of total revenues, and investment earnings of $1.6 million represent 3.1% of total revenues.

Net position of business-type activities increased by approximately $500 thousand (.21%). This net increase primarily included the following:

- $5.7 million increase in other operating revenue in the Jail Stores Commissary Fund;
- $4.5 million decrease in charges for current services in the Jail Stores Commissary Fund;
- $270 thousand increase in equipment rental in the Airport Fund ($130 thousand) and Sanitation District Fund ($140 thousand);
- $250 thousand increase in repairs and maintenance in the Airport Fund;
- $216 thousand increase in cost of material in the Jail Stores Commissary Fund;
- $118 thousand decrease in other operating expenses in the Airport Fund;
- $115 thousand decrease in charges for current services in the Sanitation District Fund; and,
- $33 thousand decrease in depreciation/amortization in the Sanitation District 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, 2016, the County's governmental funds had combined ending fund balances of $2.78 billion, an increase of $82 million in comparison to the prior fiscal year. Of the total June 30, 2016 amount, $747.28 million constituted unassigned fund balance, which is available for spending at the County's discretion. $382.1 million of fund balance is assigned, $963.5 million is committed, $670.9 million is restricted, and $19.5 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 $4.25 billion representing a 2.3% increase. Governmental expenditures totaled $4.17 billion, a 3% increase from the fiscal year ended June 30, 2015.

General Fund:

The General Fund is the chief operating fund of the County. At the end of fiscal year 2016, its unassigned fund balance was $747 million, while total fund balance was $2.0 billion, an increase of $118 million from fiscal year 2015.

This $118 million increase in fund balance was composed of $185.5 million in increases and $67.5 million in decreases as follows:

Increases to fund balance of $185.5 million were composed of:

- $46 million in secured property taxes and property taxes in lieu of vehicle license fees attributable to the county-wide growth in assessed valuation;
- $43 million increase in In-Home Supportive Services program revenue due to an increase in staffing as part of hiring and retention efforts for caseload management and implementation of federal and State policy changes;
- $25 million increase in Behavioral and Mental Health revenues primarily due to increased expenditures;
- $12.5 million increase in CalWORKs assistance program revenue due to the implementation of Assembly Bill 85 realignment and one-time prior year accrual adjustments;
- $11.2 million increase in social services administrative revenue due to increase in allocations;
- $8.6 million increase in institutional care revenue primarily due to a higher Medi-Cal daily bed rate and unanticipated revenue associated with the resolution of State claims from prior years for the Edgemoor Distinct Part Skilled Nursing Facility;
- $7.1 million increase in social services administrative and program revenue due to the increase in allocations;
- $6.7 million increase in State realignment Assembly Bill 118 revenues due to higher receipts and one-time growth payments;
- $6.2 million increase in trial court security revenue collected from the State to provide court security, associated with the Sheriff's Department Security Memorandum of Understanding with the Superior Court of California;
- $4 million increase in real property transfer tax;
- $3.5 million increase in contract city revenue, reflecting the increases based on negotiated labor agreements, as well as overtime and services and supplies;
- $3.1 million increase in Medi-Cal administrative revenue associated with the increased spending due to the affordable care act implementation;
- $2.6 million increase in federal Child Welfare Services IV E administrative revenues for the first full year of the California Wellbeing Project (Title IV-E Waiver), the prior fiscal year revenue only covered nine months;
- $1.9 million increase in aid for Sheriff's Law Enforcement Services provided at County Administration Center Waterfront Park and an increase in revenue for Regional Communications System;
- $1.3 million increase in biohazardous waste permit revenue;
- $1.3 million increase in revenue related to State public health actions to prevent chronic diseases;
- $800 thousand increase in Public Health revenues primarily in preventive health programs and change in sharing ratios for the California Children's Services (CCS) program as well as an increased Medi-Cal eligible CCS caseload; and,
- $700 thousand increase in foster care assistance revenue for the first full year of the California Wellbeing Project (Title IV-E Waiver), the prior fiscal year revenue only covered nine months.

Decreases to fund balance of $67.5 million were composed of:

- $34.9 million increases in contracted services, including: $22.2 million increase associated with the implementation of ConnectWellSD; $11.5 million increase in Behavioral and Mental Health programs; $4 million increase in Fire and Emergency Medical Services; $2.4 million increase primarily due to Temporary Contracted services associated with a need for temporary staff in the Health and Human Services Agency's Emergency Screening Unit (ESU); $1.4 million increase in Center for Employment contract; $1 million increase in Alternative to Detention contract that started in March 2015; $5.9 million decrease in AVIAT - RCS Microwave Backhaul Network project; and, a $1.7 million decrease in TAIT - Conventional radio communications system technology refresh upgrade;
- $29.2 million net increase in salaries and benefit costs includes increases of $31.5 million in base salaries and wages and $8.3 million in flexible ben-

efits partially offset by decreases of $15.0 million in one-time salaries and wages and $3.2 million in retirement costs attributable to negotiated labor agreements; an overall increase of $4.4 million in various other salaries and benefit costs, increase of $2 million in overtime incurred in various departments and increase of $1.2 million in workers' compensation costs;

- $1.7 million decrease in Community Based Care Transitions Program (CCTP) program revenue tied to a reduction in federal funding; and,
- $1.7 million decrease in traffic school violators 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, 2016, the total (restricted) fund balance in the Public Safety Special Revenue Fund was $58.3 million, a $15 million decrease from the previous fiscal year mainly due to regional law enforcement and detention services costs such as the purchase of Next Gen 9-1-1 (NG911) telephone system in the communications center; replacement of cameras at the adult and juvenile detention facilities; upgrade of information technology programs and applications; contracted vocational, educational and life skills services for high-risk offenders; and the design, development and implementation of Knowledge Integration Program.

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 2016, fund balance was $308.6 million, a decrease of $3.6 million from fiscal year 2015, principally due to investment income of $3 million offset by $6.6 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 2016, the fund balances of the other governmental funds totaled $410 million, a net decrease of $17 million from the prior year. This $17 million net decrease consisted of $25 million in decreases, offset by increases of $8 million as follows.

$25 million decrease to Other Governmental Funds' fund balance:

- $6 million decrease in the SDRBA Debt Service Fund's fund balance is attributable to a $105 million issuance of San Diego Regional Building Authority (SDRBA) Lease Revenue Refunding Bonds (County Operations Center) Series 2016A coupled with an issuance premium of $22 million along with a $2 million cash transfer from the SDRBA Capital Outlay Fund upon completion of the County Operations Center and Annex Project, offset by a $135 million payment to an escrow agent to pay the remaining principal and interest due on the SDRBA Series 2009A Lease Revenue Bonds;

- $5.5 million decrease in the Flood Control District Special Revenue Fund's fund balance is primarily due to an increase in capital outlay expenditures for the Woodside, Alpine Creek, and Vista Coronado storm drain construction projects;
- $5 million decrease in the Inactive Wastesites Special Revenue Fund's fund balance is primarily due to operation and maintenance expenditures at County waste sites;
- $3 million decrease in SANCAL Debt Service Fund's fund balance is mainly due to a $3 million increase in interest expense;
- $2 million decrease in SANCAL Capital Outlay Fund's fund balance is primarily due to construction costs incurred for the Cedar and Kettner Development Project;
- $2 million decrease in the SDRBA Capital Outlay Fund's fund balance is due to a cash transfer to the SDRBA Debt Service Fund upon completion of the County Operations Center and Annex Project;
- $700 thousand decrease in the Edgemoor Development Special Revenue Fund's fund balance consists of an $8.6 million transfer to reimburse the General Fund for lease payments offset by $3.9 million in revenue from the State of California for the Distinct Part Skilled Nursing Facility Construction Program, $2 million from the sale of the County's Edgemoor surplus property located in Santee and a $2 million one-time transfer from the General Fund to supplement revenue from land sales which is proceeding slower than anticipated;
- $400 thousand decrease in the Asset Forfeiture Program Special Revenue Fund's fund balance was primarily caused by the incurrence of $400 thousand in capital related expenditures; and,
- $400 thousand decrease in the County Library Special Revenue Fund's fund balance consists of a $1.8 million increase in property tax revenue, offset by a $900 thousand increase in repairs and maintenance coupled with a $1 million increase in books and publications, and a $300 thousand increase in minor equipment.

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

- $3 million increase in the County Service District Special Revenue Fund's fund balance consists of a $2 million increase in ambulance transport revenues, coupled with a $1 million decrease in expenditures resulting from less than anticipated reimbursements to fire agency contracts;
- $2 million increase in the Road Special Revenue Fund's fund balance resulted from an increase of $6 million in license, permits, and franchise fees mainly consisting of SDG&E franchise fee revenues, coupled with an increase of $5 million in transfers from the General Fund chiefly consisting of SDG&E franchise fee revenues, offset by a $9 million decrease in highway user tax revenues;
- $1 million increase in the Lighting Maintenance District Special Revenue Fund's fund balance is primarily due to the decrease in expenditures related to conversion of streetlights to energy saving LED lights;
- $1 million increase in the Park Land Dedication Special Revenue Fund's fund balance is primarily due to an approximately $500 thousand increase in park land dedication fee revenue coupled with a $500 thousand decrease in professional and specialized services expenditures; and,
- $1 million increase in the Other Special Revenue Fund's fund balance is attributable to an increase of $200 thousand in grant revenues related to Competitive Multifamily Beverage Container Grant, Tire Amnesty, and City County Payment Program; an increase of $400 thousand in revenue related to solid waste tonnage fees; a $500 thousand transfer from the General fund to provide funding for the Zero Waste Consultant Project, offset by a $100 thousand decrease in forfeiture revenue related to Construction and Demolition Ordinance compliance.

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 $44.9 million, an increase of $15.4 million or 52% from the prior year. This $15.4 million increase primarily consisted of the following:

- $4.1 million increase in the Employee Benefits Fund primarily due to a decrease in actuarial claim payments;
- $3 million increase in the Fleet Services Fund due to a decrease of $2 million in fuel costs and a $1 million increase in transfers from the General Fund;
- $1.5 million increase in the Information Technology Fund mainly due to a $3.8 million decrease in contracted services offset by a $2 million decrease in charges for services coupled with a $300 thousand increase in other operating expenses;
- $1.6 million increase in the Public Liability Insurance Fund principally due to $21.3 million increase in charges for current services provided to the General Fund - $16 million, Road Fund - $4.2 million, and $1.1 million in services provided to other funds, offset by $9 million in contracted services coupled with $10.7 million in claims and judgments;
- $1.9 million increase in the Purchasing Fund due to a $2.1 million increase in charges for services, offset by a $70 thousand increase in contracted services, a $50 thousand increase in depreciation and amortization, and an $80 thousand increase in other operating expenses; and,
- $3.3 million increase in the Road and Communication Fund primarily due to approximately $2 million in total transfers from the General and Road Funds, a $700 thousand increase in charges for services and a $300 thousand gain on the disposal of fixed assets coupled with a $300 thousand decrease in fuel costs.

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 $5.38 billion, an increase of $964 million, from the previous year. This increase was substantially due to contributions to investments of $10.162 billion coupled with investments earnings of $31 million, offset by distributions from investments of $9.229 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 $14.6 million at June 30, 2016, a decrease of $400 thousand. This decrease was mainly due to $1.9 million of property taxes - Successor Agency Redevelopment Property Tax Trust Fund distribution, offset by contributions to other agencies and interest charges of approximately $2.3 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, 2016, net expenditure appropriations increased by $36.7 million and appropriations for transfers out increased by $30.2 million for a net increase of $66.9 million.

Significant appropriation increases of note to the original budget were the following:

- $23.5 million for the North Coastal Health and Human Services Agency Facility project.
- $13.0 million in the Public Safety Group for various grant programs funded by the Department of Homeland Security including Operation Stonegarden.
- $9.7 million for the East Mesa Detention Facility Complex renovation and improvement project.
- $7.6 million for the reorganization of County Service Area 107 into the Rancho Santa Fe Fire Protection District.
- $2.0 million for the Probation Department's Ohio Street facility relocation project.
- $2.0 million for debt service payments in the Edgemoor Development Fund.

Actual revenues underperformed final budgeted amounts by $52.1 million, while actual expenditures were less than the final budgeted amount by $452.2 million. The combination of the revenue and expenditure shortfalls resulted in a revenue/expenditure operating variance of $400.1 million. Other financing sources and uses of funds resulted in a net sources versus uses variance from budget of $315.3 million. These combined amounts resulted in a variance in the net change in fund balance of $715.4 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 $56.7 million. The most significant portions of these savings were in the Public Safety Group and the Health and Human Services Agency but savings were also realized in the Land Use and Environment Group, Finance and General Government Group and Community Services Group from lower than budgeted salaries and employee benefits costs due to staff turnover and departments management of vacancies.

Services and Supplies:

The final budget over expenditure variance across all County groups in this category was $309.9 million. Overall, this expenditure variance primarily resulted from a lower demand for services than budgeted levels and lower costs than anticipated for various projects.

Delayed Expenditures:

Many County projects, such as maintenance and information technology, take place over more than one fiscal year. 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 $1.10 million for a Zoning Ordinance Update and $0.62 million associated with the General Plan Amendment for Property Specific Requests, both in the Department of Planning and Development Services.

Management and Contingency Appropriations:

The County annually sets up management and contingency appropriations for a variety of one-time capital and operating expenditures as well as potential emergencies, based on both ongoing general purpose revenues and available prior years' fund balance. Unexpended management and contingency reserves appropriations resulted in budget over actual variances of $27.9 million and $21.7 million, respectively. Note that the Management Reserves are included within various functional activities.

Capital Assets and Commitments

Capital Assets

At June 30, 2016, the County's capital assets for both governmental and business-type activities were $3.44 billion and $167 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 2016 included:

Governmental Activities:

- $56.6 million towards construction and improvements of County maintained roads, bridges, and other road related infrastructure.
- $36 million towards acquisition of equipment.
- $27.2 million towards development of various software applications.
- $22.6 million towards construction of the Fleet Maintenance Facility and Parking Structure. Total project costs are estimated at $104.8 million.
- $16.7 million towards construction of the Las Colinas Detention and Reentry Facility in Santee. Total project costs are estimated at $248.5 million.
- $10 million towards construction of the parking garage at Cedar and Kettner. Total project costs are estimated at $37.1 million.
- $8 million towards improvements of various capital projects.
- $6.8 million towards construction of the Alpine Branch Library. Total project costs are estimated at $10.2 million.
- $4.7 million towards various land acquisitions for the Multiple Species Conservation Program (MSCP).
- $4.5 million towards construction of the North Inland Crisis Residential Facility. Total project costs are estimated at $4.5 million.
- $4 million towards donated equipment.
- $3.9 million towards various land acquisitions.
- $3.5 million towards construction of Imperial Beach Branch Library. Total project costs are estimated at $9 million.

Business-type Activities:

- $1.7 million towards construction of the Gillespie Field Cajon Air Center.
- $1.7 million towards improvements at Barona Airport.
- $1 million towards improvements at various Airports.
- $0.6 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, 2016, capital commitments included the following:

Governmental Activities:

- $76.5 million for the construction of: Crime Lab, Las Colinas Detention and Reentry Facility, East County Regional Center, Imperial Beach Library, Regional Communications Systems, Alpine Blvd., Bear Valley Parkway Road, San Vicente Road, Flood Control Improvements at Woodside Ave., and Development of Integrated Property Tax System, Re-entry Case Management System, Knowledge Integration Program, Telephone System for Emergency Communications, and vehicle acquisitions.

Business-type Activities:

- $2.3 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, 2016, the County's governmental activities had outstanding long-term liabilities (without regard to the net pension liability) of $1.90 billion.

Of this amount, approximately $1.55 billion pertained to long-term debt outstanding. Principal debt issuances included: $650 million in taxable pension obligation bonds; $557 million in Tobacco Settlement Asset-Backed Bonds; $311 million in certificates of participation (COPs) and lease revenue bonds (LRBs); $6 million in loans; and, $29 million in unamortized issuance premiums and discounts.

Other long-term liabilities included: $213 million in claims and judgments; $102 million in compensated absences; $25 million for landfill postclosure costs; $4 million in pollution remediation; and, $51 thousand in capital leases.

During fiscal year 2016, the County's total principal amount of COPs, LRBs, other bonds, and loans for governmental activities decreased by $64.195 million.

The $64.195 million decrease was due to the following increases and decreases:

Increases to debt were $132.811 million and included:

- $105.330 million of fixed interest rate Lease Revenue Refunding Bonds (County Operations Center), Series 2016A issued by the San Diego Regional Building Authority to advance refund $120.215 million of outstanding San Diego Regional Building Authority Lease Revenue Bonds (County Operations Center and Annex Redevelopment Project) Series 2009A;
- $5.998 million of principal was accreted (added) to the outstanding Tobacco Settlement Asset-Backed Bonds' Capital Appreciation Bonds principal;
- $147 thousand of principal was accreted (added) to the outstanding Taxable Pension Obligation Bonds' principal balances outstanding;
- $690 thousand of principal was added to the California Energy Commission Loan for the Lighting Maintenance District Special Revenue Fund;
- $1.283 million of principal was added to the San Diego Gas and Electric On-bill Financing Loans; and,
- $19.363 million due to the effects of unamortized issuance premiums and unamortized issuance discounts.

Decreases to debt were $197.006 million and included:

- $120.215 million to advance refund the outstanding San Diego Regional Building Authority Lease Revenue Bonds (County Operations Center and Annex Redevelopment Project) Series 2009A referred to above; and,
- $76.791 million in principal debt service payments.

Business-type Activities:

Long-term liabilities (without regard to the net pension liability) for business-type activities totaled $587 thousand and consisted of $171 thousand for capital loans and $416 thousand for compensated absences.

During fiscal year 2016, long-term liabilities for business-type activities decreased by $327 thousand. This was due to a combination of $304 thousand in debt service payments on capital loans and a net decrease of $23 thousand in compensated absences.

(Please refer to Notes 13 through 18 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 Refunding Bonds SDRBA (County Operations Center) Series 2016A	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), S&P Global Ratings (formerly Standard & Poor's Ratings Services) (Standard & Poor's), and Fitch Ratings (Fitch). In February 2016, the County's existing triple A Issuer Ratings were affirmed by Moody's, Standard & Poor's and Fitch.

Effective October 2016, the County of San Diego's outstanding lease-backed obligation rating was upgraded to Aa2 from Aa1 by Moody's Investors Service. The one notch difference between the County's issuer and lease-backed rating reflects the standard legal structure for the abatement lease financings and leased assets.

All three rating agencies noted the County's strong financial management, which effects a very strong fiscal position, and a large and diverse tax base, which bolsters the County's strong economy.

Economic Factors and Next Year's Budget and Rates

- The fiscal year 2017 General Fund adopted budget contains total appropriations of $4.12 billion. This is an increase of $0.4 million, or less than 1.0%, from the fiscal year 2016 General Fund adopted budget. Some economic indicators suggest that the economy is continuing to improve at a modest pace following recovery from the great recession. A number of risk factors are continuously monitored: employment growth, recovery in the housing market, and the national economy as a whole.
- The U.S. economy's Gross Domestic Product (GDP) for 2015 increased by 2.4%, the same rate of increase seen in 2014 (2.4%). According to the University of California, Los Angeles Anderson Forecast, GDP is projected to grow 1.7% in 2016 and at an average rate of 2.2% through 2018, notably slower than the quarterly growth rate of 3% seen in the 40-year period between 1965-2005. The seasonally unadjusted national unemployment rate fell to 5.3% in 2015, the lowest rate reported since 2007. According to the Federal Open Market Committee of the Federal Reserve Board, the national rate of unemployment is expected to remain flat throughout 2016 then gradually decrease until 2018.
- California accounts for more than 13% of the nation's GDP, which is by far the largest of any state according to the Bureau of Economic Analysis. The State's economy is growing and gaining

momentum. According to the California Department of Finance, in 2015, California's State GDP grew 5.7%, outperforming the nation's GDP growth rate of 2.4%. With continued progress in the labor market affecting growth in personal income, taxable sales are anticipated to increase.

- 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. As reported by the National University System Institute for Policy Research (NUSIPR), local GDP growth in 2015 was estimated to have improved slightly to 2.1%. In 2016 San Diego's GDP was projected to increase 1.9%, lagging California but modestly outperforming the nation. 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, an important manufacturing center and a popular travel destination. The quality of life attracts a well-educated, talented workforce and well-off retirees which contribute to local consumer spending.
- Another indicator of economic health is county taxable sales. San Diego's total taxable and retail sales are forecasted to slow, from estimated inflation-adjusted 2.4% increase in 2015 to 1.3% in 2016 based on the NUSIPR report. This indicates sales have not recovered pre-recession highs, after adjusting for inflation. On a per capita basis, the region's "real" sales remain lower than any year since 1997, attributable to consumer debt, cautious consumer spending, and constrained income gains that continue to restrain the ability and willingness of local residents to spend.
- 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 rely upon and have come to expect. General purpose revenue (GPR) funds local discretionary services, as well as the County's share of costs for services that are provided in partnership with the State and federal governments.

The County's GPR is projected to increase by 4.4%, with budgeted GPR of $1,133.7 million in fiscal year 2017 compared to $1,086.2 million budgeted in fiscal year 2016.

The largest source of GPR is current secured property taxes with $617.6 million budgeted in fiscal year 2017, representing 54.5% of the total GPR. In fiscal year 2017, property tax revenue is expected to increase by $24.6 million, or 4.2%, from fiscal year 2016. The budgeted property tax revenue takes into account current commercial and residential real estate conditions as evidenced by the improving level of building permits; growing median price of homes; the relatively low level of foreclosures; and 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 ($594.9 million budgeted in fiscal year 2017) assumes an increase of 3.0% in the local secured assessed value compared to the actual current local secured assessed value increase for fiscal year 2016 of 5.7%, 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 2018, the projected amount of revenues from current secured property taxes also assumes a 3.0% increase in local assessed secured property values.
- Current supplemental property tax revenue ($4.7 million budgeted in fiscal year 2017) 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. Any slowdown in new construction and/or decline in real estate prices is acutely felt in supplemental property tax revenues. In many change of ownership transactions, a refund is due to the owner since the value of the property is lower than it was on the lien date, instead of a bill to the owner 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 of $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 have declined gradually over time as activities in residential and commercial properties and assessed values have improved.

- Current unsecured property tax revenue ($17.95 million budgeted in fiscal year 2017), increased slightly by 0.8% from the $17.8 million budgeted in fiscal year 2016. The unsecured tax roll is that part of the assessment roll consisting largely of business personal property owned by tenants. Based on trends and the most up-to-date information, this revenue source is anticipated to remain essentially flat for the next two fiscal years.
- Current unsecured supplemental property tax revenue ($0.05 million budgeted in fiscal year 2017) remains largely unchanged from fiscal year 2016. 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.
- Property tax in lieu of vehicle license fees (VLF) comprises 31.9%, or $362.2 million, of budgeted GPR in fiscal year 2017. This revenue source was established by the State in fiscal year 2005 to replace the previous distribution of VLF to local governments. The annual change in this revenue source is statutorily based on the growth/decline in the net taxable unsecured and local secured assessed value. With a projected 3.0% increase in the combined taxable unsecured and local secured assessed value in fiscal year 2017, revenues are anticipated to be $16.5 million higher than budgeted for fiscal year 2016.
- Teeter revenue represents approximately 1.8%, or $20.1 million, of budgeted GPR budgeted in fiscal year 2017. 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 California Revenue and Taxation Code (also known as the "Teeter Plan.") Under this plan, the County advances funds to participating taxing entities to cover unpaid (delinquent) taxes (the "Teetered Taxes.") The County's General Fund benefits from this plan by being entitled to future collections of penalties and interest that are due once the delinquent taxes are paid. 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 pursuant to Revenue and Taxation Code Section 4703.2(c). For fiscal year 2017, collections from previous years' receivables are budgeted to increase by $1.0 million from fiscal year 2016. Excess amounts from the Teeter Tax Loss Reserve Fund are projected at $13.1 million in fiscal years 2017 and 2018.
- Sales and use tax revenue and in lieu local sales and use tax is budgeted at $27.6 million in fiscal year 2017 and represents about 2.4% of budgeted GPR. These revenues are derived from taxable sales by retailers who sell or rent tangible personal property in the 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 had replaced regular sales and use tax revenue with monies transferred from the State's Educational Revenue Augmentation Fund (ERAF) under the provisions of ABX1 7, one of the 2004 California budget bills. Prior to fiscal year 2017, this legislation had enabled the State to redirect one-quarter cent of the local sales and use tax to help the State refinance its past debt. In turn, the redirected local

sales and use tax revenues were replaced on a dollar-for-dollar basis with countywide property tax revenues shifted back from the ERAF. This funding mechanism was known as the "Triple Flip." The projected sales and use tax revenue reflects the end of the Triple Flip in Fiscal Year 2017. As a result, amounts previously budgeted as in lieu local sales and use tax are now budgeted as sales and use tax.

