COUNTY OF SAN DIEGO
CREDIT OVERVIEW
May 2010
Introductions

• County of San Diego Presenters
  – Donald F. Steuer
    Chief Financial Officer/Deputy Chief Administrative Officer
  – Dave Butler
    Assessor/Recorder/County Clerk
  – Dan McAllister
    Treasurer-Tax Collector
Introductions

• Additional County Resources
  – Tracy Sandoval, Auditor & Controller/Assistant Chief Financial Officer
  – Tracy Drager, Deputy Controller
  – Diana Lackey, Chief Deputy Assessor
  – Lisa Marie Harris, Chief Deputy Treasurer
  – Ebony Shelton, Group Finance Director
  – Janel Pehau, Director, Office of Financial Planning
  – Joan Pan, Debt Finance Manager
  – Rob Castetter, Chief Investment Officer
  – Michelle Durgy, Investment Officer

• Finance Team
  – Gardner Underwood & Bacon, Financial Advisor
  – RBC Capital Markets, Senior Manager
  – De La Rosa, Co-manager
## Overview

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<th>Tab</th>
</tr>
</thead>
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<td>10</td>
</tr>
<tr>
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<td>11</td>
</tr>
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</table>
Executive Summary

• Real estate market:
  – Median home prices up 15.8% over last year
  – 2010-11 assumes 2.3% decrease in Assessed Value (AV)
  – ARCC continued proactive reassessments

• Economic highlights:
  – Regional economic indicators up 12 months in a row
  – Comparatively low unemployment rate within California, well below the State’s rate
  – $1.44 billion in ARRA funds to San Diego region
    • $235.3 million confirmed awards directly benefiting the County as of May 4th

• Financial strength and flexibility:
  – Proactive management of cost structure
  – Comprehensive review and prioritization of all programs, $65.4 million GPR cuts over 2 years
  – New Tier B retirement plan
  – Ongoing revenue dedicated to capital projects
  – Maintenance of high fund balances and strong reserve balances

• May Revise
  – Board has continued policy of not backfilling state revenues

2 USD Leading Economic Indicators, through March 2010
3 Employment Development Department, preliminary March 2010
4 State of California, http://recovery.ca.gov, 6 May 2010
REAL ESTATE MARKET UPDATE
Review & Update of the Real Estate Market

• In Spring of 2009, the County processed 216,636 Prop 8 reductions totaling $22.55 billion, representing 5.6% of the 2009-2010 assessment roll.

• The County has processed 94% of the 2008 assessment appeals, to date.
  – 42,623 appeals were filed on the 2008 lien date (2,677 still active)
  – 21,535 appeals were filed on the 2009 lien date (20,060 still active)

• Change of Ownership & New Construction
  – Calendar year 2009, YTD, residential change of ownership reassessments are averaging +$32,000 in increased AV per event. 2008 averaged +$16,000 per event.
  – Residential sales activity is 5% behind last year.
  – 2009 new construction activity has decreased 29% in the residential area and 7% in commercial.

Source: County of San Diego Assessor / Recorder / County Clerk
Review & Update of the Real Estate Market

• Notices of Default and Foreclosures
  – Change from 2008 to 2009
    • Foreclosure decreased 21%
    • Notices of Default increased 12%
  – Year over year change from April 2009 to April 2010
    • Notices of Default are down 38%
    • Foreclosures are up 9%

• San Diego County residential real estate market is showing signs of improvement.

Source: County of San Diego Assessor / Recorder / County Clerk
## Assessment Review Statistics

### 2010 Prop 8 Reviews

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 New Applications Received</td>
<td>5,000 estimated</td>
</tr>
<tr>
<td>2009 Prop 8 Rollovers for 2010</td>
<td>180,000</td>
</tr>
<tr>
<td>2009 Assessment Appeals Board (AAB) Cases</td>
<td>15,000</td>
</tr>
<tr>
<td>Proactive Reviews for 2010 (condos without applications that sold 2000-2002)</td>
<td>6,000 estimated</td>
</tr>
<tr>
<td><strong>Total 2010 Reviews</strong></td>
<td><strong>206,000</strong></td>
</tr>
</tbody>
</table>

### Total Taxable Parcels in the County

- **978,011**

### Estimated % of Total Parcels to be Reviewed
- **21.0%**

### Estimated % of Residential Parcels to be Reviewed
- **26.6%**

Source: County of San Diego Assessor / Recorder / County Clerk
Progress on 2008 & 2009 Assessment Appeals

- 2009-10 began with over 42,000 outstanding 2008 Assessment Appeal cases, including residential, commercial, and business cases.
- New 2009 filings down 50% from prior year, with 21,535 cases filed.

### 2008 Real Property Appeal Cases

<table>
<thead>
<tr>
<th>Type</th>
<th>Received</th>
<th>Review Completed</th>
<th>% Completed</th>
<th>Average % Reduction Requested</th>
<th>Total of AV Reduction Requested</th>
<th>Actual Average % Reduction</th>
<th>Actual AV Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>39,259</td>
<td>37,085</td>
<td>94.5%</td>
<td>30.0%</td>
<td>$8.0 billion</td>
<td>12.0%</td>
<td>$2.9 billion</td>
</tr>
<tr>
<td>Commercial</td>
<td>2,662</td>
<td>2,337</td>
<td>87.8%</td>
<td>36.0%</td>
<td>$11.2 billion</td>
<td>6.5%</td>
<td>$1.3 billion</td>
</tr>
<tr>
<td>Overall</td>
<td>41,921</td>
<td>39,422</td>
<td>94.0%</td>
<td>32.9%</td>
<td>$19.2 billion</td>
<td>9.6%</td>
<td>$4.2 billion</td>
</tr>
</tbody>
</table>

### 2009 Real Property Appeal Cases

<table>
<thead>
<tr>
<th>Type</th>
<th>Received</th>
<th>Review Completed</th>
<th>% Completed</th>
<th>Average % Reduction Requested</th>
<th>Total of AV Reduction Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>16,350</td>
<td>867</td>
<td>5.3%</td>
<td>24.0%</td>
<td>$3.1 billion</td>
</tr>
<tr>
<td>Commercial</td>
<td>4,364</td>
<td>375</td>
<td>8.6%</td>
<td>38.0%</td>
<td>$16.3 billion</td>
</tr>
<tr>
<td>Overall</td>
<td>20,714</td>
<td>1,242</td>
<td>6.0%</td>
<td>34.8%</td>
<td>$19.4 billion</td>
</tr>
</tbody>
</table>

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

• History of AV growth due to change in ownership or new construction reassessments:
  – $20.2 billion for 2008-09
  – $5.3 billion for 2009-10
  – $5.1 billion estimated for 2010-11

