Introductions - Participants

**County of San Diego Presenters**
Donald F. Steuer, *Chief Financial Officer*
Dan McAllister, *Treasurer-Tax Collector*
Dave Butler, *Assessor/Recorder/County Clerk*

**Additional County Resources**
Tracy Sandoval, *Auditor and Controller/Assistant Chief Financial Officer*
Lisa Marie Harris, *Chief Deputy Treasurer*
Jeff Olson, *Division Chief, Assessment Services*
Janel Pehau, *Director, Office of Financial Planning*
Ebony Shelton, *Group Finance Director, Finance and General Government*
Joan Pan, *Debt Finance Manager*
Tracy Drager, *Senior Auditor and Controller Manager*
Rob Castetter, *Chief Investment Officer*
Michelle Durgy, *Investment Officer*
Michele Cummings, *CAO Staff Officer*

**Finance Team**
Citi, *Senior Manager*
JP Morgan, *Co-Manager*
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<th>Section</th>
<th>Tab</th>
</tr>
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<td></td>
</tr>
</tbody>
</table>
1. OVERVIEW
Executive Summary

- Consistent with our strategic plan and objectives, we have maintained a structurally balanced budget through good times and bad, and will continue to do so.

- We are well-positioned to manage the challenges at hand, including the economic slowdown, impact of State budgetary actions, and changing needs of our residents.
  - The County Board maintains its position of making necessary budget cuts given the economic situation.
  - The County aggressively seeks out business process reengineering opportunities and will continue to review and prioritize required levels of service for all programs.

- We have institutionalized and maintained conservative and prudent fiscal management practices.
  - Consistently strong fund balances and stable reserves.
  - On-going assessment of current and future capital needs.

- We have maintained stability in challenging market conditions.

- We operate within a resilient and diversified economy.
2. REAL ESTATE MARKET UPDATE
A Review and Update of the County’s Real Estate Market

- In the first half of 2008, residential change of ownership reassessments averaged +$90,400 in AV per event. In the second half of 2008 they averaged +$19,500 in AV per sale.

- Last spring we processed 88,000 2008 Prop 8 reductions totaling $8.8 billion and representing 2% of the assessment roll. An estimated 200,100 parcels will receive reductions for 2009, totaling $23.85 billion or 6% of the roll.

- New construction activity has slowed beyond expectations, down over 38%.

- Foreclosures have decreased while Notices of Default have increased during the first four months of 2009.
### 2008 Foreclosures by Month

<table>
<thead>
<tr>
<th>Month</th>
<th>Notices of Default</th>
<th>Foreclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>3,299</td>
<td>1,461</td>
</tr>
<tr>
<td>February</td>
<td>3,212</td>
<td>1,398</td>
</tr>
<tr>
<td>March</td>
<td>3,284</td>
<td>1,161</td>
</tr>
<tr>
<td>April</td>
<td>3,601</td>
<td>1,512</td>
</tr>
<tr>
<td>May</td>
<td>3,422</td>
<td>1,762</td>
</tr>
<tr>
<td>June</td>
<td>3,430</td>
<td>1,981</td>
</tr>
<tr>
<td>July</td>
<td>3,206</td>
<td>2,285</td>
</tr>
<tr>
<td>August</td>
<td>3,176</td>
<td>2,197</td>
</tr>
<tr>
<td>September</td>
<td>1,360</td>
<td>1,981</td>
</tr>
<tr>
<td>October</td>
<td>1,269</td>
<td>1,293</td>
</tr>
<tr>
<td>November</td>
<td>1,495</td>
<td>1,144</td>
</tr>
<tr>
<td>December</td>
<td>3,191</td>
<td>1,351</td>
</tr>
<tr>
<td><strong>Annual Total</strong></td>
<td><strong>33,945</strong></td>
<td><strong>19,526</strong></td>
</tr>
</tbody>
</table>

### 2009 Foreclosures by Month

<table>
<thead>
<tr>
<th>Month</th>
<th>Notices of Default</th>
<th>Foreclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>3,055</td>
<td>1,325</td>
</tr>
<tr>
<td>February</td>
<td>3,705</td>
<td>1,365</td>
</tr>
<tr>
<td>March</td>
<td>4,260</td>
<td>844</td>
</tr>
<tr>
<td>April</td>
<td>3,673</td>
<td>988</td>
</tr>
<tr>
<td><strong>YTD Total</strong></td>
<td><strong>14,693</strong></td>
<td><strong>4,522</strong></td>
</tr>
</tbody>
</table>

Source: County of San Diego Assessor/Recorder/County Clerk

### California Non-Judicial Foreclosure Timeline

- **Delinquency**
  - Typically Three to Five Months
  - (Depending on lender’s policies; California Law requires 1 day)
- **Notice of Default**
  - Three Months
  - Mailed to delinquent property owner
  - (Required by California Law)
  - Mailed to delinquent property owner
  - Posted on property and public place
  - Published in Newspaper
- **Notice of Sale**
  - Three Weeks
  - (Minimum Required by California Law; Practically it is usually around 4 – 5 weeks)
- **Foreclosure Sale**
  - Usually at a County building
In year over year median home prices, San Diego’s residential market has held up better than neighboring counties.

**YOY Change in Median Home Prices**
(April 2008 – April 2009)

<table>
<thead>
<tr>
<th>County</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orange</td>
<td>-24.0%</td>
</tr>
<tr>
<td>San Diego</td>
<td>-27.5%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>-31.0%</td>
</tr>
<tr>
<td>Riverside</td>
<td>-39.0%</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>-47.7%</td>
</tr>
</tbody>
</table>

Source: DataQuick
Assessed Valuations

- The property tax base has increased on average 8.7% annually since 1998-99.
- The Fiscal Year 2009-10 AV is expected to decline by only 2.5% despite double digit decreases in the housing market.
- Prop 13 provides a stabilizing factor for AV growth.
  - Real property assessments are subject to a 2% maximum annual inflation adjustment unless there is a change in ownership, new construction, or a reduction. Over 73% of all properties will receive the inflation adjustment for 2009.

AV FY 1998-99 – FY 2009-10 and % Change

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Value ($B)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 1998-99</td>
<td>$161</td>
<td></td>
</tr>
<tr>
<td>FY 1999-00</td>
<td>$179</td>
<td>10.6%</td>
</tr>
<tr>
<td>FY 2000-01</td>
<td>$195</td>
<td>9.5%</td>
</tr>
<tr>
<td>FY 2001-02</td>
<td>$214</td>
<td>9.5%</td>
</tr>
<tr>
<td>FY 2002-03</td>
<td>$233</td>
<td>8.7%</td>
</tr>
<tr>
<td>FY 2003-04</td>
<td>$255</td>
<td>9.8%</td>
</tr>
<tr>
<td>FY 2004-05</td>
<td>$282</td>
<td>10.3%</td>
</tr>
<tr>
<td>FY 2005-06</td>
<td>$319</td>
<td>13.3%</td>
</tr>
<tr>
<td>FY 2006-07</td>
<td>$358</td>
<td>12.1%</td>
</tr>
<tr>
<td>FY 2007-08</td>
<td>$391</td>
<td>9.4%</td>
</tr>
<tr>
<td>FY 2008-09</td>
<td>$409</td>
<td>4.6%</td>
</tr>
<tr>
<td>FY 2009-10</td>
<td>$399</td>
<td>(2.5%) Est.</td>
</tr>
</tbody>
</table>

FY 2008-09 Distribution of Roll Values

- Single Family 68%
- Commercial/Industrial 20%
- Agricultural, Institutional & Recreational 3%
- Apartments (2 units and above) 9%

Source: County of San Diego Assessor/Recorder/County Clerk
The County’s AV Rolls Have Cushion to Absorb Decreases in Market Value

- Approximately **37%** of San Diego County properties last sold in the peak years of our local real estate market (2003-2008). Approximately 2/3 of these properties were single family dwellings or condominiums which have potentially declined in value.

- The remaining **63%** of properties are not likely candidates for a downward reassessment as their base assessment was established in 2009 or prior to 2003. If a property with a pre-2003 base was reassessed today, it would still reflect some appreciation since the time that the base value was established.

**Historic AV Reassessments**
Base Year Value Established Upon Last Change of Ownership
(Number of Parcels)

- Pre-1998: 350,569 (40%)
- 1998-2002: 191,254 (22%)
- 2003-2008: 325,051 (37%)
- 2009: 6,369 (1%)

**Historical Median Home Sales Prices**
(1982-2009)*

*Note: As of April 30, 2009
Source: County of San Diego Assessor/Recorder/County Clerk

*Note: 2009 figure as of April 2009; Source: California Association of Realtors
## Assessment Review Statistics

### 2009 Prop 8 Reductions

New Application Received 18,000 as of 5/31/2009

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated total by May 30 deadline</td>
<td>30,000</td>
</tr>
<tr>
<td>2008 AAB Carryover</td>
<td>35,000</td>
</tr>
<tr>
<td>Prop 8 Carryover from Fiscal Year 2008-09</td>
<td>79,100</td>
</tr>
<tr>
<td>Proactive reviews (est)</td>
<td>56,000</td>
</tr>
<tr>
<td>Estimated Total Reductions</td>
<td>200,100</td>
</tr>
</tbody>
</table>

Total Parcels in the County of San Diego 978,212

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. % of Total Parcels to be Reduced</td>
<td>20.5%</td>
</tr>
<tr>
<td>Est. % of Residential Parcels to be Reduced</td>
<td>26.6%</td>
</tr>
</tbody>
</table>

Source: County of San Diego Assessor/Recorder/County Clerk
Residential and Commercial Activity

- The total value added by all change in ownership or new construction reassessments for Fiscal Year 2008-09 was $20.2 billion, including over $6 billion from large portfolio sales.