- 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. Post-recession improvements in taxable sales began in calendar year 2010. Fiscal year 2016 sales and use tax revenue is projected to be flat compared to budget. This is mainly due to a decline in fuel prices and a lack of new auto dealers or large allocations for used autos and leasing, which is a large contributor of growth in sales and use tax in California. Based on a Statewide growth assumption of 3.0%, sales and use tax revenue in fiscal year 2017 is estimated to be $0.8 million or 2.9% higher than budgeted for fiscal year 2016 and is estimated at $1.3 million or 4.9% higher in fiscal year 2018.
- Intergovernmental revenue is budgeted at $48.8 million in fiscal year 2017 and is approximately 4.3% of the total GPR. This revenue source 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 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 program). The largest portion of this funding is from redevelopment property tax revenues. In 2011 pursuant to ABX1 26, redevelopment agencies were dissolved by the California legislature. 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 Code Section 34183 (a)(1), the County auditor-controller shall remit from the Redevelopment Property Tax Trust Fund to each affected local taxing agency property tax revenues in an amount equal to that which would have been received under Health and Safety Code Sections 33401, 33492.140, 33607, 33607.5, 33607.7 or 33676. The residual balance (Health and Safety Code Section 34183(a)(4)), not allocated for specific purposes, will be distributed to local taxing agencies in accordance with Section 34188. The County General Fund and Library Fund, as affected taxing entities, receive a share of this tax distribution, but this has not been included in the fiscal year 2017 budget. For fiscal year 2017, the amount budgeted in intergovernmental revenue is $3.3 million or 7.2% higher than what was budgeted for fiscal year 2016.
- Other revenues are budgeted at $57.4 million in fiscal year 2017 and are approximately 5.1% of the total GPR. 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 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

STATEMENT OF NET POSITION

June 30, 2016
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
ASSETS				
Pooled cash and investments	$ 2,819,548	73,308	2,892,856	53,582
Cash with fiscal agents	24		24	
Investments with fiscal agents	301,364		301,364	24,981
Receivables, net	465,967	7,122	473,089	5,476
Property taxes receivables, net	91,256		91,256	
Internal balances	80	(80)		
Due from component unit	122		122	
Inventories	14,930	273	15,203	
Deposits with others	15		15	
Prepaid items	383		383	32
Restricted assets:				
Cash with fiscal agents	5,024		5,024	
Investments with fiscal agents	46,382		46,382	
Lease receivable	6,157		6,157	
Capital assets				
Land, easements and construction in progress	483,398	20,841	504,239	
Other capital assets, net of accumulated depreciation/ amortization	2,956,142	146,612	3,102,754	
Total assets	7,190,792	248,076	7,438,868	84,071
DEFERRED OUTFLOWS OF RESOURCES				
Non-pension:				
Unamortized loss on refunding of long-term debt	18,037		18,037	
Pension:				
Changes in proportionate share of contributions	18,861	84	18,945	
Contributions to the pension plan subsequent to the measurement date	352,963	1,561	354,524	
Changes of assumptions or other inputs	228,691	1,020	229,711	
Net difference between projected and actual earnings on pension plan investments	111,809	514	112,323	
Difference between expected and actual experience in the total pension liability	5,739	26	5,765	
Total deferred outflows of resources	736,100	3,205	739,305	

Continued on next page

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

STATEMENT OF NET POSITION

June 30, 2016
(In Thousands)

(Continued)	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
LIABILITIES				
Accounts payable	197,570	1,926	199,496	10,660
Accrued payroll	77,237	360	77,597	
Accrued interest	20,183		20,183	
Due to primary government				122
Unearned revenue	302,495	234	302,729	
Noncurrent liabilities:				
Due within one year	154,460	343	154,803	40
Due in more than one year - other	1,742,785	244	1,743,029	10
Due in more than one year - Net pension liability	2,581,958	11,437	2,593,395	
Total liabilities	5,076,688	14,544	5,091,232	10,832
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Property taxes received in advance	11,064		11,064	
Deferred housing loans	135		135	
Gain on refunding of long-term debt	129		129	
Air Quality State Moyer Program	3,323		3,323	
Affordable Housing Project	39		39	
Housing Administrative Cost Allowance	276		276	
Pension:				
Difference between expected and actual experience in the total pension liability	195,898	869	196,767	
Total deferred inflows of resources	210,864	869	211,733	

Continued on next page

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

STATEMENT OF NET POSITION

June 30, 2016
(In Thousands)

(Continued)	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
NET POSITION				
Net investment in capital assets	3,124,804	167,282	3,292,086	
Restricted for:				
Grantors - Housing assistance	83,554		83,554	
Donations	3,504		3,504	
Laws or regulations of other governments:				
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	40,377		40,377	
Future road improvements	134,678		134,678	
Construction, maintenance and other costs for justice, health, and social facilities and programs	53,111		53,111	
Road, park lighting maintenance, fire protection and ambulance service	24,595		24,595	
Air pollution activities	20,225		20,225	
Defray administrative costs, other general restrictions	21,963		21,963	
Teeter tax loss	8,532		8,532	
Mental health	3,412		3,412	
Vector control	12,808		12,808	
Improvement and maintenance of recorded document systems	24,561		24,561	
Flood Control future drainage improvements	14,258		14,258	
Public safety activities	58,334		58,334	
Operations and maintenance for fire services, parks, water quality devices, streetlights, and flood control	51		51	
Other purposes	100,954		100,954	
First 5 Commission of San Diego				73,239
Unrestricted	(1,090,381)	68,586	(1,021,795)	
Total net position	$ 2,639,340	235,868	2,875,208	73,239

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

STATEMENT OF ACTIVITIES

For the year ended June 30, 2016
(In Thousands)

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: First 5 Commission of San Diego
Governmental Activities:								
General government	$ 257,887	99,531	79,217	468	(78,671)		(78,671)	
Public protection	1,359,423	252,303	473,090	12,479	(621,551)		(621,551)	
Public ways and facilities	140,245	23,868	68,542		(47,835)		(47,835)	
Health and sanitation	675,077	110,294	565,483		700		700	
Public assistance	1,421,851	19,071	1,351,199		(51,581)		(51,581)	
Education	41,086	898	4,667		(35,521)		(35,521)	
Recreation and cultural	44,883	10,590	1,551		(32,742)		(32,742)	
Interest	81,665				(81,665)		(81,665)	
Total governmental activities	4,022,117	516,555	2,543,749	12,947	(948,866)		(948,866)	
Business-type activities:								
Airport	14,439	12,044	3,513			1,118	1,118	
Jail Stores Commissary	5,362					(5,362)	(5,362)	
Sanitation District	28,693	26,719				(1,974)	(1,974)	
Total business-type activities	48,494	38,763	3,513			(6,218)	(6,218)	
Total primary government	4,070,611	555,318	2,547,262	12,947	(948,866)	(6,218)	(955,084)	
Component Unit:								
First 5 Commission of San Diego	$ 41,440		34,850					(6,590)

Continued on next page

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

STATEMENT OF ACTIVITIES

For the year ended June 30, 2016
(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	$ (948,866)	(6,218)	(955,084)	(6,590)
Revenues:				
General Revenues				
Taxes				
Property taxes	680,434		680,434	
Transient occupancy tax	4,128		4,128	
Real property transfer tax	24,589		24,589	
Miscellaneous taxes	38		38	
Property taxes in lieu of vehicle license fees	351,524		351,524	
Sales and use taxes	28,898		28,898	
Total general tax revenues	1,089,611		1,089,611	
Investment earnings	17,818	1,622	19,440	499
Other	82,745	8,777	91,522	
Total general revenues	1,190,174	10,399	1,200,573	499
Transfers	3,714	(3,714)		
Total general revenues and transfers	1,193,888	6,685	1,200,573	499
Change in net position	245,022	467	245,489	(6,091)
Net position at beginning of year	2,394,318	235,401	2,629,719	79,330
Net position at end of year	$ 2,639,340	235,868	2,875,208	73,239

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

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2016
(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	$ 2,133,726	48,349	10,003	367,839	2,559,917
Cash with fiscal agents	24				24
Investments with fiscal agents	2		296,362	5,000	301,364
Receivables, net	334,770	46,360	4,163	77,935	463,228
Property taxes receivables, net	90,755			501	91,256
Due from other funds	69,504			22,318	91,822
Inventories	12,372			1,657	14,029
Deposits with others				15	15
Prepaid items	82			301	383
Restricted assets:					
Cash with fiscal agents	198			4,826	5,024
Investments with fiscal agents				46,382	46,382
Lease receivable	2,599			3,558	6,157
Total assets	2,644,032	94,709	310,528	530,332	3,579,601
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	135,631			23,620	159,251
Accrued payroll	71,735			3,616	75,351
Due to other funds	46,667	36,381	1,923	29,930	114,901
Unearned revenue	297,645			4,315	301,960
Total liabilities	551,678	36,381	1,923	61,481	651,463
DEFERRED INFLOWS OF RESOURCES					
Non-pension:					
Property taxes received in advance	10,456			608	11,064
Deferred housing loans	135				135
Air Quality State Moyer Program				3,323	3,323
Affordable Housing Project				39	39
Housing Administrative Cost Allowance				276	276
Unavailable revenue	75,354			54,633	129,987
Total deferred inflows of resources	85,945			58,879	144,824

Continued on next page

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016
(In Thousands)

(Continued)	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	1,117			4,309	5,426
Inventories and deposits with others	12,372			1,672	14,044
Restricted for:					
Creditors - Debt service				65,946	65,946
Creditors - Capital projects				23	23
Grantors - Housing assistance	60,383			23,171	83,554
Donations	3,504				3,504
Laws or regulations of other governments:					
Public safety activities	6	58,328			58,334
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	40,377				40,377
Improvement and maintenance of recorded document systems	24,561				24,561
Defray administrative costs, other general restrictions	21,963				21,963
Future road improvements				134,678	134,678
Construction, maintenance and other costs for justice, health, and social facilities and programs	53,111				53,111
Fund purpose				101,905	101,905
Other purposes	68,595			14,334	82,929
Committed to:					
Realignment health, mental health and social services	65,297				65,297
Landfill postclosure and landfill maintenance				56,366	56,366
Unforeseen catastrophic events	55,500				55,500
Capital projects' funding	337,162			6,651	343,813
Health			308,605		308,605
Pension obligation bonds	100,000				100,000
Other purposes	33,982				33,982
Assigned to:					
Subsequent one-time expenditures	204,178				204,178
Legislative and administrative services	70,197			917	71,114
Pension obligation bonds	35,556				35,556
Other purposes	71,271				71,271
Unassigned	747,277				747,277
Total fund balances	2,006,409	58,328	308,605	409,972	2,783,314
Total liabilities, deferred inflows of resources and fund balances	$ 2,644,032	94,709	310,528	530,332	3,579,601

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2016
(In Thousands)

Total fund balances - governmental funds	$	2,783,314
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/ amortization.		3,376,621
Unamortized gain on refundings (to be amortized as interest expense).		(129)
Unamortized loss on refundings (to be amortized as interest expense).		18,037
Accrued interest on long-term debt.		(20,182)
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.		129,987
Deferred outflows of resources- Contributions to the pension plan subsequent to the measurement date.		345,129
Deferred outflows of resources- Changes in proportionate share of contributions.		18,444
Deferred outflows of resources- Changes of Assumptions or other inputs		223,624
Deferred outflows of resources- Net difference between projected and actual earnings on pension plan investments.		109,300
Deferred outflows of resources- Differences between expected and actual experience in the total pension liability.		5,612
Deferred inflows of resources- Differences between expected and actual experience in the total pension liability.		(191,569)
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**.)		(4,203,474)
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**.)		44,626
Net position of governmental activities	$	2,639,340

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

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

For the Year Ended June 30, 2016
(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 1,047,808			42,914	1,090,722
Licenses, permits and franchise fees	41,072			16,303	57,375
Fines, forfeitures and penalties	44,029			2,266	46,295
Revenue from use of money and property	16,149	21	3,169	9,057	28,396
Aid from other governmental agencies:					
State	1,144,554	261,305		81,796	1,487,655
Federal	831,653			127,746	959,399
Other	82,995			27,821	110,816
Charges for current services	362,071			36,634	398,705
Other	29,700			45,564	75,264
Total revenues	3,600,031	261,326	3,169	390,101	4,254,627
Expenditures:					
Current:					
General government	229,961		90	3,129	233,180
Public protection	1,333,070			10,211	1,343,281
Public ways and facilities	3,948			66,998	70,946
Health and sanitation	628,599			42,272	670,871
Public assistance	1,289,318			136,816	1,426,134
Education	853			38,739	39,592
Recreation and cultural	35,718			2,082	37,800
Capital outlay	43,839			141,226	185,065
Debt service:					
Principal	28,959			36,970	65,929
Interest	12,948			75,554	88,502
Bond issuance costs				761	761
Payment to refunded bond escrow agent				12,481	12,481
Total expenditures	3,607,213		90	567,239	4,174,542
Excess (deficiency) of revenues over (under) expenditures	(7,182)	261,326	3,079	(177,138)	80,085
Other financing sources (uses):					
Sale of capital assets	162			2,157	2,319
Issuance of bonds and loans:					
Face value of loans issued				690	690
Premium on issuance of refunding bonds				22,163	22,163
Refunding bonds issued				105,330	105,330
Payment to refunded bond escrow agent				(122,533)	(122,533)
Transfers in	296,690			173,485	470,175
Transfers out	(171,752)	(276,308)	(6,646)	(21,778)	(476,484)
Total other financing sources (uses)	125,100	(276,308)	(6,646)	159,514	1,660
Net change in fund balances	117,918	(14,982)	(3,567)	(17,624)	81,745
Fund balances at beginning of year	1,888,376	73,310	312,172	427,309	2,701,167
Increase (decrease) in nonspendable inventories	115			287	402
Fund balances at end of year	$ 2,006,409	58,328	308,605	409,972	2,783,314

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

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, 2016
(In Thousands)

Net change in fund balances - total governmental funds	$	81,745
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.		(1,111)
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.		(9,672)
Adjustment to nonspendable inventories.		402
Change in accounting estimate for postclosure costs - (public protection function) - San Marcos landfill.		(6,360)
Change in accounting estimate for pollution remediation - (general function).		(2,002)
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**.)		45,846
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**.)		3,465
Contributions to the pension plan subsequent to the measurement date.		345,129
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**.)		82,630
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**.)		(310,303)
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**.)		15,253
Change in net position - governmental activities	$	245,022

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2016
(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
ASSETS		
Current assets:		
Pooled cash and investments	$ 73,308	259,631
Receivables, net	3,332	1,235
Due from other funds	223	31,856
Inventories	273	901
Total current assets	77,136	293,623
Noncurrent assets:		
Due from other funds	3,790	
Capital assets:		
Land	11,593	
Construction in progress	9,248	
Buildings and improvements	129,638	2,963
Equipment	2,012	149,354
Software	101	1,050
Road infrastructure	9,679	
Sewer infrastructure	99,093	
Accumulated depreciation/amortization	(93,911)	(90,448)
Total noncurrent assets	171,243	62,919
Total assets	248,379	356,542
DEFERRED OUTFLOWS OF RESOURCES		
Pension:		
Changes in proportionate share of contributions	84	417
Contributions to the pension plan subsequent to the measurement date	1,561	7,834
Changes of assumptions or other inputs	1,020	5,067
Net difference between projected and actual earnings on pension plan investments	514	2,509
Difference between expected and actual experience in the total pension liability	26	127
Total deferred outflows of resources	3,205	15,954

Continued on next page

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2016
(In Thousands)

(Continued)	Business-type Activities — Enterprise Funds	Governmental Activities — Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable	1,926	38,319
Accrued payroll	360	1,886
Accrued interest		1
Due to other funds	579	6,795
Unearned revenue	234	535
Loans payable	171	1,067
Capital lease payable		38
Compensated absences	172	978
Claims and judgments		43,545
Total current liabilities	3,442	93,164
Noncurrent liabilities:		
Loans payable		1,647
Capital lease payable		13
Compensated absences	244	1,397
Claims and judgments		169,950
Noncurrent liabilities:		
Net pension liability	11,437	57,094
Total noncurrent liabilities	11,681	230,101
Total liabilities	15,123	323,265
DEFERRED INFLOWS OF RESOURCES		
Pension:		
Difference between expected and actual experience in the total pension liability	869	4,329
Total deferred inflows of resources	869	4,329
NET POSITION		
Net investment in capital assets	167,282	62,868
Unrestricted net position	68,310	(17,966)
Total net position	$ 235,592	44,902

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	$ 235,592
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	276
Net position of business-type activities	$ 235,868

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

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

For the Year Ended June 30, 2016
(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for current services	$ 38,763	379,682
Other	8,782	3,686
Total operating revenues	47,545	383,368
Operating expenses:		
Salaries and employee benefits	7,931	40,972
Repairs and maintenance	6,005	47,576
Equipment rental	1,425	215
Sewage processing	14,210	
Contracted services	8,497	193,295
Depreciation/amortization	5,909	14,173
Utilities	307	25,000
Cost of material	2,254	4,456
Claims and judgments		42,706
Fuel	61	9,151
Other	2,018	6,531
Total operating expenses	48,617	384,075
Operating income (loss)	(1,072)	(707)
Nonoperating revenues (expenses):		
Grants	3,513	3,517
Investment earnings	1,622	1,442
Interest expense	(27)	(49)
Gain (loss) on disposal of assets	(5)	709
Total nonoperating revenues (expenses)	5,103	5,619
Income (loss) before capital contributions and transfers	4,031	4,912
Capital contributions		468
Transfers in	659	11,725
Transfers out	(4,373)	(1,702)
Change in net position	317	15,403
Net position (deficits) at beginning of year	235,275	29,499
Net position (deficits) at end of year	$ 235,592	44,902

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	$ 317
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	150
Change in net position of business-type activities	$ 467

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2016
(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	$ 41,623	7,298
Cash received from other funds	7,007	372,051
Cash payments to suppliers	(32,378)	(252,387)
Cash payments to employees	(8,080)	(41,521)
Cash payments to other funds	(4,030)	(30,951)
Cash paid for claims and judgments		(33,993)
Other payments		(90)
Net cash provided (used) by operating activities	4,142	20,407
Cash flows from noncapital financing activities:		
Operating grants	3,140	3,833
Transfers from other funds	659	11,725
Transfers to other funds	(4,373)	(1,702)
Payments received on advances to other funds		15
Principal paid on long-term debt		(992)
Interest paid on long-term debt		(45)
Proceeds from loans		1,283
Other noncapital (decreases)	(25)	
Net cash provided (used) by noncapital financing activities	(599)	14,117
Cash flows from capital and related financing activities:		
Capital contributions		225
Acquisition of capital assets	(5,071)	(15,178)
Proceeds from sale of assets	1	1,292
Principal paid on long-term debt	(304)	
Principal paid on capital lease		(33)
Interest paid on long-term debt	(27)	(4)
Net cash provided (used) by capital and related financing activities	(5,401)	(13,698)
Cash flows from investing activities:		
Investment earnings	1,585	1,322
Net increase (decrease) in cash and cash equivalents	(273)	22,148
Cash and cash equivalents - beginning of year	73,581	237,483
Cash and cash equivalents - end of year	73,308	259,631

Continued on next page

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2016
(In Thousands)

(Continued)	Business-type Activities — Enterprise Funds	Governmental Activities — Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(1,072)	(707)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Decrease (increase) in accounts receivables	937	274
Decrease (increase) in due from other funds	(195)	(4,787)
Decrease (increase) in inventory	(49)	177
Increase (decrease) in accounts payable	(1,375)	1,374
Increase (decrease) in accrued payroll	58	345
Increase (decrease) in due to other funds	(13)	1,581
Increase (decrease) in unearned revenue	149	116
Increase (decrease) in compensated absences	(23)	68
Increase (decrease) in claims and judgments		8,712
Pension expense	(184)	(919)
Depreciation/amortization	5,909	14,173
Total adjustments	5,214	21,114
Net cash provided (used) by operating activities	4,142	20,407
Non-cash investing and capital financing activities:		
Capital acquisitions included in accounts payable	$ 369	1,006
Governmental contributions of capital assets		243

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2016
(In Thousands)

	Pooled Investments - Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS			
Pooled cash and investments	$ 5,371,121	1,941	386,468
Cash with fiscal agents			541
Investments with fiscal agents		1,155	
Receivables:			
Accounts receivable			1,423
Investment earnings receivable	8,159	1	15,999
Other receivables	786		
Total assets	5,380,066	3,097	404,431
LIABILITIES			
Accounts payable	818	4	35,586
Warrants outstanding			169,360
Accrued interest		55	
Noncurrent liabilities:			
Due within one year		473	
Due in more than one year		11,710	
Due to other funds		5,416	
Due to other governments			199,485
Total liabilities	818	17,658	404,431
NET POSITION			
Held in trust for pool participants	5,379,248		
Held in trust for private purpose		(14,561)	
Total net position (deficit) held in trust	$ 5,379,248	(14,561)	

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended June 30, 2016
(In Thousands)

	Pooled Investments - Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Contributions to investments	$ 10,161,590	
Total contributions	10,161,590	
Investment earnings:		
Net increase (decrease) in fair value of investments	4,144	
Investment earnings	27,539	8
Total investment earnings	31,683	8
Property taxes - Successor Agency Redevelopment Property Tax Trust Fund Distribution		1,902
Total additions	10,193,273	1,910
DEDUCTIONS		
Administrative expenses		24
Distributions from investments	9,229,382	
Contributions to other agencies		550
Interest		1,741
Total deductions	9,229,382	2,315
Change in net position	963,891	(405)
Net position at beginning of year	4,415,357	(14,156)
Net position (deficit) at end of year	$ 5,379,248	(14,561)

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

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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*.

Harmony Grove Community Facilities District (HGCFD) - The *HGCFD* was established to provide services such as fire protection, emergency response, street improvements, flood control, street lighting, and the maintenance and operation of parks for the citizens of

Harmony Grove Village. It is financed by special taxes levied on the citizens residing within the district. The *HGCFD* is reported as *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 which focus 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. $1.153 million of interest earned by certain funds has been assigned to and reported as revenue of another fund. For fiscal year 2016, the General Fund was assigned $1.146 million and the Other Governmental Funds were assigned $7 thousand.

Governmental Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurement and Application* establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques.

According to GASB 72, 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 mutual funds which are valued at net asset value - $1 dollar per share (amortized cost).

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. Fair value is a market-based measurement, not an entity-specific measurement.

Fair value measurements for pooled investments and investments with fiscal agents are categorized within the fair value hierarchy established by GASB 72. The hierarchy is based on the valuation inputs used to measure the fair value of assets and liabilities. Level 1 inputs are quoted prices 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 an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The County does not value any of its investments using Level 1 and Level 3 inputs.

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 ($11.535 million and $5.388 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 as of 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 acquisition 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	2-30 years
Software	2-10 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, changes in assumptions or other inputs, 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 action taken by the Board of Supervisors on November 5, 2013, 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) 2 CFR 200 Uniform Guidance.

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, 2016

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 $(4,203,474) difference are as follows:		
Bonds, notes and loans payable		
Certificates of participation and lease revenue bonds	$	(311,010)
Taxable pension obligation bonds		(649,860)
Tobacco settlement asset-backed bonds		(557,237)
Loans - non-internal service funds		(3,306)
Unamortized issuance premiums (to be amortized as interest expense)		(40,321)
Unamortized issuance discounts (to be amortized as interest expense)		11,279
Compensated absences (excluding Internal Service Funds)		(99,890)
Landfill postclosure - San Marcos landfill		(24,700)
Pollution remediation		(3,565)
Subtotal		(1,678,610)
Net pension liability		(2,524,864)
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	$	(4,203,474)

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 $44,626 difference are as follows:		
Net position of the internal service funds	$	44,902
Less: Internal payable representing costs in excess charges to business-type activities - prior years		(126)
Less: Internal payable representing costs in excess of charges to business-type activities - current year		(150)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$	44,626

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, 2016

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 $45,846 difference are as follows:		
Capital outlay	$	185,065
Depreciation/amortization expense		(139,219)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	45,846
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 $3,465 difference are as follows:		
The proceeds from the sale of capital assets provide current financial resources but have no effect on net position	$	(2,319)
The gain on the disposal of capital assets does not affect current financial resources but increases net position		2,037
The loss on the disposal of capital assets does not affect current financial resources but decreases net position		(306)
Donations of assets to the County do not provide current financial resources but increase net position		4,053
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	3,465
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 $82,630 difference are as follows:		
Debt issued or incurred		
Refunding bonds issued	$	(105,330)
Plus: Premiums		(22,163)
Payment to refunded bond escrow agent		135,014
Face value of loans issued		(690)
Principal repayments		65,929
Accreted interest paid		9,870
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	82,630
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 $(310,303) difference are as follows:		
Change in net pension liability - pension expense	$	(304,613)
Compensated absences		(2,708)
Accrued interest		1,957
Accretion of capital appreciation bonds		(6,145)
Amortization of premiums		2,519
Amortization of discounts		(590)
Amortization of gain on refundings		56
Amortization of loss on refundings		(779)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	(310,303)
Internal Service Funds. The net revenue (or expense) of certain activities of internal service funds is reported with governmental activities. The details of this $15,253 difference are as follows:		
Change in net position of the internal service funds	$	15,403
Less: Loss from charges to business activities		(150)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	15,253

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 $8,705,968 consisting of: $8,642,414 investments in the County pool; $59.173 million in deposits; $3.875 million of collections in transit; and, $506 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, 2016, 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 $59.173 million, and the bank balance at June 30, 2016 was $62.603 million, consisting of demand deposits 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, $11.099 million was covered by federal deposit insurance and $51.504 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 fair 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 fair 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 $5.589 million and the bank balance per various financial institutions was $6.088 million. Of the total bank balance, $761 thousand was covered by federal deposit insurance; $895 thousand was collateralized by a named agent depository; and $4.432 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 in accordance with GASB Statement No. 72. Securities, which are traded on a national exchange, are valued at the last reported sales price at current exchange rates. Repurchase agreements and institutional money market mutual funds are carried at portfolio book value (carrying cost). CalTRUST Investments are reported based upon a stable value of $1 per share of the amount invested. 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 10** 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 laddered portfolio in compliance with the Investment Policy, which requires at least 25% of securities to mature within 90 days, at least 50% 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, 2016, 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, repurchase agreements and CalTRUST. 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 fair 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 Rating at June 30, 2016	Minimum Pool Investment Policy Ratings at Time of Purchase
Overall credit rating	AAAf/S1	
Short-term		A-1
Long-term		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 10**. As noted in **Table 10**, the Investment Pool's Investment Policy is more restrictive, in most cases, than the California Government Code. As of June 30, 2016, 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, FFCB, FNMA and FHLMC securities as of June 30, 2016 comprised 4.71%, 3.26%, 8.56% and 7.76% 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, 2016 are shown in **Table 6**. Any investments explicity guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from **Table 6**. Percentages by issuer for pooled investments are noted in **Table 7**.