<table>
<thead>
<tr>
<th>Real Estate Parcel Activity</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>103,128</td>
<td>93,529</td>
<td>71,705</td>
<td>60,312</td>
<td>60,876</td>
<td>58,000</td>
</tr>
<tr>
<td>Commercial</td>
<td>2,940</td>
<td>3,015</td>
<td>2,828</td>
<td>2,994</td>
<td>1,760</td>
<td>1,800</td>
</tr>
<tr>
<td>New Construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>39,541</td>
<td>38,302</td>
<td>30,468</td>
<td>24,384</td>
<td>15,419</td>
<td>11,000</td>
</tr>
<tr>
<td>Commercial</td>
<td>1,547</td>
<td>1,602</td>
<td>1,912</td>
<td>2,335</td>
<td>1,501</td>
<td>1,400</td>
</tr>
</tbody>
</table>

Source: County of San Diego Assessor / Recorder / County Clerk
Notices of Default & Foreclosures

• On a YTD basis, as of April 30th:
  – Notices of default are down 38% (14,693 in 2009; 9,071 in 2010).
  – Foreclosures are up 9% (4,523 in 2009; 4,940 in 2010).

* Senate Bill 1137 passed in September 2008, requiring lenders to physically contact borrowers prior to filing a NOD impacted the number of Foreclosures from March – May 2009.

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

- The property tax base has increased an average of 7.8% annually since 1998-99.
- The 2009-10 AV declined by only 2.3% despite double digit decreases in the housing market.
- The 2010-11 AV will see a similar decline as last year.
- Normally, 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 temporary reduction.
  - The 2010-11 Roll is the first year that the CPI is negative, -0.237%.

Assessed Value
FY 98-99 – FY 10-11 & % Change

2009 Distribution of Roll Values

* FY 10-11 is estimated.
Assessed Value does not reflect state unitary and non-unitary valuation

Source: County of San Diego Assessor / Recorder / County Clerk
Historical Assessed Valuations

- Approximately 31% of County properties last sold in the local real estate market’s peak years (2003 – 2008). Approximately 72% of these properties are single family residences or condos and were likely candidates for reduction. Of those, 74% had their AV reduced for 2009-10.

- The remaining 69% of properties are not likely candidates for a downward reassessment as their base reassessment was established in 2009 and later 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 as of May 12, 2010)

- Pre-1998: 337,341 (38%)
- 1998-2002: 175,014 (20%)
- 2003-2008: 281,371 (31%)
- 2009-2010: 102,884 (11%)

2009 AV Indexed Base Year Value (billions)

- Pre-1998: $75.5
- 1998-2002: $78.4
- 2003-2008: $186.9
- 2009-2010: $159.3

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

• Southern California real estate is showing an increase in median home price.
  – Median home price is up 15.8%.
  – San Diego market appears stronger than neighboring counties.

Median Home Price Growth by County
YOY Change, March 2009 – March 2010

San Diego County Median Home Price
1984 – 2010

*2010 Median Home Price is for the month of March.

Property Assessments to Date & in the Future

- The negative CCPI adjustment of 0.237% affects roughly 700,000 parcels, reducing them by nearly $700 million for 2010-2011.
- Reductions due to a decline in market value for 2010-2011 will result in a projected AV decrease of $12 to $13 billion.
- Based on these factors, total AV for 2010-2011 is estimated in the range of -1.8% to -2.3%.
- We believe the reductions made for 2009-2010 captured most eligible residential properties and that we are at the bottom of the market for the entry level portion of the residential market.
- The commercial market has shown significant weakness in vacancies, sales activity and prices, and we expect office and retail properties to continue to suffer declines in the next year.

Source: County of San Diego Assessor / Recorder / County Clerk
ECONOMIC OVERVIEW
Continued Population Growth

- County population continues to grow, 1% from July 1, 2008 – July 1, 2009 due to:¹
  - Births: 47,280
  - International migration: 10,270
  - Domestic out-migration has slowed
    - Early 2000’s: 35,000 – 38,000
    - July 1, 2008 – July 1, 2009: 2,588

- County cities have demonstrated the similar growth
  - San Diego city, the largest city in the County: increased in population by 1.5% in 2009 to 1,353,993. Expected to increase its population by 13.5% by 2020.²

*Population Growth from 2009 to 2010*³

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¹ US Census Bureau
² “2050 Growth Forecast.” SANDAG 27 Feb 2010
³ California Department of Finance
Economic Growth

• Visitor industry continues to outpace most positive projections.
  – In 2009, 29.6 million visitors spent nearly $7 billion.
  – In spite of decline in past three years, tourism remains high and return to peak anticipated in 2011.¹

• The Gross Regional Product (GRP) of San Diego was estimated to be $168.8 billion in 2009.
  – Visitor industry the third largest revenue generator in the San Diego economy following manufacturing ($25 billion) and the military ($15 billion).²

¹ San Diego Convention & Visitors Bureau
The County’s Sustainable Energy Projects

• The County is participating in the pilot phase of the CaliforniaFIRST AB 811 program to promote energy efficiency improvements throughout the region.¹

• The Green Build is a $1 billion, multi-year project that targets the need to improve the San Diego International Airport.²

• $5.1 million Energy Efficiency and Conservation Block Grant to fund projects at County facilities and in the community that will help save the environment and be more cost-effective.

• $855 million Palomar Medical Center West project in Escondido. Called “Hospital of the Future” due to the sustainable design principles that are being used. Expected to achieve LEED certification. Completion in 2011.³

• $300 million Carlsbad Desalination Plant construction began late 2009. Project will create jobs, generate tax revenue, improve water quality and enhance the regions water reliability with a new drought-proof supply.⁴

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¹ County of San Diego
² San Diego County Regional Airport Authority
⁴ Poseidon Resources, www.carlsbad-desal.com
ARRA Projects in the Region

• The San Diego County region has been awarded a total of $1.44 billion in stimulus funds as of May 6, 2010.

• Approximately 25.8% and 21.8% of monies have gone to education and transportation projects, respectively.

ARRA Funds by Project Type
(in millions)

- Education $365.4 31%
- Transportation $252.1 21%
- Other $191.3 16%
- Public Safety $29.3 3%
- Health & Human Services $63.1 5%
- Housing $46.0 4%
- Labor $26.1 2%
- Energy $32.9 3%
- Science & Technology $156.8 13%
- Water & Environment $18.7 2%

County Actively Seeks ARRA Funds

- County is the direct recipient of approximately $235.3 million (18.4%) of the stimulus funds that have benefited the region.