- The estimated total for the 2009-2010 assessment year is $7.2 billion.

### Real Estate Parcel Activity

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Residential</th>
<th>Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Change in Ownership</td>
<td>New Construction</td>
</tr>
<tr>
<td>2004</td>
<td>103,128</td>
<td>39,541</td>
</tr>
<tr>
<td>2005</td>
<td>93,529</td>
<td>38,302</td>
</tr>
<tr>
<td>2006</td>
<td>71,633</td>
<td>30,540</td>
</tr>
<tr>
<td>2007</td>
<td>60,107</td>
<td>24,219</td>
</tr>
<tr>
<td>2008</td>
<td>62,958</td>
<td>14,583</td>
</tr>
</tbody>
</table>

Source: County of San Diego Assessor/Recorder/County Clerk.
Property Assessments to Date and in the Future

- Change of ownership reassessments processed through April 30th have netted an AV increase of $1.98 billion. This represents 95% of residential sales and 86% of commercial sales requiring reassessment for 2009-2010.

- New construction has resulted in an AV increase of $3.43 billion. This represents 85% of residential permits and 70% of commercial permits requiring reassessment.

- The California CPI adjustment will result in an estimated AV increase of $6.6 billion.

- Reductions due to a decline in market value will result in a projected AV decrease of $23.85 billion.

- Based on these factors, total AV for 2009-2010 is estimated to decrease by 2.5%.

- We believe the reductions made for 2009-2010 will capture most eligible residential properties and that we are at or very near the bottom of the residential market. The commercial market is showing signs of softening and we expect office and retail to suffer some decline in the next year. We believe 2009-2010 will represent our steepest decline.

Source: County of San Diego Assessor/Recorder/County Clerk.
3. ECONOMIC OVERVIEW
Economic Highlights

- San Diego County’s population as of January 1, 2009 was 3,173,400, an increase of +1.3% or 41,900 people over the year.\(^1\)

- The County’s largest city, San Diego, recorded a +1.5% increase or 20,400 residents to a 2009 count of 1,354,000 people.\(^1\)

- The total number of San Diego tourists that visited in 2008 was 31.1 million; total economic impact $18.1 billion.\(^1\)

- The Gross Metropolitan Product (GMP) of San Diego was estimated to be $171.248 billion in 2008, with the visitor industry the third largest revenue generator in the San Diego economy following manufacturing and the military.\(^2\)

- Under the American Recovery and Reinvestment Act of 2009 (ARRA), the County will be receiving $194 million as of 5/22/09 and will potentially receive an additional $34 million. The County is seeking another $112 million in competitive grants.\(^3\)

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1 U.S. Census Bureau
2 SANDAG
3 County of San Diego, Office of Strategy and Intergovernmental Affairs
Significant Economic Impact Of New Otay Mesa East Port Of Entry

- State Route 11 / Otay Mesa East Port of Entry project includes construction of a new four-lane freeway and new port of entry.

- Current wait times often exceed six hours at the existing Otay Mesa port for commercial vehicles, which supports 90% of the commercial truck traffic for the County.

- An estimated $28.6 billion in goods crossed the Otay Mesa port in 2006. The number is expected to double by 2025.

- The new port will alleviate traffic congestion while promoting trade between the U.S. and Mexico leading to shorter wait times and increased goods transported.

- The project will create approximately 42,034 jobs and an estimated $1.6 million for the local economy.

<table>
<thead>
<tr>
<th>Funding Sources ($millions)</th>
<th>Total Project Cost: $300-360</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private investors and tolls</td>
<td>$211 – 271</td>
</tr>
<tr>
<td>Proposition 1B Trade Corridor Improvement Fund</td>
<td>$75</td>
</tr>
<tr>
<td>State Transportation Improvement Program</td>
<td>$13</td>
</tr>
<tr>
<td>Federal Government</td>
<td>$0.4</td>
</tr>
</tbody>
</table>

Source: CA Department of Transportation, March 2009, Project Fact Sheet
## Impact of Federal Stimulus Funds

### ARRA Grant Activity

<table>
<thead>
<tr>
<th>Funds</th>
<th># ARRA programs</th>
<th># projects (initial estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmed Awards</td>
<td>$143,595,712</td>
<td>8</td>
</tr>
<tr>
<td>Pending Formula Distributions</td>
<td>$51,167,219</td>
<td>7</td>
</tr>
<tr>
<td>Total Known Awards</td>
<td>$194,762,931</td>
<td>15</td>
</tr>
<tr>
<td>Pending Discretionary Funds</td>
<td>$34,000,000</td>
<td>2</td>
</tr>
<tr>
<td>Total Estimated Awards</td>
<td>$228,762,931</td>
<td>17</td>
</tr>
<tr>
<td>Competitive Funds Seeking</td>
<td>$112,639,351</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$341,402,282</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: County of San Diego Office of Strategy and Intergovernmental Affairs
Diverse Economy and Employment Base

- It is anticipated that California's unemployment rate will continue to rise and remain in the double digits until at least the beginning of 2012.¹

- Economists say one of the few encouraging signs in the local January jobless data is that employment in the beleaguered real estate market seems to be hitting bottom.²

Unemployment Rates In Southern California Counties (November 08 – March 09)³

<table>
<thead>
<tr>
<th>County</th>
<th>Average</th>
<th>Mar-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>10.0%</td>
<td>11.2%</td>
</tr>
<tr>
<td>San Diego</td>
<td>8.2%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>10.3%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Riverside</td>
<td>11.7%</td>
<td>13.2%</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>11.1%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Orange</td>
<td>7.4%</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

¹ UCLA’s Anderson Forecast & UC Santa Barbara's Economic Forecast.
² San Diego Tribune, Alan Gin, UCSD, Associate Professor of Economics, March 25, 2009.
³ Employment Development Department.
## Property Tax Collections as of April 30, 2009

<table>
<thead>
<tr>
<th></th>
<th>FY2007/08</th>
<th>FY2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of bills sent</strong>¹</td>
<td>974,997</td>
<td>980,355</td>
</tr>
<tr>
<td><strong>Amount billed</strong>¹</td>
<td>$4,372,959,277</td>
<td>$4,556,414,084</td>
</tr>
<tr>
<td><strong>Amount received</strong>¹</td>
<td>$4,113,981,144</td>
<td>$4,257,708,490</td>
</tr>
<tr>
<td><strong>Percentage of delinquencies</strong>²</td>
<td>5.92%</td>
<td>6.56%</td>
</tr>
<tr>
<td><strong>Number of delinquencies</strong>²</td>
<td>122,191</td>
<td>132,907</td>
</tr>
<tr>
<td><strong>Amount outstanding</strong>²</td>
<td>$(258,978,133)</td>
<td>$(298,705,594)</td>
</tr>
</tbody>
</table>

1. Includes both 1st and 2nd installments on secured tax roll/real estate.
2. Delinquent collections for payments due on December 10, 2008 (1st installment) and April 10, 2009 (2nd installment).

Source: San Diego County Treasurer-Tax Collector
The County’s Property Tax Base is Very Diverse

- The ten largest taxpayers in the County are responsible for approximately 3.7% of the total property taxes.

<table>
<thead>
<tr>
<th>Property Owners</th>
<th>Business Area</th>
<th>Approximate Tax (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Gas &amp; Electric Company</td>
<td>Gas and Electric Utility</td>
<td>$52.4</td>
</tr>
<tr>
<td>Irvine Co.</td>
<td>Real Estate</td>
<td>19.6</td>
</tr>
<tr>
<td>Southern California Edison</td>
<td>Electric Utility</td>
<td>19.1</td>
</tr>
<tr>
<td>Kilroy Realty</td>
<td>Real Estate</td>
<td>15.0</td>
</tr>
<tr>
<td>Qualcomm</td>
<td>Telecommunications</td>
<td>13.0</td>
</tr>
<tr>
<td>Arden Realty LTD</td>
<td>Real Estate</td>
<td>10.7</td>
</tr>
<tr>
<td>San Diego Expressway LTD</td>
<td>Real Estate</td>
<td>10.5</td>
</tr>
<tr>
<td>OC / SD Holdings LLC</td>
<td>Real Estate</td>
<td>10.0</td>
</tr>
<tr>
<td>Pacific Bell Telephone Company</td>
<td>Telecommunications</td>
<td>9.3</td>
</tr>
<tr>
<td>Genentech</td>
<td>Biotechnology</td>
<td>5.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$167.4</strong></td>
</tr>
</tbody>
</table>

Source: San Diego County Treasurer-Tax Collector
4. CREDIT HIGHLIGHTS
Credit Highlights - Overview

- Disciplined financial management will enable the County to weather the State’s fiscal crisis and current economic conditions.

- The County is allocating ongoing General Purpose Revenue to support major capital needs.

- The County has low and manageable debt levels.

- The County has pro-actively managed its labor and retirement costs.

- The County adheres to a fund balance and reserves policy that will ensure the County’s fiscal health and stability.
Strong Financial Management Practices

- Fiscal Year 2008-09 projected unreserved/undesignated general fund balance of $474.6 million includes $284.6 million from prior year.