Table 6
Concentration of Credit Risk - Investments With Fiscal Agents

Issuer	Tobacco Endowment Fund	Percent	Nonmajor Governmental Funds	Percent
Pierce County Wash School District	$ 16,027	5%		
State of Tennessee	18,568	6%		
Federal Farm Credit Bank			$ 5,000	10%

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, Citi, in their trust department to mitigate custodial credit risk.

Table 7

Pooled Investments
At June 30, 2016

	Fair Value	Book Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
Federal Agencies:							
Federal Farm Credit Bank	$ 281,352	280,944	0.45% - 1.42%	11/16 - 6/20	497	AA+	3.26%
Federal Home Loan Bank	407,388	406,115	0.625% - 5%	12/16 - 12/19	579	AA+	4.71%
Federal Home Loan Mortgage Corporation	670,422	667,646	0.625% - 4.875%	11/16 - 3/21	915	AA+	7.76%
Federal National Mortgage Association	739,985	737,091	0.375% - 5.375%	7/16 - 10/20	572	AA+	8.56%
U.S. Treasury Notes	904,536	898,147	0.50% - 4.50%	8/16 - 5/21	685	AA+/AAA	10.47%
Repurchase Agreement	2,302	2,302	0.01%	7/16	1	A-1	0.03%
Supranational	400,145	398,968	0.625% - 5.125%	9/16 - 10/20	601	AAA	4.63%
Commercial Paper Discount	2,134,985	2,139,781	0.465% - 1.03%	7/16 - 1/17	72	A-1/A-1+	24.70%
Money Market Mutual Funds	443,017	443,017	0.01% - 0.39%	N/A	40	A-1+/AA/ AAA	5.13%
Negotiable Certificates of Deposit	2,575,000	2,575,000	0.43% - 1.21%	7/16 - 4/17	88	A-1/A1+/ AA-	29.79%
CalTRUST	35,140	35,000	0.51%	N/A	387	AA	0.40%
Asset Backed Securities	48,142	47,999	1.09% - 1.39%	9/18 - 4/20	1,000	AAA	0.56%
Total investments	$ 8,642,414	8,632,010			316		100.0%

Table 8

Investments with Fiscal Agents
At June 30, 2016

	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	$ 15,032	5.13% - 5.63%	7/21 - 7/39	7023	A-	4.32%
Fixed income tax exempt bonds	15,272	0% - 5.75%	12/17 - 4/25	1726	AA	4.39%
Fixed income tax exempt bonds	5,591	5.00%	11/19 - 10/21	1587	AA-	1.61%
Fixed income tax exempt bonds	69,125	0% - 5%	7/17 - 8/37	2661	AA+	19.88%
Fixed income tax exempt bonds	84,037	3% - 5%	9/16 - 4/30	1723	AAA	24.17%
Fixed income tax exempt bonds	50,084	5% - 8.25%	11/17 - 9/39	4921	NR	14.40%
Fixed income tax exempt bonds	29,172	2% - 7.5%	8/17 - 4/25	1474	NR	8.39%
Federal farm credit bank notes	5,000	0.69%	5/17	320	AA+	1.44%
Money market mutual fund	28,051	0.21%	7/16	17	AAAm	8.07%
Subtotal	301,364					
Restricted:						
Corporate bonds	162	4.45%	1/20	1294	AA-	0.05%
Money market mutual funds	46,220	0% - 0.26%	8/16	33-52	AAAm	13.28%
Subtotal	46,382					
Total County investments with fiscal agents	347,746					100.00%
Private Purpose investments:						
Money market mutual funds	1,155	0.01%	8/16	42	AAAm	100.00%
Total Private Purpose investments	1,155					100.00%
Total investments with fiscal agents	$ 348,901					

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by GASB 72. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The County does not value any of its investments using Level 1 and Level 3 inputs. Money market mutual funds are valued at net asset value - $1 dollar per share (amortized cost). Additionally, CalTRUST is not subject to the fair value hierarchy.

Total pooled investments as of June 30, 2016, were valued at $8.642 billion. The fair value of pooled investments categorized according to the GASB Statement No. 72 fair value hierarchy totaled $8.164 billion, and are all classified as Level 2. The Investment Pool uses the market approach as a valuation technique in the application of GASB 72. This method uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Pooled investments also include money market mutual funds and CalTRUST totaling $478 million, which are valued at amortized cost.

Total investments with fiscal agents as of June 30, 2016, were valued at $348.9 million. The fair value of investments with fiscal agents according to the GASB 72 fair value hierarchy totaled $273.5 million, and are all classified as Level 2. They were valued using matrix pricing, which is consistent with the market approach. The matrix pricing technique is used to value some types of financial instruments, such as debt securities,

without relying exclusively on quoted prices for the specific securities. Instead, matrix pricing relies on the securities' relationship to other benchmark quoted securities. Investments with fiscal agents also include money market mutual funds totaling $75.4 million, which are valued at amortized cost.

Table 9 below, summarizes pooled investments' and investments with fiscal agents' recurring fair value measurements and the fair value hierarchy as of June 30, 2016.

Table 9
Pooled Investments and Investments With Fiscal Agents By Fair Value Level

		Fair Value Measurements Using		
	June 30, 2016	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled investments by fair value level				
Asset backed securities	$ 48,142		48,142	
U.S. government agencies	2,099,147		2,099,147	
U.S. treasury notes	904,536		904,536	
Supranational	400,145		400,145	
Commercial paper	2,134,985		2,134,985	
Repurchase agreements	2,302		2,302	
Negotiable certificates of deposit	2,575,000		2,575,000	
Total pooled investments and cash equivalents by fair value level	8,164,257		$ 8,164,257	
Pooled investments not subject to the fair value hierarchy				
Money market mutual funds	443,017			
CalTRUST	35,140			
Total pooled investments not subject to the fair value hierarchy	478,157			
Total pooled investments	$ 8,642,414			
Investments with fiscal agents by fair value level				
Fixed income tax exempt bonds	$ 268,313		268,313	
Federal farm credit bank notes	5,000		5,000	
Corporate bonds	162		162	
Total investments with fiscal agents by fair value level	273,475		$ 273,475	
Investments with fiscal agents not subject to the fair value hierarchy				
Money market mutual funds	75,426			
Total investments with fiscal agents not subject to the fair value hierarchy	75,426			
Total investments with fiscal agents	$ 348,901			

Table 10

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	None	None	None	None	None	None
U.S. Agency obligations	5 years	5 years	None	None	None	35%	None	None
Local agency obligations	5 years	5 years	None	15%	None	5%	None	A
Bankers' acceptances	180 days	180 days	40%	40%	30%	5%	None	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%	None	A
Repurchase agreements	1 year	1 year	None	40%	None	(2)	None	None
Reverse repurchase agreements	92 days	92 days	20%	20%	None	10%	None	None
Corporate medium-term notes	5 years	5 years	30%	30%	30%	5%	A	A
Collateralized certificates of deposit	N/A	13 months	None	5%	None	(4)	None	None
Money market mutual funds	N/A	N/A	20%	15%	10%	10%	AAAm	AAAm
CalTRUST	N/A	N/A	None	2.5%	None	2.5%	None	None
Pass-through mortgage securities (3)	5 years	5 years	20%	20%	None	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 Repurchase Agreements 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 2016 restricted assets were as follows:

Table 11
Restricted Assets

Fund	Legal or Contractual Requirements	Debt Covenants
General Fund	$ 198	2,599
Nonmajor Governmental Funds		
Housing Authority - Other Special Revenue Fund	379	
Tobacco Securitization Joint Special Revenue Fund		45,214
San Diego Regional Building Authority Debt Service Fund		4,545
Pension Obligation Bonds - Debt Service Fund		11
Capital Outlay - Capital Projects Fund	4,617	

NOTE 5
Receivables

Details of receivables reported in the government-wide Statement of Net Position are presented in **Table 12**. Amounts that are not expected to be collected within the next fiscal year are identified below.

Due from Other Governmental Agencies - Governmental activities - $27.651 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- $86.951 million:

This amount includes: $41.656 million in housing rehabilitation loan programs for low-income or special needs residents, and loans for low income housing down payments; $26.160 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; $1.035 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; and $591 thousand owed to the County Low and Moderate Income Housing Asset Fund (CLMIHAF) from the County of San Diego Successor Agency Private Purpose Trust Fund as a result of the Airport Enterprise Fund transferring its twenty percent outstanding loan principal balance to the CLMIHAF mandated by California Health and Safety Code 34191.4. At the fund level, in the General Fund and the CLMIHAF, these loans are presented as "Due From Other Funds". See Note 8 to the financial statements, "Interfund Balances". The remaining balance represents various other loans totaling $261 thousand.

Loans- Business-type activities- $5.648 million:

This amount includes $1.858 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 $3.790 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 12

Receivables
Primary Government and Discretely Presented Component Unit
At June 30, 2016

		Accounts	Investment Earnings	Due From Other Government Agencies	Loans	Other	Total Receivables	Allowance For Doubtful Accounts	Receivables Net
Governmental activities:									
General Fund	$	3,736	3,081	266,209	60,890	854	334,770		334,770
Public Safety Special Revenue Fund				46,360			46,360		46,360
Tobacco Endowment Fund			4,163				4,163		4,163
Other Governmental Funds		22,416	4,549	31,311	24,435	612	83,323	(5,388)	77,935
Internal Service Funds		105	327	784		19	1,235		1,235
Total governmental activities - fund level		26,257	12,120	344,664	85,325	1,485	469,851	(5,388)	464,463
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund					1,626		1,626		1,626
Less: Due from Component Unit						(122)	(122)		(122)
Total governmental activities - Statement of Net Position	$	26,257	12,120	344,664	86,951	1,363	471,355	(5,388)	465,967
Business-type activities:									
Enterprise Funds	$	448	105	918	1,858	3	3,332		3,332
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund					3,790		3,790		3,790
Total business-type activities - Statement of Net Position	$	448	105	918	5,648	3	7,122		7,122
Component Unit:									
First 5 Commission of San Diego	$	2,986	80	2,410			5,476		5,476

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 $6.93 million at June 30, 2016. The lease revenue received by the County and the SDRBA for the year ended June 30, 2016 was approximately $732 thousand and $893 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, 2016.

Lease revenue from noncancelable operating leases for the year ended June 30, 2016 was approximately $11.90 million. Future minimum lease payments to be received under the direct financing and noncancelable operating leases are noted in **Table 13**.

Table 13
Lease Revenue
County Property Leased To Others

Fiscal Year	Direct Financing Leases	Operating Leases
2017	$ 1,627	10,010
2018	1,632	9,578
2019	1,633	8,651
2020	1,265	7,691
2021		7,165
2022-2026		32,811
2027-2031		29,959
2032-2036		24,799
2037-2041		19,732
2042-2046		15,020
2047-2051		11,776
2052-2056		8,317
2057-2061		4,448
2062-2066		3,116
2067-2071		340
Total	$ 6,157	193,413

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 14
Capital Assets - Governmental Activities

	Beginning Balance at July 1, 2015	Increases	Decreases	Ending Balance at June 30, 2016
Capital assets, not being depreciated/amortized:				
Land	$ 402,472	8,103	(25)	410,550
Easements	8,318	55		8,373
Construction in progress	127,485	103,308	(166,318)	64,475
Total capital assets, not being depreciated/ amortized	538,275	111,466	(166,343)	483,398
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,796,167	148,309	(1,220)	1,943,256
Equipment	286,573	40,257	(15,626)	311,204
Software	61,837	15,077	(6,877)	70,037
Road infrastructure	2,619,431	54,883		2,674,314
Bridge infrastructure	72,938	1,700		74,638
Total capital assets, being depreciated/ amortized	4,836,946	260,226	(23,723)	5,073,449
Less accumulated depreciation/amortization for:				
Buildings and improvements	(422,379)	(40,725)	1,067	(462,037)
Equipment	(166,844)	(25,980)	14,808	(178,016)
Software	(37,291)	(14,763)	6,873	(45,181)
Road infrastructure	(1,338,643)	(70,480)		(1,409,123)
Bridge infrastructure	(21,506)	(1,444)		(22,950)
Total accumulated depreciation/ amortization	(1,986,663)	(153,392)	22,748	(2,117,307)
Total capital assets, being depreciated/ amortized, net	2,850,283	106,834	(975)	2,956,142
Governmental activities capital assets, net	$ 3,388,558	218,300	(167,318)	3,439,540

Table 15
Capital Assets - Business-type Activities

	Beginning Balance at July 1, 2015	Increases	Decreases	Ending Balance at June 30, 2016
Capital assets, not being depreciated:				
Land	$ 11,593			11,593
Construction in progress	7,528	4,952	(3,232)	9,248
Total capital assets, not being depreciated	19,121	4,952	(3,232)	20,841
Capital assets, being depreciated:				
Buildings and improvements	126,409	3,229		129,638
Equipment	1,685	388	(61)	2,012
Software		101		101
Road infrastructure	9,679			9,679
Sewer infrastructure	99,091	2		99,093
Total capital assets, being depreciated	236,864	3,720	(61)	240,523
Less accumulated depreciation for:				
Buildings and improvements	(43,462)	(3,551)		(47,013)
Equipment	(994)	(84)	55	(1,023)
Software		(3)		(3)
Road infrastructure	(1,050)	(329)		(1,379)
Sewer infrastructure	(42,551)	(1,942)		(44,493)
Total accumulated depreciation	(88,057)	(5,909)	55	(93,911)
Total capital assets, being depreciated, net	148,807	(2,189)	(6)	146,612
Business-type activities capital assets, net	$ 167,928	2,763	(3,238)	167,453

Depreciation/Amortization

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

Table 16
Depreciation/Amortization Expense - Governmental Activities

General government	$	15,337
Public protection		32,044
Public ways and facilities		71,415
Health and sanitation		7,715
Public assistance		3,522
Education		1,850
Recreation and cultural		7,336
Internal Service Funds		14,173
Total	$	153,392

Table 17
Depreciation Expense - Business-type Activities

Airport Fund	$	3,722
Jail Store Commissary Fund		1
Sanitation District Fund		2,186
Total	$	5,909

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, 2016, the County General Fund's outstanding encumbrances totaled $359.806 million; the Public Safety Fund's outstanding encumbrances totaled $3.288 million; and, Nonmajor governmental funds' outstanding encumbrances totaled $38.230 million.

At June 30, 2016, major contracts entered into for structures and improvements and other commitments within governmental and business-type activities are noted in **Table 18**.

Table 18
Capital Commitments
At June 30, 2016

	Remaining Commitments
Governmental Activities	
General Fund:	
Development of Integrated Property Tax System	$ 14,179
Construction of Crime Lab	11,694
Construction of Las Colinas Detention and Reentry Facility	6,728
Development of Knowledge Integration Program (KIP)	6,699
Improvements at East County Regional Center	5,510
Construction of Imperial Beach Library	4,012
Development of Telephone System for Emergency Communications	2,550
Construction of Regional Communications System	2,284
Development of Re-entry Case Management System	1,312
Subtotal	54,968
Nonmajor Governmental Funds:	
Construction of Alpine Blvd	3,780
Flood Control Improvements at Woodside Ave.	3,726
Construction of Bear Valley Parkway Road	3,472
Construction of San Vicente Road	3,278
Subtotal	14,256
Internal Service Funds:	
Vehicle Acquisitions	7,324
Subtotal	7,324
Governmental Activities Subtotal	76,548
Business-type Activities	
Enterprise Funds:	
Improvements at Various Airports	1,843
Sanitation District Sewer Improvements	479
Business-Type Activities Subtotal	2,322
Total	$ 78,870

NOTE 8
Interfund Balances

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

Table 19

Interfund Balances
At June 30, 2016

		DUE FROM							
		General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Private Purpose Trust Fund	Total
DUE TO	General Fund		36,311	1,923	24,867	265	5,103	1,035	69,504
	Nonmajor Governmental	$ 17,623	70		3,780	225	29	591	22,318
	Nonmajor Enterprise	223						3,790	4,013
	Internal Service	28,821			1,283	89	1,663		31,856
	Total	$ 46,667	36,381	1,923	29,930	579	6,795	5,416	127,691

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

a) $1.035 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) $3.790 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.

c) $591 thousand is due from the County of San Diego Successor Agency Private Purpose Trust Fund to the County Low and Moderate Income Housing Asset Fund as a result of the Airport Enterprise Fund transferring its twenty percent outstanding loan principal balance to the County Low and Moderate Income Housing Asset Fund mandated by California Health and Safety Code 34191.4.

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 $1.035 million Upper San Diego River Project loan and the "Due from other funds" for the County Low and Moderate Income Housing Asset fund's $591 thousand are included in the governmental activities' "Receivables, net". The "Due from other funds" for the $3.790 million Airport Enterprise Fund's airport projects loan, is included in the business-type activities' "Receivables, net". 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 20
Transfers In/Transfers Out
At June 30, 2016

		TRANSFERS OUT						
		General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
TRANSFERS IN	General Fund		275,624	6,646	13,724	696		296,690
	Nonmajor Governmental	$ 160,718	684		7,004	3,377	1,702	173,485
	Nonmajor Enterprise	609			50			659
	Internal Service	10,425			1,000	300		11,725
	Total	$ 171,752	276,308	6,646	21,778	4,373	1,702	482,559

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 21
Payables
At June 30, 2016

	Vendors	Due to Other Government Agencies	Other	Total Payables
Governmental Activities:				
General Fund	$109,659	21,002	4,970	135,631
Other Governmental Funds	22,037	1,250	333	23,620
Internal Service Funds	37,817	501	1	38,319
Total governmental activities	$169,513	22,753	5,304	197,570
Business-type activities:				
Enterprise Funds	$ 1,920	6		1,926
Component Unit:				
First 5 Commission of San Diego	$ 3,622	6,551	487	10,660

NOTE 11
Deferred Inflows of Resources: Unavailable Revenue

Table 22
Deferred Inflows of Resources - Non-pension
At June 30, 2016

Unavailable Revenue	General Fund	Other Governmental Funds	Total
Unavailable revenue-property and miscellaneous local taxes	$ 40,298	533	40,831
Unavailable revenue-aid from other governmental agencies	31,841	19,191	51,032
Unavailable revenue-charges for services	2,708	3,563	6,271
Unavailable revenue-other	507	31,346	31,853
Total	$ 75,354	54,633	129,987

A large portion of the Unavailable revenue - aid from other governmental agencies consists primarily of $19.2 million of TransNet one-half cent sales tax revenue to be used for projects in the Road Fund, and $27.7 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 $4.1 million represents various other unavailable aid from other governmental agencies revenues.

Of the $31.9 million of Unavailable revenue - other, approximately $13.2 million are tobacco settlement receivables, $17.1 million are low and moderate income housing assistance receivables, approximately $800 thousand is for interest receivable and $800 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 2026 (**Table 23**). 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, 2016 was approximately $37.00 million, including $26.63 million for non-cancelable leases.

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

Table 23
Lease Commitments - Real Property

Fiscal Year	Minimum Lease Payments
2017	$ 27,249
2018	22,672
2019	20,321
2020	16,587
2021	13,947
2022-2026	36,096
Total	$ 136,872

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, 2016, was approximately $4.9 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 24**.

Table 24
Capital Lease - Future Minimum Lease Payments

Fiscal Year	Amount
2017	$ 40
2018	13
Total minimum lease payments	53
Less: Amount representing interest	(2)
Net lease payments	$ 51

Book Value

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

Table 25
Capital Lease - Book Value
At June 30, 2016

Capital Lease Property	Original Cost	Accumulated Amortization	Net Book Value
Equipment	$ 310	266	44

The accumulated amortization of this equipment capital lease was $266 thousand as of June 30, 2016. The current year's portion is included in the Internal Service Funds' depreciation/amortization of $14.173 million in **Table 16**.

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 March 2016 $105.330 million of fixed rate lease revenue bonds titled, "San Diego Regional Building Authority Lease Revenue Refunding Bonds (County Operations Center), Series 2016A" (the 2016A Bonds) were executed and delivered pursuant to a Trust Agreement by and among a Trustee bank, the County, and the SDRBA. The 2016A Bonds were issued at fixed interest rates ranging from 3.00% to 5.00% with maturity dates ranging from October 15, 2016 to October 15, 2035.

The 2016A Bonds were issued with a premium of $22.163 million. Bond proceeds of $127.493 million along with $12.481 million of funds held by the San Diego Regional Building Authority Lease Revenue Bonds (County Operations Center and Annex Redevelopment Project), Series 2009A (Series 2009A Bonds) Trustee (Trustee) were distributed as follows: 1) approximately $135.014 million (consisting of new 2016A Bond proceeds and funds on hand with the Trustee) was transferred to an escrow agent to advance refund the entire $120.215 million of outstanding Series 2009A Bonds; 2) $4.178 million to fund a 2016A Bonds reserve fund; and, 3) approximately $782 thousand was set aside to pay certain costs of issuance.

The $135.014 million transfer referred to above was placed in an irrevocable trust with an escrow agent to provide for the payment of the remaining principal and interest due on the Series 2009A Bonds. As a result, the Series 2009A Bonds 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 $19.791 million over the next 20 years to obtain an economic gain of $17.189 million (i.e. difference between the present value of the debt service payments on the refunded debt and the refunding debt).

In November 2015, the County prepaid, in full, $9.865 million County of San Diego Certificates of Participation (North and East County Justice Facilities Refunding) (the Series 2005 Certificates) issued in the amount of $28.210 million. The source of funds used to prepay the Series 2005 Certificates was the County's General Fund. The prepayment will result in

approximately $11.129 million in debt service cost savings - $9.865 million in principal and $1.264 million in interest.

Details of the COPs and LRBs outstanding at June 30, 2016 are as follows:

Table 26
Certificates of Participation (COP) and Lease Revenue Bonds (LRB)

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2016
2003 San Miguel Consolidated Fire Protection District Refunding LRB	$ 10,005	2.00 - 5.00%	2020	3,180
2009 Justice Facilities Refunding of 1997 Central Jail COP	48,300	2.00 - 5.00%	2026	32,270
2009 Justice Facilities Refunding of 1998 Courthouse COP	32,640	2.00 - 5.00%	2023	14,920
2011 Metropolitan Transit System Towers Refunding COP	19,260	1.00 - 5.00%	2020	8,670
2011 CAC Waterfront Park Project COP	32,665	3.00 - 5.125%	2042	30,265
2012 Cedar-Kettner Development Project COP	29,335	2.00 - 5.00%	2042	27,540
2014 Edgemoor and RCS Refunding COP Series 2014A (Edgemoor)	91,675	2.00 - 5.00%	2030	87,275
2014 Edgemoor and RCS Refunding COP Series 2014B (RCS) Taxable	2,075	0.415 - 1.920%	2019	1,560
2016 County Operations Center Refunding LRB	105,330	3.00 - 5.00%	2036	105,330
Total	$ 371,285			311,010

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

Table 27
Certificates of Participation and Lease Revenue Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2017	$ 17,390	14,282	31,672
2018	18,735	13,194	31,929
2019	18,665	12,381	31,046
2020	17,535	11,671	29,206
2021	16,040	10,910	26,950
2022-2026	83,460	42,753	126,213
2027-2031	70,170	23,791	93,961
2032-2036	49,645	10,265	59,910
2037-2041	15,775	2,707	18,482
2042	3,595	95	3,690
Subtotal	311,010	$ 142,049	$ 453,059
Add:			
Unamortized issuance premium	40,321		
Less:			
Unamortized discount	(152)		
Total	$ 351,179		

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, 2016 are as follows:

Table 28
Taxable Pension Obligation Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2016
2004 Series A	$ 241,360	3.28 - 5.86%	2023	200,595
2004 Series B1-2	147,825	5.91%	2025	147,825
2008 Series A	343,515	3.33 - 6.03%	2027	301,440
Total	$ 732,700			649,860

Annual debt service requirements to maturity for POBs are shown below in **Table 29**.

Table 29
Taxable Pension Obligation Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2017	$ 44,340	36,065	80,405
2018	46,995	33,413	80,408
2019	49,760	30,585	80,345
2020	52,725	27,525	80,250
2021	55,915	24,265	80,180
2022-2026	334,975	64,541	399,516
2027	65,150	491	65,641
Total	$ 649,860	216,885	866,745

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, 2016 are as follows:

Table 30
Tobacco Settlement Asset-Backed Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2016
Series 2006A Senior Current Interest Bonds	$ 534,610	4.75 - 5.125%	2025-2046	462,495
Series 2006B CABs	19,770	6.25%	2046	231,820
2006B unaccreted appreciation CABs				(195,041)
Series 2006C CABs	8,686	6.40%	2046	107,950
2006C unaccreted appreciation CABs				(91,553)
Series 2006D CABs	20,565	7.10%	2046	335,105
2006D unaccreted appreciation CABs				(293,539)
Total	$ 583,631			557,237

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

Table 31
Tobacco Settlement Asset-Backed Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Unaccreted Appreciation	Interest	Total
2017	$ -	6,402	23,321	29,723
2018		6,842	23,321	30,163
2019		7,302	23,321	30,623
2020		7,800	23,321	31,121
2021		8,328	23,321	31,649
2022-2026	51,370	50,933	111,906	214,209
2027-2031	67,715	70,781	97,542	236,038
2032-2036	86,945	98,384	78,707	264,036
2037-2041	111,895	136,812	54,334	303,041
2042-2046	193,591	186,549	22,369	402,509
Subtotal	511,516	$ 580,133	$ 481,463	$ 1,573,112
Add:				
Accreted appreciation through June 30, 2016	45,721			
Subtotal	557,237			
Less:				
Unamortized issuance discount	(11,127)			
Total	$ 546,110			

As shown in **Table 31**, the unpaid accreted appreciation of the 2006 Bonds as of June 30, 2016 was $45,721, which will be paid in 2046.