<table>
<thead>
<tr>
<th>Funds</th>
<th># of ARRA Programs</th>
<th># County Projects (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmed Direct Awards – County Benefit</td>
<td>$105,685,913</td>
<td>35</td>
</tr>
<tr>
<td>Confirmed Indirect Awards – Local Benefit</td>
<td>$129,569,000</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total Known Awards</strong></td>
<td><strong>$235,254,913</strong></td>
<td><strong>38</strong></td>
</tr>
</tbody>
</table>

| ARRA Proposals Submitted – Pending | $1,055,882     | 5                            | 5                            |
| **TOTAL**                        | **$236,310,795**| **43**                       | **65**                       |

## Regional Economic Outlook

The consensus among local economists is...

<table>
<thead>
<tr>
<th>Positive Outlook</th>
<th>Gin</th>
<th>London</th>
<th>Cox</th>
<th>Cunningham</th>
<th>Karevoll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive Outlook</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic Growth</th>
<th>Gin</th>
<th>London</th>
<th>Cox</th>
<th>Cunningham</th>
<th>Karevoll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Growth</td>
<td>Strong</td>
<td>Strong</td>
<td>Slow</td>
<td>Slow</td>
<td>NA</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Real Estate Outlook</th>
<th>Gin</th>
<th>London</th>
<th>Cox</th>
<th>Cunningham</th>
<th>Karevoll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Outlook</td>
<td>Mixed</td>
<td>Slow</td>
<td>Mixed</td>
<td>Mixed</td>
<td>Slow</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Gin</th>
<th>London</th>
<th>Cox</th>
<th>Cunningham</th>
<th>Karevoll</th>
</tr>
</thead>
</table>
| Strengths | 1. Growth in local companies  
2. Single-Family Housing  
3. Employment | 1. Strong economic base  
2. Job and cultural diversity  
2. Employment | 1. Military spending  
2. Economic diversity  
3. Golf | NA |

**Sources:**  
Alan Gin, Professor, USD Burnham-Moores Center for Real Estate  
Gary London, Economist, The London Group  
Marney Cox, Chief Economist, San Diego Association of Governments  
Kelly Cunningham, Senior Fellow and Economist, National University System Institute for Policy Research  
John Karevoll, Editor, DataQuick News, National Database of Real Estate Information
Employment Base

• The County’s unemployment rate is lower than the median of 12.2% for the top ten counties in the State.

Source: State of California Employment Development Department, 16 Apr 2010 Release.
### Property Tax Collections as of April 30, 2010

<table>
<thead>
<tr>
<th></th>
<th>FY 2008-09</th>
<th>FY 2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of bills sent¹</td>
<td>980,212</td>
<td>982,705</td>
</tr>
<tr>
<td>Amount billed¹</td>
<td>$4,556,132,909</td>
<td>$4,501,516,416</td>
</tr>
<tr>
<td>Amount received¹</td>
<td>$4,197,318,790</td>
<td>$4,217,516,657</td>
</tr>
<tr>
<td>Percentage of delinquencies²</td>
<td>11.5%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Number of delinquencies²</td>
<td>152,216</td>
<td>94,354</td>
</tr>
<tr>
<td>Amount outstanding²</td>
<td>$(261,457,002)</td>
<td>$(204,114,402)</td>
</tr>
</tbody>
</table>

#### 1st Installment – December 10, 2009

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of bills sent¹</td>
<td>982,705</td>
<td>--</td>
</tr>
<tr>
<td>Amount billed¹</td>
<td>$2,250,758,208</td>
<td>--</td>
</tr>
<tr>
<td>Payments Received</td>
<td>941,487</td>
<td>95.74%</td>
</tr>
<tr>
<td>Amount Received</td>
<td>$2,170,872,851</td>
<td>4.26%</td>
</tr>
<tr>
<td>Number of delinquencies</td>
<td>41,218</td>
<td>4.26%</td>
</tr>
<tr>
<td>Amount outstanding²</td>
<td>$(79,885,357)</td>
<td>3.55%</td>
</tr>
</tbody>
</table>

#### 1st Installment - December 10, 2009 Change

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>↑ .8%</td>
<td>↑ .7%</td>
</tr>
</tbody>
</table>

#### 2nd Installment – April 10, 2010

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of bills sent¹</td>
<td>982,705</td>
<td>--</td>
</tr>
<tr>
<td>Amount billed¹</td>
<td>$2,250,758,208</td>
<td>--</td>
</tr>
<tr>
<td>Payments Received</td>
<td>888,351</td>
<td>90.26%</td>
</tr>
<tr>
<td>Amount Received</td>
<td>$2,046,643,806</td>
<td>90.93%</td>
</tr>
<tr>
<td>Number of delinquencies</td>
<td>41,218</td>
<td>9.74%</td>
</tr>
<tr>
<td>Amount outstanding²</td>
<td>$(204,114,402)</td>
<td>9.07%</td>
</tr>
</tbody>
</table>

#### 2nd Installment - April 10, 2010 Change

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>↑ 1.0%</td>
<td>↑ 2.4%</td>
</tr>
</tbody>
</table>

1 Includes both first and second installments on secured tax roll / real estate.
2 Delinquent collections for payment due on December 10th (first installment) and April 10th (2nd installment).
## Diverse Property Tax Base

- The ten largest taxpayers in the County are responsible for approximately 4.1% of total property taxes.

<table>
<thead>
<tr>
<th>Property Owners</th>
<th>Business Area</th>
<th>Approximate Tax (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Gas &amp; Electric Company</td>
<td>Gas and Electric Utility</td>
<td>$56.8</td>
</tr>
<tr>
<td>Irvine Company</td>
<td>Real Estate</td>
<td>19.2</td>
</tr>
<tr>
<td>Southern California Edison Company</td>
<td>Electric Utility</td>
<td>18.9</td>
</tr>
<tr>
<td>San Diego Family Housing LLC</td>
<td>Real Estate</td>
<td>18.0</td>
</tr>
<tr>
<td>Kilroy Realty</td>
<td>Real Estate</td>
<td>14.6</td>
</tr>
<tr>
<td>Qualcomm, Inc.</td>
<td>Telecommunications</td>
<td>14.2</td>
</tr>
<tr>
<td>Camp Pendleton / Quantico Housing</td>
<td>Real Estate</td>
<td>14.0</td>
</tr>
<tr>
<td>Pacific Bell Telephone Company</td>
<td>Telecommunications</td>
<td>10.9</td>
</tr>
<tr>
<td>Arden Realty LP</td>
<td>Real Estate</td>
<td>8.9</td>
</tr>
<tr>
<td>San Diego Expressway LP</td>
<td>Real Estate</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$175.5</strong></td>
</tr>
</tbody>
</table>
CREDIT HIGHLIGHTS
Strong Financial Management

• County proactively manages its cost structure to weather current economic conditions and the State’s fiscal crisis.

• County does not backfill State cuts with General Purpose Revenue.

• County is allocating ongoing General Purpose Revenue to support one-time capital needs.