- The County Budget is structurally balanced.
  - Conservative budgeting consistently produces net operating surplus.
  - Long-term capital planning policy and five year capital needs assessment program.
  - One-time revenues only used for one-time expenditures.
  - Using ongoing revenues for one-time projects.
  - Received GFOA Distinguished Budget Presentation Award.
The County has institutionalized financial management policies.

- Fund Balance and Reserves Policy
- Strong investment pool management policy
- Debt, Refunding and Swap Policies in place
- Debt Advisory Committee (DAC) oversees debt management.
- Consistent record of early debt repayment and cash funding of projects.
Strong Financial Management Practices (cont.)

- Comprehensive financial reporting and forecasting
  - Risk Overview Committee / Disclosure Controls and Procedures
  - Comprehensive financial disclosure in Appendix A of Official Statements
  - Two-year Operational Plan and five-year financial forecast
  - Quarterly Variance Reports posted on County website.
  - Debt capacity review and long-term financial planning model to support the execution of the Capital Improvements Needs Assessment (CINA).
  - The County’s CAFR has received the GFOA Certificate of Achievement for Excellence in Financial Reporting and the State Controller’s Award for Achieving Excellence in Financial Reporting.
  - The Investment Pool’s CAFR has received the GFOA Certificate of Achievement for Excellence in Financial Reporting.
5. FISCAL YEAR 2008-09 PROJECTED FINANCIAL RESULTS
Fiscal Year 2008-09 Financial Highlights

- Projected Unreserved/Undesignated fund balance is $474.6 million.
- Target levels for Fund Balance and Reserves Policy have been met or exceeded.
- Fiscal year-to-date expenditures of $18.9 million for major maintenance projects to preserve and extend the useful life of County facilities.
- Retired $44 million of pension debt early and restructured 2002B POBs to shorten final maturity and achieve overall level POB debt service.
- County Operations Center (COC) Project cash contribution of $75 million.
The County Maintains Strong Fund Balances

- The County spends one-time resources on one-time items not ongoing operational needs, which bolsters fund balances.

### Historic General Fund Balances

<table>
<thead>
<tr>
<th></th>
<th>FY 2005-06</th>
<th>FY 2006-07</th>
<th>FY 2007-08</th>
<th>FY 2008-09 3rd Qtr Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ Millions</td>
<td>% of FB</td>
<td>$ Millions</td>
<td>% of FB</td>
</tr>
<tr>
<td>Total Reserved Fund Balance</td>
<td>$272.9</td>
<td>30.4%</td>
<td>$410.2</td>
<td>35.5%</td>
</tr>
<tr>
<td>Total Unreserved / Designated Fund Balance</td>
<td>190.5</td>
<td>21.2%</td>
<td>183.4</td>
<td>15.9%</td>
</tr>
<tr>
<td>Total Unreserved / Undesignated Fund Balance</td>
<td>435.5</td>
<td>48.4%</td>
<td>561.4</td>
<td>48.6%</td>
</tr>
<tr>
<td>Total General Fund Balance</td>
<td>$898.9</td>
<td></td>
<td>$1,155.0</td>
<td></td>
</tr>
</tbody>
</table>

1) Total Reserved Fund Balance and Total Unreserved / Designated Fund Balance for FY 2008-09 are assumed to be unchanged from the FY 2007-08 audited figures. Total Reserved Fund Balance includes the general reserve and reserves for loans, inventory, landfill maintenance and other purposes. Total Unreserved / Designated Fund Balance includes various designations for subsequent years’ expenditures, landfill post-closure expenditures, and for encumbrances.

2) Total Unreserved / Undesignated Fund Balance represents the unreserved/undesignated/un-appropriated Fund Balance as of May 12, 2009 ($571.4 Million [Audited FY 2007-08 unreserved / undesignated fund balance] - $214.7 Million [appropriated for the FY 2008-09 operational plan] - $30.1 Million [appropriated by the Board of Supervisors in the First Quarter Status Report] - $19.2 Million [appropriated by the Board of Supervisors in other board actions] - $0.01 Million [appropriated by the Board of Supervisors in the Second Quarter Status Report] – $22.8 Million [appropriated by the Board of Supervisors in the Third Quarter Status Report] + $190.0 Million [2008-09 Third Quarter Status Report projected GF year-end FB]).
Fiscal Year 2008-09 Projected Results

### Fund Balance Status - General Fund (in millions)

- **Unreserved/Undesignated Fund Balance (UUFB) as of June 30, 2008**: $571.4 million
- **Less amount used in FY 2008-09 Budget for one time expenses**: $(214.7) million
- **Less subsequent uses approved by the Board of Supervisors**: $(72.1) million

**Total Available UUFB**: $284.6 million

- **3rd Quarter Projection of FY 2008-09 Budgetary FB**: $190.0 million

**Total Projected UUFB at June 30, 2009 (1)**: $474.6 million

(1) Assumes no further use of Available UUFB and that the 3rd Quarter Projection holds true.

### 3rd Quarter Projection of FY 2008-09 Budgetary Fund Balance (in millions)

<table>
<thead>
<tr>
<th></th>
<th>2008-09 Amended Budget</th>
<th>Projected Year End Results</th>
<th>Variance from Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditures</td>
<td>4,033.1</td>
<td>3,696.8</td>
<td>336.4</td>
</tr>
<tr>
<td>Total Revenues and Fund Balance Utilized</td>
<td>3,724.4</td>
<td>3,578.0</td>
<td>(146.4)</td>
</tr>
<tr>
<td><strong>Net Savings from the 2008-09 Amended Budget</strong></td>
<td>308.7</td>
<td>118.7</td>
<td>190.0</td>
</tr>
</tbody>
</table>

$336.4 million lower than budgeted expenditures primarily attributable to:

- Appropriation savings of: $60.9 million from budgeted salaries and benefits costs; $210.1 million from services and supplies; $10.5 million from other charges largely reflecting reduced caseload and aid payments in HHSA
- $52.3 million in contingency and management reserves that are projected to be unspent at year-end

$146.4 million lower than budgeted revenue mainly comprised of the following significant variances:

- ($134.9) million from intergovernmental revenues resulting from expenditure savings and projected $38.1 million reduction in realignment revenues
- ($28.8) million from property taxes
- ($34.2) million from Proposition 172 sales tax
- +$21.0 million from settlement of a contract dispute
- +$8.5 million from State reimbursement of February 2008 election costs
Conservative Budgeting and Strong Financial Performance

- The County has consistently generated a net operating surplus.

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>FY 2004-05</th>
<th>FY 2005-06</th>
<th>FY 2006-07</th>
<th>FY 2007-08</th>
<th>FY 2008-09*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Net Savings as of 3rd Quarter</td>
<td>$198.4</td>
<td>$338.1</td>
<td>$480.2</td>
<td>$509.3</td>
<td>$474.6</td>
</tr>
<tr>
<td>Actual Year-End Undesignated Fund Balance (Audited)</td>
<td>$264.2</td>
<td>$435.4</td>
<td>$561.4</td>
<td>$571.4</td>
<td>TBD</td>
</tr>
</tbody>
</table>

*Represents projections as of the Third Quarter Operational Plan Status Report as presented to the Board of Supervisors on May 12, 2009 (excess of revenues over expenditures plus prior year remaining available fund balance).
The County Currently Meets or Exceeds All Reserve Targets

- Targets for reserves and unappropriated fund balances have been set and maintained or exceeded.

- For Fiscal Year 2008-09 the target for unappropriated, unreserved, undesignated fund balance is $101.5 million; currently $284.6 million is unappropriated from prior year.

<table>
<thead>
<tr>
<th>Reserve Targets and Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2008-09 budgeted General Purpose Revenues (GPR): $1,014.7 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Target</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Reserve</td>
<td>5%</td>
<td>$50.7</td>
</tr>
<tr>
<td>Contingency Reserve</td>
<td>2%</td>
<td>$20.3</td>
</tr>
<tr>
<td>Unappropriated Fund Balance</td>
<td>10%</td>
<td>$101.5</td>
</tr>
</tbody>
</table>

(1) Does not reflect the projected FY 2008-09 budgetary fund balance of approximately $190.0 million.
## Additional Reserves and Resources

### Projected Additional Reserves and Resources as of June 30, 2009 (in millions)

<table>
<thead>
<tr>
<th>Reserve Fund</th>
<th>Authority to Release Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service Reserves</td>
<td>$31.6 Rating Agency, Insurer and Bondholder Consent; Four Votes</td>
</tr>
<tr>
<td>Workers' Compensation Reserve</td>
<td>84.8 Four Votes</td>
</tr>
<tr>
<td>Public Liability Reserve</td>
<td>26.4 Four Votes</td>
</tr>
<tr>
<td>Environmental Trust Fund Reserve</td>
<td>65.7 Existing Ordinance would need to be amended; Four Votes</td>
</tr>
<tr>
<td>Tobacco Securitization Special Revenue Endowment Fund</td>
<td>408.5 Existing Board Policy would need to be amended; Four Votes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$617.0</strong></td>
</tr>
</tbody>
</table>
6. FISCAL YEAR 2009-10 PROPOSED OPERATIONAL PLAN
Fiscal Year 2009-10 Operational Plan Highlights

- Assumes General Purpose Revenue (GPR) decline of 6.3% and program revenue growth of 0.5%.
- Reflects no wage increase and a 5% flex benefit increase effective January 1, 2010.
- Deletes 758.0 FTEs, a 4.4% decrease.
- Establishes Contingency Reserve at $20.0 million, exceeding target level of $19.0 million.
- Maintains General Reserve at $55.5 million, exceeding target level.
- Uses $332.4 million of fund balance for one-time projects, including $100 million that converts the unappropriated fund balance target amount in the reserve policy to a designation (net use is $232.4 million).
- Cuts have been made across the organization in order to maintain structural balance.
- Increases GPR (net cost) allocation to Public Safety by $0.9 million to help mitigate the drop in Proposition 172 sales tax revenues; all other groups are seeing a real decrease in the GPR allocation of 4 – 6%.
- Appropriates $75 million of ongoing GPR for the Women’s Detention Facility.
- Appropriates $100 million for the early payment of the outstanding 2008B Pension Obligation Bonds (POBs).
- Includes $26.3 million of stimulus funding which benefits the Community Services Group ($8.3 million) and the Health and Human Services Agency ($18.0 million).
Update on Labor Negotiations Fiscal Year 2009-10

- The County has labor agreements with all unions effective through June 16, 2011, with the exception of SEIU, Local 221/San Diego Probation Officer’s Association.