Pledged revenue related to the 2006 Bonds for the year ended June 30, 2016 was as follows:

Table 32
Tobacco Settlement Asset-Backed Bonds - Pledged Revenues

Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2016 Debt Principal & Interest Paid	Fiscal Year 2016 Pledged Revenue Received
Series 2006 Tobacco Settlement Asset-Backed Bonds	2046	$ 1,618,833	$ 26,835	$ 26,550

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; a real property contract with the Whiting Family Trust titled Sheriff RCS - Ocotillo Wells for the purchase of one acre of property located in the Borrego Springs area to support the County's Regional Communications System (RCS); an Energy Conservation Assistance Act loan agreement with the California Energy Commission to fund energy savings measures consisting of 2,200 LED streetlight fixtures; and San Diego Gas & Electric (SDG&E) On Bill Financing (OBF) program loans used to fund energy efficiency and demand response projects at County-owned facilities.

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 the previously mentioned 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 was completed in September 2015. Additional proceeds of $690 thousand were received in fiscal year 2016 for a total loan of $1.42 million. Semi-annual principal and interest payments will be made beginning in December 2016 in 18 equal installments at a fixed interest rate of 1.00%.

In November 2011, the County Board of Supervisors authorized the use of the previously mentioned San Diego Gas & Electric (SDG&E) On Bill Financing (OBF) program loans to fund energy efficiency and demand response projects. This program finances installations, modifications and upgrades, 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 2016 the County received $1.28 million in

new OBF loans. As of June 30, 2016, fifteen OBF loans were outstanding, with remaining balances totaling $1.97 million.

Details of loans outstanding at June 30, 2016 for governmental activities are as follows:

Table 33
Loans - Governmental Activities

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2016
Loans - non internal service funds (ISF)				
Firebird Manor	$ 4,486	1.00%	2028	1,828
California Energy Comm Loan (Street Light & Maint Dist)	1,422	1.00%	2025	1,422
Sheriff RCS Land Purchase	68	6.78%	2026	56
Total loans - non-ISF	5,976			3,306
Loans - ISF				
California Energy Comm Loan 3 (Facilities ISF)	2,565	4.50%	2018	745
San Diego Gas and Electric On Bill Financing (Facilities ISF)	3,085	0.00%	2024	1,969
Total loans - ISF	5,650			2,714
Total	$ 11,626			6,020

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

Table 34
Loans - Governmental Activities
Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2017	$ 1,356	68	1,424
2018	1,234	42	1,276
2019	586	26	612
2020	503	23	526
2021	475	20	495
2022 - 2026	1,568	53	1,621
2027 - 2028	298	4	302
Total	$ 6,020	236	6,256

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, 2016 for business-type activities are as follows:

Table 35
Loans - Business-type Activities

Loan	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2016
2001 Airport Development Loan - Ramona Sewer Line	$ 2,388	5.63%	2017	114
2001 Airport Development Loan - Ramona Control Tower	1,196	5.63%	2017	57
Total	$ 3,584			171

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

Table 36
Loans - Business-type Activities
Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2017	$ 171	10	181
Total	$ 171	10	181

Prior Year Defeasance of Long-Term Debt

In September, 2014, the County defeased the outstanding County of San Diego Certificates of Participation (2005 Edgemoor Project and 1996 Regional Communication System Refunding) and County of San Diego Certificates of Participation (2006 Edgemoor Completion Project) Certificates of Participation (together, the Prior COPs) by placing proceeds of refunding certificates of participation, along with monies from the original issue, in an irrevocable trust to provide for all future debt service payments on the Prior COPs. Accordingly, the trust account assets and the liabilities for the defeased obligations were not included in the County's financial statements. The Prior COPs were completely paid off in February, 2016 and no Prior COPs remain outstanding.

In March, 2016 the County defeased the San Diego Regional Building Authority Lease Revenue Bonds (County Operations Center and Annex Redevelopment Project) Series 2009A (2009A LRBs) by placing proceeds of the refunding bonds, along with monies from the original issue, in an irrevocable trust to provide for all future debt service payments on the 2009A LRBs. Accordingly, the trust account assets and the liabilities for the defeased obligations are not included in the County's financial statements. At June 30, 2016, $120.215 million of the 2009A LRBs were legally defeased and remain outstanding.

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, 2016, the probable arbitrage rebate was zero.

NOTE 14
Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2016 were as follows:

Table 37
Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2015	Additions	Reductions	Accreted Interest	Ending Balance at June 30, 2016	Amounts Due Within One Year
Governmental Activities:						
COPs, bonds & loans						
Certificates of participation and lease revenue bonds	$ 355,565	105,330	(149,885)		311,010	17,390
Taxable pension obligation bonds	692,338		(42,625)	147	649,860	44,340
Tobacco settlement asset-backed bonds	554,594		(3,355)	5,998	557,237	
Loans - non-internal service funds	2,765	690	(149)		3,306	289
Loans - internal service funds (ISF)	2,423	1,283	(992)		2,714	1,067
Unamortized issuance premiums	21,548	22,163	(3,390)		40,321	2,839
Unamortized issuance discounts	(11,869)		590		(11,279)	(590)
Total COPs, bonds & loans	$ 1,617,364	129,466	(199,806)	6,145	1,553,169	65,335
Other long-term liabilities:						
Capital Leases - ISF	$ 84		(33)		51	38
Claims and judgments - ISF	204,783	42,706	(33,994)		213,495	43,545
Compensated absences - non-ISF	97,182	71,662	(68,954)		99,890	42,726
Compensated absences - ISF	2,305	1,789	(1,719)		2,375	978
Landfill postclosure	18,340	6,360			24,700	823
Pollution remediation	1,563	2,149	(147)		3,565	1,015
Total Other long-term liabilities	$ 324,257	124,666	(104,847)		344,076	89,125
Total Governmental Activities	$ 1,941,621	254,132	(304,653)	6,145	1,897,245	154,460
Business-type activities:						
Loans	$ 475		(304)		171	171
Compensated absences	439	366	(389)		416	172
Total Business-type Activities	$ 914	366	(693)		587	343

NOTE 15
Funds Used to Liquidate Liabilities

The following funds presented in **Table 38** below have typically been used to liquidate other long-term obligations in prior years:

Table 38
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 District
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) six 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, 2016, the aggregate conduit debt principal amount outstanding was $115.334 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 March 22, 2007.

The projected landfill postclosure care liability at June 30, 2016 for the San Marcos Landfill was $24.700 million. This estimated amount is based on what it would cost to perform all postclosure care in calendar year 2016 dollars and is subject to change annually 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 CalRecycle (formerly the CIWMB).

Beginning July 1, 2011, CalRecycle, in accordance with Title 27, Division 2, Subdivision 1, Chapter 6 of the California Code of Regulations, requires owners and operators of all disposal facilities operating after July 1, 1991 to provide additional financial assurance for corrective action based on the highest amount of either a water release corrective action or a non-water release corrective action, on or before the date of the first permit review.

The County determined that a non-water release corrective action would have the highest cost impact to the landfill and on January 27, 2016 the Board of Supervisors approved Minute Order No. 4 "Adopt a Resolution for Financial Assurance for Corrective Actions of the San Marcos Landfill and Authorize Submission of a Pledge of Revenue for Corrective Action Program at San Marcos Landfill." Pursuant to Resolution No. 16-011, adopted under Minute Order No. 4, the County entered into a pledge of revenue agreement to assure that adequate funds are available to carry out the Corrective Action Program 95-112 of the San Marcos Landfill. The pledge of revenue for corrective action costs is $1.153 million per year for the 30-year period and may increase or decrease to match any adjustment to the identified cost estimate mutually agreed to by the County and CalRecycle (adjusted to $1.165 million in fiscal year 2016). This pledged revenue will remain in the Environmental Trust Fund as a contingency until such time that corrective action costs are incurred.

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, 2016, the County's estimated pollution remediation obligations totaled $3.565 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 Fiscal Year 2016, the Board of Supervisors adopted San Diego Code of Administrative Ordinance No. 10400 (N.S.), "An Ordinance Amending the San Diego Code of Administrative Ordinances Article VII Section 113 Relating To The Maintenance And Restoration of Fund Balances and Reserves in the General Fund", thereby adding Sections 113.1, "Fund Balances and Reserves" and 113.2, "Restoration of Fund Balances and Reserves". The additional language serves to codify guidelines regarding the maintenance and restoration of fund balance and reserves including appropriations for budget stabilization levels that will help to protect the fiscal health and stability of the County. These sections include:

Fund Balance Committed for Unforeseen Catastrophic Events: The amount of fund balance committed to unforeseen catastrophic events shall be 5% of the total amount of budgeted general purpose revenue. This commitment is governed by Government Code Sections 29085-29806, and may only be used for legally declared emergencies as defined in Government Code Section 29127. This commitment is reported on the General Fund's Balance Sheet.

General Fund Minimum Fund Balance: This fund balance shall be 10% of the total amount of budgeted general purpose revenue, and is the minimum level of unassigned fund balance in the General Fund. 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 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: These shall not be approved if they would result in the amount of General Fund unassigned fund balance falling below the targeted level, with the exception of fund balance commitments established because of restrictions on the use of certain revenues. Additionally, from time to time fund balance may be committed or assigned by the Board; and, as per action taken by the Board of Supervisors on November 5, 2013, Fund Balance may be assigned by the Chief Administrative Officer for specific purposes.

Restoration of Fund Balances and Reserves: In the event that the fund balance Commitment for Unforeseen Catastrophic Events, or the General Fund Minimum unassigned fund balance falls below the established levels, the Chief Administrative Officer shall present a plan to the Board for restoration of those targeted levels. The plan shall restore balances to targeted levels within two fiscal years.

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

At June 30, 2016, the fund balances restricted for laws or regulations of other governments: fund purpose are presented in **Table 39** as follows:

Table 39
Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose
At June 30, 2016

Fund Type:	Purpose	Amount
Nonmajor Funds		
Special Revenue Funds		
Air Pollution Fund	Air pollution activities	$ 20,225
Asset Forfeiture Program Fund	Law enforcement	9,208
County Library Fund	Library services	11,047
County Low and Moderate Income Housing Asset Fund	County housing activities	83
County Service District Funds	Road, park lighting maintenance, fire protection and ambulance services	24,595
Edgemoor Development Fund	Edgemoor development	4,156
Harmony Grove Community Facilities District Fund	Maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control services	50
In Home Supportive Services Public Authority Fund	In home supportive services	90
Inmate Welfare Fund	Benefit, education, and welfare of jail inmates	14,763
Lighting Maintenance District Fund	Street and road lighting maintenance	1,383
Other Special Revenue Funds	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	1,447
Park Land Dedication Fund	Developing new or rehabilitating existing neighborhood or community park or recreational facilities	14,858
Total Nonmajor Funds (Special Revenue Funds)		$ 101,905

NOTE 21
Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes

At June 30, 2016, the fund balances restricted for laws or regulations of other governments: other purposes are presented in **Table 40** as follows:

Table 40
Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes
At June 30, 2016

Major Fund		
General Fund		
Vector control	$	12,808
Teeter tax loss		8,532
Fingerprinting equipment purchase and operation		7,905
Sheriff automated warrant system		4,528
Real estate fraud prosecution		4,342
Emergency medical services, various construction costs		4,209
Parole revocation hearings		4,119
Public Defender defense of indigent cases		3,849
Mental health		3,412
Parks and Recreation land acquisition, improvements, stewardship and other activities		2,769
Domestic violence and child abuse prevention		2,333
Sheriff vehicle maintenance and replacement		1,902
Sheriff law enforcement		1,652
Projects, programs and services that benefit Crest -Dehesa - Harbison Canyon - Granite Hills sub-region		1,540
Probation Department activities		1,538
Probation community transition unit activities		1,443
Improvement, maintenance and operation of the Waterfront Park		693
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles		549
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities		271
Equipment replacement/system enhancement Caller ID Remote Access Network		110
Social services child safety education		91
Total General Fund	$	68,595
Nonmajor Funds		
Special Revenue Funds		
Flood Control District Fund		
Flood control future drainage improvements	$	14,258
Housing Authority - Other Fund		
Disaster related administration		44
Housing repairs and improvements		32
Total Nonmajor Special Revenue Funds	$	14,334
Total Nonmajor Funds	$	14,334
Total Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes	$	82,929

NOTE 22
Fund Balances Committed to Other Purposes

At June 30, 2016, the fund balances committed to other purposes are presented in **Table 41** as follows:

Table 41
Fund Balances Committed To Other Purposes
At June 30, 2016

Major Fund		
General Fund		
Regional communication system infrastructure enhancements	$	15,817
Health based programs reducing adult/youth smoking		8,244
San Diego Fire Authority equipment replacement		2,333
Parks and Recreation land acquisition		1,494
Department of Planning and Development Services activities		1,437
Sheriff's Department future capital expenditures		1,399
Department of Environmental Health services		1,277
Sheriff's Department helicopter replacement		667
Management of conduit financing programs		589
Registrar of Voters equipment acquisition		445
Assessor/Recorder/County Clerk services		111
South County Shelter capital improvements		78
Capital projects or major maintenance projects		30
Future purchase of agricultural conservation easements		21
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	$	33,982

NOTE 23
Fund Balances Assigned to Other Purposes

At June 30, 2016, the fund balances assigned to other purposes are presented in **Table 42** as follows:

Table 42
Fund Balances Assigned to Other Purposes
At June 30, 2016

Major Fund		
General Fund		
Law enforcement, detention, legal and other protection services	$	20,627
Health, mental health and social services		18,068
Operations, maintenance and debt service for Cedar Kettner and Waterfront Park		14,278
Planning, land use, agriculture, watershed and other public services		7,447
Park and recreation services		4,676
Assessor/Recorder/County Clerk services		1,924
Treasurer-Tax Collector services		1,243
Registrar of Voters services		1,240
Fire protection		995
Maintenance		556
Animal Services		217
Total General Fund	$	71,271

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

At June 30, 2016, the net position restricted for laws or regulations of other governments: other purposes is presented in **Table 43** as follows:

Table 43
Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes
At June 30, 2016

Developing new or rehabilitating existing neighborhood or community park or recreational facilities	$	14,858
Benefit, education, and welfare of jail inmates		14,763
Library services		11,047
Law enforcement		9,208
Fingerprinting equipment purchase and operation		7,905
Sheriff automated warrant system		4,528
Real estate fraud prosecution		4,342
Emergency medical services, various construction costs		4,209
Edgemoor development		4,156
Parole revocation hearings		4,119
Public Defender defense of indigent cases		3,849
Parks and Recreation land acquisition, improvements, stewardship and other activities		2,769
Domestic violence and child abuse prevention		2,333
Sheriff vehicle maintenance and replacement		1,902
Sheriff law enforcement		1,652
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region		1,540
Probation Department activities		1,538
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		1,447
Probation community transition unit activities		1,443
Street and road lighting maintenance		1,383
Improvement, maintenance and operation of the Waterfront Park		693
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles		549
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities		271
Equipment replacement/system enhancement Caller ID Remote Access Network		110
Social services child safety education		91
In home supportive services		90
Housing activities		83
Disaster related administration		44
Housing repairs and improvements		32
Total Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes	$	100,954

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, 2016, these liabilities discounted for anticipated investment return (public liability of 1% and workers' compensation of 2.5%), totaled $213.5 million, including $38.2 million in public liability and $175.3 million in workers' compensation. Changes in the balances of claim liabilities for fiscal years 2016 and 2015 are shown in **Table 44**.

Table 44
Risk Management - Changes in Claim Liabilities

	2016	2015
Employee Benefits Fund		
Unpaid claims, July 1	$ 166,876	153,811
Incurred claims	31,942	36,487
Claim payments	(23,486)	(23,422)
Unpaid claims, June 30	$ 175,332	166,876
Public Liability Insurance Fund		
Unpaid claims, July 1	$ 37,907	30,852
Incurred claims	10,764	16,911
Claim payments	(10,508)	(9,856)
Unpaid claims, June 30	$ 38,163	37,907

NOTE 26
Contingencies

Litigation

As of June 30, 2016, 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 $197.5 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 $1.3 million contributed primarily by the City and the County to supplement its operating revenues. In its latest report, SanGIS reported a decrease in net position of $8.5 thousand and ending net position of $237 thousand for the fiscal year ended June 30, 2015. 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 18 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 or disaster in the region. 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 $73 thousand and ending net position of $138 thousand for the fiscal year ended June 30, 2015. 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 San Diego Workforce Partnership (Partnership) funds job training programs to meet current and future workforce needs of employers in San Diego County. Two boards provide oversight and funding direction: The Consortium Policy Board and the Workforce Development Board (WDB). As a joint powers authority, the Consortium Policy Board is a community partnership of the City and County of San Diego. Members include two County Board of Supervisors, two San Diego City Council members, and a representative of the United Way of San Diego. The Consortium Policy Board appoints members to, and receives recommendations from, the WDB. The two boards collaborate on funding decisions and programmatic priority. For the year ended June 30, 2015, the Partnership reported an increase in net position of $42 thousand and ending net position of $423 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 Fire Authority, agreed to be a participant in the Heartland Fire Training Authority effective July 1, 2012. The Authority includes 10 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 Commission comprised of elected officials 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 $185 thousand and ending net position of $715 thousand for the fiscal year ended June 30, 2015. 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 (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, 2015 SDCERA-PP membership totaled 40,116, consisting of the following: Retired members or beneficiaries currently receiving benefits - 17,186, Vested terminated members entitled to, but not yet receiving benefits - 5,274; and Active members - 17,656.

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 45
SDCERA - PP Tiers and Basic Provisions

Tier Name	Governing Code	Membership Effective Date	Basic Provisions	Final Average Salary Period
General Tier I	§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% at 50; maximum 2% COLA	Highest 1 - year
Safety Tier B	§31664.2	August 28, 2009 to December 31, 2012	3% 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, 2016 for 2015-2016 was 8.96% 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, 2016 for 2015-2016 was 33.49% (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 $354,524 for the year ended June 30, 2016.

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

Table 46
Employer/Employee Contribution Rates and Active Members by Tier

	Employer Contribution Rates	Employee Contribution Rates	Active Members
General Tier I	33.05%	7.53 - 14.74%	34
General Tier A	33.05%	9.11 - 16.35%	9,683
General Tier B	33.05%	6.41 - 12.94%	1,678
General Tier C	26.91%	8.03%	2,635
Safety Tier A	42.84%	12.91 - 19.08%	2,570
Safety Tier B	42.84%	10.15 - 15.25%	495
Safety Tier C	35.66%	13.81%	561

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, 2016, the County reported a liability of $2,593,395 for its proportionate share of the collective Net Pension Liability (NPL). The NPL was measured as of June 30, 2015 and was determined by rolling forward the Total Pension Liability (TPL) as of the June 30, 2014 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 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 2015; 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, 2015 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, 2015, the County's proportionate share of the net pension liability was approximately 92.827%, (General 90.119%, Safety 100%), which was an increase of approximately 0.535% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of $315,697.

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Table 47
Pension Deferred Outflows/ Inflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportionate share of contributions	$ 18,945	
Changes of assumptions or other inputs	229,711	
Contributions to the pension plan subsequent to the measurement date	354,524	
Difference between expected and actual experience in the total pension liability	5,765	196,767
Net difference between projected and actual earnings on pension plan investments	112,323	
	$ 721,268	196,767

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, changes of assumptions and other inputs, and differences between expected and actual experience in the total pension liability, are amortized over the average of the expected remaining service lives (service lives) 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. The service lives' amortization period was 4.91 years for deferrals

incurred in fiscal year 2014-2015 and 4.80 years for deferrals that originated in the prior period, fiscal year 2013-2014.

$354,524 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, 2017.

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 48
Pension Expense

Year Ending June 30		Amount
2017	$	9,432
2018		9,432
2019		15,862
2020		135,251
Total	$	169,977

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 are shown in the following table:

Table 49
Actuarial Assumptions

Inflation	3.00%
Salary increases	General: 4.50% to 9.75% and Safety: 4.75% to 11.75% vary by service, including inflation.
Discount rate	7.50%, net pension plan investment expense, including inflation.
Cost-of-living adjustment	Maximum of 3% for TIER I, II and A Maximum 2% for TIER B and C
Date of last experience study	July 1, 2009 through June 30, 2012

Mortality rates for General members are based on the RP-2000 mortality table projected with Scale AA to 2017 with a two-year age setback for males and a one-year age setback for females. For Safety members, 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 (7.50 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 50
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 7.50% as of June 30, 2015. 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, 2015.

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, 2015, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Table 51
County's Share of Net Pension Liability Discount Rate Sensitivity

	1% Decrease (6.50%)	Current DiscountRate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension plan liability	$ 4,206,092	$ 2,593,395	$ 1,259,464

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, 2016, were the following:

Table 52
CoSD Employer Contributions - SDCERA-RHP

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contributions Made	Percentage of ARC Contributed
2016	$ 18,125	$ 18,125	100.0%
2015	19,444	19,444	100.0%
2014	18,548	18,548	100.0%

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 53
Fund Deficit
At June 30, 2016

Internal Service Fund:		
Employee Benefits Fund	$	(38,400)
Facilities Management Fund		(20,721)
Purchasing Fund		(64)

The Employee Benefits Fund deficit of $38.4 million, (a decrease of $4.2 million from the 2014-2015 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, 2016. The liability increased to $175.3 million from the prior year's estimate of $166.9 million. The County will continue 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 Facilities Management Fund and Purchasing Fund deficits of approximately $20.7 million and $64 thousand, respectively, resulted from adjustments attributed to reporting the County's proportionate share of the SDCERA-PP net pension liability.

NOTE 30
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 outstanding loans owed to the General Fund for the Upper San Diego River Project ($1.035 million), to the Airport Enterprise Fund (AEF) for the Airport Projects ($3.790 million) and to the County Low and Moderate Income Housing Asset Fund (CLMIHAF) ($591 thousand). The loans were originally made from the General Fund and AEF to the former San Diego County Redevelopment Agency (SDCRA) but were transferred to the County of San Diego Successor Agency Private Purpose Trust Fund upon dissolution of the SDCRA on February 1, 2012. Additionally, in fiscal year 2016, twenty percent of the then outstanding amount owed to the AEF was transferred from the AEF to the CLMIHAF, as mandated by California Health and Safety Code 34191.4. As of June 30, 2016, the interest earned on the General Fund loan accrues on the average quarterly outstanding balance, at a rate equal to the average County earned investment rate as determined by the County Treasurer. Interest earned on the AEF and CLMIHAF loans accrue at the rate mandated by Health and Safety Code 34191.4. 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 31

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, 2016 were the following:

Table 54
SDCRA Revenue Refunding Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2016
Revenue Refunding Bonds Series 2005A	$ 16,000	3.65 - 5.75%	2033	12,210
Total	$ 16,000			12,210

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
2017	$ 475	662	1,137
2018	500	637	1,137
2019	525	611	1,136
2020	555	583	1,138
2021	580	553	1,133
2022-2026	3,405	2,247	5,652
2027-2031	4,475	1,138	5,613
2032-2033	1,695	91	1,786
Total	12,210	$ 6,522	$ 18,732
Less:			
Unamortized issuance discount	(27)		
Total	$ 12,183		

SDCRA pledged revenue for the year ended June 30, 2016 was as follows:

Table 56
SDCRA Revenue Refunding Bonds - Pledged Revenues

Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2016 Debt Principal & Interest Paid	Fiscal Year 2016 Pledged Revenue Received
Revenue Refunding Bonds Series 2005A	2033	$ 18,732	$ 1,142	$ 1,142

Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2016 were as follows:

Table 57
SDCRA Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2015	Additions	Reductions	Ending Balance at June 30, 2016	Amounts Due Within One Year
Revenue Refunding Bonds Series 2005A	$ 12,665		(455)	12,210	475
Unamortized issuance discounts	(29)		2	(27)	(2)
Total	$ 12,636		(453)	12,183	473

NOTE 32

New Governmental Accounting Standards

Implementation Status

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 County has implemented this Statement for the current fiscal year.

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. 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 County has no accumulated ending balances for assets accumulated for purposes of providing those pensions and consequently this portion of this Statement is not currently applicable. The County also did not have any investment-related factors that significantly affect trends in the amounts reported, did not incur any separately financed specific liabilities, and did not support nonemployer contributing entities; consequently this portion of this Statement is not currently applicable.

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 County has implemented this Statement for the current fiscal year.

In December 2015, the GASB issued **Statement No. 79, *Certain External Investment Pools and Pool Participants***. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as amended. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended.

The requirements of this portion of the Statement do not currently impact the County, consequently this portion of this Statement is not currently applicable.

In March 2016, the GASB issued **Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73***. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the

contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The County early implemented the portions of this Statement pertaining to presentation of payroll-related measures in required supplementary information and the classification of payments made by employers to satify employee (plan member) contribution requirements, in 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 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*.

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.

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, F*inancial 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.

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, A*ccounting 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 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.

In December 2015, the GASB issued **Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans***. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

In December 2015, the GASB issued **Statement No. 79, *Certain External Investment Pools and Pool Participants***. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price.