• County has low and manageable debt levels, and has a practice of prepaying debt.

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

- County Policies and County Administrative Manual formalize the County’s strong financial management culture.
  - Fund Balance and Reserves Policy
  - Use of One Time Revenues
  - Capital Facilities and Space Planning Policy, Use of Capital Program Funds Policy
  - Long-term Obligation Policy, Debt Advisory Committee (DAC)
  - Debt, Refunding, and Swap Policies
  - Risk Overview Committee, Disclosure Controls and Procedures
Fiscal Year 2009-10 Financial Highlights

• Projected Unreserved/Undesignated fund balance is $428.3 million.
• Target levels stated in Reserve Policy have been met or exceeded.
  – Converted $100 million of unappropriated fund balance to Economic Uncertainty Designation.
  – No use of reserves during Fiscal Year 2009-10.
• Enterprise cost structure reduced to maintain structural balance.
  – Included a reduction of 774 FTEs.
• Fiscal year-to-date expenditures of $17.2 million for major maintenance projects to preserve and extend the useful life of County facilities.
• Retired $100 million of taxable pension obligation bonds early.
• $75 million cash set aside for Women’s Detention Facility Replacement project.
**Strong Fund Balances Maintained**

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2006-07</th>
<th>FY 2007-08</th>
<th>FY 2008-09</th>
<th>FY 2009-10 3rd Qtr Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ million / % of FB</td>
<td>$ million / % of FB</td>
<td>$ million / % of FB</td>
<td>$ million / % of FB</td>
</tr>
<tr>
<td>Total Reserved Fund Balance</td>
<td>$410.2 35.5%</td>
<td>$273.2 22.4%</td>
<td>$266.4 22.4%</td>
<td>$258.4 22.9%</td>
</tr>
<tr>
<td>Total Unreserved / Designated Fund Balance</td>
<td>183.4 15.9%</td>
<td>375.9 30.8%</td>
<td>347.6 29.2%</td>
<td>443.6 39.2%</td>
</tr>
<tr>
<td>Total Unreserved / Undesignated Fund Balance</td>
<td>561.4 48.6%</td>
<td>571.4 46.8%</td>
<td>576.0 48.4%</td>
<td>428.3 37.9%</td>
</tr>
<tr>
<td>TOTAL GF FUND BALANCE</td>
<td>$1,155.0</td>
<td>$1,220.5</td>
<td>$1,190.0</td>
<td>$1,130.3</td>
</tr>
</tbody>
</table>
Conservative Budgeting & Strong Financial Performance

- The County budgets conservatively and consistently generates a net operating surplus.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Net Savings as of 3rd Quarter</td>
<td>$338.1</td>
<td>$480.2</td>
<td>$509.3</td>
<td>$474.6</td>
<td>$428.3</td>
</tr>
<tr>
<td>Actual Year-End Undesignated Fund Balance (audited)</td>
<td>435.4</td>
<td>561.4</td>
<td>571.4</td>
<td>576.0</td>
<td>TBD</td>
</tr>
<tr>
<td>Difference</td>
<td>$97.3</td>
<td>$81.2</td>
<td>$62.1</td>
<td>$101.4</td>
<td></td>
</tr>
</tbody>
</table>
All Reserve Targets are Met or Exceeded

• Targets for reserves and the Economic Uncertainty Designation have been set and maintained or exceeded.
  – Economic Uncertainty Designation established in FY 2009-10 to replace unappropriated fund balance
  – No draw down on reserves

Reserve Targets and Balances
Fiscal Year 2009-10 budgeted General Purpose Revenues (GPR): $950.7 million

<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>$47.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$55.5</td>
</tr>
<tr>
<td>Contingency Reserve</td>
<td>2%</td>
<td>19.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20.0</td>
</tr>
<tr>
<td>Economic Uncertainty Designation</td>
<td>10%</td>
<td>95.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>17%</td>
<td>$161.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$175.5</td>
</tr>
</tbody>
</table>
# Additional Reserves & Resources

## Projected Additional Reserves & Resources

As of June 30, 2010 (in millions)

<table>
<thead>
<tr>
<th>Reserve Description</th>
<th>Amount</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service Reserves</td>
<td>$24.2</td>
<td>• Rating Agency, Insurer, Bondholder consent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Four votes</td>
</tr>
<tr>
<td>Workers’ Compensation Reserve</td>
<td>92.5</td>
<td>• Four votes</td>
</tr>
<tr>
<td>Public Liability Reserve</td>
<td>31.4</td>
<td>• Four votes</td>
</tr>
<tr>
<td>Environmental Trust Fund Reserve</td>
<td>57.4</td>
<td>• Existing Ordinance Amended</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Four votes</td>
</tr>
<tr>
<td>Tobacco Securitization Special Revenue Endowment Fund</td>
<td>393.6</td>
<td>• Board Policy amended</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Four votes</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$599.1</strong></td>
<td></td>
</tr>
</tbody>
</table>
FISCAL YEAR 2010-11
PROPOSED OPERATIONAL PLAN
Fiscal Year 2010-11 Proposed Operational Plan Highlights

- Assumes GPR increase of 0.4% and program revenue decrease of 1.1%.
- Continued reduction of cost structure.
  - County continues to reduce FTEs, 588.75 in Fiscal Year 2010-11 after reducing 774 FTEs in Fiscal Year 2009-10
- Provides for the negotiated 2% wage / 5% flex credit increase.
- Reserve target levels are exceeded.
- One-time uses of $226.1 million to fund one-time projects, including $16.3 million to glide slope Public Safety Group costs.
- Budgeted retirement contribution $30 million above the required amount.
- Appropriates cash contribution for capital projects.
  - $55 million for Women’s Detention Facility Replacement project
  - Estimated $66 million for County Operations Center Phase 1B
- Shifts GPR allocations of $15.4 million from four of the five business groups to the Pension Stabilization Fund to prepare for increased retirement contributions; increases GPR allocation to the Public Safety Group.
Fiscal Year 2010-11 Proposed Operational Plan: All Funds

• Proposed budget for all funds of $4.9 billion, a decrease of 2.9% from the Fiscal Year 2009-10 Adopted Operational Plan.

Revenues by Source (in millions)

- General Fund ($3,648.3)
- Special Revenue Funds ($396.4)
- Internal Service Funds ($364.2)
- Debt Service Funds ($81.4)
- Capital Project Funds ($202.2)
- Enterprise Funds ($22.5)
- Special Districts & Redevelopment Funds ($148.3)
Fiscal Year 2010-11 Proposed Operational Plan: General Fund

• Proposed budget of $3.6 billion, a decrease of 3.7% from the Fiscal Year 2009-10 Adopted Operational Plan.