- Fiscal Year 2009-10 no wage increase; 5% flex credit increase (effective January 1, 2010).

- Fiscal Year 2010-11 2% wage increase effective June 18, 2010; 5% flex credit increase (effective January 1, 2011).

- Prospective amendments to the retirement system have been negotiated, creating a Tier B for newly hired employees in all bargaining units. The new tier is based on the average of the highest three years of salary (currently it is based on the single highest year) and:
  - 2.6% @ 62 for general employees
  - 3% @ 55 for safety employees
Proposed budget for all funds of $4.94 Billion
(decrease of 4.7% from prior fiscal year)
Fiscal Year 2009-10 Proposed General Fund Budget

- Proposed budget of $3.75 Billion
  (increase of 1.9% from prior fiscal year)

Revenues by Category (in millions)

- Property and Other Taxes $900.8
- Other Intergovernmental $73.4
- Fund Balance/Reserve Designation $338.6
- Use of Money & Property and Other $290.2
- Federal $853.2
- State Aid $932.9
- Charges for Services, Fees & Fines $361.4

Appropriations by Group/Agency (in millions)

- Public Safety $1,091.2
- Health & Human Services $1,812.1
- Land Use & Environment $176.6
- Community Services $55.6
- Finance & General Government $279.2
- Finance Other $335.8
Fiscal Year 2009-10 General Fund Revenue Composition

General Fund Revenue by Source (in millions)

- Program Revenues $2,461.1
- Fund Balance/Designations $338.6
- General Purpose Revenues $950.8

General Purpose Revenue (in millions)

- Property Taxes $496.3
- Property Tax in Lieu of VLF $309.3
- Sales Tax and Real Property Transfer Tax $29.3
- Other $115.9

6.3% decrease from prior Fiscal Year
Historical General Purpose Revenue Composition

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>384.20</td>
<td>421.71</td>
<td>484.92</td>
<td>510.82</td>
<td>543.06</td>
<td>514.24</td>
<td>496.28</td>
</tr>
<tr>
<td>VLF/Property Tax in Lieu of VLF</td>
<td>200.52</td>
<td>264.96</td>
<td>277.93</td>
<td>303.35</td>
<td>320.95</td>
<td>316.93</td>
<td>309.26</td>
</tr>
<tr>
<td>Sales Tax &amp; RPTT</td>
<td>55.25</td>
<td>54.21</td>
<td>47.94</td>
<td>41.28</td>
<td>42.50</td>
<td>35.64</td>
<td>29.29</td>
</tr>
<tr>
<td>Other Revenues*</td>
<td>91.73</td>
<td>104.76</td>
<td>132.02</td>
<td>134.46</td>
<td>108.19</td>
<td>125.36</td>
<td>115.87</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>731.70</strong></td>
<td><strong>845.65</strong></td>
<td><strong>942.81</strong></td>
<td><strong>989.91</strong></td>
<td><strong>1,014.70</strong></td>
<td><strong>992.17</strong></td>
<td><strong>950.71</strong></td>
</tr>
</tbody>
</table>

*‘Other Revenues’ is comprised of Teeter Property Tax, Interest Earnings, Redevelopment Agency Tax Increment, Fines, Forfeitures & Penalties, Prior Year Taxes, and other miscellaneous revenues.

Totals may not add up due to rounding.
Impact of the Governor’s May Revise

- Suspension of Proposition 1A may result in the State borrowing 8% of local government property tax revenues.
  - $67.0 million – County General Fund
  - $2.4 million – County Library Fund
  - State required to repay local governments within three years

- State General Fund revenue for County child welfare services administration may be cut by 10%, the estimated impacts would be fewer Protective Service Workers and slower response and service times.

- State-proposed amendment to federal legislation to expand the Kinship-Guardianship Agreement Payment (KinGAP) program could shift costs to the federal government and counties.

- Proposed public health cuts impact HIV education and prevention and family health programs.

- Funding for certain substance abuse treatment programs may be eliminated; the impact to the County will be felt by both Alcohol and Drug Services and Probation.

- Changes to sentencing options for specified crimes, making them punishable by a jail term rather than state prison, may increase the County’s share of inmates.

- More stringent eligibility criteria for In-Home Supportive Services (IHSS) would eliminate some existing services based on level of need, and is likely to result in several millions of dollars in savings to the County.

- The Board is committed to not backfilling State Revenues.
  - If revenues go away, expenditures go away.
Ongoing and Future Challenges

- Property tax base growth slowing
- Sales tax/vehicle license fees revenue shortfalls
- State structural budget issues
- Retirement investments
7. COUNTY RETIREMENT SYSTEM
San Diego County Employees Retirement Association (SDCERA)

<table>
<thead>
<tr>
<th>SDCERA Pension Fund Facts (1)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of Fund</td>
<td>$8.41 Billion</td>
</tr>
<tr>
<td>Participants</td>
<td>36,179</td>
</tr>
<tr>
<td>Active</td>
<td>18,041</td>
</tr>
<tr>
<td>Deferred</td>
<td>5,147</td>
</tr>
<tr>
<td>Retired</td>
<td>12,991</td>
</tr>
<tr>
<td>Deferred Retirement Option Plan (DROP)</td>
<td>No</td>
</tr>
<tr>
<td>Additional Retirement Credit</td>
<td>No</td>
</tr>
<tr>
<td>Retirement Board Size</td>
<td>9</td>
</tr>
<tr>
<td>Authority</td>
<td>1937 Retirement Act</td>
</tr>
<tr>
<td>Rating</td>
<td>S&amp;P ‘AAA’</td>
</tr>
<tr>
<td>Funded Ratio</td>
<td>94.4%</td>
</tr>
<tr>
<td>Unfunded Liability</td>
<td>$485.5 Million</td>
</tr>
<tr>
<td>Smoothing Period</td>
<td>5 Years</td>
</tr>
<tr>
<td>Unfunded Liability Amortization</td>
<td>20-Year Fixed, Layered</td>
</tr>
</tbody>
</table>

(1) Based on Actuarial Valuation and Review as of June 30, 2008 prepared by The Segal Group, Inc.
SDCERA’s AAA rating and stable outlook reaffirmed in January 2009.

The County prepaid $164 million of its 2002 POBs.

The County has included in its Fiscal Year 2009-10 Proposed Operational Plan, the prepayment of the outstanding $100 million 2008B POBs.

The County has contributed $91.8 million over and above its pension Annual Required Contribution (ARC) since Fiscal Year 2004-05.

Estimated total market value of assets as of March 31, 2009: $5.6 billion.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>County Contribution (millions)</th>
<th>UAAL (millions)</th>
<th>Funded Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$244</td>
<td>$1,232</td>
<td>83.6%</td>
</tr>
<tr>
<td>2007</td>
<td>258</td>
<td>832</td>
<td>89.7</td>
</tr>
<tr>
<td>2008</td>
<td>237</td>
<td>485</td>
<td>94.4</td>
</tr>
<tr>
<td>2009(a)</td>
<td>234</td>
<td>982</td>
<td>89.5</td>
</tr>
<tr>
<td>2010(a)</td>
<td>216</td>
<td>1,878</td>
<td>81.2</td>
</tr>
<tr>
<td>2011(a)</td>
<td>264</td>
<td>2,828</td>
<td>73.5</td>
</tr>
<tr>
<td>2012(a)</td>
<td>344</td>
<td>3,810</td>
<td>66.7</td>
</tr>
<tr>
<td>2013(a)</td>
<td>431</td>
<td>4,674</td>
<td>61.7</td>
</tr>
<tr>
<td>2014(a)</td>
<td>525</td>
<td>4,716</td>
<td>63.9</td>
</tr>
<tr>
<td>2015(a)</td>
<td>614</td>
<td>4,677</td>
<td>66.5</td>
</tr>
</tbody>
</table>

(a) Projections based on a 32% loss for FY 2008-09 and the Assumed Rate of Return of 8.25% for the subsequent years.
SDCERA Investment Strategy

- The Association is reducing the size of its Alpha Engine.
- Changed the amount allocated to hedge funds from 20% to 4%.
- SDCERA is in the process of hiring a new Chief Investment Officer and Chief Risk Officer.