The provisions related to portfolio quality and custodial credit risk, effective for reporting periods beginning after December 15, 2015, are as follows: (1) a security should be acquired only if denominated in U.S. dollars and has a credit rating within the highest category if rated by a nationally recognized statistical rating organization or determined equivalent if unrated; (2) securities held by a qualifying external investment pool should not be exposed to custodial risk; (3) the credit quality of a deposit should be evaluated in terms of either the credit quality of the depository institution or the exposure of the deposit to custodial credit risk; (4) the credit quality of a repurchase agreement should be evaluated in terms of the credit quality of the counterparty or its parent and the underlying collateral; and, (5) a repurchase agreement should be collateralized fully.

The provisions related to shadow pricing, effective for reporting periods beginning after December 15, 2015, are as follows: a qualifying external investment pool should calculate its shadow price at a minimum on a monthly basis. The monthly calculation of the shadow price should occur no earlier than five business days prior to and no later than the end of the month. At each calculation date, that shadow price should not deviate by more than one half of 1 percent from the net asset value per share calculated using total investments measured at amortized cost.

The requirements of this Statement for certain provisions on portfolio quality, custodial credit risk, and shadow pricing are effective for reporting periods beginning after December 15, 2015.

In January 2016, the GASB issued **Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14***. The objective of this Statement is to improve financial

reporting by clarifying the financial statement presentation requirements for certain component units.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

In March 2016, the GASB issued **Statement No. 81, *Irrevocable Split-Interest Agreements*.** The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

In March 2016, the GASB issued **Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73***. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

As previously mentioned, the County early implemented the portions of this Statement pertaining to presentation of payroll-related measures in required supplementary information and the classification of payments made by employers to satisfy employee (plan member) contribution requirements, in the current fiscal year.

Required Supplementary Information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
General Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 1,017,670	1,017,670	1,047,808
Licenses, permits and franchise fees	39,880	39,872	41,072
Fines, forfeitures and penalties	44,502	44,501	44,029
Revenue from use of money and property	12,137	12,137	16,149
Aid from other governmental agencies:			
State	1,180,508	1,192,365	1,144,554
Federal	864,143	877,964	831,653
Other	69,779	69,853	82,995
Charges for current services	354,489	354,861	362,071
Other	34,240	42,869	29,700
Total revenues	3,617,348	3,652,092	3,600,031
Expenditures:			
Current:			
General government:			
Assessor/recorder/county clerk - finance	42,190	43,010	38,607
Auditor and controller	23,098	23,042	21,322
Auditor and controller - information technology management services	14,157	14,177	8,860
Board of supervisors district #1	1,454	1,654	1,417
Board of supervisors district #2	1,391	1,592	1,367
Board of supervisors district #3	1,424	1,624	1,257
Board of supervisors district #4	1,432	1,632	1,222
Board of supervisors district #5	1,463	1,663	1,343
Board of supervisors general office	1,125	1,125	1,039
Chief administrative office - legislative and administrative	4,742	4,742	4,464
Civil service commission	544	544	484
Clerk of the board of supervisors - legislative and administrative	3,776	4,015	3,263
Community enhancement	4,184	4,184	4,171
Community projects	10,802	9,703	8,071
Community services	19,706	17,757	6,690
Contributions to capital outlay			
County communications office	2,910	2,910	2,711
County counsel	25,201	25,701	24,137
County technology office	17,810	17,810	10,362
Countywide general expense	43,832	36,936	2,653
Finance and general government - legislative and administrative	5,299	5,049	1,737
Finance and general government - other general	20,831	20,830	4,867
Finance and general government group - CAC Major Maintenance	8,629	8,629	6,196
Finance and general government group - Finance	3,195	3,196	2,833
Health and human services - legislative and administrative	173	173	136
Human resources - other general government	6,950	6,949	4,724
Human resources - personnel	20,723	20,722	16,519
Land use and environment - legislative and administrative	9,274	9,605	6,087
Lease payments - bonds	2	2	
Public safety - legislative and administrative	11,493	11,493	5,948
Registrar of voters	19,013	19,013	18,574
Treasurer - tax collector	22,940	22,940	18,900
Total general government	349,763	342,422	229,961

Continued on next page

See notes to required supplementary information.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
General Fund

For the Year Ended June 30, 2016
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
Public protection:			
Agriculture, weights and measures	15,430	15,411	13,807
Agriculture, weights and measures - sealer	4,445	4,444	4,143
Assessor/recorder/county clerk - other protection	23,437	22,617	14,921
Child support	51,281	51,269	45,493
Citizens law enforcement review board	638	638	614
Contributions for trial courts	70,467	70,467	67,869
Department of animal services	17,205	17,191	16,630
District attorney-judicial	169,215	169,464	154,464
Fire protection, Office of emergency services	33,793	41,931	26,508
Grand jury	835	835	787
Local agency formation commission administration	426	426	399
Medical examiner	9,632	9,532	9,516
Office of emergency services	6,974	10,661	6,076
Planning and development services	38,703	38,703	28,832
Probation - detention and correction	162,746	161,422	144,348
Probation - juvenile detention	43,365	46,966	43,480
Public defender	78,134	77,284	72,736
Public works, flood control, soil and water, general	13,764	14,014	11,293
Sheriff - adult detention	257,837	258,509	249,489
Sheriff - detention and correction	2,228	2,228	1,930
Sheriff - other protection	2,932	2,932	2,282
Sheriff - police protection	469,538	485,247	417,453
Total public protection	1,473,025	1,502,191	1,333,070
Public ways and facilities:			
Public works, dept of gen	681	700	82
Public works, general - public ways	4,930	4,910	3,866
Total public ways and facilities	5,611	5,610	3,948
Health and sanitation:			
Environmental health	44,155	44,302	37,567
Health and human services agency - drug and alcohol abuse services	60,193	60,193	54,793
Health and human services agency - health	184,806	191,404	161,069
Health and human services agency - health administration	1,615	1,615	1,244
Health and human services agency - medical care	48,638	48,638	44,643
Health and human services agency - mental health	341,621	341,620	329,283
Total health and sanitation	681,028	687,772	628,599
Public assistance:			
Health and human services agency - medical services	10,078	10,198	9,495
Health and human services agency - other assistance	475,013	495,039	466,901
Health and human services agency - social administration	838,041	808,309	779,651
Health and human services agency - veterans' services	2,019	2,019	2,084
Housing authority	31,838	31,838	17,167
Probation - care of court wards	11,970	12,770	14,020
Total public assistance	1,368,959	1,360,173	1,289,318

Continued on next page

See notes to required supplementary information.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
General Fund

For the Year Ended June 30, 2016
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
Education:			
Agriculture, weights and measures	898	950	853
Total education	898	950	853
Recreational and cultutal:			
Parks and recreation	41,623	42,819	35,718
Total recreational and cultural	41,623	42,819	35,718
Contingency reserve	21,724	21,724	0
Capital outlay	41,981	50,748	43,839
Debt service:			
Principal	24,827	29,836	28,959
Interest	13,310	15,197	12,948
Total expenditures	4,022,749	4,059,442	3,607,213
Excess (deficiency) of revenues over (under) expenditures	(405,401)	(407,350)	(7,182)
Other financing sources (uses):			
Sale of capital assets		144	162
Transfers in	307,350	306,607	296,690
Transfers out	(466,690)	(496,902)	(171,752)
Total other financing sources (uses)	(159,340)	(190,151)	125,100
Net change in fund balances	(564,741)	(597,501)	117,918
Fund balances at beginning of year	1,888,376	1,888,376	1,888,376
Increase (decrease) in nonspendable inventories		115	115
Fund balances at end of year	$ 1,323,635	1,290,990	2,006,409

See notes to required supplementary information.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Public Safety Fund
For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$		21
Aid from other governmental agencies:			
State	262,703	262,703	261,305
Total revenues	262,703	262,703	261,326
Expenditures:			
Current:			
Public protection:			
Public safety (Prop 172)	5,691		
Total public protection	5,691		
Total expenditures	5,691		
Excess (deficiency) of revenues over (under) expenditures	257,012	262,703	261,326
Other financing sources (uses):			
Transfers out	(275,385)	(280,302)	(276,308)
Total other financing sources (uses)	(275,385)	(280,302)	(276,308)
Net change in fund balances	(18,373)	(17,599)	(14,982)
Fund balances at beginning of year	73,310	73,310	73,310
Fund balances at end of year	$ 54,937	55,711	58,328

See notes to required supplementary information.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Tobacco Endowment Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 1,900	1,900	3,169
Total revenues	1,900	1,900	3,169
Expenditures:			
Current:			
General government:			
Tobacco settlement	6,800	6,800	90
Total general government	6,800	6,800	90
Total expenditures	6,800	6,800	90
Excess (deficiency) of revenues over (under) expenditures	(4,900)	(4,900)	3,079
Other financing sources (uses):			
Transfers out	(6,700)	(6,700)	(6,646)
Total other financing sources (uses)	(6,700)	(6,700)	(6,646)
Net change in fund balances	(11,600)	(11,600)	(3,567)
Fund balances at beginning of year	312,172	312,172	312,172
Fund balances at end of year	$ 300,572	300,572	308,605

See notes to required supplementary information.

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 2016*	Fiscal Year 2015*
County's proportion of the net pension liability	92.827%	92.292%
County's proportionate share of the net pension liability	$ 2,593,395	$ 1,958,456
County's covered payroll	$ 1,036,987	$ 988,858
County's proportionate share of the net pension liability as a percentage of its covered payroll	250.089%	198.052%
Plan fiduciary net position as a percentage of the total pension liability	78.63%	82.65%

*Amounts presented above were based on the measurement periods ending June 30, 2015, and June 30, 2014, respectively. Fiscal year 2015 covered payroll amounts were restated due to the County's implementation of Governmental Accounting Standard Board (GASB) Statement No. 82 *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73.*

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 2016*	Fiscal Year 2015*
Actuarial determined contributions	$ 354,524	$ 356,732
Contributions in relation to the actuarially determined contribution	354,524	356,732
Contribution deficiency (excess)	$ -	$ -
County's covered payroll	$ 1,058,595	$ 1,036,987
Contributions as a percentage of covered payroll	33.49%	34.40%

*Amounts presented above were based on the fiscal years ended June 30, 2016, and June 30, 2015, respectively. Fiscal year 2015 covered payroll amounts were restated due to the County's implementation of Governmental Accounting Standard Board (GASB) Statement No. 82 *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73.*

See notes to required supplementary information.

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 the 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

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 assets that were seized and forfeited by federal and state agencies participating in asset forfeiture programs. These programs are law enforcement initiatives that recover assets used in criminal activities and redirects such assets and the investment income derived therefrom to the support of crime victims and local law enforcement initiatives.

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. 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.

Harmony Grove Community Facilities District Fund

This fund was established to account for services provided such as fire protection, emergency response, street improvements, flood control, street lighting, and the maintenance and operation of parks for the citizens of Harmony Grove Village. It is financed by special taxes levied on the citizens residing within the district. This fund is restricted for the maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control service.

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, 2016
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Pooled cash and investments	$ 335,770	19,666	12,403	367,839
Investments with fiscal agents	5,000			5,000
Receivables, net	76,021	29	1,885	77,935
Property taxes receivables, net	501			501
Due from other funds	14,081		8,237	22,318
Inventories	1,657			1,657
Deposits with others	15			15
Prepaid items	301			301
Restricted assets:				
Cash with fiscal agents	379		4,447	4,826
Investments with fiscal agents	45,214	998	170	46,382
Lease receivable		3,558		3,558
Total assets	478,939	24,251	27,142	530,332

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016
(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	13,399		10,221	23,620
Accrued payroll	3,616			3,616
Due to other funds	19,766	211	9,953	29,930
Unearned revenue	4,021		294	4,315
Total liabilities	40,802	211	20,468	61,481
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Property taxes received in advance	608			608
Air Quality State Moyer Program	3,323			3,323
Affordable Housing Project	39			39
Housing Administrative Cost Allowance	276			276
Unavailable revenue	51,075	3,558		54,633
Total deferred inflows of resources	55,321	3,558		58,879
FUND BALANCES				
Nonspendable:				
Not in spendable form:				
Loans, due from other funds and prepaids	4,309			4,309
Inventories and deposits with others	1,672			1,672
Restricted for:				
Creditors - Debt service	45,464	20,482		65,946
Creditors - Capital projects			23	23
Grantors - Housing assistance	23,171			23,171
Laws or regulations of other governments:				
Future road improvements	134,678			134,678
Fund purpose	101,905			101,905
Other purposes	14,334			14,334
Committed to:				
Landfill postclosure and landfill maintenance	56,366			56,366
Capital projects' funding			6,651	6,651
Assigned to:				
Legislative and administrative services	917			917
Total fund balances	382,816	20,482	6,674	409,972
Total liabilities, deferred inflows of resources and fund balances	$ 478,939	24,251	27,142	530,332

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2016
(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	$ 23,402	9,283	15,103	123	27,134	212
Investments with fiscal agents						
Receivables, net	2,553	15	126	4,208	486	3,946
Property taxes receivables, net			392		48	
Due from other funds	205		345	591	9	8,565
Inventories	198	116	38		53	
Deposits with others						
Prepaid items				28		
Restricted assets:						
Cash with fiscal agents						
Investments with fiscal agents						
Total assets	26,358	9,414	16,004	4,950	27,730	12,723

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2016
(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	707	68	1,292		2,542	
Accrued payroll	680		1,043			
Due to other funds	629	22	740	2	436	8,567
Unearned revenue	591		28			
Total liabilities	2,607	90	3,103	2	2,978	8,567
DEFERRED INFLOWS OF RESOURCES						
Non-pension:						
Property taxes received in advance			466		60	
Air Quality State Moyer Program	3,323					
Affordable Housing Project				39		
Housing Administrative Cost Allowance						
Unavailable revenue	5		433	790	44	
Total deferred inflows of resources	3,328		899	829	104	
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids				4,036		
Inventories and deposits with others	198	116	38		53	
Restricted for:						
Creditors - Debt service						
Grantors - Housing assistance						
Laws or regulations of other governments:						
Future road improvements						
Fund purpose	20,225	9,208	11,047	83	24,595	4,156
Other purposes						
Committed to:						
Landfill postclosure and landfill maintenance						
Assigned to:						
Legislative and administrative services			917			
Total fund balances	20,423	9,324	12,002	4,119	24,648	4,156
Total liabilities, deferred inflows of resources and fund balances	$ 26,358	9,414	16,004	4,950	27,730	12,723

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2016
(In Thousands)

(Continued)	Flood Control District Fund	Harmony Grove Community Facilities 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
ASSETS						
Pooled cash and investments	$ 14,838	50	277	18,365	737	51,567
Investments with fiscal agents						5,000
Receivables, net	650		17,089	7,887	1	135
Property taxes receivables, net	49					
Due from other funds	179			28	894	5
Inventories	4					
Deposits with others				15		
Prepaid items				1		
Restricted assets:						
Cash with fiscal agents				379		
Investments with fiscal agents						
Total assets	15,720	50	17,366	26,675	1,632	56,707

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2016
(In Thousands)

(Continued)	Flood Control District Fund	Harmony Grove Community Facilities 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
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	1,178			491	147	206
Accrued payroll					91	73
Due to other funds	169		1	1,547	1,304	62
Unearned revenue				1,124		
Total liabilities	1,347		1	3,162	1,542	341
DEFERRED INFLOWS OF RESOURCES						
Non-pension:						
Property taxes received in advance	66					
Air Quality State Moyer Program						
Affordable Housing Project						
Housing Administrative Cost Allowance			276			
Unavailable revenue	45		17,089			
Total deferred inflows of resources	111		17,365			
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids				1		
Inventories and deposits with others	4			15		
Restricted for:						
Creditors - Debt service				250		
Grantors - Housing assistance				23,171		
Laws or regulations of other governments:						
Future road improvements						
Fund purpose		50			90	
Other purposes	14,258			76		
Committed to:						
Landfill postclosure and landfill maintenance						56,366
Assigned to:						
Legislative and administrative services						
Total fund balances	14,262	50		23,513	90	56,366
Total liabilities, deferred inflows of resources and fund balances	$ 15,720	50	17,366	26,675	1,632	56,707

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2016
(In Thousands)

(Continued)	Inmate Welfare Program Fund	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	$ 15,156	1,505	1,981	14,838	141,199		335,770
Investments with fiscal agents							5,000
Receivables, net	289	2	157	21	25,250	13,206	76,021
Property taxes receivables, net		12					501
Due from other funds	85				3,175		14,081
Inventories	154				1,094		1,657
Deposits with others							15
Prepaid items					272		301
Restricted assets:							
Cash with fiscal agents							379
Investments with fiscal agents						45,214	45,214
Total assets	15,684	1,519	2,138	14,859	170,990	58,420	478,939

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2016
(In Thousands)

(Continued)	Inmate Welfare Program Fund	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	420	102	209		6,037		13,399
Accrued payroll			18		1,711		3,616
Due to other funds	347	7	21	1	5,911		19,766
Unearned revenue			443		1,835		4,021
Total liabilities	767	109	691	1	15,494		40,802
DEFERRED INFLOWS OF RESOURCES							
Non-pension:							
Property taxes received in advance		16					608
Air Quality State Moyer Program							3,323
Affordable Housing Project							39
Housing Administrative Cost Allowance							276
Unavailable revenue		11			19,452	13,206	51,075
Total deferred inflows of resources		27			19,452	13,206	55,321
FUND BALANCES							
Nonspendable:							
Not in spendable form:							
Loans, due from other funds and prepaids					272		4,309
Inventories and deposits with others	154				1,094		1.672
Restricted for:							
Creditors - Debt service						45,214	45,464
Grantors - Housing assistance							23,171
Laws or regulations of other governments:							
Future road improvements					134,678		134,678
Fund purpose	14,763	1,383	1,447	14,858			101,905
Other purposes							14,334
Committed to:							
Landfill postclosure and landfill maintenance							56,366
Assigned to:							
Legislative and administrative services							917
Total fund balances	14,917	1,383	1,447	14,858	136,044	45,214	382,816
Total liabilities, deferred inflows of resources and fund balances	$ 15,684	1,519	2,138	14,859	170,990	58,420	478,939

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Debt Service Funds

June 30, 2016
(In Thousands)

	Pension Obligation Bonds Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
ASSETS				
Pooled cash and investments	$ 574	5,632	13,460	19,666
Receivables, net	1	8	20	29
Restricted assets:				
Investments with fiscal agents	11	987		998
Lease receivable		3,558		3,558
Total assets	586	10,185	13,480	24,251
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Due to other funds	211			211
Total liabilities	211			211
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Unavailable revenue		3,558		3,558
Total deferred inflows of resources		3,558		3,558
FUND BALANCES				
Restricted for:				
Creditors - Debt service	375	6,627	13,480	20,482
Total fund balances	375	6,627	13,480	20,482
Total liabilities, deferred inflows of resources and fund balances	$ 586	10,185	13,480	24,251

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Capital Projects Funds

June 30, 2016
(In Thousands)

	Capital Outlay Fund	SANCAL Fund	Total Capital Projects Funds
ASSETS			
Pooled cash and investments	$ 12,380	23	12,403
Receivables, net	1,885		1,885
Due from other funds	8,237		8,237
Restricted assets:			
Cash with fiscal agents	4,447		4,447
Investments with fiscal agents	170		170
Total assets	27,119	23	27,142
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	10,221		10,221
Due to other funds	9,953		9,953
Unearned revenue	294		294
Total liabilities	20,468		20,468
FUND BALANCES			
Restricted for:			
Creditors - Capital projects		23	23
Committed to:			
Capital projects' funding	6,651		6,651
Total fund balances	6,651	23	6,674
Total liabilities, deferred inflows of resources and fund balances	$ 27,119	23	27,142

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

For the Year Ended June 30, 2016
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 42,914			42,914
Licenses, permits and franchise fees	16,303			16,303
Fines, forfeitures and penalties	2,266			2,266
Revenue from use of money and property	7,183	1,618	256	9,057
Aid from other governmental agencies:				
State	81,041		755	81,796
Federal	127,104		642	127,746
Other	20,792		7,029	27,821
Charges for current services	36,490		144	36,634
Other	35,946	6,048	3,570	45,564
Total revenues	370,039	7,666	12,396	390,101
Expenditures:				
Current:				
General government	712	427	1,990	3,129
Public protection	10,211			10,211
Public ways and facilities	66,998			66,998
Health and sanitation	42,272			42,272
Public assistance	136,816			136,816
Education	38,739			38,739
Recreation and cultural	2,082			2,082
Capital outlay	59,796		81,430	141,226
Debt service:				
Principal	3,500	33,470		36,970
Interest	23,499	52,055		75,554
Bond issuance costs		761		761
Payment to refunded bond escrow agent		12,481		12,481
Total expenditures	384,625	99,194	83,420	567,239
Excess (deficiency) of revenues over (under) expenditures	(14,586)	(91,528)	(71,024)	(177,138)
Other financing sources (uses):				
Sale of capital assets	2,157			2,157
Issuance of bonds and loans:				
Face value of loans issued	690			690
Premium on issuance of refunding bonds		22,163		22,163
Refunding bonds issued		105,330		105,330
Payment to refunded bond escrow agent		(122,533)		(122,533)
Transfers in	26,840	77,375	69,270	173,485
Transfers out	(19,251)		(2,527)	(21,778)
Total other financing sources (uses)	10,436	82,335	66,743	159,514
Net change in fund balances	(4,150)	(9,193)	(4,281)	(17,624)
Fund balances at beginning of year	386,679	29,675	10,955	427,309
Increase (decrease) in nonspendable inventories	287			287
Fund balances at end of year	$ 382,816	20,482	6,674	409,972

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

For the Year Ended June 30, 2016
(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	$		32,401		4,888	
Licenses, permits and franchise fees	7,703					
Fines, forfeitures and penalties	1,429	812				
Revenue from use of money and property	146	59	84	6	304	342
Aid from other governmental agencies:						
State	3,076		354		32	
Federal	2,722	46	2		81	3,976
Other	11,139		4,311		4,588	
Charges for current services	576		893		8,844	
Other	65	133	1,076	3	251	300
Total revenues	26,856	1,050	39,121	9	18,988	4,618
Expenditures:						
Current:						
General government					226	356
Public protection		879			1,760	
Public ways and facilities					1,343	
Health and sanitation	26,035				9,828	
Public assistance				101		
Education			38,739			
Recreation and cultural					1,826	
Capital outlay	380	385	499			
Debt service:						
Principal						
Interest						
Total expenditures	26,415	1,264	39,238	101	14,983	356
Excess (deficiency) of revenues over (under) expenditures	441	(214)	(117)	(92)	4,005	4,262
Other financing sources (uses):						
Sale of capital assets	27	6				1,579
Issuance of bonds and loans:						
Face value of loans issued						
Transfers in			589	673	399	2,000
Transfers out	(640)	(73)	(866)		(1,806)	(8,565)
Total other financing sources (uses)	(613)	(67)	(277)	673	(1,407)	(4,986)
Net change in fund balances	(172)	(281)	(394)	581	2,598	(724)
Fund balances at beginning of year	20,586	9,741	12,408	3,538	22,046	4,880
Increase (decrease) in nonspendable inventories	9	(136)	(12)		4	
Fund balances at end of year	$ 20,423	9,324	12,002	4,119	24,648	4,156

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, 2016
(In Thousands)

(Continued)	Flood Control District Fund	Harmony Grove Community Facilities 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
Revenues:						
Taxes	$ 4,483	52				
Licenses, permits and franchise fees						
Fines, forfeitures and penalties						
Revenue from use of money and property	52	1		1,115	7	639
Aid from other governmental agencies:						
State	101					
Federal	1,137			115,954		
Other	372		7	219		
Charges for current services	1,794			1,871	1,023	192
Other	1			2,540		
Total revenues	7,940	53	7	121,699	1,030	831
Expenditures:						
Current:						
General government						
Public protection	4,152					
Public ways and facilities		3				
Health and sanitation						5,300
Public assistance			7	121,455	15,253	
Education						
Recreation and cultural						
Capital outlay	9,280					
Debt service:						
Principal				145		
Interest				19		
Total expenditures	13,432	3	7	121,619	15,253	5,300
Excess (deficiency) of revenues over (under) expenditures	(5,492)	50		80	(14,223)	(4,469)
Other financing sources (uses):						
Sale of capital assets				545		
Issuance of bonds and loans:						
Face value of loans issued						
Transfers in					14,229	
Transfers out						(67)
Total other financing sources (uses)				545	14,229	(67)
Net change in fund balances	(5,492)	50		625	6	(4,536)
Fund balances at beginning of year	19,750			22,888	84	60,902
Increase (decrease) in nonspendable inventories	4					
Fund balances at end of year	$ 14,262	50		23,513	90	56,366

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, 2016
(In Thousands)

(Continued)	Inmate Welfare Program Fund	Lighting Maintenance District Fund	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Speial Revenue Funds
Revenues:							
Taxes	$	1,090					42,914
Licenses, permits and franchise fees				2,607	5,993		16,303
Fines, forfeitures and penalties			25				2,266
Revenue from use of money and property	3,508	10	3	93	810	4	7,183
Aid from other governmental agencies:							
State		8	399		77,071		81,041
Federal					3,186		127,104
Other		1			155		20,792
Charges for current services		717	1,100		19,480		36,490
Other	866	81			3,950	26,680	35,946
Total revenues	4,374	1,907	1,527	2,700	110,645	26,684	370,039
Expenditures:							
Current:							
General government						130	712
Public protection	3,408		12				10,211
Public ways and facilities		1,876			63,776		66,998
Health and sanitation			1,109				42,272
Public assistance							136,816
Education							38,739
Recreation and cultural				256			2,082
Capital outlay	48				49,204		59,796
Debt service:							
Principal						3,355	3,500
Interest						23,480	23,499
Total expenditures	3,456	1,876	1,121	256	112,980	26,965	384,625
Excess (deficiency) of revenues over (under) expenditures	918	31	406	2,444	(2,335)	(281)	(14,586)
Other financing sources (uses):							
Sale of capital assets							2,157
Issuance of bonds and loans:							
Face value of loans issued		690					690
Transfers in	2,366		454		6,130		26,840
Transfers out	(3,280)		(67)	(1,292)	(2,595)		(19,251)
Total other financing sources (uses)	(914)	690	387	(1,292)	3,535		10,436
Net change in fund balances	4	721	793	1,152	1,200	(281)	(4,150)
Fund balances at beginning of year	14,884	697	654	13,706	134,420	45,495	386,679
Increase (decrease) in nonspendable inventories	29	(35)			424		287
Fund balances at end of year	$ 14,917	1,383	1,447	14,858	136,044	45,214	382,816