Revenues by Source (in millions)
- State Revenue ($938.1)
- Federal Revenue ($850.9)
- Other Intergovernmental Revenue ($100.1)
- Operating Transfers & Other Financing Sources ($267.3)
- Charges for Services, Fees & Fines ($384.9)
- Use of Fund Balance / Designations ($226.1)
- Property & Other Taxes ($880.8)

Appropriations by Group/Agency (in millions)
- Public Safety ($1,083.7)
- Health & Human Services ($1,819.0)
- Land Use & Environment ($184.4)
- Community Services ($66.6)
- Finance & General Government ($232.7)
- Finance Other ($261.9)
Fiscal Year 2010-11 General Fund Revenue

General Fund Revenue by Source
(in millions)

- Program Revenues ($2,467.7) - 68%
- Use of Fund Balance / Designations ($226.1) - 6%
- General Purpose Revenues ($954.4) - 26%

General Purpose Revenue
(in millions)
$954.4 million
0.4% increase from FY 2009-10

- Property Tax Revenue ($497.6) - 52%
- Property Tax in Lieu of VLF ($301.8) - 32%
- Teeter Revenue ($40.3) - 4%
- Sales & Use Tax/In Lieu of Sales ($20.0) - 2%
- Intergovernmental Revenues ($35.6) - 6%
- Other Revenues including RPTT ($59.1) - 40%

Graphs showing proportional distributions of revenue sources.
## Historical General Purpose Revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax Revenue</td>
<td>$421.7</td>
<td>$484.9</td>
<td>$510.8</td>
<td>$519.8</td>
<td>$496.3</td>
<td>$501.6</td>
<td>$497.6</td>
<td>$496.7</td>
</tr>
<tr>
<td>Property Tax in Lieu of VLF</td>
<td>265.0</td>
<td>277.9</td>
<td>303.3</td>
<td>316.9</td>
<td>309.3</td>
<td>308.8</td>
<td>301.8</td>
<td>301.8</td>
</tr>
<tr>
<td>Teeter Revenue</td>
<td>2.6</td>
<td>13.5</td>
<td>23.6</td>
<td>36.1</td>
<td>33.9</td>
<td>41.4</td>
<td>40.3</td>
<td>37.0</td>
</tr>
<tr>
<td>Sales and Use Tax/In Lieu of Sales Tax</td>
<td>23.2</td>
<td>24.6</td>
<td>24.9</td>
<td>22.4</td>
<td>23.4</td>
<td>19.7</td>
<td>20.0</td>
<td>20.3</td>
</tr>
<tr>
<td>Intergovernmental Revenues</td>
<td>24.3</td>
<td>27.3</td>
<td>29.4</td>
<td>51.9</td>
<td>33.4</td>
<td>36.0</td>
<td>35.6</td>
<td>35.9</td>
</tr>
<tr>
<td>Other Revenues including RPTT</td>
<td>108.9</td>
<td>114.6</td>
<td>97.9</td>
<td>73.3</td>
<td>54.4</td>
<td>63.0</td>
<td>59.1</td>
<td>61.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$845.6</td>
<td>$942.8</td>
<td>$989.9</td>
<td>$1,020.5</td>
<td>$950.7</td>
<td>$970.5</td>
<td>$954.4</td>
<td>$953.3</td>
</tr>
</tbody>
</table>
Governor’s May Revise

• Board maintains its commitment of not backfilling State revenues.

• County will monitor State budget proposals and provide input as appropriate.

• County will await the outcome of the State’s budget process before making any related amendments to the County’s budget.
Future Challenges

• Property tax base
• Sales tax / Vehicle license fees
• State structural budget issues
• Retirement
RETIREMENT
Pension Overview

• SDCERA’s AAA rating and stable outlook reaffirmed in January 2009.

• Since Fiscal Year 2004-05 to date, the County and other member employers have contributed $91.8 million over and above its pension annual required contribution (ARC).

• For Fiscal Year 2010-11, the County Board of Supervisors directed that budgeted employer retirement contribution rates exceed those recommended by the actuary, resulting in $262 million in budgeted contributions, which is $30 million over the estimated ARC.

• Estimated total market value of assets:
  – June 30, 2009: $6.2 billion, a 26.4% loss from July 1, 2008
  – March 31, 2010: $7.3 billion, a 17.9% gain from July 1, 2009
## Funding Status

### Historical & Projected Funding Status

*(millions)*

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Employer Contributions</th>
<th>UAAL</th>
<th>Funded Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>$243</td>
<td>$1,232</td>
<td>83.6%</td>
</tr>
<tr>
<td>2006-07</td>
<td>258</td>
<td>832</td>
<td>89.7</td>
</tr>
<tr>
<td>2007-08</td>
<td>236</td>
<td>485</td>
<td>94.4</td>
</tr>
<tr>
<td>2008-09</td>
<td>220</td>
<td>786</td>
<td>91.5</td>
</tr>
<tr>
<td>2009-10(^1)</td>
<td>206</td>
<td>1,500</td>
<td>84.7</td>
</tr>
<tr>
<td>2010-11(^1)</td>
<td>241</td>
<td>2,270</td>
<td>78.3</td>
</tr>
<tr>
<td>2011-12(^1)</td>
<td>303</td>
<td>3,083</td>
<td>72.4</td>
</tr>
<tr>
<td>2012-13(^1)</td>
<td>372</td>
<td>3,789</td>
<td>68.1</td>
</tr>
<tr>
<td>2013-14(^1)</td>
<td>447</td>
<td>3,800</td>
<td>69.9</td>
</tr>
<tr>
<td>2014-15(^1)</td>
<td>518</td>
<td>3,755</td>
<td>72.1</td>
</tr>
<tr>
<td>2015-16(^1)</td>
<td>539</td>
<td>3,688</td>
<td>74.2</td>
</tr>
</tbody>
</table>

\(^1\) Projections based on June 30, 2009 Valuation. Assumed Rate of Return of 8.25%.
SDCERA Investment Strategy

- Effective July 31, 2009, SDCERA replaced its Alpha Engine investment strategy with a large capital diversified equity strategy.

- The nine remaining hedge funds represented $7.4 million (5.7%) of the total market value of the portfolio as of March 31, 2010.

- On September 3, 2009, a contract was finalized with Integrity Capital to provide portfolio strategy services.

  - New Investment Policy provides for a reclassification of security types and revises the manner of investment.
  - Asset Allocation Policy revised to reflect a more conservative approach.
Policy Objectives for Pension System

• Ensure that the County retirement system is appropriately funded.
  – The Fiscal Year 2010-11 proposed Operational Plan appropriates $15.4 million of GPR for pension stabilization.

• Pay the full annual retirement contribution as calculated by the SDCERA actuary.
  – Triennial review for economic and demographic assumptions.