Current Asset Allocation

1. U.S. Equity (1)
2. Non-U.S. Equity
3. Emerging Market Debt
4. High Yield Fixed Income
5. Real Estate
6. Commodities
7. Infrastructure
8. Private Equity
9. Opportunistic
10. Bridgewater All-Weather
11. U.S. Bonds
12. U.S. TIPS

(1) As of March 31, 2009, this target portfolio allocation was split between small capitalization stocks which represented 1.9% of the target portfolio allocation, and large capitalization stocks, which represented 17.1% of the target portfolio allocation.
County Policy Objectives for Pension System

- Ensure that the County Retirement System is appropriately funded.
- Pay the full annual retirement contribution as calculated by the SDCERA Actuary.
- Maintain strong, pro-active relationship with SDCERA.
- Pay in full the Other Post Employment Benefits (OPEB) ARC as determined by the SDCERA Actuary.
8. COUNTY INVESTMENT POOL
Pool Characteristics and Composition

- Received highest credit rating for past ten consecutive years.
- Conservative investment approach ensures a liquid portfolio of highly rated investments.

Pool confidence results in record high balance of $6.38 billion in April 2009.

- Diversification of security types, issuers and Pool participants reduces Pool’s risk exposure.

- Successful pool management during volatile markets and credit crisis.

- Benchmark Portfolio effectively reduces volatility through a duration management strategy.
The Pool has received the highest credit rating over the past ten consecutive years.

Accordingly, the Pool’s investments are highly rated.

San Diego County Pooled Money Fund
As of April 30, 2009

Source: San Diego County Treasurer-Tax Collector
The Pool has excellent liquidity with 74% of the investments maturing within one year.

**Maturity Distribution**
As of April 30, 2009

- 30 days or less: 24%
- 90 days: 29%
- 6 months: 15%
- 1 year: 6%
- 2 year: 10%
- 3 year: 10%
- 4 year: 4%
- 5 year: 2%

Source: San Diego County Treasurer-Tax Collector
The Pool reached a record high balance of $6.385 billion in April due to increased revenues from taxes and new voluntary participants.

San Diego County Investment Pool
Highest balances from 2001-2009*


Source: San Diego County Treasurer-Tax Collector
Diversification Lowers Pool’s Risk

- The Pool is diversified by security type, issuers and participants.
- The Pool’s diversification reduces exposure to credit risk and impact of unexpected withdrawals.

San Diego County Pooled Money Fund
As of April 30, 2009

**Breakdown of Security Type**
- U.S. Treasuries 63%
- Corporate MTNs 12%
- Certificates of Deposit 7%
- Repurchase Agreements 2%
- Money Market Funds 1%
- Federal Agencies 1%
- Asset-Backed Notes 1%
- Commercial Paper 2%
- Time Deposits 1%
- Money Market Funds 5%
- Bond Funds 8%

**Breakdown of Participants**
- County Funds 41%
- Non-County Funds 8%
- Voluntary Depositors 6%
- Community Colleges 6%
- K-12 Schools 43%

Source: San Diego County Treasurer-Tax Collector
Successful Management During Volatile Markets

- Added money market fund with non-commercial paper holdings
- Halted purchases of sub-segment asset-backed commercial paper
- Purchases of corporate securities limited to maturities < 60 days
- Halted purchases of all types of asset-backed commercial paper
- Expanded number of Govt.-focused money market funds
- Upgraded monitoring of local banks and CD maturities limited to 6 months
- Explored and utilized Government Liquidity and Guarantee Programs
- Continued use of Money Market Guarantee Program
- Shortened duration (weighted average maturity-WAM) of Pooled Money Fund

Timeline:
- July 2007: Halted purchases of all types of asset-backed commercial paper
- September 2007: Added money market fund with non-commercial paper holdings
- November 2007: Purchases of corporate securities limited to maturities < 60 days
- January 2008: Expanded number of Govt.-focused money market funds
- March 2008: Upgraded monitoring of local banks and CD maturities limited to 6 months
- June 2008: Explored and utilized Government Liquidity and Guarantee Programs
- September 2008: Continued use of Money Market Guarantee Program
- Present: Shortened duration (weighted average maturity-WAM) of Pooled Money Fund

Source: San Diego County Treasurer-Tax Collector
Benchmark Portfolio strategy adopted in early 2007:

- Established a $1 billion portfolio within the County Pool which is managed to mirror the characteristics of a custom benchmark portfolio.
- Benchmark Composition – duration of 1.6 years
  - 30% 0 -1 year US Treasury
  - 30% 0 – 5 year US Treasury
  - 30% 1 – 5 year US Government Agencies
  - 10% 1 – 5 year US Corporate
- The strategy reduces volatility because it is managed similar to the benchmark, which lessens the effects of interest rate movements on this segment of the Pool.
- Benchmark and liquidity portfolios are combined for performance and reporting purposes.
- Combined portfolio is managed in accordance with California Code, Investment Policy and rating agency parameters.

Source: San Diego County Treasurer-Tax Collector
Investment Performance

- The Pool’s Benchmark Portfolio has outperformed its benchmark since inception.

- Since mid 2007, the Pool has earned consistent market rate of return while reducing credit exposure.

<table>
<thead>
<tr>
<th></th>
<th>YTD</th>
<th>1 Year</th>
<th>Annualized Since Inception (3/31/07)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego County Liquidity Portfolio</td>
<td>0.22%</td>
<td>2.75%</td>
<td>4.10%</td>
</tr>
<tr>
<td>San Diego County Benchmark Portfolio</td>
<td>0.17%</td>
<td>3.80%</td>
<td>5.99%</td>
</tr>
<tr>
<td>San Diego County Blended Benchmark(^1)</td>
<td>0.16%</td>
<td>3.13%</td>
<td>5.55%</td>
</tr>
<tr>
<td>San Diego County Treasury Pool</td>
<td>0.21%</td>
<td>2.98%</td>
<td>4.53%</td>
</tr>
</tbody>
</table>

\(^1\)30% 1-5 Yr Treasury, 30% 1-5 Yr Agency, 10% 1-5 Yr AAA-A Corp, 30% 0-1 Yr Treasury.

Source: San Diego County Treasurer-Tax Collector
9. LONG-TERM DEBT OBLIGATIONS & CAPITAL FUNDING
Highlights

- **Long-term Financial Obligation Management Policy**
  - Provides guidelines for County’s long-term obligations
  - Assigns Debt Advisory Committee to oversee County long-term obligations

- **Continued the discipline of paying off debt early:**
  - $100 million 2002 Taxable POBs, Series C (PINES) in August 2007
  - $20 million 2002 Taxable POBs, Series B-1 (ARS) in February 2008
  - $44 million 2002 Taxable POBs, Series B-1 (ARS) in August 2008
  - $100 million 2008 Taxable POBs (VRDOs) anticipated in July 2009

- **Long range capital planning through the Capital Improvement Needs Assessment**

- **Cash financing of Capital Projects**
## Long-Term Obligations Payable from the General Fund

**Fiscal Year Ending June 30, 2009***

*(in 000s)*

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Original Principal Amount</th>
<th>Principal Outstanding</th>
<th>% of Portfolio</th>
<th>2009-10 Principal Payment</th>
<th>Final Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Participation (COPs)</td>
<td>$669,835</td>
<td>$325,520</td>
<td>22%</td>
<td>$33,855</td>
<td>2030</td>
</tr>
<tr>
<td>Lease Revenue Bonds (LRBs)</td>
<td>136,885</td>
<td>136,885</td>
<td>9%</td>
<td>0</td>
<td>2036</td>
</tr>
<tr>
<td>Pension Obligation Bonds (POBs)</td>
<td>1,029,843</td>
<td>1,005,956</td>
<td>69%</td>
<td>35,630</td>
<td>2028</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,836,563</strong></td>
<td><strong>$1,468,361</strong></td>
<td><strong>100%</strong></td>
<td><strong>$69,485</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Outstanding Principal by Entity

- San Diego Capital Asset Leasing Corporation (SANCAL): 20%
- San Diego Regional Building Authority (SDRBA): 11%
- Pension Obligation Bonds (POBs): 69%

### Outstanding Principal by Type

- Fixed Rate: 93%
- Variable Rate: 7%

*Data does not include prepayment of $100 million of 2008B POBs.
### Fiscal Year 2009-10 Budgeted Payments

<table>
<thead>
<tr>
<th>(in 000s)</th>
<th>Total</th>
<th>Net General Fund Cost</th>
<th>Redevelop’t &amp; Program Revenues</th>
<th>Penalty Assessment</th>
<th>Special Districts</th>
<th>Edgemoor Development Fund</th>
<th>Rents &amp; Other Miscellaneous</th>
<th>POB Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SANCAL</td>
<td>$43,590</td>
<td>$29,814</td>
<td>$800</td>
<td>$2,717</td>
<td>$646</td>
<td>$8,815</td>
<td>$798</td>
<td></td>
</tr>
<tr>
<td>SDRBA</td>
<td>2,935</td>
<td>2,426</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>509</td>
</tr>
<tr>
<td>POBs</td>
<td>82,814</td>
<td>34,643</td>
<td>48,171</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008B POBs (VRDOs)</td>
<td>100,000</td>
<td>51,194</td>
<td>36,806</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>Total</td>
<td>$229,338</td>
<td>$118,076</td>
<td>$85,778</td>
<td>$2,717</td>
<td>$646</td>
<td>$8,815</td>
<td>$1,306</td>
<td>$12,000</td>
</tr>
</tbody>
</table>

### Debt Service Ratios (1)

- County Debt Service Burden: 3.76%
- Debt Service Burden with SANCAL & SDRBA Offsets: 3.34%
- Debt Service Burden with all Offsets: 1.94%

(1) Ratios are the Total Lease and Debt Service Payments as a Percent of General Fund Revenues, and do not reflect anticipated prepayment of the $100 million 2008B POBs