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Debt Service Funds

For the Year Ended June 30, 2016
(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	$ 82	1,395	141	1,618
Other	6,048			6,048
Total revenues	6,130	1,395	141	7,666
Expenditures:				
Current:				
General government		427		427
Debt service:				
Principal	32,755	715		33,470
Interest	48,705	373	2,977	52,055
Bond issuance costs		761		761
Payment to refunded bond escrow agent		12,481		12,481
Total expenditures	81,460	14,757	2,977	99,194
Excess (deficiency) of revenues over (under) expenditures	(75,330)	(13,362)	(2,836)	(91,528)
Other financing sources (uses):				
Issuance of bonds and loans:				
Premium on issuance of refunding bonds		22,163		22,163
Refunding bonds issued		105,330		105,330
Payment to refunded bond escrow agent		(122,533)		(122,533)
Transfers in	74,828	2,527	20	77,375
Total other financing sources (uses)	74,828	7,487	20	82,335
Net change in fund balances	(502)	(5,875)	(2,816)	(9,193)
Fund balances at beginning of year	877	12,502	16,296	29,675
Fund balances at end of year	$ 375	6,627	13,480	20,482

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Capital Projects Funds

For the Year Ended June 30, 2016
(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	$ 251	5		256
Aid from other governmental agencies:				
State	755			755
Federal	642			642
Other	7,029			7,029
Charges for current services	144			144
Other	3,570			3,570
Total revenues	12,391	5		12,396
Expenditures:				
Current:				
General government	1,986		4	1,990
Capital outlay	79,661		1,769	81,430
Total expenditures	81,647		1,773	83,420
Excess (deficiency) of revenues over (under) expenditures	(69,256)	5	(1,773)	(71,024)
Other financing sources (uses):				
Transfers in	69,270			69,270
Transfers out		(2,527)		(2,527)
Total other financing sources (uses)	69,270	(2,527)		66,743
Net change in fund balances	14	(2,522)	(1,773)	(4,281)
Fund balances at beginning of year	6,637	2,522	1,796	10,955
Fund balances at end of year	$ 6,651		23	6,674

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Air Pollution Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	$ 7,690	7,690	7,703
Fines, forfeitures and penalties	980	980	1,429
Revenue from use of money and property	30	30	146
Aid from other governmental agencies:			
State	13,729	13,779	3,076
Federal	3,056	3,056	2,722
Other	10,000	10,000	11,139
Charges for current services	676	676	576
Other			65
Total revenues	36,161	36,211	26,856
Expenditures:			
Current:			
Health and sanitation:			
Air pollution control, air quality Proposition 1B GMER program	8,800	8,825	805
Air pollution control, air quality State AQIP program	853	903	701
Air pollution control, improvement trust	3,628	3,892	3,435
Air pollution control, moyer program	4,107	4,116	1,804
Air pollution control, operations	22,903	23,053	19,290
Air pollution control, power general mitigation	25	25	
Total health and sanitation	40,316	40,814	26,035
Capital outlay	1,829	1,879	380
Total expenditures	42,145	42,693	26,415
Excess (deficiency) of revenues over (under) expenditures	(5,984)	(6,482)	441
Other financing sources (uses):			
Sale of capital assets			27
Transfers in	10,566	393	
Transfers out	(11,251)	(1,079)	(640)
Total other financing sources (uses)	(685)	(686)	(613)
Net change in fund balances	(6,669)	(7,168)	(172)
Fund balances at beginning of year	20,586	20,586	20,586
Increase (decrease) in nonspendable inventories		9	9
Fund balances at end of year	$ 13,917	13,427	20,423

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Asset Forfeiture Program Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	$ 1,000	1,000	812
Revenue from use of money and property	100	100	59
Aid from other governmental agencies:			
Federal			46
Other			133
Total revenues	1,100	1,100	1,050
Expenditures:			
Current:			
Public protection:			
District attorney asset forfeiture program - federal	500	500	315
District attorney asset forfeiture program - state	15	15	3
Probation asset forfeiture program	224	157	17
Sheriff's asset forfeiture program	1,488	951	544
Sheriff's asset forfeiture State		134	
Sheriff's asset forfeiture US Treasury		198	
Total public protection	2,227	1,955	879
Capital outlay	300	582	385
Total expenditures	2,527	2,537	1,264
Excess (deficiency) of revenues over (under) expenditures	(1,427)	(1,437)	(214)
Other financing sources (uses):			
Sale of capital assets			6
Transfers in		33	
Transfers out		(359)	(73)
Total other financing sources (uses)		(326)	(67)
Net change in fund balances	(1,427)	(1,763)	(281)
Fund balances at beginning of year	9,741	9,741	9,741
Increase (decrease) in nonspendable inventories		(136)	(136)
Fund balances at end of year	$ 8,314	7,842	9,324

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

County Library Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 30,682	30,682	32,401
Revenue from use of money and property	105	105	84
Aid from other governmental agencies:			
State	267	406	354
Federal			2
Other	2,782	2,782	4,311
Charges for current services	1,138	1,138	893
Other	900	1,120	1,076
Total revenues	35,874	36,233	39,121
Expenditures:			
Current:			
Education:			
County library	40,650	41,623	38,739
Total education	40,650	41,623	38,739
Capital outlay	750	985	499
Total expenditures	41,400	42,608	39,238
Excess (deficiency) of revenues over (under) expenditures	(5,526)	(6,375)	(117)
Other financing sources (uses):			
Transfers in	600	1,450	589
Transfers out	(867)	(867)	(866)
Total other financing sources (uses)	(267)	583	(277)
Net change in fund balances	(5,793)	(5,792)	(394)
Fund balances at beginning of year	12,408	12,408	12,408
Increase (decrease) in nonspendable inventories		(12)	(12)
Fund balances at end of year	$ 6,615	6,604	12,002

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, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$		6
Other			3
Total revenues			9
Expenditures:			
Current:			
Public assistance:			
CSHAF Gillespie housing	83	799	71
CSHAF USDRIP housing	72	72	30
Total public assistance	155	871	101
Total expenditures	155	871	101
Excess (deficiency) of revenues over (under) expenditures	(155)	(871)	(92)
Other financing sources (uses):			
Transfers in	43	759	673
Total other financing sources (uses)	43	759	673
Net change in fund balances	(112)	(112)	581
Fund balances at beginning of year	3,538	3,538	3,538
Fund balances at end of year	$ 3,426	3,426	4,119

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

County Service District Funds

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 4,587	4,594	4,888
Revenue from use of money and property	203	223	304
Aid from other governmental agencies:			
State	27	27	32
Federal	185	185	81
Other	4,112	4,112	4,588
Charges for current services	8,131	8,155	8,844
Other			251
Total revenues	17,245	17,296	18,988
Expenditures:			
Current:			
General government:			
CSA 135 Zone B Del Mar Regional Communication System	53	73	69
CSA 135 Zone F Poway Regional Communication System	160	159	115
CSA 135 Zone H Solana Beach Regional Communication System	61	61	42
Total general government	274	293	226
Public protection:			
CSA 107 Elfin Forest fire fitigation		19	
CSA 107 Elfin Forest Fire protection,	392	1,257	1,057
CSA 115 Pepper Drive Fire protection	365	389	232
CSA 135 EMS Fire protection	702	1,244	471
CSA 135 Fire Authority fire mitigation		185	
CSA135 Fire protection and emerg med svs,	9		
Total public protection	1,468	3,094	1,760
Public ways and facilities:			
PRD 6 Pauma Valley	317	317	266
PRD 8 Magee RD-PAL	159	159	4
PRD 9 B Santa Fe	84	83	82
PRD 10 Davis Dr	9	9	5
PRD 11 A Bernardo RD	19	19	6
PRD 11 C Bernardo RD	13	13	13
PRD 11 D Bernardo RD	39	39	3
PRD 12 Lomair	135	135	3
PRD 13 A Pala Mesa	248	248	25
PRD 13 B Stewart Canyon	57	57	32
PRD 16 Wynola	116	116	5
PRD 18 Harrison Park	165	164	47
PRD 20 Daily Road	255	255	84
PRD 21 Pauma Heights	277	277	25
PRD 22 W Dougherty St	8	8	3
PRD 23 Rock Terrce RD	26	26	3
PRD 24 MT Whitney RD	38	38	3
PRD 30 Royal Oaks-CAR	34	34	3
PRD 38 Gay Rio Terrace	21	21	4
PRD 45 Rincon Springs	22	22	4

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, 2016
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
PRD 46 Rocoso Road	37	37	3
PRD 49 Sunset Knls RD	35	35	3
PRD 50 Knoll Park LN	54	54	11
PRD 53 Knoll Park LN EX	146	146	17
PRD 54 MT Helix	84	84	4
PRD 55 Rainbow Crest	322	322	5
PRD 60 River Drive	40	40	3
PRD 61 GRN Meadow Way	169	169	3
PRD 63 Hillview Road	346	346	3
PRD 70 El Camino Cort	10	10	3
PRD 75 A Gay Rio Drive	140	140	3
PRD 75 B Gay Rio Drive	205	205	3
PRD 76 Kingford CT	37	37	3
PRD 77 Montiel TRK TR	76	76	4
PRD 78 Gardena Ay	41	41	3
PRD 80 Harris TRK TRL	225	225	5
PRD 88 East Fifth St	13	13	3
PRD 90 South Cordov	37	37	3
PRD 94 Roble Grnde	355	355	3
PRD 95 Valle Del Sol	311	311	180
PRD 99 Via Allndra	31	31	3
PRD 100 Viejas View	26	26	3
PRD 101 A Hi-Ridge R	9	9	3
PRD 101 Johnson LK	43	43	3
PRD 102 MTN Meadow	197	197	184
PRD 103 Alto Drive	172	172	132
PRD 104 Artesian RO	66	66	6
PRD 105 A Alta Loma D	32	32	10
PRD 105 Alta Loma D	22	22	19
PRD 106 Garrison Ay	49	49	33
PRD 117 Legend Rock	3	3	3
PRD 123 Mizpah Lane	25	25	3
PRD 125 Wrightwood	85	85	4
PRD 126 Sandhurst W	33	33	4
PRD 127 Singing Trails	24	24	3
PRD 130 Wilkes Road	120	120	5
PRD 133 Rnch Creek Rd	20	20	3
PRD 134 Kenora Lane	31	31	3
PRD 1002 Sunny Acres	7		
PRD 1003 Alamo Way	14	14	5
PRD 1005 Eden Valley	59	59	3
PRD 1008 Canter	16	16	3
PRD 1010 Alpine Highlands ZN	167	167	5
PRD 1011 La Cuesta ZN	44	44	3
PRD 1012 8112 Millar	29	29	3
PRD 1013 Singing Trails	33	33	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, 2016
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
PRD 1014 Lavender PT Lane	$ 42	42	3
PRD 1015 Landavo Drive ET AL	12	11	4
PRD 1016 El Sereno Way	48	48	2
Total public ways and facilities	6,184	6,174	1,343
Health and sanitation:			
CSA 17 San Dieguito Ambulance	4,386	4,386	3,958
CSA 69 Heartland Paramedics	6,765	6,765	5,854
PRD 122 Otay Mesa East	6	6	
PRD 136 Sundance Detention Basin	49	49	16
Total health and sanitation	11,206	11,206	9,828
Recreation and cultural:			
CSA 26 LMD Zone 2 Julian	53	53	26
CSA 26 Rancho San Diego	137	137	60
CSA 26 San Diego landscape maintenance	115	115	106
CSA 81 Fallbrook Park	255	255	252
CSA 83 San Dieguito	654	573	308
CSA 128 San Miguel Park	519	519	459
CSA 83A 4S Ranch Park	407	407	372
PRD 26 A Cottonwood Village	155	155	126
PRD 26 B Monte Vista	183	183	117
Total recreation and cultural	2,478	2,397	1,826
Capital outlay	21	43	
Debt service:			
Principal	15	15	
Interest	1	2	
Total expenditures	21,647	23,224	14,983
Excess (deficiency) of revenues over (under) expenditures	(4,402)	(5,928)	4,005
Other financing sources (uses):			
Transfers in	401	631	399
Transfers out	(1,788)	(2,098)	(1,806)
Total other financing sources (uses)	(1,387)	(1,467)	(1,407)
Net change in fund balances	(5,789)	(7,395)	2,598
Fund balances at beginning of year	22,046	22,046	22,046
Increase (decrease) in nonspendable inventories		4	4
Fund balances at end of year	$ 16,257	14,655	24,648

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Edgemoor Development Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 310	310	342
Aid from other governmental agencies:			
Federal	4,158	4,158	3,976
Other			300
Total revenues	4,468	4,468	4,618
Expenditures:			
Current:			
General government:			
Edgemoor development fund	898	898	356
Total general government	898	898	356
Total expenditures	898	898	356
Excess (deficiency) of revenues over (under) expenditures	3,570	3,570	4,262
Other financing sources (uses):			
Sale of capital assets	4,729	2,729	1,579
Transfers in		2,000	2,000
Transfers out	(8,565)	(8,565)	(8,565)
Total other financing sources (uses)	(3,836)	(3,836)	(4,986)
Net change in fund balances	(266)	(266)	(724)
Fund balances at beginning of year	4,880	4,880	4,880
Fund balances at end of year	$ 4,614	4,614	4,156

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Flood Control District Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 4,281	4,281	4,483
Revenue from use of money and property	23	23	52
Aid from other governmental agencies:			
State	23	23	101
Federal	937	937	1,137
Other	199	199	372
Charges for current services	7,868	7,867	1,794
Other			1
Total revenues	13,331	13,330	7,940
Expenditures:			
Current:			
Public protection:			
Flood control district	8,591	8,591	4,006
Stormwater maintenance, Blackwolf	11	11	4
Stormwater maintenance, Lake Rancho Viejo	208	208	138
Stormwater maintenance, Ponderosa Estates	23	23	4
Total public protection	8,833	8,833	4,152
Capital outlay	9,382	9,382	9,280
Total expenditures	18,215	18,215	13,432
Excess (deficiency) of revenues over (under) expenditures	(4,884)	(4,885)	(5,492)
Net change in fund balances	(4,884)	(4,885)	(5,492)
Fund balances at beginning of year	19,750	19,750	19,750
Increase (decrease) in Nonspendable inventories		4	4
Fund balances at end of year	$ 14,866	14,869	14,262

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Harmony Grove Community Facilities District Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$	53	52
Revenue from use of money and property			1
Total revenues		53	53
Expenditures:			
Current:			
Public protection:			
Harmony Grove CFD 08-01 flood ctrl spec tax B		5	
Total public protection		5	
Public ways and facilities:			
Harmony Grove CFD 08-01 oth svcs spec tax B		48	3
Total public ways and facilities		48	3
Total expenditures		53	3
Excess (deficiency) of revenues over (under) expenditures			50
Net change in fund balances			50
Fund balances at beginning of year			0
Fund balances at end of year	$		50

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, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Aid from other governmental agencies:			
Other	$ 150	150	7
Total revenues	150	150	7
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	150	150	7
Total public assistance	150	150	7
Total expenditures	$ 150	150	7

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Housing Authority - Other Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 1,128	1,128	1,115
Aid from other governmental agencies:			
Federal	117,668	117,535	115,954
Other	3,669	3,669	219
Charges for current services	3,346	3,183	1,871
Other	1,018	1,018	2,540
Total revenues	126,829	126,533	121,699
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	133,929	133,611	121,455
Total public assistance	133,929	133,611	121,455
Debt service:			
Principal	145	145	145
Interest	23	23	19
Total expenditures	134,097	133,779	121,619
Excess (deficiency) of revenues over (under) expenditures	(7,268)	(7,246)	80
Other financing sources (uses):			
Sale of capital assets			545
Total other financing sources (uses)			545
Net change in fund balances	(7,268)	(7,246)	625
Fund balances at beginning of year	22,888	22,888	22,888
Fund balances at end of year	$ 15,620	15,642	23,513

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, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$		7
Charges for current services	603	603	1,023
Total revenues	603	603	1,030
Expenditures:			
Current:			
Public assistance:			
IHSS public authority	14,039	15,364	15,253
Total public assistance	14,039	15,364	15,253
Total expenditures	14,039	15,364	15,253
Excess (deficiency) of revenues over (under) expenditures	(13,436)	(14,761)	(14,223)
Other financing sources (uses):			
Transfers in	13,437	14,761	14,229
Total other financing sources (uses)	13,437	14,761	14,229
Net change in fund balances	1		6
Fund balances at beginning of year	84	84	84
Fund balances at end of year	$ 85	84	90

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Inactive Wastesites Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 283	283	639
Charges for current services	6,135	6,135	192
Total revenues	6,418	6,418	831
Expenditures:			
Current:			
Health and sanitation:			
Duck pond landfill cleanup	14	14	12
Inactive waste site management	6,601	6,602	5,288
Total health and sanitation	6,615	6,616	5,300
Total expenditures	6,615	6,616	5,300
Excess (deficiency) of revenues over (under) expenditures	(197)	(198)	(4,469)
Other financing sources (uses):			
Transfers out	(67)	(67)	(67)
Total other financing sources (uses)	(67)	(67)	(67)
Net change in fund balances	(264)	(265)	(4,536)
Fund balances at beginning of year	60,902	60,902	60,902
Fund balances at end of year	$ 60,638	60,637	56,366

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Inmate Welfare Program Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 3,375	3,375	3,508
Other	200	200	866
Total revenues	3,575	3,575	4,374
Expenditures:			
Current:			
Public protection:			
Probation inmate welfare	595	595	525
Sheriff's inmate welfare - adult detention	3,727	3,995	2,882
Sheriff's inmate welfare - police protection	14	14	1
Total public protection	4,336	4,604	3,408
Capital outlay	34	48	48
Total expenditures	4,370	4,652	3,456
Excess (deficiency) of revenues over (under) expenditures	(795)	(1,077)	918
Other financing sources (uses):			
Transfers in	2,000	2,281	2,366
Transfers out	(3,563)	(3,563)	(3,280)
Total other financing sources (uses)	(1,563)	(1,282)	(914)
Net change in fund balances	(2,358)	(2,359)	4
Fund balances at beginning of year	14,884	14,884	14,884
Increase (decrease) in nonspendable inventories		29	29
Fund balances at end of year	$ 12,526	12,554	14,917

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Lighting Maintenance District Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 930	930	1,090
Revenue from use of money and property	5	5	10
Aid from other governmental agencies:			
State	8	8	8
Other	1	1	1
Charges for current services	711	711	717
Other			81
Total revenues	1,655	1,655	1,907
Expenditures:			
Current:			
Public ways and facilities:			
San Diego lighting maintenance	2,099	2,099	1,876
Total public ways and facilities	2,099	2,099	1,876
Debt service:			
Principal	131	131	
Interest	47	47	
Total expenditures	2,277	2,277	1,876
Excess (deficiency) of revenues over (under) expenditures	(622)	(622)	31
Other financing sources (uses):			
Issuance of bonds and loans:			
Face value of loans issued	100	100	690
Total other financing sources (uses)	100	100	690
Net change in fund balances	(522)	(522)	721
Fund balances at beginning of year	697	697	697
Increase (decrease) in nonspendable inventories		(35)	(35)
Fund balances at end of year	$ 175	140	1,383

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Other Special Revenue Funds

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	$ 16	16	25
Revenue from use of money and property			3
Aid from other governmental agencies:			
State	376	376	399
Charges for current services	1,032	1,032	1,100
Total revenues	1,424	1,424	1,527
Expenditures:			
Current:			
Public protection:			
Agriculture, weights and measures - fish and game	18	18	9
Public works, survey	176	176	3
Total public protection	194	194	12
Health and sanitation:			
Sanitation - waste planning and recycling	1,326	1,681	1,109
Total health and sanitation	1,326	1,681	1,109
Total expenditures	1,520	1,875	1,121
Excess (deficiency) of revenues over (under) expenditures	(96)	(451)	406
Other financing sources (uses):			
Transfers in	100	454	454
Transfers out	(69)	(69)	(67)
Total other financing sources (uses)	31	385	387
Net change in fund balances	(65)	(66)	793
Fund balances at beginning of year	654	654	654
Fund balances at end of year	$ 589	588	1,447

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Park Land Dedication Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	$ 73	73	2,607
Revenue from use of money and property	8	8	93
Total revenues	81	81	2,700
Expenditures:			
Current:			
Recreation and cultural:			
Local Park Planning Area 4 Lincoln Acres	1	1	
Local Park Planning Area 15 Sweetwater	6	6	
Local Park Planning Area 19 Jamul	2	2	1
Local Park Planning Area 20 Spring Valley	7	607	6
Local Park Planning Area 25 Lakeside	18	18	14
Local Park Planning Area 26 Crest	2	2	1
Local Park Planning Area 27 Alpine	7	7	2
Local Park Planning Area 28 Ramona	19	256	54
Local Park Planning Area 29 Escondido	1	1	
Local Park Planning Area 30 San Marcos	1	1	
Local Park Planning Area 31 San Dieguito	4	4	2
Local Park Planning Area 35 Fallbrook	3	128	125
Local Park Planning Area 36 Bonsall	2	2	
Local Park Planning Area 37 Vista	1	1	
Local Park Planning Area 38 Valley Center	64	64	42
Local Park Planning Area 39 Pauma	1	1	
Local Park Planning Area 40 Palomar-Julian	8	8	1
Local Park Planning Area 41 Mount Empire	1	1	
Local Park Planning Area 42 Anza-Borrego	6	6	1
Local Park Planning Area 43 Central Mountain	3	3	2
Local Park Planning Area 45 Valle de Oro	5	5	5
Total recreation and cultural	162	1,124	256
Total expenditures	162	1,124	256
Excess (deficiency) of revenues over (under) expenditures	(81)	(1,043)	2,444
Other financing sources (uses):			
Transfers out	(1,407)	(1,407)	(1,292)
Total other financing sources (uses)	(1,407)	(1,407)	(1,292)
Net change in fund balances	(1,488)	(2,450)	1,152
Fund balances at beginning of year	13,706	13,706	13,706
Fund balances at end of year	$ 12,218	11,256	14,858

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Road Fund

For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	$ 5,000	5,000	5,993
Revenue from use of money and property	434	434	810
Aid from other governmental agencies:			
State	80,689	84,716	77,071
Federal	8,635	8,677	3,186
Other	2	90	155
Charges for current services	10,182	17,757	19,480
Other	7,523	1,470	3,950
Total revenues	112,465	118,144	110,645
Expenditures:			
Current:			
Public ways and facilities:			
Public works, road	112,765	119,014	63,776
Total public ways and facilities	112,765	119,014	63,776
Capital outlay	49,170	49,290	49,204
Total expenditures	161,935	168,304	112,980
Excess (deficiency) of revenues over (under) expenditures	(49,470)	(50,160)	(2,335)
Other financing sources (uses):			
Transfers in	5,439	6,130	6,130
Transfers out	(2,679)	(2,679)	(2,595)
Total other financing sources (uses)	2,760	3,451	3,535
Net change in fund balances	(46,710)	(46,709)	1,200
Fund balances at beginning of year	134,420	134,420	134,420
Increase (decrease) in nonspendable inventories		424	424
Fund balances at end of year	$ 87,710	88,135	136,044

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 was established to provide sewer service, maintenance, and repairs of wastewater infrastructure to customers in the unincorporated county. The County Board of Supervisors serves as the District's Board of Directors for governance matters.