• Maintain strong, proactive relationship with SDCERA.

• Pay the full annual required contribution for Other Post Employment Benefits (OPEB) as determined by the SDCERA actuary.
COUNTY INVESTMENT POOL
Investment Pool: Strength & Stability

• Pool Characteristics and Composition
  – Track record of highest credit quality for Pool and securities held.
  – Conservative investment approach ensures a liquid portfolio of highly rated investments.

• Pool confidence results in record high balance of $6.5 billion in April 2010.

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

• Successful Pool management during crises
Consistently, Strong Credit Quality

- The Pool has received the highest credit rating over the past ten years.
- Accordingly, the Pool’s investments are highly rated.

San Diego Pooled Money Fund
As of March 31, 2010

- 55% AAA
- 31% AA+
- 12% AA
- 1% A-1+
- 1% A-1
Sufficient Liquidity

- The Pool has excellent liquidity with 74.3% of the investments maturing in one year or less.
Pool Confidence Remains High

- Pool balance continues to grow due to increased revenues from taxes and new voluntary participants.

Highest Balance from 2001 - YTD 2010
(in billions)
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.

**Breakdown of Securities**
March 31, 2010

- Federal Agencies: 64.9%
- US Treasuries: 12.4%
- Repurchase Agreements: 7.0%
- Collateralized/FDIC CDs: 5.4%
- Negotiable CDs: 4.5%
- Commercial Paper: 3.2%
- Money Market Funds: 2.1%
- Medium Term Notes: 0.9%
- Bond Fund: 0.6%

**Breakdown of Participants**
March 31, 2010

- County Funds: 40.6%
- Non-County Funds: 40.1%
- Schools: 7.3%
- Community Colleges: 4.1%
- Voluntary Depositors: 0.6%
Successful Management During Crises

• Unlike other county and state pools, there was no loss of principal or interest throughout the credit and banking crises (2007-present).

• Steps taken to avoid losses and mitigate risk
  – In response to SIV issues
    • Ceased investment in SIV and asset-backed commercial paper
  – In response to financial meltdown
    • Reduced exposure in financial firms
  – In response to illiquid markets
    • Increased short-term allocation and invested in Treasury-only money markets
  – In response to bank closures
    • Reduced bank exposure by limiting CD allocations
LONG-TERM DEBT OBLIGATIONS & CAPITAL FUNDING
Highlights

• Formal policy for managing long-term obligations

• Managing future debt service requirements
  – Consistent discipline of paying off debt early
    • $264 million of POBs in the past three years
    • $100 million pre-payment of 2008B Pension Obligation Bonds, resulting in $4.5 million decrease in annual debt service
  – Seek out opportunities to save with refunding
    • 2009 Justice Facilities Refunding resulted in a $1.2 million decrease of annual debt service requirements
  – Cash contribution to large capital projects
    • $313 million appropriated for major capital projects over the past four years
    • $191 million additional contributions proposed for next two years:
      – Estimated $66 million for COC 1B (FY 2010-11)
      – $55 million for Women’s Detention Facility (FY 2010-11)
      – $70 million for Women’s Detention Facility (FY 2011-12)

• Formal process for long range capital planning
  – Capital Improvement Needs Assessment
  – Information Technology Improvement Needs Assessment
## Outstanding Long-term Obligations Payable from the General Fund

<table>
<thead>
<tr>
<th>(000s)</th>
<th>Original Principal Amount</th>
<th>Principal Outstanding</th>
<th>FY 2010-11 Principal Payment</th>
<th>Final Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Participation (COPs)</td>
<td>$530,355</td>
<td>$278,355</td>
<td>$26,735</td>
<td>2030</td>
</tr>
<tr>
<td>Lease Revenue Bonds (LRBs)</td>
<td>136,885</td>
<td>136,885</td>
<td>0</td>
<td>2036</td>
</tr>
<tr>
<td>Pension Obligation Bonds (POBs)</td>
<td>929,843</td>
<td>874,336</td>
<td>36,590</td>
<td>2027</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,597,083</strong></td>
<td><strong>$1,289,576</strong></td>
<td><strong>$63,325</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Outstanding Principal by Type

- **COPs**: 67.8%
- **LRBs**: 10.6%
- **POBs**: 21.6%
Fiscal Year 2010-11 Budgeted Payments

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Net General Fund Cost</th>
<th>Redevelopment &amp; Program Revenues</th>
<th>Penalty Assessment</th>
<th>Special Districts</th>
<th>Edgemoor Development Fund</th>
<th>Rents</th>
<th>POB Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SANCAL</td>
<td>$35,903</td>
<td>$21,101</td>
<td>$800</td>
<td>$2,712</td>
<td>$623</td>
<td>$9,285</td>
<td>$1,385</td>
<td>$-</td>
</tr>
<tr>
<td>SDRBA</td>
<td>3,145</td>
<td>2,564</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>581</td>
</tr>
<tr>
<td>POBs</td>
<td>81,410</td>
<td>40,400</td>
<td>39,510</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,500</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$120,461</td>
<td>$64,065</td>
<td>$40,310</td>
<td>$2,712</td>
<td>$623</td>
<td>$9,285</td>
<td>$1,966</td>
<td>$1,500</td>
</tr>
</tbody>
</table>

Debt Service Ratios*

- County Debt Service Ratio: 3.52%
- Debt Service Ratio with SANCAL & SDRBA Offsets: 3.07%
- Debt Service Ratio with All Offsets: 1.87%

* Ratios are the total lease and debt service payments as a percent of General Fund revenue, which excludes fund balance.
General Fund Debt Service Profile

COPs & LRBs

POBs

Millions

FY 10-11
FY 11-12
FY 12-13
FY 13-14
FY 14-15
FY 15-16
FY 16-17
FY 17-18
FY 18-19
FY 19-20
FY 20-21
FY 21-22
FY 22-23
FY 23-24
FY 24-25
FY 25-26
FY 26-27
FY 27-28
FY 28-29
FY 29-30
FY 30-31
FY 31-32
FY 32-33
FY 33-34
FY 34-35
FY 35-36
Capital Program Management

- Institutionalized process for capital facilities and space planning.
  - Applied a similar process to planning for the County’s information technology needs.
- County has history of cash financing large capital projects.
  - $313 million over the last four years.
  - $191 million planned for Fiscal Year 2010-11 and Fiscal Year 2011-12.