---

[Diagram showing Debt Service Ratios:]
- 37.4%
- 1.2%
- 0.3%
- 3.8%
- 0.6%
- 5.2%
- 51.5%
General Fund Debt Profile

* Debt service for the variable rate POBs includes estimated fees specific to the variable rate transaction (e.g., broker-dealer, auction agent, or remarketing agent fees). Interest on the variable rate POBs is budgeted based upon the weighted average interest rate for the 12-month period ending March 31 of the preceding Fiscal Year plus 200 basis points pursuant to section 4.01 in the Amended and Restated Trust Agreement for FY09-10, and then assumes 10-year average of 1-month LIBOR at time of pricing (4.06%).
Monitoring Upcoming Capital and Financing Needs with the Capital Improvement Needs Assessment (CINA)

- Board of Supervisors Policy G-16: Capital Facilities and Space Planning
  - August - Annual Call for Projects
  - Facilities Planning Board Review
  - Recommendations for inclusion in CINA
  - Chief Administrative Officer - Review and Approval
  - Board of Supervisors - Review and Approval
  - Inclusion in Operational Plan

- County has a history of cash financing capital projects: $255 million over the last four years

### Capital Improvement Needs Assessment (CINA) Program 2009-2014
#### Major Projects

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Project Estimate</th>
<th>Amount Funded</th>
<th>Estimated Remaining</th>
<th>Potential Funding Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women's Detention Facility (1)</td>
<td>$298.8</td>
<td>$3.6</td>
<td>$295.2</td>
<td>County, $100mm AB900 St Provisional Award</td>
</tr>
<tr>
<td>County Operations Center Phase 1B (1)</td>
<td>150.0</td>
<td>-</td>
<td>150.0</td>
<td>County</td>
</tr>
<tr>
<td>Sheriff Station - Rancho San Diego</td>
<td>17.0</td>
<td>11.0</td>
<td>6.0</td>
<td>County</td>
</tr>
<tr>
<td>Multiple Species Conservation Prog Land Acquisition</td>
<td>48.4</td>
<td>33.6</td>
<td>14.8</td>
<td>County, State, Federal, Private Donations</td>
</tr>
<tr>
<td>Regional Communications System Replacement</td>
<td>116.8</td>
<td>-</td>
<td>116.8</td>
<td>County, Cities</td>
</tr>
<tr>
<td>Corrections Corporation of America Site - East Mesa</td>
<td>18.0</td>
<td>-</td>
<td>18.0</td>
<td>County</td>
</tr>
<tr>
<td>Otay Valley River Active Recreation Site</td>
<td>15.0</td>
<td>0.4</td>
<td>14.6</td>
<td>State, Federal</td>
</tr>
<tr>
<td>Tijuana River Valley Sports Field</td>
<td>20.0</td>
<td>0.5</td>
<td>19.5</td>
<td>County, State, Federal</td>
</tr>
<tr>
<td>CAC Waterfront Park (1)</td>
<td>73.0</td>
<td>6.9</td>
<td>70.1</td>
<td>County</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$757.0</strong></td>
<td><strong>$51.9</strong></td>
<td><strong>$705.1</strong></td>
<td></td>
</tr>
</tbody>
</table>

1 May result in future debt financing
10. FISCAL YEAR 2009-10 TRANS
Fiscal Year 2009-10 TRANs*

- Preliminary Size
  - $220 million

- Final Maturity
  - 6/30/2010

- Investment of Note Proceeds
  - County Pool
  - Alternative Investments

- Anticipated Set-asides
  - January 2010 (60%)
  - April 2010 (40%)

* Preliminary, subject to change
# TRANS Financing Schedule*

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 12</td>
<td>County Board of Supervisors Approved Financing</td>
</tr>
<tr>
<td>June 1</td>
<td>Receive Ratings</td>
</tr>
<tr>
<td></td>
<td>Post Preliminary Official Statement</td>
</tr>
<tr>
<td>Week of June 8</td>
<td>Price Transaction</td>
</tr>
<tr>
<td>July 1</td>
<td>Close and Invest Proceeds</td>
</tr>
</tbody>
</table>

*Preliminary, subject to change
## Fiscal Year 2008-09 Projected/Actual Cashflows

### COUNTY OF SAN DIEGO
### GENERAL FUND MONTHLY CASH FLOW SUMMARY
### FISCAL YEAR 2008/2009 ACTUAL-ESTIMATED
### As of May 21, 2009

| Jul Actual | Aug Actual | Sep Actual | Oct Actual | Nov Actual | Dec Actual | Jan Actual | Feb Actual | Mar Actual | Apr Actual | May Estimate | Jun Estimate | Total | TRANS BUD | Variance |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------|-----------|----------|
| 1 Beginning Cash Balance | 612,419 | 612,419 | 598,005 |
| Revenue Categories: | | | | | | | | | | | | | | |
| 2 Taxes Current Property | 7,264 | 7,204 | 7,204 | 7,204 | 7,204 | 7,204 | 7,204 | 7,204 | 7,204 | 7,204 | 7,204 | 7,204 | 7,204 | 7,204 |
| 3 Taxes Other Than Current Secured | 18 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 |
| Fines, Forfeitures & Penalties | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 |
| Revenue Use - Money & Property | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 |
| Intergovernmental Revenue | 134,628 | 174,578 | 174,578 | 174,578 | 174,578 | 174,578 | 174,578 | 174,578 | 174,578 | 174,578 | 174,578 | 174,578 | 174,578 | 174,578 |
| Other Financing Sources | 47,530 | 47,530 | 47,530 | 47,530 | 47,530 | 47,530 | 47,530 | 47,530 | 47,530 | 47,530 | 47,530 | 47,530 | 47,530 | 47,530 |
| Expenditure Categories: | | | | | | | | | | | | | | |
| Services and Supplies | 83,481 | 83,481 | 83,481 | 83,481 | 83,481 | 83,481 | 83,481 | 83,481 | 83,481 | 83,481 | 83,481 | 83,481 | 83,481 | 83,481 |
| Other Charges | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 | 8,450 |
| Fixed Assets - Equipment | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 |
| Operating Transfers | 21,038 | 21,038 | 21,038 | 21,038 | 21,038 | 21,038 | 21,038 | 21,038 | 21,038 | 21,038 | 21,038 | 21,038 | 21,038 | 21,038 |

### Footnotes:
1. Actual beginning Cash Balance is the Cash Balance on June 30, 2008 for the General Fund only.
2. Property tax payments are received in Dec and Apr. The County participates in the alternative method of secured property tax apportionment (the TEETER Plan) available under the Revenue and Taxation Code of the State of California.
3. VLFP- in- lieu payments are apportioned each Jan and May.
4. Teeter cash receipts of $75 M are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.
5. July includes $261.5 M Retirement Advance, $86.1 M Pension Obligation Bond payments and $20.8 M OPEB. October and May have 3 pay periods. The third pay period does not include health benefits. September includes two Quality First payments, Oct includes three and Nov includes one.
6. Other Charges include $34.1M for COPs (Certificates of Participation).
7. The Tobacco Settlement Trust fund represents amounts that are available to the General Fund, however, to facilitate tracking of these balances, they are maintained in a separate trust fund.
# Fiscal Year 2009-10 Projected Cashflows

## COUNTY OF SAN DIEGO
### GENERAL FUND MONTHLY CASH FLOW SUMMARY
#### FISCAL YEAR 2009/2010 ESTIMATED

## (in thousands)

### Revenue Categories:

1. **Beginning Cash Balance**: 477,499

2. **Taxes Current Property**: 2,138
   - July: 6,048
   - August: 7,244
   - September: 16,704
   - October: 7,174
   - November: 14,435
   - December: 165,747
   - January: 6,896
   - February: 5,547
   - March: 7,490
   - April: 150,797
   - May: 12,744

3. **Taxes Other Than Current Secured**: 2,118
   - July: 983
   - August: 6,048
   - September: 1,510
   - October: 6,955
   - November: 12,795
   - December: 179,259
   - January: 65,870
   - February: 9,894
   - March: 10,632
   - April: 150,223
   - May: 37,339
   - June: 14,775

4. **Licenses, Permits & Franchises**: 2,572
   - July: 3,325
   - August: 2,362
   - September: 1,923
   - October: 3,763
   - November: 3,131
   - December: 2,390
   - January: 2,609
   - February: 8,075
   - March: 3,367
   - April: 2,852
   - May: 38,716

5. **Fines, Forfeitures & Penalties**: 1,176
   - July: 1,848
   - August: 6,572
   - September: 2,240
   - October: 1,951
   - November: 4,252
   - December: 3,639
   - January: 3,873
   - February: 7,830
   - March: 7,316
   - April: 6,995
   - May: 52,096

6. **Revenue Use - Money & Property**: 2,118
   - July: 5,289
   - August: 644
   - September: 701
   - October: 2,567
   - November: 529
   - December: 2,110
   - January: 445
   - February: 1,192
   - March: 713
   - April: 783
   - May: 408
   - June: 17,399

7. **Intergovernmental Revenue**: 84,624
   - July: 98,946
   - August: 159,567
   - September: 189,140
   - October: 95,515
   - November: 162,126
   - December: 194,438
   - January: 103,496
   - February: 114,467
   - March: 160,126
   - April: 211,290
   - May: 285,756
   - June: 1,859,494

8. **Charges for Current Services**: 33,566
   - July: 15,320
   - August: 17,200
   - September: 20,184
   - October: 12,390
   - November: 20,122
   - December: 25,283
   - January: 16,947
   - February: 21,520
   - March: 17,879
   - April: 31,086
   - May: 37,094
   - June: 270,593