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS

June 30, 2016
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
ASSETS				
Current assets:				
Pooled cash and investments	$ 14,990	3,029	55,289	73,308
Receivables, net	3,229	5	98	3,332
Due from other funds		195	28	223
Inventories		270	3	273
Total current assets	18,219	3,499	55,418	77,136
Noncurrent assets:				
Due from other funds	3,790			3,790
Capital assets:				
Land	10,504		1,089	11,593
Construction in progress	6,318		2,930	9,248
Buildings and improvements	117,583		12,055	129,638
Equipment	1,464	249	299	2,012
Software	101			101
Road infrastructure	9,679			9,679
Sewer infrastructure			99,093	99,093
Accumulated depreciation/amortization	(46,779)	(239)	(46,893)	(93,911)
Total noncurrent assets	102,660	10	68,573	171,243
Total assets	120,879	3,509	123,991	248,379
DEFERRED OUTFLOWS OF RESOURCES				
Pension:				
Changes in proportionate share of contributions	41		43	84
Contributions to the pension plan subsequent to the measurement date	763		798	1,561
Changes of assumptions or other inputs	480		540	1,020
Net difference between projected and actual earnings on pension plan investments	211		303	514
Difference between expected and actual experience in the total pension liability	12		14	26
Total deferred outflows of resources	1,507		1,698	3,205

Continued on next page

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS

June 30, 2016
(In Thousands)

(Continued)	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
LIABILITIES				
Current liabilities:				
Accounts payable	1,158	673	95	1,926
Accrued payroll	160		200	360
Due to other funds	240	164	175	579
Unearned revenue	234			234
Loans payable	171			171
Compensated absences	85		87	172
Total current liabilities	2,048	837	557	3,442
Noncurrent liabilities:				
Compensated absences	121		123	244
Net pension liability	5,539		5,898	11,437
Total noncurrent liabilities	5,660		6,021	11,681
Total liabilities	7,708	837	6,578	15,123
DEFERRED INFLOWS OF RESOURCES				
Pension:				
Difference between expected and actual experience in the total pension liability	420		449	869
Total deferred inflows of resources	420		449	869
NET POSITION				
Net investment in capital assets	98,699	10	68,573	167,282
Unrestricted net position	15,559	2,662	50,089	68,310
Total net position	$ 114,258	2,672	118,662	235,592

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS

For the Year Ended June 30, 2016
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
Operating revenues:				
Charges for current services	$ 12,044		26,719	38,763
Other	84	8,698		8,782
Total operating revenues	12,128	8,698	26,719	47,545
Operating expenses:				
Salaries and employee benefits	3,614		4,317	7,931
Repairs and maintenance	1,117	18	4,870	6,005
Equipment rental	571	7	847	1,425
Sewage processing			14,210	14,210
Contracted services	4,614	2,857	1,026	8,497
Depreciation/amortization	3,722	1	2,186	5,909
Utilities	273		34	307
Cost of material		2,254		2,254
Fuel	56	5		61
Other	493	220	1,305	2,018
Total operating expenses	14,460	5,362	28,795	48,617
Operating income (loss)	(2,332)	3,336	(2,076)	(1,072)
Nonoperating revenues (expenses):				
Grants	3,513			3,513
Investment earnings	1,252	20	350	1,622
Interest expense	(27)			(27)
Gain (loss) on disposal of assets	(6)	1		(5)
Total nonoperating revenues (expenses)	4,732	21	350	5,103
Income (loss) before capital contributions and transfers	2,400	3,357	(1,726)	4,031
Transfers in	50		609	659
Transfers out	(831)	(3,062)	(480)	(4,373)
Change in net position	1,619	295	(1,597)	317
Net position (deficits) at beginning of year	112,639	2,377	120,259	235,275
Net position (deficits) at end of year	$ 114,258	2,672	118,662	235,592

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2016
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	$ 12,267	9,316	20,040	41,623
Cash received from other funds	7		7,000	7,007
Cash payments to suppliers	(4,315)	(5,382)	(22,681)	(32,378)
Cash payments to employees	(3,692)		(4,388)	(8,080)
Cash payments to other funds	(2,376)		(1,654)	(4,030)
Net cash provided (used) by operating activities	1,891	3,934	(1,683)	4,142
Cash flows from noncapital financing activities:				
Operating grants	3,140			3,140
Transfers from other funds	50		609	659
Transfers to other funds	(831)	(3,062)	(480)	(4,373)
Other noncapital (decreases)	(25)			(25)
Net cash provided (used) by noncapital financing activities	2,334	(3,062)	129	(599)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(4,478)		(593)	(5,071)
Proceeds from sale of assets		1		1
Principal paid on long-term debt	(304)			(304)
Interest paid on long-term debt	(27)			(27)
Net cash provided (used) by capital and related financing activities	(4,809)	1	(593)	(5,401)
Cash flows from investing activities:				
Investment earnings	1,245	15	325	1,585
Net increase (decrease) in cash and cash equivalents	661	888	(1,822)	(273)
Cash and cash equivalents - beginning of year	14,329	2,141	57,111	73,581
Cash and cash equivalents - end of year	14,990	3,029	55,289	73,308
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(2,332)	3,336	(2,076)	(1,072)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivables	(1)	618	320	937
Decrease (increase) in due from other funds		(195)		(195)
Decrease (increase) in inventory		(49)		(49)
Increase (decrease) in accounts payable	587	119	(2,081)	(1,375)
Increase (decrease) in accrued payroll	25		33	58
Increase (decrease) in due to other funds	(156)	104	39	(13)
Increase (decrease) in unearned revenue	149			149
Increase (decrease) in compensated absences	(18)		(5)	(23)
Pension expense	(85)		(99)	(184)
Depreciation/amortization	3,722	1	2,186	5,909
Total adjustments	4,223	598	393	5,214
Net cash provided (used) by operating activities	1,891	3,934	(1,683)	4,142
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	$ 355		14	369

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 Inactive Wastesites; 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, 2016
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liabiity Insurance Fund
ASSETS					
Current assets:					
Pooled cash and investments	$ 139,433	12,567	21,848	18,873	39,836
Receivables, net	198	610	241	88	61
Due from other funds	3,163	9,083	3,429	15,323	
Inventories		29	870		
Total current assets	142,794	22,289	26,388	34,284	39,897
Noncurrent assets:					
Capital assets:					
Buildings and improvements			2,963		
Equipment		6,513	109,900		
Software		440	213		
Accumulated depreciation/amortization		(2,301)	(70,144)		
Total noncurrent assets		4,652	42,932		
Total assets	142,794	26,941	69,320	34,284	39,897
DEFERRED OUTFLOWS OF RESOURCES					
Pension:					
Changes in proportionate share of contributions		298	57		
Contributions to the pension plan subsequent to the measurement date		5,598	1,061		
Changes of assumptions or other inputs		3,579	698		
Net difference between projected and actual earnings on pension plan investments		1,712	360		
Difference between expected and actual experience in the total pension liability		90	17		
Total deferred outflows of resources		11,277	2,193		

Continued on next page

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016
(In Thousands)

(Continued)	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liabiity Insurance Fund
LIABILITIES					
Current liabilities:					
Accounts payable	4,673	7,977	2,111	23,428	17
Accrued payroll		1,333	265		
Accrued interest		1			
Due to other funds	1,189	902	832	1,721	1,427
Unearned revenue		534	1		
Loans payable		1,067			
Capital lease payable		38			
Compensated absences		702	96		
Claims and judgments	27,967				15,578
Total current liabilities	33,829	12,554	3,305	25,149	17,022
Noncurrent liabilities:					
Loans payable		1,647			
Capital lease payable		13			
Compensated absences		1,002	137		
Claims and judgments	147,365				22,585
Noncurrent liabilities:					
Net pension liability		40,644	7,784		
Total noncurrent liabilities	147,365	43,306	7,921		22,585
Total liabilities	181,194	55,860	11,226	25,149	39,607
DEFERRED INFLOWS OF RESOURCES					
Pension:					
Difference between expected and actual experience in the total pension liability		3,079	592		
Total deferred inflows of resources		3,079	592		
NET POSITION					
Net investment in capital assets		4,601	42,932		
Unrestricted net position	(38,400)	(25,322)	16,763	9,135	290
Total net position (deficits)	$ (38,400)	(20,721)	59,695	9,135	290

Continued on next page

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016
(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	$ 6,663	19,910	501	259,631
Receivables, net	9	28		1,235
Due from other funds	856	2		31,856
Inventories	2			901
Total current assets	7,530	19,940	501	293,623
Noncurrent assets:				
Capital assets:				
Buildings and improvements				2,963
Equipment	220	32,721		149,354
Software	397			1,050
Accumulated depreciation/amortization	(345)	(17,658)		(90,448)
Total noncurrent assets	272	15,063		62,919
Total assets	7,802	35,003	501	356,542
DEFERRED OUTFLOWS OF RESOURCES				
Pension:				
Changes in proportionate share of contributions	62			417
Contributions to the pension plan subsequent to the measurement date	1,175			7,834
Changes of assumptions or other inputs	790			5,067
Net difference between projected and actual earnings on pension plan investments	437			2,509
Difference between expected and actual experience in the total pension liability	20			127
Total deferred outflows of resources	2,484			15,954

Continued on next page

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	29	84		38,319
Accrued payroll	288			1,886
Accrued interest				1
Due to other funds	271	453		6,795
Unearned revenue				535
Loans payable				1,067
Capital lease payable				38
Compensated absences	180			978
Claims and judgments				43,545
Total current liabilities	768	537		93,164
Noncurrent liabilities:				
Loans payable				1,647
Capital lease payable				13
Compensated absences	258			1,397
Claims and judgments				169,950
Noncurrent liabilities:				
Net pension liability	8,666			57,094
Total noncurrent liabilities	8,924			230,101
Total liabilities	9,692	537		323,265
DEFERRED INFLOWS OF RESOURCES				
Pension:				
Difference between expected and actual experience in the total pension liability	658			4,329
Total deferred inflows of resources	658			4,329
NET POSITION				
Net investment in capital assets	272	15,063		62,868
Unrestricted net position	(336)	19,403	501	(17,966)
Total net position (deficits)	$ (64)	34,466	501	44,902

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2016
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
Operating revenues:					
Charges for current services	$ 46,297	116,564	38,324	140,402	21,275
Other	114	2,025	339	3	
Total operating revenues	46,411	118,589	38,663	140,405	21,275
Operating expenses:					
Salaries and employee benefits		28,989	5,913		
Repairs and maintenance		35,489	8,935		
Equipment rental		66	115		
Contracted services	11,425	25,494	1,597	143,623	9,156
Depreciation/amortization		470	10,901	93	
Utilities		24,726	207		
Cost of material		4,310	146		
Claims and judgments	31,942				10,764
Fuel		237	7,910		
Other		3,467	2,040	283	3
Total operating expenses	43,367	123,248	37,764	143,999	19,923
Operating income (loss)	3,044	(4,659)	899	(3,594)	1,352
Nonoperating revenues (expenses):					
Grants		3,517			
Investment earnings	859	6	143	14	269
Interest expense		(49)			
Gain (loss) on disposal of assets		(63)	431		
Total nonoperating revenues (expenses)	859	3,411	574	14	269
Income (loss) before capital contributions and transfers	3,903	(1,248)	1,473	(3,580)	1,621
Capital contributions		20	447		
Transfers in	270	1,916	1,601	5,209	
Transfers out		(1,208)	(232)		
Change in net position	4,173	(520)	3,289	1,629	1,621
Net position (deficits) at beginning of year	(42,573)	(20,201)	56,406	7,506	(1,331)
Net position (deficits) at end of year	$ (38,400)	(20,721)	59,695	9,135	290

Continued on next page

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2016
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Operating revenues:				
Charges for current services	$ 8,729	8,091		379,682
Other	1,205			3,686
Total operating revenues	9,934	8,091		383,368
Operating expenses:				
Salaries and employee benefits	6,070			40,972
Repairs and maintenance	84	3,068		47,576
Equipment rental	34			215
Contracted services	1,513	487		193,295
Depreciation/amortization	133	2,576		14,173
Utilities	67			25,000
Cost of material				4,456
Claims and judgments				42,706
Fuel		1,004		9,151
Other	738			6,531
Total operating expenses	8,639	7,135		384,075
Operating income (loss)	1,295	956		(707)
Nonoperating revenues (expenses):				
Grants				3,517
Investment earnings	31	119	1	1,442
Interest expense				(49)
Gain (loss) on disposal of assets		341		709
Total nonoperating revenues (expenses)	31	460	1	5,619
Income (loss) before capital contributions and transfers	1,326	1,416	1	4,912
Capital contributions		1		468
Transfers in	833	1,896		11,725
Transfers out	(262)			(1,702)
Change in net position	1,897	3,313	1	15,403
Net position (deficits) at beginning of year	(1,961)	31,153	500	29,499
Net position (deficits) at end of year	$ (64)	34,466	501	44,902

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016
(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	$ 114	4,101	1,518	357	
Cash received from other funds	46,019	111,710	37,731	138,840	21,275
Cash payments to suppliers	(1,545)	(86,398)	(18,246)	(143,667)	(2,220)
Cash payments to employees		(29,415)	(6,008)		
Cash payments to other funds	(9,868)	(3,591)	(3,859)		(7,129)
Cash paid for claims and judgments	(23,486)				(10,507)
Other payments		(88)			(2)
Net cash provided (used) by operating activities	11,234	(3,681)	11,136	(4,470)	1,417
Cash flows from noncapital financing activities:					
Operating grants		3,833			
Transfers from other funds	270	1,916	1,601	5,209	
Transfers to other funds		(1,208)	(232)		
Payments received on advances to other funds					
Principal paid on long-term debt		(992)			
Interest paid on long-term debt		(45)			
Proceeds from loans		1,283			
Net cash provided (used) by noncapital financing activities	270	4,787	1,369	5,209	
Cash flows from capital and related financing activities:					
Capital contributions			225		
Acquisition of capital assets			(12,632)		
Proceeds from sale of assets			686		
Principal paid on capital lease		(33)			
Interest paid on long-term debt		(4)			
Net cash provided (used) by capital and related financing activities		(37)	(11,721)		
Cash flows from investing activities:					
Investment earnings	785	8	135	13	247
Net increase (decrease) in cash and cash equivalents	12,289	1,077	919	752	1,664
Cash and cash equivalents - beginning of year	127,144	11,490	20,929	18,121	38,172
Cash and cash equivalents - end of year	139,433	12,567	21,848	18,873	39,836

Continued on next page

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016
(In Thousands)

(Continued)	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	3,044	(4,659)	899	(3,594)	1,352
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Decrease (increase) in accounts receivables		198	65	11	
Decrease (increase) in due from other funds	(278)	(3,092)	521	(1,598)	
Decrease (increase) in inventory		6	170		
Increase (decrease) in accounts payable	(286)	3,597	(1,623)	(138)	(196)
Increase (decrease) in accrued payroll		237	50		
Increase (decrease) in due to other funds	298	84	295	756	5
Increase (decrease) in unearned revenue		116			
Increase (decrease) in compensated absences		11	(16)		
Increase (decrease) in claims and judgments	8,456				256
Pension expense		(649)	(126)		
Depreciation/amortization		470	10,901	93	
Total adjustments	8,190	978	10,237	(876)	65
Net cash provided (used) by operating activities	11,234	(3,681)	11,136	(4,470)	1,417
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable			925		
Governmental contributions of capital assets	$	20	222		

Continued on next page

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016
(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	$ 1,208			7,298
Cash received from other funds	8,384	8,092		372,051
Cash payments to suppliers	(261)	(50)		(252,387)
Cash payments to employees	(6,098)			(41,521)
Cash payments to other funds	(2,014)	(4,490)		(30,951)
Cash paid for claims and judgments				(33,993)
Other payments				(90)
Net cash provided (used) by operating activities	1,219	3,552		20,407
Cash flows from noncapital financing activities:				
Operating grants				3,833
Transfers from other funds	833	1,896		11,725
Transfers to other funds	(262)			(1,702)
Payments received on advances to other funds			15	15
Principal paid on long-term debt				(992)
Interest paid on long-term debt				(45)
Proceeds from loans				1,283
Net cash provided (used) by noncapital financing activities	571	1,896	15	14,117
Cash flows from capital and related financing activities:				
Capital contributions				225
Acquisition of capital assets		(2,546)		(15,178)
Proceeds from sale of assets		606		1,292
Principal paid on capital lease				(33)
Interest paid on long-term debt				(4)
Net cash provided (used) by capital and related financing activities		(1,940)		(13,698)
Cash flows from investing activities:				
Investment earnings	26	107	1	1,322
Net increase (decrease) in cash and cash equivalents	1,816	3,615	16	22,148
Cash and cash equivalents - beginning of year	4,847	16,295	485	237,483
Cash and cash equivalents - end of year	6,663	19,910	501	259,631

Continued on next page

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	1,295	956		(707)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivables				274
Decrease (increase) in due from other funds	(341)	1		(4,787)
Decrease (increase) in inventory	1			177
Increase (decrease) in accounts payable	17	3		1,374
Increase (decrease) in accrued payroll	58			345
Increase (decrease) in due to other funds	127	16		1,581
Increase (decrease) in unearned revenue				116
Increase (decrease) in compensated absences	73			68
Increase (decrease) in claims and judgments				8,712
Pension expense	(144)			(919)
Depreciation/amortization	133	2,576		14,173
Total adjustments	(76)	2,596		21,114
Net cash provided (used) by operating activities	1,219	3,552		20,407
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable		81		1,006
Governmental contributions of capital assets	$	1		243

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, 2016
(In Thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
PROPERTY TAX COLLECTION FUNDS				
ASSETS				
Pooled cash and investments	$ 60,738	17,886,154	17,885,022	61,870
Receivables:				
Investment earnings receivable	442	4,573	4,354	661
Due from other government agencies		64,894	64,894	
Taxes receivable		6,181,753	6,181,753	
Total assets	61,180	24,137,374	24,136,023	62,531
LIABILITIES				
Accounts payable	686	1,648,013	1,647,992	707
Due to other governments	60,494	21,429,890	21,428,560	61,824
Total liabilities	61,180	23,077,903	23,076,552	62,531
OTHER AGENCY FUNDS				
ASSETS				
Pooled cash and investments	329,346	20,006,336	20,011,084	324,598
Cash with fiscal agents	856	9,395	9,710	541
Receivables:				
Accounts receivable	11	1,412		1,423
Investment earnings receivable	7,777	16,149	8,588	15,338
Total assets	337,990	20,033,292	20,029,382	341,900
LIABILITIES				
Accounts payable	27,556	2,272,963	2,265,640	34,879
Warrants outstanding	194,389	9,583,174	9,608,203	169,360
Due to other governments	116,045	2,348,132	2,326,516	137,661
Total liabilities	337,990	14,204,269	14,200,359	341,900
TOTAL AGENCY FUNDS				
ASSETS				
Pooled cash and investments	390,084	37,892,490	37,896,106	386,468
Cash with fiscal agents	856	9,395	9,710	541
Receivables:				
Accounts receivable	11	1,412		1,423
Investment earnings receivable	8,219	20,722	12,942	15,999
Due from other government agencies		64,894	64,894	
Taxes receivable		6,181,753	6,181,753	
Total assets	399,170	44,170,666	44,165,405	404,431
LIABILITIES				
Accounts payable	28,242	3,920,976	3,913,632	35,586
Warrants outstanding	194,389	9,583,174	9,608,203	169,360
Due to other governments	176,539	23,778,022	23,755,076	199,485
Total liabilities	$ 399,170	37,282,172	37,276,911	404,431

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 208

These Tables contain information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity 216

These Tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity 220

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 224

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 226

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				
	2007	2008	2009	2010	2011
Net position					
Governmental activities					
Net investment in capital assets	$ 2,409,050	2,468,142	2,582,854	2,595,105	2,675,240
Restricted	162,318	181,198	314,107	247,585	529,808
Unrestricted	178,231	351,326	319,669	535,103	365,165
Total governmental activities net position	2,749,599	3,000,666	3,216,630	3,377,793	3,570,213
Business-type activities					
Net investment in capital assets	112,549	126,237	148,146	164,845	163,268
Restricted					
Unrestricted	84,779	92,686	88,909	87,254	89,602
Total business-type activities net position	197,328	218,923	237,055	252,099	252,870
Primary government					
Net investment in capital assets	2,521,599	2,594,379	2,731,000	2,759,950	2,838,508
Restricted	162,318	181,198	314,107	247,585	529,808
Unrestricted	263,010	444,012	408,578	622,357	454,767
Total primary government net position	$ 2,946,927	3,219,589	3,453,685	3,629,892	3,823,083

	Fiscal Year				
	2012	2013	2014	2015	2016
Net position					
Governmental activities					
Net investment in capital assets	$ 2,770,556	2,861,061	3,015,405	3,042,782	3,124,804
Restricted	553,249	619,855	669,832	619,565	604,917
Unrestricted (1)	454,565	514,015	655,954	(1,268,029)	(1,090,381)
Total governmental activities net position	3,778,370	3,994,931	4,341,191	2,394,318	2,639,340
Business-type activities					
Net investment in capital assets	162,874	167,430	171,911	167,453	167,282
Restricted					
Unrestricted (1)	87,348	81,185	78,547	67,948	68,586
Total business-type activities net position	250,222	248,615	250,458	235,401	235,868
Primary government					
Net investment in capital assets	2,933,430	3,028,491	3,187,316	3,210,235	3,292,086
Restricted	553,249	619,855	669,832	619,565	604,917
Unrestricted (1)	541,913	595,200	734,501	(1,200,081)	(1,021,795)
Total primary government net position	$ 4,028,592	4,243,546	4,591,649	2,629,719	2,875,208

(1) Beginning in 2015, these amounts reflect 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				
	2007	2008	2009	2010	2011
Expenses					
Governmental activities					
General government	$ 249,993	298,607	275,508	304,305	229,767
Public protection	1,079,320	1,180,114	1,158,162	1,091,910	1,128,967
Public ways and facilities	133,148	144,452	151,125	131,982	130,239
Health and sanitation	580,384	638,869	678,217	681,448	721,939
Public assistance	1,043,454	1,114,453	1,177,320	1,171,603	1,191,559
Education	33,223	36,355	42,424	39,165	35,734
Recreation and cultural	28,469	33,941	34,542	33,629	36,699
Interest on long-term debt	146,997	119,138	118,927	111,942	106,381
Total governmental activities expenses	3,294,988	3,565,929	3,636,225	3,565,984	3,581,285
Business-type activities					
Airport	8,209	8,848	10,614	12,389	12,876
Wastewater management	4,422	5,320	16,666	5,523	5,806
Sanitation district	15,620	17,574	5,794	18,831	21,699
Total business-type activities expenses	28,251	31,742	33,074	36,743	40,381
Total primary government expenses	3,323,239	3,597,671	3,669,299	3,602,727	3,621,666
Program revenues					
Governmental activities					
Charges for services:					
General government	98,365	130,645	93,939	90,503	92,085
Public protection	201,332	217,953	215,343	204,405	235,913
Other activities	153,717	137,020	133,834	150,461	160,067
Operating grants and contributions	2,113,585	2,152,380	2,181,366	2,192,591	2,211,946
Capital grants and contributions	7,559	24,474	60,703	33,246	25,329
Total governmental activities program revenues	2,574,558	2,662,472	2,685,185	2,671,206	2,725,340
Business-type activities					
Charges for services:					
Airport	9,367	16,097	9,397	9,299	11,301
Wastewater management	4,662	5,318	6,567	6,616	6,509
Sanitation district	17,995	20,060	20,114	19,823	20,431
Operating grants and contributions	8,257	7,725	12,974	15,330	1,544
Capital grants and contributions	464				
Total business-type program revenues	40,745	49,200	49,052	51,068	39,785
Total primary government program revenues	2,615,303	2,711,672	2,734,237	2,722,274	2,765,125
Net (Expense) Revenue					
Governmental activities	(720,430)	(903,457)	(951,040)	(894,778)	(855,945)
Business-type activities	12,494	17,458	15,978	14,325	(596)
Total primary government net (expense) revenue	$ (707,936)	(885,999)	(935,062)	(880,453)	(856,541)

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				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities					
General government	$ 271,485	240,409	249,066	258,169	257,887
Public protection	1,179,815	1,236,708	1,312,074	1,309,087	1,359,423
Public ways and facilities	132,166	135,432	148,209	161,341	140,245
Health and sanitation	790,907	851,246	631,543	640,020	675,077
Public assistance	1,175,678	1,183,923	1,418,703	1,327,664	1,421,851
Education	34,669	34,104	35,647	37,686	41,086
Recreation and cultural	36,128	34,204	38,903	42,748	44,883
Interest on long-term debt	102,338	95,801	92,709	86,816	81,665
Total governmental activities expenses	3,723,186	3,811,827	3,926,854	3,863,531	4,022,117
Business-type activities					
Airport	12,736	14,107	14,118	14,664	14,439
Wastewater management	5,980	22,936			
Sanitation district	22,335	5,754	28,291	30,745	28,693
Jail Stores Commissary			4,816	4,506	5,362
Total business-type activities expenses	41,051	42,797	47,225	49,915	48,494
Total primary government expenses	3,764,237	3,854,624	3,974,079	3,913,446	4,070,611
Program revenues					
Governmental activities					
Charges for services:					
General government	99,872	98,205	100,328	92,109	99,531
Public protection	237,632	244,612	240,850	250,054	252,303
Other activities	168,851	153,958	169,274	162,578	164,721
Operating grants and contributions	2,317,522	2,467,966	2,519,619	2,467,817	2,543,749
Capital grants and contributions	11,005	32,728	114,310	39,224	12,947
Total governmental activities program revenues	2,834,882	2,997,469	3,144,381	3,011,782	3,073,251
Business-type activities					
Charges for services:					
Airport	11,568	11,077	12,647	11,984	12,044
Wastewater management	6,502	6,561			
Sanitation district	18,406	18,564	25,037	26,831	26,719
Jail Stores Commissary			5,659	4,538	
Operating grants and contributions	539	4,933	3,793	702	3,513
Capital grants and contributions					
Total business-type program revenues	37,015	41,135	47,136	44,055	42,276
Total primary government program revenues	2,871,897	3,038,604	3,191,517	3,055,837	3,115,527
Net (Expense) Revenue					
Governmental activities	(888,304)	(814,358)	(782,473)	(851,749)	(948,866)
Business-type activities	(4,036)	(1,662)	(89)	(5,860)	(6,218)
Total primary government net (expense) revenue	$ (892,340)	(816,020)	(782,562)	(857,609)	(955,084)