### Capital Improvement Needs Assessment (CINA) Program 2010-2015
Major Projects (over $10 million)

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Project Cost (Estimated)</th>
<th>Amount Funded</th>
<th>Estimated Remaining</th>
<th>Potential Funding Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women’s Detention Facility¹</td>
<td>$308.5</td>
<td>$308.5</td>
<td>--</td>
<td>County, State ($100 mm AB 900 provisional award)</td>
</tr>
<tr>
<td>COC Development Phase 1B²</td>
<td>$119.8</td>
<td>$119.8</td>
<td>--</td>
<td>County</td>
</tr>
<tr>
<td>Rancho San Diego Sheriff Station</td>
<td>$17.5</td>
<td>$11.0</td>
<td>$6.5</td>
<td>County</td>
</tr>
<tr>
<td>Multiple Species Conservation Program (MSCP)</td>
<td>$224.4</td>
<td>$106.6</td>
<td>$117.8</td>
<td>County, State, Federal, Private Donations</td>
</tr>
<tr>
<td>Regional Communications System</td>
<td>$116.8</td>
<td>--</td>
<td>$116.8</td>
<td>County, Participating Cities</td>
</tr>
<tr>
<td>CAC Waterfront Park²</td>
<td>$73.0</td>
<td>$8.5</td>
<td>$64.5</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 Fields</td>
<td>$20.0</td>
<td>$0.5</td>
<td>$19.5</td>
<td>County, State, Federal</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$895.0</strong></td>
<td><strong>$555.3</strong></td>
<td><strong>$339.7</strong></td>
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</tr>
</tbody>
</table>

¹ Amount Funded reflects amounts in FY 2010-12 CAO Proposed Operational Plan
² Candidate for future debt financing
## Fiscal Year 2010-11 TRAN *

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
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<tbody>
<tr>
<td>Preliminary Size</td>
<td>$140 million</td>
</tr>
<tr>
<td>Final Maturity</td>
<td>June 30, 2011</td>
</tr>
<tr>
<td>Investment of Note Proceeds</td>
<td>County Pool</td>
</tr>
<tr>
<td>Anticipated Set-asides</td>
<td>• January 2011 (60%)</td>
</tr>
<tr>
<td></td>
<td>• April 2011 (40%)</td>
</tr>
</tbody>
</table>

* Preliminary, subject to change.
## Financing Schedule *

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday, May 11</td>
<td>• County Board of Supervisors approved issuance</td>
</tr>
<tr>
<td>Monday, May 17</td>
<td>• Post Preliminary Official Statement</td>
</tr>
<tr>
<td>Wednesday, May 26</td>
<td>• Receive ratings</td>
</tr>
<tr>
<td>Week of May 31</td>
<td>• Pricing</td>
</tr>
<tr>
<td>Thursday, July 1</td>
<td>• Close and invest proceeds</td>
</tr>
</tbody>
</table>

* Preliminary, subject to change.
## Fiscal Year 2009-10 Projected/Actual Cashflows

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

As of May 11, 2010

### (in thousands)

<table>
<thead>
<tr>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May Estimate</th>
<th>Jun Estimate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Actual</td>
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<tr>
<td>467,847</td>
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<td>467,847</td>
</tr>
</tbody>
</table>

### Revenue Categories:

1. **Beginning Cash Balance**
   - 467,847

2. **Taxes Current Property**
   - 2,959 (2,959)

3. **Taxes Other Than Current Secured**
   - 4,318 (4,318)

4. **Licenses, Permits & Franchises**
   - 2,374 (2,374)

5. **Fines, Forfeitures & Penalties**
   - 2,955 (2,955)

6. **Revenue Use - Money & Property**
   - 5,156 (5,156)

7. **Intergovernmental Revenue**
   - 111,343 (111,343)

8. **Charges for Current Services**
   - 37,963 (37,963)

9. **Miscellaneous Revenue**
   - 3,566 (3,566)

10. **Other Financing Sources**
    - 23,804 (23,804)

11. **Total Revenues**
    - 191,196 (191,196)

12. **Teeter Receipts**
    - 33,096 (33,096)

13. **Short Term Borrowing (Trans)**
    - 220,000 (220,000)

14. **Total Receipts**
    - 444,293 (444,293)

### Expenditure Categories:

1. **Salaries & Employee Benefits**
   - 509,269

2. **Services and Supplies**
   - 85,522

3. **Other Charges**
   - 93,198

4. **Fixed Assets - Equipment**
   - 677

5. **Operating Transfers**
   - 12,270

6. **Total Expenditures**
   - 700,625

7. **Teeter Disbursements**
   - 142,000

8. **Short-Term Borrowing (Trans)**
   - 132,000

9. **Total Disbursements**
   - 700,625

### General Fund Month End Cash Balance

10. **Cash Balance Including Tobacco**
    - 219,538

### Footnotes:

1. Actual beginning cash balance on June 30, 2009 is 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. VLF in-lieu payments are apportioned each Jan and May.
4. Teeter cash receipts of $100M are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.
5. July includes $23M Retirement Advance, $20M in OPEB, $85M annual POB payment and an additional $85M POB pay down. October and April have 3 pay periods. The third pay period does not include health benefits.
6. July includes $46.5M COPS annual lease payment.
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 2010-11 Projected Cashflows