**Miscellaneous Revenue**: 2,235
- July: 993
- August: 1,239
- September: 999
- October: 544
- November: 1,215
- December: 3,808
- January: 1,550
- February: 2,944
- March: 1,408
- April: 5,096
- May: 1,848
- June: 23,879

**Other Financing Sources**: 23,600
- July: 6,048
- August: 7,244
- September: 16,704
- October: 7,174
- November: 14,435
- December: 165,747
- January: 65,870
- February: 9,894
- March: 10,632
- April: 150,223
- May: 37,339
- June: 14,775

**Total Revenues**: 377,391
- July: 153,016
- August: 166,423
- September: 213,514
- October: 266,196
- November: 158,232
- December: 405,220
- January: 163,063
- February: 183,670
- March: 365,744
- April: 365,744
- May: 3,411,803

**Teeter Receipts**: 220,000
- July: 17,019
- August: 8,721
- September: 11,142
- October: 11,680
- November: 8,532
- December: 15,342
- January: 8,762
- February: 4,876
- March: 4,542
- April: 2,663
- May: 100,000

**Total Receipts**: 720,431
- July: 390,035
- August: 175,144
- September: 224,656
- October: 278,076
- November: 166,764
- December: 420,562
- January: 494,526
- February: 167,939
- March: 188,211
- April: 369,202
- May: 464,520

**Teeter Disbursements**: 132,000
- July: 152,000
- August: 220,000

**Total Disbursements**: 852,431
- July: 701,742
- August: 223,471
- September: 226,139
- October: 279,945
- November: 217,123
- December: 287,936
- January: 247,374
- February: 238,944
- March: 234,213
- April: 350,076
- May: 373,845

**Total Revenues**: 330,202
- July: 165,793
- August: 117,466
- September: 115,984
- October: 114,114
- November: 63,755
- December: 216,362
- January: 331,534
- February: 260,529
- March: 214,527
- April: 233,654
- May: 424,328

**Month End Cash Balance**: 360,195
- July: 165,793
- August: 117,466
- September: 115,984
- October: 114,114
- November: 63,755
- December: 216,362
- January: 331,534
- February: 260,529
- March: 214,527
- April: 233,654
- May: 424,328

**Footnotes:**
1. Estimated Beginning Cash Balance includes Tobacco Settlement Trust of $8.3 M. The Tobacco Settlement Trust fund represents amounts that are available to the General Fund, however, to facilitate tracking of these balances, they are maintained in a separate fund.
2. Property tax payments are received in Dec and April. The County participates in the alternative method of secured property tax apportionment (the TEETER Plan) available under the Revenue and Taxation Code of the State of California.
3. VLF- in- lieu payments are apportioned each Jan and May.
4. Teeter cash receipts of $100 M are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.
5. Teeter buy-out in June is based on changes in Assessed Value and delinquencies.
6. July includes $46.5M COPS annual lease payment
11. CLOSING REMARKS
Conclusion

- Consistent with our strategic plan and objectives, we have maintained a structurally balanced budget through good times and bad, and will continue to do so.

- We are well-positioned to manage the challenges at hand, including the economic slowdown, impact of State budgetary actions, and changing needs of our residents.
  - The County Board maintains its position of making necessary budget cuts given the economic situation.
  - The County Board is proactively managing its cost structure in the near-term and for the long-term, approving a balanced proposed Operational Plan and a new Tier B for its retirement plan.

- We have institutionalized and maintained conservative and prudent fiscal management practices.
  - Consistently strong fund balances and stable reserves.
  - On-going assessment of current and future capital needs.

- We have maintained fiscal stability in challenging market conditions.

- We operate within a diversified, resilient economy.
APPENDIX:

Historical Cashflows
# COUNTY OF SAN DIEGO
## GENERAL FUND MONTHLY CASH FLOW SUMMARY
### FISCAL YEAR 2007/2008 ACTUAL

(Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Jul Actual</th>
<th>Aug Actual</th>
<th>Sep Actual</th>
<th>Oct Actual</th>
<th>Nov Actual</th>
<th>Dec Actual</th>
<th>Jan Actual</th>
<th>Feb Actual</th>
<th>Mar Actual</th>
<th>Apr Actual</th>
<th>May Actual</th>
<th>Jun Actual</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Cash Balance</strong></td>
<td>610,477</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>610,477</td>
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<td><strong>Revenue Categories:</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Taxes Current Property</td>
<td>2,331</td>
<td>8,137</td>
<td>5,916</td>
<td>6,647</td>
<td>17,314</td>
<td>197,734</td>
<td>65,853</td>
<td>5,307</td>
<td>12,212</td>
<td>162,999</td>
<td>46,658</td>
<td>30,120</td>
<td>539,254</td>
</tr>
<tr>
<td>3 Taxes Other Than Current Secured</td>
<td>4,341</td>
<td>8,776</td>
<td>2,059</td>
<td>6,032</td>
<td>5,927</td>
<td>99</td>
<td>4,930</td>
<td>1,157</td>
<td>156</td>
<td>7,374</td>
<td>6,635</td>
<td>41,796</td>
<td>42,792</td>
</tr>
<tr>
<td>4 Licenses, Permits &amp; Franchises</td>
<td>2,059</td>
<td>2,169</td>
<td>2,169</td>
<td>4,844</td>
<td>2,106</td>
<td>5,173</td>
<td>8,162</td>
<td>1,186</td>
<td>1,684</td>
<td>1,985</td>
<td>8,162</td>
<td>41,796</td>
<td>42,792</td>
</tr>
<tr>
<td>5 Revenue Use - Money &amp; Property</td>
<td>2,059</td>
<td>1,981</td>
<td>1,981</td>
<td>4,844</td>
<td>2,106</td>
<td>5,173</td>
<td>8,162</td>
<td>1,186</td>
<td>1,684</td>
<td>1,985</td>
<td>8,162</td>
<td>41,796</td>
<td>42,792</td>
</tr>
<tr>
<td>6 Intergovernmental Revenue</td>
<td>71,148</td>
<td>97,078</td>
<td>66,437</td>
<td>123,866</td>
<td>111,246</td>
<td>131,449</td>
<td>162,388</td>
<td>141,437</td>
<td>110,678</td>
<td>201,435</td>
<td>200,561</td>
<td>1,525,845</td>
<td>3,170,703</td>
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<tr>
<td>7 Charges for Current Services</td>
<td>27,047</td>
<td>17,947</td>
<td>16,562</td>
<td>12,808</td>
<td>16,277</td>
<td>18,007</td>
<td>22,794</td>
<td>28,845</td>
<td>18,470</td>
<td>21,844</td>
<td>29,650</td>
<td>250,096</td>
<td>3,170,703</td>
</tr>
<tr>
<td>8 Miscellaneous Revenue</td>
<td>3,088</td>
<td>693</td>
<td>846</td>
<td>1,407</td>
<td>2,262</td>
<td>917</td>
<td>3,601</td>
<td>846</td>
<td>1,043</td>
<td>1,378</td>
<td>6,353</td>
<td>29,904</td>
<td>3,170,703</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>288,192</td>
<td>174,339</td>
<td>120,745</td>
<td>203,478</td>
<td>173,285</td>
<td>393,877</td>
<td>452,815</td>
<td>219,729</td>
<td>184,763</td>
<td>341,794</td>
<td>479,278</td>
<td>320,610</td>
<td>3,352,905</td>
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<tr>
<td><strong>Expenditure Categories:</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Salaries &amp; Employee Benefits</td>
<td>427,659</td>
<td>83,186</td>
<td>90,955</td>
<td>90,516</td>
<td>132,812</td>
<td>81,173</td>
<td>82,404</td>
<td>82,559</td>
<td>131,692</td>
<td>95,130</td>
<td>1,463,698</td>
<td>3,170,703</td>
<td></td>
</tr>
<tr>
<td>6 Services and Supplies</td>
<td>63,984</td>
<td>61,380</td>
<td>81,819</td>
<td>67,986</td>
<td>71,767</td>
<td>76,102</td>
<td>60,620</td>
<td>86,697</td>
<td>76,417</td>
<td>84,020</td>
<td>963,426</td>
<td>3,170,703</td>
<td></td>
</tr>
<tr>
<td>7 Other Charges</td>
<td>75,497</td>
<td>42,161</td>
<td>44,058</td>
<td>34,813</td>
<td>33,402</td>
<td>464</td>
<td>836</td>
<td>3,315</td>
<td>1,143</td>
<td>520</td>
<td>11,882</td>
<td>47,254</td>
<td>3,170,703</td>
</tr>
<tr>
<td>A Operating Transfers</td>
<td>5,030</td>
<td>1,714</td>
<td>3,339</td>
<td>1,768</td>
<td>418</td>
<td>71</td>
<td>1,979</td>
<td>7,575</td>
<td>11,185</td>
<td>47,254</td>
<td>3,170,703</td>
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<tr>
<td>7 PINES</td>
<td>-</td>
<td>-</td>
<td>95,000</td>
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<td>95,000</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td>574,368</td>
<td>283,953</td>
<td>220,529</td>
<td>195,164</td>
<td>244,360</td>
<td>195,996</td>
<td>240,330</td>
<td>237,177</td>
<td>223,510</td>
<td>290,491</td>
<td>3,170,703</td>
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<tr>
<td>B Short-Term Borrowing (Trans)</td>
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</tr>
<tr>
<td>C Teeter Disbursements</td>
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</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td>574,368</td>
<td>283,953</td>
<td>220,529</td>
<td>195,164</td>
<td>244,360</td>
<td>195,996</td>
<td>240,330</td>
<td>237,177</td>
<td>223,510</td>
<td>290,491</td>
<td>3,170,703</td>
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<tr>
<td><strong>TRANS with fiscal agent</strong></td>
<td>(95,814)</td>
<td>(95,814)</td>
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<tr>
<td><strong>GF Month End Cash Balance</strong></td>
<td>228,487</td>
<td>118,873</td>
<td>114,903</td>
<td>123,217</td>
<td>52,142</td>
<td>250,024</td>
<td>402,694</td>
<td>364,156</td>
<td>482,440</td>
<td>719,608</td>
<td>612,418</td>
<td>612,419</td>
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<tr>
<td><strong>Ending Available Cash Balance</strong></td>
<td>236,259</td>
<td>126,775</td>
<td>122,804</td>
<td>131,004</td>
<td>60,023</td>
<td>257,904</td>
<td>410,575</td>
<td>393,223</td>
<td>372,126</td>
<td>490,410</td>
<td>727,578</td>
<td>620,388</td>
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</tr>
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</table>