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				
	2007	2008	2009	2010	2011
General revenues and other changes in net position					
Governmental activities					
Taxes:					
Property taxes	$ 559,726	637,491	618,048	593,553	580,570
Other taxes	26,760	20,374	15,167	15,991	16,207
Transient occupancy tax					
Real property transfer tax					
Miscellaneous taxes					
Intergovernmental unrestricted:					
Property taxes in lieu of VLF (1)	277,930	303,348	316,925	308,842	303,625
Sales and use taxes	26,534	24,872	22,435	20,576	22,457
Investment earnings	88,974	87,554	57,859	30,941	22,024
Other general revenues	95,343	80,804	118,929	85,693	104,260
Total governmental general revenues	1,075,267	1,154,443	1,149,363	1,055,596	1,049,143
Transfers	601	81	151	345	(778)
Total governmental activities	1,075,868	1,154,524	1,149,514	1,055,941	1,048,365
Business-type activities					
Investment earnings	4,189	4,113	2,237	1,046	582
Other general revenues	2,909	105	68	18	7
Total business-type general revenues	7,098	4,218	2,305	1,064	589
Transfers	(601)	(81)	(151)	(345)	778
Total business-type activities	6,497	4,137	2,154	719	1,367
Total primary government	1,082,365	1,158,661	1,151,668	1,056,660	1,049,732
Change in net position					
Governmental activities	355,438	251,067	198,474	161,163	192,420
Business-type activities	18,991	21,595	18,132	15,044	771
Total change in net position	$ 374,429	272,662	216,606	176,207	193,191

(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				
	2012	2013	2014	2015	2016
General revenues and other changes in net position					
Governmental activities					
Taxes:					
Property taxes	$ 616,183	587,145	627,709	648,974	680,434
Other taxes	17,200	20,912			
Transient occupancy tax			3,404	4,166	4,128
Real property transfer tax			20,074	21,049	24,589
Miscellaneous taxes			14	15	38
Intergovernmental unrestricted:					
Property taxes in lieu of VLF (1)	304,614	303,646	313,844	332,928	351,524
Sales and use taxes	25,055	24,809	24,871	27,847	28,898
Investment earnings	12,338	3,504	16,635	12,250	17,818
Other general revenues	110,676	90,789	132,612	93,889	82,745
Total governmental general revenues	1,086,066	1,030,805	1,139,163	1,141,118	1,190,174
Transfers	(28)	114	7,086	2,693	3,714
Extraordinary gain	10,423				
Total governmental activities	1,096,461	1,030,919	1,146,249	1,143,811	1,193,888
Business-type activities					
Investment earnings	1,151	46	502	336	1,622
Other general revenues	209	123	2,565	3,055	8,777
Total business-type general revenues	1,360	169	3,067	3,391	10,399
Transfers	28	(114)	(7,086)	(2,693)	(3,714)
Total business-type activities	1,388	55	(4,019)	698	6,685
Total primary government	1,097,849	1,030,974	1,142,230	1,144,509	1,200,573
Change in net position					
Governmental activities	208,157	216,561	363,776	292,062	245,022
Business-type activities	(2,648)	(1,607)	(4,108)	(5,162)	467
Total change in net position	$ 205,509	214,954	359,668	286,900	245,489

(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				
	2007	2008	2009	2010	2011
General Fund					
Reserved	$ 410,244	273,231	266,434	162,257	
Unreserved	744,838	947,235	923,604	1,057,851	
Nonspendable(1)					11,257
Restricted (1)					214,956
Committed (1)					514,739
Assigned (1)					40,614
Unassigned (1)					612,814
Total general fund	1,155,082	1,220,466	1,190,038	1,220,108	1,394,380
All Other Governmental Funds					
Reserved	274,024	199,472	213,984	175,900	
Unreserved, reported in:					
Special Revenue Funds	624,996	672,652	668,626	705,469	
Capital Projects Funds	73,923	30,210	157,221	89,926	
Nonspendable (1)					5,148
Restricted (1)					372,730
Committed (1)					467,950
Assigned (1)					
Total other governmental funds	$ 972,943	902,334	1,039,831	971,295	845,828

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Reserved					
Unreserved					
Nonspendable (1)	$ 12,443	12,347	12,276	13,379	13,489
Restricted (1)	245,713	295,264	296,548	269,294	272,500
Committed (1)	515,234	464,831	492,175	478,980	591,941
Assigned (1)	51,325	184,526	217,628	328,588	381,202
Unassigned (1)	663,132	644,454	713,045	798,135	747,277
Total general fund	1,487,847	1,601,422	1,731,672	1,888,376	2,006,409
All Other Governmental Funds					
Reserved					
Unreserved, reported in:					
Special Revenue Funds					
Capital Projects Funds					
Nonspendable (1)	5,281	5,600	4,884	5,149	5,981
Restricted (1)	424,512	433,952	459,579	427,703	398,385
Committed (1)	440,767	413,796	395,291	379,711	371,622
Assigned (1)				228	917
Total other governmental funds	$ 870,560	853,348	859,754	812,791	776,905

(1) 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				
	2007	2008	2009	2010	2011
Revenues:					
Taxes	$ 1,146,937	971,616	973,899	946,324	934,737
Licenses, permits and franchise fees	43,807	45,257	49,990	47,578	51,144
Fines, forfeitures and penalties	58,355	63,014	59,348	57,869	54,267
Revenue from use of money and property	93,246	137,963	70,911	46,100	39,545
Aid from other governmental agencies:					
State	927,850	1,169,642	1,161,312	1,136,756	1,192,401
Federal	820,851	908,582	858,066	963,285	945,168
Other	100,323	79,066	144,205	102,708	72,071
Charges for current services	325,049	312,018	316,214	318,283	359,239
Other	76,680	73,745	111,431	81,219	90,486
Total revenues	3,593,098	3,760,903	3,745,376	3,700,122	3,739,058
Expenditures:					
General government	233,471	277,286	249,324	205,456	223,290
Public protection	1,065,984	1,145,807	1,133,843	1,063,890	1,088,377
Public ways and facilities	74,319	80,051	85,802	66,393	61,967
Health and sanitation	577,389	633,382	669,725	675,256	714,022
Public assistance	1,043,293	1,111,701	1,172,400	1,169,287	1,184,632
Education	32,961	35,569	41,461	37,422	34,599
Recreation and cultural	26,774	32,042	32,561	29,982	33,054
Total CAFR Governmental functions	3,054,191	3,315,838	3,385,116	3,247,686	3,339,941
Capital outlay	138,017	157,818	179,662	205,512	186,342
Debt service:					
Principal	73,816	184,614	112,275	169,059	64,016
Interest	116,095	107,631	103,831	101,036	97,290
Bond issuance costs	885		3,959	739	349
Payment to refunded bond escrow agent				15,377	3,437
Total expenditures	3,383,004	3,765,901	3,784,843	3,739,409	3,691,375
Excess (deficiency) of revenues over (under) expenditures	210,094	(4,998)	(39,467)	(39,287)	47,683
Other financing sources (uses)					
Sale of capital assets	1,601	68	31	365	2,673
Issuance of bonds and loans:					
Face value of bonds issued	42,390		136,885		
Face value of loans issued	462				
Discount on issuance of bonds					
Premium on issuance of bonds	606		1,175	7,803	1,237
Refunding bonds issued:			443,515	80,940	19,260
Payment to refunded bond escrow agent			(441,038)	(83,173)	(18,774)
Transfers in	512,386	594,512	525,424	452,018	426,611
Transfers (out)	(514,680)	(594,882)	(525,689)	(457,683)	(430,527)
Total other financing sources (uses)	42,765	(302)	140,303	270	480
Net change in fund balances	$ 252,859	(5,300)	100,836	(39,017)	48,163
Debt service as a percentage of noncapital expenditures	5.85%	8.10%	5.99%	7.64%	4.60%

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				
	2012	2013	2014	2015	2016
Revenues:					
Taxes	$ 966,512	941,644	987,061	1,038,552	1,090,722
Licenses, permits and franchise fees	51,823	52,746	55,819	54,181	57,375
Fines, forfeitures and penalties	53,818	50,070	47,125	49,200	46,295
Revenue from use of money and property	29,765	21,918	34,855	23,033	28,396
Aid from other governmental agencies:					
State	1,276,289	1,374,266	1,513,606	1,490,603	1,487,655
Federal	969,818	946,356	919,151	917,901	959,399
Other	82,292	138,575	169,724	106,691	110,816
Charges for current services	369,586	366,442	389,224	387,788	398,705
Other	104,647	78,455	61,409	91,903	75,264
Total revenues	3,904,550	3,970,472	4,177,974	4,159,852	4,254,627
Expenditures:					
General government	210,375	226,648	231,370	237,875	233,180
Public protection	1,149,575	1,187,848	1,277,698	1,353,710	1,343,281
Public ways and facilities	64,922	66,514	75,565	73,991	70,946
Health and sanitation	782,504	840,735	620,319	644,865	670,871
Public assistance	1,171,662	1,178,112	1,410,925	1,346,078	1,426,134
Education	32,210	32,034	33,431	37,095	39,592
Recreation and cultural	33,302	31,092	31,604	36,838	37,800
Total CAFR Governmental functions	3,444,550	3,562,983	3,680,912	3,730,452	3,821,804
Capital outlay	212,304	165,737	264,015	160,474	185,065
Debt service:					
Principal	61,241	75,687	59,535	67,542	65,929
Interest	94,320	93,678	93,232	85,673	88,502
Bond issuance costs	374	393		583	761
Payment to refunded bond escrow agent				8,461	12,481
Total expenditures	3,812,789	3,898,478	4,097,694	4,053,185	4,174,542
Excess (deficiency) of revenues over (under) expenditures	91,761	71,994	80,280	106,667	80,085
Other financing sources (uses)					
Sale of capital assets	740	5,997	58,420	984	2,319
Issuance of bonds and loans:					
Face value of bonds issued	32,665	29,335		732	-
Face value of loans issued					690
Discount on issuance of bonds	(182)				
Premium on issuance of bonds		574		15,070	22,163
Refunding bonds issued:				93,750	105,330
Payment to refunded bond escrow agent				(103,771)	(122,533)
Transfers in	460,192	460,931	478,533	434,541	470,175
Transfers (out)	(465,106)	(472,183)	(480,236)	(439,657)	(476,484)
Total other financing sources (uses)	28,309	24,654	56,717	1,649	1,660
Extraordinary loss	(3,126)				
Net change in fund balances	$ 116,944	96,648	136,997	108,316	81,745
Debt service as a percentage of noncapital expenditures	4.32%	4.54%	3.98%	3.94%	3.87%

Table 5
County of San Diego
Assessed Value of Taxable Property
Last Ten Fiscal Years (1)
(In Thousands)

	Real Property		Personal Property		Less: Tax Exempt			
Fiscal Year	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Total Taxable Assessed Value	Total Direct Tax Rate
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
2016	449,303,851	3,695,989	3,567,927	11,923,467	13,374,474	1,801,251	453,315,509	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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Direct Rates (1)										
County of San Diego	0.140	0.139	0.138	0.140	0.140	0.140	0.140	0.139	0.140	0.139
Cities (3)	0.219	0.225	0.229	0.232	0.232	0.231	0.232	0.233	0.233	0.235
Schools (4)	0.605	0.600	0.597	0.594	0.594	0.595	0.594	0.594	0.593	0.592
Special Districts	0.036	0.036	0.036	0.034	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)	0.005	0.005	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
Schools	0.055	0.058	0.050	0.063	0.066	0.073	0.073	0.103	0.102	0.105
Special Districts	0.009	0.009	0.007	0.008	0.008	0.009	0.009	0.009	0.009	0.009
Total Overlapping Rates	0.069	0.072	0.061	0.075	0.078	0.086	0.086	0.116	0.115	0.118
Total Direct and Overlapping Rates	1.069	1.072	1.061	1.075	1.078	1.086	1.086	1.116	1.115	1.118

(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)

	2016			2007		
Taxpayer	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	$ 7,507,420	1	1.71%	$ 3,217,481	1	0.94%
Qualcomm Inc	1,998,814	2	0.45%	758,539	5	0.22%
Irvine Company	1,443,434	3	0.33%	772,423	4	0.23%
Southern California Edison Company	1,306,248	4	0.30%	1,619,642	2	0.47%
Kilroy Realty LP	1,232,281	5	0.28%	773,406	3	0.23%
Host Hotels and Resorts	815,989	6	0.19%			
Pacific Bell Telephone Company	782,187	7	0.18%	660,637	6	0.19%
B S K Del Partners LLC	725,522	8	0.17%			
Conrad Prebys Trust	538,036	9	0.12%			
Fashion Valley Mall	487,878	10	0.11%	456,064	8	0.13%
San Diego Family Housing LLC				487,447	7	0.14%
Pfizer Incorporated				420,784	9	0.12%
Sea World Incorporated				373,447	10	0.11%
Totals	$ 16,837,809		3.84%	$ 9,539,870		2.78%

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)

		Collections within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Total Tax Levy for Fiscal Year (1)	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2007	$ 3,559,982	$ 3,454,709	97.04%	$ 93,692	$ 3,548,401	99.67%
2008	3,892,955	3,739,090	96.05%	138,309	3,877,399	99.60%
2009	4,063,749	3,903,633	96.06%	131,740	4,035,373	99.30%
2010	3,962,945	3,821,278	96.43%	93,916	3,915,194	98.80%
2011	3,907,770	3,795,900	97.14%	58,038	3,853,938	98.62%
2012	3,929,873	3,819,892	97.20%	47,106	3,866,998	98.40%
2013	3,929,588	3,871,591	98.52%	31,683	3,903,274	99.33%
2014	4,059,836	4,011,889	98.82%	26,958	4,038,847	99.48%
2015	4,292,407	4,241,271	98.81%	23,787	4,265,058	99.36%
2016	4,533,155	4,489,098	99.03%	N/A	4,489,098	99.03%

(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				
	2007	2008	2009	2010	2011
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	$ 369,685	335,532	475,913	432,760	402,396
San Diego County Redevelopment Agency Revenue Refunding Bonds (2)	15,597	15,279	14,945	14,602	14,243
Tobacco Settlement Asset-Backed Bonds	541,108	543,687	543,374	548,817	556,039
Pension Obligation Bonds	1,203,698	1,068,200	1,003,490	872,540	839,652
Capital and retrofit loans	7,920	7,043	7,043	7,404	7,162
Capitalized Leases	29,623	27,590		242	212
Business-type Activities:					
Capital Loans	2,551	2,255	2,038	1,809	1,566
Total Primary Government	$ 2,170,182	1,999,586	2,046,803	1,878,174	1,821,270
Percentage of Personal Income (1)	1.63%	1.39%	1.52%	1.37%	1.20%
Per Capita (1)	$ 730	636	643	582	585

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	$ 410,126	413,992	396,173	376,955	351,179
Tobacco Settlement Asset-Backed Bonds	562,391	551,350	551,442	542,883	546,110
Pension Obligation Bonds	805,272	769,068	732,330	692,338	649,860
Capital and retrofit loans	6,167	5,169	5,124	5,188	6,020
Capitalized Leases	185	152	119	84	51
Business-type Activities:					
Capital Loans	1,313	1,046	766	475	171
Total Primary Government	$ 1,785,454	1,740,777	1,685,954	1,617,923	1,553,391
Percentage of Personal Income (1)	1.15%	1.11%	0.99%	0.90%	0.83%
Per Capita (1)	$ 571	553	528	501	472

(1) See Table 13 Demographic and Economic Statistics

(2) Pursuant to California Assembly Bill ABx1 26, in 2012 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				
	2007	2008	2009	2010	2011
Certificates of Participation & Lease Revenue Bonds	$ 369,685	335,532	475,913	432,760	402,396
Less: Amounts Available in Debt Service Fund	35,238	26,474	50,513	35,547	26,867
Net Certificates of Participation & Lease Revenue Bonds	334,447	309,058	425,400	397,213	375,529
Pension Obligation Bonds	1,203,698	1,068,200	1,003,490	872,540	839,652
Less: Amounts Available in Debt Service Fund	27,328	15,248	15,741	3,364	2,117
Net Pension Obligation Bonds	1,176,370	1,052,952	987,749	869,176	837,535
Total Net Bonded Debt	$ 1,510,817	1,362,010	1,413,149	1,266,389	1,213,064
Percentage of Actual Taxable Value of Property (1)	0.42%	0.35%	0.35%	0.32%	0.31%
Per Capita (2)	$ 508	433	444	393	389

	Fiscal Year				
	2012	2013	2014	2015	2016
Certificates of Participation & Lease Revenue Bonds	$ 410,126	413,992	396,173	376,955	351,179
Less: Amounts Available in Debt Service Fund	26,860	28,140	27,728	28,798	20,107
Net Certificates of Participation & Lease Revenue Bonds	383,266	385,852	368,445	348,157	331,072
Pension Obligation Bonds	805,272	769,068	732,330	692,338	649,860
Less: Amounts Available in Debt Service Fund	629	161	423	877	375
Net Pension Obligation Bonds	804,643	768,907	731,907	691,461	649,485
Total Net Bonded Debt	$ 1,187,909	1,154,759	1,100,352	1,039,618	980,557
Percentage of Actual Taxable Value of Property (1)	0.30%	0.29%	0.27%	0.24%	0.22%
Per Capita (2)	$ 380	367	344	322	298

(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
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%
2016	5,666,444		5,666,444	100%

Legal Debt Margin Calculation for Fiscal Year 2016	
Assessed value	$ 453,315,509
Debt limit (1.25% of total assessed value) (2)	5,666,444
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	$ 5,666,444

(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					
Fiscal Year	Tobacco Settlement Revenues	Less: Operating Expenses (1)	Net Available Revenue	Principal (2)	Interest	Coverage
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
2016	26,680	130	26,550	3,355	23,480	0.99

(1) Operating expenses do not include interest.

(2) 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)
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
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	5.2
2016	3,288,612	186,900,000	56,832	504,561	5.1

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

	2016			2007		
Employer	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (1)	Rank	Percentage of Total County Employment (3)
University of California, San Diego	30,671	1	2.05%	26,924	3	1.86%
Sharp HealthCare	17,809	2	1.19%	13,872	6	0.96%
County of San Diego (4)	17,034	3	1.14%	16,844	4	1.16%
Scripps Health	14,863	4	0.99%	12,196	7	0.84%
City of San Diego	11,347	5	0.76%	11,195	9	0.77%
Kaiser Permanente	8,406	6	0.56%			
UC San Diego Health	7,438	7	0.50%			
San Diego Community College District	5,902	8	0.39%			
General Atomics Aeronautical Systems Inc.	5,480	9	0.37%			
Rady Children's Hospital - San Diego	5,129	10	0.34%			
State of California				40,600	1	2.81%
Federal Government				39,900	2	2.76%
San Diego Unified School District				14,555	5	1.01%
San Diego State University - EMC				11,247	8	0.78%
Qualcomm Inc.				8,008	10	0.55%
Total	124,079		8.29%	195,341		13.50%

Sources:

(1) San Diego Business Journal

(2) California Labor Market Info
Percentage is calculated by dividing employees by total employment of 1,499,800 as of June 2016

(3) California Labor Market Info
Percentage is calculated by dividing employees by total employment of 1,446,700 as of June 2007

(4) County of San Diego 2016 and 2007 Adopted Operational Plans

Table 15
County of San Diego
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

	Fiscal Year				
Function	**2007**	**2008**	**2009**	**2010**	**2011**
General	1,505	1,538	1,515	1,487	1,477
Public protection	7,804	8,027	7,879	7,575	7,362
Public ways and facilities	373	393	405	390	374
Health and sanitation	2,188	2,242	2,222	2,136	2,088
Public assistance	3,659	3,781	3,659	3,497	3,321
Education	295	297	312	293	277
Recreation and cultural	168	180	176	173	169
Total	15,992	16,458	16,168	15,551	15,068

	Fiscal Year				
Function	**2012**	**2013**	**2014**	**2015**	**2016**
General	1,451	1,485	1,479	1,485	1,529
Public protection	7,430	7,638	7,859	7,923	7,882
Public ways and facilities	367	369	366	356	370
Health and sanitation	2,045	2,068	2,029	1,994	1,987
Public assistance	3,440	3,728	4,160	4,368	4,462
Education	256	251	246	259	267
Recreation and cultural	171	162	172	166	171
Total	15,160	15,701	16,311	16,551	16,668

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

	Fiscal Year				
Function	**2007**	**2008**	**2009**	**2010**	**2011**
General					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	94.50%	99.80%	94.00%	93.00%	94.00%
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)	97.20%	96.00%	96.30%	97.00%	98.00%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	50.00%	51.00%	50.00%	53.00%	59.00%
Sheriff: Number of jail "A" (or unduplicated) bookings	146,566	142,357	144,756	139,314	136,451
Sheriff: Daily average – number of inmates	5,118	5,209	5,141	4,751	4,622
District Attorney: Felony defendants received	30,357	27,849	28,150	27,744	26,619
District Attorney: Misdemeanor defendants received	28,081	28,458	29,512	28,896	28,926
Planning and Development Services: Percent of building inspections completed next day	100.00%	100.00%	100.00%	100.00%	100.00%
Planning and Development Services: Average permit center counter wait time (in minutes)	(1)	(1)	(1)	(1)	(1)
Animal Services: Percent of euthanized animals that were treatable	13.80%	15.80%	15.90%	24.00%	26.40%
Public ways and facilities					
Public Works: Protect water quality through Department of Public Works roads/drainage waste debris removal (cubic yards removed)	28,700	29,580	29,180	28,802	27,680
Health and sanitation					
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	(1)	(1)	(1)	99.00%	99.00%
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	(1)	(1)	(1)	97.00%	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	7 days	5 days	5 days
Public assistance					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	96.00%	95.00%	96.00%	95.00%	96.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	83.00%	86.00%	87.00%	85.20%	82.00%
Child Welfare Services: Family participation in joint case planning and meetings quarterly	(1)	(1)	(1)	(1)	(1)
Self-Sufficiency Services: 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	3.08	3.10	5.44	6.46	9.95
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and effectively managed	41,100	41,500	45,043	44,616	45,187
Parks and Recreation: Number of miles of trails managed in the County trails program	305	315	320	325	326

(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)

	Fiscal Year				
Function	**2012**	**2013**	**2014**	**2015**	**2016**
General					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	98.00%	74.30%	99.00%	98.00%	75.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	99.00%	99.00%	100.00%	100.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	97.00%	98.00%	99.10%	99.10%	99.30%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	64.00%	67.00%	68.00%	71.00%	72.00%
Sheriff: Number of jail "A" (or unduplicated) bookings	130,044	126,836	89,936	82,702	81,975
Sheriff: Daily average – number of inmates	4,846	5,274	5,706	5,226	5,152
District Attorney: Felony defendants received	25,983	27,745	27,424	22,302	21,281
District Attorney: Misdemeanor defendants received	26,800	25,080	27,441	31,242	31,684
Planning and Development Services: Percent of building inspections completed next day	100.00%	100.00%	98.00%	98.00%	(1)
Planning and Development Services: Average permit center counter wait time (in minutes)	(1)	(1)	31	25	25
Animal Services: Percent of euthanized animals that were treatable	25.30%	28.00%	20.00%	12.80%	0.00%
Public ways and facilities					
Public Works: Protect water quality through Department of Public Works roads/drainage waste debris removal (cubic yards removed)	25,404	25,000	60,045	27,010	22,152
Health and sanitation					
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	99.00%	99.50%	(1)	(1)	(1)
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	99.00%	99.40%	(1)	(1)	(1)
Regional Operations: Children age 0-18 years receive age-appropriate vaccines	(1)	(1)	99.00%	99.00%	100.00%
Behavioral Health Services: Wait time for children's mental health outpatient treatment	5 days	4 days	3.5 days	(1)	(1)
Public assistance					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	96.00%	97.00%	95.00%	97.00%	96.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	79.00%	83.00%	79.00%	(1)	(1)
Child Welfare Services: Family participation in joint case planning and meetings quarterly	(1)	(1)	(1)	56.00%	77.00%
Self-Sufficiency Services: CalWORKs applications processed timely to help eligible families become more self-sufficient	(1)	(1)	(1)	96.00%	97.00%
Education					
County Library: Annual average circulation per item	7.98	7.52	6.84	7.47	7.82
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and effectively managed	45,661	47,270	47,907	48,098	48,565
Parks and Recreation: Number of miles of trails managed in the County trails program	329	330	336	359	363

(1) Trend data not available

Source: Various County departments

Table 17
County of San Diego
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
General government										
Fleet vehicles	1,492	2,186	1,841	1,608	1,664	1,872	1,762	1,762	1,825	1,814
Buildings	1,108	1,131	1,135	1,092	1,096	1,085	1,126	1,136	1,114	1,123
Land	917	940	989	1,015	1,042	1,073	1,090	1,124	1,136	1,146
Public protection										
Building - sub stations	9	12	12	11	12	12	12	15	16	16
Patrol units	1,415	1,491	1,519	1,806	1,404	1,310	1,402	1,473	1,448	1,520
Detention facilities	10	10	10	10	10	10	9	10	10	10
Public ways and facilities										
Road miles	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	1,953.71
Bridges	174	178	178	178	178	196	200	200	201	201
Airports	8	7	7	7	7	7	7	7	7	7
Road stations	15	15	15	15	14	14	13	13	13	13
Health and sanitation										
Inactive landfills	18	17	17	23	23	23	23	23	23	23
Sewer lines miles	379.83	406.00	425.10	427.00	432.00	432.00	432.00	432.00	432.00	432.00
Water pollution control facilities	3	3	3	4	5	5	5	6	1	1
Wastewater treatment plants (1)						3	3	3	3	3
Wastewater pump stations (1)						8	8	8	8	8
Public assistance										
Administration building	1	1	1	1	1	0	1	1	1	1
Housing facilities	6	6	6	6	6	6	6	6	6	5
Education										
Libraries	20	20	20	20	20	20	20	20	20	20
Recreation and cultural										
Parks/open space area	92	95	92	92	91	91	91	91	109	109
Campgrounds	9	9	8	8	8	8	8	8	8	8

(1) Trend data not available for 2007-11

Source: Various County departments

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COUNTY OF SAN DIEGO, CALIFORNIA

County Administration Center

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