### County of San Diego

**General Fund Monthly Cash Flow Summary**

**Fiscal Year 2010/2011 Estimated**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Beginning Cash Balance</strong></td>
<td>443,719</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>443,719</td>
</tr>
<tr>
<td><strong>Revenue Categories:</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2 Taxes Current Property</strong></td>
<td>0</td>
<td>2,936</td>
<td>5,958</td>
<td>7,640</td>
<td>12,707</td>
<td>172,880</td>
<td>57,179</td>
<td>11,266</td>
<td>21,182</td>
<td>152,883</td>
<td>35,184</td>
<td>17,963</td>
<td>497,576</td>
</tr>
<tr>
<td><strong>3 Taxes Other Than Current Secured</strong></td>
<td>4,004</td>
<td>6,066</td>
<td>10,588</td>
<td>9,473</td>
<td>5,722</td>
<td>7,210</td>
<td>151,652</td>
<td>5,354</td>
<td>4,060</td>
<td>4,187</td>
<td>161,306</td>
<td>13,670</td>
<td>383,264</td>
</tr>
<tr>
<td><strong>4 Licenses, Permits &amp; Franchises</strong></td>
<td>2,414</td>
<td>2,137</td>
<td>2,501</td>
<td>1,830</td>
<td>3,305</td>
<td>2,910</td>
<td>3,321</td>
<td>4,047</td>
<td>2,524</td>
<td>8,023</td>
<td>4,557</td>
<td>2,620</td>
<td>40,189</td>
</tr>
<tr>
<td><strong>5 Fines, Forfeitures &amp; Penalties</strong></td>
<td>3,048</td>
<td>1,517</td>
<td>1,819</td>
<td>2,992</td>
<td>5,262</td>
<td>1,476</td>
<td>3,348</td>
<td>3,278</td>
<td>2,832</td>
<td>4,055</td>
<td>11,156</td>
<td>14,083</td>
<td>54,668</td>
</tr>
<tr>
<td><strong>6 Revenue Use - Money &amp; Property</strong></td>
<td>4,419</td>
<td>6,688</td>
<td>9,733</td>
<td>1,842</td>
<td>628</td>
<td>1,713</td>
<td>1,136</td>
<td>986</td>
<td>2,138</td>
<td>1,125</td>
<td>1,086</td>
<td>18,989</td>
<td></td>
</tr>
<tr>
<td><strong>7 Intergovernmental Revenue</strong></td>
<td>99,532</td>
<td>111,896</td>
<td>117,748</td>
<td>237,424</td>
<td>126,458</td>
<td>148,607</td>
<td>206,721</td>
<td>148,328</td>
<td>123,798</td>
<td>167,616</td>
<td>193,215</td>
<td>205,472</td>
<td>1,889,016</td>
</tr>
<tr>
<td><strong>8 Charges for Current Services</strong></td>
<td>37,497</td>
<td>18,251</td>
<td>21,448</td>
<td>22,941</td>
<td>28,080</td>
<td>18,407</td>
<td>24,972</td>
<td>20,878</td>
<td>33,027</td>
<td>36,429</td>
<td>18,522</td>
<td>11,032</td>
<td>290,093</td>
</tr>
<tr>
<td><strong>9 Miscellaneous Revenue</strong></td>
<td>3,033</td>
<td>1,997</td>
<td>1,822</td>
<td>1,245</td>
<td>908</td>
<td>918</td>
<td>7,052</td>
<td>434</td>
<td>3,412</td>
<td>820</td>
<td>2,590</td>
<td>1,576</td>
<td>25,675</td>
</tr>
<tr>
<td><strong>10 Other Financing Sources</strong></td>
<td>25,833</td>
<td>5,211</td>
<td>32,925</td>
<td>18,421</td>
<td>18,981</td>
<td>19,714</td>
<td>17,790</td>
<td>15,294</td>
<td>22,431</td>
<td>24,162</td>
<td>15,033</td>
<td>14,010</td>
<td>224,796</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>179,761</td>
<td>149,968</td>
<td>195,582</td>
<td>303,015</td>
<td>301,752</td>
<td>372,740</td>
<td>475,749</td>
<td>210,015</td>
<td>213,653</td>
<td>400,312</td>
<td>442,459</td>
<td>282,110</td>
<td>3,422,146</td>
</tr>
<tr>
<td><strong>4 Testor Receipts</strong></td>
<td>17,480</td>
<td>8,017</td>
<td>16,383</td>
<td>14,773</td>
<td>7,468</td>
<td>10,291</td>
<td>9,504</td>
<td>4,457</td>
<td>4,052</td>
<td>3,790</td>
<td>2,572</td>
<td>3,213</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Short Term Borrowing (Trans)</strong></td>
<td>140,000</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>140,000</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>337,261</td>
<td>149,968</td>
<td>211,965</td>
<td>318,588</td>
<td>300,720</td>
<td>392,699</td>
<td>510,368</td>
<td>214,027</td>
<td>217,906</td>
<td>404,102</td>
<td>445,031</td>
<td>285,323</td>
<td>3,662,146</td>
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<tr>
<td><strong>Expenditure Categories:</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5 Salaries &amp; Employee Benefits</strong></td>
<td>455,102</td>
<td>83,367</td>
<td>82,975</td>
<td>83,780</td>
<td>82,970</td>
<td>83,974</td>
<td>89,592</td>
<td>94,645</td>
<td>121,811</td>
<td>85,464</td>
<td>97,038</td>
<td>1,475,200</td>
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<tr>
<td><strong>6 Services and Supplies</strong></td>
<td>80,900</td>
<td>47,850</td>
<td>51,287</td>
<td>46,688</td>
<td>32,770</td>
<td>64,530</td>
<td>40,282</td>
<td>43,484</td>
<td>51,713</td>
<td>46,387</td>
<td>47,305</td>
<td>45,511</td>
<td>596,985</td>
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<tr>
<td><strong>7 Other Charges</strong></td>
<td>1,346</td>
<td>314</td>
<td>220</td>
<td>108</td>
<td>544</td>
<td>696</td>
<td>284</td>
<td>512</td>
<td>2,031</td>
<td>700</td>
<td>284</td>
<td>512</td>
<td>7,550</td>
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<tr>
<td><strong>Operating Transfers</strong></td>
<td>5,892</td>
<td>5,287</td>
<td>3,413</td>
<td>2,817</td>
<td>9,705</td>
<td>2,417</td>
<td>11,703</td>
<td>3,237</td>
<td>4,659</td>
<td>2,298</td>
<td>4,685</td>
<td>4,685</td>
<td>50,313</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td>636,939</td>
<td>222,557</td>
<td>244,359</td>
<td>334,247</td>
<td>213,687</td>
<td>251,355</td>
<td>224,072</td>
<td>242,602</td>
<td>252,347</td>
<td>250,111</td>
<td>149,000</td>
<td>149,000</td>
<td>3,503,641</td>
</tr>
<tr>
<td><strong>Disbursement Savings</strong></td>
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</tr>
<tr>
<td><strong>Short Term Borrowing (Trans)</strong></td>
<td>84,000</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>84,000</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td>636,939</td>
<td>222,557</td>
<td>244,359</td>
<td>334,247</td>
<td>213,687</td>
<td>251,355</td>
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<td>242,602</td>
<td>252,347</td>
<td>250,111</td>
<td>149,000</td>
<td>149,000</td>
<td>3,503,641</td>
</tr>
</tbody>
</table>

**Footnotes:**

1. Estimated Beginning Cash Balance includes Tobacco Settlement Trust of $9M. 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 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. VLIF- in- lieu payments are apportioned each Jan and May.
4. Testor cash receipts of $100M are reflected in the General Fund because the County will continue to internally fund the Testor Plan.
5. Jul includes $20M for Retirement Advances and OPEB, and $79.8M for POBs. Oct and Apr have three pay periods. The third pay period does not include health benefits.
6. Oct includes one-time $57M for COC 1B payment to trustee.
7. Jul includes $24.2M COPS annual lease payment, $6.7M ERP Bond payment and $4M Contribution to Library.
CLOSING REMARKS
Conclusion

• County has maintained a structurally balanced budget through good times and bad, and will continue to do so.

• County is well-positioned to manage the challenges at hand, including the economic slowdown, impact of State budgetary actions, and changing needs of our residents:
  – County Board maintains its position of making necessary budget cuts given the economic situation
  – County Board is proactively managing its cost structure in the near-term and for the long-term, maintaining a balanced Operational Plan

• County has 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

• County has maintained fiscal stability in challenging market conditions.

• County operates within a diversified, resilient economy.