**Footnotes:**

1. Actual Beginning Cash Balance is the cash balance at June 30, 2007 for the General Fund only.
2. Property tax payments are received in Dec and April. The County participates in the alternative method of secured property tax apportionment (the TEETER Plan) available under the Revenue and Taxation Code of the State of California.
3. VLF- in-lieu payments are apportioned each Jan and May.
4. Teeter cash receipts are reflected separately, however, they have been budgeted in the General Fund this FY as either Taxes Current or Taxes Other.
5. July includes $279.5M Retirement Advance, $69.1M Pension Obligation Bond payments, and $85M in S&B. November and May have 3 pay periods. The third pay period does not include health benefits. September and October include two Quality First payments and Aug and Nov include one.
6. Other Charges include $39.9M for COPs (Certificates of Participation).
7. The County will pay off $100M of Pension Obligation Bonds in August 2007, of which $95M is the General Fund share.
8. Teter Disbursements are $157M. Additional $35.5M added to previously budgeted amount.
9. Additional $18M POB (not previously budgeted) paid in Feb. Additional $35.5M added to previously budgeted amount.
10. TRANS segregation transferred during January rather than as scheduled.
## COUNTY OF SAN DIEGO

### GENERAL FUND MONTHLY CASH FLOW SUMMARY

**FISCAL YEAR 2008/2009 ESTIMATED (Per TRANS Presentation)**

*(in thousands)*

<table>
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</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
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</tr>
<tr>
<td>1 Beginning Cash Balance</td>
<td>598,005</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>598,005</td>
</tr>
<tr>
<td>2 Taxes Current Property</td>
<td>2,450</td>
<td>8,552</td>
<td>2,013</td>
<td>7,014</td>
<td>18,197</td>
<td>188,907</td>
<td>69,214</td>
<td>5,578</td>
<td>12,835</td>
<td>171,318</td>
<td>40,828</td>
<td>16,156</td>
<td>543,062</td>
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<tr>
<td>3 Taxes Other Than Current Secured</td>
<td>4,473</td>
<td>9,043</td>
<td>6,085</td>
<td>21,148</td>
<td>7,014</td>
<td>8,325</td>
<td>169,225</td>
<td>69,214</td>
<td>5,578</td>
<td>12,835</td>
<td>171,318</td>
<td>40,828</td>
<td>16,156</td>
</tr>
<tr>
<td>4 Licenses, Permits &amp; Franchises</td>
<td>2,117</td>
<td>2,412</td>
<td>2,230</td>
<td>2,554</td>
<td>3,514</td>
<td>3,074</td>
<td>2,740</td>
<td>2,466</td>
<td>7,875</td>
<td>3,284</td>
<td>2,781</td>
<td>37,216</td>
<td>37,216</td>
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<tr>
<td>5 Fines, Forfeitures &amp; Penalties</td>
<td>4,756</td>
<td>2,488</td>
<td>2,041</td>
<td>1,907</td>
<td>2,031</td>
<td>1,216</td>
<td>6,144</td>
<td>4,598</td>
<td>11,274</td>
<td>2,914</td>
<td>6,762</td>
<td>50,719</td>
<td>50,719</td>
</tr>
<tr>
<td>6 Revenue Use - Money &amp; Property</td>
<td>1,852</td>
<td>33,133</td>
<td>535</td>
<td>5,384</td>
<td>5,290</td>
<td>537</td>
<td>401</td>
<td>1,032</td>
<td>140</td>
<td>544</td>
<td>653</td>
<td>31,298</td>
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<tr>
<td>7 Intergovernmental Revenue</td>
<td>60,849</td>
<td>92,501</td>
<td>133,098</td>
<td>151,200</td>
<td>135,795</td>
<td>160,456</td>
<td>202,323</td>
<td>172,648</td>
<td>131,983</td>
<td>178,266</td>
<td>241,094</td>
<td>1,795,314</td>
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<tr>
<td>8 Charges for Current Services</td>
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<td>18,430</td>
<td>17,007</td>
<td>23,941</td>
<td>29,620</td>
<td>18,966</td>
<td>20,378</td>
<td>32,821</td>
<td>28,228</td>
<td>28,228</td>
<td>32,821</td>
<td>281,652</td>
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<tr>
<td>9 Miscellaneous Revenue</td>
<td>5,093</td>
<td>1,144</td>
<td>1,395</td>
<td>2,320</td>
<td>3,731</td>
<td>1,512</td>
<td>5,939</td>
<td>1,720</td>
<td>2,273</td>
<td>8,228</td>
<td>2,983</td>
<td>37,733</td>
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<tr>
<td>10 Other Financing Sources</td>
<td>18,277</td>
<td>6,282</td>
<td>6,170</td>
<td>9,959</td>
<td>3,401</td>
<td>37,740</td>
<td>21,139</td>
<td>3,288</td>
<td>3,308</td>
<td>3,684</td>
<td>1,688</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>157,641</td>
<td>162,185</td>
<td>181,114</td>
<td>224,638</td>
<td>194,518</td>
<td>424,070</td>
<td>495,938</td>
<td>247,816</td>
<td>208,415</td>
<td>375,175</td>
<td>445,488</td>
<td>353,016</td>
<td>3,606,205</td>
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<td><strong>Expenses</strong></td>
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<td></td>
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<tr>
<td>5 Salaries &amp; Employee Benefits</td>
<td>455,090</td>
<td>88,039</td>
<td>133,640</td>
<td>291,229</td>
<td>92,292</td>
<td>8,039</td>
<td>8,039</td>
<td>8,039</td>
<td>8,039</td>
<td>8,039</td>
<td>8,039</td>
<td>8,039</td>
<td>1,564,888</td>
</tr>
<tr>
<td>6 Services and Supplies</td>
<td>71,325</td>
<td>67,643</td>
<td>96,549</td>
<td>140,177</td>
<td>92,292</td>
<td>8,039</td>
<td>8,039</td>
<td>8,039</td>
<td>8,039</td>
<td>8,039</td>
<td>8,039</td>
<td>8,039</td>
<td>1,564,888</td>
</tr>
<tr>
<td>8 Fixed Assets - Equipment</td>
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<td>442</td>
<td>377</td>
<td>77</td>
<td>368</td>
<td>558</td>
<td>203</td>
<td>365</td>
<td>948</td>
<td>499</td>
<td>365</td>
<td>365</td>
<td>5,385</td>
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<td>9 Operating Transfers</td>
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<td>7,597</td>
<td>12,178</td>
<td>11,981</td>
<td>15,546</td>
<td>14,141</td>
<td>18,776</td>
<td>14,335</td>
<td>20,189</td>
<td>169,345</td>
<td>164,935</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td>612,918</td>
<td>199,889</td>
<td>292,002</td>
<td>289,301</td>
<td>254,921</td>
<td>254,160</td>
<td>272,168</td>
<td>268,914</td>
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<td>3,533,449</td>
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<tr>
<td><strong>Net Change</strong></td>
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<tr>
<td><strong>Cash Balance</strong></td>
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</tr>
<tr>
<td>Month End Cash Balance</td>
<td>241,160</td>
<td>210,156</td>
<td>105,592</td>
<td>47,266</td>
<td>1,369</td>
<td>177,261</td>
<td>347,940</td>
<td>312,166</td>
<td>253,667</td>
<td>370,098</td>
<td>511,099</td>
<td>401,761</td>
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</tr>
</tbody>
</table>

**Footnotes:**

1. Estimated Beginning Cash Balance includes Tobacco Settlement Trust of $7.9 M. The Tobacco Settlement Trust fund represents amounts that are available to the General Fund, however, to facilitate tracking of these balances, they are maintained in a separate trust fund.

2. Property tax payments are received in Dec and April. The County participates in the alternative method of secured property tax apportionment (the TEETER Plan) available under the Revenue and Taxation Code of the State of California.

3. VLF - in- lieu payments are apportioned each Jan and May.

4. Teeter receipts of $75 M are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.

5. July includes $261.5 M Retiree Advance, $86.1 M Pension Obligation Bond payments and $20.8 M OPEB. October and May have 3 pay periods. The third pay period does not include health benefits. September includes two Quality First payments, Oct includes three and Nov includes one.

6. Teeter buy-out in June is based on an increase in AV growth and increase in delinquencies.